



# banking technology

The definitive source of news and analysis of the global fintech sector | May 2020

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Discovering alternative lending in times of crisis

## **THE FUTURE OF COMMERCIAL LENDING**

Leveraging AI to enhance humans, not replace them

## **TOP 10 COVID-19 GOVERNMENT INITIATIVES**

Highlights from the international response to helping businesses

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## EDITOR'S NOTE



Sharon Kimathi  
Editor, Banking Technology

Policymakers worldwide are responding to the coronavirus pandemic with solutions to prevent recession, providing either loans or grants to both large companies facing tumbling stock prices and small and medium-sized enterprises (SMEs).

FinTech Futures' Ruby Hinchliffe picks her top 10 COVID-19 government initiatives to help businesses across the world over the past month. From the Monetary Authority of Singapore (MAS) providing SGD 125 million (\$87.8 million) in coronavirus care packages to assist the country's financial and fintech sectors, to the UK government's Future Fund convertible loans.

"While the government has taken steps to open up access to capital for SMEs, offering government backed emergency loans of up to £5 million to keep them solvent, there are signs that traditional lenders are falling short," writes Stuart Taylor, vice-president at Quotevine. He argues that business leaders should look

beyond banks to alternative lending providers to try and obtain emergency funding.

Sean Hunter, chief information officer (CIO) at OakNorth, believes that customers need more than automated tech solutions for commercial lending as "they tend to have the opposite effect – especially when it comes to financial services as money understandably makes people emotional." Hunter discusses how lenders can leverage artificial intelligence to "minimise time, effort and risk at the back-end, so that banks have more opportunities to delight their customers and forge genuine relationships at the front-end."

We hope you find this month's focus on lending during this crisis beneficial. Feel free to check out the website for all the latest news and industry reactions to the coronavirus crisis. From all of us at Banking Technology magazine, we hope you continue to stay strong and stay safe!



In light of public health concerns and operational restrictions during the COVID-19 pandemic, we have moved the **awards ceremony to 10 September** and extended the **entry deadline to 12 June**.

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VC two weeks ago: *I can't see myself making an investment without meeting a founder in person.*

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**Curve** @imaginecurve · Apr 23

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Grand titles:

**Run on toilets leaves Japanese lavatory makers flush with orders**

Producers overwhelmed as supply chain disruption fuels fears of shortages

**Eileen Burbidge**  
@eileentso

If you're a company that needs a McKinsey wheel to explain how to show empathy or emotionally connect... just go home

Companies can consider seven actions to emotionally connect with customers in times of crisis.



## THE NUMBER GAMES



### £1 billion

The amount UK citizens are withdrawing from ATMs despite the rise in contactless payments during the COVID-19 crisis, according to network LINK's ATMs. The average value being withdrawn has gone up from £65 to £82 during the crisis

### 70%

of fintechs don't culturally or organisationally see eye-to-eye with their bank partner

### £50,000

Small businesses in the UK with fewer than ten employees can apply for "bounce back" loans of up to £50,000



### \$9.6bn

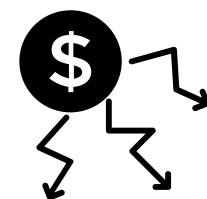
Softbank's estimated losses due to its investments in WeWork, One Web etc, and the coronavirus crisis

### -\$38

The price of oil on April 20, which crashed from \$18 a barrel to -\$38, turning negative for the first time on record

### 6.7%

of working hours globally will be wiped out in the second quarter of this year, according to the UN's labour body



### 6 months

The time it took for RBS to wind down its digital challenger bank, Bó, after its official launch

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### THEY SAID IT...

*"We are the 'Facebook' generation after all, we were built for the 'zombie' apocalypse or COVID-19."*

Stephanie Brennan, CEO & founder, Evarvest

# NEWS ROUND-UP



## Nine new UK lenders get approved to issue CBILS

The British Business Bank (BBB) has announced the accreditation of nine new lenders under the Coronavirus Business Interruption Loan Scheme (CBILS). Newly accredited lenders include digital challenger Atom Bank, Ebury (the trade finance firm majority owned by Santander), small business financier Fleximise, investment banking firm Investec, charity lender Social Investment Business, finance broker Tower Leasing, asset-based lender Ultimate Finance, peer-to-peer lender Assetz Capital, and one of the UK's largest alternative lenders White Oak UK.

## Singapore payments fintech Nium lands investment from Visa

Nium, the Singapore-based cross border payments fintech formerly known as InstaReM, has landed an undisclosed sum in a funding round with Visa and Indonesia-based BRI Ventures. The round, which also saw involvement from existing investors, is likely to be worth between \$75-100 million, according to DealStreetAsia, which revealed the fintech was raising roughly this amount in December.

## Aussie neobank Xinja loses 2.25% interest rate

Xinja, an Aussie neobank, has brought down its interest rate on its Stash accounts from 2.25% to 1.8%. The 2.25% interest rate made Xinja stand out amid its competition between challengers and incumbents alike when it first launched its deposit Stash account in January. It hit AUD 100 million (\$64.9 million) in deposits after just 19 days, growing at rate which will have turned the heads of Australia's big four banks – ANZ, Westpac, NAB and Commonwealth Bank.



## Payments start-up Banked raises £2.3m

Banked, a UK start-up which aims to refresh the payments industry through an account-to-account network, has raised £2.3 million in seed funding. The firm has raised a total of £5.35 million, with the latest investment led by Force Over Mass, including participation from Backed and Acrew Capital.

## Rocker and Enfuze sign Nordic card issuance partnership

Swedish neobank Rocker has teamed up with Finnish payments fintech Enfuze to enable the former to issue Visa prepaid cards. The fintech will aid in licensing, compliance and payment processing at Rocker. The neobank has already launched a smart debit card and plans to open up a savings service later this year. Rocker was looking for a "flexible solution" to underpin its prepaid card offering when it found Enfuze.

## IBM, R3, Mastercard and Accenture form Trust over IP Foundation

A group of private and non-profit firms including IBM, R3, Mastercard, and Accenture, have come together to create the Trust over IP (ToIP) Foundation, led by the Linux Foundation, a non-profit technology consortium. This cross-industry coalition will work towards adopting a standard for a decentralised digital identity exchange over the internet.



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## TRENDING



### Future Fund

The UK government announced the creation of the Future Fund, a support scheme for start-ups hit by coronavirus. Although the fund is a welcome gesture, there's a distinct lack of clarity surrounding its use, specifically about its convertible loan structure as it states that "the loans will convert to equity if not repaid". This phrasing creates ambiguity as it entails an option, as opposed to a right, to repay the loan instead of having it convert to equity, as regular convertible loans operate. There also concerns it may exacerbate the inequality of fundraising opportunities in the fintech industry as black and minority ethnic (BME) and female-led start-ups already struggle with venture capital (VC) funding but this will only apply to essentially previously well-funded companies who will benefit the most from this government bridge loan scheme.

### "You have a new message"

Zelf, a Latvia-headquartered fintech that operates through instant messenger, is gearing up for the imminent launch of its no-card, no-app banking account in France and Spain. The use of messaging applications for payments and banking has proven to be popular in places like Asia with WeChat Pay and Africa with M-Pesa. WeChat boasts over one billion monthly users on its website, whilst M-Pesa notes 37 million active users in its 2019 annual report, so Zelf will be hoping for similar sustainable growth.

### Numberless cards

Last month, Curve and Huawei joined the likes of Apple, GrabPay and Santander, as the pair launched their new numberless cards. Apple released what many believe to be the first numberless credit card back in March 2019, then GrabPay launched Asia's first numberless digital and physical card last December in Singapore. Banco Santander also released its in Mexico in February 2020, stating that, "the numberless credit card can reduce the risk of fraud by up to 90%". Are we looking at the beginning of the new normal?

### Paytech rising

Payments firms have received a great deal of funding over the past month. Stripe raised \$600 million whilst Airwallex, Flywire, VibePay, Previser and more have also obtained investments in April. It seems like there is strong investor appetite for payments firms as people around the world rely on these digital tools for everyday conveniences that have since been prohibited that would otherwise take place in person such as remittance or retail payments.

### Under pressure

Industry groups across Europe are calling for the European Banking Authority (EBA) to delay the introduction of the Strong Customer Authentication (SCA) rules under the Second Payment Services Directive (PSD2). Payments Europe requested an extension of the deadline beyond December 2020 and for a harmonised approach across national markets, citing the decision made by the UK's Financial Conduct Authority (FCA) to push the timetable back to September 2021. Although the paper stresses the need for a harmonised approach across national markets, the UK's divergence from the EBA's stance highlights the FCA's willingness to deviate from other EU regulators post-Brexit.



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## A bumpy road for alternative lenders

By Ruby Hinchliffe, reporter, FinTech Futures

It's not been an easy road for alternative lenders during the coronavirus pandemic. Despite the crisis driving demand for these lenders like they've never seen before, satiating this demand is coming at a big price. Namely in the form of risk, as they take on small businesses – rejected by big banks for that reason – and try to predict whether they will default on the loans post-crisis.

As managing director of alternative lender, ThinCats, Ravi Anand told the Financial Times: "No doubt there's going to be some casualties where credit [decisioning] wasn't robust enough or funding sources weren't stable enough [...]. But the ones who come out will be stronger and will get a bigger market share".

But as alternative lenders take on the potential risk of high default rates, some feel as if doing so means they're finally being heard by bigger businesses which might never have gone online for financing pre-coronavirus.

"Lots of larger businesses didn't previously go online for funding, so it [coronavirus] has opened the eyes of these clients to the alternative lending market," Think Business Loans' CEO Jamie Stewart tells FinTech Futures. "It's given us an opportunity to stand toe to toe with the banks and be measured."

The question is, will those alternative lenders that survive the crisis go on to breed real competition for major lenders, or will they get bought off one by one by their legacy competitors?

How banks and alternative lenders work through this current situation will determine the course of those budding middle and high school entrepreneurs – 41% of which plan to start their own business one day, according to the Small Business Forum.

With many Gen Zs already faced with the

challenge of "credit thin" files which fence them out of traditional loan offerings, the existence of alternative financing solutions post-crisis, which offer more inclusive credit scoring systems, will be a big component of future entrepreneurial success.

Currently alternative lenders' abilities to pick up the opportunities left behind by major lenders have been significantly hampered by a lack of accreditation. In April, only two alternative lenders got accredited by the British Business Bank for the Coronavirus Business Interruption Loan Scheme (CBILS), which were Funding Circle – whose shares have more than doubled – and ThinCats.

In the US, some fintech lenders such as Kabbage have been able to partner with SBA-approved banks to issue Paycheck Protection Program (PPP) loans to their customers.

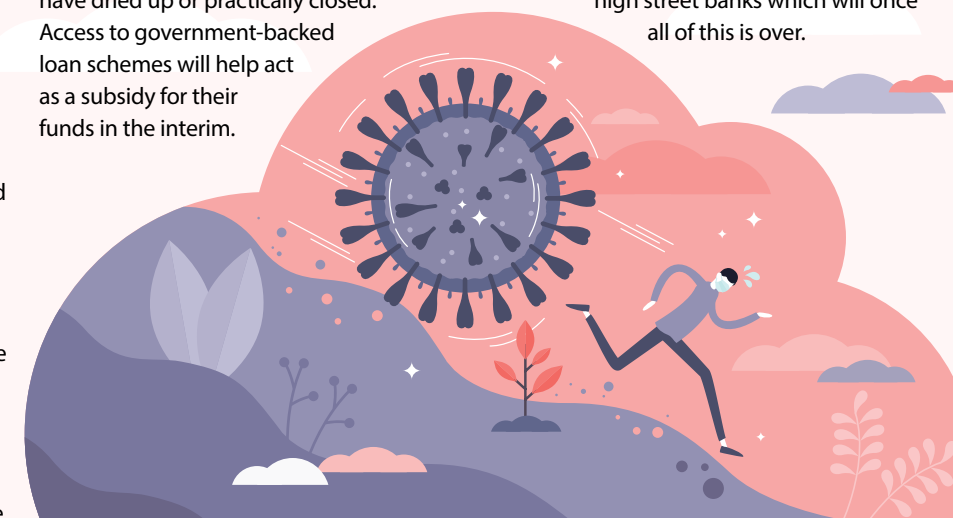
But those lenders which are neither government accredited nor backed by a major bank can only lend so much to small businesses before their funds run out. Marketplace lenders sell most of their loans to third-party investors, but these have dried up or practically closed. Access to government-backed loan schemes will help act as a subsidy for their funds in the interim.

We saw this when 166 lenders – many of them alternative financiers – led by WorldPay's founder Nick Ogden, demanded the UK government hand them £5 billion so they could continue funding the volume of small businesses in need.

And when the UK's Financial Conduct Authority (FCA) required all British lenders to give businesses repayment holidays during the coronavirus, a further blow rained down on those lenders already struggling to fund their financing.

"How are we supposed to show leniency when no one is giving us liquidity to operate and get through the storm ourselves?" David Goldin, chief executive of online business lender Capify told Yahoo Finance, pointing out that alternative lenders are struggling businesses too.

Before coronavirus, names like Funding Circle were some of the only big names associated with alternative lending in the wider UK lending industry. But despite the crisis offering up a chance to get noticed, it has also pushed a lot of risk onto smaller lenders which inevitably won't get bailed out by the government, unlike the major high street banks which will once all of this is over.



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## Dealing with decade-defying changes

The Digital Future of Wealth Management Report by FinTech Futures is a new industry report that answers crucial questions on what major hurdles the wealth management industry faces. By Alex Hamilton, deputy editor, FinTech Futures

The wealth management industry is facing a period of unprecedented change. Economic turmoil, regulatory variation, customer experience demands and digital transformation, are all shaking the foundations of how firms operate. Wealth managers stand on the edge of a fundamental change in the way they do business, serve their customers and adopt technology.

The way that wealth managers operate in 2020 and beyond is a far cry from models which succeeded just a few years ago. High-net-worth individuals (HNWIs) are getting younger by the year, and as their median age dips, their expectations rise.

New customers are demanding better personalisation, niche portfolios tailored to their interests, sustainable investing, and an ability to be able to invest from anywhere at any time.

While the wealth manager has perhaps broken free from the image of a middle-aged man in a tan suit stuck behind his desk, challenges remain when trying to move technologically. As firms begin to prioritise interaction with customers and better managed experiences, their legacy software remains a challenge to be dealt with.

Wholesale replacement has extraordinary risk in both costs and time, though it may remain a strategic target for many years. The scaling technological capability can be achieved through

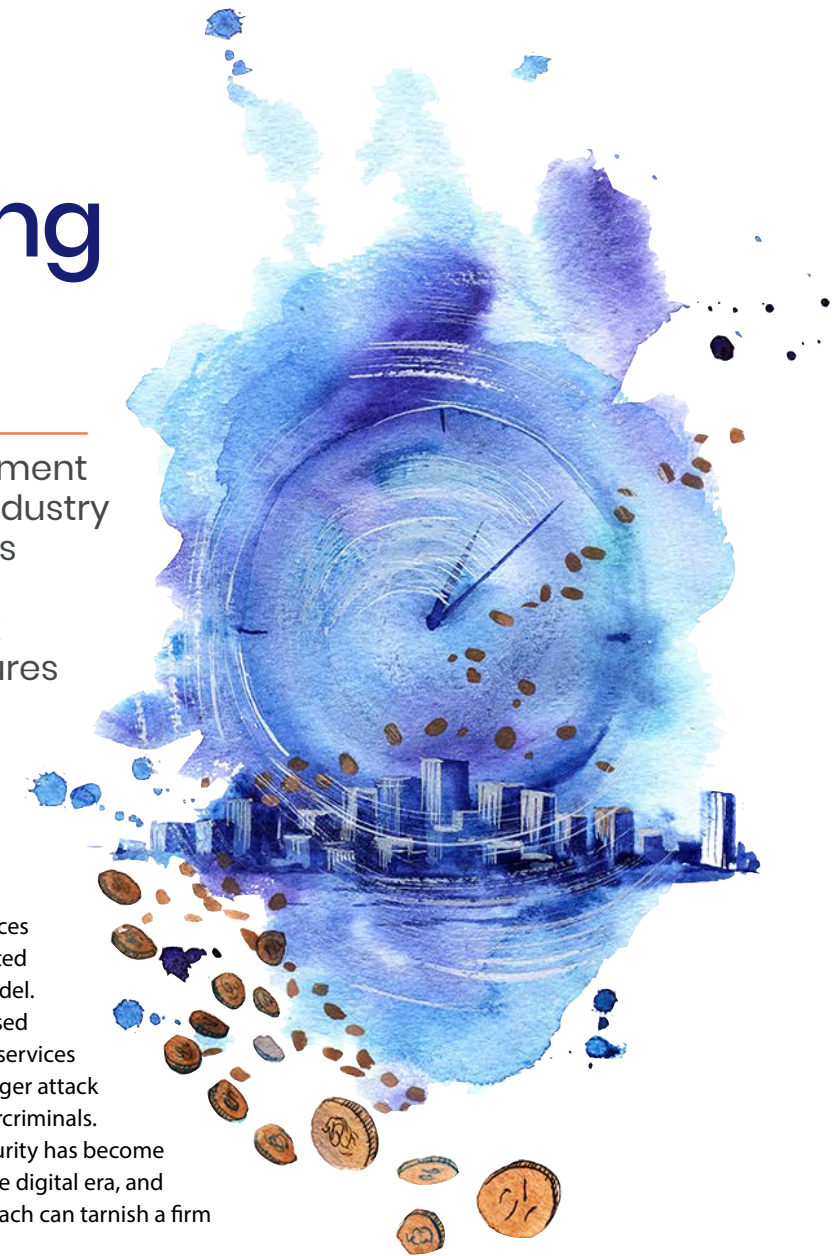
application programming interfaces (APIs), the introduction of third-party services and the oft-quoted marketplace model.

Yet an increased digitalisation of services also creates a larger attack surface for cybercriminals. Information security has become paramount in the digital era, and the risks of a breach can tarnish a firm for decades.

Regulatory scrutiny following the implementation of legislation such as the EU's General Data Protection Regulation (GDPR) and authentication procedures mandated through the Second Payment Services Directive (PSD2) have also played their part in pressuring firms to prioritise cybersecurity, especially when it comes to onboarding services.

Experts predicted as 2019 moved into 2020 that a long-running bull market would succumb to emerging economic pressures. Wealth managers were faced with the task of future-proofing their business models if challenging economic pressures became a stunning reality.

With unprecedented market volatility shaking corporations, financial institutions, and individuals alike, an examination of technological strategy shifts to a necessity



if wealth managers are to survive and thrive in a new 2020 paradigm.

A new FinTech Futures report answers crucial questions on what major hurdles the wealth management industry faces in 2020 and beyond, and which technological innovations will help tackle them and succeed in doing so.

It explores the role that data analytics, automation, artificial intelligence and open banking, can play in aiding wealth managers better serve their customers.

Featuring input from experts at Caixa Bank and Saxo Bank, the paper outlines changes and strategies to implement right now to ensure wealth management firms thrive in these interesting times.

Head to the FinTech Futures website now to download it!



# The new normal

By Dharmesh Mistry

Not long ago, being at home for dinner together as a family or with a group of friends was a rarity, and when it did happen, right next to the knife and fork would be our phone.

A rare call to parents, but generally parents calling kids, was short and sweet. Board games were gathering dust in the loft whilst there never seemed enough time to get through the next Netflix series. Our new best friend, our phone, was for texting, posting or surfing – talking was so yesterday.

On your way to work you'd see a line of people with heads down deeply focused on their phones to notice others around them. You get to work, meeting after meeting and before you know it, you missed the kids bath time. Digital was a tool for commerce, digital was a competitive differentiator, the driver to be a Unicorn and have untold wealth.

Locked down at home, how we miss our freedom of the outdoors that many of us underexploited. How we realise the importance of those we rarely saw. Now with time on our hands for digital, we miss the human and physical aspects of our lives. The abundance of everything and instant access is replaced with scarcity or unavailability and waiting. We fear the news to hear the latest statistics...

What amazes me most is how quickly humanity has returned, and though some will argue it had never gone, the positive changes are stark differences to the way that life was prior to the lockdown.

People are investing in themselves, learning new skills and trying to get fitter and eat healthy. Families are spending more time together than ever before and family meals are the norm. Board games are being dusted off and played with friends and family online, a kind of bionic approach

which makes no big deal about this being enabled by technology. Phones are being used as phones and the fact we can see and talk to multiple people is a given.

Neighbours are reacquainted through WhatsApp groups and are helping strangers on their road, these strangers that have been living there for years. The community is uniting through technology and adapting faster than ever before, but few are in awe of the technology.

Working from home is a privilege as we realise there are so many that don't have the choice. Meetings start with concern for others and then onto business. For those working, life seems much more balanced between self, family/friends, neighbourhood/community and work.

To continue this positive theme, I wanted to highlight how tech companies have come to the rescue in many different ways.

WhatsApp and Facebook groups have been set up to help neighbours, friends and family communicate, whilst Zoom and Houseparty have been used extensively for meetings and group chats. But it is the apps that were built for a specific purpose that addresses problems faced in this crisis that are truly worth a mention.

It amazes me how quickly some of these solutions have been put together and made available to literally millions of people in such short timeframes – a lesson for any large corporate in their digital transformation projects/plans.

One of the first, and probably my favourite, was GoodSam. This is an organisation that pre-existed the pandemic and was already doing great things, focusing on alerting emergencies and managing dispatches. When the UK government initially requested 250,000

"What amazes me most is how quickly humanity has returned... the positive changes are stark differences to the way that life was prior to the lockdown."

Dharmesh Mistry

volunteers, GoodSam quickly put up a service to manage those volunteers. It not only allows you to register as a volunteer for the NHS, but it also registers you for deliveries to those that are self-isolating and unable to travel, or transporting medicines or just to be a telephone companions for those on their own. Registrations have currently stopped as they process the 750,000 initial volunteers!

Small businesses provide the largest number of jobs in the UK, many of which rely solely on local walk-in trade. Businesses like pubs, restaurants, and hairdressers all face a hard time ahead and whilst the government is providing some support it's great to see some innovative thinking to create an alternative solution. 'Save my local' is another great initiative. Essentially it allows merchants to create voucher schemes to forward purchase products and services. Local customers can then purchase these vouchers to support the business once the lockdown restrictions are lifted. Mike Kelly of fintech Curl was one of the founders of this solution despite being busy on his own business.

Sponsored by Budweiser, 'Save pub life'

also allows customers to forward purchase, in this case beer, but in addition doubles the money the pub owners get. You spend £10, the pub landlord gets £20!

One obvious impact of the crisis is people's income, and here a cohort of fintech luminaries like Simon Taylor of 11:FS, Freddy Kelly of CreditKudos and Simon Vans-Colina of Fronted put together an app and site to help people understand what financial support they could get through 'Covid Credit'.

Another favourite of mine comes actually from the property tech (proptech) space, and this was set up by estate agent, Bobby Singh. 'Homes for NHS' allows landlords of rental properties to register rooms or property that could be given free of charge to NHS workers, not only to relieve their financial burdens, but also to make it easier for them to isolate from their family homes whilst they are treating patients, or to reduce their commute to hospitals.

Another in the proptech space is GasTag. This is focused on landlords and helps them to manage visits for emergency repairs or important servicing like gas safety certification.

It's great to see so many examples of tech-based assistance available to people during this crisis, solving very different problems. Some of these were led by existing companies but some were literally created by a group of people whose sole purpose was to help others.

I guess what I'm saying is that whilst there is a lot of concern around the virus and its broad impact to our lives, incomes and normal life, there are also glimmers of hope and encouragement from humankind and business.

These examples were focused on the UK, so it would be great to get your feedback on other initiatives around the globe in the comments or to me on Twitter @dharmeshmistry.



Dharmesh Mistry has been in banking for 30 years and has been at the forefront of banking technology and innovation. From the very first internet and mobile banking apps to AI and Virtual Reality. He has been on both sides of the fence and he's not afraid to share his opinions.



# Governments and regulators get a grip on COVID-19

By Ruby Hinchliffe, reporter, FinTech Futures

As coronavirus continues to grip the world's economies, governments and financial regulators have tried to minimise the damage done to individuals and businesses by rolling out various aid packages and funding schemes, in addition to relaxing or implementing new rules to help weather the storm.

Here are FinTech Futures' top ten picks from the news we've brought to you this past month.

## 1 SINGAPORE'S FINANCIAL REGULATOR UNVEILS \$87.8M FINTECH CARE PACKAGE

Perhaps the most fintech-specific aid issued by a regulator so far, the Monetary Authority of Singapore (MAS) unveiled its SGD 125 million (\$87.8 million) coronavirus care package to help country's financial and fintech sectors.

It includes wage subsidies for employees, help with rental fees in specific fintech coworking spaces, and a Digital Acceleration Grant, which is designed in part to help fintechs invest more in their digital products.

## 2 US FEDERAL RESERVE POURS \$2.3 TRILLION INTO FINANCING ECONOMY

The historically unprecedented move has seen the Fed inject roughly \$2.3 trillion into various lending programmes which will help support the economy.

Through its Main Street lending facility, the Fed is buying \$600 billion in loans and expanding its corporate credit programmes and Term Asset Loan Facility (TALF) to support \$850 billion in credit.

The Fed will then also be offering up to \$500 billion in loans to states and municipalities.

## 3 JAPAN'S \$1TN STIMULUS OFFERS \$18,000 TO SMALL BUSINESSES

Japanese Prime Minister Shinzo Abe has pledged a record JPY 108 trillion (\$1 trillion) stimulus package to help small businesses whose revenues have more than halved due to the coronavirus pandemic, promising up to JPY 2 million (\$18,350) to each one.

Abe says direct fiscal spending in the package would amount to JPY 39 trillion, more than double the amount Japan spent following the collapse of Lehman Brothers in 2008.

## 4 JUDO BANK LANDS \$307M FROM AUSTRALIAN GOVERNMENT TO SUPPORT SMES

Challenger bank for small and medium-sized enterprises (SMEs) Judo has become the first recipient of capital from the government's AUD 2 billion SME funding scheme, distributed by the Australian Office of Financial Management (AOFM).

It is also a recipient of the government's AUD 15 billion Structured Finance Support Fund (SFSF), designed specifically for funding markets hit by the coronavirus.

## 5 CENTRAL BANKS FREE UP US DOLLAR LIQUIDITY AMID CORONAVIRUS PANDEMIC

The Federal Reserve has teamed up with the central banks of England,

Canada, Japan, Europe and Switzerland to tackle market instability by offering them cheap dollar financing.

By lowering the price on the US dollar liquidity swap arrangements by 25 basis points, those central banks outside the US can provide better liquidity on the US dollar.

This makes it easier for the central banks to provide dollars to financial institutions facing difficulties in credit markets.

## 6 CHINA CALLS ON BANKS TO LEND MORE AGGRESSIVELY TO SMALL BUSINESSES

The People's Bank of China (PBOC) has cut the interest rate it pays banks to park funds with the central bank to 0.35% from 0.72%, its first change in 11 years.

Whilst "this should in theory boost lending", according to ING Bank chief Greater China economist Iris Pang, there is a worry that banks may not pay heed to the government's repeated calls to lend more aggressively to small businesses, because it means shouldering a potentially higher default risk.

## 7 UK'S FCA PLANS FINANCIAL RELIEF FOR CUSTOMERS AMID COVID-19 PANDEMIC

UK regulator the Financial Conduct Authority (FCA) has proposed a series of new measures to help households cope with coronavirus, including a three-month freeze on loan and credit card debt.

Consumers with an existing arranged overdraft would also be able to request from their provider that up to £500, on their main personal current account, is provided at 0% for up to three months.

The new proposals will sit alongside relief offered by the government for mortgage holders, furloughed staff, and the self-employed.

## 8 UK GOVERNMENT MINISTERS DISCUSS POTENTIAL START-UP AID PACKAGE

Many start-ups have called for

alternative aid, as a majority are excluded from current government loan packages due to their lack of "viability" as businesses – largely down to the fact many are still not making a profit.

Officials and investors have told the Financial Times that the Treasury is now considering proposals about how best to support the country's start-ups during coronavirus.

One option being considered is to offer convertible loans to be repaid by the businesses after the crisis, or to be converted into equity stakes owned by the state.

## 9 ECB CALLS FOR BANK BONUS MODERATION

The European Central Bank (ECB) has warned banks to exercise "extreme moderation" in doling themselves out big bonuses this year, threatening to act against them if they do not.

"In the capital conservation mentality that we are trying to instil in banks, I think we will expect them to exercise extreme moderation on variable remuneration," said the ECB's supervisory board chair Andrea Enria.

The ECB has also called for a halt on dividend payouts by banks to their shareholders. Whilst some banks, namely UniCredit and Societe Generale, had already announced the halt of their 2019 dividend pay outs, Swiss banking giants UBS and Credit Suisse have pushed ahead regardless of the ECB's calls against it.

## 10 EPA CONSIDERS RELAXING CHARGEBACK RULES AMID CORONAVIRUS

Not strictly a government or a regulator, the Emerging Payments Association (EPA) has acted a lot like a regulator in this instance as it pledges to work with card schemes "to consider relaxing the thresholds and policies in relation to chargebacks and fraud levels".

In a bid to help businesses struggling with the volume of refunds during the coronavirus, the EPA will ask the card schemes to work with payment companies to put in place bank bonds or trust agreements to mitigate additional cash collateral.



## Channel silos, leading to disjointed customer experiences?

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# The must-have for lending in a post-COVID world

By Alex Hamilton, deputy editor, FinTech Futures

The coronavirus pandemic has affected and disrupted every aspect of financial services, causing a stutter or a stop to processes considered both essential and commonplace. The world of lending is no different, and in a world after COVID-19, the industry is set to experience some shattering changes.

Banks have the technology in place to manage high-value and low-volume lending, says Rajashekara Maiya, vice-president, global head of business consulting and product strategy at Infosys Finacle. Lenders are more than prepared for figures from £250,000 upwards. Yet things can become difficult when that lending paradigm shift towards low value in high volumes.

In a post-COVID world, Maiya predicts that there will be high demand for low-value loans from people trying to recover their businesses and livelihoods, as well as those looking to return to lifestyles that were available before the pandemic.

"Most of the retail sentiment now is to cut back on non-essential spending. People have suspended buying cars, houses, exotic holidays and more. All these things are completely out of their purview for perhaps a year or more."

#### REDUCING CONTACT TIME

While consumers will be looking to kickstart their lives, many businesses will also be looking to take out loans to keep themselves afloat, especially in sectors adversely affected by the retail slowdown.

Maiya states that not only will this influx challenge each and every bank from a scalability perspective, the social distancing measures which have become a hallmark of the pandemic response

underline an already-occurring trend in the banking space.

Consumers and regulators were already putting pressure on lenders to reduce the amount of contact time with potential customers needed for the issuance of credit. Now with many people unable to visit their bank, the ability to offer a low-touch lending process has become critical.

"Everything from your origination process to your credit checks and approvals have to come down in time," says Maiya. "Not only that, the pressure to digitise in a big way is very real. The time it takes to onboard a customer needs to drop even further. We have seen it move from six or seven days to less than a day, and in some cases under 30 minutes."

The desire for speed in origination, combined with the expected rise in volume, means that it will be next to impossible for a bank to operate efficiently using manual processes, he adds. "This is where you must use machine learning, customer analytics, automated eligibility checks."

The ability to set a range of criteria within which loans can be automatically approved by a system can dramatically reduce overload on a bank's internal processes at a time when branches are closing and staff unable to perform to maximum capacity.

While a period

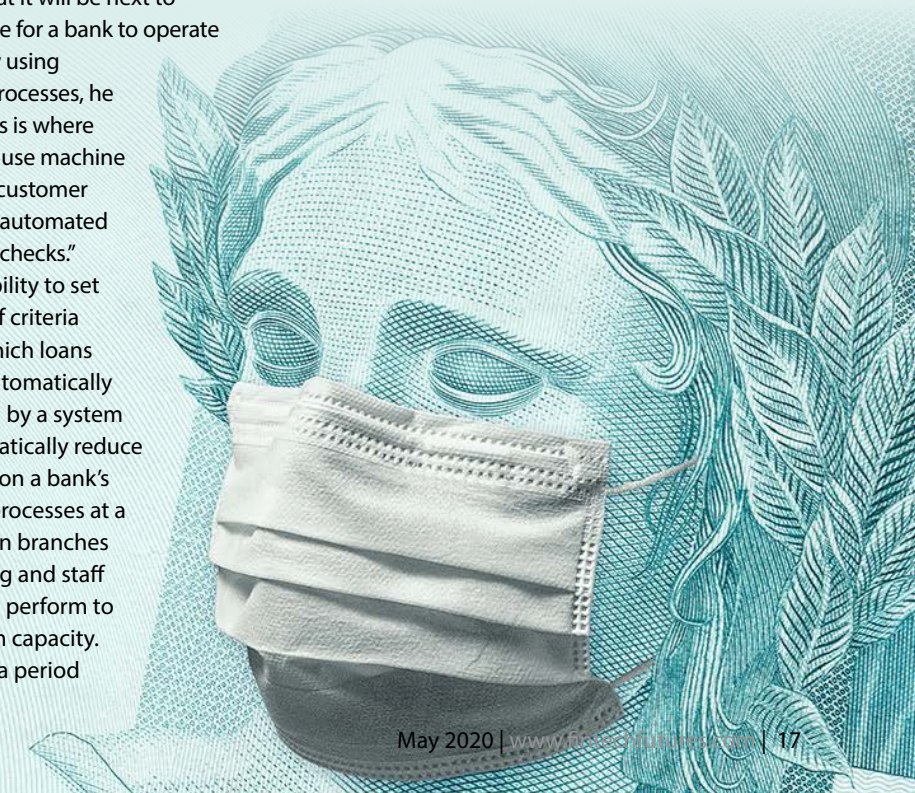
of instability in the market means that many chief technology officers may be glancing at their infrastructure spend and looking to settle back onto tried-and-true internal systems, Maiya argues that there is no better time for a financial institution to go digital.

"This is a corporate decision that needs to be made for many banks if they want to survive," he says. "Before COVID, banks were launching new entities to test out digital strategies, offering skeleton services to showcase that while they have legacy, they are making some slow transformation from one to the other."

"That transformation now needs to happen at speed. There needs to be no distinction between a legacy bank and a digital bank."

What steps can lenders make now to ensure that they adapt to a post-COVID world and can sit at the heart of a dramatic change in the lending ecosystem? Adopting a cloud-first approach is key, argues Maiya, as well as investments into the application and implementation of automated processes and machine learning to provide insights into customer eligibility and enable rapid origination and processing.

"Fortunately or unfortunately, this is the time for banks to go digital. You cannot get a better opportunity than this to position yourself as key to a new market dynamic."





# Leveraging AI to enhance humans, not replace them

By Sean Hunter, CIO at OakNorth



In recent years, hundreds of thousands of articles have been published about the inevitability of machines one day replacing humans. Some of the world's greatest entrepreneurs and thinkers from Bill Gates to Elon Musk have predicted that artificial intelligence will 'make jobs irrelevant'.

In his book, *End Times*, Bryan Walsh argued that just as humans have used intelligence to rise to the top of the food chain despite being physically weaker and slower than many animals, so too could machines. In 2015, McKinsey published a report which claimed that 45% of the activities individuals are paid salaries for can be automated by adapting currently demonstrated technologies.

While there are many industries that could benefit greatly from increased, or indeed, full automation (e.g. driverless trains which could lead to fewer delays and the ability to invest more capital into upgrading the network – both of which would benefit customers), the technology still has a long way to go before it can do this, and the motivation for doing so needs to change. Historically, automation has been driven by a desire to cut costs, rather than to create a better customer experience. A simple example of this is with the replacement of human call centres across many types of businesses with chatbots or automated attendants.

The sheer volume of calls many

companies receive means that as they continue to grow, it gets increasingly expensive having a human on the other end of the phone. In the 90s, the 'solution' to this was to outsource calls to developing markets where the cost of human capital is lower, but in recent years, many businesses have looked to technology as the answer.

However, a quick search on Twitter returns hundreds of results from frustrated customers trying desperately to speak to a human to get their query resolved. Some businesses have, therefore, tried to adopt a hybrid of man and machine in the form of in-app chats whereby some of the responses are automated, but a human is still ultimately available so long

as the customer is willing to wait for one to respond.

## AN EMOTIONAL EXPERIENCE

While I have no doubt that one day, these various technologies could create a better phone experience for the customer, right now, they tend to have the opposite effect – especially when it comes to financial services as money understandably makes people emotional.

And that's really the crux of it – emotion.

We focus on commercial lending to the 'Missing Middle' – growth businesses who are the backbone of economies and communities globally, but who have been in banking's blind spot for decades.

Borrowing money is a highly emotional experience – from the reason why a business is wanting to borrow in the first place (i.e. to grow, to protect it from future unknowns, to maintain control vs taking equity investment, etc), to who the business chooses to take money from (is this lender the right partner? Do they really understand my business?)

Technology investment in commercial lending has historically been focused on retail and small business loans (\$500,000 or less) where the process is fully automated, and the borrower can have a decision within minutes without having to interact with a human at any stage. Think about the experience you had when you last applied for a credit card for example – chances are that you didn't encounter a human at any point in the process. Humans have been completely removed from the decision workflow and replaced by technology.

Meanwhile, the approach with medium-sized loans (\$500,000 to \$25 million) has shifted from what it used to be four decades ago where local branch managers with knowledge of the surrounding community could make credit decisions, to today where there's centralised decision making and opaque 'computer-says-no' decisions. Why is this? Because the human element of in-depth credit analysis has traditionally made it a very manual process that is time-intensive and costly.

We are addressing this challenge via our credit analysis and monitoring platform, which leverages machine learning, decades of credit expertise and massive data sets (including unconventional and previously unavailable data) to enhance the human. The platform enables our bank partners around the world to do the in-depth credit analysis that enables them to provide businesses with the type of bespoke deal structuring that's typically reserved for large corporations. In doing so, the platform enables our partners to have fundamentally different conversations and engage with borrowers in a dramatically different way.

It brings credit insight about borrowers' businesses back to the front line, democratising this knowledge so that the banks relationship managers have a deep understanding of the individual business,

"Borrowing money is a highly emotional experience – from the reason why a business is wanting to borrow in the first place, to who the business chooses to take money from."

Sean Hunter, OakNorth

its industry and its sub-sector. As a result, they have more relevant and thoughtful conversations with the business owner and can build much more meaningful relationships with them. Instead of wasting time on the things that don't matter, they are able to spend more time on the things that do – structuring a loan for our borrowers' needs in the time frame they need it, as well as exploring cross-selling opportunities.

By proactively monitoring clients' financial and operational data, it is able to provide early warning indicators in case of deterioration in credit quality, enabling relationship managers to have a preliminary conversation with the borrower, well before a negative credit issue arises. This results in better outcomes for the borrower as well as the bank and can be evidenced by OakNorth Bank's success in the UK. It was the first bank to leverage the platform and since its launch in September 2015, has lent over \$5 billion (£4 billion) with no credit losses and only two defaults, whilst achieving profitably from year one, a return on retained earnings (RORE) of 22% and a cost-to-income ratio of 26%.

The key to successfully lending to the 'Missing Middle' therefore lies in leveraging artificial intelligence to minimise time, effort and risk at the back-end, so that banks have more opportunities to delight their customers and forge genuine relationships at the front-end.



# Tell it cos it's a good story

By Leda Glyptis



This could be entitled 'a blog in three t-shirts', but I can't prove that the t-shirts are real, and I own and proudly wear them, unless you inspect my extensive t-shirt collection. You will have to take my word for it for now.

Each subheading is a t-shirt I proudly wear, but the inspiration is not a shirt, it's a friend.

A friend who loves hard, who hopes and doesn't know how to be any other way, be it in his personal life or the way he works. And he works in our industry. Seeking to transform the way we make, move, distribute and manage money, a little bit every day.

It is hard. It gets messy. It is full of heart and no corners are cut.

Yes, I mean life. And love. And work.

Sometimes I don't need to find the business metaphor, Tanya. Sometimes people bring their whole self to work and all I need to do is describe it. Fancy that.

## TELL IT COS IT'S A GOOD STORY

T-shirt in implausible lime green. Script in neon pink cursive. Bought in a night market in Chiangmai because I couldn't not.

Why do we do what we do, seriously? Why do all these dreamers and makers and poets work in banking transformation? What the hell are we all doing in what is

offhandedly perceived as the domain of bloodthirsty cynics?

Well, we do the work that needs doing. We do the work that we believe needs us to do it. But we don't tell the story anywhere near enough, and we should. Because it's a good story.

There are villains and mishaps galore. There are false starts and trials but there are also mysteries to be debunked and misunderstood ogres to be redeemed. Ours is a good story that needs telling.

'The Wolf of Wall Street' and 'Gordon Gecko' have been the face of banking way too long. The bank teller and the depositary receipts clerk have better stories

to tell. Ones about the universality of our experiences and anxieties with money. About the interdependence of one's meagre savings book and financing a damn project in a country so far away as to seem made up. And yet the resulting crops that will feed people you will never meet are real as anything.

Tell that. That is a good story.

As is the imperative to change the way we do what we do so we can do more of it, better. That is a good story too.

## COOL STORY BRO, NEEDS MORE DRAGONS

White with black gothic script, a birthday gift from Wendy. She's good like that.

But does it? Need more dragons?

If you think about what we do all day I would say no, we have dragons galore.

The ones we fear (the regulator, the market, the analysts, The Street, the customers voting with their feet, the competition, the challengers, Big Tech, The Thing We Missed) and the ones we tame (legacy, habit, comfort, the way things used to be, a very profitable past, the unknown, an ever-accelerating world). The story has dragons.

Why don't we talk about them? Why are we embarrassed, almost apologetic of the work we do and the passion we bring to it?

Money is not the stuff of dreams, perhaps. But many a dream died before it lived because money ran out. Money wasn't there in the first place. Education. Art supplies. Train tickets. Roads. Irrigation. Vaccines.

From living long enough to dream, to turning dreams into plans. To walking the path towards endeavour of whatever kind, it takes work and courage and grit.

And money. Infrastructure. Services. Spending cash. Food. Healthcare. Education. Plumbing. That's the world we live in.

The universal, contentious, scary and

"We do the work that we believe needs us to do it. But we don't tell the story anywhere near enough, and we should."

Leda Glyptis

complex world of money. That's where we are. Battling the dragons of old. Trying to simplify it. Streamline it. Keep it honest.

That's what we do. We try to make it fairer, easier, a little more accessible.

The days are not glamorous but the years add up to something that is bigger than the sum of its parts even if there are more reversal than triumphs, more false starts than magic wands.

Still. We work. We strive. We occasionally succeed. Progress is made. Slowly. Painfully. Relentlessly.

We should be telling the story. With all its dragons. It's scary enough as it is. In fact, it may not be more dragons that it needs, but its unsung heroes. It needs more of them.

## I AM THE BOOTY

Black, white sans serif script, print of skull wearing a pirate hat and gratuitous crossbones, bought in a bookstore in New Orleans because it spoke the truth.

But seriously, money is unglamorous. And although none of us starve, this industry doesn't pay what people think it does. None of us will be rich doing this. That's not why we do it.

And sure, fintech is sexy. For now. And although some of us are 'fintech famous', that is neither a thing that lasts nor a thing

that scales and it doesn't mean much anyway other than: we really freaking care. Deeply and truly and intensely.

And that's the story I want to tell. A story of community. Of dragon-slayers who will remain unsung.

Because the work we do is seriously unglamorous. The most gifted minstrel would be stumped if asked to sing the praises of why changing treasury services matters to my grandmother. But it does.

Because money is connected in a large cycle of interdependence and helping the movement be seamless, transparent, cheap and dependable makes everything easier and fairer. Just you watch.

And sure, nobody will ever make a movie about the CTO who swapped out their COBOL-based infrastructure for a lithe, event-based distributed architecture that allows them to service their communities faster and cheaper. You will never know who they are. But your pension will still get cheaper. Your mortgage more flexible. Your personal banking more intuitive. The bank's ability (if not appetite) to underwrite student loans of SME bridging finance will get smarter because their available data sources and behavioural finance inputs exploded. In a good way.

Isn't that a wonderful story? Does it need any more dragons? I think not.

Do you need more booty, higher treasure, than people sitting inside the world of money trying to make it fairer, more accessible, less opaque and predatory and uneven? Loving the obscure and unglamorous cause they serve?

And for that I don't have a t-shirt – yet. But I have a lifetime of commitment, a tribe of fighters and enough time ahead of us to keep on keeping on.

The work we do won't end. This story is only just beginning. And it should be told, because it affects us all. And if we do this right, it will be a damn good story.



Leda Glyptis is *FinTech Futures'* resident thought provocateur – she leads, writes on, lives and breathes transformation and digital disruption as 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 LinkedIn (Leda Glyptis PhD). Visit our website for more of her articles.



# Emerging services and solutions amid the COVID-19 chaos

By Sanjiv Roy, head of banking & financial services transformation (Europe), and Naresh Govindarajan, head of UK and Ireland banking & financial services, NIIT Technologies



A solution is defined as a means of solving a problem or dealing with a difficult situation. The challenges we have faced with the emergence of the chaos of COVID-19 in the past few weeks are unprecedented. However, the silver lining is that the solutions that are emerging to overcome these complex situations are unique and innovative. According to United Nations Conference on Trade Development (UNCTAD), the COVID-19 pandemic is likely to cost the global

economy between \$1 trillion and \$2 trillion in 2020 alone. Financial services are expected to play a pivotal role in helping the global community emerge from this crisis and at the same time the financial services institutions themselves are facing their own industry-specific problems that never appeared in any risk register and therefore didn't have any mitigation actions against it.

In our experience in the past few weeks, the financial services industry has been

facing the following challenges and effects of the COVID-19 situation:

- **Alternative and remote working arrangements for the entire workforce**

With the impact of social distancing norms, the concept of 'work from home' has become the norm. This change in status quo has created challenges around technology infrastructure and the regulatory assurance of ensuring virtual, secure 'clean' rooms from where both employees and outsourced contractors can work from.

- **Increased digital consumption of financial services products and services**

The trend of shrinking branch footprint of banks and financial institutions had already started peaking much before the impact of COVID-19. However, the current situation has increased demand for digital financial services and products exponentially creating challenges around volume handling to spreading the load across different channels.

- **Cybercrime and fraud**

Increased digital consumption, especially by consumers who are not familiar with transacting on digital channels is a natural opportunity for fraudsters and criminals who are adept at cybercrime. Protecting customers against this trend is an important factor to consider in this chaos.

- **Fundamental changes to existing processes**

Identity verification and other validation checks across many fundamental processes like account opening, KYC and onboarding, loan disbursement and mortgages will have to undergo a major rehaul with the impact of the social distancing restrictions.

- **Cost containment and high pressure on balance sheets in a recessionary environment**

As the deeper economic impacts unravel, financial institutions will have to start considering radical cost containment measures. Identifying the right cost containment measure which has minimal revenue impact and high cost impact will be the challenge for the medium-term future.

In the last few weeks, all of us that are addressing the process and technology needs of financial services institutions have come across these challenges and effects in one form or another. Some of the solutions that have emerged to address these challenges are:

- **A resiliency services package including BCP Services**

An alternative remote working set-up, which includes monitoring, service desk, operations-as-a-service, and regulatory assurance services. We have been helping several of our clients in converting their homes into secured offices with desktops, rental laptops, cameras etc, to equip workspaces at home with office like amenities. This included implementing collaboration platforms to crafting innovative HR policies and communications. In most cases the solutions were designed by maximising usage of enterprise platforms and tuning essential workflows.

These services and solutions, along with nuances that are very specific to financial services, have now emerged as a COVID-19 resiliency services package that will help financial enterprises stabilise and run their operations efficiently.

- **Value articulation and return on investment assessment frameworks**

While acceleration to provide the products

"We have been helping several of our clients in converting their homes into secured offices."

Sanjiv Roy & Naresh Govindarajan,  
NIIT Technologies

and service offerings of financial services institutions increase, it is important to pick the right initiative to invest in and deliver. This assessment must now be made based on the fast-changing environment. Speed to market to deliver these initiatives has become even more significant. It has become essential to do an immediate review and assessment of the digital programmes along with prioritisation of initiatives that will deliver the most ROI.

This assessment as a packaged service to consider the digital initiatives through the lens of the impact of COVID-19 is another emerging service offering. The assessment will entail a data-driven approach to reprioritise the digital initiatives backlog based on business value, available capacity and capabilities.

- **Analytics tools for cost containment**

While cost containment measures might need to be executed in the medium-term, data services solutions and BI frameworks, have emerged to identify the right cost containment initiatives considering factors like business continuity planning (BCP) and workforce management. The identification of these initiatives in a scientific and data-driven manner needs specific tools and assets that can identify, collate and visually represent them to drive analytical decisions.

Technology and adoption of key solutions within financial institutions are going to play a key role in overcoming the challenges and effects of this unprecedented situation.



## Innovative solutions to overcome the challenges posed by Covid-19

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# A new way of saving UK SMEs

By Stuart Taylor, vice-president, Quotevine

As disruption from coronavirus (COVID-19) ripples through all levels of society, the UK's small and medium-sized enterprises (SMEs) are bearing the majority of the financial burden. In a situation where a fifth of small businesses could be at risk of collapsing within a month, the ability of small businesses to access external finance has never been more important.

While the government has taken steps to open up access to capital for SMEs, offering government-backed emergency loans of up to £5 million to keep them solvent, there are signs that traditional lenders are falling short.

The strict conditions, high interest rates and long wait times reported bring to mind the performance of banks during the 2008

financial crisis. The experience of SMEs during that recession led to a concerted effort to expand the variety of external financing options available, creating what we now know as 'alternative finance'.

In this new crisis, alternative lending has a chance to come into its own as a recourse for the nation's struggling business.

## THE STATE OF LENDING

The government's primary tool to stimulate access to capital is the Coronavirus Business Interruption Loan Scheme (CBILS), delivered through the British Business Bank. This scheme provides access to interest-free loans, overdrafts, invoice finance and asset finance to help businesses through COVID-19-related difficulties.

While this scheme was initially welcomed by the business community,

many have since been refused emergency loans due to their financial performance, with others being turned down for having money in the bank. In fact, a total of 6,020 loans worth £1.1 billion had been issued under the coronavirus business interruption loan scheme (CBILS) as of 14 April, according to UK Finance.

There have also been reports of banks asking for steep personal guarantees to issue emergency loans, forcing applicants to risk their personal assets and bear interest rates of 7% and 12% for loans where the bank is taking on minimal risk.

The evidence so far suggests that traditional loan processes are not able to keep up the experience SMEs are looking for. While the government is updating its advice, there is a huge opportunity for alternative lenders to fill the gap and support the nation's businesses.

## THE POWER OF ALTERNATIVE LENDING

Alternative lending is a broad term that describes the wide range of loan options available to consumers and business owners outside of a traditional bank loan. These include services such as asset finance, private equity, peer-to-peer lending and invoice finance.

While these were traditionally used when a business could not secure a business loan, they have now become attractive options due to their convenience and flexibility. Alternative financing models have grown significantly in popularity since 2008. Asset finance is the most popular method of external funding after traditional business loans, accounting for £18.6 billion worth of SME lending, as noted on UK Finance's December 2018 report.

## WHY NOW IS THE TIME FOR ASSET FINANCE

Asset finance provides access to assets such as equipment, machinery and vehicles, or enables businesses to release cash from the value of assets already owned. This makes it the ideal tool to help SMEs through COVID-19.

Many small businesses are having to undergo a significant shift in operations. Shops are moving sales online and restaurants are becoming delivery services, both of which require new equipment and investment. Meanwhile, other businesses are stuck with fixed assets that can't deliver value such as retail premises and unused equipment, while incurring costs such as rent or wages.

Asset financing can increase access to essential equipment quickly, without the need for capital upfront, and unlock the value in stagnant assets, all without endangering the personal assets of business owners.

This explains why several finance providers have already expanded their asset financing services or created one from scratch.

## CREATING A CUSTOMER-FOCUSED SERVICE

The key to helping businesses through this period is speed and access. As applications from SMEs skyrocket, traditional lenders are warning that they could take more than

"To provide a superior service, alternative lenders must prioritise simple applications, open information and fast decisions. Technology will play a key role in achieving this."

Stuart Taylor, Quotevine

a month to process. Others are only taking applications only from existing customers owing to high demand.

To provide a superior service, alternative lenders must prioritise simple applications, open information and fast decisions. Technology will play a key role in achieving this.

Modern asset finance broker tools will be essential for reducing manual processes, managing customer risk and closing deals digitally – the 'virtual handshake' that businesses will need to feel secure.

There are encouraging signs that brokers are taking this need seriously, with some lenders now offering decisions in three days. To make a real difference, this technology driven approach will have to be scaled across the whole industry.

## PUTTING BUSINESSES FIRST

In a time where SMEs everywhere are struggling, it's essential to maximise the options available for financial support to ensure that as many as possible can benefit from fast, efficient access to capital.

Banks will play an important role in supporting SMEs, but if we are truly to be 'in it together' then that must also include widening the array of alternative lending tools to benefit the widest audience of entrepreneurs.

If asset finance brokers can leverage the right technology, this could be a chance to transform the lending industry while guaranteeing the future of the UK economy.



# How can I create a positive culture for my fintech?

By Greg Watts

Fintech CEOs are typically under pressure from the board and investors to do more, faster. With hyper-growth comes the urgency to identify and secure top talent. The question is, how can you create an environment that attracts the best and the brightest, and then allows them to grow and thrive?

In this column, we'll explore ways to identify, secure, retain and develop the right talent for your business and create a winning culture.

## 1. FOCUS ON BEHAVIOURS

When recruiting, it's generally a given that a candidate has the technical skills or subject matter expertise to perform the role considered.

However, it's equally important that the candidate demonstrates behaviours that will allow them to both thrive in the role and contribute toward a culture of success. Why?

Hyper-growth fintechs typically operate at a frenetic pace, otherwise

known as "managed chaos". Such a culture is vital in the early stages of a company's development because it helps secure investment and complete deals faster.

Some people will relish the opportunity to work in such conditions, but others may prefer more orderly, process-driven environment.

Therefore, during the interviewing process it's important to pose questions that will help you determine if the candidate has what it takes to succeed. For example:

- Provide an example of how you delivered something from scratch. How did you go about it?
- When did you last break a rule or process to get something done? What was the outcome? How did others around you respond?
- What's your approach to creating lasting relationships with colleagues?
- When did a relationship with a colleague not work out? What happened?
- Give an example of when something hasn't worked out at work for which you were responsible. What was it, what happened, and what did you learn?

Use their answers to glean insights around their humility, willingness to roll up their sleeves, ability to form relationships, appetite for innovation and risk, and so on.

## 2. PLAY TO PEOPLE'S STRENGTHS

Just a few years ago, many organisations' cultures were focussed on creating solid all-rounders and addressing weaknesses through training and development.

Today, there's more of a focus on playing to people's strengths and helping them to develop and nurture their best skills. For example, if a designer loves designing, why press them into doing something else?

Research backs this up. A recent US survey of 500 employees in the professional services industry revealed that members of high-achieving teams felt "empowered to do their best work" and that team leaders "encouraged them to apply their strengths every day".

Additionally, a Gallup report indicates that strengths-based leadership can deliver improved business outcomes: employees

"Empower people to do what they love the most and you'll see the benefit – for themselves and for the business."

Greg Watts

who say they use their strengths every day are 8% more productive and 15% less likely to quit their jobs.

Empower people to do what they love the most and you'll see the benefit – for themselves and for the business.

## 3. RECOGNISE ACHIEVEMENTS, NO MATTER HOW SMALL

Small things really do matter.

Many businesses overlook under-the-radar achievements in favour of more visible triumphs such as closing a key deal or releasing a new product. This can result in teams and individuals feeling undervalued at times, and that's a mistake because "little and often" gestures can significantly enhance a company's culture.

Here are a few ways to recognise such achievements:

- Implement a weekly "call-out" from the CEO or leadership team to the wider business recognising both small and large successes alike.
- Set up a system for team members to recognise colleagues for going above and beyond – potentially via a regular, collated email blast.

Remember, a simple "thanks for doing that" can go a long way.

## 4. CREATE A SAFE ENVIRONMENT

We all make mistakes. The key is to learn from them and move on. So why are some people so scared to fail at work?

The ultimate test of team effectiveness is "psychological safety": the ability of group members to think and act without fear of repercussion. In other words, to simply be themselves and know that they'll be protected and supported no matter what.

Google discovered this first-hand when it studied 180 of its own teams to learn why some were successful and others were not. After multiple trials, researchers identified only one consistent pattern of high performance: psychological safety.

Leadership teams can promote psychological safety by demonstrating vulnerability. When leaders acknowledge mistakes, ask for feedback, or exhibit a willingness to listen, they show that failure – and the desire to learn from it – is just the first step towards progress.

## BRINGING IT ALL TOGETHER

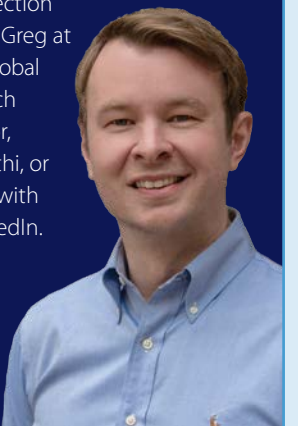
There's no secret formula for creating a winning culture. Generally, it develops organically over time.

However, by focusing on behaviours, strengths, safety and communication, fintechs can induce a positive, productive culture that can scale and flex as the business evolves.

Greg Watts is our resident expert. He is CEO of Findr, the AI matching platform for fintechs and their partners, and also the founder of Demand Creation Partners, a London-based growth consultancy that helps fintechs and paytechs to scale. A visiting lecturer at the American University in Paris and regular industry speaker, he was previously head of market acceleration at Visa Europe.

If you have a question for Greg and would like a practical, no-nonsense answer/advice, please get in touch! We'll be answering your questions in this column – free and open to everyone.

You can post your questions in the comments section online, email Greg at [greg@findr.global](mailto:greg@findr.global) and/or FinTech Futures' editor, Sharon Kimathi, or get in touch with Greg on LinkedIn.



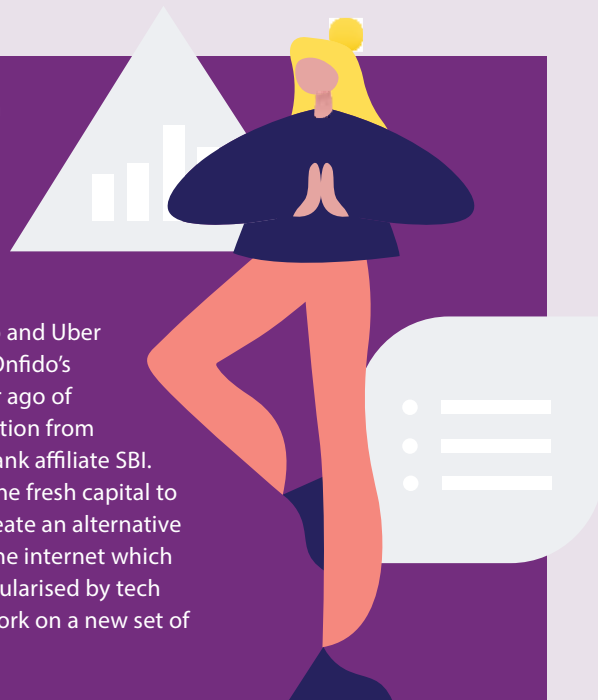


# FINTECH FUNDING ROUND-UP

**Onfido**, the identity verification start-up which helps financial institutions meet know your customer (KYC) and anti-money laundering (AML) requirements, has just landed a \$100 million investment.

The round was led by Airbnb and Uber backer TPG Growth, adding to Onfido's last funding round nearly a year ago of \$50 million which saw participation from Microsoft, Salesforce and SoftBank affiliate SBI.

The start-up says it will use the fresh capital to expand its existing business, create an alternative "identity verification" layer for the internet which would replace social logins popularised by tech giants such as Facebook, and work on a new set of case studies.



**Stripe**, a Silicon Valley-based payments platform, has raised \$600 million in new funding, valuing it at nearly \$36 billion.

The fintech's co-founder and president John Collison confirmed that this capital raise is an extension of Stripe's Series G round which closed last year on \$250 million. Return investors in the round included Andreessen Horowitz, General Catalyst, Alphabet's GV and Sequoia Capital.



**Noah** has secured a further \$150 million to finance equity sharing contracts for homeowners. Noah founder Sahil Gupta emphasises the round was not in the form of a venture financing or debt, according to Crunchbase. He describes it as platform capital, or equity, that the company intends to use to invest in homes through its home equity sharing platform. Gupta notes that the money came from unnamed institutional investors, including pension funds.

**Robinhood**, a California-based stock trading app, is understood to be raising roughly \$250 million in a fresh funding round.

The capital raise will be led by Sequoia Capital which also backs fintechs such as Nubank, Klarna, and Stripe. This will bump up Robinhood's last \$7.6 billion valuation to a pre-money valuation of \$8 billion.



Hong Kong-based financial infrastructure firm **Airwallex** has raised \$160 million in a Series D funding round. It featured participation from Salesforce Ventures, Tencent, Sequoia Capital China, and DST Global.

The latest round brings Airwallex's total raised since its 2015 founding to



\$360 million. The firm plans to use the fresh injection of cash to support its continued global expansion through customer acquisition and licensing, with a focus in Europe and the US. It also plans to expand its product line to include new payment acceptance capabilities via an in-house gateway solution, as well as partner integration.

**AvidXchange**, a US-based business-to-business (B2B) payments unicorn, has raised an additional \$128 million to add to its \$260 million round it closed in January.

Its funding saw participation from Sixth Street Partners – which led the January fundraising – alongside Mastercard, Lone Pine Capital and Schonfeld Strategic Advisors. The fintech has not revealed its new valuation, but a Reuters source says AvidXchange is worth roughly \$2 billion.



**BioCatch**, an Israeli fintech that uses behavioural biometrics to reduce online fraud and cybercrime, has landed \$145 million in its Series C funding round.

Led by multi-billion-dollar private equity firm Bain Capital Tech Opportunities, the round also saw new investor Industry Ventures join, alongside existing shareholders American Express Ventures, CreditEase, Maverick Ventures and OurCrowd.



**TransFICC**, a London-based e-trading technology fintech, has landed a £5.75 million Series A led by AlbionVC, with new investors ING Ventures and HSBC also joining the round.

The firm's new backers join existing shareholders Citi, venture capital firm Illuminate Financial, Commerzbank's research and development unit Main Incubator, and The FinLab, a joint venture between United Overseas Bank and the Singapore government-owned SGInnovate.



**Trade Republic**, the German equivalent to US-based stock trading app Robinhood, has landed \$67 million (€62 million) in one of the largest Series B funding rounds the region has seen. The capital raise was co-led by Accel and Founders Fund.

Available in Germany and Austria, Trade Republic launched its app last year after spending the first four years of its existence building its technology and obtaining licences to trade and operate as a bank. It claims to have more than 150,000 customers and collectively manages more than €1 billion through its app.

**Credit Kudos**, a London-based fintech using open banking to calculate users' credit scores, has landed £5 million in Series A funding.

The capital raise was led by AlbionVC, with participation from fresh backers TriplePoint and



Plug & Play Ventures, as well as from existing backers Entrepreneur First and Ascension Ventures.

A handful of angel investors also joined the round, including LendInvest's co-founder Christian Faes and DST Global's managing partner Tom Stafford.

**Previser**, an artificial intelligence (AI)-driven payments solution for suppliers and buyers, has landed \$11 million in funding led by Mastercard and Reefknot Investments, the VC firm co-founded by Singapore's Temasek and Swiss firm Kuehne + Nagel.

The round also saw participation from existing investors Bessemer Venture Partners, Hambro Perks and Augmentum Fintech.

**Nordic API Gateway**, a fintech start-up delivering Nordic banks' account to account (A2A) payments, has landed \$5 million (€4.6 million) as part of an internal funding round with Danske Bank and DNB.

The start-up says this investment is the beginning of what will become "an even larger amount" of funding in the "coming months", intended to kick-start its European expansion plans.

**Stash**, a New York-based investing app, has secured a \$112 million Series F despite stock market turbulence during the current crisis.

The round was led by LendingTree, one of the largest online lending marketplaces in the US, and accounts were advised by T. Rowe Price Associates, Breyer Capital, Goodwater Capital, Greenspring Associates, and Union Square Ventures. The latest funding puts Stash at a potential valuation of \$812 million.





# IFF

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## MOVERS AND SHAKERS



André Mohamed

**Revolut** has lost a number of its senior staff members over the past month. The challenger bank's deputy chief financial officer, **Stefan Wille**, and interim head of finance, **Anna Borzenko**, are set to leave after roughly 12-month tenures. Both joined in the summer of 2019. Previously, Wille had spent a year at Credit Suisse and two years at German challenger bank N26, whilst Borzenko had spent half a year at ClearBank after an eight-year-long career at Canada's RBC.

North America general manager, **Dan Westgarth**, and lead data scientist, **Abhi Thanendran**, have both left the firm having joined it in 2015 and 2016 respectively.

Global head of employer branding, **Anca Pintilie**, and regulatory reporting manager, **Alexander Gratz**, have also left the firm in recent weeks, according to Financial News sources. Pintilie leaves just eight months after she joined, prior to spending nearly five years at Oracle.

Its head of wealth and trading **André Mohamed** had left the firm in early April, in addition to losing its seven-month long chief financial officer, **David MacLean**, in March due to "personal reasons".

Revolut is also on the lookout for a new chairperson to lead its UK board who can assist it with obtaining a banking licence.

**Mastercard** Mastercard has promoted its UK, Ireland, Nordics and Baltics president, **Mark Barnett**, to the president of the company's Brussels-based European operations.

Barnett will be responsible for the strategy, direction and overall success of all aspects of Mastercard's business across the region.

He spent five and a half years in his previous role. Prior to that he held positions at Mastercard Advisors. He has worked at the payments giant for almost 19 years.

Barnett will report to Gilberto Caldart, president of international business, and will join Mastercard's management committee on 1 June 2020.

**Monzo** has hired **Sujata Bhatia** as its new chief operations officer (COO). Bhatia, a former American Express executive in Europe, will be replacing its previous COO Tom Foster-Carter, who left to launch his own grocery start-up last November.

Prior to Monzo, Bhatia spent almost 16 years at American Express. Her most recent position at Amex was senior vice-president for global merchant services in Europe. Before, she was senior vice-president of global strategy and capabilities at the US credit card company.

Bhatia held various positions in other financial organisations before joining Amex. She worked as a consultant at Bain & Co for three years, an associate at Goldman Sachs for a year and a consultant at Ernst & Young for four years.

**NatWest Group** has hired **Jen Tippin**, who steps into a newly created role of chief transformation officer.

Tippin joins the bank from Lloyds Banking Group, where she had worked for more than 15 years and occupied a number of

executive positions. Her most recent position had been group director for people and productivity, to which she had been appointed in 2017.

**Northern Trust** has appointed **Alison Pain** as its new chief technology officer (CTO) for the Europe, Middle East, and Africa (EMEA) region.

She will report to Tom South, chief information officer (CIO) at Northern Trust, and within the region will work with Teresa Parker, president for EMEA at Northern Trust.

Prior to joining Northern Trust, Pain served as managing director at Deutsche Bank, and also spent 12 years at Goldman Sachs leading infrastructure service and application development functions in EMEA.



Alison Pain

**Red Hat** has appointed **Mark Smedley** as its new vice-president of global financial services and insurance.

Smedley joins the IBM-acquired software firm from Oracle, where he spent 18 years in a variety of technological and executive roles.

His last position at the US multinational was as global industry vice president for financial services solutions, where he created and operated Oracle's Global FinTech Scale Up and Open Banking programmes.



# FINTALK OF THE TOWN



**LESSONS FROM YOUR TELLY**  
Many have decided that a global pandemic is as good a time as any to involve themselves with projects of personal development, be it Instagram-level yoga, completing a zillion-piece puzzle, returning to old hobbies, or in one special case, engaging their entrepreneurial spirit.  
Whilst I have taken a shine to the sideways-dog pose on my sofa whilst “engaging my core” through stretching across the couch to fetch the TV remote, a little birdie told me that a certain engineer at a renowned challenger bank has used their time in isolation constructing a brand-new ‘secret’ product.  
Unfortunately, this determined developer might find themselves scratching their head and perusing the tiny font of their 500-page contract to make sure their idea isn’t technically owned by their employers! Maybe they can learn a few lessons from my television experience, catch up on all seasons of HBO’s Silicon Valley, which treads similar ground, and see how they fared.

**BUSINESS WITH A SOGGY BOTTOM**  
There’s a saying about baking a cake: “You can put ingredients in, but you can’t take them out.” When companies choose mergers as their way of expanding their operations, they can often become unstuck. Especially if the talent that formed, managed and grew those acquisitions opt for a payday over a new boss. Now you’ve got to find new leaders that can mesh together while also making sure your prior business culture isn’t undermined.  
After hearing about some abrupt terminations and a company struggling to get back in its groove, it appears that in some cases, dear reader, it might be best to leave the eggs, milk and butter in the back of the fridge.

**NO MEANS NO**  
A certain investment tech firm has been aggressively targeting a former challenger bank employee to fill a customer operations position. The allegedly head-hunted individual humoured the tech firm’s executives with an interview and left with a rather steadfast sign that he wasn’t interested in the role, calling them “a bunch of crazies”. The reason behind such a discourteous proclamation by this individual was due to the executive culture and their “fierce no-criticism attitude” which was distinctly off-putting. Amusingly enough, this outright rejection, misconstrued as “playing hard to get”, led the firm to reach out yet again with a plea to join the team. I’ll leave tales of unrequited love to the poets...

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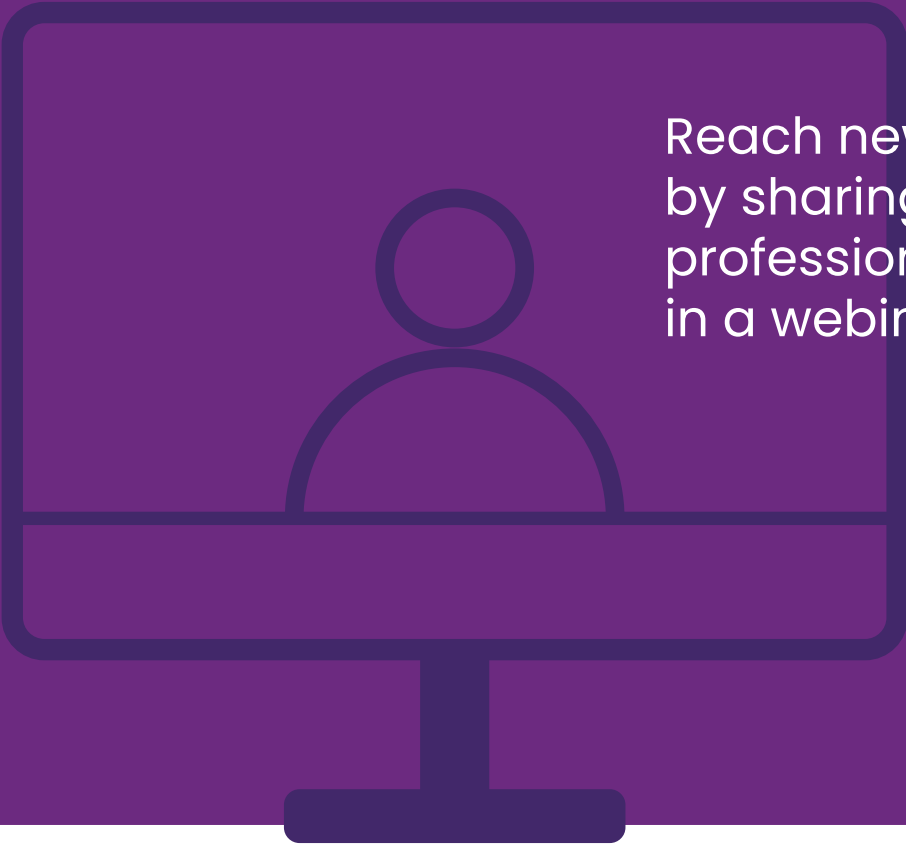
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## COVID-19 CHANGES

In light of public health concerns and operational restrictions during the COVID-19 pandemic, we have moved the awards ceremony to 10 September and extended the entry deadline to 12 June.

**AWARD CEREMONY MOVED TO: 10 SEPTEMBER**  
**ENTRY DEADLINE EXTENDED TO: 12 JUNE**

To find out more,  
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