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Editor's note

Thinking of changing your core banking system? Prepared to cast your net wider than the "usual suspects" such as Temenos and Infosys Finacle? Here is our pick of fresh faces that are worth putting on your radar:

Finxact in the US. Built by Frank Sanchez, developer of the Profile core banking platform, which today resides with FIS and is well-known worldwide, Finxact is riding "the second wave" of digital banking. The solution is cloud-native and its design in API-first. It already has a taker in the US, Live Oak Bank, and is in talks with distributors in Asia to take the system international (for a detailed case study see p20).

Mambu in Germany. This nine-year old company has progressed from providing a back office engine for small credit and microfinance firms to a more fleshed out core banking product suitable for bigger players across the globe. The solution, delivered on a hosted/cloud basis, has OakNorth and Santander in the UK as customers, N26 in Germany (and Europe), Folkefinans in the Nordics, and Mynt in the Philippines.

The vendor has recently launched Mambu Process Orchestrator (MPO) – an integration Platform-as-a-Service.

Ohpen in the Netherlands. Same age as Mambu, and also cloud-based, Ohpen targets banks, asset/investment managers

and insurance firms. The majority of its customers are in its home country (Aegon, Robeco, SNS Bank and LeasePlan Bank among them), but it has also made inroads into the UK with an FCA-approved subsidiary, Ohpen Operations UK.

Five Degrees, also in the Netherlands and also founded in 2009. Its flagship solution, Matrix, has recently been supplemented by the acquisition of Libra, a core banking software developer in Iceland, and its Libra Securities and Libra Loan solutions. Libra employs 40+ staff, who specialise in the same technology stack as Five Degrees.

Íslandsbanki (Bank of Iceland) is among Libra's clients. Five Degrees' user base includes Munnypot in the UK and ABN Amro's new wealth management proposition in Germany, Prosperity. **bt**

Tanya Andreasyan
Editor-in-Chief
Banking Technology

NatWest starts quantum computing testing

NatWest has begun testing with quantum computing power to solve the efficiency demand of some of the issues the bank faces.

The bank says it is using “quantum-inspired” computing power, to execute tasks at 300 times the speed of a traditional computer – this meaning that quantum algorithms are used, but not qubits.

The quantum-inspired computing power can be used to help portfolio managers decide on the right composition for the bank’s £120 billion “high quality” liquid assets (HQLAs) portfolio.

HQLAs are assets such as cash and bonds that every UK bank must hold as a buffer in case it runs into financial trouble.

The hardware used in testing has been Fujitsu’s quantum-inspired Digital Annealer, whilst the quantum software is provided by 1QBit – of which NatWest is an investor and board observer.

“For the first time, we have the hardware and software necessary to apply our work to industry scale problems, and we look forward to seeing the far-reaching implications of the advancements enabled by these early collaborations,” says Andrew Fursman, CEO of 1Qbit.

The bank hopes to make some processes more efficient, like allowing portfolio managers to adjust the allocation of assets following a surprise movement in the market in a much shorter space of time than normal.

Quantum technology could also be applied to optimise the bank’s other portfolios and areas, like anomaly detection, artificial intelligence (AI), and software verification.

There are other quantum leaps.

Last year, Commonwealth Bank of Australia joined telco Telstra, the Federal Government, the New South Wales Government and the University of New South Wales (UNSW) in an \$83 million venture to found Australia’s first quantum computing company.

Atos is already ahead with a working computer to simulate 40 Qubits.

Henry Vilar

KGI Bank pioneers Taiwan’s first regulatory sandbox

Taiwan’s first test of its “regulatory sandbox” will begin on 5 December, according to the financial supervisory commission chairman Wellington Koo at the opening ceremony of FinTechSpace in Taipei last month.

The Taipei Times reports that the sandbox will have KGI Bank and Chunghwa Telecom as participants, offering loan and credit lines which will be limited to TWD 200 million (\$6.49 million) in total.

The commission, who initiated the experiment, expects 4,000 people to take part throughout its one-year duration.

KGI hopes the sandbox test gives it access to new customers, including the financially excluded, according to the bank’s department of planning director-general Lin Chih-chi.

April saw the promulgation of the Act on Financial Technology Innovations, which was originally passed by the Legislative Yuan on December 2017.

KGI and Chunghwa Telecom applied in August for the sandbox experiment, the only application out of three by a financial institution, aimed at combining big data analysis with telecom mobile identity authentication technology.

According to Koo, the participants’ future payment records are to be used in the scoring model. “A person who pays telecom fees on time will have a higher credit performance,” he says.

To make the scoring more accurate, the experiment would verify the identity of the user by checking the IP address of the borrower’s mobile phone.

Once the loaned amount reached TWD 160 million (\$5.2 million), a panel will determine if it should pursue the TWD 200 million maximum.

The experiment would need to stop if there are four cases of imposter fraud, but the bank is required to give a preliminary report halfway through.

If the sandbox experiment presents good results, the commission would consider adjusting the related regulations.

Personal information would be protected, as Chunghwa Telecom isn’t required to provide customers’ payment records to KGI without their permission, while KGI is to follow several criteria when selecting customers, such as having their mobile phone number for more than six months.

Henry Vilar

Tangerine sweetens up with Meniga’s PFM tech

Tangerine, a direct bank in Canada, has partnered with Meniga, a personal finance management (PFM) solutions provider. This is Meniga’s first known client in Canada.

Georg Ludviksson, CEO and co-founder of Meniga describes the deal as “a key milestone” for the vendor’s global expansion ambition and “a strategic foothold” in North America.

Tangerine has over two million clients, close to CA\$38 billion (\$29.4 billion) in assets and over 1,000 employees. Its presence extends beyond digital to its café and pop-up locations, kiosks and 24x7 contact centres. The bank was launched in 1997 as ING Direct; in 2012 it was acquired by Scotiabank and rebranded as Tangerine.

The bank set out to revamp its digital

client experience in 2016. It hopes that Meniga’s technology will offer its customers a clearer view of their finances through more accurate categorisation of their transactions and a more customised banking experience – consistent across the bank’s internet and mobile channels.

The first phase of the roll-out includes Meniga’s transaction enrichment tools, data-driven personalised insights and reports.

Tangerine and Meniga are working on a number of PFM-related innovations based on the latter’s solutions, including programmable banking interface to combine third-party data with the savings experience.

Henry Vilar

Bank of Khyber in new core banking system search

Bank of Khyber (BOK), a regional government-owned bank in Pakistan, has embarked on a core banking system modernisation programme.

The bank issued a request for proposal (RFP) in June, looking to “procure the services of experienced software houses, IT companies for the supply, installation, implementation and maintenance of a core banking system”.

The new solution should “provide all the necessary facilities to run the business of the bank as per best standard practice”, the bank says in the RFP document, and cover its network of 166 domestic branches (including 84 Islamic banking branches).

In the scoring process, the bank will

assign 80% weighting to the technical proposal, and 20% to the financial one.

BOK’s incumbent system is Bank Essentials, provided by local vendor Sidat Hyder. Its implementation process was a lengthy one, starting in 2011 and concluding in 2016.

For treasury ops, the bank uses Adams from another local vendor Autosoft Dynamics, as well as AutoRTGS for settlement.

It is likely BOK will be evaluating Autosoft’s core banking solution, Autobanker, as well as the offerings of international vendors that are well-established in Pakistan: Temenos with T24 and Oracle FSS with Flexcube.

Tanya Andreasyan

250 ATMs close monthly in UK

Link, the largest UK ATM network operator, says free-to-use cash machines are being removed at a record rate of over than 250 per month – over 1,300 ATMs shut down in the five months until the end of July.

Link says it represents the first decline in more than 20 years, most notably taking place in town and city centres where card payment options abound.

Link’s statistics shows 76 out of 2,365 protected free-to-use ATMs will disappear – those more than a kilometre from any other cash machine or place where cash can be accessed without charge. 21 of the 76 closures do not meet the criteria and are under investigation by the Payment Systems Regulator (PSR).

The statistics were released following a funding row in which Link cut the amount it receives from banks for withdrawals past July, leaving campaigners warning there was no incentive for banks to maintain services. A second reduction is planned for January 2019.

Some firms are calling for regulators to intervene.

The PSR says it has been seeking renewed commitments, but Nicky Morgan, who chairs the treasury committee of MPs, says this move may be too late.



Link chief executive, John Howells, says: “Consumers are continuing to switch from cash to alternative payment methods, and ATM volumes are falling 6% year-on-year. Given this backdrop, it’s critical we protect cash access for those who rely on it and maintain a comprehensive network of ATMs that’s spread right across the UK.

“The report today is part of our commitment to monitor the situation on the ground and do whatever it takes to ensure people continue to have the free access to cash they want,” he adds.

Henry Vilar

Judo selects Temenos T24 core system

Melbourne-based challenger bank Judo Capital has selected Temenos’ T24 core system, channels, analytics and financial crime mitigation, as it hunts for action in the SME business sector.

The bank, which launched in March, has created a cloud-based, API-centric tech ecosystem and the Temenos Cloud was a “perfect fit”.

Temenos says it was the first banking software provider to launch a cloud offering running on Microsoft Azure and since 2011, T24 has been available as a managed service on the Temenos Cloud.

By using the API layer, T24 will integrate with Judo’s existing systems via its zero trust network and identity management system “thereby opening the door to easily connect with additional third-parties and creating an open banking environment”.

Alex Twigg, co-founder and CIO, Judo Capital, has the usual dig at the established players: “With the big banks’ shift to industrialisation and centralisation, SMEs have lost the human interaction and tailored service that they so deserve and crave.”

Anyway, according to Temenos, Australia’s SMEs employ roughly 70% of the country’s workforce, and yet there is AU\$70 billion (\$50.1 billion) of unmet credit demand coming from the SME sector. Judo naturally wants a generous slice of all that.

Judo is currently in the process of obtaining its full banking licence with the Australian Prudential Regulation Authority (APRA). In August Judo got itself a handy \$140 million in funding.

For Temenos this deal is another boost to its Australian ambitions

In May challenger Volt Bank powered up and selected the T24 core system. Last year Temenos acquired its local partner and Software-as-a-Service (SaaS) specialist Rubik Financial.

Antony Peyton

Novo business banking launches in US

New York



New York-based business banking provider Novo has powered up with the offer of a checking (current) account and debit card solutions that use artificial intelligence (AI) technology.

The bank, which is aiming at the start-up market, doesn't have a licence but white labels its services. Its products can be connected with other financial accounts, and Novo steps in to provide recommendations based on a user's financial picture.

Novo's deposit account services and card are provided by Middlesex Federal Savings. The card is pursuant to a licence by Mastercard.

Novo is currently being offered to small businesses for free. Its banking tools are from within the app, and users can link accounts, pay bills, process ACH transfers, cancel recurring subscriptions, and transfer money between accounts. It has plans to launch this service on a web platform in the coming months.

It doesn't offer lending services or interest-bearing accounts.

Michael Rangel is the bank's co-founder and CEO. His experience includes working as a lead trade administrator at Fairholme Capital Management.

The other co-founder is Tyler McIntyre. He recently attended the University of Pennsylvania – The Wharton School.

Antony Peyton

Nationwide Building Society targets £4.1bn tech investment

The UK's largest building society, Nationwide, will invest a further £1.3 billion to bring its total revamp plan to £4.1 billion over the next five years.

The investments will be used for the usual "growth" plans but also "explore entry into new markets such as SME". For the latter it has already launched a new £50 million fintech fund in June.

According to Nationwide, the investment will see between 750 and 1,000 jobs created and the opening of a new technology hub.

Tony Prestedge, Nationwide's deputy chief executive, says: "As a mutual we can afford to take a longer-term view rather than focus on short term gains. The pace of technological change means that we need to reassess continually how we serve our members in order to remain relevant, valued and competitive."

The investment will address six areas. These comprise revamping its underlying application and infrastructure; developing a greenfield digital platform; and

investment in branches – such as video.

In addition, it mentions vague "service experience"; reducing current data stores from 20 to two, and investment in artificial intelligence (AI) and machine learning; and the hub as mentioned above.

Nationwide turns to history to remind us of previous tech changes.

Last year it built digital distribution channels and says over half of all its new members and other product sales were completed through these channels.

In 2014 it integrated three separate acquired businesses (Derbyshire, Cheshire and Dunfermline building societies) and completed the account and systems migrations.

Also in that year, it completed a SAP core banking implementation, migrating around five million accounts.

Nationwide offers current accounts, credit cards, ISAs and personal loans. It has around 15 million customers and 18,000 employees.

Antony Peyton

Quelle surprise! Europe's banks continue branch cull

It's probably not a shock but European banks are continuing to scale back their physical presence across the continent as the digital drive pushes on.

The European Banking Federation (EBF) published "Banking in Europe: the 2018 Facts & Figures", its annual update on the sector.

The publication shows that the contraction in the European banking sector, both as measured in terms of staff numbers and branches, continued in 2017.

The Banking in Europe overview shows that the total number of credit institutions in the European Union (EU) fell by 5% in 2017 to 6,250 institutions, down by 2,275 since the contraction began in 2009.

Last year's decline was led by Germany, Italy, Hungary and Austria. The number of credit institutions increased in the UK and Sweden last year.

The number of bank branches in the

EU last year declined to approximately 183,000, showing that about 5,900 branches were closed last year, down 3.1%.

Compared to 2007 the total number of branches has declined 21%, or by almost 50,000, reflecting the "rapid uptake of online and mobile banking services in recent years". In 2017 more than half of all people in the EU, 51%, used internet banking, compared to 29% in 2008.

The number of people working for credit institutions in the EU fell to the lowest level since the European Central Bank (ECB) started measuring this in 1997 and stood at approximately 2.74 million people at the end of 2017, compared to 2.78 million a year earlier.

This compares to 3.13 million in 2009. About two-thirds of all bank staff in the EU is employed by a bank headquartered in one of the five largest EU member states.

Antony Peyton

Barclays opens up mobile banking app to rival accounts

Barclays has become the "first" UK bank to allow customers to bring their other current accounts into its mobile banking app.

With competition in UK banking tougher than an East End gangster, banks are trying to stand out and play a game of constant one-upmanship.

Barclays says this new feature gives customers a way to get a clearer picture of their day-to-day finances within its app. It uses API technology – all powered by open banking.

It's also a riposte to the many fintech start-ups offering a similar service. For

example, in August London-based personal finance app Bippit launched with the offer of an account connecting and savings service.

Catherine McGrath, managing director of retail banking at Barclays, says: "Today, lots of people have current accounts with more than one bank, so keeping track of your finances can be tricky as well as time-consuming. Our new feature is designed to solve this problem."

According to Barclays, customers can add current accounts without ever giving out their other banks' usernames or passwords.

Customers who have a personal or business current account with Lloyds, Halifax, Bank of Scotland, RBS, NatWest, Nationwide or Santander can now choose to view their balances and transactions when they log into the Barclays app. More banks will be added over the coming months.

The free feature will be rolled out over the coming weeks to all Barclays UK personal current account holders including premier, wealth management and private clients.

Antony Peyton

Nasdaq offers \$190m for trading tech firm Cinnober

Nasdaq has made a \$190 million all cash offer for Swedish trading tech firm Cinnober.

The proposed acquisition, Nasdaq says, "advances and accelerates Nasdaq's strategic direction as a technology and analytics provider to the global capital markets and beyond". It is also expected to deliver "attractive shareholder returns" – 10% ROIC within three to five years.

Adena Friedman, president and CEO of Nasdaq, explains: "The combined intellectual capital, technology competence and capabilities of Cinnober and our Market Technology business will expand the breadth and depth of our fastest growing division at Nasdaq."

Nasdaq looks to acquire all outstanding shares and warrants in Cinnober at a price

of SEK 75 (\$8.4) per share and SEK 85 (\$9.5) per warrant, representing an offer value of SEK 1.7 billion (\$190 million).

The acceptance period of the public tender offer is expected to close in Q4 2018, subject to certain conditions.

"Since co-founding Cinnober in 1998, Cinnober has been on an exciting journey," comments Nils-Robert Persson, co-founder and chairman of the board of directors of Cinnober. "I see the offer as the next step in its development"

He continues: "I really believe in the strategic logic of combining Cinnober and Nasdaq's Market Technology business also as it reinforces the strong technology foundation in Sweden. As the largest shareholder of Cinnober, I am supportive of the offer and intend to accept the offer."

Cinnober provides solutions and services to trading and clearing venues worldwide, including exchanges, clearinghouses, banks and brokers. Largely based on the firm's proprietary TRADExpress Platform, they cover price discovery and matching, real-time risk management, clearing and settlement, index calculation, data distribution and market surveillance.

Amongst Cinnober's customers are Asia Pacific Exchange, Australian Securities Exchange, B3, Dubai Gold and Commodities Exchange, Euronext, Japan Exchange Group, Johannesburg Stock Exchange, London Metal Exchange, LME Clear, NYSE and the Stock Exchange of Thailand.

Tanya Andreasyan

Dwolla shuts last branded product Transfer

Dwolla is discontinuing the service of its final branded money product Transfer.

Transfer was launched in spring 2017, and "although it became popular, we realised that it was not, in fact, the ideal way to move money, and that we weren't done," explains the company's VP of product, Travis Ensley.

"Starting October 2018, we will no longer accept new Transfer accounts. In December 2018, the ability to send or receive payments will be removed entirely and Transfer will be permanently retired.

"Sometimes becoming who you are means leaving behind some things you were," he adds.

The firm will now be focusing on its Dwolla Platform, says founder and CEO Ben Milne.

Dwolla Platform, launched last year, is a white-label API that integrates with businesses to connect them to the ACH Network, which allows them to send and receive funds.

"We are discontinuing Transfer because

we are focusing exclusively on products that bring us closer to our mission of building the ideal platform to move money", finalises Ensley.

Only last May, Dwolla introduced a new product plan. It's called Start, and it offers a white-labelled, out-of-the box way for businesses to send and receive money without a large time or money commitment.

The firm also raised \$12 million in funding in February this year.

Henry Vilar

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Denmark's central bank turns to SIA for new RTGS system

Danmarks Nationalbank, the nation's central bank, has selected SIA for its new real-time gross settlement system (RTGS) that connects banks, mortgage banks and settlement systems.

The technology infrastructure developed by SIA has replaced the previous in-house system that had been

in use by the central bank since 2001.

In this development, SIA used its wholly-owned subsidiary Perago, based in Pretoria (South Africa) and which specialises in central bank solutions.

This RTGS platform is already in operation with the central banks of Norway and Sweden and it will soon go

live in Iceland too.

Later this year, Denmark will be the first non-euro country to participate in Target2-Securities (T2S), the centralised European platform for the settlement of domestic and cross-border securities transactions.

Antony Peyton

The world's first cross-border, open-architecture platform unveiled

The ASEAN Financial Innovation Network (AFIN) has unveiled its API Exchange (APIX), an online fintech marketplace and sandbox platform for financial institutions.

According to AFIN, this is the "world's first cross-border, open-architecture platform" and it will help financial inclusion across the Asia-Pacific region.

A consortium led by IT firm Virtusa – which also includes German digital bank Fidor and data integration and virtualisation platform provider Percipient

– will develop and operate APIX.

Paul Gwee Choon Guan, secretary general of the ASEAN Bankers Association (ABA), says: "The ABA is pleased to be part of this financial innovation journey for all our members, which is vital to deepening financial inclusion in ASEAN markets."

AFIN also announced a partnership with Abu Dhabi Global Market as the first regulator member of the APIX platform outside ASEAN.

This partnership will see the marketplace and sandbox expand to the

Middle East and North Africa (MENA) region.

AFIN was established last year by the International Finance Corporation (IFC) and the Monetary Authority of Singapore (MAS).

Through AFIN, the duo said they would plan to establish a regional network to help financial institutions, fintech firms and regulators address issues of connectivity, local compliance and cross-border compatibility.

Antony Peyton

ING Bank in Romania closes physical cash desks

ING Bank Romania plans to have all its physical cash desks closed from 29 October this year, as it intends to turn its local branches into self-service units, according to Romanian news site Profit.ro.

This means that withdrawals, deposits,

and other banking transactions will be done through the bank's ATMs. For other activities, like transfers, the mobile banking app will be the place to go.

The bank had announced its plan to move towards a self-service model earlier

in February this year.

As one of the top ten banks in Romania, ING has 1.2 million customers, with a net profit of €74 million in the first half of this year, up 35% compared to the same period of 2017.

Henry Vilar

Singapore unveils world's first unified payment QR code

The Singapore Quick Response Code (SGQR) has been launched offering multiple payment QR codes into a single SGQR label.

As reported last year, the Monetary Authority of Singapore (MAS) and Info-communications Media Development Authority (IMDA) unveiled a taskforce to develop this common QR code for the city-state. Members of the task force include both Singapore and international payments providers.

With SGQR now up and running it

will be adopted by 27 payment schemes including PayNow, NETS, GrabPay, Liquid Pay and Singtel DASH, and will be deployed progressively over the next six months.

MAS says with SGQR consumers will be able to "quickly and easily see if their preferred QR payment option appears on the merchant's SGQR label".

With the consolidation of QR codes, merchants will need to display a single SGQR label showing the e-payments it accepts. This means "less clutter on the store front and

quicker payments processing".

MAS says SGQR does not require a terminal, so it is a "cheaper" way to accept various e-payment options.

The first phase of SGQR label replacement, starting with merchants in the Central Business District, will start later this month.

Plenty of big names are involved in SGQR. These include Alipay, American Express, Bank of China, DBS, Mastercard, United Overseas Bank, UnionPay, Visa and Tencent.

Antony Peyton

Cashforce powers BNP Paribas corporate banking

BNP Paribas has partnered with Cashforce, a cash management and trade finance company, as the bank pursues the digitalisation of its corporate clients' user experience.

The banking group has also invested in Cashforce.

The solution connects its treasury department with other business and finance departments, and offers "transparency" into the cash flow drivers,

and automated cash flow forecasting and treasury reporting.

"Forming agile partnerships with innovative fintechs like Cashforce, who leverage new technologies such as artificial intelligence (AI), helps us to significantly accelerate the digitalisation of our customer journey in the area of transaction banking," says Jacques Levet, head of transaction banking EMEA, BNP Paribas.

The firms say that the platform is unique

because of the integration with various ERP systems and financial data sources. The solution also allows AI-based simulations of cash flow scenarios, forecasts and impact analyses.

The platform will be available to clients through Centric, BNP Paribas' digital banking platform that gives corporate and institutional firms access to the bank's online financial services.

Henry Vilar

CBD keen to go digital, foster innovation and retain talent

Commercial Bank of Dubai (CBD) has recruited consultancy firm PwC to assist it with its digital transformation.

The agreement focuses on an "innovation programme that will help the bank in its objective to become default digital and in providing an exceptional customer experience by collaborating with fintech start-ups, and effectively leveraging emerging technology as a tool", according to PwC Middle East.

During the yearlong initiative, CBD will look to solve key business problems, improve efficiency, and identify new

opportunity areas across all areas of business, the consultancy firm explains.

The project team will evaluate start-ups in specific business areas on the basis of demos and develop proof of concepts (POCs) for implementation.

PwC emphasises that CBD "will ensure that an all-inclusive culture of innovation and disruption is fostered throughout the bank".

Dr Bernd van Linder, chief executive of CBD, says the bank is proud to offer young people in the Middle East "the opportunity to grow as individuals, to build lasting

relationships and make an impact in a place where people, quality and value mean everything".

The bank's strategy "is centred around attracting, retaining and developing the best talent in the region", he states.

As part of the project, PwC will help CBD build, design and operate CBD Labs, which the two parties describe as "a corporate workspace focused on building a culture of innovation, collaboration and disruption". The CBD Labs are set to launch in late October.

Tanya Andreasyan

Stripe lives up to hype with \$20bn valuation

US-based mobile payments provider Stripe has raised \$245 million in funding, taking its valuation to \$20 billion.

The latest investment was led by Tiger Global and includes DST Global and Sequoia. Stripe has got the backing of some big names, such as American Express, Visa, PayPal's co-founder Peter

Thiel and Tesla founder Elon Musk.

Patrick Collison, Stripe's chief executive and co-founder, says the firm will use the new funds for international expansion, particularly in Asia.

Stripe has already launched a new engineering hub in Singapore. This is its fourth lab, following Seattle, Dublin, and

San Francisco.

According to the firm, more than 200 million Southeast Asians will come online in the next two years, and the region's internet economy – growing to more than \$200 billion by 2025 – comprises more than 7,000 high-growth start-ups.

Antony Peyton

India's central bank shortlists five vendors for data project

The Reserve Bank of India (RBI), the country's central bank, has shortlisted five banking tech and services providers for its planned overhaul of a centralised information and management system (CIMS).

These are: Capgemini, IBM, Infosys, Larsen & Toubro Infotech (LTI) and Tata Consultancy Services (TCS).

The companies were shortlisted based on the results of an expression of interest (EOI) issued earlier this year by the bank. The selected hopefuls will now receive a request for proposal (RFP).

The new CIMS platform, comprising a data warehouse and a data lake, will enable data collection from regulated

entities, data validation and review. It will also provide a scalable data repository and a data dissemination platform. The analytics component will facilitate the creation of RBI's Data Sciences Lab – a new initiative to explore and harness big data opportunities.

Tanya Andreasyan

Santander to build £150m tech hub in UK

Santander has unveiled its plans for a new £150 million tech hub in Milton Keynes in the UK.

According to the bank, this will be its "flagship" UK technology hub and provides a "boost" to the UK government's vision of a Cambridge-Milton Keynes-Oxford "growth corridor", which is located just north of London.

The proposed office is expected to be home to over 5,000 staff and replace the bank's existing local office buildings.

Nathan Bostock, chief executive, Santander UK, says: "We want a workplace which truly reflects our culture and our vision for the future, which is based on innovation and harnessing new technology to make banking simpler and more personal for our customers."

Bostock adds that Milton Keynes has its

new MK:U university on the horizon, which is set to become an "even greater magnet for technology talent".

Features of the planned campus include an environmentally sustainable building; event space for colleague training; fitness centre, cycle storage, rooftop walking and running track; and "flexible collaboration space" that will be offered to local businesses and community organisations.

Santander says it is expected that a planning application for the new campus will be submitted early in 2019 following consultation with the local authority and community groups. Subject to planning permission, it is anticipated that the building will be ready to open in 2022.

Santander UK has 24,200 employees and around 15 million customers.

Antony Peyton

Norway's Kraft Bank craftily powers up

Norway-based Kraft Bank is up and running as it has received all necessary permits and licences to run as a fully-fledged consumer bank.

Kraft, which is based in Sandnes in the southwest of the country, received a banking licence in December 2017, and it was fully subscribed for an issue of NOK 300 million (\$35.6 million) in January 2018.

It officially started operations in May. Kraft uses loan agents as a sales channel, but also receives customers directly.

Svein Ivar Førland, Kraft's CEO, says it has established "good contact with several key lenders".

The product offer will initially consist of loans and credit; and will eventually expand to customer deposits.

Its team consists of four management personnel – for a total of 11 employees. Its first three customer advisors are in place and Kraft explains it is considering hiring more as it receives "increased number of customer requests".

In March, Kraft chose Tieto's AI solution

for core banking to offer automated loan processing.

Tieto's solution includes processing for home loans, unsecured loans, debit cards and savings accounts, including Vipps and direct withdrawal. The engine for credit rating analysis has built-in machine learning. Kraft was Tieto's first lending customer in Norway.

Kraft Finance is the power behind Kraft Bank and has about 40 employees distributed in six cities; Stavanger, Sandnes, Ålesund, Trondheim, Oslo and Tromsø.

Kraft Finance was established in 2001 and is a securities company with a licence from the Danish Financial Supervisory Authority. Førland is also chairman of the board at Kraft Finance.

The bank is new but has already released some financial results.

Lending to customers stood at NOK 32.3 million (\$3.8 million) as of 30 June 2018. There is no profit yet (which is understandable) – and the bank reported a loss before tax of NOK 3.63 million (\$432,000).

Antony Peyton

Valley National Bank in major tech overhaul

Oklahoma-based Valley National Bank (VNB) has selected SAP and Axxiome for its tech overhaul. The bank will use SAP for Banking core banking software and SAP S/4HANA.

Axxiome, an SAP partner specialising in core banking, will implement the SAP solutions covering deposits, loans and customer account management.

The SAP HANA software will help with real-time analytics and there will be a revamp of the bank's channels using Axxiome Digital hosted by DXC.

VNB's president and CEO Brad Scrivner says SAP and Axxiome's "collective expertise will allow us to dramatically improve the way we currently engage with customers, automate everyday job functions and create new processes to position ourselves as a leader in the US financial market".

The bank also plans to concurrently move all its systems into a single-tenant managed cloud

This is the second core banking tech client for SAP in the US, following a project with BB&T – which was unsuccessful and was canned.

In a separate development, California-based Meed teamed up with VNB to launch its mobile banking programme in December. Meed says says its customers can be "paid to bank" through its "income-building" SocialBoost programme.

According to the firm, customers can earn an income stream in return for growing the Meed community among their family and friends. The result is an acquisition and loyalty engine for VNB "driven by customers' social sharing".

"The vast majority of banks worldwide have all handled the mobile era in exactly the same way, and we think it's a flawed approach," says Les Riedl, CEO for Meed. "Simply shrinking down traditional bank accounts and putting them on a smartphone screen doesn't offer real innovation, nor is it customer-centric."

Antony Peyton

News sites can be confusing.

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Bank of England preps UK fintech for next decade

The Bank of England (BoE) is getting ready for the power of fintech, an ageing population and big data sets over the next decade.

In its "Vision 2030: the future of finance", the bank is exploring what the financial system of tomorrow might look like, and what it means for its priorities now and in the future.

BoE states: "The bank recognises that a new economy, a new world and new demographics demand a new financial system ... The new finance will develop for the new economy, not in isolation from it."

Mark Carney, the bank's governor, has appointed Huw van Steenis as a senior advisor to lead the project. Van Steenis has worked at Morgan Stanley and Schroders.

The bank's research will cover a range of issues, including the implications of an ageing population and suitable financial options; the emergence of big data sets and the sharing economy.

In addition, it will examine the integration of emerging markets into the global financial system; and new fintech.

Over the course of this year, it will

explore these and other themes in roundtables, workshops and forums with businesses and consumer advocates from around the UK.

These events will bring together banks, insurers, technology firms, exchanges, financial market infrastructure firms, businesses and consumer groups to talk about problems, trends and potential solutions.

BoE aims to complete the project "around the turn of the year".

Antony Peyton

Danske Bank's CEO resigns over money laundering crisis

Thomas F. Borgen, CEO of Danske Bank, has stepped down in relation to the issue of €200 billion in possible money laundering in Estonia.

As reported last year, Denmark's two largest banks, Danske Bank and Nordea, were involved in alleged anti-money laundering (AML) violations. (There are no comments yet on Nordea's website about its case.)

At that time, more than DKK 7 billion (\$1.1 billion) was transferred to accounts in the Danish banks. Accounts that belonged to "shady" drawer companies with addresses in tax havens like Seychelles and Panama. The transactions took place between 2011 and 2014.

After more recent investigations, it was found there were issues with Danske's control and governance system at the

Estonian branch from 2007 until 2015.

The figures went up as Danske explained that around €200 billion of payments had flowed through its Estonian branch from non-resident customers – from countries such as Russia, the UK and the British Virgin Islands.

According to the FT, an analysis of 6,200 of the riskiest customers – out of 15,000 non-resident clients in total – showed that the "vast majority have been found to be suspicious".

Borgen was in charge of international banking including Estonia from 2009 to 2012 and became chief executive in 2013. He faced allegations that he ignored warning signs of trouble.

In his resignation letter, Borgen says: "It is clear that Danske Bank has failed

to live up to its responsibility in the case of possible money laundering in Estonia. I deeply regret this. Even though the investigation conducted by the external law firm concludes that I have lived up to my legal obligations, I believe that it is best for all parties that I resign.

"As the CEO, I have the management responsibility for the things that take place in the bank, and, of course, I take on this responsibility. It has been clear to me for some time that resigning would be the right thing to do, but I have held off the decision, because I have felt a responsibility for seeing the bank through this difficult period towards presentation of the investigations."

Borgen will continue in his position until a new CEO has been appointed.

Antony Peyton

Gibraltar International Bank rocks core system revamp

Government-owned Gibraltar International Bank (GIB) will be upgrading its core banking platform next month as it preps for a major overhaul.

In a TV interview with the Gibraltar Broadcasting Corporation (GBC), GIB's online banking platform has come in for criticism from customers and CEO Lawrence Podesta accepts it's been a weak point for the bank.

On GIB's site, the bank explains it is replacing the digital key with a system that

uses two-factor authentication: after the user enters their password, a code will be sent to their phone via text.

The bank's online and mobile banking services will be upgraded, taking place from 12 October to 15 October 2018.

According to GIB its core products will not be impacted by the system upgrade and ATMs and cash and cheque deposit machines (CCDMs) will be available.

Banking Technology understands GIB uses an outsourced S2i platform provided

by Crédit Agricole. We have contacted GIB for more details about the upgrade and core system – and are waiting for a reply.

In terms of history, the bank was officially launched in May 2014 and went live in October that year. In 2015 it got its full banking licence and 3,500 clients were signed up.

The bank now has 21,000 accounts, £800 million has been deposited and £230 million has been loaned.

Antony Peyton

VPBank launches lively new digital bank Yolo

Vietnam Prosperity Bank (VPBank), has unveiled its digital brand Yolo.

It has been launched as a separate business product letting “youngsters and other active people experience a new digital lifestyle”.

As we exclusively reported in May 2016, VPBank was in the process of setting up a standalone digital bank, and it also implemented a new digital solution, SAP’s Omnichannel Digital Platform.

Earlier in 2016, VPBank appointed a new CIO, Igor Mushakov. He moved from Russia, where he held senior technology roles at Uralsib Bank, Sberbank and most recently



X5 Retail Group.

Mushakov says Yolo will offer lending, savings, payments and Mastercard.

Yolo will offer “unlimited connectivity” to lifestyle service providers, so the idea is to get users all excitable by calling a taxi, ordering food, listening to music, watching

a movie and booking flights.

Mushakov adds: “Yolo means you only live once, we are going to make your life most convenient.”

VPBank will also sign a co-operation agreement with Vinaphone – owner of the Vpoint, a point accumulation system with more than 3,000 stores and “millions of members”.

According to the agreement, Yolo users only need one Vpoint account to get benefits at all partners’ stores. In exchange, Vpoint users can also get Yolo digital bank’s modern features.

Antony Peyton

BBVA’s app shows account activity from other banks

BBVA’s mobile banking app will start showing products the bank’s customers have selected from different financial service providers, becoming the first banking app in Spain to do so.

(In the UK, Barclays has recently become the first bank to allow customers to bring their other current accounts into its mobile banking app – see p.7.)

The information will be included in Economy, BBVA’s tool that examines the income and spending of users to provide an analysis of their finances, which was launched last year.

BBVA first opened its app to accounts

and cards from other financial service providers earlier this year. Starting in September 2018, they can also add investment funds, pension plans, deposits, securities and mortgage and consumer finance products.

Customers need only to click on the tab “your other banks” to verify and download products, which are then included in Economy.

The new feature currently allows to check balance and movements of all products grouped together in the app. However, the bank says that in 2019, “regulation will create the right framework to add the possibility of

operating between different products within the BBVA app itself”.

The regulation establishes that banks must give access to payment account information to payment service providers registered with the Bank of Spain, including banks, if so authorised by customers.

The bank plans to allow customers to select and configure only the products they want to see, access the planned movements of the products contracted with others and have sociodemographic comparisons within the Economy tool.

Henry Vilar

Westpac welcomes Siri for managing payments

Westpac is enabling Siri for its users to manage their accounts and transactions from iPhone devices, claiming to be the first in the country.

To authenticate payments, customers will be prompted to input their fingerprint or face ID before the money is transferred to the payee.

Through Siri’s voice command, customers will also be able to check up to three Westpac account balances.

Westpac says this will be a potential common interaction with the phone: “Hey Siri, pay John Citizen \$20 for dinner”. Siri’s

response: “Here is your Westpac payment of \$20 to John Citizen. Do you want to send it?”

The bank says almost half of Australians (48%) use a voice assistant on their smartphone, with a third of this group using it at least once a day.

Westpac chief George Frazis says: “We know a growing number of Australians are using Siri to help make their lives easier and faster, from checking the weather through to setting an alarm, all with a simple voice request.”

Siri for Westpac follows the implementation of Westpac Banking Skill

for Amazon’s Alexa and Westpac for Google Assistant earlier this year.

According to the bank, it will soon be launching its Travel Companion for iPhone users, and iMessage capabilities for payments.

Travel Companion displays the most popular travel features on the home screen of the mobile banking app when travelling overseas.

Westpac for iMessage – a new “You Owe Me” feature allows customers to get a specific amount owed to them when sharing their account details via iMessage.

Henry Vilar

Hackers steal \$60m from Japanese crypto exchange Zaif

Japanese start-up Tech Bureau has revealed its cryptocurrency exchange Zaif has been hacked to the tune of JPY 6.7 billion (\$59.6 million).

Three digital currencies were affected, Bitcoin (BTC), Bitcoin Cash (BCH) and MonaCoin (MONA).

Tech Bureau says since 14 September, some services such as deposit and withdrawal of virtual currencies were not in operation. After investigation, it turned out that some of the deposits and withdrawals of hot wallets had been hacked.

Tech Bureau detected server abnormality on 17 September and hacking damage was confirmed on 18 September. This was reported to Japan’s Treasury Department. The firm is currently checking and strengthening security and rebuilding the server. It

released a statement on 20 September.

Of the total stolen, JPY 2.2 billion (\$19.6 million) was the company’s assets, while JPY 4.5 billion (\$40 million) belonged to customers.

As a result of this hack, Tech Bureau has asked for JPY 5 billion (\$44.5 million) in financial assistance from Fisco Digital Asset Group.

Hacks on crypto exchanges are nothing new in Japan.

In January, \$534 million was stolen from Coincheck cryptocurrency exchange in Tokyo.

Those with good memories will recall MtGox, a Tokyo-based exchange that was forced to file for bankruptcy in early 2014 after hackers stole around \$650 million worth of customers’ Bitcoins.

Antony Peyton

Equifax fined £500,000 for UK security breach

The Information Commissioner’s Office (ICO) has given Equifax a £500,000 fine for failing to protect the personal information of up to 15 million UK citizens during a cyberattack in 2017.

The incident, which happened between 13 May and 30 July 2017 in the US, affected 146 million customers globally.

The ICO is the UK’s independent regulator for data protection and information rights law. Its investigation, published on 20 September, found that although the information systems in the US were compromised, Equifax was responsible for the personal information of its UK customers.

The UK arm of the company failed to take appropriate steps to ensure its American parent Equifax, which was processing the data on its behalf, was protecting the information.

With interesting timing, Equifax posted its responses on 19 September to the ICO investigation. The firm says it is “disappointed in the findings and the penalty”.

Elizabeth Denham, the ICO’s Information Commissioner, says: “The loss of personal information, particularly where there is the potential for financial fraud, is not only upsetting to customers, it undermines consumer trust in digital commerce.”

The ICO’s probe, carried out in parallel with the Financial Conduct Authority (FCA), revealed multiple failures at the credit reference agency which led to personal information being retained for longer than necessary and vulnerable to unauthorised access.

The investigation was carried out under the Data Protection Act 1998, rather than the current GDPR, as the failings occurred before stricter laws came into force in May of this year.

The ICO says the fine is the maximum allowed under the previous legislation.

The company contravened five out of eight data protection principles of the Data Protection Act 1998 including, failure to secure personal data, poor retention practices, and lack of legal basis for international transfers of UK citizens’ data.

Antony Peyton

US paytech Elan sold to Fiserv for \$690m

US banking tech heavyweight Fiserv has agreed to acquire the debit card processing, ATM managed services and MoneyPass surcharge-free network of Elan Financial Services, a unit of US Bancorp, for \$690 million.

As exclusively reported by *Banking Technology* in August, Elan was up for sale with Fiserv, Finastra and FIS vying for the paytech firm.

The acquired business has revenues of more than \$170 million.

Fiserv says the acquisition will help it “build on the growth of its card services business by expanding its suite of solutions in key areas such as ATM managed services”.

Also, MoneyPass, the second largest surcharge-free network in the US with access to 33,000+ ATMs nationwide, will “further enhance its market position”.

Fiserv will offer Elan clients additional services, including risk management solutions, Accel debit payments network and enhanced debit platform capabilities.

This deal, however, does not include the Elan credit card issuing and corporate payments businesses, which are also US Bancorp units.

The transaction is expected to close in Q4 this year.

“We continue to see opportunities for financial institutions to enhance the card-based payments they provide to their customers in an always-on, anytime access world,” comments Jeffery Yabuki, president and CEO of Fiserv.

He adds his company “looks forward to welcoming the Elan team to Fiserv”.

Meanwhile, Tim Welsh, vice-chairman, consumer banking sales and support, US Bank, says the decision to sell Elan was “strategic”, following an evaluation of the business unit.

“We believe this sale is the right thing to do for the bank and our customers,” he says. Fiserv, he emphasises, has “the long term commitment” for the business and thus everyone will benefit from this deal.

Tanya Andreasyan

Revolut records annual loss but revenue grows fivefold

Challenger banking service Revolut has reported its annual results for the year 2017, with some stark figures: the revenue has increased fivefold to £12.8 million (\$16.8 million) from £2.4 million (\$3.2 million) and the customer base has trebled to 1.3 million (from 450,000).

Monthly transactions volumes in 2017 grew from \$200 million to \$1.5 billion.

However, the company made an overall loss of £14.8 million (\$19.4 million) last year.

"While increasing revenue and reducing costs is an important factor for the company, the key focus is currently on taking Revolut into international markets, expanding its customer support team

and pressing ahead with innovative new products, such as commission-free stock trading," it states.

Revolut cites other impressive stats and developments, such as doubling its workforce to 400+ people, a European banking licence application, plans to add ten international markets, and embarking on a project to build "a highly anticipated, one of a kind in Europe, commission-free trading platform".

Founder and CEO Nik Storonsky says he is "really pleased" with the company's progress and the results.

"Our growth is driven by putting the customer at the core of everything we do," he emphasises.

"In addition to offering the best spending analytics and cheapest foreign exchange on the market, our customers have come to trust that we will always innovate and disrupt the financial industry for their benefit, launching new and exciting products that'll save them time and money," he claims.

But there is more. 2018 looks to be "even more impressive", he continues. Revolut now has close to three million users, opening 7,000 new accounts per day, and processing \$3 billion in monthly volumes. The number of employees is also in the rise – over 500 people globally.

Tanya Andreasyan

NPSO releases first details on New Payments Architecture

The New Payment System Operator (NPSO) has released initial details of the new procurement process for the clearing and settlement layer part of the New Payments Architecture (NPA).

The NPA is a new conceptual model for payments in the UK, aiming to cover the processing of £6.7 trillion of Bacs, Faster Payments and potentially cheque payments every year, from 2021.

It aims to simplify the rules, standards and processes that banks and others need to follow to use the systems.

Paul Horlock, chief executive of the NPSO, says: "We need a long-term strategic partner that is capable of working with us to safely deliver a scalable infrastructure

which can process trillions of pounds worth of payments every year. We look forward to engaging widely to find the right one."

The NPSO is looking for a partner "capable of implementing a scalable infrastructure for the NPA". The capability for clearing Faster Payments will be migrated onto the NPA platform first, as described in the Payment Strategy Forum (PSF) Blueprint.

The NPSO will conduct a further consultation in 2019 on plans for the migration of payment volumes currently cleared through Bacs and potentially, subject to a suitable business case being identified, the migration in future of

payments being processed using the Image Clearing System (ICS) for cheques.

The new procurement exercise follows the consolidation of Faster Payments and Bacs into the NPSO, which has enabled the procurement for the successor to each of these schemes to be integrated within the NPA programme. This has widened to include clearing and settlement of potentially all of the UK's non-card retail payments, rather than just the real-time aspect.

Specific details regarding the approach and timelines for the new procurement process will be published in a prospectus on 18 October 2018.

Henry Vilar

Goldman Sachs to spin off Simon finance app

Goldman Sachs is in advanced talks with several companies to sell "Simon", its three-year-old app that sells financial products to retail investors.

Simon stands for Structured Investment Marketplace and Online Network. Soon after its initial launch, Goldman Sachs said in a presentation that Simon allowed access to a new third-party distribution

channel among independent and regional firms. It added that it would also provide access to advisors who represent client assets of roughly \$2 trillion.

In the latest development, and according to the Wall Street Journal (WSJ), which cited people familiar with the matter, there is plenty of interest.

Some of the names that have expressed

an interest in a stake in the business include JP Morgan Chase, Barclays, HSBC, Credit Suisse, Wells Fargo and Prudential Financial.

The WSJ says the deal, which would value the app at about \$100 million, is likely to be finalised in the coming weeks. Goldman Sachs declined to comment.

Antony Peyton

Digital engagement in banks and the rise of the API economy

We wanted to know more about APIs, and who better than Red Hat's *Benjamin Henshall*, country manager, India, and head of financial services APAC; and *Manfred Bortenschlager*, Agile Integration business development EMEA.

It is assumed that the financial services industry understands the value of APIs and their role in digital transformation. But Henshall feels there is a misunderstanding in the way APIs are presented. He says that APIs as a software engineering principle are as old as software itself, but that the difference is with the introduction of new standards and tech – APIs are becoming the business model enabler.

Bortenschlager says there are more and more ways of leveraging APIs to directly create business value. This gave rise to the notion of the "API economy", which is already disrupting several industries, and financial services are lagging behind in meeting this disruption.

"APIs have ushered in the destruction and reassembling of value chains and have done so faster and more pervasively than the average CEO or board knows how to handle," Henshall tells us. He explains that because APIs are largely a software engineering and IT operational construct, there can be problems if an organisation is not in synch with how its APIs are built and run.

The "fintech fever" has gained momentum for good reason – banks deprioritised the "digital customer experience", which fintechs jumped on by relentlessly focusing on usability and value-mapping, creating a refreshing new digital customer experience that consumers felt banks were lacking.

"The most effective way to open data or services in a transparent but still controlled way is via APIs with a solid strategy and governance concept around it."

Manfred Bortenschlager, Red Hat

The role of APIs has enabled fintechs to integrate with a rich set of banking functions and wrap them into an engaging and productive user experiences. If the APIs at the back end were not already available, the bank can't effectively use them.

There is also the misperception that APIs are for external public consumption. Most APIs are internally or partner-oriented. Within banks, open banking as a strategy is usually either regulation-driven, like PSD2, or focused on new business opportunities. Both reasons are helping to change the role of APIs.

Banks have been delivering APIs for a long time, but historically they have been private, point-to-point, and not very

versatile. "In the world of fintech, where the focus is on usability and customer engagement, APIs are the key component of making customer experience work well," says Henshall. Banks are beginning to pick up that open banking is a competitive advantage and opens up access to new markets and new partners they might not have had before.

Aside from the reasons mentioned above, APIs are now becoming particularly relevant for the industry due to regulatory pressure to enhance competition. Since 2011, the number of regulations has increased, with some regulations designed to enforce more open strategies. "The most effective way to open data or services in a transparent but still controlled way is via APIs with a solid strategy and governance concept around it," Bortenschlager says.

Red Hat's business model is based on open source. The firm works with a huge community of developers globally and contribute to that code base, and its benefits from a large and active community are transparency, security and speed, which then can be leveraged by customers and clients. **bt**

Henry Vilar

"In the world of fintech, where the focus is on usability and customer engagement, APIs are the key component of making customer experience work well."

Benjamin Henshall, Red Hat



\$2 bill fintech

By Greg Palmer, VP
of Finovate

Have you ever paid for something with a \$2 bill? Or a Sacajawea dollar? Both are legal tender, and theoretically, nobody in the US should have any problem accepting either.

The reality, though, is frequently more complicated. If you're at a major grocery chain, you probably won't get much more than a questioning glance, but if you get the wrong cashier when you're buying lunch, you could end up with a much more convoluted transaction than you were expecting. You could even be accused of forgery and sent to have a talk with local police (no joke, Google "\$2 bill forgery").

I like \$2 bills (and Sacajawea dollars) because I like weird money. That's probably

why I like fintech. After all, using most fintech solutions to complete basic financial transactions isn't too dissimilar to paying with a \$2 bill. In theory, as long as the proper hardware is in place, there shouldn't be a problem accepting an NFC payment, but once you get away from the sterile (yet admittedly high-stakes) conditions of the Finovate demo stage, any number of real-world hassles can pop up.

Chief among those hassles are the people on both sides of the transaction who need to be educated. Here are real quotes that I heard from retailers when I paid (or attempted to pay) with various NFC solutions in the early days of the technology:

"If your solution isn't so easy to use that a tired/bored/overworked/undertrained cashier at [insert retailer] can use it, then it's not going to catch on."

Greg Palmer, Finovate

"Oh, you've got one of those phone payments? I don't think we take those." (The Apple Pay logo was proudly displayed on the PoS terminal.)

"It says the card reader is disconnected, can you try again?"

"Apple Pay won't work here because cards need to have the chip now." (Yes, for real.)

Obviously all of these examples demonstrate user-error on the part of the cashiers, but guess what – in real life, user-error abounds. This isn't limited to retail payments, either, you can experience something similar when send money electronically to your friends, contact customer support for an online-banking issue, apply for a mortgage etc etc.

To quote Douglas Adams, "a common mistake that people make when trying to design something completely foolproof

is to underestimate the ingenuity of complete fools". That's probably too harsh (the overworked cashiers I'm pulling quotes from are more likely improperly trained than "complete fools"), but it illustrates a valuable point for any innovators: if your solution isn't so easy to use that a tired/bored/overworked/undertrained cashier at [insert retailer] can use it, then it's not going to catch on.

For years, at Finovate, we've seen people pushing the boundaries of what was possible in fintech, and that includes a lot of what I like to think of as "\$2 bill" solutions. These are solutions that are functional, legal, but slightly too unwieldy to really catch on. Let me be clear, I don't mean to disparage these innovations or technologies at all. Valuable innovations don't always have to be customer-ready right now, they can be a step on a journey that will lead somewhere that could change things. "\$2 bill" innovations are vital to the long-term success of the industry, and I can't think of a single innovation that's popular today that you can't trace back to a "\$2 bill" version.

I love "\$2 bill" fintech, and I'm sure we're going to see a huge amount of it on stage at all six Finovates over the next 12 months. The question we should all be asking ourselves, though, is who is ready to go past the "\$2 bill" stage? Which innovations have a chance of becoming so widely adopted that we no longer bat an eye when we use them? Which innovations are already there?

The companies that can get past that hurdle are the ones who will become household names. **bt**

"'\$2 bill' innovations are vital to the long-term success of the industry, and I can't think of a single innovation that's popular today that you can't trace back to a '\$2 bill' version."

Greg Palmer, Finovate



Riding the second wave

The US, in particular, is in urgent need of new core offerings to support next generation digital banking. Can an offering being built by one of the early core system pioneers, Frank Sanchez, fit the bill? Live Oak Bank, an investor and first client, clearly hopes so. *Martin Whybrow* spoke to the tech-savvy bank and the start-up supplier.

Live Oak Bank HQ, Wilmington, North Carolina, US

Live Oak Bank views technology as one of its differentiators. Which is a challenge when considering the core. The US market is dominated by ageing commercial core systems that mostly now reside in the hands of just a few large suppliers, as a result of vendor consolidation. Customer satisfaction is low and there is little to be gained, aside from stress and cost, from replacing one with another. Over the last decade or so, the main driver when talking to US banks that have gone through replacements seems to have been complete exasperation with their existing supplier, rather than a sound business case.

Wilmington, North Carolina-based Live Oak Bank has developed its own systems for other areas of its operation and, in a couple of instances, it has successfully spun off these (nCino for CRM and loan

origination; Apiture for online banking, with a next generation version of the latter on the way for Amazon's AWS cloud).

The bank also uses a bill payment system, Payrailz, a big data cybersecurity solution called DefenseStorm, and is implementing a debit card system, Greenlight. These are third-party offerings (in contrast to nCino and Apiture) that are backed by the bank's venture capital arm, Live Oak Ventures. "We are searching every day on the venture side," says Neil Underwood, president at Live Oak Bancshares, and cloud-based design is a common thread running through each.

In addition, Live Oak Bank recently announced a joint venture with payments services provider, First Data. The bank has been working on new solutions for merchant services and, alongside the

online banking and bill payment products, these will be made available via First Data's online banking tools, derived from FundsXpress, an acquisition around a decade ago.

ADDRESSING THE CORE

However, for all of this innovation, there was still the question of how to overhaul Live Oak Bank's core operations. The idea of building a new core was deemed a non-starter, says Underwood. The scale and complexity of the task were the main prohibitors. "We would have failed," he concludes.

Having rejected the in-house route, a search of the market proved fruitless. "When we looked to build out our next generation digital bank, there were no suitable core systems," says Underwood.

Chip Mahan, Live Oak chairman and CEO, has a long relationship with Frank Sanchez, developer of one of the old core systems, Profile, which today resides with FIS. Profile became one of the stalwarts of the US market but was unusual in that it also succeeded on the international stage. Out of the discussions between Mahan and Sanchez came a plan for the latter to build a next generation core system, with an initial \$12 million raised to support the venture and with Live Oak Bank lined up as the first taker.

That system has, naturally, taken longer to build than planned – there has arguably not been a new offering in the history of the core banking system market that has arrived on time. However, Live Oak Bank expects to go live, after a phased 'friends and family' pilot, by the end of this year to cover, among other things, its DDA and savings business, with loan accounting to follow next year.

The bank expects to start using the system for all new accounts and, once everything is stable, will migrate existing accounts, which Underwood predicts will be mid-2019. "This will be at the right time, when we feel confident."

In terms of the delays, "Frank had very aggressive plans to start out with," says Underwood. However, "internally, for our shareholders, we set expectations as some time this year". The development teams of the bank and supplier have worked closely together, he adds.

SANCHEZ #2 – FINXACT

Sanchez's company, Finxact, is based in Jacksonville and was set up with initial capital of \$12 million. Sanchez describes what is happening today as the second wave of digital banking, following the investment in channels and new banks from 2000. Today's wave is focused on mobile and much more seamless integration between payment beneficiaries and recipients.

The demand is for systems that are truly real-time and can support a potentially massive increase in volumes, he says. The individual values of transactions will decrease as digital banking matures, so volumes will increase, he predicts. Data analysis and business intelligence are also key areas of focus.

However, "banks are responding by saying, I can't put this on top of my current infrastructure", says Sanchez. There are also major frustrations about costs, he adds. And he no longer sees a resistance to cloud deployments, with widespread recognition of their flexible and lower cost benefits.

The Finxact system is being built for AWS although could support other options. It is meant to be real-time and event-driven. The design is centred on inventory, meaning any attribute whether a traditional currency, electronic currency, security, physical asset and so on, rather than the customer account. This eases the ability to support new financial instruments, says Sanchez. In terms of

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Neil Underwood, Live Oak Bancshares

"When we looked to build out our next generation digital bank, there were no suitable core systems."

Neil Underwood, Live Oak Bancshares

THEM

US



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Live Oak Bank HQ

openness, Finxact was the first banking system supplier to sign up for the Linux Open API Initiative which seeks to define a vendor-neutral description format for APIs.

Finxact is using the Google-derived open source Golang high-performance language and SQL alternative databases, with non-SQL options to follow. Sanchez describes the architecture as “container-based” so the system can be implemented on the cloud but also on any machine, so will be deployable in-house.

Sanchez admits that the development has taken longer than he would have liked. He points out that this is very new technology with a currently relatively small developer community. The development is being done in the US and Thailand. He also blames the delays on a broader scope than initially planned. When Finxact started talking to banks towards the end of 2017, the feedback on the APIs and design was very positive, he says, “but they asked, where’s the branch system, the reports, the screens, really we need to run a bank, please fill out the picture for us. We have, but this has taken time.”

In part, he believes this demand for an end-to-end solution, along the US’s traditional service bureau lines, stems in part from the fact that often the platform will be restricted by the slowest component. “It could easily be a sub-optimal mixed bag.” While Finxact’s system will have open APIs, third-party systems would need to be API and cloud-enabled

“Exposing the entire core, securely of course, will allow us to build out solutions for our customers.”

Neil Underwood, Live Oak Bancshares

as well to gain the full benefits. Thus, the more functionality within the single stack, the better.

As well as providing the system, Finxact intends to market the underlying banking model and schema to users, partners and consultants, to use to build other financial products and to extend the standard functionality. The developments could be made more widely available through an app store-type model, he adds.

Although the initial focus is the US, it is Sanchez’s plan to also offer the system internationally, with one investor in Thailand (a former distributor of Profile) a likely initial partner. In the US it currently has 16 staff, having “cherry-picked” the best service and engineering resources

from US competitors, he says. As the need arises to support the first customer, so the staff numbers will increase and he also anticipates a second round of funding.

THE POTENTIAL BENEFITS

What will be the benefits for Live Oak Bank? The “API-first design methodology implies massive flexibility”, says Underwood. This should allow much better interaction with other systems. “Exposing the entire core, securely of course, will allow us to build out solutions for our customers.”

Ease of integration is intended to be a key gain. Linking, for instance, Apiture to the bank’s current core, Fiserv’s Premier, for account opening involves 62 calls to and from the core, says Underwood. This took 18 months to build and still has problems, he says. With Finxact, he expects this to be replaced by a single call and response.

Another benefit for Live Oak Bank cited by Underwood stems from the native AWS design, bringing reduced costs and much greater scalability as the bank expands. “Our goal is better customer experience but to do it for far less.” He estimates that the cost per account on Finxact compared with Premier could be one-tenth.

It is easy to predict that some or all of the Live Oak Ventures systems might be offered with Finxact. A “bank-in-a-box” turnkey platform has been touted for decades but this has been “laughable”, says Underwood. He believes that it could now be a reality, in a pre-integrated cloud-based form.

There is interest from the market in the development, says Underwood, including discussions with CEOs of some large financial institutions and with a number of banks starting to carry out due diligence.

Of course, the hoped-for benefits are unproven and promising-looking new core systems have sometimes failed to live up to the hype or have failed altogether. Whether Sanchez can deliver this time around remains to be seen, for all of his previous experience. However, whether from here or from other sources, no one – apart perhaps from the few incumbent heavyweight suppliers – would argue that the US market isn’t crying out for new options. And much the same goes for the rest of the world as well. **bt**

When banktech gets personal

Brett King, co-founder and CEO of Moven, explores how artificial intelligence (AI), embedded tech and experience design are reframing banking.

As technology has dominated our lives over the last decade, banking has transformed what customers expect in an everyday banking experience. Today, a digital presence is simply table stakes – it has become imperative in how banks engage and more importantly, retain their customers. Despite this progress, less than 5% of banks in markets like the US and UK allow a customer to open an account through a mobile phone. A shockingly low statistic.

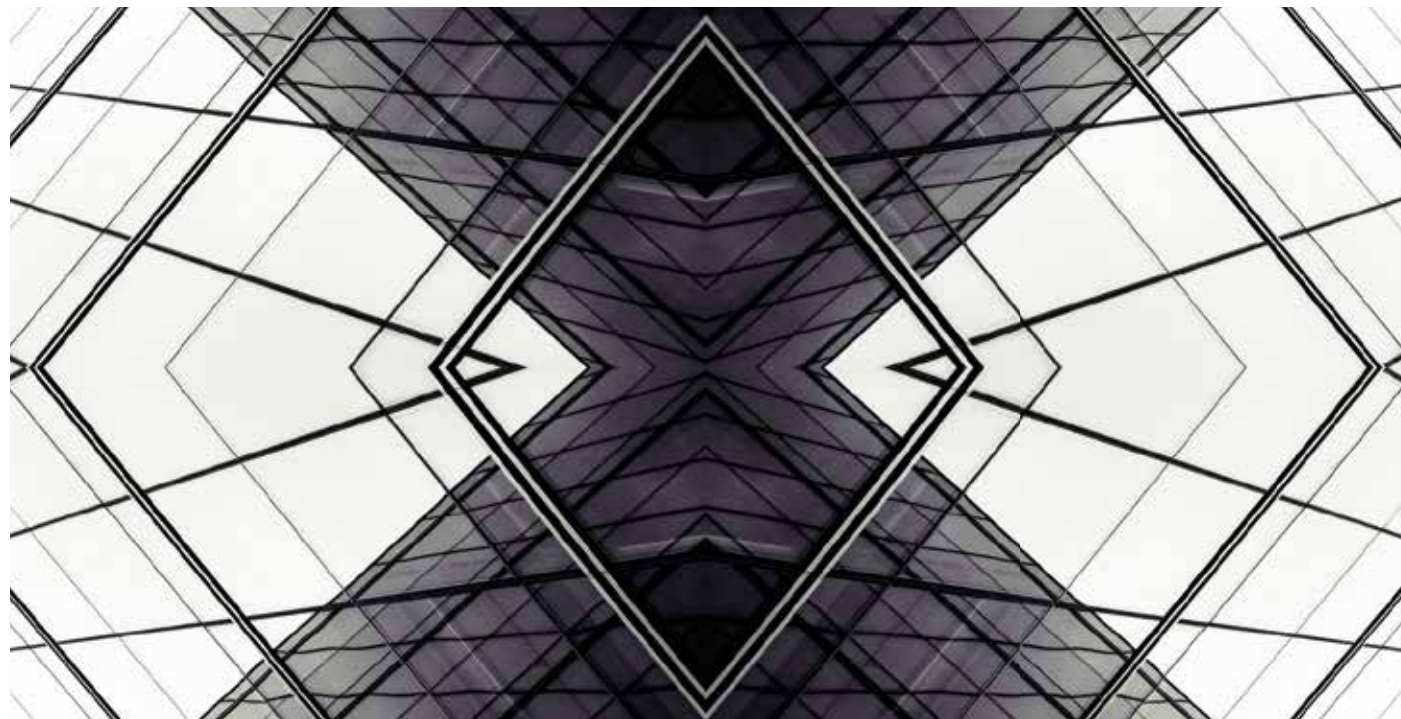
So where are banks today, and what do they need to do to compete with the challenger banks whose offerings are 100% digital?

CHANGING ECONOMICS

There is a paradigm shift especially in retail banking (increasingly across wealth management and wholesale banking), where many products and services that have been built on the premise of the signature, paper-based process and just physical presence, are no longer valid or viable for the way people live their lives today.

Banking, like all other industries, is subject to rapidly changing consumer behaviour and technological capability. In the field of music, movies and TV, retail consumer goods, clothing, groceries and even restaurants, digital distribution is increasingly a fact of life. But technology has not just attacked distribution, it's also attacked friction – driven by shorter attention spans, technology adoption diffusion and improvements in experience design. In a world where you can order groceries from Amazon and have them delivered within hours, having to physically sign a piece of paper to access banking services seems an anachronism.

What is yet not recognised by most financial institutions is that this directionality will inevitably, completely transform acquisition economics for



financial services. The future expectation will be that banks should be able to anticipate their customer's daily experience and proactively meet their needs – in real-time. To effectively do this, the bank will need to intuitively understand and link all of its customer's financial activity and relevant behavioural data to ensure that the customer will have access to the right banking payments or credit capability when and where it is needed. The future banking experience doesn't necessitate a credit card or signature to make a payment or the need to ensure that a checking (current) account has cash – the idea is

that your customer's mobile device will have this capability embedded. always on, anticipating their needs.

It is with this mindset that the challenger banks and the banks of the future are aiming to circumvent the traditional banking product and departments by taking its core utility (i.e. the ability to store money safely, move money quickly or to access credit) and embedding into the technology layer. Next will come consumer awareness of the fact that they don't need to apply for a plastic credit card in advance, that credit will be available on demand, as required.

“The important point here is that the technology infrastructure is the primary interface by which people are benefitting, and as a result, technology owners and first-movers have a distinct advantage.”

Brett King, Moven

TURNING THE SHIP – HOW BANKS ARE REACTING TO THESE FORCES

The impact to traditional banks is that each one of these traditional product departments will be under threat because these products will largely cease to exist – replaced by a technology experience delivering the same or better core banking utility.

This changes distribution dynamics considerably. For example, the selection criteria many customers used historically of who they banked with, tended to be focused on the location and convenience of the local branches. Now the focus is how you will differentiate your bank in real-time, and how quickly and smartly that bank can respond to an individual customer's needs.

As a result, many leading banks have taken to building apps to compete with the up and coming challenger banks; like HSBC working on its own digital bank under the codename “Project Iceberg”, JP Morgan Chase's Finn, Wells Fargo's Greenhouse and more. The issue that a

lot of these traditional banks face is that because they are so complex with so much legacy, the best they can really do on providing “banking as an experience” is to just ensure that they are doing what the challenger banks have already done.

If you look at the range of leading innovations in banking over the last decade, evidence suggests that fintechs and technology players like Ant Financial, remain three to seven years ahead of mainstream banks on the innovation stakes. Banks seem to be spending most of their time catching up and arguing why they can be fast followers of the challengers. This lack of core digital strategy across the board will make it almost impossible for these traditional banks to transform at the same pace that challenger banks have been able to do consistently. Thus, many banks are also partnering with fintech firms that can get them into market faster or cheaper than they can on their own.

THE EMBEDDED TECHNOLOGY EXPERIENCE

The idea of the embedded technology experiences, with the use of new age technology like AI, is a current reality that is only getting more sophisticated. In our homes, we have the likes of Siri and Alexa that have infiltrated our day-to-day from finding the right restaurants with your preferences or how you book your next flight – in essence, acting as intelligent agents on your behalf.

The important point here is that the technology infrastructure is the primary interface by which people are benefitting, and as a result, technology owners and first-movers have a distinct advantage.

As social media networks have the advantage of the network effect, and companies like Amazon have the advantage of voice; banks ultimately need to partner with innovative technology providers to be integrated into their customers daily lives in the same way that Amazon and social networks are today. If they don't, banks will quickly lose their customers and market share to those banks who are on the forefront of this paradigm shift. **bt**



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INTERVIEW: PETER HAINZ, SMARTSTREAM

SmartStream

Wave goodbye to the risks

In an exclusive interview with Peter Hainz, global presales programme manager – cash and liquidity at SmartStream, he explains how it helps banks deal with intraday liquidity risk challenges and how machine learning is making a major difference.

You could see Hainz's role as a doctor of fintech as he, and SmartStream of course, take all the pain away for banks when it comes to intraday liquidity risk. With 1,500 clients the firm has provided a lot of comfort.

Hainz's background displays a strong understanding of Basel III as he is professionally certified. Hainz shares his expertise as he has lectured at three universities in Vienna on treasury and liquidity management. He is also often asked by regulatory bodies to provide opinions about this subject matter.

With these kinds of skills, he can explain how SmartStream helps banks deal with intraday liquidity risk challenges.

"I have visited many banks in Europe, US, Middle East and Africa. Banks are coming to us as we provide thought leadership in intraday liquidity monitoring and management. The feedback I receive is that they often need guidance on how to apply intraday liquidity regulation along stress-testing.

"Currently many banks only have end of day (EOD) visibility in cash and liquidity. One bank contacted me and said, 'if I have only EOD data available, I have issues with big payments in the afternoon – as I do not exactly know what my actual position is.' So in order to avoid too large liquidity buffers or not enough liquidity, accurate real-time cash and liquidity data is necessary.

"A big challenge for our clients is highest data quality, which is required for excellent real-time intraday cash and liquidity monitoring. We have a very experienced team supporting our clients with these needs."

SmartStream also provides regulatory insight. For example, in specific regions in the Middle East Smartstream was working closely with the regulator and they discussed the best intraday liquidity risk solutions for the banks. There are also different flavours to consider – such as local regulatory specifics.



Peter Hainz, SmartStream

"We aim to help regulators, which have limited resources, with AI to detect anomalies."

Peter Hainz, SmartStream

"As a global company we have local management centres with regional knowledge. Our people know the local regulations. Basel gives their recommendations and we have local authorities that implement these solutions. Our aim is to talk with local authorities, like the UK's Prudential Regulation Authority (PRA) or the European Banking Authority (EBA) and provide solutions."

This is not limited to Europe of course. SmartStream does the same across the rest of the world, such as in Singapore, Hong Kong, India and the US.

Along with this global savoir-faire, SmartStream has been doing this kind

of work for ten years with "many tier 1 customers across all regions". Clients include JP Morgan, Morgan Stanley, Goldman Sachs and Deutsche Bank.

RISE OF THE MACHINE

In the artificial intelligence (AI) and machine learning (ML) space SmartStream is up to some smart stuff.

"We have an innovation lab in Vienna, led by Andreas Burner. It is a highly functioning team working on AI, with a focus on ML. ML fits nicely into this because we are in the reconciliation space, so you have incoming and outgoing data which needs to be reconciled and ML is a perfect scenario for this.

"And then you have unsupervised and supervised ML, which is especially useful for regulators who receive tonnes of data and they have to evaluate this, especially in the liquidity space.

"Regulators have to assess anomalies. ML especially detects anomalies and learns from them, where for example the user then receives alerts.

"Given a set of data as input sample, ML can learn and detect anomalies and report them accordingly. This is certainly applicable for banks in the area of stress testing.

"We aim to help regulators, which have limited resources, with AI to detect anomalies which human resources, for example, cannot solve in a timely manner."

When it comes to future ambitions, Hainz is happy to explain.

"We are engaging with different markets which haven't fully integrated the reporting regime. We can help customers produce reports.

"We are also building out richer and more functional stress testing capabilities. We will offer more proactive monitoring, so banks can control what goes on."

It seems SmartStream's desire to remove pain in this part of the fintech world is looking healthy, wealthy and wise. **bt**

To its Credit

Home Credit HQ, Prague

In an exclusive tour of Home Credit's (HC) operations in Prague, *Banking Technology* met seven staff members and learned about its retail challenger Air Bank, P2P lender Zonky and Home Credit Venture Capital (HCVC).

Picture in your mind a map of Europe. Sitting at the heart of the continent is the Czech Republic – the birthplace of HC in 1997.

Now expand outwards from Europe to show the entire world and see that HC is active in ten countries, including Russia, Kazakhstan, China, India, Indonesia, Philippines and the US. The consumer finance provider has grown to occupy large swathes of the globe with a diverse range of operations and activities.

HC sees itself as the “world's biggest fintech” and its goal is to lend to people with little or no credit history. A major shareholder is PPF, a privately held financial and investment group owned by billionaire Petr Kellner.

Things are going well. HC has €21.8 billion in total assets, a net loan portfolio of €16.4 billion and a healthy net profit in H1 of €40 million.

Around the world it has 130,800 employees. On my visit to Prague I met seven of them. These aren't people who've spent their whole lives at HC. Some are former bankers, while others were entrepreneurs. It is a fascinating mix – and their knowledge and

interest in China and India shows not only a great understanding of those nations but where it sees the firm's future.

MAKE IT LIKEABLE

Air Bank was created in November 2011 as HC saw a gap in the market for consumers. Its approach was to ask “what do people dislike in a bank?”. For example a typical contract is 12 pages long, it's trimmed that down to one page.



Pavel Krbec, Home Credit

It makes things less formal and removes petty rules. If you want to bring your dog or eat your ice cream in the branch, feel free. In fact, the bank had some amusing photos showing people taking advantage of these rules – such as one guy with a gigantic potbellied pig happily sat on the floor in a branch.

Jana Karasová, the bank's PR spokesperson, says its research found that the traditional players were “mysterious, arrogant and monotonous”. It's the opposite. Air Bank

“HC has mastered the offline world.”

Pavel Krbec, Home Credit



Air Bank, Prague



Air Bank interior

doesn't make money from banks fees – it profits from consumer loans and mortgages.

Its price list is kept simple at 250 words. Karasová cited one traditional bank which has a contract of 11,972 words. That's almost a novella.

Air Bank is a challenger – and its customers can also be a challenger.

This means a user can dispute any bank charge three times a year. Within the app is a trash symbol – which is used to bin a charge if perceived as unfair. Think of a broken ATM, which means the individual has to find and use another one which charges a fee. The person challenges that and gets a refund.

While it's a digital bank, Air Bank does have 35 branches across the country.

I visited one of these branches, and as the name suggests, it had a light and breezy look. It was spacious, with an energetic green décor, and the assistants don't sit opposite the clients. The desks mean the customers sit next to them – they see what the assistant sees to break down any barriers.

Air Bank feels the branch has plenty of life yet. Karasová states that 79% of its new customers come through the branch. They

walk in, like what they see and decide to open an account.

Jakub Petrina, CMO of Air Bank, also came over to the branch to have a chat. Air Bank is only in the Czech Republic for now – with 650,000 customers – but Germany could be next and within 12 months.

THE RIGHT MIX

Zonky sounds fresh and different. And that's the plan. It was founded three years ago and its office is located away from HC. The idea is to create a separate culture where its approximately 150 staff can work. The vibe is certainly less corporate.

The firm lets people lend to people – and those seeking loans can tell their stories to try and get the investors on board. Investors can get a 3.5% to 5% yield. Zonky is proud of its net promoter score of 82 and that loans get approved within two days.

It has a community of 50,000 Czech users. Here people can share experiences and advice. For example, a person may well be looking for money so he/she can set up a coffee shop. They ask people who did it; and the success is passed onto the next wave.

Currently Zonky does 2,000 loans per month. It is targeting 400,000 users by 2028.

In a video call with the CEO, Pavel Novak, who was in San Francisco for an event, he says while there are P2P firms like Zopa and Lending Club, “we have a community and we don't see them doing it”.

He adds: “We are using cloud technologies and no one else on the Czech market is doing that.”

Looking ahead, IT is its biggest department and tech investment is going to be a €5 million spend next year. He envisages seeing €20 million spent over the next few years. The Zonky office already has space ready for new IT recruits – as I saw first-hand.

Next year, he wants to double business again and look for 10% of the market share. >>



Radek Pluhar, Home Credit

“HC is nicely expanding and life is good.”

Radek Pluhar, Home Credit



Charles Bridge, Prague

Freedom is part of Zonky's ethos. Novak says its innovation and IT department are independent: "We can decide what we want to do. If we want online cash loans – then we can do it."

LIFE IS GOOD

Because HC is the business of lending, risk management plays a huge part.

Radek Pluhar, group chief risk officer, feels "HC is nicely expanding and life is good" because it's found its niche. It would be hard to argue with this based on its geographical reach, 29 million customers and the stats mentioned above.

HC can make customer decision loans in one minute – and six million such decisions are made a month across the globe. And that's not counting holidays – such as Diwali or Christmas.

As the company has expanded, Pluhar explains it can now cross sell to a "safer group of people" – and 20% of its customers do take loans that way.

We met in person but Pavel Krbec is the group head of online. He feels "HC has mastered the offline world" but recognises how things have changed. For instance, it partners with Russian e-commerce firm Eldorado.

They have created a marketplace "so you can browse a catalogue like Amazon". During our meeting I saw it on a mobile phone. It was an easy-to-use UI. Krbec says it was created one year ago and at present "thousands of contracts" are closed every week. To get a

loan is simple – there are five fields to fill out online – and the decision to authorise the loan is instant.

During the tour, quite a few people mentioned Kaggle – a Google-run platform and community of data scientists and machine learners.

Krbec says HC had a record 7,200 teams compete to work on a computational challenge via this platform. The idea was for these teams to use anonymised data to predict who will default on paying back a loan. This was HC's clever way of outsourcing an innovation lab.

THINKING AHEAD

For Home Credit to be successful in the fast-growing markets it operates in, it needs to be driven by innovative thinking.

Mel Carvill, group board member and chief officer for public affairs, runs



Miroslav Boublik, Home Credit

programmes to help young managers realise their potential. At the heart of this thinking is that in less predictable emerging markets, the need for buffers and adaptive capacity increases.

My final interview was with Miroslav Boublik, managing partner of HCVC and head of special projects at HC.

HCVC has three projects. Nymbus, a cloud core banking provider; Barion – a payments gateway in Hungary; and Eureka.ai, a Singapore-based firm that uses telco data for monetisation. These are all minority investments.

HCVC invests anything from between \$1 million to \$20 million in each firm. He's looking for Asian expansion – "particularly in India". Boublik says "India as vibrant for its VC and start-up culture."

In his other role, HC wants to push on with open APIs. This was "inspired by open banking in the UK" and he wants HC to participate in the ecosystem. This will make it easier to work with larger and smaller partners and bring HC's know-how into this arena.

At the moment, this project is in five countries – Czech Republic, Vietnam, India, Indonesia and the Philippines. The goal is to teach the standards to HC's local staff. Later, those people can work with companies.

The tour was a lively two-day affair. The chance to meet so many different people, visit two offices, and see a bank branch in action, offered a great insight into how HC works.

The company has proved that it can be versatile and successful. It's also proved that it has every chance to stay as the "world's biggest fintech". **bt**

Antony Peyton

"India is vibrant for its VC and start-up culture."

Miroslav Boublik, Home Credit

Enterprise blockchain: the rubber has met the road

The adoption of blockchain technology to rewire the way the world does business is now an inevitability.

This year will be remembered as the year enterprise blockchain technology came of age. While the timing for adoption will depend on the market and sector, the trajectory is clear.

Businesses of all sizes across the world, in sectors as diverse as financial services, healthcare and logistics, are now actively using blockchain in live deployment as you read these words.

The speed and scale of blockchain adoption has been remarkable. The level of interest, airtime and pace of growth it has experienced is usually reserved for primetime consumer-facing technologies and platforms such as the iPhone or Instagram.

The history of enterprise technology has shown it can be as game-changing as consumer technology in the long run, but more often than not it remains behind the scenes and adoption rates are far more conservative.

This is not the case for blockchain. Deloitte's survey of 1,000 companies across seven countries found that 34% already had a blockchain system in production today, with another 41% expected to deploy a blockchain application within the next 12 months. Nearly 40% of the surveyed companies reported they would invest \$5 million or more in blockchain in the coming year, according to the Deloitte 2018 Global Blockchain Survey.

The potential for this technology to improve the efficiency, transparency, speed and security of the way money and goods flow around the globe is vast and virtually unparalleled, but it was clear from the outset to R3 and the thousands of coders, business leaders and cross-industry professionals that make up our ecosystem.

We are immensely proud to have played a role in the enterprise blockchain revolution since Day One, and to have

delivered the vision we've shared with our ecosystem from the beginning: to build a robust, new blockchain-based system that enhances the way global business is conducted.

We are now seeing widespread community adoption of Corda, our open source blockchain platform, and its enterprise version for commercial distribution.



David E. Rutter, R3

The open source version of Corda is a unique, inclusive platform designed for production from the very start. Companies with a relatively simple IT structure and network can go live on it today. Each week we're seeing new and innovative Cordapps being released into different industries.

Corda Enterprise offers a range of additional features that make it the most resilient, secure and efficient enterprise blockchain platform available, including the Blockchain Application Firewall, so it can be deployed inside corporate data centres, while retaining the ability to communicate securely with other nodes anywhere else in the world. This is a critical feature requested directly by institutions with complex IT infrastructures.

With the choice between Corda and Corda Enterprise, a wider range of institutions can now realise the full potential of blockchain regardless of their industry, size, budget and stage of development.

R3's Marketplace is a directory of over 200 organisations focused on harnessing the power of Corda, and helps firms to discover, build and deploy solutions on our platform. At launch, Marketplace had over 50 applications solving specific problems across several industries, including trading precious metals, streamlining property valuation, trading high quality liquid assets more efficiently, self-sovereign identity and much more.

When we started this journey three years ago to take the potential of blockchain technology and apply its benefits to real business, we knew there would be challenges ahead. Then, and to a lesser extent now, the industry's imagination was captured by public blockchains like Bitcoin and Ethereum. We chose a different path, and the tough choices we made around critical issues such as privacy, security, scalability, integration and others led us to design Corda by taking the best of early blockchain technology and improving upon it to suit the needs of global business.

And the dividends are paying off. Corda is now seen as the blockchain platform that gets the job done. The right model and the right technology, built collaboratively by the right people. This is blockchain machine-tooled for business.

As more institutions put their resources behind blockchain technology, the network effect will continue to grow and businesses across the globe will become connected in a more streamlined, secure and efficient manner than ever before. Corda is now firmly rooted at the heart of this revolution, and our work has only just begun. **bt**

David E. Rutter, CEO and founder, R3

Fintech tour Frankfurt: ready for a post-Brexit world?

Many deem Frankfurt to be the city that will host most of the banks and fintech companies emigrating away from London as a result of Brexit's new status quo.

Germany Trade & Invest (GTAI) hosted *Banking Technology* over at Frankfurt's TechQuartier, an innovation and collaboration hub with a specific focus on fintech firms.

It is definitely a candidate to be kept an eye on, but it is just overly hyped to what it amounts in reality.

In 2010, Frankfurt hosted nearly 250 national international banks. This number has increased since, and with many UK banks starting to set up offices there, the current estimations are much higher.

However, on the fintech side, the picture doesn't look as prolific. Fintech companies are in short supply, and the start-up ecosystem is not comparable to London's.

Earlier this summer, *Banking Technology* ran a series of polls which crowned England as the best fintech country in the world, beating Germany in a final that was a bit more toe-to-toe than it should have.

This clearly points towards a certain sentiment – that Germany leads the way in fintech investment and applications, but

in Germany, those working in the industry know that the reality is different.

Hugo Paquin, who helps run TechQuartier, when asked about Germany being at the forefront of digital banking, says: "Not at all! I'd be inclined to say that when it comes to banking, Germany is not really that far ahead. I mean, we have got N26, but it is really unique. Other banks, like ING and DB Group, are definitely investing and looking into innovation, but implementation hasn't gone that far".

He adds: "In terms of banking, Frankfurt is definitely up there, but fintech is a different story." Paquin tells us that there's only 350 start-ups in Frankfurt – only a fraction of them are fintechs.

The hope is that fintechs start realising the potential of the city due to the density of banks and start-ups migrating there.

Ute Richter runs TechQuartier's sister hub in Darmstadt, Hub 31, which is solely focused on cybersecurity. She believes that Germany is now starting to see a more risk-prone attitude towards innovation and start-ups, but she believes there is a

"I'd be inclined to say that when it comes to banking, Germany is not really that far ahead. I mean, we have got N26, but it is really unique."

Hugo Paquin, TechQuartier

cultural reason why Germans have been quite reluctant to start their own firms

While we were at the hub, we managed to talk to some people that are fully immersed in the banking and fintech world in Germany. For example, we managed to see the Plug And Play team getting settled in their newly launched fintech platform, aimed to make the most out of the fintech appetite taking flight in Frankfurt.

One of these is Pascal Di Prima, CEO at regtech Lexema. Its product, which has recently completed its pilot with German banks, is looking to expand into other markets to educate banks' executives on EU regulation.

"I believe that while it is not now, Frankfurt definitely has the potential to host a large amount of fintech companies and become a fintech hub," he says. "This may look like a good thing, but only in the short term. The damage that Brexit can do to Europe and globally outweighs the short-term potential of fintech companies to thrive locally."

He's not the only one who feels this way. Throughout the hub's fintechs firms, the possibility of Frankfurt to become a fintech

hub in lieu of London is far down the list of things around Brexit occupying their mind.

Regardless of London's fintech exodus, it was clear that Frankfurt needed a boost to accommodate start-ups and fintechs in particular. TechQuartier represents exactly that, alongside the 11 other innovation hubs (D-hubs) throughout the country, aimed at promoting digital and tech innovation.

The hub was founded nearly two years ago and has already attracted international

attention from firms which want to ramp up their development. With access to tier 1 banks and a range of fintechs to collaborate, TechQuartier is preparing the foundations for a thriving fintech ecosystem in Frankfurt.

"All these start-ups work in the same space, which means it is very easy for them to collaborate with each other – we shouldn't dismiss the geographical proximity," adds Paquin. **bt**

Henry Vilar

"All these start-ups work in the same space, which means it is very easy for them to collaborate with each other – we shouldn't dismiss the geographical proximity."

Hugo Paquin, TechQuartier



TechQuartier's offices, Frankfurt

Titles, corner offices and authority in a disrupted economy

By *Leda Glyptis*

In September 2002 I had a sleepless night unlike all others.

Although I am no stranger to insomnia, I am not usually susceptible to stress, so that night is memorable. Sleep was elusive and the short spells I managed to snatch were filled with angst-ridden dreams.

I was starting the second year of my PhD and had just won a teaching scholarship. The following morning I was going to teach my very first seminar for a course on democracy and democratisation, a comparative politics module for third year undergraduates. I was 24 and a lot was riding on this. My funding. My future. Not letting the London School of Economics down. Not falling short.

Not letting the students down who (in my head) were demanding and sophisticated.

And realising I would be absolutely no use to anyone unless I got some sleep, I comforted myself with the thought that I was older than them. Not by much. But by enough to have completed my own degree and a masters, having done a research job for a year and completed a year of my PhD. I was older and the learning in those years would be my shield and authority

justification. It was a quantity and mileage defence.

So I got a bit of sleep.

And walked into the class. And died a little.

Because here was a mature student, a breezy 60 to my 24. Retired naval officer with NATO credentials. Ready and willing to learn what I had to teach him and teaching me in turn that things need not to come from grey beards to be useful.

But also teaching me with gentility and grace that your credentials can't be relative to how you got them or you won't last the day. You can't stand at the head of the class because you have a few years on your students. It has to be about what you did with those years, however many of them there were.

AUTHORITY BEYOND TITLES AND HATS

In banking, you always get introduced with your title and grade. Expertise and seniority.

Your chair makes you, as it hooks you to a solid box in a hierarchy that shuffles faces but not degrees of significance. If you don't lead with your title, it is

"If you don't lead with your title, it is assumed you don't have one and therefore what do you know? Because even if you do know, what can you do?"

Leda Glyptis

"You can never assume what you know today is enough for tomorrow."

Leda Glyptis

assumed you don't have one and therefore what do you know? Because even if you do know, what can you do?

And although there is practical wisdom in this (because you may know, but in a hierarchical world, without authority, you cannot do), there is also madness. Because you can never assume what you know today is enough for tomorrow.

So when I walked into that class ready to teach, I was the only person in the room (but most definitely not the building) who had spent any time understanding the theories of democratisation, the trends in statistical associations between GDP and the stability of the democratic process and the average number of power hand-overs at the end of fully served terms of office it took before you could breathe free and assume a new-born democracy was stable (three, in case you care).

And I had a mature student who had been there for the Suez crisis, actually physically there, in the room.

He was in the listening chair, in that classroom, not the talking chair. But only a fool would silence him for the sake of situational authority. And I am a lot of things in life, many of them deeply irritating. But I am no fool and neither was he. He knew when he had invaluable experience to share. He also knew

when the youngsters in the room had things to teach.

He was there to learn, he was generous with the knowledge he had and the lectern was just furniture. >>

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THREE LESSONS IN HUMILITY FOR BANKING EXECUTIVES

■ **Lesson one.** My one time COO and the best mentor I have ever had (his name is Jim and sadly for banking but luckily for him he retired to a sandy beach) used to insist on reverse mentoring, getting kids out of the back offices and basements and having them teach him stuff they knew. New programmes just installed in his PC, a new policy fresh off the press, how to navigate social media. It didn't matter. It had to be someone shaking at the size of his office and level of authority having to learn that there is always something you know that's worth sharing, and the top guy doesn't know everything.

Be like Jim. Stay teachable. And in doing so stay humble. And in doing so, teach your organisation it is a value to be cherished, because, enter left, lesson two...

■ **Lesson two.** We love to talk about disruption but we hate what it does to the wallpaper. Technologies and ideas that are two or three years old laugh at your 30 years experience. Not because it is not valuable but because it is not relevant. Technologies or practices borrowed by other industries don't care about the dress code or front-loaded audit reviews your industry considers normal. Not because they are not meaningful, but because they are your issue, not theirs.

As you try to learn from digital natives of all ages and from other industries, it pays to enter the conversation with the humility of the learner, despite your title, great big office and tastefully greying temples. It's hard to stay humble but you can't learn without it. So try. And use all that hard-earned experience to accelerate, filter, select and weigh. It is still valuable. It's just not everything.



"If you want to navigate disruption, accept that the first thing that will really transform is how you relate to your work and the world around you."

Leda Glyptis

■ **Lesson three.** Your title is bound to your organisation, your experience isn't. The digital natives' age is bound to biology, their usefulness isn't. Knowing everything is an impossibility, learning is a choice. If you want to navigate disruption, accept that the first thing that will really transform is how you relate to your work and the world around you.

It's heady, it's scary. It is occasionally overwhelming. It is definitely much more terrifying than a bunch of undergraduates in an overheated London classroom. But I have no sleepless nights any more because back when I was 24, a retired officer sat pen poised ready to learn from me and everyone around him and he taught me everything I needed to know about staying relevant. Shut up a little, listen and learn from everybody. Experience may be how you got the title and corner office. Learning is how you keep them. **bt**



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.

Fintech funding round-up

Who's got the dosh and who parted with it over the last month.



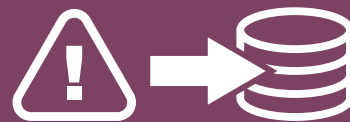
Investment firm **Ribbit Capital** is on the hunt for \$420 million in funds. Ribbit is a big player on the investment scene and this is its fifth fund – it raised \$100 million in 2013, \$125 million fund in 2014 and \$226 million fund in 2015.

To give you an idea of its diverse range of investments over the past years these include trading app Robinhood, Coinbase, digital lending start-up ZestMoney, US lender Upgrade, UK-based challenger Revolut, paytech Gusto, Next Insurance, Brazilian challenger Nubank, and Wealthfront.

SimpleFinance, a Russian online platform providing SME lending, has completed a \$15 million funding round with an investment from the SBI Group. This is SBI's largest minority investment to date in a Russian company.

SBI Group made its first investment in SimpleFinance during its first-round equity raise a year ago, including debt financing. With the latest round, SBI Group's total capital commitment now stands at nearly \$50 million.

Alexey Basenko, SimpleFinance CEO, says: "We have already put to work our unique lending platform backed by proprietary technology – our lending portfolio more than doubled in 2017 and is forecast to double again in 2018 thanks to SBI support."



KPMG has acquired a minority stake in alternative credit scoring start-up **AdviceRobo**. The amount of the investment was not disclosed.

AdviceRobo's approach to credit risk management focuses on the insights available from the non-financial and behavioural data of would-be borrowers. Its psychographic risk scoring can be used to access the creditworthiness of applicants for products including loans, mortgages, and credit cards.

Founded in 2013, AdviceRobo has clients in ten countries across Europe and Latin America, including Hungary's OTP Group, Argenta in the Netherlands, and Banco Macro in Argentina.



Digital lending start-up **Kissht**, whose parent company is OnEMI Technology Solutions, has completed a \$30 million Series C funding round led by Vertex Ventures and Sistema Asia Fund.

Existing investors Fosun RZ Capital, Ventureast and Endiya Partners also participated in the round.

The aim of this funding is to expand its network of offline and online merchants, deepen its presence across categories, and enhance its data and analytics capabilities. The company also has plans to launch its own credit card.

The firm provides collateral-free loans to consumers, who can repay through equated monthly instalments (EMIs) with the Kissht EMI card. Kissht says it disburses over \$8 million of loans every month.

Kissht is based in Mumbai and has 160 employees. It reaches customers through about 50 portals and 3,500 offline points of sale and offers loans across categories such as consumer durables, electronics, health, alternative energy and education.

Payments start-up **Wagestream** has raised £4.5 million funding. Investors include Village, a VC backed by entrepreneurs, such as Bill Gates and Jeff Bezos, as well as QED Investors, the London Mayor's Co-Investment Fund and Fair by Design fund, whose social impact charities include Big Society Capital, Nominet Trust and the Joseph Rowntree Foundation.

Wagestream, which offers a "get-paid-as-you-go" service to let workers access their monthly wages in real-time, has launched it in the UK. The service can be implemented by companies without impacting cash-flow, payroll or timekeeping processes.

The company says it aims to end the "payday poverty cycle, and last-resort measures like payday loans along with it". Most UK employees are paid monthly (around 85%), "meaning that employee financial stress is uniquely higher in Europe because of the monthly pay cycle", it notes.

Over 20 employers are now piloting the Wagestream platform including Key Security, CitySprint and Fourth.

South African-based point of sale (POS) payments provider **Yoco** has raised a Series B round of \$16 million led by Partech, a venture capital firm based in Silicon Valley, Europe and Africa. This brings Yoco's total investment to \$23 million.

Other participants included Orange Digital Ventures, FMO (The Dutch Development Bank) and existing Series A investors Quona Capital and Velocity Capital.

Since launching its first product in late 2015 – a card reader that connects with a merchant's smartphone or tablet – the company has grown its base to over 27,000 South African small businesses, 75% of which had never accepted cards previously. The company says it is adding more than 1,500 new merchants every month.

UK mobile-only bank **Monese** has secured \$60 million in capital giving it some handy oomph to fuel its international banking ambitions.

The Series B round is led by Kinnevik, with participation from PayPal, European investor Augmentum Fintech and International Airlines Group for its loyalty and data business Avios Group. Existing investors including Investec's INVC Fund also participated.

According to Monese, it now has nearly 600,000 users who are moving over \$2.5 billion a year, and the number of new monthly customers has been tripling since the end of 2017.

The funding will be used for the usual stuff – increase the size of its operations, international expansion, and recruit more staff in its London and Tallinn (Estonia) offices. It will also open a new office in Lisbon, Portugal. Monese adds that at the beginning of 2017 it was a team of 36. Since then, that team has quadrupled.



ABN Amro's Digital Impact Fund (DIF) has teamed up with venture capital firm Earlybird and solarisBank to invest €14 million in Germany's CrossLend.

The fund has also agreed a partnership with this digital cross-border lending marketplace. ABN Amro says the partnership should help improve access to international capital for Dutch companies.

Berlin-based **Crosslend** was founded in 2014 and has 40+ employees.

UK fintech firm **Acorn OakNorth** has closed a \$100 million funding round aimed at driving growth to make its platform reach \$5 billion in assets under service across the US, Europe and Asia.

In the UK, challenger bank OakNorth aims to have a loan book of around \$2.8 billion, having already lent over \$1 billion of new capital year to date. The funding will also be used to push its fintech platform, Acorn machine.

EDB of Singapore and NIBC Bank have come on as new backers, with participation of existing investors Clermont Group, GIC and Coltrane Asset Management.

According to Acorn OakNorth, the \$100 million represented 4.3% of the company valuation, so the estimated total valuation is around \$2.3 billion.

Acorn machine's team now consists of almost 100 people and in the short term expects to add another 50 people across growth and operations, engineering, machine learning and data science.

Since its inception, Acorn OakNorth has secured \$576 million from several investors.

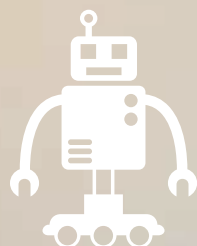


Paytm has got \$300 million in funding from Warren Buffett's investment firm Berkshire Hathaway. Berkshire joins Ant Financial, SoftBank, Alibaba and SAIF Partners as key shareholders in the Indian company.

Todd Combs, the investment manager at Berkshire Hathaway, has joined Paytm's board of directors, that also includes Pallavi Shroff and Mark Schwartz as independent directors.

Paytm founder and CEO Vijay Shekhar Sharma says the firm is "humbled by this endorsement".

Sharma also notes that the Berkshire investment is going to be a "huge advantage in Paytm's journey of bringing 500 million Indians to the mainstream economy through financial inclusion".



Artificial intelligence (AI) and robot process automation (RPA) firm **UiPath** has raised \$225 million in Series C funding round, led by CapitalG and Sequoia Capital.

The firm has gone from \$1 million to \$100 million in annual recurring revenue in less than 21 months, reaching a valuation of \$3 billion.

Accel, which led both UiPath Series A and B rounds, also participated. UiPath's total funding has now surpassed \$400 million. Other investors include Credo Ventures, Earlybird's Digital East Fund, Kleiner Perkins Caufield Byers, and Seedcamp.

The company projects to end 2018 with more than 1,700 employees, a three-fold increase in 12 months, with operations in 30 offices across 16 countries.

"We are enabling a future where employees at every organisation are empowered to automate tedious and time-consuming work, enabling them to focus on creative, challenging problems," says Daniel Dines, co-founder and CEO of UiPath.

JUMO, which claims to be "the largest and fastest growing technology platform for operating inclusive mobile financial services marketplaces", has closed an equity funding round of \$52 million, led by Goldman Sachs. Other investors include Proparco, the private sector financing arm of the French Development Agency (AFD), Finnfund, Vostok Emerging Finance, Gemcorp Capital, and LeapFrog Investments.

Since its launch in 2014, more than nine million people have saved or borrowed on the JUMO platform. It has originated over \$700 million in loans on its platform to date and manages over 25 million customer interactions per month.

The company has over 350 employees across Africa and Asia, approximately two-thirds of which are specialise in software engineering, data science, prediction, analytics and finance.

The new funds will be used for the expansion to new markets, the company says.

Small-business lending platform **Funding Circle** has officially announced its plan to raise £300 million as part of its £1.65 billion IPO on the London Stock Exchange.

Heartland, the private holding company of Anders Holch Povlsen (an investor in companies such as ASOS and Zalando), has confirmed that it will participate as a "cornerstone" investor in any such listing and has agreed to purchase 10% of the issued ordinary share capital.

Funding Circle offers SME loans in the UK, US, Germany and the Netherlands. It launched in 2010. According to the company, it has facilitated more than £5 billion in loans to over 50,000 SMEs from 80,000 investors – including over £1 billion in the first half of 2018.

The firm uses proprietary credit models and data analytics, and borrowers can complete an initial application in minutes and typically receive a decision within 24 hours in the UK and US.

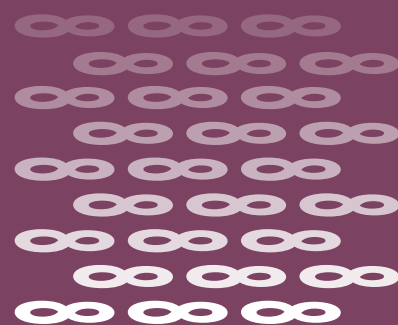
Crypto platform **Dfinity** has raised CHF 102 million (\$105 million) for its blockchain supercomputer scheme.

Returning investors Polychain Capital and Andreessen Horowitz (deploying capital from its new a16z crypto fund) were joined by names such as SV Angel, Aspect Ventures, Village Global, Multicoon Capital, Scalar Capital, Wanxiang Blockchain, and Amino Capital.

In less than two years, Dfinity has got \$190 million in private funding. It is now valued at \$1.9 billion.

The firm sees itself as "The Internet Computer" and is designed to host the "next generation" of software and services – i.e. "Cloud 3.0".

The start-up says it is building a new kind of public decentralised cloud computing resource. "This rests upon a new blockchain computer that is similar in concept to Ethereum but has vastly improved performance and, ultimately, unlimited capacity." **bt**



How to succeed in fintech and influence people

Once upon a time, I was sitting in Barclays head office on Lombard Street, writing a crystal ball briefing on the growth and threat posed by financial technology for the CEO.

The briefing was printed out and faxed to him, because I didn't have an email account from which to send it. They hadn't sorted them out for the lower tiers yet. Oh the sweet irony.

Fast forward a *few* years and fintech is now white hot and getting hotter. The sector has sky-rocketed this year, with worldwide global investment in the sector for the first half of 2018 exceeding the whole sum value of 2017.

It has been the breakout success story for London.

Where the Silicon Roundabout has failed to deliver on its hype and deliver us with a home-grown tech giant, the city has busily output dozens of outstanding, world class, fintech firms.

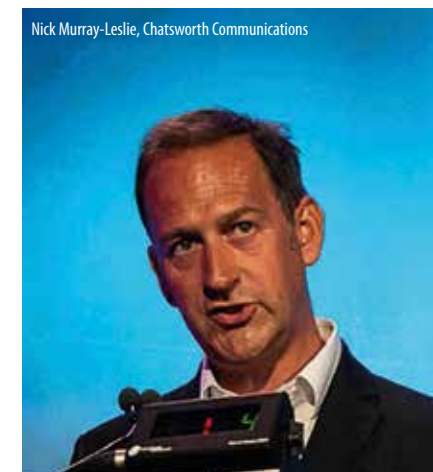
Not wishing to crow, but London has received more investment in its fintech sector than any other country in the world, with over \$16.1bn of inbound investment during the first half of the year. That puts it firmly ahead of China (\$15.1bn) and the US (\$14.2bn). That is a success story, right there.

But the UK's position as the leading fintech hub is by no means guaranteed. The history of financial markets teaches us that liquidity is hard to shift – but when it moves, it moves fast.

So to Sydney, Australia's magnificent capital – with a AU\$60 billion financial services industry. Think tank, Australian Fintech, estimates the sector has the potential to take up to 30% of revenue from traditional banking in Australia over the next few years, a prize worth a cool AU\$25 billion.

And so the banks, acutely aware that their lunch is under threat, are converging in Sydney for Sibos, the annual conference, networking event and shopfront for Swift's services.

With its frequently brilliant Inntribe sessions and a solid line-up of speakers and panellists, the event has become a curious arena. It is hosted by an older, more



established technology and payments infrastructure, but offers a safe space for challenger start-ups to engage, network and meet potential bank customers.

With start-ups to the left and shareholders to the right, banks may feel like they are in the squeezed middle. But in truth, finance and technology have become inseparable over the past decade or two. Crucially, the banks still hold the cards, the liquidity and the capital.

Fintechs need the banks. They have the markets, connectivity and ultimately the influence over any change to existing systems. The banks, for their part, have been excellent investors and partners. They continue to engage and partner with fintechs – investing, encouraging and collaborating. It was always going to be this way.

The bulldozer approach of some self-titled "disruptive" start-ups, where you build an alternative system and then try to slam it into an existing market, simply does not work.

FIRST ON FINTECH

Chatsworth knows a fair bit about fintech. We were the first marcomms agency to focus on this sector, working on electronic broking, online banking and market data with systems like EBS, CLS, ICAP and Barclays.

We have launched and supported larger infrastructure providers as well as some

brilliant start-ups such as Previser, which tackles late payments for businesses, and Mosaic Smart Data, which applies smart data and analytics to wholesale financial markets.

Then there is R3, the breakout story in the enterprise blockchain space and the fulcrum for those looking to apply this technology to professional markets. Their model of engaging and working with the financial services industry right from the start has paid dividends, with over 200 organisations contributing towards the development of the Corda platform.

This is ground-breaking innovation – delivered by smart people who know markets and understand technology. They are working with banks and their customers to tackle real-world problems.

TRAITS OF A SUCCESSFUL FINTECH

So, what is the shared DNA of successful fintechs? Firstly, the combination of financial markets experience, and technical and engineering excellence within their teams.

Second, an absolute focus on engagement with existing market infrastructures to work and define the use cases before development.

And last, a seemingly inexhaustible supply of energy, drive, curiosity and intelligence.

Of course everyone says they are specialists in fintech, and blockchain in particular, nowadays – witness the sheer volume of self-appointed advisors and PR "specialists" on LinkedIn.

In truth, this gold rush of the inexperienced is partly to blame for an over-cooked news and hype cycle which inevitably sets unrealistic expectations for speed of adoption.

So choose your advisors wisely and trust your reputation to the best hands. They will articulate and tell your story with confidence, creativity and commitment.

Wishing everyone a fantastic and productive Sibos 2018. **bt**

Nick Murray-Leslie, CEO,
Chatsworth Communications

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Contact **Jon Robson**

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Movers and shakers

Nationwide Building Society has appointed **Patrick Eltridge** as COO.

Eltridge, who will start his new tenure in February 2019, is currently CIO of Royal Bank of Scotland (RBS), a role he has held since March 2015.

Prior to RBS, he was CIO for Telstra, Australia's largest telco, and before that he was Standard Chartered's group IT strategy and architecture director.

Nationwide has recently announced a further investment of £1.3 billion into technology and operations to bring its total revamp plan to £4.1 billion over the next five years (see p6).

BNY Mellon has appointed **Roman Regelman** to a new role as senior EVP and head of digital.

Regelman brings over 25 years of experience in digital, operations and management consulting and launched several fintechs. Most recently, he was a partner and MD at Boston Consulting Group (BCG), where he co-led BCG's financial institutions digital business.

Prior to that, he drove Booz and Company's transformation business in financial services.

US-based provider of digital banking solutions **Kony Inc** has appointed **Jeffery Kendall** to the newly created position of SVP and GM of Kony DBX, the vendor's financial services arm.

Kendall brings more than 20 years of experience in enterprise-scale digital transformation, seven of which has been with Kony. Previously, he was director of business development at NCR for five years.

Meanwhile, **Miljan Stamenkovic** has joined Kony from rival Backbase as regional VP of Europe. Stamenkovic has 11+ years' experience in the fintech space, having worked for companies such as SAP and MSG Global.

Alexander Graubner-Müller, co-founder and MD of German online lender **Kreditech** has stepped down from his operational role. He remains a shareholder

and will focus on new opportunities as an investor and entrepreneur.

Graubner-Müller co-founded Kreditech with Sebastian Diemer in 2012. Since the inception, the company has grown to 850,000 customers, 400 employees and €70 million in annual revenue, and has secured funding of €250 million.

Earlier this year, Kreditech appointed new leadership, including CEO David Chan.

W.UP, a Hungary-based digital sales company for banks and financial institutions, has appointed a new president, **Balázs Vinnai**, who is also the company's investor.

Vinnai, who comes with over 20 years of experience in the banking tech space, was most recently chief digital officer at Finastra. He also was co-founder and CEO of digital channels solutions firm IND, which was purchased by Finastra (Misys at the time) in early 2014.

Standard Chartered has hired former Commonwealth Bank of Australia (CBA) CIO **David Whiteing** as COO.

Whiteing left CBA earlier this year following a management reshuffle by new CEO Matt Comyn. He spent nearly five years at the Australian bank.

Meanwhile, Standard Chartered's incumbent CIO **Michael Gorritz** will retain control of the bank's innovation and transformation programme.

João Dias has left McKinsey after 17 years (where he was a partner for the last six and a half years) to join **Novo Banco** as chief digital officer as the Portuguese bank embarks on an enterprise-wide digital transformation.

Canada's **Central 1 Credit Union** has recruited **Arvind Sharma** as chief digital and payments officer.

Sharma most recently was with Manulife Financial as VP, IT Industrial Insurance and Manulife Bank & Trust.

He also held senior roles at D+H (now part of Finastra) and Marlborough Stirlin. **bt**

EVENTS CALENDAR

November

13-15: **AfricaCom, Cape Town**
tmt.knect365.com/africacom

14-16: **Money20/20 China, Hangzhou**
www.money2020-china.com

26-27: **MoneyLIVE Summit, London**
new.marketforce.eu.com/money-live/event/summit

27-28: **Branch Transformation, London**
www.rbrlondon.com/conferences/bt

27-28: **FinovateAfrica, Cape Town**
finance.knect365.com/finovateafrica

27-29: **TRUSTECH, Cannes**
www.trustech-event.com

28-29: **AI & Big Data Expo North America, Santa Clara**
www.ai-expo.net/northamerica

December

4-5: **IMPACT>CITIES, Las Vegas**
events.impactconf.com/cities

5-7: **Alternative Investing Summit, Dana Point**
www.opalgroup.net

13: **Banking Technology Awards, London**
www.bankingtech.com/awards

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Out of office

More fintech words enter the dictionary

With the word “fintech” finally included in the Oxford English Dictionary, it’s time for a new wave of industry terms to enter that hallowed hall of linguistic fame.

Grab a cold one (that’s a beer, not the ex) and read on.

Alcotoll (*n.*) An occasional sight on the speaking circuit, alcotoll is a variant of a hangover that discreetly affects panel members who enjoyed too much drink the night before. Under the glare of the lights, the “alcotollee” is having regrets as his face slowly starts to resemble a melting candle. The individual suffering from alcotoll will be reduced to near silence and brief nods as they spend the rest of the discussion staring out into space like a wild-eyed madman.

Concornerer (*n.*) Usually found in the plural form, concornerers are a group of businessmen (it’s always men isn’t it?)

Alcotoll
Concornerer
Enterpainer
Pratechnician
Quizdain

that have decided to have their oh-so-important discussion right in front of the entrance/exit at a conference. This means the movement of all other delegates is slowed down to a painful crawl – and it’s painful enough to even be at a conference. Is it OK to give a concornerer an almighty boot up the backside? Asking for a friend.

Enterpainer (*n.*) Found at large conferences, these poor unfortunate souls are forced to perform magic tricks or dance for the amusement of the delegates. The enterpainer is immediately noticeable by the look of boredom on his/her face. Their dreams of working at the Cirque du Soleil or travelling with a bohemian band of absinthe-fuelled acrobats across South America have been crushed. Instead, they eke out an inane existence upon a dreary blue carpet in a lifeless hall to people who simply don’t care.

Pratechnician (*n.*) A person unable to describe anything in simple terms. Were you looking for a definition of “blockchain” that a six-year-old could understand? Then get ready for a complex two-minute description that includes “immutable” and ridiculous gobbledygook. Even Carl Sagan at the height of his powers would not have had a clue what the individual was blathering on about.

Quizdain (*n.*) The disdainful look on a person’s face when they have been asked a question from a journalist that dares to ask something without the use of flowery language or excessive flattery. The “quizdainer” appears confused – where was the easy question I deserve? Where is the love and adoration that a mere reporter (aka serf) should ask to a senior exec (aka feudal lord)? **bt**

Antony Peyton

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