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FOOD FOR THOUGHT

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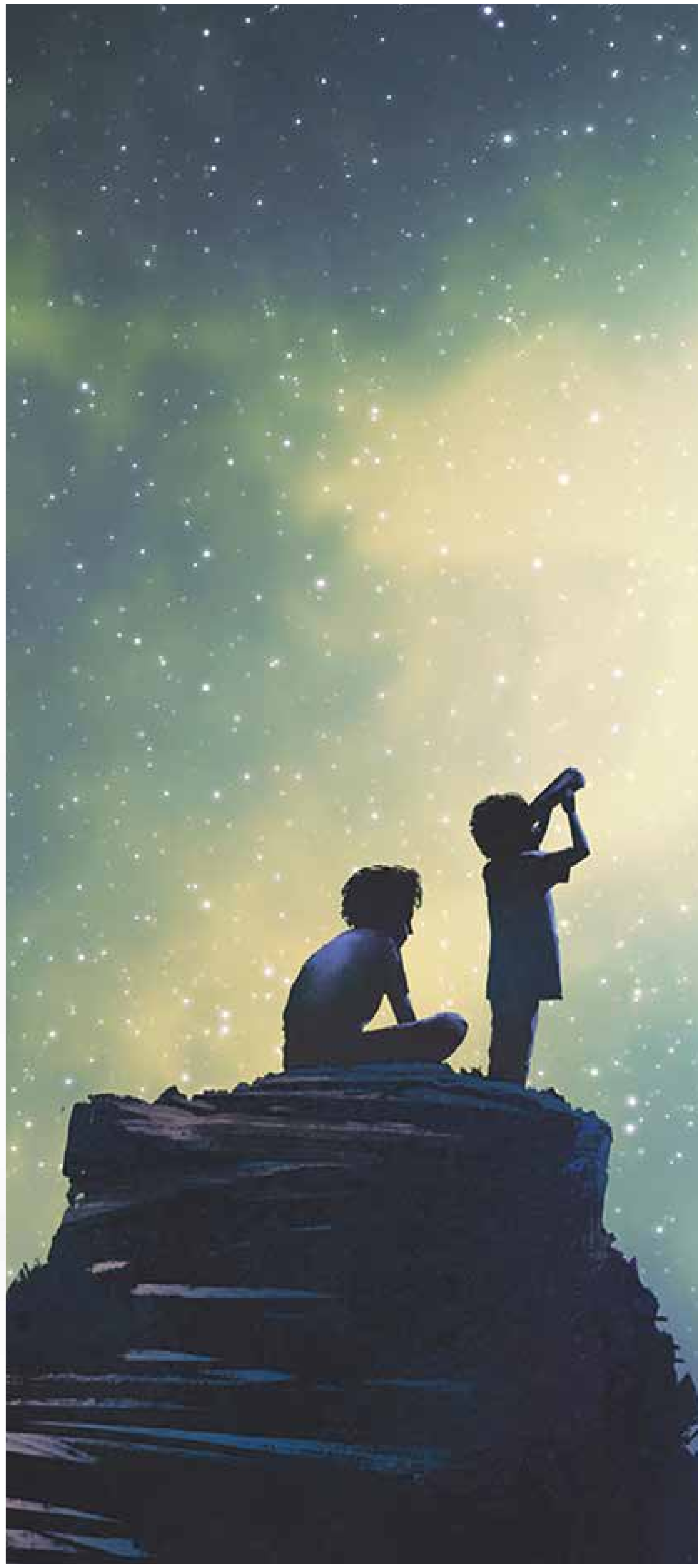

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The FinTech Futures/Banking Technology team would like to thank our readers and supporters for being part of our journey in 2018 and making this year a great one for fintech!

May the year ahead be successful, positive, peaceful and kind. See you in 2019 for more news and developments from across the globe – the year promises to be very interesting!

Merry Christmas and Happy New Year!

Wishing you a relaxing festive break,

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Subscription for one year:
- £495
- €625
- $795

Subscription for two years:
- £800
- €880
- $1,000

Onalytica's
TOP 100 Fintech Influencer and Brand

Banking Technology is published ten times a year

Address
Maple House
149 Tottenham Court Road
London W1T 7AD
UK

Printer
Hobbs the Printers Ltd
Hampshire, UK

ISSN 0266-0865
www.bankingtech.com

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Editor's note

Welcome to the magazine's last edition of 2018 and the first one of 2019! On behalf of our team, I'd like to wish our readers and supporters a wonderful year ahead, bringing new discoveries, interesting projects, rewarding ventures and joyful events.

A quick look back at the outgoing year's major happenings reveals plenty of highs and lows.

UK's TSB Bank and its Spanish parent Sabadell will remember 2018 for a long time as the year its core banking tech migration plan went horribly wrong.

Meanwhile in the US, core banking software vendor Temenos will celebrate 2018 as the year it broke into the domestic market with two challenger bank deals – Varo Money and Grasshopper Bank.

Also in the US, the Securities and Exchange Commission (SEC) will mark its year as clamping down on initial coin offerings (ICOs). The likes of Airfox, Paragon and Centra Tech experienced SEC's deserved wrath (see p9). The Centra case involved celebrities Floyd Mayweather Jr. and music producer Khaled Khaled, known as DJ Khaled, paid by the firm to promote it. Both were hit with hefty fines and a ban to promote any securities for a number of years.

Talking about court cases, a UK start-up banking software tech firm, Thought Machine, settled its dispute with consultancy firm Capco over the IP of its flagship offering, Vault. It also received an investment from Lloyds Banking Group and signed a deal with Atom Bank (see p5).

Meanwhile, another core banking tech firm, Netherlands-based Ohpen, hasn't had much luck in the UK this year, losing a tech deal with Invesco and making 19 staff redundant. Ohpen said it was hoping to "revolutionise" the UK's asset management market, but despite its best efforts and some "little nudges" by the UK's Financial Conduct Authority (FCA), nothing has really changed. As a result, the fintech stopped part of its services in the UK (see p13).

But there is a bigger revolution on its way – open banking. With the PSD2 and open banking regulation coming into effect at the start of 2018, the world of European banking will never be the same. It will take time and effort, but as Finovate's Greg Palmer states on the pages of this magazine (see p30), "open banking is the future". I doubt anyone would argue with that.

There are so many more stories, so do keep an eye on our website for all the news and exclusive stories – the good, the bad and the ugly – from the financial services tech world.

Happy 2019! **bt**

Tanya Andreasyan
Editor-in-Chief
Banking Technology

NEWS

BCS calls on Calypso for asset management tech

BCS Global Markets, the global markets and investment banking division of Russia's BCS Financial Group, has implemented Calypso Technology's solution for end-to-end asset management.

"The emerging markets, including Russia and the CIS, are strategic for Calypso, and we will continue to invest in these regions to provide solutions that bring global-standard market practices with local conventions," says Didier Bouillard, CEO of Calypso.

The two companies first started working together in 2013, *Banking Technology* understands, on a project at BCS Broker in Russia.

BCS Global Markets selected the Calypso platform for its ability to process, end-to-end, across multiple asset classes in lieu of old legacy systems, the vendor says.

The financial institution says this project has increased automation and "operational consolidation" for BCS Global Markets, while "laying the foundation for the existing and future IT landscape".

"The decision to upgrade our back-office system was driven by our rapidly-growing business, which required implementing complex products for our clients, and updating our business and compliance requirements to increase our range of product offerings and control functions respectively, which necessitated greater automation and coordination of back office tasks," comments Alexander Smelskiy, head of strategic IT platform development, BCS Global Markets.

BCS Global Markets is looking beyond simply emerging markets. Only recently, the investment bank obtained a UK transaction banking licence to offer an integrated investment banking and payment services solution.

BCS Global Markets says it processes two million transactions a day across back office functionality, including trade settlement, trade confirmations, and client, regulatory, internal and management reporting, which were fully customised to suit current business process requirements using Calypso.

Henry Vilar

AIB opens up to APIs

Ireland's AIB has spread its arms open wide with the launch of its API developer portal.

More and more banks are getting into the API scene, and AIB's portal will offer the usual things you'd expect.

The bank says it wants to "drive innovation and create opportunities by collaborating with us using our APIs".

At present there are two options – accounts and payments.

The accounts endpoints will enable users to access information, balances and transactional history on customer accounts.

For payments, the endpoints will enable users to initiate a single immediate domestic payment from a customer's account and comprises three elements. These are setup of the payment instruction; submission; and ability to retrieve a status of the payment.

On its portal, the bank offers a sandbox to let developers test their app before building in production.

Its rival, Ulster Bank, unveiled its own API portal last year.

In the UK, where AIB Group (UK) is trading as First Trust Bank in Northern Ireland, it has already been involved in the open banking craze. It is part of the CMA9 – the nine largest banks and building societies in the UK.

Antony Peyton

BBVA and Santander join launch of EU blockchain platform

BBVA and Santander are two of the banks involved in the European Commission's (EC) planned launch of the International Association for Trusted Blockchain Applications (IATBA) next year.

The latest development comes from a recent EU Blockchain Roundtable in Brussels with the Commissioner for Digital Economy and Society, Mariya Gabriel and the Director-General for Communications Networks, Content and Technology, Roberto Viola.

The roundtable's objective is/was to gather support among EU industry leaders and policy makers for an EU strategy to "boost innovation and exploitation of blockchain technology".

Out of that roundtable, the EU and BBVA revealed that the IATBA will be on its way. The EU says the association could be legally set by Q1 2019. The other banks haven't been revealed (nice work EU) – and *Banking Technology* will try to find them.

BBVA says the purpose of this publicly-sponsored initiative is to "garner support from private blockchain and DLT experts to contribute to outline the EU's strategy regarding these technologies".

Carlos Kuchkovsky, BBVA's head of research and development new digital business, comments: "Blockchain and other new technologies – artificial intelligence (AI), for example – have to be understood as simple pieces that make digital ecosystems reliable".

He adds that blockchain is not only a technology, but it "engenders" new business models creating a "tokenised economy" and "paving the way to a decentralised economy in the future".

This follows on from April 2018, when the EC started working on rolling out the European Blockchain Partnership (EBP), which has now been signed by 27 countries.

That partnership is a vehicle for cooperation; to exchange experience and expertise in technical and regulatory fields; and prepare for the launch of EU-wide blockchain applications across the "Digital Single Market".

BBVA's involvement in blockchain is well known. Recent examples include delivering the first syndicated loan on the technology; and joining the Spanish National Securities Market Commission (CNMV), BME and others for a pilot test for improved issuing of warrants.

Santander is of course part of the trading platform we.trade.

Antony Peyton

Atom Bank in tech refresh with Thought Machine

UK-based challenger Atom Bank has agreed a multi-year deal with start-up tech firm Thought Machine to put its personal and business banking products onto Thought Machine's Vault platform.

Edward Twiddy, Atom's chief innovation officer, says the deal will combine "the customer focus and experience of Atom with the engineering skills and ambition of Thought Machine".

He elaborates: "The coherence and elegance of Thought Machine's Vault platform offers Atom a radically innovative and agile alternative to traditional banking technologies.

Vault's unique features such as its smart contract system for products, and workflow engine for bank processes, enables Atom to develop a bank which transmits its vision and values through the business and into the hands of our customers."

Atom's current technology set-up consists mainly of older generation systems, such as FIS's Profile for core, Phoebus for mortgages and FIS/Sungard's Ambit for treasury and risk management.

Paul Taylor, CEO of Thought Machine, says the two firms have been working together for a couple of years now, but have just gone public on this.

Set up in 2014 and based in Durham, UK, Atom is now in the "unicorns" club with an over $1 billion valuation (according to CB Insights). It employs 310 people. Among its investors is Spanish banking heavyweight BBVA. Atom offers savings and lending products (including mortgages) to individuals and businesses.

Meanwhile, Thought Machine has settled its differences with Capco and got a £11 million investment from Lloyds.

Tanya Andreasyan

German start-up Modifi powers up for digital trade finance

Berlin-based Modifi has emerged into the world of fintech with the launch of its digital trade finance platform.

The team behind payments provider BillPay has created a digital platform – called Buyer Finance – through which SMEs can receive trade finance. Sweden-based payments provider Klarna acquired BillPay last year.

Modifi CEO and co-founder Nelson Holzner says: "With our new platform, we can facilitate the trade of goods for thousands of underserved companies, benefitting local economies. We want to make a positive impact, particularly in less-developed markets where businesses suffer most from the inadequacies of the current trade finance system."

The firm reckons 60% of rejected trades collapse due to the lack of financing, with "serious consequences" for businesses, particularly in emerging markets.

Modifi allows SMEs to apply for import financing in less than ten minutes online. Responses generally come within 48 hours.

Modifi founders (left to right): Nelson Holzner (CEO), Sven Brauer (COO) and Jan Wehrs (CTO)

It has teamed with Germany's solarisBank as its licensed banking partner. The API integration of solarisBank's services enables Modifi to offer a digital end-to-end process from identification (know your customer – KYC) to payout. Pricing starts at 0.99% per 30 days and with repayment terms of up to 120 days.

Holzner is not alone in this new adventure. Sven Brauer is COO and Jan Wehrs is CTO.

Antony Peyton

Bankgirot awards $77m IT contract to Evry

Swedish clearing house Bankgirot is outsourcing its IT operations to Nordic tech vendor Evry in a seven-year deal worth SEK 700 million ($77.1 million).

Evry says the agreement "will enable Bankgirot to adopt a more dynamic delivery organisation and will modernise its technical infrastructure".

The vendor will take responsibility for Bankgirot's platform operations and will enable the delivery of "simple and efficient payments".

It adds that it "beat strong international competition" to win this contract. The contract can be renewed for up to four years (two years at a time) and also involves 30+ employees of Bankgirot being offered new positions at Evry.

Per Hove, Evry's new CEO (he was promoted from EVP and head of Evry Norway earlier this month), says his company is pleased Bankgirot "has shown trust" in Evry.

"With Evry, we get a strong partner with deep technical and commercial insight that will help us provide quality and efficiency," explains Bankgirot CEO Jeanette Jäger.

Bankgirot has been operating for nearly 60 years, and processes about six million transactions worth SEK 68 billion ($7.5 billion) daily. It is also behind several fintech and paytech projects in Sweden, including Autogiro, e-invoices, and real-time payments that enable Swish.

Norway-based Evry claims 10,000+ customers across the private and public sectors. "Every day more than five million people in the Nordic region use solutions delivered by Evry," the company says.

It reported turnover of NOK 12.6 billion ($1.5 billion) in 2017 and has 8,500 employees across nine countries.

Among its recent projects is implementing digital workplace services for Norway's Sparebank 1 Alliance and enabling Google Pay for Norway's challenger bank Monobank. It has also recently renewed its agreement with DNB for card fraud prevention solutions.

Tanya Andreasyan

Russian banks to unleash first contactless ATMs

Russia is about to have its first contactless ATMs offering currency transactions via smartphones.

This wave of innovation will include cash withdrawals and other operations using Apple Pay, Samsung Pay and Android Pay. To perform the necessary operation, users need to attach a smartphone to the terminal equipped with an NFC reader.

This autumn, Sberbank and Russian Standard Bank launched the technology in test mode.

It is anticipated that they will soon be joined by VTB, Credit Bank of Moscow (CBOM), Otkritie and other Russian banks, which are considering introducing contactless ATMs in 2019.

"Nowadays, a card is not just a piece of plastic, but a means of payment, which can take the form of a ring, phone or key fob", says Alexei Okhorzin, director of the retail product department at Credit Bank of Moscow.

He adds: "The introduction of contactless banking instruments is a promising way of development in terms of the payment service format, which meets CBOM corporate goals to provide customers with high-tech and comfortable solutions for everyday life and business."

According to Okhorzin, over 80% of the bank's customers use various contactless payment services.

The Russian banks point out that in Europe this service did not take hold from the very outset, "despite the fact that the first ATM allowing to perform contactless operations appeared in Spain back in April 2011, the active introduction of the technology peaked in 2017 after it was adopted by Barclays, with the geographic coverage still expanding".

The banks say Latvia and Estonia in the Baltic region were the last to launch contactless ATMs in the EU.

We'll see if Russia can do better.

Antony Peyton

CYBG to lend £400m via Salary Finance

UK bank CYBG has agreed a new funding joint venture with Salary Finance to offer £400 million of personal loans.

CYBG will fund Salary Finance's salary-deducted loans product line. The bank has agreed to lend that large sum, "subject to certain conditions".

David Duffy, chief executive of CYBG, says: "Fintech is revolutionising how the financial sector works – 42% of us in the UK now use the services of at least one fintech firm. We have been hugely impressed by the Salary Finance team and the clear social purpose that underpins everything they do."

Asesh Sarkar, chief executive of Salary Finance, adds: "Our flagship salary deducted loans product is a core part of our broader financial wellbeing platform and the funding joint venture with CYBG will enable us to continue to scale the product over the coming years."

Salary Finance's platform connects to the payroll of participating employers to offer salary-deducted savings, loans and pay advances, as well as financial education.

The duo come out with quite a common view in fintech… namely "employee financial wellbeing is fast becoming a priority for employers, with a growing body of evidence showing the impact financial stress can have on employee productivity, retention and mental health".

Salary Finance has an existing banking relationship with CYBG as an SME customer with a revolving credit facility funding line.

CYBG says it has "significantly" invested in its digital platform, iB, as part of a £350 million investment programme for open API capabilities.

According to Salary Finance, it reaches over a million employees across various sectors. Customers include BT, E.ON, Virgin Active, Capgemini, Carlsberg, Dixons Carphone, L&G and NHS Trusts, councils and schools.

In other recent related news, CYBG, the new owner of Virgin Money, has confirmed it cancelled a long-term deal with former Barclays CEO Antony Jenkins' digital banking start-up.

In addition, Debbie Crosbie, a long-standing CYBG's group chief operating officer and executive director, will become the new CEO for TSB (see p43). The latter needs to turn its fortunes around and had to bring in fresh blood.

Antony Peyton

Betalo unleashes Swedish neobank PFC

Stockholm-based payments firm Betalo has launched its neobank Personal Finance Co (PFC).

Eli Daniel Keren, CEO at PFC, says it is Sweden's first neobank: "We have been building for months, tweaking some things, and now we are ready to share it. Join our journey and check out our app."

PFC offers a free contactless Mastercard card and an app. The bank says it doesn't add any fees or extra charges when the card is used abroad.

It offers the options to activate, freeze the card, change PIN, order a new card and chat with support – in the app. As you'd expect, users can personalise their financial feeds on the app to set goals.

In terms of upcoming features, these include budgeting and expense tracking, bill splitting, automatic currency converter, and joint accounts.

These are early days as it is has just gone live. While it's based in the Swedish capital, PFC says its team represents more than 11 different national origins including Sweden, Germany, Brazil, Italy, Ireland, Croatia, China, Poland, Romania, Ukraine, and the US.

On the PFC website, it explains that it was founded in 2012 as Betalo, building financial products and services with technology. Now Betalo has become PFC. New bank, new name it seems.

Antony Peyton

NEWS

AWS goes all the way with Ellie Mae

Ellie Mae is moving its infrastructure to Amazon Web Services' (AWS) cloud to rebuild its core applications and create new digital products for homebuyers.

The firm will use the "breadth and depth" of AWS services, including compute, storage, database, serverless, and containers, for the loan process for its customers and partners.

Ellie Mae built a company-wide data lake on AWS using Amazon Simple Storage Service (Amazon S3) for digital lending.

Satheesh Ravala, SVP, cloud engineering and operations at Ellie Mae, says: "AWS gives us an unmatched set of cloud services and a highly reliable infrastructure to work with."

The company uses AWS Lambda to run code without provisioning or managing servers, Elastic Container Service for Containers to develop micro services, and Amazon Simple Queue Service (Amazon SQS) to decouple and scale microservices, distributed systems, and serverless applications on AWS.

AWS states that it offers over 125 services for compute, storage, databases, networking, analytics, machine learning and artificial intelligence (AI), internet of things (IoT), mobile, security, hybrid, virtual and augmented reality (VR and AR), media, and application development, deployment, and management within 19 regions around the world.

These include the US, Australia, Brazil, Canada, China, France, Germany, India, Ireland, Japan, Korea, Singapore, and the UK.

Antony Peyton

UK challenger CivilisedBank tries again for banking licence

UK challenger CivilisedBank is back on the radar and has resubmitted its banking licence application to the Bank of England.

The bank released its banking licence (obtained in May 2017) earlier this year to give more time to develop its technology platform, before subsequently reapplying for a new licence.

It was keen to stress that everyone was super cool with this. The Prudential Regulatory Authority (PRA) and the Financial Conduct Authority (FCA) were aware and the decision was "fully supported" by CivilisedBank's main shareholder, Warwick Capital Partners.

Chris Jolly, non-executive chairman, CivilisedBank said it made this choice "rather than try to rush through our current IT development phase".

In the latest development, it's trying again and has also received further funding from Warwick Capital Partners, as well as from an unnamed blue-chip, FTSE100 pension fund.

The bank says it used this extra time to develop its technology platform further and, by resubmitting its banking licence application, is now preparing for launch in H1 2019.

For its technology, the bank originally opted for a packaged solution from local consultancy firm, Tusmor. It consists of Profile Software's FMS.next for core banking operations, Dovetail (now Fiserv) for payments, Sphonic for risk management and AML, and Aqilla for accounting.

It is focused on the UK SME market and funded by retail savings. It will offer savings and loans, transaction banking, overdrafts, current accounts with deposits and foreign exchange.

CivilisedBank will not have any branches, but offers a "Local Banker" network to help build one-to-one relationships with SMEs, "without the high client volume per banker or the traditional costs associated with the existing high street banks".

A number of recent senior hires at the bank have come from Harrods Bank (now part of Tandem).

Antony Peyton

Credit Suisse lends $350m to Australian challenger bank Judo

Melbourne-based challenger bank Judo Capital is edging towards a bank licence with a $350 million debt facility agreement with firm Credit Suisse.

According to David Hornery, co-founder and co-CEO of Judo, the demand for the bank's "relationship focused SME lending has surged" since the launch earlier this year.

The head of debt capital markets and asset finance for Credit Suisse Australia, Will Farrant, says Credit Suisse has a strong record of backing highly credentialed entrepreneurs and clients from the early stages of their existence and then collaborating with them over the long term to finance their growth with a full suite of solutions.

"We have significantly grown our securitisation business focused on entrepreneurial clients over the last few years, and we are looking at financing all stages of a company's lifecycle, from early stage to maturity and across the capital spectrum," he says.

"Judo has a high-quality management team and a scalable business model. It is very well positioned as a disrupter for traditional SME business lending and our strategy is to back entrepreneurs to help them grow."

The news follows on from September when Judo selected Temenos' T24 core system, channels, analytics and financial crime mitigation; and from August when it got $140 million in funding.

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

Antony Peyton

US regulator plays hardball over ICO securities

Like some stocky wiseguy in New Jersey, the US Securities and Exchange Commission (SEC) just ain't got time for any nonsense about initial coin offering (ICO) securities.

The SEC has settled charges against two companies that sold digital tokens in ICOs. These are the commission's first cases imposing civil penalties solely for ICO securities offering registration violations. Both companies have agreed to return funds to harmed investors, register the tokens as securities, file periodic reports with the commission, and pay penalties.

According to the SEC's orders, both CarrierEQ (Airfox) and Paragon Coin conducted ICOs in 2017 after the SEC warned that ICOs can be securities offerings in its DAO Report of Investigation.

Airfox, a Boston-based start-up, raised approximately $15 million worth of digital assets to finance its development of a token-denominated "ecosystem" starting with a mobile application that would allow users in emerging markets to earn tokens and exchange them for data by interacting with advertisements.

As *Banking Technology* reported in February, Airfox unveiled its free Android app in Brazil as it targets the nation's unbanked market.

Paragon, an online entity, raised approximately $12 million worth of digital assets to develop and implement its business plan to add blockchain technology to the cannabis industry and work toward legalisation of cannabis.

Not something we cover but it sounds interesting.

Neither Airfox nor Paragon registered their ICOs pursuant to the federal securities laws, nor did they qualify for an exemption to the registration requirements.

"We have made it clear that companies that issue securities through ICOs are required to comply with existing statutes and rules governing the registration of securities," says Stephanie Avakian, co-director of the SEC's Enforcement Division. "These cases tell those who are considering taking similar actions that we continue to be on the lookout for violations of the federal securities laws with respect to digital assets."

The cases follow the commission's first non-fraud ICO registration case, Munchee. The SEC did not impose a penalty or include undertakings from Munchee, which stopped its offering before delivering any tokens and promptly returned proceeds to investors.

The orders impose $250,000 penalties against each company and include undertakings to compensate harmed investors who purchased tokens in the illegal offerings. The companies also will register their tokens as securities pursuant to the Securities Exchange Act of 1934 and file periodic reports with the commission for at least one year. Airfox and Paragon consented to the orders without admitting or denying the findings.

Antony Peyton

Huawei battles for European banks' trust

Chinese IT and telecoms giant, Huawei, is seeking to build the trust of European banks as it attempts to replicate its Asian success. It has Santander as its flagship European customer and a handful of other banks on the continent but most business is currently relatively low-end technology rather than strategic. Recent concerns of US, UK and Australian government agencies about the company are not aiding the process.

Huawei's Enrique Marron Caballero, finance solution director, Western Europe (ex-Santander), admits that bank executives "won't be fired if a traditional US provider fails [on a project]". Huawei has typically started with "foundation platforms" such as storage and wifi for banks, demonstrating its capabilities here and seeking to build on this.

At Santander, the supplier has provided solutions for branch networks, cloud computing and storage for big data. Other clients cited by Caballero include BBVA and Caja Rural in Spain, Intesa Sanpaolo and Monte dei Paschi di Siena in Italy, Crédit Agricole and Commerzbank.

In terms of governmental concerns, in the UK a report earlier this year warned the UK telecoms network could face security risks from equipment supplied by Huawei, with only "limited assurances" that equipment provided by the company would not compromise national security. The concerns mostly centred on Huawei's engineering processes and a perceived lack of adequate oversight of suppliers of third-party products.

Prior to this, the Pentagon banned phones made by the firm from sale in shops on US military bases, saying they posed a security threat.

The Australian government has also expressed concerns and is considering blocking Huawei from providing equipment for the country's planned 5G network.

Huawei is "fully open to showing our infrastructure and our code", says Caballero. It also invests a lot in cybersecurity, he adds. Nevertheless, he admits that the traditional conservatism of banks means the situation represents a challenge.

Santander has a large infrastructure team and carries out proof of concept (PoC) studies with lots of vendors, says Caballero. Typically, for every project, it tests the competences of three providers. To date, he says, Huawei has not failed any of the PoCs. Its network now underpins 20,000 branches and it has diverse projects in Spain, the UK, Brazil (supporting 50,000 desktops) and Mexico.

Martin Whybrow

Discovery debuts digital bank

South African financial services company Discovery is exploring new realms with the unveiling of its digital banking offering.

It calls it the "world's first behavioural bank" and the digital entity will be available from March 2019 for smartphone users. It is based on the "behavioural" model Discovery uses to reward its life and health insurance customers for their lifestyle choices.

As reported in ye olde October 2016, Discovery received the green light from the regulators to set up a bank – the anticipation was that a banking licence would be granted within a year (yeah, most things are late in life). It allocated ZAR 2.1 billion ($153 million) to the project, *Banking Technology* understood at the time.

As part of that ambition, it acquired the majority stake in its credit card unit – Discovery Card – from FirstRand Bank. Discovery Card has 250,000+ customers.

In the latest development, Discovery's chief executive Adrian Gore says: "The banking system in South Africa is world class and our competitors are brilliant. We did, however, see a gap in-between the traditional offerings and fintech offerings – a third entry point that is essentially a new category of banking and a first of its kind globally: a behavioural bank."

If you've recovered from the shock of someone praising their rivals, Gore adds: "In the same way that we aimed to address the negative impact of human behaviour on health risk and the sub-optimal design of insurance systems through our shared-value insurance model; Discovery Bank aims to do the same in the context of financial risk and banking systems."

The bank will offer a "behaviour-change programme", Vitality Money, which will guide and incentivise customers to achieve better financial health and resilience.

Another "key feature" is dynamic interest rates, "an industry first". This design links interest rates directly to clients' financial behaviour; enabling them to earn more interest on savings and to pay less interest on credit as they improve their financial behaviour with Vitality Money.

Back in 2016, Discovery went to market for its new bank's technology, as reported exclusively by *Banking Technology*. It was understood that SAP, Infosys and Oracle FSS bid for the project. The selection results are yet to be unveiled. We have contacted the bank for details.

In terms of competitors, last month, Bank Zero, a new challenger mutual bank in South Africa, launched its first trial runs.

The bank had been registered as a mutual bank effective 17 August 2018. It received a provisional licence back in January of this year by the South African Reserve Bank (SARB).

Antony Peyton

Capital One makes smart purchase with Wikibuy

US-based Capital One has acquired shopping comparison engine Wikibuy as it continues to build up its digital offerings.

Launched in 2016, Wikibuy is a free, digital tool designed to help save money. No financial details about the deal have been disclosed.

"We believe that the consumers want intelligent, real-time banking tools that proactively anticipate and deliver on what consumers need," says Joe Poellnitz, SVP of US Card at Capital One Financial. "With Wikibuy, we've acquired an innovative start-up that helps customers save time, money, and enables them to shop with confidence."

This latest purchase follows on from earlier this year when Capital One acquired San Francisco-based digital identity start-up Confyrm as it sought to capture the market for consumer identity services.

In addition, Amazon was talking to JP Morgan Chase and Capital One about a checking account-like product.

Wikibuy has over a million members, that see cross-site price comparison in real time, and are also provided active coupon codes at checkout, as well as price drop alerts.

Austin (Texas) will continue to be home for Wikibuy, where it will continue to provide members with the same great, clear, and simple service they receive today.

Henry Vilar

Ukraine's Monobank to launch Koto app in UK

The brains behind Ukraine's Monobank are preparing to launch their Koto app and card in the UK next year.

On the Koto website it is offering lending services, a card, the option to send money for free, and use the card abroad with no FX fees.

At the moment there are not a lot of details as it is offering early access via email sign up.

Koto is the creation of Monobank's co-founders Dima Dubilet, Misha Rogalskiy and Oleg Gorokhovskyi.

All three of them worked at PrivatBank and used their experiences to launch Monobank in July last year.

The latter is Ukraine's "first" virtual bank, allowing customers to conduct transactions from their smartphones. It provides services such as paying utilities and recharging phone balances.

Monobank, which was launched together with another Ukrainian bank – Universal Bank – states that it signed up 100,000 new users in its first three months of operation.

Monobank should not be confused with the Norwegian challenger of the same name.

(That was founded in 2015 and is based in Bergen. It offers loans, payment insurance products, and savings accounts.)

Antony Peyton

UK's Brexit deal gets some fintech love

The UK's draft Brexit deal may have ushered in a wave of chaos and Conservative party resignations, but some in the fintech industry have given it conditional love.

On 15 November, Prime Minister Theresa May agreed a draft deal with Brussels. The deal has been approved by the cabinet.

It's a 585-page document so no space to cite it all. Some of it includes how much money will be paid to the EU, a 21-month transition period, and commitments on the rights of EU citizens in the UK and vice versa.

It is not a trade deal – that still needs to be worked out in the transition period.

It's a fluid situation at the time of writing, but some Conservative MPs have been resigning as they feel the deal goes back on what was discussed and gives the EU too much power.

The UK's biggest banks have also been summoned for a call with City regulators over market turbulence. But that's not a major surprise.

Amidst all this hate and chaos (or however you see it), some in fintech are more sanguine.

Wim Mijs, CEO of the European Banking Federation (EBF), says: "The Brexit withdrawal agreement between the UK and the EU is a late but necessary step that would avoid a hard Brexit cliff-edge scenario once it is endorsed under the democratic process in the UK and in the EU.

"The transition period will help resolve most – but not all – of the immediate risks of Brexit in the short run; further public action will be needed to address other specific risks to complement the financial sector's own preparation."

Mijs adds: "For the long term, the agreement opens the door to further discussions on the future relationship between the UK and the EU."

The Personal Investment Management & Financial Advice Association (PIMFA) also "welcomes the certainty that these proposals can provide on the transitional arrangements and on allowing for a one-step Brexit, both of which PIMFA has consistently argued for since the referendum".

PIMFA CEO Liz Field adds: "The possibilities for lengthening transition are also welcome in this context, and overall the prospect offered of a sensibly managed withdrawal from the EU with a one-step change for our firms at the end of transition will minimise disruption to business."

Ultimately, opinions will vary depending on each firm or organisation. But fintech really wants stability and based on my experiences is generally full of people with an open-minded view of the world.

Antony Peyton

DNB Bank finds data skills in Collibra

DNB Bank, Norway's largest financial services group, has partnered with enterprise data governance and data cataloguing software firm Collibra.

The Norwegian brand hopes that this enables the group's global data strategy, allowing it to better understand how data is being utilised in business processes to deliver value to customers, optimise business operations and monitor the bank's compliance with industry data regulations.

"Digital adoption is driving an explosive growth of data, creating new challenges to manage and ensure compliant use of large volumes of data. The Collibra platform is bringing context to DNB's complex data landscape and fuelling the shift to a data driven organisation," says Aidan Millar, executive vice-president group digital insights and chief data officer (CDO) at DNB.

DNB says it is focusing on deploying a wider data strategy, with the aim to deliver tailored digital customer experiences in a compliant way.

Henry Vilar

IndusInd Bank buttons up with interactive card

Mumbai-based IndusInd Bank is in a pushy frame of mind as it has launched an interactive credit card in India with buttons for payments.

Calling it a "first" in the country, the Nexxt Credit Card has payment options at a point of sale (POS) terminal – credit, converting transactions into electronic money institutions (EMIs) with four tenure options (six, 12, 18 and 24 months) or using accumulated reward points, by pushing a button on the card.

Anil Ramachandran, EVP and head, marketing and retail unsecured assets at IndusInd Bank, says: "Responsive innovation has been our mantra to design financial products that enhance customer empowerment and boost convenience for them."

The card has been created in partnership with Dynamics, which is headquartered in Pittsburgh. Back in January, Dynamics teamed up with Sprint, a subsidiary of SoftBank, to launch the Wallet Card, a battery-powered, connected card.

With the bank's latest card, a customer does not need to fill out any paperwork, or call their bank, or log in to any banking channel to convert their POS transactions into EMIs, or to redeem their rewards points.

Last month, the bank launched the IndusInd Bank Duo Card, a debit and credit card in one – the first one in India.

The card has two EMV chips and a magnetic stripe for each, one on each side. The bank says the card uses the anagram technique to enhance and highlight the singularity of the duo card.

The bank started operations in 1994. It has 1,466 branches and 2,372 ATMs .

Antony Peyton

Wealthtech woes mean jobs go at Ohpen UK office

Dutch banking software vendor Ohpen has made 19 staff redundant at its UK office due to the lack of action in the asset management space.

Sources told *Banking Technology* that there were "some issues with the contract" and the loss of a deal with investment manager Invesco. In addition, "some staff had literally started for a few weeks and then lost their jobs".

As reported last year, Ohpen gained approval from the UK's Financial Conduct Authority (FCA) to carry out its regulated activities under its new British company, Ohpen Operations UK.

In the latest development, Ohpen's UK website no longer works and calls to its office went unanswered.

On the UK's Companies House website, Ohpen Operations UK is listed as active but "accounts overdue". It states that next accounts have been made up to 31 December 2017, but were due by 30 September 2018.

Banking Technology contacted the company in the Netherlands for details and Angelique Schouten, global board member at Ohpen, responded promptly. You have to give the firm credit for responding quickly. Most fintechs just offer a "no comment" or try to play childish delaying tactics.

She wouldn't discuss the Invesco deal, which is quite common in the fintech world as people have to honour confidentiality agreements. We also contacted Invesco by email and phone. It offered a no comment.

In Schouten's view, the "hope" was that the UK's asset management market would be "revolutionised" – opening the way for new firms to prosper.

But apart from some "little nudges" by the UK's Financial Conduct Authority (FCA), nothing has really changed.

As a result of this situation, Ohpen has stopped part of its services in the UK. It wants to put its "focus back on" Software-as-a-Service (SaaS) and back office operations at large banks.

This means the UK contact centre and its asset management operations have been shut down. As mentioned above, 19 staff have lost their jobs. Schouten says there are "five or six people left in the UK office serving multiple regions".

In terms of the website, the Dutch one is fine and it is "working on a new website" for the UK.

In regards to the Companies House matter, the accounts were "late" but have just been submitted.

Ohpen's Dutch operations appear to be unaffected by these UK job losses. As reported in an exclusive in July, LeasePlan Bank, the online savings bank based in the Netherlands, chose it to upgrade its whole core cloud banking engine.

Antony Peyton

Moneyfarm moves on Germany with Vaamo acquisition

London-based asset manager Moneyfarm has acquired robo-advisor Vaamo as it hunts out action on the German market.

Financial details were not disclosed but Moneyfarm now has its third core market, alongside the UK (since 2015) and Italy (since 2012).

Giovanni Daprà, CEO of Moneyfarm, says: "We see Germany as an attractive growth market."

Vaamo founder Dr. Thomas Bloch and Dr. Oliver Vins join the executive committee of Moneyfarm.

Dr. Bloch will be responsible for the Germany business and Moneyfarm's Europe-wide B2B business.

Dr. Vins will be responsible for product management and development at Moneyfarm groups in the future. There were no details about any job cuts due to the acquisition.

Moneyfarm was founded in 2011 and had around 30,000 private clients (double year-on-year) at the end of 2017, with a total investment of £400 million, as reported in May 2018.

It's made some good progress as back in May it got £40 million in a Series B funding round – meaning it has secured close to £60 million in capital so far.

Vaamo's customers include German challenger bank N26 and 1822direkt.

The acquisition is subject to the approval of the Federal Financial Supervisory Authority.

Antony Peyton

FCA moves to cloud with Sopra Steria

The UK's Financial Conduct Authority (FCA) is moving to the cloud and will be using Sopra Steria for its application maintenance services across all its major systems.

Sopra Steria will support the FCA in its transition from traditional-hosted services into cloud-hosted services.

The three-year contract extends the work the company's support teams have been providing to the FCA for over ten years.

The maintenance services are planned to commence in early 2019 and will be provided from Sopra Steria's UK and India locations, with capabilities like big data, UX and middleware.

This follows the company's development and launch of the Market Data Processor (MDP) in January 2018.

The MDP, built to service requirements of the new MiFID II regulation, is one of the "most industry-critical regulatory cloud platforms ever built in the UK".

The FCA says that since going live, it has already handled over six billion transactions, averaging over 31 million transactions daily.

The MDP was developed to enable the FCA to capture, validate, store and track financial transactions, collecting reporting activity required by new MiFID II regulation.

The FCA says the MDP marked the first time a regulator has used a cloud-based app to manage widespread regulatory filings.

Henry Vilar

NEWS

Australian neobank Xinja goes live with SAP Cloud for Banking

After a "rapid" three-month implementation, Australian neobank Xinja is now live on the SAP Cloud for Banking solution.

As reported in August, the bank chose SAP Cloud for Banking to underpin its application for a restricted banking licence from the Australian Prudential Regulation Authority (APRA) later this year. It also follows on from March, when it launched its card and app.

"We were very considered in our choice of core banking partner, and we selected SAP because it had both the experience and imagination to work alongside us and kick-start the consumer banking revolution in Australia – something it has now proved," says Xinja CEO, Eric Wilson.

Xinja says the solution comprises SAP S/4HANA Finance; SAP Banking (Loans and Deposits), SAP Payments Engine, running on SAP Cloud and managed by SAP Cloud Application Services.

The bank explains that the solution brings an API-driven architecture and means it's prepared for the forthcoming open banking regulation.

Antony Peyton

Poland's at the Heart of fintech sandbox action

The Polish Financial Supervision Authority has appointed the Heart, the corporate centre for digital ventures, as one of the operators of the regulatory sandbox for companies developing new technologies from the financial sector.

The Heart Sandbox will support selected companies aiming to start operations in the Polish financial market.

The Heart will be responsible for managing the solution testing process and creating appropriate conditions for fintechs to participate in the programme.

It will also provide help scaling the business on other European markets, in terms of access to customers and financing, and appropriate licences.

The test infrastructure will be provided by Mastercard. Other members of the consortium are law firm Bird & Bird and the consulting company EY.

The regulatory sandbox is the first project of this type in Poland. Similar initiatives were created in Singapore, the UK, Switzerland or Australia.

Apart from the Heart Sandbox, there will be other regulatory sandboxes operated by PKO Bank Polski, Huge Thing, Alior Bank, BusinessCaddy, Pekao, Citi Handlowy Bank and BGŻ BNP Paribas Bank.

Henry Vilar

KBC Ireland app to go multibanking

Thanks to open banking and PSD2 KBC Bank Ireland will enable customers to add accounts from other banks to its app from next month.

In its financial results for Q3 2018 the bank says since the app was launched in late August it has seen digital activity increase by 47% compared to Q3 2017. However, the bank is looking for more action.

Wim Verbraeken, chief executive, KBC Bank Ireland, says: "When we launch, customers will be able to check the balance of current accounts they hold with other financial institutions and we will add more functionality."

The app offers instant credit card, digital personal loans and a "new first" to market a lost/stolen instant digital card replacement service.

Overall, the number of mobile wallet transactions increased by 183% when compared to the same period last year. The value of those transactions also grew exponentially, up 287% quarter on quarter.

There was more good news when the bank reported net profit of €33.6 million for Q3 2018 (after tax and impairment). Operating profit stood at €23.4 million (before tax and impairment).

Verbraeken says the results "confirm that our approach to disrupt the banking sector is working with almost 20,000 new customer accounts opened in the past three months, bringing the total number of new accounts added in 2018 to over 60,000".

It now has over 278,000 customers.

In terms of other stats, new mortgage lending in Q3 was over €240 million bringing lending to €662 million in the first nine months of 2018.

Antony Peyton

Unisys elevates Monmouthshire Building Society's services

UK-based Monmouthshire Building Society (MBS) has selected Unisys' banking platform Elevate to help the society deliver new digital current account services to its customers.

Unisys' Elevate was chosen as MBS says it will help it deliver services across channels. Payment Cloud Technologies (PCT), part of the Omnio Group, supports current account capabilities and is integral to delivering these services for MBS.

"This exciting proposition will enable the society to grow its membership, whilst providing both existing and future members with a multi-channel offering," comments Will Carroll, CEO, Monmouthshire Building Society.

Elevate platform will give MBS digital wallet capabilities, as well as an open API architecture, which brings the "potential to offer new and innovative financial products and services to its customers in the future".

"The challenge for many banks and building societies today is how to stay relevant and give people more choice to bank in a manner that fits with their lifestyle," says Eric Crabtree, VP and global head of financial services, Unisys.

Henry Vilar

ECB's pan-European instant payments service goes live

The battle for paytech dominance continues as the European Central Bank (ECB) has launched its pan-European service for settling electronic payments instantly.

Target instant payment settlement (TIPS) uses central bank money to settle payments individually in "less than ten seconds".

The go-live can be seen as Europe's chance to fight back against the US titans of Amazon, Facebook, Google and PayPal – and not forgetting of course China's Alibaba and Tencent. That's quite a powerful assembly.

Anyway, in terms of Europe the first transaction took place immediately, when a client of the Spanish bank, Caixabank, used TIPS to make an instant payment to a client of the French bank, Natixis.

Together with Abanca Corporación Bancaria, BBVA, Banco de Crédito Social Cooperativo, Berlin Hyp, Caja Laboral Popular Cooperativa de Crédito and Teambank, they are the first banks to join TIPS.

ECB is in a sales pitch mood as it says banks across Europe can now follow the lead of France, Germany and Spain, which have already connected to TIPS, by linking to the platform and developing solutions that support the take-up of instant payments.

Swift has also joined in the promotion and reveals the implementation of its messaging service for TIPS.

SwiftNet Instant solution is designed as a "key building block for access to the future Eurosystem Single Market Infrastructure Gateway (ESMIG)".

It reckons the next major milestone for ESMIG will be the technical consolidation of Target2 and Target2-Securities in 2021.

Swift explains that it is a partner to the Eurosystem, the sole provider of connectivity for Target2, "key provider" of connectivity to Target2-Securities (T2S) and now also a provider for TIPS.

Antony Peyton

Lendico Switzerland deploys Mambu's core banking system

Lendico Switzerland, a Swiss marketplace lender and subsidiary of PostFinance (Swiss Post's financial services arm), has implemented Mambu's core processing system, delivered on a hosted basis.

Lendico was launched in 2016, and provides financing to small businesses and investment opportunities to private and institutional investors. It describes itself as a digital alternative to traditional SME financing.

"In Switzerland, the demand from SMEs for loan products, end-to-end digital customer experiences as well as rapid decisioning and disbursement is going unmet," observes Myriam Reinle, CEO of Lendico.

"We wanted to both address the market demands and grow our business geographically through a fully-automated, lean and flexible business model. We chose a cloud-native approach to achieve this goal instead of building a new technology stack or replicating what existed in other operations," Reinle explains.

She says Mambu provides "business agility" and "seamless integration" with the lender's existing systems.

"The API-driven solution puts us in full control of our technology, enabling us to change, develop and introduce new products quickly, with the luxury of knowing we can scale operations without significant investment in time or resources," she continues. "This frees us up to focus our attention on designing, building and evolving elements of our technical stack that truly differentiate us from our competitors."

This is Mambu's first implementation in Switzerland, *Banking Technology* understands.

Tanya Andreasyan

Yandex.Money moves mobile wallet forward with Moven

Moven Enterprise has partnered with mobile wallet company Yandex.Money to power smart banking technology for the Russia-based company.

Yandex.Money will leverage Moven Enterprise's open APIs to embed new features and functionality into its mobile app, pushing new product offers that extend beyond the company's flagship mobile wallet. The partnership will give Yandex.Money's mobile wallet offering a boost by giving its 46 million mobile wallet customers access to real-time personalised financial management tools.

"Yandex.Money is no longer just an electronic wallet, as we offer options familiar to banking clients such as money transfers, card issuance, cashback, payment for various goods and services," Ivan Glazachev, Yandex.Money CEO, explains. "We also offer users the opportunity to choose the app design theme, make investments, and now effectively control their funds."

The new features will also encourage users to adopt existing mobile wallet offerings.

Moven Enterprise takes a Software-as-a-Service (SaaS) approach by allowing banks and financial services companies to white-label its financial management technology. The vendor offers tools to help banks engage with their existing customers, acquire new customers, and drive revenue through their mobile channel.

A joint venture between Yandex and Sberbank, Yandex.Money is the largest online payment service in Russia.

Julie Muhn, Finovate

Opportunity knocks

The future of Open Banking

The biggest shake-up of the financial services sector in recent history – Open Banking – is putting consumers in control of their data and resetting the way consumers and businesses engage with their finances.

We are now nearly a year into the industry being "opened up" and we are starting to see the examples of innovation, with more and more businesses embracing the changes or realising the full potential of Open Banking.

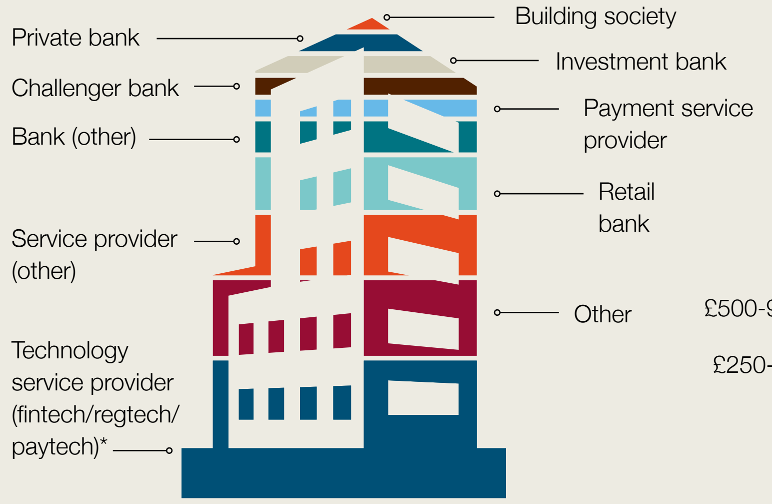
Law firm *TLT* and *FinTech Futures* conducted research to create a comprehensive study on the subject, finding out how banks, fintechs and other financial services providers are reacting to this significant change.

What are the advantages and disadvantages of Open Banking, how far are the respondents into the Open Banking journey and what are the lessons learnt along the way, including issues of trust, security and communication, opportunities, barriers to entry and the rapid growth of new markets.

All is revealed in the infographics below.

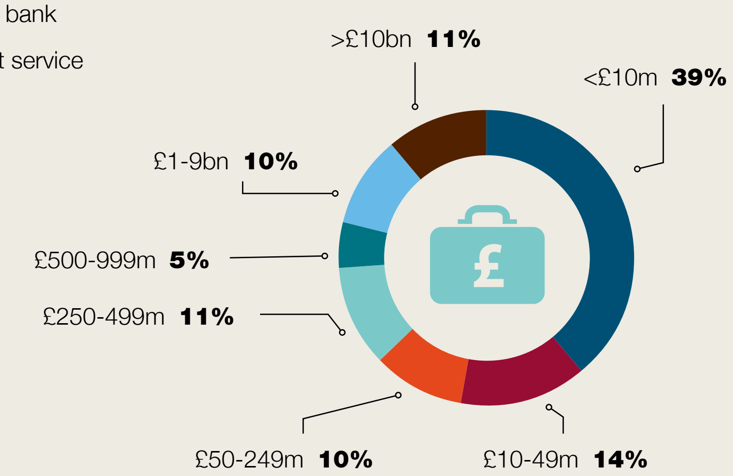
THE RESPONDENTS

Type of organisation

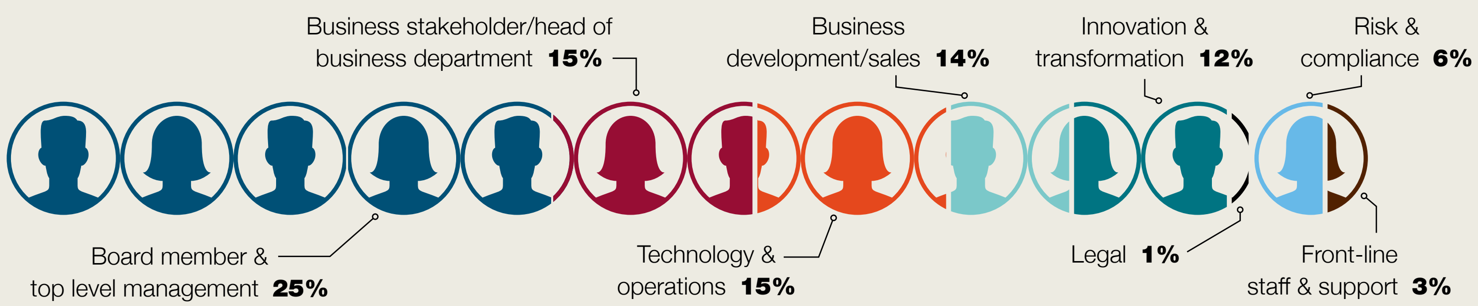


* including account information services & payment initiation services

Annual turnover

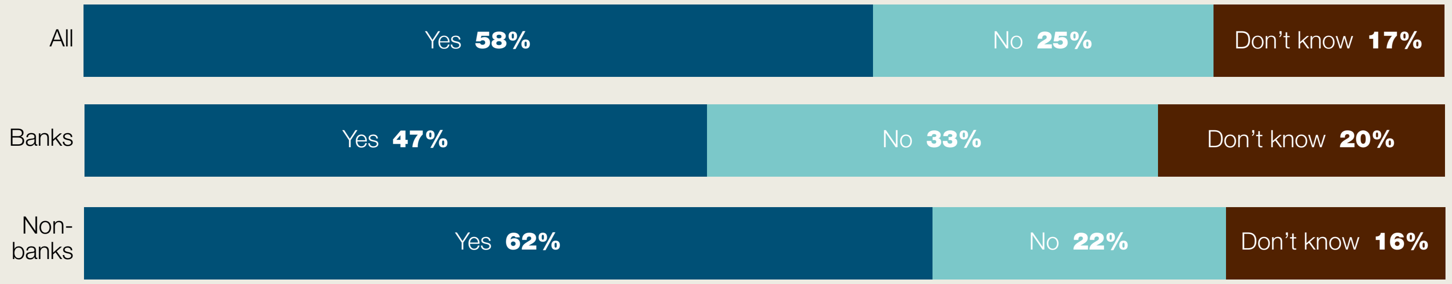


Role within business



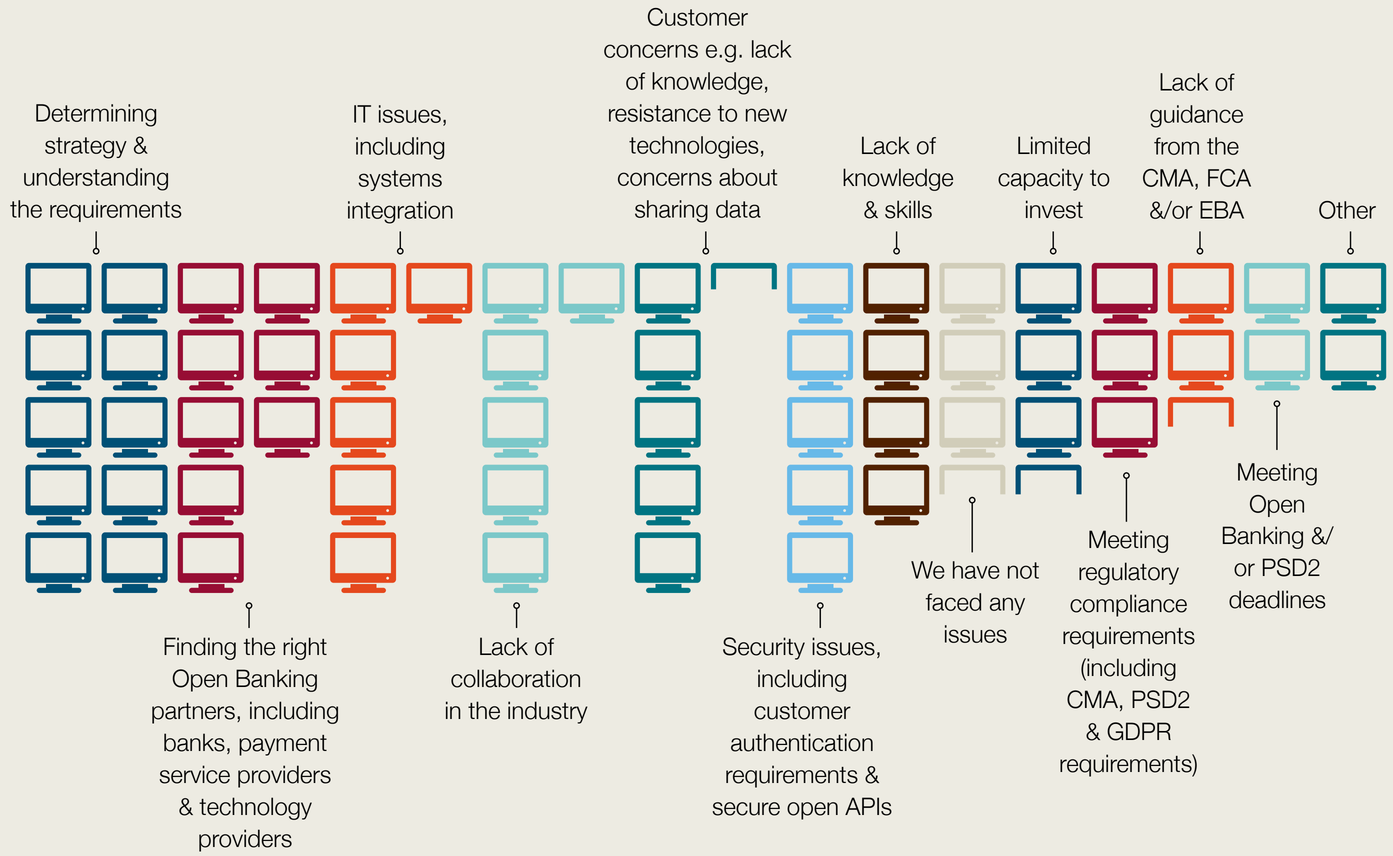
WHAT THEY HAD TO SAY

Are you making good progress with the delivery of changes relating to Open Banking for the benefit of your business?



Do you feel Open Banking is a positive initiative?

Issues faced with Open Banking



What issues has your organisation faced with Open Banking?

Highlights

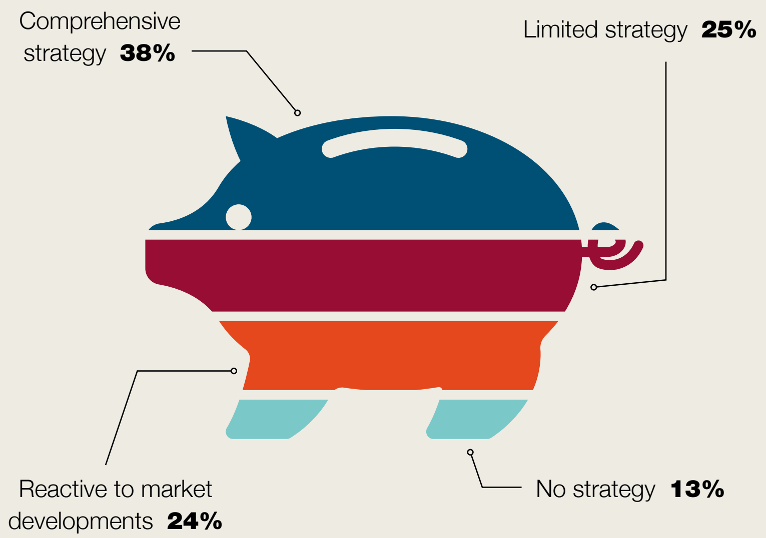
Non-banks

Customer concerns	33%
Determining strategy and understanding requirements	33%
Finding the right Open Banking partners	33%
Lack of collaboration in the industry	31%
IT issues	25%

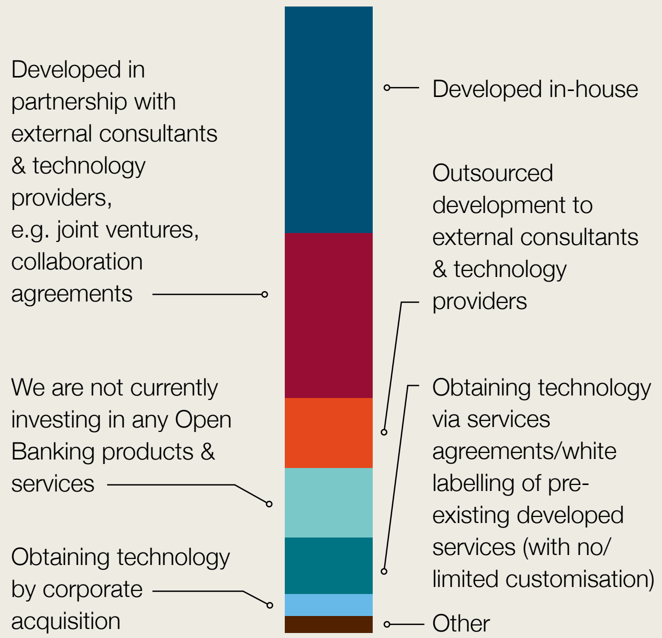
Banks

Determining strategy and understanding requirements	51%
Finding the right Open Banking partners	37%
IT issues	35%
Lack of collaboration in the industry	28%
Limited capacity to invest	26%

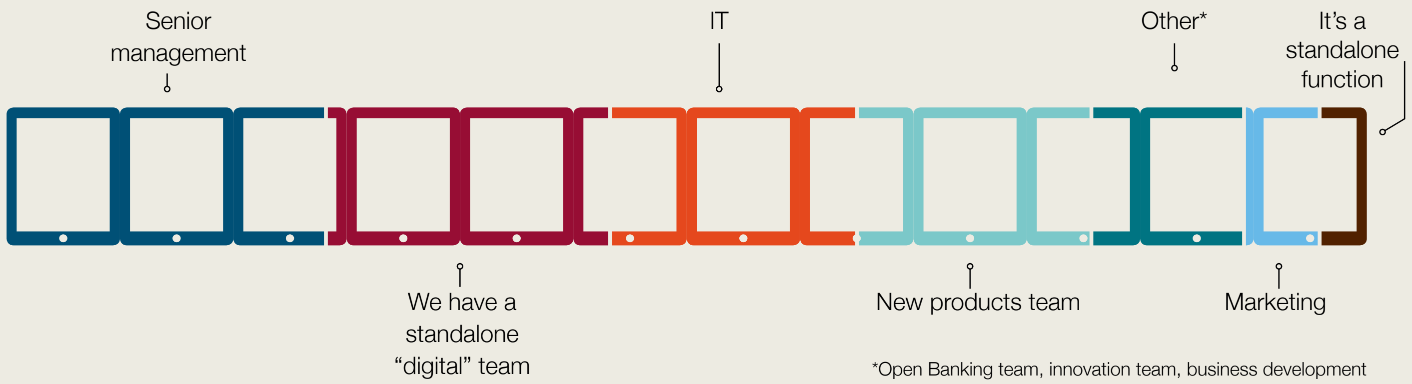
Approach to investing in Open Banking:



How are Open Banking products & services being developed?

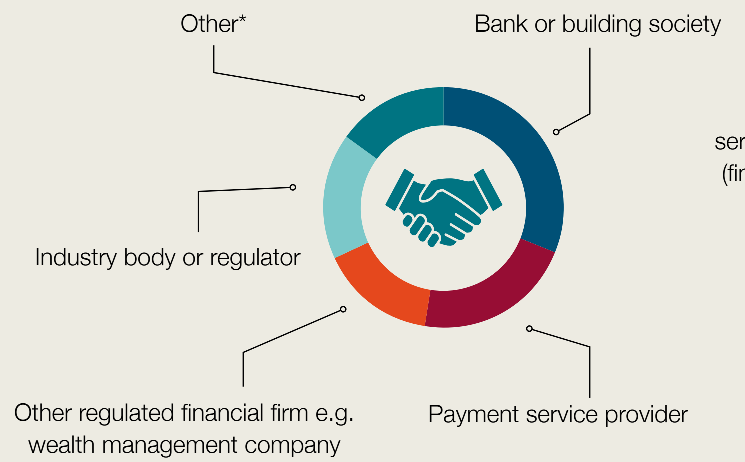


Who is responsible for digital innovation relating to Open Banking within your organisation?



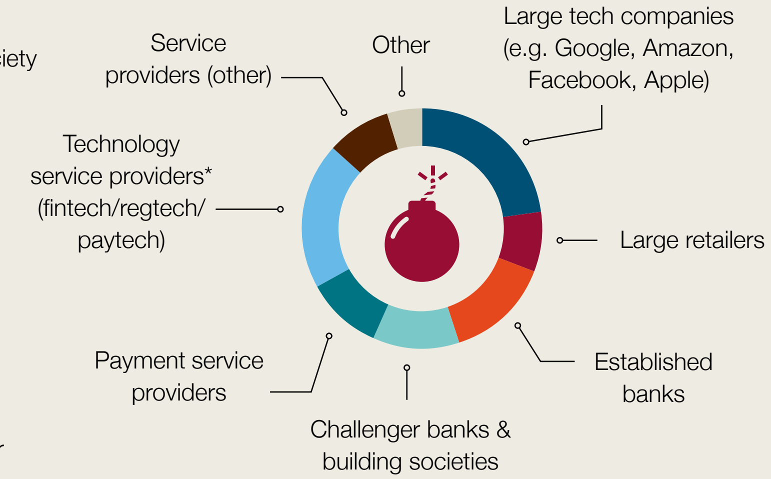
*Open Banking team, innovation team, business development team, internal solutions team, stakeholders & product owners

Who are you collaborating with to develop Open Banking products & services?



*Including fintech firms, consultancies, retailers, start-ups

Biggest potential threats in the Open Banking marketplace:



* Including account information services & payment initiation services

The market will become more consolidated with larger banks buying fintechs & smaller banks to keep up with the level of innovation & speed of product development required.

Strongly agree	Agree	Neither	Disagree	Strongly disagree
22%	45%	16%	16%	1%

PSD2 & Open Banking are some of the most radical changes in the recent history for financial services.

Strongly agree	Agree	Neither	Disagree	Strongly disagree
35%	42%	20%	3%	0%

Customer trust & understanding of Open Banking was low when Open Banking was first launched in January 2018.

Strongly agree	Agree	Neither	Disagree	Strongly disagree
47%	30%	19%	2%	2%

Customer trust & understanding of Open Banking has improved since January 2018.

Strongly agree	Agree	Neither	Disagree	Strongly disagree
9%	21%	38%	25%	7%

Customer engagement in Open Banking is increasing.

Strongly agree	Agree	Neither	Disagree	Strongly disagree
14%	23%	40%	19%	4%

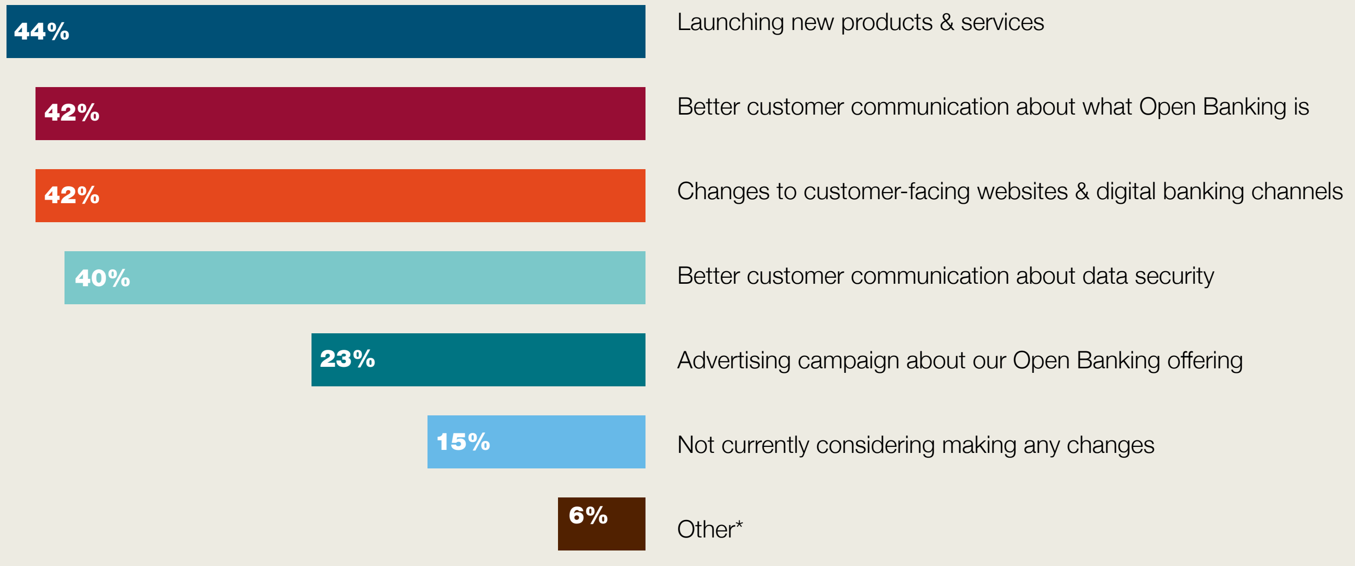
My organisation has found it difficult to adapt to the new regulations imposed by PSD2 & Open Banking.

Strongly agree	Agree	Neither	Disagree	Strongly disagree
8%	21%	36%	21%	14%

The financial services industry has found it difficult to adapt to the new regulations imposed by PSD2 & Open Banking.

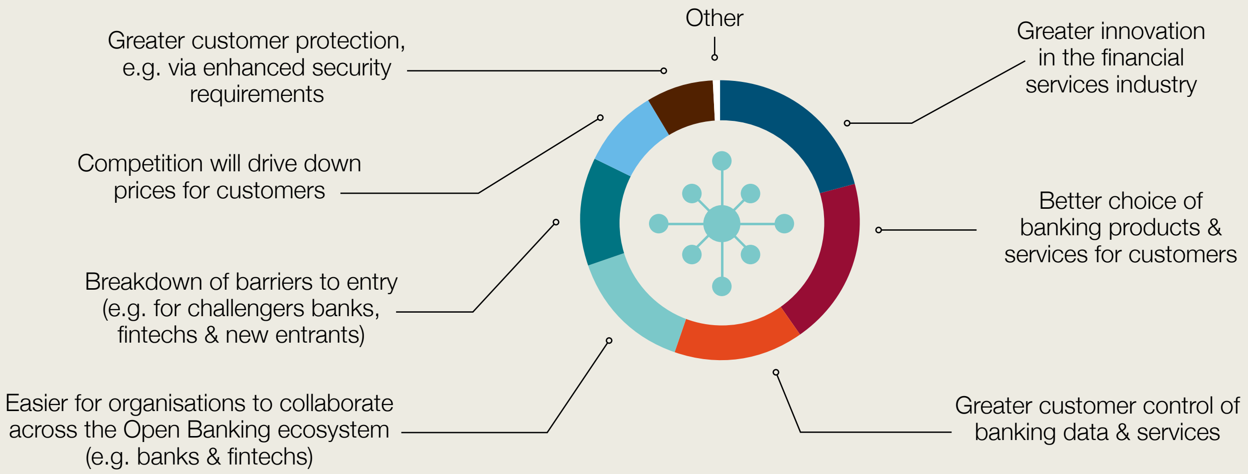
Strongly agree	Agree	Neither	Disagree	Strongly disagree
16%	38%	34%	10%	2%

Changes being considered to improve the Open Banking experience for customers:



*E.g. internal education & communication

Once fully implemented, the main advantages of Open Banking will be:



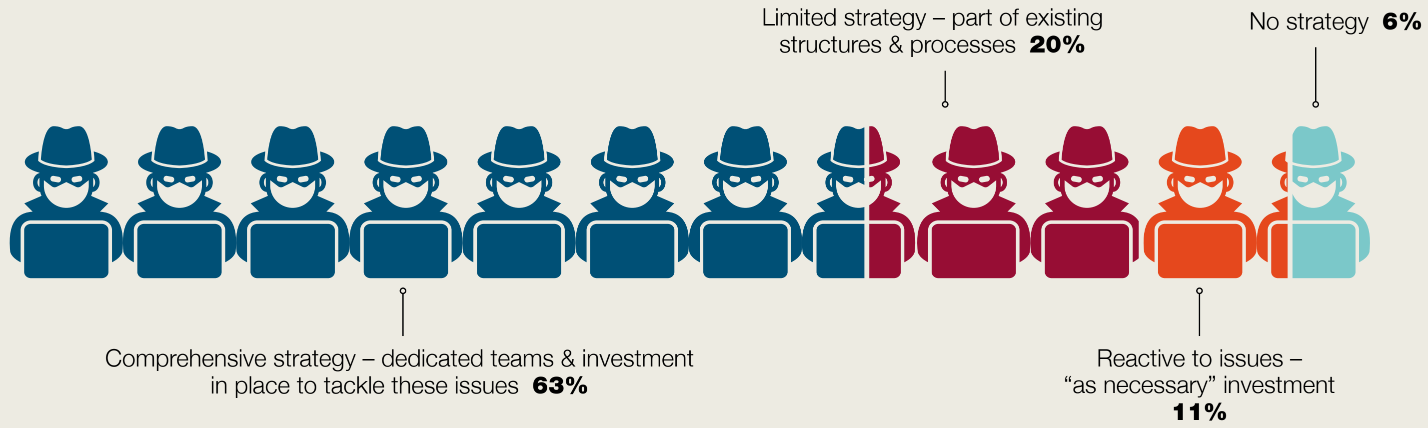
How effective has Open Banking been so far in achieving the aims of encouraging competition & innovation?

1 (not at all effective)	2	3	4	5 (very effective)
13%	37%	29%	14%	7%

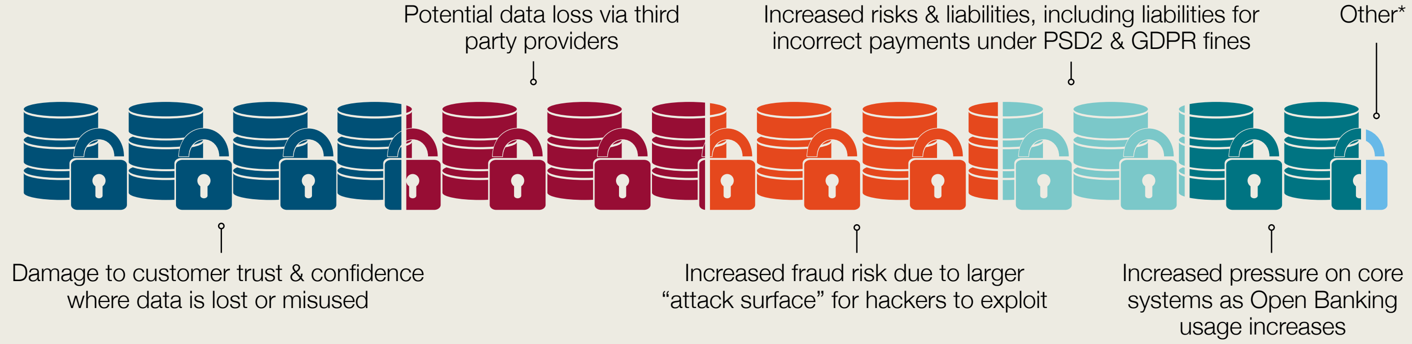
How damaging do you think high profile data breaches (such as the recent Facebook & Cambridge Analytica scandal) have been to customer trust in Open Banking?

1 (not at all)	2	3	4	5 (very)
5%	20%	26%	30%	19%

Approach to cybersecurity & fraud:



The biggest risks in relation to sharing customer data under Open Banking:



*E.g. loss of customers, competition (third party ability to provide new products/services already offered by incumbents)

EXPERT COMMENT

By **Tim Waller**,
partner at UK law firm TLT

Open Banking and PSD2 were launched at the start of 2018 to increase competition in the banking industry and encourage greater innovation for customers. This would be achieved by making it easier for licensed firms to access customer banking data, to offer customers new kinds of products and services like information aggregation services and savings advice.

Digital disruption is not new to the banking industry, but this was different. Open Banking has the potential to completely transform how the market looks, from the brands we engage with to the services they provide and how we can access them.

However, because there was no "grand design" for this new market, it has been difficult to know exactly what this might look like and what these changes mean for new and existing players.

To get a better understanding of where the market is heading, in August, we spoke to senior decision makers at a wide range of financial services companies including banks, building societies, fintechs and payment service firms to find out how the industry is reacting; the biggest challenges, threats and opportunities; and how companies are capitalising on this in terms of partnerships and investment strategies.

We also discussed the results with industry regulators, trade bodies and senior representatives from the banking and fintech communities at our digital banking event in London in November.

THE FIVE KEY TAKEAWAYS

1. Act quickly

While a lot of the focus to date has been around compliance with the technical regulatory requirements, 84% of respondents said they are investing in Open Banking products and services, suggesting there is a lot happening behind the scenes.

Over and above compliance, coming up with an Open Banking strategy will not be straightforward – determining strategy and understanding requirements was the biggest issue faced with Open Banking (33%). However, the sooner you define your opportunity and move on it, the further ahead this will put you in the race to strike up the right partnerships, innovate beyond your current offering and adapt towards operating in a more open and agile marketplace.

2. Be proactive about partnerships

Few businesses can say they possess all the elements to succeed on their own, so collaboration will be crucial to delivering the opportunities promised by Open Banking. While the majority of development is taking place in-house or with limited external development, the research reveals some interesting new partnerships. Finding the right partners and negotiating the terms of agreement could be challenging, but this will be a key feature of Open Banking.

3. Communicate with customers

The research reveals that customer awareness is low but improving, and our event featured many examples of customers engaging with so me of the innovations already on the market. With the right idea and the right design, communicated in the right way (under the right brand), the results could be extraordinary.

However, data sharing carries a security risk that needs to be managed and market players should pay heed to the impact that high profile data breaches can have on customer trust.

4. Innovate, innovate, innovate

Open Banking is competitive and disruptive – innovation will be key to staying in the game.

5. Engage with regulators and government

Every participant in Open Banking can work with regulators and the government to improve Open Banking. Greater consensus on technical standards and the roadmap for the future will accelerate the progress made.

For more insights and to keep track of how the Open Banking market is evolving, from new insights to expert advice about the challenges and opportunities, download a free copy of the report and visit the TLT Open Banking hub at **tltsolicitors.com/open-banking**

Sizing up the real threat of challenger banks

By *Corey Gross*, co-founder and CEO, Sensibill

Of the 75 or so challenger banks muscling their way into the UK banking sector, more than half of them are vying to capture the loyalty of small business owners; simply because big banks have failed to do so.

What's more, new markets – like gig workers, freelancers, independent contractors, early-stage tech entrepreneurs, and so on – have exploded, emphasising small-scale business needs, and exposing the gaps in small business banking services. These self-employed professionals account for 40-60% of the European working population, and are expected to outpace traditional salaried work in the next decade.

Challengers have focused on building a platform that underpins this movement towards independent work, giving freelancers and small business owners the tools they need to manage and grow their business. They're offering value-added products and services to help customers with a broader range of jobs-to-be-done, such as invoicing, receipt and expense management, payroll, and more. In doing this, they've positioned themselves as partners, not mere utility providers. Revolut, N26, Tandem, Monzo, Coconut, Tide – these are all examples of challengers that are making inroads in the banking industry by targeting the lowest-hanging fruit.

THE CANARY IN THE COAL MINE

Still, most incumbents don't feel threatened by these firms, citing an absence of deposits, weak business models, and an inability to turn a profit.

But this is a lazy dismissal. Challenger banks' current profitability is almost entirely unrelated from the threat they pose to incumbents.

At Money 20/20, CB Insights CEO, Anand Sanwal, pointed out that, "the banking model is built on cross subsidisation. New entrants can attack profitable slices without offering all possible services." As Jeff Bezos put it, "Your margin is my opportunity."

Incumbents shouldn't trivialise the impact new competitors are having on the ecosystem. Nor should they downplay the importance of the small business market in their long-term strategy. What we've seen in other industries, is that once new entrants have captured the "low-hanging fruit", they will creep up-market and chip away at other, more profitable segments, as well.

"That follows a very typical attacker strategy," said Peter Sidebottom, lead in North America banking and capital markets strategy for Accenture in an interview with Source Media.

The most recent Accenture banking report, "Star Shifting: Rapid Revolution Required", revealed that new competitors have already grabbed 14% of the UK's banking revenue, and challenger banks will continue growing as an additional £775 million will be provided under the Alternative Remedies Package to promote competition in the small and medium-sized enterprises (SMEs) market. As of 2018, 63% of current financial services players didn't exist a decade ago. These figures are hard to ignore.

"NEITHER REDBOX NOR NETFLIX ARE EVEN ON THE RADAR SCREEN IN TERMS OF COMPETITION."

Jim Keyes, Blockbuster CEO

There's a knee-jerk desire for incumbents to discount new entrants, and this is especially true in the UK banking industry, where banks have operated in an oligopoly for three centuries. But no industry is safe from disruption.

Consider Uber's impact on the taxi industry. Airbnb on the hotel industry. Amazon on brick and mortar retail (and a dozen more industries). These are all reminders that huge industries and players should never presume longevity. More than that, they're reminders that disruption happens irrespective of "turning a profit". To this day, many of these tech giants put their revenue right back into their operations instead of touting fat bottom lines.

Similarly, the point isn't whether challenger banks are turning a profit – the point is that they're slashing traditional banking profits. Challengers may not make a dent in the high street banks' market share of current accounts (yet), but they're fragmenting the bank-customer relationship irrevocably.

"GOOD ARTISTS COPY, GREAT ARTISTS STEAL"

Incumbents need to adopt challengers' playbook and focus on their existing small business customers. Preventing further leakage is the best defence for most incumbents, who struggle with customer origination and top-line revenue growth.

In order to do this, ultimately, banks must move into new kinds of services. Like the tech players moving into banking, banks need to offer a range of banking and non-banking services to keep pace with challengers. For freelancers and small business owners specifically, this means offering digital products and services that help with broader business needs as they relate to accounting, invoicing, taxes, and payroll, to name a few. By morphing into platforms for entrepreneurial activity, banks can open up billions in new revenue.

Finally, banks should view their digital presence as an opportunity to become central to the daily lives of their customers – moving beyond a transactional relationship, and towards a partnership. Done right, these actions create a multiplier effect, increasing the number of meaningful bank-customer interactions and, correspondingly, locking in loyalty. **bt**

Corey Gross, Sensibill

> "Banks should view their digital presence as an opportunity to become central to the daily lives of their customers."
>
> **Corey Gross, Sensibill**

CASE STUDY: MOBILE BANKING

Good moods and modes

Minsk, Belarus

Rafal Juszczak, CEO of Alfa Bank Belarus, shares the story of how the bank tripled the number of retail banking customers by embracing mobile.

The banking system in general, and retail, consumer-facing banking in particular, are going through an extremely disruptive phase at the moment. With challenger banks and alternative financial operators taking care of most of the traditional products, from consumer loans to mortgages to money transfers, it seems like the legacy banks are lagging behind in most cases, not seeing that the momentum they've gained in previous decades – or even centuries – won't carry them along forever.

The problem lies not in a lack of innovative products, or in higher fees – rather, I believe it's the internal processes and the corporate culture within the older banks that is making them increasingly obsolete.

Three years ago I celebrated the 20th year since I started working in the banking sphere. I've worked as the CEO of Poland's largest bank and one of the major banks in Ukraine, among other places. My experience is spread across Eastern Europe between Poland, Ukraine, Romania, and, since three years ago, Belarus. The challenge I got presented around the 20th professional anniversary was daunting: to rebuild a bank from scratch and make it work.

> "To me, mobile is not just a product but a mode of working."
>
> **Rafal Juszczak, Alfa Bank Belarus**

Three years later, I can say I've generally succeeded: we've tripled the number of retail banking clients, as well as the net revenues. Since 2015, we've set financial records every year. In 2015-2017 our total net income had been three times larger than in the seven previous years combined.

In 2015, we had less than 100,000 retail clients; in 2018, it was set to reach the 350,000 mark.

As for mobile banking, the number of customers here has grown fivefold to 200,000 over the past two years. What's even more important, though, is that mobile accounts for 60% of the money on deposit accounts and 15% of loans we sell every month. Unlike many other banks, our digital business, if looked at as an autonomous business unit, has been turning a profit since 2017.

It's safe to say that we're growing across the board, and I'm sure that the focus on mobile has contributed a great deal to these results.

Here's how launching a mobile banking solution helped us to find the right processes and culture for the whole organisation.

THE NEW BRAND

From the very beginning, I looked at the market and the main trends in the industry to figure out what we could do differently. Social banking, conversational banking, lifestyle banking – those are some of the buzzwords of today's industry, but few people actually understand what they're supposed to mean.

> "We decided not to change the existing processes, but to build them from the ground up, thinking not about the bank as it was, but about the bank as we wanted to see it."
>
> **Rafal Juszczak, Alfa Bank Belarus**

Building the mobile banking solution under a new brand was one of the first decisions I had to make. There was already an app developed by our bank back then, which had little popularity. Building something under the same name would inevitably have resulted in dragging its legacy further – so the decision was made to start from scratch.

To me, mobile is not just a product but a mode of working. Mobile banking doesn't mean a smartphone app; it means being close to the customer when and where they need us and talking in their language, literally and figuratively. That's the way of thinking that brought us to our mobile bank's name, inSync.

Rafal Juszczak, Alfa Bank Belarus

IT'S THE PROCESS, NOT THE PRODUCT

Building a mobile bank from scratch meant that a lot of processes had to be created. We decided not to change the existing processes, but to build them from the ground up, thinking not about the bank as it was, but about the bank as we wanted to see it. What actually ended up happening is that the entire retail banking part has begun to change to become mobile-first.

First of all, everything we create for our mobile banking is immediately made available for new customers without them having to go to our office. This was one of the first processes we built – to create an efficient mechanism for the app user to become our customer. The whole process takes minutes and the only in-person interaction the user has to experience is showing an ID to our courier, which has its roots in the local regulations.

Another thing is customisation. Most of the banking apps I've seen allow very little in that respect; usually a dark theme is the extent of it. We decided to allow the customer to change the interface and configure the app's home screen to show the operations and features they need most. We're basically offering the best-in-class processes to the customer, allowing them to make some product decisions themselves. Our work here is to make sure that the app works 100% of the time.

THE CULTURAL CHANGE

One of the most important parts of building up the processes for inSync was the culture. There's a theory I like that sooner or later all banks will be pretty much the same in terms of fees and the scope of services they offer. When, or if, that happens, how are we going to differentiate? My answer is the culture, which manifests, among other things, in both internal and external communication.

I've given a lot of thought to the way my employees communicate with each other and the customer. Does it reflect the added value we'd like to bring for the client? Does it reflect our brand? For me, the easiest way to assess the communication culture is to >>

inSync

ask whether it actually makes sense. I look at our marketing collateral, the mobile app's UI, the website, and try to understand the message from the customer's standpoint.

It may sound silly, but even a simple test like this can reveal a ton of issues. The one occurring most often in legacy banks is that they tend to switch to that awful officialese that the mortgage contracts are usually written in. It could be an unavoidable evil in the official documentation, but certainly not in the parts of the bank that are facing towards new and existing clients.

> "The main goal that we have achieved by creating the mobile bank within a bigger bank is that the customers feel inSync to be an extension of themselves."
>
> **Rafal Juszczak, Alfa Bank Belarus**

CONTENT IS KING

The way we communicate with customers now has come a long way since we started building the "bank in a bank" three years ago. Part of this is inSync Now, which we launched recently as a news feed of sorts for our mobile app users. The main difference from similar features provided by other banks is that we never copy our press releases there, nor do we post bank-related news and messages. It's all about the clients and their needs.

In the short stories we post on inSync Now, we explain new features of the banking app with screenshots and animated GIFs, but also publish things like local event recommendations, movie reviews, technology-related advice, and so on. This content comes from our content team, as well as the people working in the support chat.

Our support chat is another key part of the content and communications strategy we focus on. We're available 24/7, and it often happens that the scope of questions our support team answers go beyond the bank and its services. We've given life advice, made gift suggestions, and much more. As a result of this focus, we register about 30,000 contacts from customers per month, with the industry average being 600 (according to ZenDesk data). About a third of the total of 75,000 support requests come through the chat, which puts us in the top ten global accounts on Zendesk. People trust us and stay in touch.

The main goal that we have achieved by creating the mobile bank within a bigger bank is that the customers feel inSync to be an extension of themselves. We've been thinking about this for years now, but admittedly only recently learned about the concept of psychological ownership, which fits perfectly with our overall strategy. By changing the culture and building the right processes, it has turned out to be possible to create a bank that's perceived as a trusted partner and friend, rather than a boring and hostile institution that controls the customer's money. **bt**

It’s safe to bet on open banking

By *Greg Palmer*, VP, Finovate

The world is moving towards open banking. This may seem counterintuitive, given a recent study by Splendid Unlimited, which suggested that just 22% of those in the UK had even heard of “open banking” as a concept, almost a year after PSD2’s new regulations have taken effect. The study further reports that just 9% of adults in the UK have touched a piece of technology that has been enabled by open banking. I am perfectly willing to take both of those numbers at face value, and yet, here I am, fully confident to be publicly stating (in writing no less!) that open banking is the future. The good news is that it’s a future where everyone can win.

I’ve been giving a lot of thought to open banking as we approach our annual London conference (FinovateEurope, February 12-15, where we’re dedicating an entire summit day to the topic). It’s a concept that’s not new to the London stage: at the very first FinovateEurope way back in 2011, we were already seeing the groundwork being laid, with demos by companies like Yodlee (now a part of Envestnet). They presented API technology that “empowers consumers to take control of their finances” by “securely unifying all personal financial account information” (words which were lifted from the company profile page we printed on their behalf oh so long ago). I don’t believe that the phrase “open banking” would appear for several more years, but the foundation was already in place at that point for the massive shift that would slowly make its way into the fintech spotlight.

> “Here I am, fully confident to be publicly stating (in writing no less!) that open banking is the future. The good news is that it’s a future where everyone can win.”
>
> **Greg Palmer, Finovate**

It is precisely because this groundswell has been so long in coming that I am confident that the momentum will continue. Back in early 2016, when banks across Europe were groaning in anticipation of PSD2’s imminent arrival, I was reveling in the disruption. I am, admittedly, more free to rejoice than most in fintech because I don’t personally have to deal with any of the pain associated with new processes, rules, best-practices, etc, but I know I wasn’t alone in my excitement. For many of us, this kind of change had already been too slow in coming, and while you could argue that it would have been better for the industry if the change had been more organic, there’s nothing like a firm deadline with some potential – but very real – negative consequences to spur innovation.

Innovation, of course, is exactly what happened. Fintechs wholeheartedly embraced the challenges laid down by PSD2, and began working on platforms that could not only eliminate the pain points associated with staying compliant, but also turn the challenges into an opportunity. Many companies developed bank-centric solutions specifically with PSD2 in mind, but a significant number of innovators (particularly those who had already been working in the space) have had a different focus: customers. And it’s clear to just about everybody that customers benefit from open banking, through increased transparency, personal data control, and access to new products.

While they have so far shied away from formal regulations, the Hong Kong Monetary Authority (HKMA) and the Monetary Authority of Singapore (MAS) have both been very vocal about encouraging open banking because they see the potential benefits it carries to their local economies. The US is particularly interesting: at this moment, it is one of the least likely to enact any sort of open banking regulation or governmental shift, and yet it is still rated in the top five countries pioneering open banking (according to a recent report by Capgemini and BNP Paribas). Here the impetus to adopt comes not from any governmental entity, but rather from banks themselves, pushing to offer more and better services to their customers as a competitive edge.

You can see this play out in a 2017 Wells Fargo announcing a data exchange agreement with Intuit. At the time of the announcement, Brett Pitts, the bank’s head of digital for virtual channels said: “This agreement creates a much better experience for our shared customers, gives them greater control over their financial data, and enhances the efficiency of the data-sharing process.” He then added: “The customer has more choice and control with this new model.” It’s difficult to take a press release from Wells Fargo’s own website completely at face value, but notice how the talking points focus on customer choice and individual control of data – both central tenets to the open banking ethos (and indeed, similar language to what Yodlee was publicising six years earlier).

A recent American Banker article by Will Hernandez comes from a US-centric viewpoint, but highlights fundamental principles that apply in financial centers around the world. The article pulls from an MIT report outlining the “first-mover advantage for banks that jump ahead with open bank initiatives”, and goes on to quote Frank Tong, head of innovation and strategic investments at HSBC: “Not reacting rapidly enough to open banking could result in another party, either a competitor bank or fintech, innovating more quickly and eroding trust or relationships.”

The competitive environment that open banking fosters is reinforced by Mark Atherton, group VP for the financial services business unit at Oracle: “You don’t want to be that bank that says, hey, if you want to use one of those products, you can’t do it through us. That gives consumers reasons to change banks.” Change banks to what? The implied answer is to an early-adopting competitor.

It’s not difficult to see why banks could feel hesitant to engage. Change is scary, and uncertainty means risk. Even when governments mandate change, not everyone dives in with the same level of vigour. But open banking can be a very positive thing for the banks that adopt early, and there is long-standing momentum behind it. It’s good for consumers, good for innovators, and appealing to regulators. That’s a combination that can’t be resisted. **bt**

> “While you could argue that it would have been better for the industry if the change had been more organic, there’s nothing like a firm deadline with some potential – but very real – negative consequences to spur innovation.”
>
> **Greg Palmer, Finovate**

FOCUS: OPEN BANKING

What we mean when we talk about legacy: mindset, architecture, data and Dave

By *Leda Glyptis*

"Legacy" tends to be a positive word in most environments. It denotes successful and mostly uninterrupted history. It connects present endeavours to past and future. It is considered an asset. Something to be proud of.

Then you start working in a bank and you find out that, within our walls, "legacy" is the curse of the pharaohs. The thing we accuse for most things going sour. The elusive culprit that gets blamed for slow response times, lack of agility, clunky infrastructure and global warming. Legacy is at the heart of why we can't and won't.

We lament it, we talk about it, we blame it. But we rarely define it because we have no intention of tackling it. Not really.

So we waste time in "wait and see" innovations and risk mitigation exercises while the world races on, leaving many of us behind.

We waste time because, really, our organisations can probably afford last minute talent substitutions to their staff and high-cost-of-ownership late-to-the-party infrastructure investments; and the individuals making the decisions have probably calibrated their pension plans; but for most of the workforce this waiting is a terrible idea that they cannot afford to pick up the tab for.

So for their sakes, here's the truth about what we mean when we talk about legacy.

PEOPLE AND THINGS

Most banks are old. And so are their systems.

Most banks have evolved and grown at different speeds across markets and geographies, they have acquired, pivoted and adjusted. So have their systems.

So when we say "legacy IT" we mean systems that span the entire life history of the organisation.

We mean that the App Store you are building will have to exist alongside systems older than you. ("I put this system in place before you were born, young lady" is an actual thing I was told in a real meeting by a real person who has since retired but his system hasn't.)

> "We waste time in 'wait and see' innovations and risk mitigation exercises while the world races on."
>
> Leda Glyptis

We also mean systems that do similar things in similar ways can't be swapped out without immense effort. We mean globalisation issues and the difficulty of finding people proficient in Montran. We mean things that work well but don't scale. Things that are effective but maybe not efficient.

Things that are familiar and reliable but as idiosyncratic as the people who built them.

We talk of spaghetti diagrams and then look at the Architects with a raised eyebrow as if untangling all this was just a matter of patience.

It is not.

There is no untangling this.

So when we talk about future-proofing an organisation's infrastructure (ambitious) or deriving some insight from the data we hold (seemingly less ambitious) we are talking about a massive undertaking that may or may not be lunacy.

And "legacy" is not the only word that takes on a different meaning here.

"Data" is a dangerous slippery thing as well, because of "legacy".

You see, under "legacy", data sits, quietly minding its own business, wherever you put it. But when you put it there you didn't know the world would change and now you want to pull it out and you can barely remember where it is. So it's a mission to find it, and when you do, and say "right, are you ready for an outing?", your data is all distressed and has nothing to wear so extraction becomes a military operation. You blame legacy and imagine leaky systems dating back to the war.

Yet the truth is much less dramatic.

THE BIGGER PROBLEM IS NOT THE TECH WE HAVE, IT'S THE TECH WE DON'T HAVE

Our IT "lights on" bills across banking are eye-wateringly high. And yet somehow we seem to be doing most things on spreadsheets. Either because the system doing the exact thing we want doesn't exist, or because we still suffer palpitations since the last time we had to write a business requirements document or because it's just faster that way. Whatever the reason, a lot of our data and processing lives on spreadsheets.

We have terms for this.

There are task forces trying to limit user defined technologies (UDT) and help standardise. UDT is an undeservedly fancy name for a spreadsheet that takes half an hour to load because "this guy Dave" has created some incredible macros that are just easier to use than the multi-million dollar system complicating your spaghetti diagram.

THE PROBLEM WITH DAVE

This guy Dave is a real person. And his mammoth spreadsheet gave me and my team our first break, over a decade ago, when this guy Dave left the bank and nobody could work out how to update his macros. So we got the gig to reverse-engineer the spreadsheet into a solution that gave people the functionality Dave had and protected the bank from future Daves.

We never met Dave, but he changed our lives. Just as he's been changing yours.

Dave had done a good thing. He solved a problem.

Dave had done a terrible thing. He solved a problem in a way that was so local and specific that, when he left, the bank was left at a loss.

That's the problem with Daves.

They move on, up or out.

And the real legacy you are left with are hacks and workarounds that you don't understand.

And you are lucky if Dave's legacy is limited to a spreadsheet that is expensive to replace but specific enough that you actually know when it has stopped working.

Because most Daves work in risk or product. And their legacy are policies nobody questions, designed on the back of now long-defunct regulatory requirements, or product brochures and term sheets with special discounts used across an entire client segment when they were only meant as a givy-get to land an important account. The problem those Daves leave you with, is you will carry on using their legacy long after it's stopped working and you won't even know it.

The problem with Dave is he puts things in place "for now" and then moves on and they become "forever". That's what legacy truly looks like, and it's hard to get away from.

CHIN UP. IT AIN'T ALL BAD

Legacy is also another word for "I've been around a long time". It is shorthand for balance sheet, reserves and past success; it means you have clients, a track record, a talent pool and time to get it wrong before you get it right.

Legacy says: I've done this well before, don't underestimate me.

Also legacy is super quick to acquire. >>

A friend working for a very successful start-up in the maker universe was complaining about their legacy infrastructure issues before their fifth birthday. They built a scrappy firm, hungry to scale and ended up with a solid business rapidly globalising. Legacy is the shorthand for: I did it well and now I get to do it again but bigger and I need to change some stuff. As problems go, it's a good one to have. That is, if you can contain Dave.

"The guy who found a way and created a precedent is exactly the sort of guy you need around now, to take you into the future. Today's workaround is tomorrow's legacy.

And give him a team to turn his workaround into something robust. And give him an architect to minimise the worst of the spaghetti. And allow for a bit of mess, life is messy."

Leda Glyptis

THE LEGACY OF DAVE

Dirt is "matter in the wrong place". It's not my line but I love it because it's true.

Tomato sauce on your spaghetti is yum. Tomato sauce on your shirt is a stain.

Although the same applies to legacy (the things that once accelerated your business now potentially hold you back), that is not the analogy I am going for. Because systems will come and go and the next set of solutions we put in place will age and need to be rethought and replaced, no matter how good they are.

No, the problem is not IT.

The problem is Dave.

And not because he moved, but because you didn't.

Dave is the workaround master.

He is the guy who managed to get something done.

He convinced the corporate decision makers that an exceptional circumstance existed, he managed to be granted an exemption and reprieve. He is the guy who did something different in a world of shuffling feet. And it is so unthinkable that this can actually be done, that we follow Dave's path long after he achieved whatever he was trying to do, unable to fathom another way. Unable to remember that every solution is tied to a problem on opportunity. It is not a stand-alone universe of axiomatic value. Unable to truly follow in Dave's footsteps and have a go at a new solution ourselves.

And we lament the spaghetti architecture and the UDT, the random policies and the seemingly randomly convoluted pricing structures. We lament the legacy we are left with by successful business growth that was right for the time and place and opportunity.

Because the time and place and opportunity changed and the legacy is not fit for purpose so that is a burden and a curse and boo to legacy and boo to Dave.

And the clock keeps ticking. And time passes.

And Dave moves on because that is the sort of person he is.

I say bring Dave back.

Keep the Daves in.

The guy who found a way and created a precedent is exactly the sort of guy you need around now, to take you into the future. Today's workaround is tomorrow's legacy.

Get Dave back.

And give him a team to turn his workaround into something robust. And give him an architect to minimise the worst of the spaghetti. And allow for a bit of mess, life is messy.

And when in a few years' time you are berating Dave because your digital legacy is not right for the quantum era, you will know you did right by your workforce, and your clients and your shareholders. And you may start celebrating your legacy of successful transitions, allowing you to retain business relevance and financial viability despite the changes in the world around you.

And when that happens, and it will, you may owe Dave an apology. **bt**

Leda Glyptis is *FinTech Futures'* resident thought provocateur – she leads, writes on, lives and breathes transformation and digital disruption as chief of staff at 11:FS and CEO of 11:FS Foundry. She is a recovering banker, lapsed academic and long-term resident of the banking ecosystem.

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.

Invisible payments: finding success in a convenience-driven market

Nick Kerigan, managing director of future payments at Barclaycard, explores what gives innovations staying power in the payment industry.

The market for "new" products and services is saturated. Whether it's a new app, gadget, or a smart device for our homes, consumers are flooded with a wealth of products fighting for the spotlight. This constant stream of "innovation", and the surplus of choice on offer, can make it difficult for brands to cut through.

On top of that, today's consumers are "exporting" their expectations. For example, if someone is able to use an app to have granular control over their energy account, they will reasonably expect the same level of service and functionality from their banking or retail app. The mass adoption of sophisticated new technology means consumers are demanding more, and it's the challenge of innovators to keep abreast of the latest consumer propositions, and in some cases, anticipate what the consumer will demand next.

To succeed, it is crucial for your product to be able to demonstrate tangible benefits for the customer – based on what they really want and need.

MEET THE INCREASINGLY BUSY CONSUMER

Modern consumers are busy, so it is perhaps unsurprising that they prioritise efficiency and convenience. People who are on-the-go seek innovations that provide effective solutions to time-consuming tasks. This could partly explain the rise of life-simplifying tools such as "If This, Then That", also known as IFTTT: a platform that allows users to connect apps, services and devices to each other, to help people to manage their lives.

For example, users can link their phone's GPS system to an online spread-sheet in order to automatically keep track of how long they spend at a specific location, such as work or the gym. The result is less time spent on mundane chores and more time spent on what each consumer considers important.

Successful innovators provide services that will reduce effort and save time. That is the type of solution that the modern consumer demands – across every sector.

Taking all that into account, there is huge potential for retailers to save consumers time by providing a payments

"Across all sectors, businesses need to keep today's convenience-hungry consumer lifestyle at the heart of their product design."

Nick Kerigan, Barclaycard

Dine & Dash

Clever Cup

experience that places convenience at the heart of the customer journey. In practice, this means simplifying the purchase journey for consumers and removing traditional barriers and pain points, such as queues, through innovations such as "invisible payments".

INVISIBLE PAYMENTS

Invisible payments take physical payment methods such as cash, debit and credit cards, and wearables completely out of the equation. Instead, payments are triggered automatically, without the customer having to do anything. For example, when you take an Uber, you store your payment details safely inside the app, and the payment for your journey is taken "invisibly" once you reach your destination, so you can just get out of the car and get on with your day.

Nick Kerigan, Barclaycard

Barclaycard trialled this technology in the food and drink sector last year. Hundreds of Barclays colleagues tested our "Grab and Go" solution in canteens across five sites in the UK and US. The technology reduced the average time it took to make a purchase from five minutes to just 27 seconds.

Following this, we created our restaurant solution: Dine & Dash, a first in the UK. "Dine & Dash" enables diners to walk out of a restaurant after eating, bypassing the traditional bill-paying process. The mobile app uses invisible payments technology to process the payment for the meal using the diner's stored card details, removing the need to ask, wait and pay for the bill.

Working with Costa Coffee, we have also recently unveiled the UK's first reusable coffee cup with integrated contactless payment technology. Powered by Barclaycard's bPay technology, Costa Coffee's "Clever Cup" allows users to make purchases with the cup, top up their balance and track payments online or via a dedicated app.

Across all sectors, businesses need to keep today's convenience-hungry consumer lifestyle at the heart of their product design, and that certainly extends to financial services. The innovations that become part of our daily lives will be those that solve traditional user pain points and show a real understanding of what actually matters to the consumer. **bt**

FINTECH FUNDING ROUND-UP

Fintech funding round-up

It was all go on the cash flow front as investments were spread far and wide.

Starling Bank, a UK-based mobile-only bank, has secured £10 million of new capital from Bahamas-based hedge fund manager Harald McPike.

The funding is in preparation for a £80 million round to keep up, or perhaps surpass, other mobile challengers like Monzo, which is on a quest to reach a £1.5 billion valuation.

McPike is a long-standing Starling investor, having participated heavily in previous rounds. It is understood that Starling has appointed JP Morgan Chase as an advisor in the round.

This new funding gives Starling a total of £68 million raised, having raised a further £10 million from existing investors earlier this year.

The bank has also partnered with the Post Office to allow its current and business account customers to deposit and withdraw cash through the Post Office's branches. Perhaps not so mobile-only after all.

Another UK challenger bank, **Tandem**, is reeling in more cash via a $15 million investment from Hong Kong-based Convoy Global.

Along with the injection, they have formed a partnership. According to Convoy, this is the first-ever partnership between a Hong Kong financial services company and a UK "virtual" bank provider.

Convoy's strategy is to focus on the "transformational opportunities of fintech and businesses", and the partnership with Tandem builds on its existing investments in Nutmeg in the UK and CurrencyFair in Ireland.

For both it's a handy deal as Convoy plans to use Tandem's tech to offer digital financial services to Hong Kong consumers and, in time, to launch a virtual bank,

Singapore-based digital payment provider **Instarem** has secured a first close of more than $20 million in funding.

The round was led by new investors MDI Ventures (the VC arm of Indonesia's Telkom) and Beacon Venture Capital (the VC arm of Thailand's Kasikornbank), and supported by existing investors Vertex Ventures, GSR Ventures Rocket Internet and SBI-FMO Fund.

Instarem says this is part of a Series C round of $45 million, which takes its overall funding to over $63 million. It is expected to close by January 2019, in advance of its expected IPO in 2021.

The money will be used, in part, to enter new markets in Japan and Indonesia, where the paytech firm hopes to receive licences by the year-end.

This round will also enable the company to launch a new consumer and enterprise product in 2019 for which it has "aggressive plans".

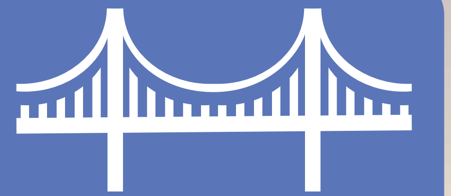
Instarem has licences in Singapore, Australia, Hong Kong, US, Canada, Malaysia, India and Europe. It says it powers local payments to more than 55 countries and 3.21 billion people across the globe.

Not to be outdone by its rivals, challenger bank **Monzo** is also hunting for funding – it is now crowdfunding up to £20 million.

The bank praises its community to the skies and says it has "played a crucial part in making Monzo what it is today". It says in its last two rounds of crowdfunding, 7,395 people invested their money in Monzo.

This time it's a "much bigger round" and eligible customers will be able to invest up to £2,000 through the app.

Just a month ago, Monzo closed a new funding round raising £85 million. This is part of its quest to reach a $1.5 billion valuation. It has also unveiled plans for a business current account.



San Francisco-based paytech **Plastiq** has raised $27 million in additional financing from Atlas Venture, Khosla Ventures and Top Tier Capital Partners.

Founded in 2012, the firm offers a way to pay bills and business expenses by credit card. It will use the funds to roll out new services and target the small business market.

The company says it works with "all major credit card providers", including American Express, Discover, Mastercard, Visa, and JCB.

It says its payments platform has served more than one million clients, processing billions in payments for expenses, business supplier payments, contractors, taxes and rent.

Revolut, a multi-functional cross-border card and app, is planning a $500 million Series D investment round, potentially enlisting tech giants like SoftBank to its roster of investors.

The round is set to take place early next year.

The fintech has aggressive plans for expansions, eyeing the US, Australia and Japan.

This comes after the firm's last funding in spring 2018, which had the impressive figure of $250 million, valuing the company at over $1.7 billion.

Revolut has grown fivefold in the past year, but reported annual losses.

Earlier this year, SoftBank announced plans to invest around $200 million into fintech, from its $100 billion Vision Fund. Recently, it invested $300 million in a US-based robotic process automation (RPA) firm, Automation Anywhere.

Finleap, a Germany-based fintech company builder, has raised €41.5 million in its investment round, led by Ping An's Global Voyager Fund.

Finleap launched four years ago and has created an "ecosystem" of technology companies, digital offerings and partners.

Ping An joins the likes of Hannover Re, Signal Iduna, NIBC, MS & AD Ventures and SBI, who have all invested in Finleap

The capital will be used for the development of new technologies and companies as well as further geographic expansion. Finleap also intends to invest further in its tech offerings, Finreach and Infinitec.

Donald Lacey, MD and COO of Ping An Global Voyager, will become chairman of Finleap's advisory board.

Mobile paytech **Mobeewave** has closed a $16.5 million Series B funding round led by NewAlpha, Mastercard and Forestay Capital.

In addition, the round includes the main founding shareholders of the company and was secured with the support of Oakland Partners. The investment will be used to deploy its patented solution in new markets and develop new product offerings.

"Our work with Mobeewave has helped extend the power of the smartphone by providing merchants of all sizes – from international chains to individual shop owners and street vendors – a fast, secure and easy way to accept payments," says Blake Rosenthal, EVP for acceptance at Mastercard.

The Montreal-based start-up offers contactless payment acceptance on smart devices, without the need for external hardware. It says its "bring-your-own-device technology" provides an alternative to traditional point-of-sale offerings.

Earlier this year, Mobeewave signed a partnership agreement with Samsung Electronics making the Canadian firm's platform available for commercial use on more than 250 million Samsung devices around the world.

The Mobeewave platform is currently deployed in Australia, Canada and Poland through respective partnerships with Commonwealth Bank, National Bank, and Polskie ePlatnosci (PeP), together with Mastercard. **bt**

In the UK, Payments-as-a-Service provider **Form3** has secured a $13 million Series B investment from venture capital firm Draper Esprit, along with existing shareholders Barclays, Angel CoFund and several individuals.

Form3, established in 2016 and led by CEO Michael Mueller (ex-Barclays), says its cloud-based platform "significantly reduces" the time it takes to deploy new propositions and reduces operating costs.

Form3's existing customers include Ebury, N26, Tandem Bank, LHV Bank and myPOS.

It is the latest cloud technology provider to join the Draper Esprit portfolio, building on the company's investments in TransferWise, Revolut, Crowdcube and Seedrs.

Five considerations for a successful rebrand

By *Linda Sooprayen*, senior brand marketing manager, WorldRemit

We live in a world that thrives on speed, built on the mantra of "the faster, the better". As consumers and competitors change quickly, so must a brand evolve to stay ahead of the curve and appeal to its audience. At times the evolution can be slow, with incremental adjustments leading to a subtle shift. Other times it's a more drastic refresh – a rebrand.

I recently led a rebrand at WorldRemit, a digital money transfer service. Our users span the globe and work across virtually every industry, and communicating to such a dynamic, diverse customer base requires constant re-examination of our brand in order to make sure that we're speaking the same languages as our customers. Our last rebrand was in 2014, and while there was once a time when four years hardly meant a thing in the lifespan of a brand, we were approaching a pivotal time in our company's growth, a rebrand seemed not only logical, but necessary.

For the consumer who simply sees the ultimate decision unveiled, much of the meaning, creativity and struggle is lost. Rebranding is a self-discovery and reflection process, and as much about the journey as the destination. Having recently gone through the exercise and seeing many start-ups like ours mature and reach a turning point in their growth, I thought it important to share what the execution of a rebrand involves – distilled into five major components.

1. DESIGN TO TRANSCEND ALL BOUNDARIES

Today, brands are rarely confined to a single geography, audience, or even language, which means there's a premium on universal concepts capable of transcending artificial and social boundaries.

There's always going to be a temptation to design for the audience you already know, but the gold standard in a rebrand is to design for all of your existing and potential users and ensuring that they can relate to you in a positive way. Considerations might include how particular colours are associated with certain cultures, or shapes that convey a certain business quality.

It's also important to consider the medium as well. For example, we are an online brand with a strong offline footprint, and the temptation here is to prioritise one over the other. However, this is simply not how an audience interacts with your brand, and you have to think about where the user is at every point of the journey.

2. MARRY THE BRAND AND MESSAGING

A brand can be complex and multi-layered and convey many meanings at once, but in a rebrand, you'll need to identify a clear focal message that remains front and center throughout the process – a North Star that resists the influence of personal preference and other bias.

For example, as part of our rebrand we wanted to engage our customers by speaking to their diversity and vibrancy. At the same time, due to the nature of our business – we are a financial services company handling our customers' hard-earned money – we needed to also convey trust and security. We knew that we had to get the two to work in harmony together, and that became a guiding principle for us.

3. TEST EVERYTHING WITH THE PEOPLE THAT MATTER (AND IF IT FEELS RIGHT, THAT'S A GOOD PLACE TO START!)

Ultimately, the only people that matter in determining the success of a rebrand are the end-users, and it's essential that they have a voice throughout the process. For our particular project, we went through numerous rounds of consumer testing, all to ensure that our design would appeal to new customers, while remaining relevant and recognisable to our current customers.

We began with trying to understand what our customers associated with certain iconography and imagery, and how that aligned with the identity we were trying to achieve. In the later phases, it became more about iterations, and finding the best combination of what our customers told us worked.

Through the intensive testing, we had confidence in what we ended up with. In a sense, our customers had "given" it to us.


Linda Sooprayen, WorldRemit

4. YOU HAVE TO WORK TOGETHER

A rebrand should never be dictated by the brand team. Every company has functional experts in their own specific areas, from the customer service team to the product team to the user experience team, all of whom have regular touch points with customers and a first hand experience of communicating the brand.

During the design process, it's very much about reaching consensus among these experts and incorporating their unique perspectives. Without these different views, the end product may not have the same "versatility" talked about earlier and feel awkward on certain platforms or formats.

5. THE "AH HA!" MOMENT

So how do you know when you've got it right? For our rebrand, we tested 8,000 people total (a mix of existing and potential customers). We tested around the world, across genders and age groups. The moment we realised we "had it" was when we identified a design that was significantly and consistently preferred over our existing brand.

A company only chooses to rebrand when they feel that the existing design can no longer support the goals and growth of the company into the future. This meant that the new identity simply achieving parity with the existing one was not enough – you need proof that it is in fact better and preferred by customers. That's when you know. **b**t

Movers and shakers

Jamie Gordon is leaving **Nationwide Building Society**, where he has worked for 30 and a half years – the last six as head of transformation.

"I've loved my time there (mostly) but the time is right to work elsewhere and see the world through a different lens," he says on LinkedIn.

Debbie Crosbie has been appointed as CEO of **TSB Bank** in the UK. She joins from CYBG, following a 20 year-stint there, most recently as group COO and executive director.

TSB made the headlines earlier this year for its botched migration of IT systems from the Lloyds outsourced environment to its own in-house development. This resulted in reputational damage, financial losses and the resignation of CEO Paul Pester.

TSB's chairman Richard Meddings comments: "In an impressive field of candidates, Debbie stood out. With over two decades of experience, superb retail and SME banking expertise, and a genuinely open and engaging style of leadership, we have found an outstanding new CEO."

Germany-based **Deposit Solutions** is expanding its operations into the US and has appointed **Philipp von Girsewald** as CEO USA. Von Girsewald moves from Deutsche Bank, where he held several senior positions, including global head of regulatory strategy.

Natasha Kyprianides has joined **Barclays** in the UK as digital mortgages director. Previously, she was with Hellenic Bank for nearly four years, most recently as head of omnichannel and customer experience.

She is also an advisory board member of the European Women Payments Network (EWPN).

Meanwhile, **Karen Braithwaite** has stepped into a newly created role as corporate banking head of payments and cash management at Barclays. She will be responsible for product specialist origination, implementation and management.

Braithwaite moves from BNY Mellon, where she held a number of senior roles, most recently as global head of product management for treasury services.

Philippe Carrel has been appointed as chief commercial officer of **FinMechanics**, a Singapore-based treasury and capital management (TCM) and risk management software firm. He will be spearheading FinMechanics' expansion to Europe.

Carrel previously worked for Thomson Reuters for nearly a decade and for Calypso Technology for four years. He also had a brief six-month stint at Calastone.

Hossein Azari left Goldman Sachs to set up a new venture, **cmorq**, which provides an on-chain analytics tool to explore, analyse and build with data from the blockchain. Azari is the firm's co-founder and president.

Previously, he was co-founder and chief data scientist of personal finance management (PFM) app Clarity Money, which was acquired by Goldman Sachs in spring 2018. The bank merged it with its own newly launched digital lending and savings platform, Marcus. Following this, Azari was briefly chief data scientist at Marcus.

European SME lender **iwoca** has named **Seema Desai** as COO. Desai joined iwoca in early 2017 as "head of people", developing the firm's talent and organisational capabilities. Prior to that, she was head of product at Zopa, a UK-based peer-to-peer lender. She also worked at Halifax and Bank of Scotland (HBOS) in the past.

"A passionate advocate of equal opportunities, she will also continue to lead iwoca's efforts to achieve greater diversity and inclusion across the fintech industry," the company states. **bt**

EVENTS CALENDAR

February

12-13: FinovateEurope, London
finance.knect365.com/finovateeurope

19-20: Africa BFSI Innovation Summit, Nairobi
www.africabfsi.com

28-1 March: Global Business Banking Summit – UK Edition
www.rfigroup.com

March

11-13: RiskMinds Insurance, Amsterdam
finance.knect365.com/riskminds-insurance

11-13: MoneyLIVE Spring, Madrid
new.marketforce.eu.com/money-live

19: Finnovex Middle East, Dubai
www.finnovex.com

26-27: FinTECH4Life, London
www.fintech4life.com

27: TechNOVA: AI in Financial Services, London
new.marketforce.eu.com/technova

27-28: Fraud and Financial Crime USA, New York
www.cefpro.com

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Out of office

Your fintech horoscope

In a special feature, Antony Peyton, *FinTech Futures*' deputy editor – aka "Mystic Git" to his colleagues – shares the month ahead with these fintech horoscopes.

Aries (21 March – 19 April)
You will seek a new round of funding for your start-up. The head of the VC firm is a really interesting guy as he wears a dark suit with red socks. With someone that wacky and charismatic you know you're onto a winner.

Taurus (20 April – 20 May)
In an unusual move you look for silver screen inspiration for your company and decide to watch all of Paul Verhoeven's movies in one sitting. Police will find your lifeless body with a note that reads: "What was I thinking?"

Gemini (21 May – 20 June)
You will write a new musical on the next wave of fintech trends. It's called "Bollards in B Minor" and is a hit sensation on Broadway. Not the famous one in New York but the crappy one in South London.

Cancer (21 June – 22 July)
Yearning for inner peace you will become a monk and search for solitude on the highest peak of a large and isolated mountain range. One day a man will approach and ask for help. You will almost decide to assist him until he starts speaking jargon at you. You will leave him on the mountain top to die.

Leo (23 July – 22 August)
Psychics believe that we live in a multidimensional world. In some ways, we know that they're right! In other ways, we know they're wrong and need to be punched into another dimension. There are many dimensions – according to them – so that means a lot of punching. Excuse me – I need to go and punch someone.

Virgo (23 August – 22 September)
We go about our day-to-day lives in this plane, yet often our thoughts are miles away. Or if you're a journalist – your thoughts are on last night's drinking session. And where exactly are our emotions when we're so busily occupied on other things? I won't even go as far as mentioning our spirits... who knows what they're up to! No wonder we sometimes feel confused about our purpose here. This is the kind of rubbish real horoscopes spout. None of us are free from addictions. Even the Dalai Lama, who I'm reliably informed can't stop playing "Angry Birds". Be strong Virgo. You're beautiful. And irretrievably moronic if you believe I mean that.

Libra (23 September – 22 October)
As Libra you are a well-balanced individual. On the one hand you loathe conferences, on the other you despise humanity. With Giedi Prime in the ascendant, and Uranus twice the size, you decide to launch a payments start-up. You sense confrontation and conflict and decide to wear knuckledusters to the next staff meeting. Few doubt your ambitions. Unfortunately, it's to drink as much as possible at the free bars on the conference circuit. Life would be so much simpler if everybody else dropped dead very soon. That probably won't happen… except to you.

Scorpio (23 October – 21 November)
Do you consider yourself to be too gentle and malleable? Or, too sensitive and selfless? I hope not! Because these are qualities that no-one can have too much of. That's right. This is the part where I just flatter your tiny mind into submission. It's worth taking a second look at a situation you're judging from a distance. Try to get a more personal view before making a decision. This could be anything – buying a camera for Christ's sake. How do horoscopes get away with this nonsense?

Sagittarius (22 November – 21 December)
You bravely go to Hollywood to pitch your new movie idea about the life of a fintech CEO. It's so dull the producers give you some money and beg you not to make it - but instead go for a long holiday and try something else. You try to drown your sorrows. The sorrows survive and seek counselling.

Capricorn (22 December – 19 January)
You will meet a tall, dark and handsome stranger who promptly pitches a fintech story using jargon. You will jump into a piranha-infested lake to escape. You communicate to the fish using the art of mime. The piranhas join you in trying to get away as they sympathise with your suffering.

Aquarius (20 January – 18 February)
Picture yourself looking back at a busy road you've just crossed over. If you live in London, try to imagine it without all the litter. Difficult as that place is just a gigantic trash can. But wherever you are be thankful of taking that challenge – which in typically vague horoscope terms could mean anything in life really. A job interview, a mortgage, or writing a news story with a massive hangover.

Pisces (19 February – 20 March)
Bored of life you aspire to be a criminal mastermind and embark on a devious phishing campaign. Your life is turned into a book and then a movie directed by Martin Scorsese. Even he is stunned at your incessant levels of swearing. **bt**

Want more horoscopes and predictions? Well, here's one. There won't be any more as they are complete gobbledygook.