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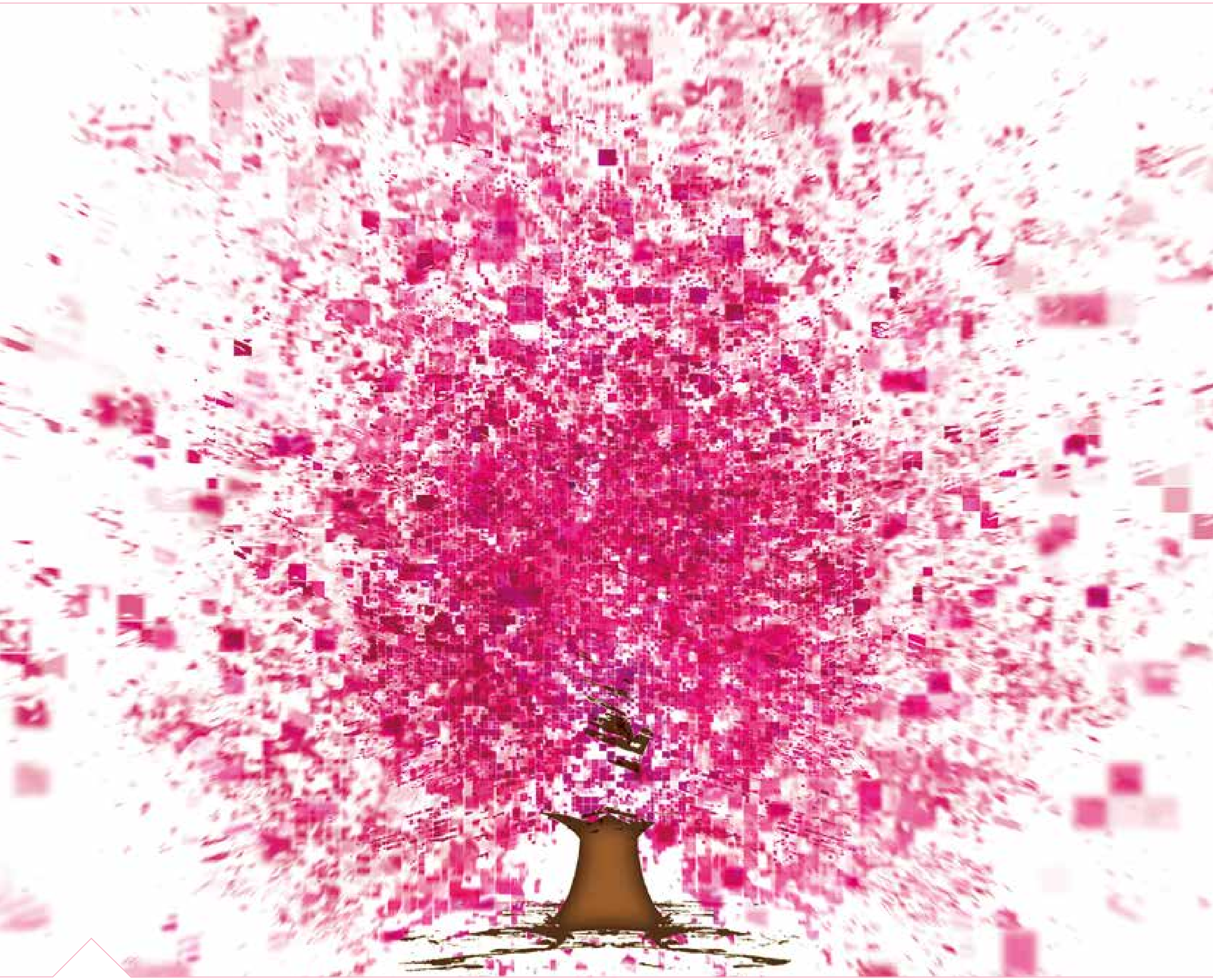

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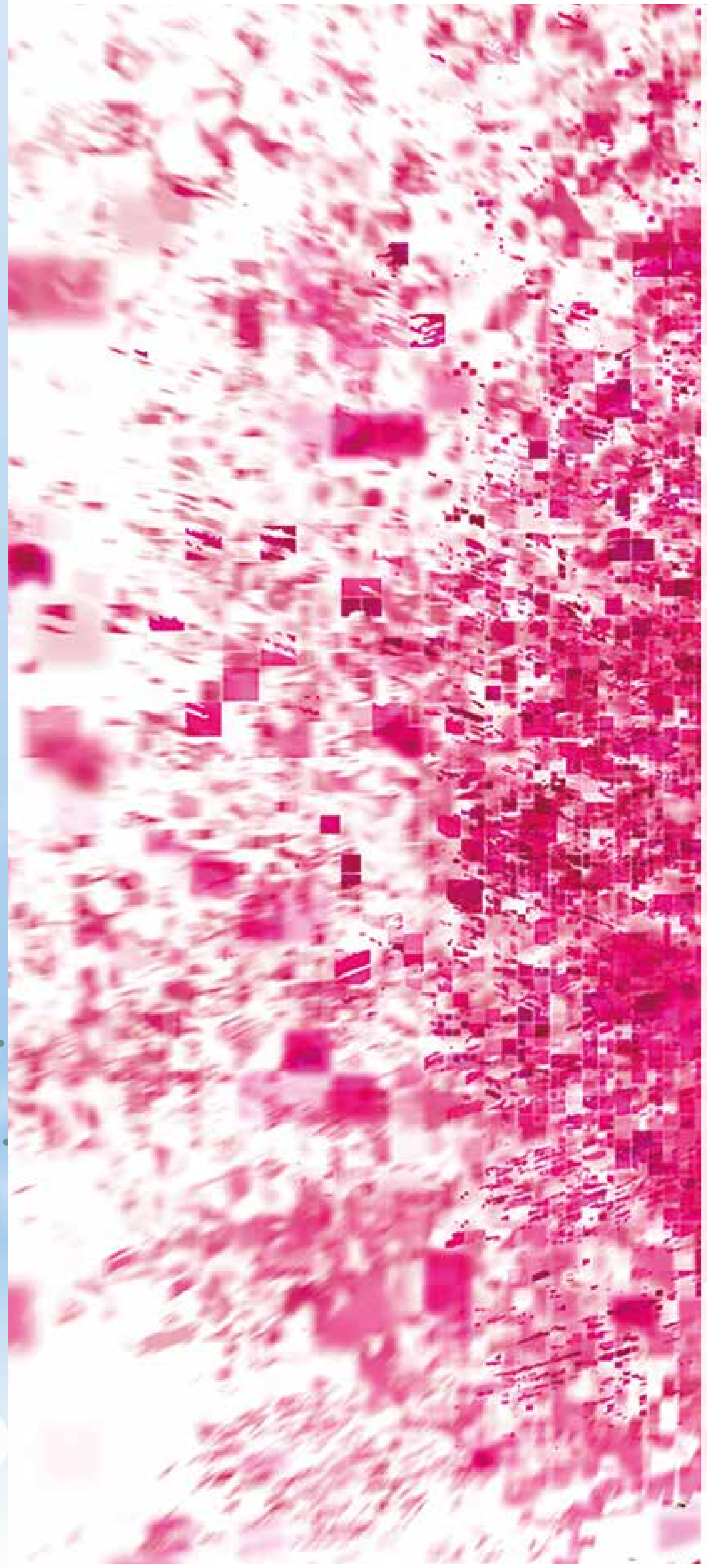

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Editor's note

"Most losses are recoverable except for time. Once lost, it remains lost forever." These were words of Mohamed Horani, CEO of paytech company HPS, at the opening of the recent PowerCARD conference, urging bankers to hurry up with their digitalisation efforts.

Time to market is now measured in days and even hours, he emphasised, not months or years as it used to be. Long-term visions are now built in agile, small increments.

The future is already here, he continued. "So we must work individually, but also collaboratively – together – to enable the future now."

Our team hopes that this latest issue of the magazine will inspire you to contribute towards hastening the digital future, to innovate and to make your mark on the industry.

And, as our resident thought provocateur Leda Glyptis advises, if your organisation is already blessed with an innovation team that "has the guts and brain fire power to explore different intellectual possibilities, the focus and determination to test options and present you with viable proposals for things never done before", go over right now and give them a hug.

But if there is no such team – "go out and hire people who can take you boldly forth into the unknown; hire them for their intellectual prowess and old-world credibility; hire them for their creativity and insane work ethic; hire them for their fierce grace". (Want to know more? Turn to p26.)

There is no time to lose. **bt**

Tanya Andreasyan
Editor-in-Chief
Banking Technology

NEWS

Tide seeks £60m funding following RBS grant

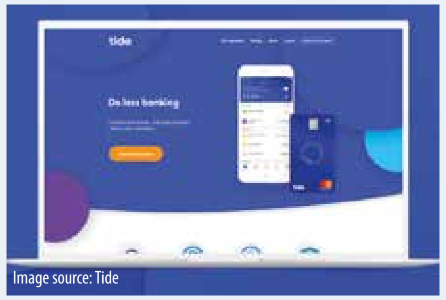


Image source: Tide

Challenger business bank Tide is planning to raise £60 million from investors, matching the amount it recently received along with its partner ClearBank.

In February this year, the banks got the funding from the RBS Alternative Remedies Package, a government-backed competition. (Metro Bank also won £120 million and challenger Starling Bank was awarded £100 million.)

In the latest chapter, Tide is looking for more investment and says it has received interest from 70 venture capital funds, in addition to its current backers. These include Anthemis, Augmentum, Creandum, Goodwater, LocalGlobe, Passion Capital and SpeedInvest.

Tide, which targets SME banking, is aiming to capture at least 8% of the SME market by 2023. It says it currently sits at around 70,000 customers, roughly 1.2% of the market.

"This new investment plan will help Tide accelerate its strategy to capture a significant share of the SME banking market," says Tide CEO Oliver Prill.

He adds: "We want to create a genuine scale challenger to the oligopoly that has dominated and failed SMEs for too long. SMEs should have the option of a dedicated and focused banking partner that will help them grow their business."

Tide currently does not have a banking licence, but is aided by ClearBank, the first clearing bank to launch in Britain for 250 years.

Tide says it is planning Series B and C investment rounds in the next two years.

Henry Vilar

Vista Bank picks Temenos for African digital expansion

Vista Bank, an African challenger bank, has turned to Temenos to power its digital overhaul.

The bank is implementing Infinity, a digital front office solution, and T24 Transact for core banking.

Vista also has selected analytics and reporting, risk and compliance modules, and the Temenos Payments Hub product.

The group was established following the acquisition of First International Bank (FIB) Group in 2015 by the US-based investment fund, Lilium Capital.

The bank hopes to be able to introduce new products and services more quickly and support its growth ambition.

"This will help us realise our vision of building a truly pan-African financial institution group that will add value to the African economy and promote financial inclusion," says Simon Tiemtore, group chairman at Vista Bank. "Temenos is our trusted strategic technology partner and our customers will reap the rewards of its innovative API-first, cloud-native and cloud agnostic software."

According to Temenos, its regional model bank approach, which includes pre-configured local functionality and best practices, will enable Vista Bank to cater for specific regulatory requirements during its expansion.

Currently operating through a network of 43 branches across Sierra Leone, Guinea and The Gambia, the group's goal is to expand its footprint into the West African Monetary Union and the Central African market, targeting a presence in 15 countries by 2025.

Henry Vilar

VSoft's Wings core banking system lands in the US

Financial solutions provider, VSoft, has launched a version of its core banking system, Wings, for the US.

The company, which is based in Georgia in the US and Hyderabad in India, is best known for its payment processing systems. However, it has added to its product suite over the years, with a first US core offering, the Java-based Coresoft, in 2011.

VSoft claims Wings was "built from the ground up" and already has users. One of these is known to be in India, with an implementation in 2017 across 17 District Co-op Central Banks, 360 branches and 2600 Primary Agriculture Credit Societies in the state of Odisha.

In India, VSoft has a core banking system dubbed IRIS, previously branded as SuVikas, which it launched in 2007 for domestic co-operative banks. One user is Odisha State Co-operative Bank for 380+ branches. VSoft's Indian outsource services arm, VServe, has 150+ users, particularly for cheque processing.

Wings is intended to be browser-based and device-agnostic. Postings can be real-time, batch or a combination of the two. New products can be configured and launched via parameters, with the ability as well to add new screens, sections and fields in real-time. It is available on an in-house, outsourced application services provider (ASP) or Software-as-a-Service (SaaS) basis.

In the US, VSoft is largely focused on credit unions and lower-tier banks. The Coresoft system gained a handful of takers in its first few years, with the development partner being Carter Bank, a community bank with 140 branches in Virginia and North Carolina. In mid-2018, VSoft added Arya, a digital services platform for US retail and commercial account holders, claiming 20 takers in the first year.

The company's co-founder, CEO and chairman, Murthy Veeraghanta, describes Wings as "a functional, flexible core system that allows organisations to work more efficiently and compete at higher levels". VSoft was set up in 1996 and has 1200 staff.

Martin Whybrow

StanChart's new platform connects start-ups and investors

SC Ventures, the ventures and fintech investments unit of Standard Chartered Bank, has created SC Ventures Fintech Bridge, a market-first platform to connect community builders such as start-ups, investors and accelerators to the bank.

Through this platform, partners from the fintech ecosystem can connect to the bank's internal community, where they can propose solutions to challenges posted by the bank's business units or request for investments.

Alex Manson, head of SC Ventures, says: "We understand how frustrating it can be for fintech start-ups to find the right people to take their solution forward. We also recognise that the best ideas can come from everywhere, not just inside, but also outside the bank."

Investors can also use the portal to recommend start-ups to the bank for future collaborations. This simple and fast process means that start-ups can move from initial application to final selection within just three months.

SC Ventures Fintech Bridge has made four commitments: direct connection to the right people, no time wasted, funding guaranteed for proof of concepts (PoCs), and exposure to its markets.

The investment arm says SC Ventures Fintech Bridge is for fintechs who want to work with Standard Chartered Bank and gain new clients. It is a global platform supported by a connected network across Asia, Africa, Middle East, and Europe through the bank's footprint.

Henry Vilar

South Africa's Standard Bank to axe 1,200 jobs

South Africa-based Standard Bank will cut about 1,200 jobs and shut down 91 branches as part of its digitalisation plans.

This latest news follows on from November 2018, when it revealed it would be axing 526 jobs.

"This has not been an easy decision to make," the bank says.

As part of these cuts, Standard Bank says it will implement a "comprehensive exit package which significantly exceeds the requirements as set out in the Labour Relations Act".

In an attempt to mitigate the bad news further, it will also assist employees with funding to "acquire new skills to improve their competitiveness in the labour market". No specifics on that yet.

Most of the branches will close by June this year. The bank has about 50,000 staff.

In its latest financial results (ending 31 December 2018), Standard Bank stood as the largest African bank by assets, with ZAR 2.1 trillion ($148 billion).

Headline earnings were up 6% to ZAR 27.9 billion ($2.1 billion). However, this is less than half the pace compared to 2017.

In those results, the bank notes that its digital solutions "assisted in driving customer growth". The number of active customers grew 11%. Digital transaction volumes increased 34%, whilst branch transactions declined 12%. The latter shows why it is making the cuts.

The bank has a 156-year history in South Africa and started building a franchise in sub-Saharan Africa almost 30 years ago. It has an on-the-ground presence in 20 countries on the African continent. Industrial and Commercial Bank of China (ICBC) is a 20% shareholder in the group.

Antony Peyton

Blockchain outfit SETL files for bankruptcy

London-based payment and settlement infrastructure provider SETL has brought in an administrator and wants to sell off its central securities depository (CSD) platform ID2S.

The firm launched in July 2015 and uses blockchain technology to enable market participants to move cash and assets directly between each other.

Last year, Citi and Credit Agricole took stakes in the company. Additionally, Computershare increased its investment. These three firms joined S2iEM and Deloitte as shareholders in the company.

However, things have not worked out as planned as SETL has started a corporate reorganisation.

As part of this change, the board of SETL has appointed UK business advisory firm Quantuma as an independent administrator.

In short, the firm reckons it needs to balance its strategic infrastructure holdings and continue its software development activities "on a business as usual basis".

Anthony Culligan, SETL co-founder and largest shareholder, comments: "I am absolutely satisfied that this is the most positive step for the company and will form the basis of a strong future."

Previously it had established its ID2S and IZNES platforms in Paris. "Of particular note", SETL made "significant" capital contributions to ID2S.

In October 2018, the platform completed its T2S connection testing and was approved under Central Securities Depositories Regulation (CSDR).

The CSD is operational but SETL says it is "not sufficiently placed to contribute the capital required" and is looking for a bigger player to take it on.

According to data from Pitchbook, the firm has raised a total of $45.7 million. In October 2018, SETL raised £90,000 – placing its pre-money valuation at $14.7 million. However, that was a major fall as seven months before that, the firm raised £4.2 million for a pre-money valuation of $136.1 million.

If you're looking for more info from the company, it's not happening. SETL says it "will make no further comment in addition to this statement".

Antony Peyton

NatWest to launch virtual accounts for businesses

NatWest is partnering with Nordic software company Tieto to offer business customers a new client monies and virtual account management service later this year.

The platform is designed to support regulated professions – such as legal, accountancy and insurance firms – who need to safely segregate their clients' monies to comply with industry best practices and regulatory standards.

By using one centralised platform, the bank claims that corporate customers will be able to reduce the number of bank accounts they hold, improve their processes and achieve greater visibility and control over their liquidity positions.

The new services will be offered under the NatWest and Royal Bank of Scotland (RBS) brands from October, followed by further rollout to its Coutts and Ulster Bank NI customers from next year.

The bank hopes to build on its use of this technology in the coming years to support further needs from business and large corporate customers.

Jane Connolly

Mastercard drops Earthport bid for Transfast acquisition

Mastercard has dropped its Earthport bid and instead acquired cross-border account-to-account money transfer network Transfast.

In February, the bidding war over Earthport intensified as Visa wanted to see off arch-rival Mastercard with a £247 million offer.

Mastercard explains: "Prior to this announcement, Mastercard lapsed its offer for Earthport in order to focus on the integration and expansion of Transfast."

In this new development, Transfast will be used to improve its compliance capabilities and offer foreign exchange tools. Financial details about the deal were not disclosed.

Transfast currently supports the Mastercard Send solution for business-to-business and person-to-person payment services.

Michael Miebach, chief product officer for Mastercard, says: "The addition of Transfast adds to our leading position in meeting business, government and consumer payments needs – whether B2B, P2P or other flows."

Transfast's network provider covers over 125 countries across Asia, Europe, Africa, Americas and Australia.

Its proprietary network consists of integrations with 300+ banks and other financial institutions for services to its partners via APIs, SFTP, web and mobile product applications.

Transfast is backed by private equity investment firms GCP Capital Partners and Apis Partners.

The transaction, which is anticipated to close in the second half of 2019, is subject to customary closing conditions.

Antony Peyton

State Bank of India selects FSS for one nation of payments

State Bank of India (SBI) has chosen Financial Software and Systems (FSS) to implement its "One Nation, One Card" programme for digital payments.

The news comes just days after SBI and Hitachi Payment Services unveiled a merchant acquiring joint venture (JV) in Mumbai to get at the digital payments market in India.

In this latest deal, FSS explains that traditionally, each transit provider has installed proprietary card acceptance solution (e.g. each public transit operator in the country deployed its own solution).

In an urbanising economy like India, the fragmentation has resulted in "limited adoption of cashless solutions". The National Common Mobility Card programme is designed for interoperability, so customers can pay for transit services and daily purchases using a single card.

FSS through its prepaid digital solution has enabled the bank in issuance of Tap and Pay (contact and contactless) cards.

Commuters no longer need to pay cash at toll stations and ticket kiosks or lock monies across multiple transit cards. Rather cardholders can load monies into the store value account and access fare funds by tapping their card on the terminal reader, "improving transacting ease and convenience".

Suresh Rajagopalan, president, retail payments, FSS says: "The One Nation, One Card programme, is a significant step in realising the 'Digital India' vision by bringing a critical mass of micro-transactions into the digital fold."

The underlying card issuance platform powering the programme manages transaction clearing and settlement. The functionality includes registration, verification, card issuance, top-up of funds into prepaid wallet, card lifecycle management, reconciliation and reporting.

FFS has 27+ years of experience and is headquartered in Chennai. Its delivery channels include ATM, POS, internet, mobile – and back-end functions such as cards management, reconciliation, settlement, merchant management and device monitoring.

Recently, FSS has acquired a 46% stake in South Africa-based Ecentric Payment Systems, a Standard Bank subsidiary. As part of the deal, Ecentric will deploy FSS PoSabllity, a "POS driving" and in-store payment acceptance solution.

Ecentric has a customer portfolio comprising 50+ tier-1 banks and retailers.

It was founded in 1998. Its payment platforms connect over 70,000 retail channels to card issuing and payment acquiring systems across South Africa and a dozen other Sub-Saharan countries.

Antony Peyton

Ant Financial and Hoperun team for new core banking product

Ant Financial and Jiangsu-based Hoperun Information Technology have unveiled their Distributed Core Banking Platform (DCBP), a product designed to help financial institutions (FIs) shift their business models from transaction-oriented to customer-oriented.

The platform also aims to help FIs tackle digital challenges, including distributed development, financial product management and accounting liquidation.

DCBP is the first co-developed integrated solution in Ant Financial's technology product portfolio.

"This is just the first of many collaborations that we plan to form with other talented partners that will enable us to provide better technology solutions to the challenges faced by financial institutions," says Liu Weiguang, vice-president of Ant Financial.

DCBP has completed the pilot stage after running in the core computing systems of several banking partners.

One of them is MYbank, which was able to build its distributed cloud-native capabilities, including "immediate disaster recovery" in six months.

This new solution builds on the Business-Platform-as-a-Service (bPaaS) product which Ant Financial launched in September 2018.

Ant Financial's bPaaS offers FIs product management, asset management, capital verification and full-link pressure tests on a live service basis.

The firm says it aims to combine these capabilities with Hoperun's experience in the finance industry to develop the DCBP solution.

Henry Vilar

Nationwide revives 10x Future Technology with £15m funding

Nationwide has invested £15 million in 10x Future Technologies as part of a Series B funding round, giving it a minority shareholding.

Last year, Nationwide announced that it would launch a business current account targeting the UK's 5.7 million SMEs. This partnership hopes to help build the new digital platform for this account.

According to Nationwide, the investment aims to deliver "game-changing" customer service on the high street, and for mobile and online.

It's worth noting that over the last decade Nationwide went through a lengthy and costly core banking technology overhaul with SAP.

Antony Jenkins, co-founder and executive chairman of 10x Future Technologies, says: "Our digital delivery team looks forward to supporting the society in setting new standards in business banking – just as good digitally as it is in branch."

Nationwide has been working with 10x since last summer to test its thinking around the account and to scope the requirements for delivery. It aims to deliver the digital platform towards the end of the year.

According to industry rumours, Nationwide could receive £50 million funding from the Capability and Innovation Fund in the upcoming Pool B round.

Jenkins was Barclays former CEO, and he co-founded 10x alongside Brad Goodall (now Banked CEO). Goodall has also worked at Level39, Innovate Finance and ENTIQ.

The deal with Nationwide is good news for 10x since it lost a deal with Virgin Money last year as a result of CYBG's takeover of the financial institution.

Similarly, another UK banking heavyweight, Lloyds Banking Group, has recently invested partnered with (and invested in) 10x's rival, Thought Machine. Lloyds invested £11 million for a 10% stake in the core banking start-up.

Henry Vilar

Lack of buyers puts an end to UK's Raphaels Bank

Despite its long history, UK-based private bank Raphaels will soon be history after failing to attract a buyer.

Raphaels was founded in London in 1787 by Dutchman Raphael Raphael. The bank was owned by the Raphaels family until 1983 and has been owned by Lenlyn Holdings since 2004. The latter has been trying to sell it since 2015.

However, according to sources that spoke to The Times, Brexit uncertainty and the high price tag meant bids from Chinese and Russian buyers had dried up, leading to it being wound down.

Raphaels has customers with fixed-rate deposits who will be repaid once it closes, one source comments.

The bank sold its book of loans to Paragon Bank in 2018, and has closed down its pre-paid card business. It still has a network of cash machines in railway stations and shopping centres.

Banking Technology contacted Raphaels for comment.

Its response was this brief statement: "It has been known for some time that the shareholders have been looking to divest themselves of their interests in the bank and to date the motor lending division has been sold and we are gradually withdrawing from other lending activities.

"The bank continues to maintain its existing services at this time and is a sound, well-managed UK bank who are fully able to meet all obligations and commitments to their depositors, customers and partners."

Back in August 2016, Raphaels did become the "first new fully operational participating financial provider" of Faster Payments, the UK's 24/7 real-time payment service.

However, on its website the bank has been quiet – with no official updates since April 2017.

Antony Peyton

German savings marketplace Raisin acquires MHB Bank

Savings marketplace Raisin is bucking the current trend by buying Frankfurt-based MHB Bank, its long-time servicer.

The Berlin-based fintech says it will expand its areas of operation and value chain. While the firm is keen on open banking, it is not that keen on being open. Financial details were not disclosed.

MHB was founded in 1973 and Raisin will become the sole owner of the bank, which since 2005 has been in the hands of an affiliate of American private equity firm Lone Star.

Raisin CEO and co-founder Dr. Tamaz Georgadze explains: "Together with MHB, we can continue to develop – and seamlessly integrate – the services we offer customers, partner banks and distribution partners."

Raisin provides its customers with access to a variety of savings and investment products from across Europe. It has more than 165,000 customers and provides over 250 products offered by nearly 70 European banks on the fintech's seven platforms.

As its service bank in Raisin's largest market of Germany, MHB handles account management, customer identification and financial transactions, "all the preserve of licensed financial institutions".

In the past few years Raisin says it has expanded the services it provides customers and banks, particularly with respect to the range of offers and the availability of its products in the entire European Economic Area (EEA). The new acquisition is designed to expedite this growth.

Along with that, the firm wants to speed up the onboarding process for deposit banks and distribution partners like o2 Banking of Telefónica Germany and N26.

The acquisition of the shares in MHB is still subject to final approval by the German Federal Financial Supervisory Authority (BaFin) and the European Central Bank (ECB).

The fintech is doing pretty well as it recently closed a €100 million financing round.

In 2017 it took over PBF Solutions in the UK, which runs Raisin's UK branch.

Antony Peyton

Iraq's Rafidain Bank revamps tech with Oracle

Iraq's largest bank, Rafidain Bank, is understood to be implementing a suite of new Oracle software.

These include Oracle Flexcube Universal Banking for core banking, Oracle Banking Digital Experience for its digital channels, and Oracle Banking Payments.

It is understood the new tech will replace Finastra's Fusionbanking core banking system. Rafidain is a long-standing client of Finastra, formerly Misys. It used its legacy Bankmaster system for many years, and in 2012 signed to upgrade to Fusionbanking.

Oracle says "a leading Iraqi bank" has chosen to implement these solutions in its Q2 2019 financial results report, although the name wasn't revealed.

Neither the bank nor Oracle have replied to our comment requests.

In March this year, Rafidain expressed its readiness to establish branches in Iran, said Secretary General of Iran-Iraq Chamber Hamid Hosseini, according to the Tehran Times.

Henry Vilar

Tech giant SAS commits to £1bn AI investment in three years

SAS says it is investing $1 billion in artificial intelligence (AI) over the next three years through software innovation, education, expert services and more.

SAS aims to continue to partner with technology providers like Accenture, Cisco, Deloitte, Intel and NVIDIA.

The firm's current AI capabilities include advanced analytics, machine learning, deep learning, natural language processing (NLP) and computer vision.

The $1 billion investment in AI will focus on three main areas: research and development (R&D), education initiatives addressing customer needs, and expert services to optimise customer return.

"AI is changing the way society responds to all kinds of challenges," comments Laurie Miles, director of analytics, SAS UK and Ireland. "AI can bring significant value for organisations, but more than that, we believe AI can deliver great benefit to society – by investing in the future of analytics, we're investing in the future of human development."

SAS is investing in R&D innovation in all core areas of AI and embedding these capabilities into the SAS Platform and its solutions for data management, customer intelligence, fraud & security intelligence and risk management.

As part of this effort to boost R&D, SAS continues to partner with technology providers like Accenture, Cisco, Deloitte, Intel and Nvidia.

The firm cites as an example SciSports, an innovative Dutch sports-analytics start-up, which is applying computer vision from SAS to data streaming from soccer, or football, matches. SAS AI technology running on NVIDIA GPUs delivers in-game insights to coaches and managers.

Customer education and development initiatives, such as the new SAS AI Accelerator Programme, will focus on helping organisations and professionals get AI-ready at any level.

Among the many customers using AI and machine learning from SAS are firms like Connexions Loyalty, Daiwa Securities, and Volvo and Mack Trucks.

Henry Vilar

Bermuda allows local fintechs to play in US

New York-based Signature Bank is providing a full range of banking services to Bermuda-licensed fintech companies. This launch comes as a result of the Bermudian effort to up the country's regulation when it comes to fintech.

David Burt, Premier of Bermuda and MP of the Progressive Labour Party, says that the Bermudian government has been working to promote Bermuda as "the destination of choice" for fintech companies.

"Signature Bank's willingness to consider Bermuda licensed businesses for banking services is a significant vote of confidence in and endorsement of Bermuda's efforts to create a leading high standard regulatory regime for fintech business," Burt adds.

Signature Bank is an early entrant into the digital asset space, and aims to support "highly regulated players in the fintech and digital assets industry".

The bank is the first to launch a New York regulator-approved blockchain-based platform for managing money transfers between clients. JP Morgan announced a similar initiative, called the JPM Coin.

Joseph J. DePaolo, president and CEO at Signature Bank, explains: "Since launching at the start of the year, our blockchain based Signet system has onboarded multiple clients who are using it to send each other millions of dollars. Signature Bank is one of the few banks in the US that will provide deposit accounts and corporate debit cards to cryptocurrency start-ups but we are seeing non-crypto businesses signing up as well."

Bermuda launched legislation in 2018 aimed at this. Burt says Bermuda now hosts 66 fintech companies.

However, the absence of banking services for fintech companies has been an impediment to those companies who are looking to establish a physical presence in Bermuda.

Henry Vilar

Bulgaria's Municipal Bank gets core and payments tech from Oracle

Bulgaria's Municipal Bank is understood to be implementing a suite of new Oracle FSS software.

These include Oracle Flexcube Universal Banking for core banking and Oracle Banking Payments.

It is understood the new tech will replace CSoft's VCSBank, which has been in place since the mid-2000s. The supplier still lists the bank as a client.

Oracle FSS says "a major bank in Bulgaria" has chosen to implement these solutions in its Q1 2019 financial results report, although the name wasn't revealed.

Neither the bank nor Oracle FSS have replied to our comment requests at the time of the writing.

CSoft is a Bulgarian core banking supplier headquartered in Varna. During 2019, the firm developed banking digitalisation projects including electronic signing of documents, cash operations optimisation using teller cash recyclers (TCRs), embossing of debit cards, and an online platform for client onboarding and deposit opening.

Among its clients, it has Bulgarian Development Bank, EuroBank Bulgaria, and Corporate Commercial Bank.

Last year, Liechtenstein-registered fund Novito Opportunities acquired a majority shareholding (over 67%) in Municipal Bank from the Sofia Municipality for $35.4 million, and now owns 95% shares in the bank.

Novito is controlled by Liechtenstein-based investment fund CAIAC Fund Management.

Henry Vilar

FIS acquires Worldpay for $34bn

Banking technology giant FIS is acquiring payments firm Worldpay via a cash and stock combination – bringing Worldpay's enterprise value to approximately $43 billion (including the assumption of Worldpay debt, which FIS expects to refinance).

FIS is spending $34 billion on this purchase.

Under the terms of the agreement, Worldpay shareholders will be entitled to receive 0.9287 FIS shares and $11 in cash for each share of Worldpay. Upon closing, FIS shareholders will own approximately 53% and Worldpay shareholders will own approximately 47% of the combined company.

The firms say that this combination aims to expand and complement FIS' acquiring and payment offerings, while increasing Worldpay's distribution footprint.

"Scale matters in our rapidly changing industry," states Gary Norcross, chairman, president and CEO, FIS. "Upon closing later this year, our two powerhouse organisations will combine forces to offer a customer-driven combination of scale, global presence and the industry's broadest range of global financial solutions."

This acquisition comes hot on the heels of another massive deal in the payments space: Fiserv, another US heavyweight and direct rival of FIS, buying First Data.

Worldpay, as it is today, is also the result of a big merger with Vantiv announced back in 2017.

The combined company of Worldpay and FIS will have pro forma 2018 annual revenue and adjusted EBITDA of approximately $12.3 billion and $4.9 billion, respectively.

Upon closing, the combined company's board of directors will consist of 12 members, seven of which will come from FIS' board of directors and five of which will come from Worldpay's.

Gary Norcross will remain as FIS chairman of the board, president and chief executive officer. Charles Drucker, Worldpay's current executive chairman and CEO, will serve as the executive vice-chairman of the board.

The transaction is subject to receipt of required regulatory and shareholder approvals and other customary closing conditions and is expected to close in the second half of 2019.

Henry Vilar

Finastra core system fuels Al Taif Islamic Bank

Al Taif Islamic Bank in Iraq has chosen Fusion Islamic, Finastra's core banking solution for this market, to "kick start its retail business".

The bank is described as a "challenger" but was started 15 years ago as Al Taif Company for Money Transfer and is part of Al Taif Group.

Finastra's solution is of course delivered with pre-configured Shari'ah compliant products.

Reda Hamza, CEO at Al Taif Islamic Bank, says: "Our vision is to challenge the status quo of the financial services sector in Iraq and there is a strong opportunity to offer new services to the unbanked population here. In addition to our branch presence, going digital is the best way for us to reach this market."

The bank will also get access to FusionFabric.cloud, offering the chance to develop new features and capabilities in the cloud either internally or in conjunction with external parties such as fintechs and developers.

Wissam Khoury, MD Middle East and Africa at Finastra, adds: "Al Taif Islamic Bank is the first Iraqi private bank we have worked with, and is a great example of a forward-thinking organisation ready to embrace digital."

Khoury explains that whilst this deal is initially aimed at the bank's retail customers, it has also signed a partnership with the Al Taif Group's IT arm (Al Taif Technical Services) to "build skills and capabilities to help transfer knowledge in the growing Iraqi fintech sector, enabling us to develop our presence in the region and encourage collaboration".

Antony Peyton

Fears over Bank of Ireland €2bn tech revamp cost

Bank of Ireland's five-year €900 million modernisation initiative – aka Project Omega – is over budget and costs could rise to €2 billion.

Sources close to the project that spoke to The Times, say there are growing concerns about "scope creep", with the plan being changed regularly in a bid to keep the lid on costs.

The budget for the IT project, which aims to replace all the bank's legacy systems, was increased from €900 million to €1.4 billion in the summer of 2018, including an extra €250 million allocated for business restructuring.

As reported in October 2017, Bank of Ireland's new CEO was understood to be reviewing Project Omega.

At that time, analysts from research firm The Davy said in a report that although Bank of Ireland investors have "digested the cost" of the IT programme, they have not yet factored in its benefits, including that it will "materially improve" the lender's cost-income ratio and return on equity.

The bank embarked on the core banking system revamp in 2016 – with a price tag of €500 million. The offering is known as Capgemini's Banking Platform, and is underpinned by Temenos' flagship core system, T24. Meanwhile, another major consultancy firm Accenture was selected as the delivery partner.

In its latest financial results, Bank of Ireland says this "transformation" saw an investment of €306 million in 2018 for "growth ambitions, improving customer service and driving efficiencies". It notes that €113 million was expensed to income statements.

The bank says the "foundations" of the new core banking platforms are in place, with a new mobile banking app launching this year. It explains its "first full scale customer deliverable" is using new Temenos technology.

The bank adds: "Our systems transformation has made good progress with the testing of our first customers on the new core banking platform."

Antony Peyton

Mexico mulls mobile paytech with Amazon

Mexico's central bank is in discussions with Amazon to bring in a new government-backed mobile payment system offering online purchases via QR codes.

According to Reuters, the bank's head of payments says this would be the first time Amazon offers such scanning technology in Mexico and could eventually open a new customer base in a nation where more than half of the population has no bank account.

The payment system, known as CoDi, is being built by the central bank Banco de México (aka Banxico).

CoDi will let customers make online and mobile payments using QR codes. It aims to bring more people into the formal financial sector. A pilot roll-out was expected in March.

Amazon and Argentine rival MercadoLibre have approached the bank about adopting the system, Jaime Cortina, Banxico's director of operations and payments, tells Reuters.

"They have also said that they could implement it relatively quickly," Cortina explains, adding that CoDi was specifically designed so that it can facilitate payments online as well as in stores.

Amazon declines to comment. MercadoLibre confirmed that its payments arm MercadoPago was in contact with the central bank about digital payment solutions but declined to comment further.

Amazon launched its first debit card last year, targeting consumers without credit cards.

This latest move is part of Mexico's desire to boost its fintech sector.

Last autumn, Mexico's Fintech Law, which had been touted for over a year, came into effect. This law is the nation's most coordinated effort to tackle regulating fintech firms. There was nearly two years of debate around it, and the law seeks to regulate four main areas: crowdfunding, cryptocurrency, APIs and data sharing, and sandbox ecosystems.

Antony Peyton

nCino lands new customers in Stockholm and Sydney

Swedish SME lender DBT Företagslån is the latest fintech to team up with US cloud banking firm nCino. The Stockholm-based company will leverage nCino's Bank Operating System to automate and digitise its own workflows.

DBT Företagslån CEO Alexis Kopylov says: "For DBT, all digital investments are made with the single focus on strengthening the customer journey. The nCino platform is an important enabler for this ambition."

Kopylov credits nCino's experience in both banking and in working with fintechs, which he says would help his firm "challenge the status quo".

"nCino was the only system that we evaluated that did not feel like a cumbersome tool, but a solution that will strengthen the customer experience and enable further scalability of our operations," Kopylov explains.

The partnership announcement highlighted a handful of features of the Bank Operating System, including the Customer Portal and the nCino Community. The portal enables customers to interact with staff members via the channel of their choice. The nCino community provides an online ecosystem where users, developers, and analysts can access exclusive content, as well as discuss and share best practices.

Elsewhere, Australian commercial property lender Thinktank has implemented Bank Operating System to automate and digitise its own internal processes.

Thinktank CEO Jonathan Street praises nCino's background and experience in the banking sector, and the fact that the company "shared (Thinktank's) financial services DNA".

This is important, Street explains, insofar as commercial property lending has unique features that differentiate it from most lending systems. The technology's integration with Salesforce was another strong point for Thinktank, he adds, enabling the firm to be more efficient and have better control over its data.

Based in North Carolina, and founded in 2012, nCino says average clients are experiencing reductions of 92% in servicing costs and increased account opening completion rates of 127%.

It works with more than 200 financial institutions around the world, including Navy Federal Credit Union, the largest member-based credit union in the US.

nCino has raised $133.2 million in funding to date, and includes Salesforce Ventures and Insight Venture Partners among its investors.

David Penn, Finovate

Personal finance app HyperJar preps for spring launch

London-based personal finance app HyperJar is getting hyped up for its launch this spring.

The start-up says it's on "a mission to wake up the billions of pounds sleep-walking through people's lives, and put that money to work for them".

It is keeping a lid on its HyperJar and comments as it didn't respond to questions on Twitter. Its website is also a spartan affair at present.

However, it is live with select pilots and will launch more broadly in 2019. It is currently in "stealth mode".

The firm was officially founded in 2016. Along with its London office, it has an accelerator centre in Waterloo, Ontario.

Mat Megens is the London-based founder and CEO of HyperJar.

He brings plenty of experience to the table. For example, he's worked as a consultant – senior supply chain finance product specialist at International Finance Corporation (IFC) in Washington DC.

In addition, Megens has been MD at Mack and Bear in London. This is an advisory firm providing fund-raising, general financing and advice to private equity and venture capital firms, and tech start-ups.

Antony Peyton

French firm PayTrip launches prepaid for relatives abroad

French fintech PayTrip is launching its prepaid card in France and Belgium to address the limitations of sending money to relatives abroad.

Bennaceur Kasbi developed the idea behind the PayTrip prepaid card. The concept was born while Kasbi, an engineer, was living in Versailles and sending money home to his parents in Casablanca.

Hidden costs, commissions and a lack of security prompted him to imagine a better, more transparent solution based on prepaid bank cards.

He claims that using PayTrip will simplify the process and reduce the timeframe from a few days to a few minutes – which will benefit people who want to support their family during a difficult time or send money home regularly.

Earlier this year, PayTrip raised €1 million from private investors and banks, including Bpifrance, and has now launched in France and Belgium. PayTrip is an integrated solution consisting of a platform, a bank account and Mastercard international payment cards, with funds guaranteed by Barclays.

"The market for personal money transfers from France to Africa is estimated to be between €7 billion and €10 billion per year," Bennaceur says.

The subscription-based model, starting at €3.49 per month, is open for two types of customers: European residents of African descent and families who want to make money available to their children without opening an account.

A second fundraising round is already under consideration.

Jane Connolly

NEWS

Palestine Islamic Bank goes digital with Temenos to the core

Palestine Islamic Bank (PIB) has chosen Temenos' Infinity front office platform and T24 Transact core banking system for its digital revamp.

Founded in Palestine in 1995, PIB operates a network of 43 branches, making it the largest Islamic banking network in the country.

Bayan Qasem, general manager at PIB, says: "We selected Temenos as our technology partner to future-proof our ongoing growth, transform the customer experience and achieve operational excellence."

As part of the deal, PIB also gets Islamic banking capabilities, analytics and reporting; and risk and compliance. It is understood the new software will replace the ICS Banks system from ICS Financial Systems (ICSFS), which has been running in the bank for a decade.

Interestingly, at the start of 2018, PIB selected a different supplier and tech – Oracle FSS's Flexcube (core banking) and analytical applications. The project, however, was shelved with the arrival of a new shareholder later that year, The National Bank (TNB). Via its buy-out vehicle – the National Islamic Investment Company – TNB bought 45% of PIB for $70 million, making it the majority shareholder. TNB is already a T24 Transact user (it went live with the system in 2017).

Temenos states that PIB selected its offerings following a "rigorous, competitive evaluation".

Other users of T24 Transact in Palestine include SAFA Bank.

Henry Vilar

Nymbus banking tech suite is Inspire-d choice

Pennsylvania-based Inspire Federal Credit Union has now implemented Nymbus' core, internet banking, mobile banking and payment solutions.

This follows on from July 2018 when Inspire FCU (formerly Bucks First FCU), a 15,000-member financial institution founded in 1936, revealed it was making the move to Nymbus.

At that time, president and CEO of Inspire FCU, Jim Merrill, said: "Inspire will eliminate 15 technology vendors after we convert to Nymbus."

Nymbus says its digital-first product suite allows Inspire to "unify all the required banking functions into one solution, enabling a multi-channel member experience, while automating and simplifying back-end processes and workflows for its employees".

Inspire is using Nymbus' full suite of solutions including SmartCore, a core banking platform; and SmartDigital; its internet and mobile banking suite.

In addition, it has SmartPayments, which will manage the authorisations and transactions for Inspire's debit card programme while providing real-time fraud protection.

In other news, last year Texas-based TransPecos Bank turned to Nymbus for the launch of a standalone digital banking brand – BankMD – that focuses on medical professionals. The operations of BankMD will be outsourced to Nymbus via its SmartLaunch platform.

Antony Peyton

New Zealand heads to open banking

New Zealand is on the path to open banking with Payments NZ releasing the first API standards for payment initiation and account information.

As reported in March 2018, governance organisation Payments NZ unveiled an industry API pilot to test open banking and digital payments in the country.

That pilot was conducted by six partners – ASB, BNZ, Datacom, Paymark, Trade Me and Westpac – a mix of banks and third parties. They built and tested account information and payment initiation models.

In the latest step, Steve Wiggins, chief executive, Payments NZ, says: "These open payments-related standards will be used as an important building block for new innovation which can benefit all Kiwis."

Over the past year, it's been working on a shared API framework and pilot to bring common API standards and an API standards ecosystem to life.

The objective of this work is to make it easier for organisations to partner using standards, so they can bring financial services innovation to market "more simply and quickly".

Wiggins adds: "So what does the release of these standards mean? We've learned a lot over the past year since we kicked off the industry pilot and framework development. One of our key insights has been the value of getting some practical experience under our belts."

He does note that the pilot took longer than originally thought. This was because the development and build processes for banks and third parties take time and technical specifications can be interpreted in different ways.

Along with the banks and third parties above, Wiggins says other working group organisations – ANZ, Kiwibank and Merco – helped.

Payments NZ's new API standards service will be opened in a few months' time for organisations to become registered standards users.

Alongside this API workstream, through its "Payments Direction" programme, it is also working on investigating 365-day service availability, proxy identifiers, speeding up its payment systems, informative transactions and request to pay.

Antony Peyton

Indian lendtech Spoon readies for launch

Spoon is a new Indian micro lending firm in the works, targeting a near-future launch of its mobile app that aims to make micro loans accessible throughout its home country.

The firm says that it is targeting millennials, making the service available via mobile 24/7, 365 days a year.

One of its cofounders, Vivek Sasidharan, says: "I want to build something that will help a lot of people. You feel something special when you make someone's life easy for them."

Sasidharan founded Codeister Technologies, being CEO of the firm. Its first product was an expense tracker for the Android app with digital wallet support.

Codeister Technologies was "acquihired" by CareStack – a tech provider for the US dental market. Sasidharan then became a software engineer for the firm.

On its website, the company states: "With Spoon, you don't have to worry about the hefty interests anymore. We charge only a small interest. We don't have any hidden charges as well."

The firm delivers the lent money to the user's e-wallet. Through the app, users may upload a selfie and a photo of their Aadhar Card and PAN Card to complete the application process.

The loan will get credited to their account in 48 hours, if approved.

Henry Vilar

HSBC launches PSD2 developer portal

HSBC has unveiled its PSD2 developer portal designed to allow third party payment providers to develop products and services across Europe.

The bank says this is in line with the UK's Competition and Markets Authority (CMA) Open Data Specifications – and will help the bank to meet the requirements of PSD2.

The portal is a sandbox environment where developers can test APIs for three services: account information, payment initiation and funds confirmation. Developers can access mock data from retail and corporate payment accounts.

Nadya Hijazi, global head of global liquidity and cash management digital, HSBC, says the portal brings "new innovation to the market through an intuitive developer ecosystem".

This testing facility provides developers with the choice of Open Banking Implementation Entity (OBIE) and STET standards, with work underway to include the Berlin Group standards.

The bank is usually active in the fintech space.

Recently, Proactis, a spend management and B2B e-commerce company, secured £20 million in funding from HSBC UK for its SME market ambitions.

In Singapore, the bank backed insurtech CXA Group's $25m funding.

Over in the States, HSBC US Commercial Banking teamed up with Neptune Financial to target middle market businesses.

While in February this year, HSBC began beta testing its PayMe System for businesses, with 15 retailers in Hong Kong now able to accept payments from customers using the e-wallet app.

Antony Peyton

Flexcube core banking system gains new takers in LatAm, Europe and Asia

Banco Votorantim in Brazil, Ghazanfar Bank in Afghanistan, Tamvil in Tajikistan, Prince Bank in Cambodia, and FEDinvest in Albania are implementing Oracle FSS's Flexcube core banking system.

Banco Votorantim is the seventh largest bank in Brazil, operating in the wholesale, retail, treasury, asset management and brokerage fields. It opted for the Flexcube core banking system last year. It is understood the bank is replacing the Temenos T24 system, which was installed at the bank over a decade ago.

Meanwhile, Afghanistan-based Ghazanfar Bank is understood to be replacing the iCBS core banking solution from Indian banking tech firm Virmati with Flexcube. The bank signed for a broad suite of products from Oracle, including core, digital experience, lending, payments and financial analytics solutions. Ghazanfar Bank has been operating since 2009, offering conventional and Islamic banking services.

Tamvil LLC, a microfinance institution in Tajikistan, has also recently signed for Flexcube, to *Banking Technology*'s knowledge. Meanwhile, another MFI in the country, Finca Impact Finance Tajikistan, is looking to replace Flexcube with another core banking system and is currently in search mode.

In Cambodia, Prince Bank, which transformed from a microlender into a fully-fledged commercial bank last year, has invested over $10 million in its technology modernisation initiative. It selected Flexcube for its core banking operations, with two system integrators and Oracle partners – Techurate and Deam Computer International – assisting with the implementation.

BPC Banking Technologies is providing its SmartVista suite of solutions for cards and payments to Prince Bank. Idealink Consulting, a local partner of TESS International and Dow Jones, is providing anti-money laundering and terrorist financing (AML/CFT) tools. And finally, iFinancial System Services is supplying cash recycling machines to the bank.

In Albania, FEDinvest, a saving and credit association that focuses on financial inclusion and poverty alleviation in the rural areas of the country, is implementing Flexcube for core and Oracle's front-end tech for digital channels, Banking Digital Experience.

Tanya Andreasyan

Why open banking is going to be so exciting for payments

You have definitely heard of open banking, a pan-European initiative that is forcing banks to create APIs for other technology companies to integrate and build on top of.

The majority of the spotlight has been shone on the ability of other companies to access our bank accounts via these secure APIs.

But what you might not have heard of is the payment opportunity that is going to be created from the new regulation.

We sat down with Ben Wakeham, co-founder and CEO of Pollen Technologies, one of the first companies to be regulated for these new payment permissions.

He believes that the fundamental changes in the payment model will benefit both the payer and the payee, with the opportunity stretching to both consumer payments and (the much larger, but much less innovated in) business payments space.

And the market insight so far would seem to agree, with estimates for payment via open banking to hit £300 billion of transactional volume by 2020.

According to Wakeham, these are the biggest reasons why this form of payment is going to be so exciting:

FOR BUSINESSES

Reduction (even removal) of transaction fees

Prices for online card payment acceptance have now become so high (+3%) that some merchants had even begun adding it on as a separate fee at checkout. This is due to the number of middlemen taking a slice of the transaction (issuers, processors, gateways, acquirers).

With open banking, payments run on the Faster Payment network, with banks not allowed to charge any different to what they do now, which is nothing. Meaning companies like Pollen are not only looking to dramatically undercut the existing card payment providers, but even potentially not charge for the payment at all, monetising other data-led opportunities instead.

And with the payment surcharging ban now in effect, it is of even more importance for businesses to watch their payment acceptance fees.

Direct settlement to bank

The existing card payment model involves the creation of a merchant bank account, which is separate to a business' main bank accounts; and also under the control of their payment service provider, not the business. This is so that any chargebacks and fees can be taken, often meaning businesses don't get access to their funds for seven or more days. With open banking, funds are delivered directly to the businesses bank account with instant settlement. Yet again removing unnecessary middlemen.

Omnichannel acceptance

The open banking payment model is relevant to both online and physical payments. The concept of secure customer authentication (SCA) is going to affect all forms of digital payment as of September this year, aligning the user experience of both card payments and open banking payments, with the mobile phone becoming the enabler. This is incredibly important with the notion that for something as important as a payment, repeatability creates comfort and trust.

FOR PAYERS

Instant (cheap) credit at checkout

At the point of payment a quick additional use of the account information service providers (AISPs) regulation during customer authentication – in real-time or pre-authorised – would enable an instant credit option. The revolutionary part, however, is that there is the potential for a marketplace model, with banks competing in real-time to analyse the data and offer the best price.

If Wakeham and his firm are right in their thinking, this would be a fundamental change in not only how payments are made, but also the credit and lending industry.

It's going to be fascinating to see how this plays out over the next few years. **bt**

At the centre of banking transformation

Ahead of the Temenos Community Forum (TCF) 2019 *Banking Technology* asked *Jean-Michel Hilsenkopf*, COO and member of the executive committee at Temenos, about the major themes in banking today.

Are banks sufficiently prepared for the digital future and what should be top of their agenda?

End-to-end digital transformation will deliver the ultimate returns for banks. They all want it but see a difficult journey ahead. They understand the urgency but face the challenges of cost, legacy systems and agility.

Only about 20% of banks have started that journey. Yet more and more will, as their customers increase pressure on them to deliver the types of products and services they want and as they have to respond to competition from newcomers – be that fintechs or tech giants. This will force banks to think about the digital issue in its entirety – from the front to the back end. They need to lower their cost base, become more profitable, innovate and create new products and services quickly.

But digital transformation doesn't need to be complex, lengthy and costly, provided you choose the right technology partner. At Temenos we believe in integrated, packaged, open upgradeable software and we combine the richest functionality from 3,000 banks in over 150 countries with revolutionary cloud-native, cloud-agnostic technology. Our goal is to offer banks a dramatically lower-cost, faster route to deploying software, providing them with greater agility and accelerating the speed of innovation.

Which banks have successfully applied digital transformation initiatives and what could others learn from them?

Bank Leumi is a great example of an incumbent bank that has embraced transformation. Its digital bank, Pepper, was launched in Israel in June 2017 and runs on Temenos T24 Transact – our core banking product. Being digital since its inception, there are no hangovers from any legacy systems so it can launch new products and services quickly and efficiently – there is a key lesson in that. It's a parallel bank model and proving hugely successful, so much so that Leumi has just announced it is exploring how to launch Pepper in the US.

Judo Capital is another example of a neo bank in Australia focused on the SME market, which is about to go live with Temenos Infinity (an omnichannel platform) and Temenos T24 Transact. The bank leverages our Australian model bank and the cloud to launch faster with the lowest TCO.

Which emerging technologies do you see as game-changers and will have the greatest impact on banking? What is Temenos doing in these areas?

Temenos is innovating on all fronts. With our API-first technology, Temenos Infinity and Temenos T24 Transact can connect in a fast and controlled way between products, systems and third parties. We also just launched our Temenos Developer Portal with an extensive library of over 400 published APIs. This is open to clients, partners and any third-party developers enabling them to innovate at speed and accelerate time to value. Open, API-first technology, combined with an extensive community of developers, massively reduces the cost of deployment.

We also introduced the Temenos Continuous Deployment SaaS product, based on DevOps principles. By adopting a "code in the morning, deploy in the afternoon" approach, Temenos Continuous Deployment can reduce the time required to develop, test and release software changes from months to days or hours. This dramatically cuts down project costs.

Clearly, AI is also one of the most exciting emerging technologies for banks. It really will help them innovate across the full spectrum of operations. At the front end it will allow banks to deliver highly personalised services quickly, and at the back end it will enable them to automate processes, bring down costs and switch investment towards revenue-generating activities.

The other big development building momentum in the industry – but admittedly not an emerging technology – is cloud. Temenos has been a leader and a pioneer in the cloud. We were the first to put core banking in the cloud in 2011, and recently we launched two very important products, Temenos Infinity and Temenos T24 Transact – both are cloud-native and cloud-agnostic. The former is a breakthrough digital front-end product and the latter is our next-generation core banking product. These two pre-integrated products dramatically reduce the cost of software deployment and bring down the barriers for banking transformation.

> "We were the first to put core banking in the cloud in 2011."
>
> Jean-Michel Hilsenkopf, Temenos

Temenos has been extending its influence across banking technology in the past few years with new product launches and acquisitions. Could you tell us more about your strategy?

In simple terms our strategy is to ensure our clients' success. Temenos' vision is to dramatically reduce the cost of deploying software by providing banks with greater agility and accelerating the speed of innovation.

Traditionally up to 70% of a bank's cost of IT renovation consists of integration, deployment, testing and configuration. The only way to reduce this cost dramatically and improve functionality significantly is firstly by using integrated, open, upgradeable, rich and proven packaged functionality combined with revolutionary cloud technology. Secondly, is by renovating the end-to-end stack by building a new stack and continuously migrating new products and customers. We call this Build and Migrate continuously.

We offer integrated, open software which operates on the most advanced cloud-native, cloud-agnostic technology. But most importantly it is packaged and we invest heavily in its constant improvement based upon input from our client community – the largest in the world.

We are thought leaders and have been at the forefront of innovation. We were the first to offer a core banking system with real-time 24/7 capability, the first to launch a core in the cloud, and first with MarketPlace, our online digital store with over 150 financial software products.

We invest aggressively in our product roadmap and constantly ensure that we stay at the forefront of innovation; over 20% of our annual revenues goes into R&D, which is the highest in our industry. >>

"Working at Temenos is unlike working anywhere else. It's what we call 'Temenosity'. It's about having the audacity to do things differently; the integrity to do it right; and the passion to get it done."

Jean-Michel Hilsenkopf, Temenos

Your launches this year include two new cloud-native, cloud-agnostic products, which you describe as revolutionary. What makes them so different?

We are the only banking software vendor to offer the most complete functionality combined with most advanced cloud-native, cloud-agnostic software products. Both Temenos Infinity and Temenos T24 Transact have built-in functionality developed from working with more than 3,000 banks for 25-plus years in some 150 countries. Taken together, this means they allow us to take a bank through a digital transformation faster and at lower cost and risk than any other vendor. This is what makes them so different.

Last year and the first quarter of 2019 have been very busy for you, and you've announced several major deals. Are banks worldwide hungry for core banking transformation? What is the secret of your success?

Our success goes back to our founding principles – to concentrate on delivering the best integrated, packaged, functionally rich and proven, open, upgradeable banking software possible. We offer pre-integrated software so banks can implement a complete stack from Temenos avoiding the integration costs with home grown solutions and legacy systems.

We offer wide, out of the box functionality from all segments of banking – which means that banks don't need to spend time and effort to develop it themselves. And we can deploy the software continuously. We offer a "code in the morning, deploy in the afternoon" approach. This results in 100x more and faster testing and allows banks to accelerate innovation and have a faster time to value. This dramatically reduces implementation costs and risks.

As for growth, the potential is global. Europe is our powerhouse, next is the US where business is accelerating as banks embark on digital transformation projects and neo banks come at the forefront. The Avoka acquisition will be key. It has given us further momentum, but we've also recently made some important strategic deals such as with PayPal, and signed a top-tier US bank to Temenos Infinity. The market there is changing rapidly, and when it can see successful Temenos banking transformations and neo banks it helps us win business – people just need to look at Varo Money, Commerce Bank and PayPal.

Temenos recently went through a management change and has many new initiatives. What excites you most and what can we expect from 2019 and beyond?

Working at Temenos is unlike working anywhere else. It's what we call "Temenosity". It's about having the audacity to do things differently; the integrity to do it right; and the passion to get it done. This is what excites me and makes me happy to come to work every day.

We've got the resources to invest aggressively in our product roadmaps – 20% of our revenues every year go into R&D, more than any of our peers in the market and more than a tier 1 bank could afford to invest in banking software innovation. But we've also got the agility of a start-up, so we always stay ahead of the market and get things done very fast. I think this is what lies behind our winning strategy – that and our great team.

We're all focused on building the future of banking, based on 25 years of innovation and excellence, as we enter our next phase of growth. **bt**

Jean-Michel Hilsenkopf is chief operating officer (COO) of Temenos and a member of its executive committee.

He is one of the original members of the company, having joined in 1993. His deep understanding of the company, its culture, and passion for delivery gives him the vision to drive the strategy forward.

Prior to taking up his current role, Hilsenkopf was chief revenue officer. He previously held the position of managing director for Temenos in Europe, Middle East, Africa and Latin American regions, as well as Temenos Cloud, regional general manager for Europe.

Hilsenkopf has also successfully integrated several acquired companies, such as Odyssey and Viveo. Before joining Temenos, he worked as a consultant in the banking sector.

COMMENT

What can banks learn from fintechs about strategic messaging?

By *Greg Palmer*, VP of Finovate

Successful fintech companies of all sizes tend to spend a lot of time and effort crafting a strong institutional identity. This is easy to see at the Finovate conference, where fintech innovators have a very limited amount of time to get the audience interested in their technology. It's not easy to show what a new solution can do in just seven minutes, but it's even harder to make an audience of strangers *care* about what that solution can do. And if the audience doesn't care, they won't reach out to connect.

To get the level of interest a fintech needs to be successful, it's vital to spend a lot of time focusing on messaging. Fintechs need to have powerful, tight, 30-second summaries of their core value proposition in order to attract customers, funding, or media attention. These are all crucial steps in the lifecycle of any tech company, and I've spent a lot of time working in this area with fintechs of varying sizes. The more I see of the fintech/FI space, though, the more clear it is to me that banks should be thinking of their strategic messaging in a similar way if they want to engage successfully with fintech.

Banks that don't have (or aren't able to articulate) a clear vision will struggle to engage productively with new technologies, no matter how enthusiastically they pursue them. How do successful fintechs do this well? And what can banks learn from them?

If you've ever demoed at a Finovate event, you know that I offer personalised demo coaching calls before the event to help make sure that everybody who gets up on stage feels prepared and ready. There's a wide variety of things that these calls tend to cover, but one of the most important things that I tend to talk about centres around creating and articulating a strong set of "core messages" for the demo. The idea here is to imagine that the audience writing down three quick bullet points at the end of your seven minutes on stage. In your perfect world, what would those bullet points say? Or to think of it another way, if the audience remembers only three things about your company, what should those three things be? Talking about *how* the technology works isn't enough – successful demos go deeper level and get into *why it matters* that it works. If you can't communicate to the audience why they should care about what you're trying to do, they're not going to stick around to see if you can do it or not.

This thought-exercise leads to a stronger demo at a show like Finovate, but its value goes beyond that. Taking the time to develop clear, high-level messaging can have powerful benefits when it comes to marketing/sales messaging, the customer segment you choose to target, the partnerships you need to build, and how you communicate priorities internally. The number of key business objectives that flow from successfully articulating and maintaining a strong sense of direction is massive, which is why this is something that successful fintech firms all seem to have in common.

On the other side of the industry, banks haven't been forced to undergo this kind of deep introspection in the same way that their tech providers are, but that's about to change. Right now, technology is dramatically changing the way people interact with their money and the financial institutions that they use to store it. Banks of all shapes and sizes are going to need to adapt to these changes, and they're going to need to engage with technology in a strategic, intentional way if they want to survive. But where to begin?

One popular option is to explore the market by looking at all of the various kinds of fintech that are out there and assessing what looks like it delivers value. Once the "best" fintech is identified, the goal becomes figuring out how to implement it into an existing strategy in a way that minimises risk. There's nothing inherently wrong with this approach, but it's hard to find a unique identity when your strategy is dependent on an external marketplace, rather than your own ambitions.

> "Rather than trying to analyse and understand the entire marketplace, I recommend taking a step back from the tech itself and thinking at a really high level about what you're trying to accomplish."
>
> **Greg Palmer, Finovate**

Here's where that same thought exercise that pre-Finovate presenters undergo can become really useful if you're a banker. Rather than trying to analyse and understand the entire marketplace, I recommend taking a step back from the tech itself and thinking at a really high level about what you're trying to accomplish. Start with the really big pieces, like the opportunity you're trying to open up, the threat you're trying to defend against, or how you want your customers (or prospective customers) to think about you. Or, to rehash language from a few paragraphs ago, why does it matter if your fintech strategy is successful or not? These are questions you're hopefully already thinking about, and you probably already have answers to them, but you're also probably not being forced to refine them and articulate them regularly.

Take the exercise to the next level, and try coming up with your own set of fintech core messages – what are the three most important aspects of your fintech strategy? Can you summarise them into bullet points? Can you explain them easily to others inside and outside of your organisation? If you can, do they remember them the next day? Next week? Next month?

> "Talking about how the technology works isn't enough – successful demos go deeper level and get into why it matters that it works.
>
> **Greg Palmer, Finovate**

Obviously, most bankers won't find themselves in a position where they need to give a Finovate-style demo to a room full of potential investors and customers. That said, being able to answer yes to these questions will make it easier for tech innovators to deliver products you want, easier for your marketing and sales teams to make the most of the tech you bring in, and easier for your customers to understand what you're doing for them.

And of course, later on, when you *are* asked to give a speech about how you were able to pull everybody together to deliver a successful digital transformation, you'll be ready. **bt**

Smallholders, big dreams

An ambitious vision for raising smallholder farmers in sub-Saharan Africa out of poverty through applying technology and building better finance models is taking shape. *Martin Whybrow* talks to *Hirander Misra*, CEO at exchange trading specialist, GMEX Group, about the considerable challenges and opportunities.

Financial inclusion and improved price transparency could make a major difference to the livelihoods of smallholder farmers in sub-Saharan Africa. A project at the Agricultural Commodity Exchange for Africa (ACE) in Malawi shows what can be achieved but bringing the benefits to the wider sub-Saharan Africa involves another level of complexity.

This is the aim of a venture called FinComEco. Set up by exchange trading and post-trade technology specialist, GMEX Group, it is seeking to tackle a number of the systemic productivity challenges that face smallholders in Africa by fostering the growth of a financial and commodities ecosystem.

The challenges should not be under-estimated. For one thing, there are a lot of entities that need to be mobilised, comprising local stake-holders, development organisations, governments, research bodies and the private sector. For another, there is the sheer scale of the task. There are an estimated 700 million unbanked farmers in sub-Saharan Africa and every country has its own structures and complexities.

At the heart of the problem, says GMEX Group CEO, Hirander Misra, is the lack of price transparency for farmers for their produce. Better prices would mean improved income, allowing them to better afford seeds, fertilisers and other "inputs" and opening up credit.

MALAWI ROOTS

How can technology help? In 2015, GMEX undertook a business and technology study for ACE that led to an electronic trading and warehouse receipt project.

Price information is provided via mobile phones to the farmers or to associations or village chiefs. They can then use that price to directly negotiate with buyers. In addition, ACE organises auctions where buyers advertise what they want to buy and SMS messages are sent out to farmers, who can respond via rural warehouses, agents or directly with ACE if they want to be a part of the auction.

The receipt aspect of the project stems from operators being able to issue warehouse receipts that guarantee quality and quantity. Buyers can purchase these and the receipts can then be used to secure financing from banks.

The solution has had a considerable impact in Malawi, says Misra. Price updates are provided at regular times throughout the day and were accessible in the first year by 47,000 famers. There was an average 31% increase in income from the better price transparency and from use of warehouse receipts.

There is still plenty of scope for improvement. In Malawi, the system financed nearly $10 million worth of receipts in the first year but with adequate financing that could have been much higher, says Misra.

Typically, smallholders seek to produce what they need for their own consumption and then sell any excess, which generates income. "It boils down to, how do I feed my family and plan for next year's harvest," says Misra. This tends to mean lots of street sellers at particular times during the year with too many of the same produce, such as bananas, trying to eek out a living and with a lot of waste.

NEXT STEPS

Following on from GMEX's Malawi project, FinComEco was launched to ultimately create a continent-wide ecosystem that is intended to span spot exchanges, warehouse receipt programmes and core mobile banking platforms while also bringing in partners for finance, inputs, warehouse and logistics to further scale the venture.

Those local warehouses could also be aggregation points for education and other services. Around the warehouses, it is envisaged that other enterprises will arise, so that it isn't only the raw produce that is exported but also, in time, end products as well – so not only tomatoes but tomato paste, for instance. "This would increase revenues, reduce deficits and mean less reliance on aid," says Misra.

> "With viable underlying market data and benchmarks, it should be possible to create futures products based on local indices."
>
> **Hirander Misra, GMEX Group**


Hirander Misra, GMEX Group


ACE training

Another example is cocoa from Cote d'Ivoire, where only the raw material leaves the country. "We're saying, where the raw material is, economies can only sustain themselves and increase GDP if there is the value-add. It needs manufacturing, to take things to the next level."

There will be further expansion in Malawi – which provides a good "test bed" for next steps – and on a wider scale across the continent, on a country-by-country basis and with a vision to eventually link the country exchanges to provide a pan-African platform. There would probably be regional integration to start, says Misra, such as for the West Africa Monetary Union.

Most commodity prices are set on the European and US exchanges, which leads to speculative trading. "With viable underlying market data and benchmarks, it should be possible to create futures products based on local indices," says Misra. The derivatives exchange in Mauritius is an example, he adds.

"We realised that the problem of farmers caught in the lack of transparency trap was common across sub-Saharan Africa," says Misra. FinComEco has looked at different models already in operation but none seem be ideal, he says, typically lacking volume and with incomplete links to the relevant ecosystems. >>


Soya farmer

> "It boils down to, how do I feed my family and plan for next year's harvest."
>
> **Hirander Misra, GMEX Group**

The proposed FinComEco solution is not only about technology and logistics, it is also about building trust. "To instill trust, we have to show them early wins," says Misra. "There is distrust in the ecosystems because there are a lot of bad middlemen, and there have been so many promises, so many pipe-dreams before."

IMPROVING FINANCING – BLOCKCHAIN AND BEYOND

The financing aspect is a crucial one. The experience form Malawi has shown that, even with the collateral from receipts, many local banks are focused on wholesale lending so find it cumbersome to do retail lending. "They price in a way that shows that they don't really want to do it so you see interest rates of, say, 25-30%, which is obviously uneconomic for the farmers."

There are discussions with banks, at a local level, with a memorandum of understanding for one country, as well as with some that operate in multiple countries. "But to make a more attractive finance model we need to open up new forms of financing". This has led to FinComEco establishing a 50/50 joint venture called Food Asset Commodities Ecosystem (FACES) Blockchain with UK-listed company Block Commodities. FACES Blockchain has in turn partnered with Swarm Fund to help raise capital using blockchain technology via a cryptocurrency called FarmCoin. This partnership aims to provide a massive influx of capital to help unbanked farmers in Africa.

A token-based ecosystem would enable farmers to deploy the profits from the sale of their surplus crops in the wider economy. The intention is to recruit local vendors and service providers as well as medical and educational institutions to redeem the tokens.

> "To instill trust, we have to show them early wins," says Misra. "There is distrust in the ecosystems because there are a lot of bad middlemen, and there have been so many promises, so many pipe-dreams before."
>
> **Hirander Misra, GMEX Group**

Berlin-based OST can provide the blockchain toolkit to allow any website, app or marketplace to support the branded tokens and integrate them into their businesses. Also in the mix are Wala, a blockchain-powered financial services platform, and Dala, a cryptocurrency token issuer for emerging markets. Blockchain is an enabler, says Misra, but the quality of the data is crucial and there is still the need to link digital money to physical money so that cash can be withdrawn.

INTO OTHER COUNTRIES

Mozambique is one of the next countries in focus. FinComEco will work with existing warehouses and also local solutions, such as one which allows farmers to send bagged commodities to those warehouses via the post office. Zimbabwe is also a focus.

There have been a lot of assessments in the two countries and many of the building blocks are in place. In Zimbabwe, for instance, there is active engagement with the three farmers unions, which help with building trust. In Mozambique, a government-driven country-wide assessment of warehouses, many of which are in disrepair, is useful.

There are also moves to address Africa's largest commodities market, Nigeria. There are discussions under way but every state has its own government and each has ambitions for its own commodities exchange. In this case, acting as a link into a greater, aggregated marketplace might be the best route, says Misra.

There is also interest from the African Development Bank, which in 2017 released a document entitled "Agricultural Market Access Sub-Strategy for Africa: Commodity Exchanges, Warehouse Receipt Systems and New Standards". As the title suggests, there is plenty of common ground with FinComEco's vision.

It is clear that the vision is an ambitious one, with many country level challenges as well as the wider ones of technology, logistics and trust. However, the early signs in Malawi are that the model can work and the potential benefits are substantial, raising incomes and improving sustainability, at both an individual smallholder level and at a country by country level. **bt**

Open banking: progressing to the summit

While the introduction of PSD2 and GDPR last year paves the way for a new era, progress could take several years says *Rahul S. Wadhavkar*, AVP, global product management at Infosys Finacle.

As the era of open banking gets underway, traditional banks are coming around to the old maxim that when life hands you lemons you should take the opportunity to make lemonade.

To offer a recent example, Lloyds has announced that it will partner with Visa in using local shops to increase the number of locations where consumers can access cash. It's an adept move, given the likelihood that cash machine networks will continue to contract over the coming years, while retailers will benefit by receiving the transaction fees that would previously have gone to ATM operators.

Although they shouldn't delay the task, banks have some leeway in deciding how they maximise other opportunities made possible by open banking. Currently for many consumers and businesses the concept is still more of a novelty than an essential, although within five years that perception will have changed. Both the Payment Services Directive (PSD2) and the General Data Protection Regulation (GDPR) were introduced last year and aim to give consumers greater control and protection. The UK's nine biggest current account providers – aka the CMA9 – were mandated to open up their systems to open banking from January 2018.

However, evidence suggests that to date the impact has been subdued. The full impact of PSD2 won't be felt until September 14 this year, when it becomes mandatory.

In the meantime, European consumers have been understandably reticent in allowing fintechs to gain access to their personal data, given well-publicised reports of fraud and hacking in recent years. The 2018 Cyber Security Breaches Survey, conducted on behalf of the government, found that 43% of UK organisations polled had experienced a cyber security breach or attack over the preceding 12 months.


Rahul S. Wadhavkar, Infosys Finacle

> "It could be said that traditional banks and disruptors alike are still trekking through the foothills of open banking."
>
> **Rahul S. Wadhavkar, Infosys Finacle**

By contrast, there were several announcements on the issue of data privacy during 2018 and while bankers and working professionals in financial services are familiar with these developments, the announcements attracted rather less attention in the general media. Most consumers are also unaware of the more demanding security requirements imposed by PSD2, including that of strong customer authentication (SCA) and the strengths of application programming interfaces (APIs), substantially more reliable than the old method of screen scraping.

PATH FROM THE FOOTHILLS

So it could be said that traditional banks and disruptors alike are still trekking through the foothills of open banking. Once consumer awareness of the benefits starts to build, so will momentum, but it may take some time before we reach the summit – and any major data breach that occurs in the future could slow the progress further.

The good news is that open banking gives financial service providers – and banks above all – an advantage over newer arrivals in the financial services arena. Banks benefit from being recognised and trusted names. If they can also reassure consumers on the ability to keep their data secure, they can build on that strength.

The UK's "big four" have each developed their own aggregation app and we can expect promotional campaigns to be ramped up over the months ahead to promote their use and how they will offer additional benefits to the consumer.

However, the Payments Account Directive (PAD) requires payment service providers to make their fee structures public for greater transparency and flexibility. The ability for consumers to make price comparisons could see established banks lose some customers to the newer challengers.

Banks are likely to achieve greater value in the corporate banking market, where APIs will assist with cash and liquidity management – particularly for companies with operations in several countries.

This presents a powerful tool for corporate treasurers. So the established players shouldn't be afraid, but instead embrace the opportunities being unlocked in the new era. **bt**

To go boldly forth or why you should go hug your innovation team

By *Leda Glyptis*

Even when I sat in an innovation function, even when I was busy building a lab and department, the process and "capability", and had my organisation's full support in doing so, I would caution partners and vendors (start-ups and challengers, designers and researchers) against talking to Innovation.

I mean, sure, we will open doors for you. And that's not nothing. But neither decisions nor budgets sit with us. We can be your friends but we cannot be your champions. We can be your allies but we cannot be your sponsors.

Ironically, even though every innovation function was set up to deal with the world, that big scary place of rapid change and mercurial impressions, our job is always internal. We were paid to learn, sure. But the main function was to explain.

We were paid to represent, sure. But for every panel showing off our bank's latest digital riches, there were a thousand internal meetings, each a battle, representing the world. Progress. Change. Tech. Hope. For every time we represented the bank's "cool factor" to the world, we represented the world to the bank.

And not all those sessions were equally friendly.

We were paid to find a way into a contentious future that costs and hurts as little as possible. And then we were held responsible for the cost and the hurt of each option, as if both the changing world and the banks' appetite to still thrive in it were our petulant fault and doing.

It's a thankless task. And yet people do it. And those who do it well, actually find a way. They don't always sit in innovation, in fact, increasingly they don't. But they are the same folks. Small teams with diverse skills and insane focus. Teams hell bent into getting things done, making things better.

And across those teams, there are traits in common.

GUTS

It takes virtue and daring to be free (obscure Greek poetry quote, check).

And your guys have the guts to come in, day after day, and do the thing you mock for being a waste of time. Play time. Just marketing.

As if your innovation team have the power to decide to coast, even if they wanted to.

But why let logic stand in the way of a good story?

They come in to meet your mocking dismissive remarks. And the doubts. And the snarky commentary. And the unrealistic expectations.

They come in with half explored ideas and big dreams. And they know they will take a beating. Over risk factors and revenue projections, over implementation schedules and acceptance criteria for the thing that doesn't yet exist.

They come in. Because they remember what you said when you offered them the job. And because you may no longer believe, but they do.

They believe in better, in new, in "viable yet profitable".

They believe in the thing you hired them for. And they have the guts to come in and try to remind you, day in day out.

IMAGINATION

But gumption is not enough.

Standing there, like erstwhile guardians of Hope, is not enough.

They need to build the hope. Give it shape. Give it wings.

They need to imagine a future.

Do you have any bloody idea what that takes?

The ability to move away from the constraints of what is known, received and familiar, and imagine a way of organising life and human activity that achieves the same ends via different means. That achieves new ends not previously possible.

Do you know what intellectual might it takes to break away from what you know, and imagine something that doesn't yet exist?

Whether they achieve it through their artistic streak, a solid liberal arts or experimental science education, a profound engagement with theatre, volunteer work or travel, they are doing something that keeps opening their mind that allows them to, in turn, open yours.

And you still mock.

FIRE POWER

So courage and imagination is not enough.

Their ability to withstand and create is not enough. Because you still mock and challenge, not what they say, but their right to say it. Their sanity. Their perception. Their abilities to deduce and interpret. All the things they do well. All the things you hired them for.

So courage and imagination are not enough. Because you still mock.

So to stand a chance of landing a message every now and again. Of getting you to understand the why as well as the what. Of getting you to commit time, attention, effort, they need some serious firepower. Beyond that of their their sponsor and patron. They need to have big guns of their own. Be it knowledge, credibility, your respect from >>

> "It's a thankless task. And yet people do it. And those who do it well, actually find a way. They don't always sit in innovation, in fact, increasingly they don't. But they are the same folks. Small teams with diverse skills and insane focus. Teams hell bent into getting things done, making things better."
>
> **Leda Glyptis**

> "Do you know what intellectual might it takes to break away from what you know, and imagine something that doesn't yet exist?"
>
> **Leda Glyptis**

the job they had before, your grudging acknowledgement of results delivered, the ability to generate something you want and trade it for something you need but would rather not think about.

And before you say "whatever, our innovation team has achieved a lot over the last few years. Actual, tangible results. Meaningful impact. Traction. So you can't be right."

My answer is "exactly".

They have achieved a lot thanks to guts, imagination and unbridled fire power.

Imagine how much they would achieve if they also had your help.

FIERCE GRACE

When I resigned one of my innovation jobs (toss a coin, there were only two) one of my very senior stakeholders came to see me to tell me I was letting him down. My ability to fight an uphill battle and not give up, and still get things done, and still smile, was what made him see me as a kindred spirit. It was what earned me his respect. It was what he thought would keep me there forever.

The fact that I can work like this doesn't mean that I should.

He didn't get it.

And that saddens me.

But I don't regret the choice. I only regret that what changed for me is not changing fast enough for the industry.

So if you are blessed with a team who have the guts and brain fire power to explore different intellectual possibilities, the focus and determination to test options and present you with viable proposals for things never done before, and you still value their tenacity more than the world they bring you on a plate, then, after all these years, you no longer deserve their fierce grace nor the future they are exploring for you.

> "Imagine how much they would achieve if they also had your help."
>
> **Leda Glyptis**

So lift your head from BAU for a second. Look back and take stock.

If you have a team like the one I described, go over right now and hug them. And huddle around a whiteboard and hear how you can make their life better so that they can save yours.

And if, in reading this, not a thing sounded familiar go out and hire people who can take you boldly forth into the unknown: hire them for their intellectual prowess and old-world credibility; hire them for their creativity and insane work ethic; hire them for their fierce grace.

Then get out of their way and let them work. **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.

What dating apps can teach us about Open Banking

By *Roxanne Voidonicolas*, Content Marketing Manager, Sensibill

"It's just a numbers game. Before, I could go out to a bar and talk to one girl, but now I can sit at home on Tinder and talk to 15 girls…"

When Vanity Fair interviewed a series of twentysomethings for their article, "Tinder and the Dawn of the Dating Apocalypse", the resounding sentiment was perfectly captured by that one quote. This "Tinder Phenomenon" can be explained by technology's ability to connect people with endless options, while encouraging people to commit to, well, nobody.

In banking, digital is proving to be a similarly double-edged sword. On one hand, digital allows brands to be top-of-mind and to deeply engage with their customers. On the other hand, it fuses short attention spans with too many alternatives, creating what can only be described as non-committal consumerism.

IS BANKING MONOGAMY DEAD?

Comparing banking to Tinder is fitting when you consider how Open Banking has commoditised financial services in Europe. It used to be that you chose a banking provider based on proximity, and that only financial institutions could sell financial products; but today, branchless fintechs, big tech, neobanks, and accounting platforms are all serious players, too. Dating apps are the free-market economy come to sex, and Open Banking is the free-market economy come to banking.

As people become more digitally-savvy about their banking, they're also more comfortable shopping around based on price, rate, or features. The result? The average Brit shares their financial life with three financial institutions.

ARE BANKS BEING TRADED IN FOR A (YOUNGER) NEWER MODEL?

Even so, unlike what many industry experts predict – that the challenger banks are going to snag the long-term customer relationship and leave incumbents in the dust – it's more probable that customers are going to shift to multiple short-term relationships, instead.

What we've learned from dating apps, is that when there's a surplus of options, the whole system shifts towards a "hook-up mentality". Where historically 15, 20, even 30-year banking relationships were the norm, in coming years we're more likely to see customers engaging with several providers simultaneously, on a needs-by-needs basis.

Soaring deal activity in the challenger banking space and a superior customer experience makes these entrants seem like formidable competitors, but an attractive UX without a sustainable revenue model doesn't scream long-term potential.

> "Customers don't want to contend with multiple financial apps because too many options *stress people out*."
>
> Roxanne Voidonicolas, Sensibill

CUSTOMERS STILL WEDDED TO HIGH STREET... FOR NOW

Hurdles such as reluctance to switch accounts, low recognition, and lower brand trust are some of the harsher realities challengers are up against.

Take Monzo, arguably the biggest player in the challenger space and valued at £1 billion. The firm reported overall losses of £33.1 million last year, quadruple that of the previous year – luminous coral debit cards, and all. And though the bank hit an impressive one million current account holders, four in five of those customers don't deposit their salaries with the bank. For now, it seems that customers are willing to field their options and stray, but not split from their primary bank altogether.

At the same time, customers don't want to contend with multiple financial apps because too many options *stress people out*. Social theories have backed this up for decades, and yet the idea that choice is bad for our mental health flies in the face of what we've been told about Open Banking. How we choose to use our banking data confers on us freedom, agency, and empowerment. Except for when it also confers on us the personal responsibility of managing our own financial security. Choice no longer feels like a luxury, then.

SIZE MATTERS, TO AN EXTENT

So where is this all going to go? What happens after the democratisation of banking data? Will people ever commit to one provider? And who will they choose?

Incidentally, evolutionary psychology about dating may help predict the outcome of Open Banking – in part. That is, in many cases, the biggest contender with the deepest pockets will likely come out on top. As investments in digital channels and capabilities increase, the gap between what providers can offer their customers will widen.

We're already seeing incumbents prove that they can afford to absorb trending business models, launching their own competitive digital-first propositions: Superdigital by Santander in Brazil, Azlo (the US) and Denizen (Spain and the US) by BBVA, Mettle by RBS in the UK, and others.

But in banking, like in modern dating, being big and rich isn't good enough; being a *provider* isn't good enough. Indeed, many of the big banks will fail precisely because they're relying on the vestiges of power dynamics, throwing money at the problem instead of listening to their customers' needs.

The firms who win the customer relationship must demonstrate that they're long-term *partner material*, or risk being replaced. For bankers, that means prioritising:

COMPATIBILITY

Achieving unparalleled customer fit with a specific segment or market, instead of an en mass strategy.

TRUST

Trust in terms of data confidentiality and cybersecurity, as well as transparency about fees are all make-or-break. Incumbents have a leg up on challengers in this department, and should continue to leverage their brand equity.

GOOD WILL

A cultural shift is required in order to move beyond a transactional relationship. Banks must act in their customers' best interest, and show that they're invested in their customers' financial health.

SURPRISE AND DELIGHT

Offering differentiated and superior products will keep customers satisfied for years to come.

May the best suitor win.

**Dating theories expressed in this article do not reflect the official opinion of the author.*

The forgotten faces of diversity: the invisibles

By *Theo Lau*

We all know the stats. Much has been written and discussed about the dismal state of gender equality in technology, finance, and start-up ecosystems.

According to the Guardian, barely 3% of the UK's most powerful and influential people are from black and minority ethnic groups. Stateside, despite lip service by investors, the progress towards gender equality has pretty much stalled. Per the latest from The Information's VC Diversity Index, "the typical founding team was a two person, all male, all white, US university-educated team residing in Silicon Valley".

One thing we do not lack was awareness. But does awareness translate into action? If not, what could be hindering the effort?

Now consider the following dialogue:

"Where are you from?"

"Washington, D.C."

"No, where were you born?"

"New York City."

"But. Where were your ancestors from? They surely were not from here."

Such scenes (or variations of it) play out quite often – especially for the people who look physically different than those around them. It could stem from curiosity. It could also stem from an unconscious bias – *since you don't look like me, you must be from somewhere else.*

But that's just that – a physical attribute – something that is visible.

THE INVISIBLES

What about the invisibles? Surely, true diversity goes beyond gender; it also includes ethnicity, culture and upbringing, social economic circles, as well age, education, skill sets, and most importantly, thoughts.

To be successful, diversity and inclusion must start from within – and it must be built into the culture and the DNA of the company. Inclusion is respecting your colleagues' religious belief and family obligations and how that might impact their ability to participate in work sessions. Inclusion is ensuring your diverse group of employees feel welcome by creating gender-neutral Lego figures in your marketing materials, as in the case of Meniga. Inclusion is the ability to learn from each other, and give voice to those who are not being heard. This is especially true in the age of artificial intelligence, where human biases and lack of representative data sets can creep into the design of algorithms, and where homogeneous life experiences can inadvertently lead to discriminating solution design and results.

Which begs that question: How much does one's culture and upbringing affect their behavior at the workplace?

"Unbeknownst to many, the Philippines tops the WEF's gender equality rankings in Asia and ranks 8th in the world. Growing up, I went to an all-girls school where learning how to code was part of the mandatory curriculum. I had to know how to do HTML, JavaScript, C++, and Flash before I could graduate high school!

"It was so strange for me to come to the UK and hear about gender pay gaps and inequality in the workplace because I was never brought up to think that girls had the shorter end of the stick. If anything, the boys in class hoped they had girls in their workgroups because they knew that the girls were such hard workers and were incredibly ambitious."

Ina Yulo, global head of fintech and financial services, BrightTalk

"I was born and brought up in India where as a cultural etiquette and since I was born in to a big family, was asked to 'adjust' and be ready to adapt to things or people even if we are not ok with it or we don't agree to their views.

"As I grew up this became norm; both personally and at work. Though this attitude helped me to grow professionally in India to work as a team; as I grew up the ladder, I had to mould myself to express myself irrespective of age difference or bureaucracy. Especially in a country like UK, where kids are taught to be open/express their views at an early age; it was a truly new experience for me professionally to change myself as a person; to be authoritative and assertive."

Sumathi Thirumalai

TALENT IS EQUALLY DISTRIBUTED; OPPORTUNITY IS NOT

In both technology and financial services, there are many successful women who have lived and worked in different cultures and workplaces. Amongst them is Dr. Leda Glyptis, 11:FS chief of staff and CEO 11:FS Foundry, who has a doctoral degree in politics, and has lived away from her country of birth for the past 21 years.

"Entering lecture theatres and meeting rooms as a woman from somewhere else, with a bit of an accent and opinions, has never been easy. East or west, being a woman and a foreigner always signal you out. But funny enough the expectation is always that you will be less than, that you will fall short. Despite the evidence."

Leda Glyptis

If these female leaders were to stay in their home country, would the outcome have been different? If we are more willing to embrace our differences – visible or otherwise, would we have made more progress towards an equitable society? Unlocking the answers to these questions could provide valuable insight to an organisations' diversity and inclusion efforts.

"Growing up between two cultures has been an interesting experience. You have to navigate and respect the heritage of generations before you while balancing another culture less familiar to you but one you happen to be growing up in. These perspectives have shaped who I am today both in the workplace and at home. Sometimes this has meant flexing muscles I am not used to or that are very uncharacteristic of the culture I identify with.

"Overcoming any cultural barriers is an art of communication and open-mindedness."

Puja Samuel, head of external innovation, New York Life Ventures

As Sarah Smarsh wrote in her book Heartland: "The American Dream has a price tag on it. The cost changes depending on where you're born and to whom, with what colour skin and with how much money in your parents' bank account."

As the accomplishments by Ina, Leda, Puja, Sumathi, and countless other successful women have illustrated, being ethnic minority women in foreign countries and to be able to thrive just makes your story that much more powerful – and interesting. As Leda puts it, ever so eloquently: "Being underestimated is always fun in the end, and the joke is never on you."

So let us not only celebrate the similarities that bring us together (on the recent International Women's Day and beyond) – but to also embrace and respect our differences, so as to become better citizens of our societies. Getting to *diversity* is like peeling an onion: It is painful (at times tearful), with many layers, but the goal is not unattainable. Reaching the *holy grail* will require consistent and conscientious efforts by all parties and all genders.

It is only through appreciating what we ALL bring to the table – that we can thrive, as a community, a country, and as a species – together.

Thank you to Ina, Leda, Puja, and Sumathi for their valuable insights for the article. Special thanks to Daya Nadamuni for being an inspiration and shining light – and all the men and women out there, constantly pushing us to be better versions of ourselves. **bt**

About the author

Theodora (Theo) Lau is a speaker, writer, and advisor, whose work seeks to spark innovation to improve consumer financial well being and health.

She is the founder of Unconventional Ventures, which focuses on developing and growing an ecosystem of corporates, entrepreneurs, and VCs to better address the unmet needs of consumers, with keen interests in women and minority founders.

Image: Sharon McCutcheon, Unsplash

CONFERENCE SPOTLIGHT

HPS PowerCARD 2019: working together to tackle fraud

An audience member stood up to ask a question of the opening panel of the recent PowerCARD User Conference organised by HPS in Marrakesh. The panel, which featured *Abdeslam Alaoui Smaili*, CEO of HPS, and *Jeroen Holscher*, head of global payments practice, Capgemini, focused on new trends in the payments arena.

The talk touched on everything from consistent and secure customer experience, the impact of "Generation Glass" (those under the age of 18) to cybercrime. The audience member asked a question related to fraud.

"We have user groups on SEPA (Single Euro Payments Area) Credit Transfers, but we don't have a working group on fraud. Why aren't the banks collaborating or working together to combat fraud, should the regulator get involved?"

It is a fair question and one that hits at the heart why innovation is so hard for most large incumbent banks to achieve successfully. The default position of most banks is proprietary, insular and risk adverse. For the most part there are very valid reasons for this – regulatory mandate, customer trust, massive global threat from cyber-criminals – all factor into an environment that is closed, but more importantly secure and protected. Banks deal with money – your money – it is taken in as deposits, it is sent out as loans and it is moved around the world as messages that enable payments.

Holscher outlined the evolution of online payments that travelled from 2000 (with online, closed loop payments from the likes of Amazon or PayPal) to 2020 and beyond with a connected and networked world of autonomous vehicles and virtual reality. All of these innovations are aimed at making payments simpler, more efficient and, eventually, almost invisible to the consumer. However, wherever there is money, there will people looking to separate it from its owners. Fraud and crime have found fertile ground in exploiting the holes and vulnerabilities that sometimes occur in the midst of digital transformation.

So, getting back to the audience members question: why is there a working group on SEPA Credit Transfers, but not fraud? And does the regulator, in whatever country, need to get involved? With cybercrime and cybersecurity topping the list of priorities for most banks, it stands to reason that a solution would be to work together to identify patterns of behaviour, coordinate on systems and solutions.

The answers from the panel were mixed. Robust cybersecurity is seen as a competitive advantage at banks, according to HPS' Smaili, they are loath to share, what is seen as a proprietary solution. However, most cybercrime experts will tell you, fraudster rely on the interconnected network of the financial ecosystem – merchants, card companies, banks, individuals – to exploit vulnerabilities and move money quicker than law enforcement can track it.

Some sort of nudge from a regulator could provide the impetus for banks to start working together to combat a global problem. Holscher, himself, predicted if banks were to work collaboratively to combat fraud, it would have to be market led, rather than a regulatory mandate.

There is evidence that global regulators are experimenting with a "nudge" approach to enable financial ecosystem collaboration. In the UK the Payments Services Regulator responded with consultation paper on a 2016 Which? Super Complaint concerning push payment fraud and how it was acerbated by Faster Payments.

Push Payments fraud is when a consumer is tricked into making a payment, online, that turns out to be fraudulent (for example, purchasing an item that does not exist). When that payment reaches the Faster Payments network, which is meant to resemble the speed and simplicity of a person to person cash payments, that payment is irreversible and effectively gone. The Super Complaint asked what banks were doing to protect, and in some cases, re-reimburse consumers for fraudulent payments.

The PSR found that the way banks worked together to respond to scams needed to improve and the data available on the type and scale of scams was of poor quality.

The PSR agreed a programme of work with Financial Fraud Action UK, which itself works with the UK payments industry to lead a collaborative activity. They urged the banking industry develop clearer data, develop a common approach on responding to reported APP scam and Develop a common understanding of the information that can be shared under current law and identifying any legal barriers to sharing.

All of the above point to a greater need for the sharing of data and strategies to identify patterns and create solution to stop nefarious actors from ever reaching the consumer. Cybercrime and payment fraud are not local issues, they are global, growing and interconnected. The banking and financial services industry itself shouldn't wait from a mandate from a regulator. As evidenced by the question from the PowerCARD delegate's question, the industry is asking for more collaboration and less proprietary fragmentation across the board. **b**t

By Liz Lumley,
director of fintech, VC Innovations, and lead curator, FinTECHTalents Festival


HPS PowerCARD2019

Liz Lumley moderated the "New Trends in the Payments Arena" panel at the HPS PowerCARD User Conference.

FINTECH FUNDING ROUND-UP

Fintech funding round-up

Whether it's Chime having a good time or Shift shifting up a gear, welcome to another gathering of healthy investment action.

Wefox, a Berlin-based insurtech firm, has raised $125 million for its Series B round, led by Mubadala Investment Company's newly created European Ventures Fund.

Among the new supporting investors is Creditease, which signals Wefox's intention to expand into China.

The funding will be dedicated to boosting the firm's expansion into the European broker market. Wefox has also said it aims to apply data analytics to create an all-in-one insurance platform in which "all interactions are personalised".

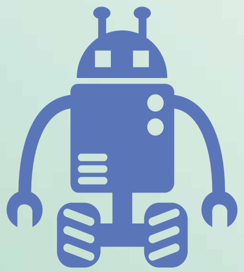
This is the first investment for Mubadala's European Ventures Fund, which comes on the back of Wefox's announcement of its launch in the Asian market following a partnership with SBI (formerly SoftBank Investment).

"Wefox is tackling an industry problem with an innovative and elegant solution by enabling and empowering key stakeholders in the value chain," says Ibrahim Ajami, head of Mubadala Ventures.

The firm says this investment is the largest Series B round for an insurtech company.

Wefox was founded in 2014 and has grown its revenues to around $40 million.

In previous rounds, Wefox has been supported by investors like Target Global, idinvest, Horizons Ventures, Speedinvest, Seedcamp, Mountain Partners, Salesforce Ventures and Sound Ventures, the VC of Hollywood actor Ashton Kutcher.

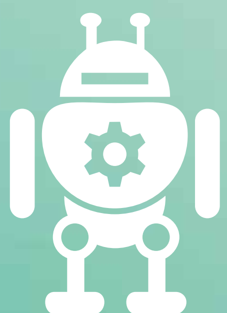


Artificial intelligence (AI) solutions provider **Shift Technology** has closed a C-round investment of $60 million, bringing its total investment to $100 million.

Bessemer Venture Partners led the round and was joined by previous investors including Accel, General Catalyst and Iris Capital.

The investment will support its expansion plans for its US headquarters in Boston and its offices in Tokyo. It also plans to hire for positions including data scientists, developers, and sales and marketing staff.

The firm was founded in 2014. It has more than 200 employees in its headquarters in Paris and offices in Boston, Tokyo, London, Hong Kong, Madrid, Singapore, Toronto and Zurich.



Shift's fraud detection solution, called Force, analyses hundreds of millions of claims to identify potential fraud. The company has 70+ clients in over 25 countries. Some of the names include AXA Spain, CNA Financial Corporation, Credit Agricole Pacifica & Spirica, Covéa, Harmonie Mutuelle Groupe VYV, Liberty Mutual, Macif, MS&AD Insurance Group, P&V Group, the General Insurance Association of Singapore, and the Hong Kong Federation of Insurers.

San Francisco-based mobile banking challenger **Chime** is now valued at $1.5 billion thanks to its latest raise of $200 million.

The funding round was led by venture capital firm DST Global with participation from new investors General Atlantic, Coatue, ICONIQ Capital and Dragoneer Investment Group. Existing investors Forerunner Ventures, Cathay Innovation, Menlo Ventures and others also participated.

This follows on from June 2018, when it raised $70 million in Series C financing led by Menlo.

The firm will use the investment to launch new products in credit building and short-term lending, chief executive and founder Chris Britt told Reuters in an interview.

It currently offers checking (current) and savings accounts, and a debit card.

In another interview with CNBC, Chime explains that it also plans to expand its current 120-person team to 200 by the end of the year. In the past year the bank hired Brian Mullins, the former head of risk ops at Square, and Aaron Plante, the former business unit leader for student loans at SoFi.

Chime has no minimum deposit and charges no monthly service fees. There are also no fees for transfers and foreign transactions. It says it has more than three million bank accounts.

It was founded in 2014 and offers its banking services through a partnership with The Bancorp Bank.

Xinja Bank, an Australian mobile neobank, has closed its second equity crowdfunding campaign with almost AU$2.6 million ($1.84 million) raised. The amount raised from the sale of shares on the Equitise crowdfunding platform is the largest achieved from any crowdfunding campaign in Australia.

This follows the bank's previous record of AU$2.44 million ($1.72 million) set by Xinja in its first campaign early last year. This second round launched in mid-January of this year.

Xinja now has over 2,500 investors combined between both rounds. The bank says the majority are aged 24-44 (a pretty wide age range, so not very surprising there).

The equity crowdfund campaign saw that 15% its investors were repeat investors. The shares were offered at AU$2.04 ($1.44) this time around, and AU$1.20 ($0.85) in first campaign.

The bank already has an app and prepaid travel card in market, and a restricted banking licence. It has said it is currently applying for a full banking licence.

It uses SAP Cloud for Banking, which went live on November 2019.

It has Brett King as a board advisor and Tesla engineer Thomas Vikstrom, on the board. Jason Bates, co-founder of neobanks in the UK, Monzo and Starling, is also a Xinja board advisor.

Xinja has issued over 10,000 cards, and overall more than 25,000 people have signed up for its products.

Quint Group, a UK-based fintech group operating in the consumer finance market, has secured a £16.5 million financing deal from NatWest.

Quint has a portfolio of fintech businesses in the consumer credit sector and is behind the UK's credit comparison site MoneyGuru. It also owns European personal loan marketplace and platform Monevo, consumer credit reporting and financial management app Credit Angel, and data business Infinian.

Founded in 2009, Quint has operations in the UK, US, Australia, Poland, China and South Africa.

Quint's businesses are proprietary technologies, infrastructure and data assets, which aim to connect and provide services to consumers and credit providers.

The new revolving credit facility will be used to refinance its existing facilities with Tosca Capital and provide access to further funding for growth via acquisitions.

Shanghai-based credit card outfit **Shuhe Technology** has secured $30 million Series B funding from Sina.

According to Shuhe, it will use the investment to develop its capabilities around data, traffic, technology and products. The firm serves the online consumer credit needs of credit card people. Shuhe says its core team mainly comes from China Merchants Bank credit card centre and other well-known financial institutions.

Sina aims to grow its market competitiveness in terms of acquiring customers, improve data and technology capabilities, and optimise operating costs.

Xu Zhigang, Shuhe CEO, says: "We will jointly establish an expandable cooperation model to provide users with appropriate, convenient and efficient inclusive financial services under prudent risk control." He adds that a financial business is like "long-distance running", because it is "common sense to be stable and lasting".

Founded in August 2015, Shuhe has more than 25 million registered users and recorded over 6.6 million transactions.

Shuhe is part of the advertising network Focus Media, with Sequoia Capital as a shareholder.

Sina operates China's social media platform Weibo and recorded a 26% year-on-year increase in revenue in the third quarter of 2018, reaching $554.6 million.

Proactis, the spend management and B2B e-commerce company, has secured £20 million in funding from HSBC UK for its SME market ambitions.

The firm says the funding will allow it to roll out proprietary technology to deliver "frictionless cash flow" between businesses. It aims to accelerate and incentivise payments, helping SMEs with improved liquidity.

Anthony Persse, financial solutions director at Proactis, says: "There is a disconnect in the current payment culture that benefits neither buyers nor suppliers. It stymies investment as well as working capital." He adds: "We have been exploring technologies that can improve access to working capital by accelerating payments to suppliers."

The technology also aims to help larger businesses to manage their supply chains, easing the impact on working capital and improving their relationships with suppliers.

New CEO of Proactis, Tim Sykes, says the firm is reviewing the US and European operations to make sure resources are focused on the opportunities in those territories.

Wayne Shadlock, global relationship director at HSBC UK, explains that the bank began working with Proactis over 15 years ago and its "business is well positioned to drive widespread access to liquidity for SMEs".

Later this year, Proactis will launch its "Accelerated Payment Facility".

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London-based loyalty start-up **Upgrade Pack** has launched a £2.25 million funding round with a £500,000 seed round through investment platform Seedrs.

The raise is planned to drive expansion in the US and Asia, while extending Upgrade Pack's AI capabilities. This second round follows a £1 million raise in pre-seed funding earlier this year.

"From £1 million raised in our pre-seed funding round, to Upgrade Pack becoming the first UK tech company to give all employees equity within six months. This is the next step on our exciting path towards launch in April," comments Craig Unsworth, founder and CEO of Upgrade Pack.

He adds: "Our beta offering means that these investors will also be our customers, providing an important additional connection beyond the investor/investee relationship."

The funding round on Seedrs launched on 4 March and will run for 60 days.

Investors will be able to access Upgrade Pack's beta app on a sliding scale relative to investment – from one year to a lifetime membership. This product will give them access to exclusive flight and hotel upgrades.

Upgrade Pack aims to help bank and financial services firms retain "high value" customers. Initially available as part of premium bank account or credit card offering, or as an employee reward, it works on a cost-per-user subscription basis, enabling its clients to reward their most valued customers.

The firm's closed marketplace technology connects airlines and hotels with travellers, so they can afford to purchase discounted premium seats and rooms.

Through AI capabilities, the technology integrates with banks' existing systems as a Platform-as-a-Service (PaaS) model.

Denver-based **Cloud Elements** has got $25 million in new funding to promote its API integration platform for software providers.

The Series C round was led by Mercato Partners, with additional funding from existing investors Access Ventures, American Express Ventures, Grotech Ventures, Harbert Growth Partners, Rally Ventures, and Upslope Ventures. The new round brings Cloud Elements' total capital raised to $46.2 million.

"APIs are a great way to make software work together, but developers now have to deal with hundreds or thousands of APIs to automate basic business processes. Point-to-point integration can't scale to address this challenge," says Mark Geene, CEO and co-founder, Cloud Elements.

He adds: "We virtualise and simplify API integration to make all APIs work together, look the same and operate the same – using industry standard protocols. We put your application at the centre of a digital ecosystem, based on common language and unified data models. As our customers like to say, it's integration that starts simple and stays simple."

Cloud Elements will use the funding to add new capabilities to its platform, and for its sales and marketing capabilities in the US and Europe.

Its customers include software platform companies like SAP and IBM; independent software vendors like Axway, DoubleDutch, FinancialForce, Microstrategy and Sage; fintech providers such as Danske Bank, FIS, PaySimple and Western Union; and digital business units of enterprises like Dun & Bradstreet and Xerox.

Cloud Elements says its platform has 170+ pre-built integrations, common data models and normalised capabilities for authentication, discovery, search, workflows, error handling and API maintenance.

The company recently landed its most "significant" deal to date – a global OEM partnership with SAP to embed Cloud Elements in SAP Cloud Platform Open Connectors.

New York-based **Socure** has scored $30 million in new funding in a round led by Scale Venture Partners.

"This funding will enable us to grow our footprint in new strategic US market sectors that are in need of accurate, automated identity verification technology, including healthcare and the public sector," Socure CEO Tom Thimot says. "We will invest in the talent required to continue innovating and expanding our machine learning-based predictive analytics platform."

The round also featured participation from Commerce Ventures, Flint Capital, Two Sigma Ventures, Synchrony, and Sorenson Capital. The Series C round takes the company's total funding to $57.5 million.

Socure's platform leverages AI and machine learning techniques to analyse trusted on- and offline data from email, phone, IP, physical address, social media and the Internet, and provide real-time authentication.

The technology helps drive financial inclusion, boosting acceptance rates for millennials and other thin-file applicants by as much as 40%.

Socure's platform also supports CIP/KYC programmes and AML compliance, lowering fraud by up to 80% and cutting manual review costs by up to 90%.

"Companies from banks to insurance carriers to healthcare providers struggle with just how slow, expensive, and inaccurate today's identity verification services can be," Scale Venture Partners' Rory O'Driscoll says. "Socure offers them better accuracy and fraud detection, delivered through an easy-to-implement API connection."

O'Driscoll, who will join the company's board of directors as part of the investment, calls Socure's technology "a compelling proposition that explains why this company has been so successful so fast".

Socure finished 2018 with 3x gains in annual revenue and more than 100 deployments with banks, lenders, and payment providers. >>

Southeast Asian mobile platform **Grab** has secured itself a massive $4.5 billion in its current Series H funding round. The firm has grabbed the attention of some big names as the Softbank Vision Fund has just injected $1.46 billion in fresh funding.

Other investors in this round include Toyota Motor Corporation, Oppenheimer Funds, Hyundai Motor Group, Booking Holdings, Microsoft, Ping An Capital, and Yamaha Motor.

Anthony Tan, Grab's co-founder and CEO, comments: "The investment is a clear statement of belief in our vision to grow Southeast Asia's technology ecosystem as the region's number one super app."

Grab's intentions are very clear. It plans to expand in sectors such as financial services, food delivery, parcel delivery, content and digital payments, and roll out new services announced in 2018.

Built on its GrabPlatform, these services include on-demand video, in partnership with HOOQ; digital healthcare, in partnership with Ping An Good Doctor; insurance, in partnership with ZhongAn International; and hotel bookings, in partnership with Booking Holdings.

In 2018, Grab Financial Group says it became the only platform to have access to e-money licences across six of the largest Southeast Asian economies.

It's in a good place at present, as since its launch in March 2018, Grab Financial says it has seen its monthly transactions grow by almost five times to December 2018.

The "super app" also inked partnerships with Thailand's Central Group and Kasikornbank; Indonesia's OVO, Bank BTN and Bank Mandiri; Singapore's United Overseas Bank; Philippines' SM Investment Corporation; Vietnam's Moca; and Malaysia's Maybank.

TurnKey Lender, a Singapore-based digital solution provider for non-bank lenders, has closed a Series A1 round led by Malaysian private equity firm, OSK Ventures International. The amount of the investment was not disclosed.

The company plans to use the capital to support growth objectives in the US, Europe, and Southeast Asia. Vertex Ventures, which led the company's previous $2 million funding round in 2017, and Western NIS Enterprise Fund also participated in the Series A1.

Company CEO Dmitry Voronenko calls the funding a "vote of confidence" in TurnKey and its momentum over the past year.

Calling technology access the key factor in credit access, Voronenko says the goal of the company was to make it easier for "banks, non-bank lenders, and alternative lending companies around the globe" to access AI-powered digital lending technology.

Founded in 2014, TurnKey's technology supports the complete loan lifecycle, from application processing to collection and reporting, fully automating the process for lenders. The platform integrates with both internal and external data sources and services, and leverages advanced scoring of applicants to reduce credit risk.

In a round led by Capital Mills, Dutch video conference firm **24sessions** has raised $1.1 million (€1 million) in new funding. The Series A investment will help the company expand internationally, and takes its total capital to more than $1.4 million.

24sessions' CEO Rutger Teunissen says: "In the last year, we tripled our revenue, doubled our team, and grew to a leading position in the Benelux."

24sessions video conference technology supports one-click video chat and both screen- and filesharing. Scheduling is done via the platform's automated self-service scheduling functionality that includes embeddable booking forms for leads and clients, as well as calendar integration with Google, Office365, and Outlook.

The platform also provides meeting analytics and the ability to record the video conference for compliance or training purposes. No downloads or installations are required, and users can participate in video calls with any mobile or desktop device. Video calls can be branded and embedded into the customer journey, as well.

"Until now, most enterprises have struggled to roll-out video calling as a major customer interaction channel, even though the ROI potential is tremendous and customers expect such a service," says 24sessions' CTO Konstantin Goncharuk. "This is because their existing systems, such as Skype and Webex, are simply not built for customer interaction."

Founded in 2015 and based in Amsterdam, 24sessions' customers include Rabobank, ING, and Aegon. **bt**

Why fintech start-ups and angel investors are a match made in heaven

By *Tim Mills*, investment director, Angel CoFund

Fintech is one of the UK's fastest growing sectors both in terms of the number of successful start-ups emerging within it, and the amount of funding it has attracted to drive development.

According to Innovate Finance (an independent association representing the UK's fintech community), the UK fintech landscape experienced a record year for funding in 2017, attracting $1.8 billion of venture capital (VC) investment. That's a 153% increase on 2016. But an interesting aspect of this sector, which often gets overlooked, is how much of that innovation is supported by angel funding.

Insights from analytics firm FinTech Global show that angel investors have consistently made up about a third of the total number of active fintech investors since the beginning of 2014, with angels backing over 1,000 ventures globally. This trend is by no means a coincidence. It reflects the growing, positive relationship between angel investors and the thriving fintech sector that has blossomed over the past decade or so.

So what drives this pairing of fintech start-ups and angel investors? There are a number of reasons, and the most important are rooted in the structure of the fintech ecosystem itself.

The banking and financial services community is actually smaller and closer knit than most might think, and entrepreneurs in this space are looking to establish businesses in a highly regulated, fast-moving and often esoteric field. Additionally, the fintech industry has regulatory challenges and complexities that simply do not exist in most other markets and such hurdles cannot be overcome without the help of individuals who have a deep understanding of the industry inside out.

For these reasons, advisors who understand the business dynamics, know the regulatory landscape, and can connect to the right people in partner businesses, are an extremely valuable resource for companies in the early stages of setting up. They need investors who and can dedicate time and advice, as well as funds. This is where the deep networks and operational knowledge of angel investors often has a clear advantage over venture funds.

According to research from the British Business Bank, the average active angel devotes a substantial amount of time – on average 1.6 days a week – to their investment activities and supporting their portfolios. This means high-potential fintechs are able to draw on the mentoring and specialised insights they need to grow their businesses.

Fintech companies also have to deal with the challenges of launching into mature markets where they are seeking to displace offerings from well-funded incumbents. Early-stage fintechs aren't just competing against other start-ups, but they are often disrupting the models of well-established giants like the banks, large insurance companies and others in the financial services industry. With these challenges it can be difficult for even the most innovative of fintech start-ups to stand out and make a strong case as to why they will succeed, especially when seeking funding pre-product launch.

Of course, all investors are on the lookout for companies with the potential to break through and make good returns. However, what makes angel investors so advantageous here is that they are more willing to take more nuanced or harder to quantify risks and can be more patient when it comes to returns. Furthermore, many angels are by nature more interested in funding teams in the crucial early stages where their capital has most impact and is key to setting the course of operations and delivering core R&D. This combination of more speculative investment combined with deep involvement is something few institutional funds are able to commit to.

Ultimately, an early-stage fintech company needs more than just capital investment to get its products off the ground. They're going to need the considered advice, expertise and contacts necessary to nurture growth beyond that initial concept. That's why angel investment is such a good match – the best angels tend to be successful individuals from a given sector who have done it before and also have the time and resources to help you and your business out.

So if you're an early-stage fintech on the hunt for investment, find yourself an angel that has gone through the journey themselves. They are the most likely to understand your vision, the challenges in the market, and have the knowledge to help with both – while offering the crucial initial capital you need to take those first few steps. **b**t

Tim Mills, Angel CoFund

> "The banking and financial services community is actually smaller and closer knit than most might think, and entrepreneurs in this space are looking to establish businesses in a highly regulated, fast-moving and often esoteric field."
>
> **Tim Mills, Angel CoFund**

> "Ultimately, an early-stage fintech company needs more than just capital investment to get its products off the ground."
>
> **Tim Mills, Angel CoFund**

Movers and shakers

Aiaz Kazi joined **Banco Santander** as chief platform officer – a newly created role – "to support the bank's transformation to become an open platform for financial services", says the Spanish banking heavyweight.

Based in San Francisco, he will be working with Santander's global technology division and teams across the bank's ten core markets in Europe and the Americas.

Kazi joins from Google, where he was head of platform ecosystem for Google Cloud, following a long stint at SAP, where he launched, shaped and helped grow enterprise platform SAP HANA.

Sunil Madhu, founder, CEO and chief strategy officer of ID verification firm **Socure**, is leaving the company.

"After spending the last six and a half years building the most accurate identity verification AI platform and growing Socure into a mini unicorn, I've left the company and our amazing team in the capable hands of my friend and CEO Tom Timoth to scale the business while I start a new venture, currently in stealth," Madhu says on LinkedIn. "Gotta do the serial in serial entrepreneur."

The announcement comes hot on the heels of Socure's latest funding round – Series C – which brought $30 to the New York-based tech firm, led by Scale Venture Partners (see p36).

Socure's predictive analytics platform combines machine learning and AI with digital, offline and social identity data to deliver know your customer (KYC), identity verification and fraud risk prediction solution.

Instimatch Global, a Switzerland-based digital network for institutional money market lending, has made a spate of appointments.

Bobby Bhakar is the new CTO, based in London. He moves from money market brokerage, BGC Partners, where he held senior roles in product strategy and IT delivery for over a decade.

Marco Rüfenacht has joined as MD from Vicenda Asset Management, which holds an equity stake in Instimatch. He is based in Zurich.

Julia Scheidwimmer is now heading sales in Germany. She is based in Munich and moves from brokerage firm MGW München.

Alice Fitton joins Instimatch in London as UK sales manager from a venture capital firm, Octopus Investments, where she worked as a senior business development manager.

Founded in 2017, Instimatch says it "aims to change the way money market transactions take place by digitalising traditional voice brokerage and by moving from local to global execution". Its cloud-based network has 60+ institutional users internationally, including bank and corporate treasuries, pension funds, asset managers, insurance companies and municipalities.

Jason Tooley has joined **Veridium**, an international provider of biometric authentication software, as chief revenue officer. Previously, he was VP, Northern Europe, at Veritas Technologies for around three years.

State Street Corporation has named **Lou Maiuri** (previously head of State Street's global markets and exchange businesses) as COO. Since re-joining State Street in 2013, Maiuri has held a number of senior roles and was "instrumental" in the recent acquisition of Charles River Development, the company says.

Prior to State Street, he held various roles at BNY Mellon. Earlier in his career, he was CEO and COO of Eagle Investment Systems and worked at Fidelity Investments. More than 20 years ago he served as a VP in technology at State Street.

Meanwhile, **Liz Nolan**, currently CEO for State Street in EMEA, will assume responsibility for global delivery. Nolan succeeds **Jeff Conway** in this role, who is leaving the firm after a more than 30-year career. Nolan will retain her EMEA CEO and UK responsibilities until a successor is appointed. **b**t

EVENTS CALENDAR

May

13-17: QuantMinds International, Vienna
finance.knect365.com/quantminds-international

13: CPPO Prepaid Symposium, Toronto
cppo.ca/prepaid-symposium

15: FinTECH4Life, London
fintech4life.com

21-22: ICT Spring, Luxembourg
ictspring.com

21-22: Self-Service Banking Europe, London
rbrlondon.com

June

14: Real-Time Payments Summit, Sydney
rtpsummit.com

19-20: The AI & Big Data Expo Europe, Amsterdam
ai-expo.net/europe

24-27: FundForum International, Copenhagen
finance.knect365.com/fundforum-international

25-26: MoneyLIVE: Digital Banking, London
marketforcelive.com/money-live

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