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The Dock agenda includes:

04 The fintech feed
Top tweets and figures that have caught our eye.

05 News
A round-up of our top news stories of the month.

07 Editor’s choice
Departing editor Sharon Kimathi’s final take on some big issues in fintech.

09 Through a Gen Z lens
Ruby Hinchliffe on why our career should be about us, and what we want to make of ourselves.

10 Research
FinTech Futures, in partnership with ServiceNow, asked businesses to evaluate their digital strategies.

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EDITOR’S NOTE

This month’s Banking Technology magazine focuses on the growth of global mergers and acquisitions (M&A) as the first quarter of the year sees a 94% increase year-over-year from the same period in 2020. It also highlights developments in the fintech space such as special purpose acquisition companies (Spacs) and non-fungible tokens (NFTs).

Spring is a time of change, and I take this opportunity to announce that I will be leaving FinTech Futures. I leave with a heavy heart as the team have provided me with the most fruitful experiences of my professional career; from finding fresh talent and revamping the site to forming the What The Fintech podcast – all enabled by a flexible and understanding environment, for which I will always be grateful.

I’d like to thank my editor-in-chief, Tanya Andreasyan, for providing the freedom to experiment with new ideas. I’d also like to thank our reporter Ruby Hinchliffe for her tireless commitment to thought-provoking stories and passion for the sector. Thank you to the deputy, Alex Hamilton, for his fantastic work on the reports and as podcast host. My thanks to our marketing exec, Kiran Sandhu, who along with her work on the supplements, videos and creative flourishes, is the reason the podcast is successfully recorded each week(!), and thank you to the magazine’s production manager, Simon Turner, for his creative vision.

The conditions surrounding the pandemic mean that our team has had to exist solely on Zoom chats and virtual workspaces, and it has been difficult to move on to pastures new under these circumstances, but I’m sure that once vaccinations are administered, restrictions are lifted and the long readjustment to ordinary life resumes, I will have the opportunity to thank you all in person.

Lastly, I thank the readership; FinTech Futures will continue to provide news, features and critical insights, and I depart knowing the magazine remains in excellent hands.
FINTECH FEED

TWEET DECK Follow us @FinTech_Futures

Joe Weisenthal @TheStalwart
Looooong exhausted sigh.

Nina Mohanty @ninamohanty
Counterpoint: Africa has *always* been the BIG thing. Few understand.

Robert Smith @BondHock
Brutal FT comment on Andrew Bailey

Nick Burns @NickBurns
Guy looks like Dostoevsky in an IKEA

THE NUMBER GAMES

$170 billion
Refinitiv data published in March shows that mergers through special purpose acquisition companies (Spacs) surged to a record $170 billion this year globally.

$90k
Revolut froze out an investment manager’s $90,000 transfer for two months

300
N26 loses 300 employees and head of HR in 12 months

111
Santander announces the closure of 111 branches across the UK, affecting around 840 staff

65%
of UK financial institutions miss the Treasury’s gender representation targets

13
First year analysts in Goldman Sachs’ investment bank division reveal abusive working conditions in a leaked survey

£500m
HSBC’s US arm has made a pre-tax loss of £500 million as profits dip 34%

$22.3 million
US personal finance firm SoFi acquires Golden Pacific Bancorp for $22.3 million in an effort to gain a US banking charter

NEWS ROUND-UP

WhatsApp Pay finally gets greenlight in Brazil
WhatsApp Pay has finally cleared the way with regulators to relaunch its services in Brazil, after it was blocked in June 2020. On 30 March, the country’s central bank approved peer-to-peer (P2P) payments for Facebook’s messaging service. This will allow WhatsApp users to send each other funds on the Visa and Mastercard networks. Brazil is the messaging app’s second-largest market, home to 120 million WhatsApp users.

US retail trade groups ask to join $5.54bn Visa and Mastercard lawsuit
America’s two largest retail trade groups express their desire to join a federal lawsuit filed more than 15 years ago against Mastercard and Visa. The lawsuit is currently in the midst of being appealed. Levied against the card issuers in 2005, the lawsuit saw Visa and Mastercard – along with some big banks – agree to pay $5.54 billion to settle the case. It hinges around the two firms charging merchants excessive fees. But now, the Retail Industry Leaders Association (RILA) and the National Retail Federation (NRF) are arguing that the class of merchants the lawsuit’s plaintiffs are seeking to certify is too broad. The RILA and NRF believe the lack of specificity will prevent those retailers who don’t like the settlement terms from opting out and taking their own legal action.

Airtel Africa sells 25% stake in mobile money arm to Mastercard
Airtel Africa, a London-listed telecom firm with a network spanning 14 African countries, has landed a $100 million investment from Mastercard for its mobile money unit. The investment sees the sale of a 25% stake in Airtel Mobile Commerce (AMC BV) to the card issuing giant. Airtel Africa will continue to hold a majority stake.

CaixaBank may cut up to 8,000 jobs after merger
Spanish bank CaixaBank may cut between 7,000 and 8,000 jobs after merging with smaller rival Bankia. “The bank is waiting for the merger to be legally done, in the coming days, to start talking to the unions,” says the CaixaBank spokesman. The merger was announced in September last year. Together, the two will hold assets of more than €650 billion.

Paysafe goes public via Spac merger
London-based online payments company Paysafe has kicked off trading on US public markets after merging with a blank-check company. The special purpose acquisition company (Spac), Foley Trasimene Acquisition II Corp, is owned by billionaire business and sports executive, Bill Foley. The Spac obtained a valuation of roughly $2.8 billion at the close.

Penta co-founder gearing up new venture Relio for Swiss SMEs
Lav Odorović, co-founder of German challenger bank Penta, has created a new financial services venture, Relio, aimed at Switzerland’s small and medium-sized enterprises (SMEs). Relio claims to be “the first Swiss digital account for SMEs”. It is currently seeking a fintech licence from the Swiss Financial Market Supervisory Authority (Finma) and signing up users to its waiting list.
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- **PayTech Project Awards**
  - Best Consumer Cards Initiative
  - Best Corporate Cards Initiative
  - Best Corporate Payments Initiative
  - Best E-commerce Initiative
  - Best Mobile Payments for Consumer Initiative
  - Best Mobile Payments for Business Initiative
  - Best Use of Security/Anti-Fraud Solution in Payments

- **Excellence in Tech Awards**
  - Best Contribution to Economic Mobility in Payments
  - Best Use of Biometrics in Payments
  - Best Prepaid Initiative
  - Best UX/CX in Payments Initiative
  - PayTech of the Future
  - PayTech for Good
  - COVID-19 Response

- **Leadership Awards**
  - Best Contribution to Economic Mobility in Payments
  - Best Prepaid Initiative
  - PayTech of the Future
  - PayTech for Good
  - COVID-19 Response

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** TRENDING **

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** M&A on the rise **

The first quarter of 2021 saw the largest value of mergers and acquisitions (M&A) activity for an opening quarter since records started being kept in 1980, according to financial data company Refinitiv. With a global deal value of $1.3 trillion so Q1, representing a 94% increase year-over-year from the same period in 2020, it is also the second largest quarter on record, surpassed only by the second quarter of 2007, when $1.4 trillion in deals got done. Fintech M&A is also expected to rise sharply this year, according to FTI Technology. FTI’s survey found that “more than 80% of companies agree that their company has recently been a target of aggressive M&A, and 39% say they are looking at M&A as a result of COVID”.  

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** Spacrazy **

Special purpose acquisition companies (Spacs) have emerged as one of the most popular investment vehicles. As of March 11, 2021, global Spac initial public offerings (IPOs) have come to market, outpacing the full-year annual record of 256 set during 2020, according to Refinitiv. Global Spac IPO proceeds totalled $76.7 billion so far in 2021, which puts the value just $2.5 billion behind the total from 2020. US Spacs have dominated the marketplace, with 250 blank check companies brought to market so far this year, up from just 13 at this point last year. Although analysts do not expect Spacs to replace M&A, it will continue to be utilised by fintech companies who want to go public instead of consolidating.  

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** Domestic bank consolidation **

This year has also seen some major domestic bank consolidation, especially in Europe. Spain leads the way with the mergers of Caixabank and Bankia, and Unicaja Banco and Liberbank. Intesa Sanpaolo acquired UBI Banca, the third largest bank in Italy. Banco BPM is evaluating potential consolidation activities within the domestic space, while rumours persist about a potential merger between UBS and Credit Suisse. Reports from Bloomberg and Reuters also suggest Crédit Agricole could be interested in Banco BPM in Italy. Europe has also seen internal bank consolidation as Société Générale plans to merge its own French retail and commercial banking network with that of its wholly-owned subsidiary Credit du Nord, while LBBW Asset Management is planning to merge with LBBW Wealth Management.  

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** Payments **

Paytechs have also gained significant traction in the M&A space. PayPal agreed to buy Curv, a Tel Aviv-based cloud-based wallet for digital asset securities, to flesh out its newly formed blockchain business unit. Fiserv, a provider of payment processing, outsourced payment services, and financial software solutions, agreed to buy Pineapple Payments to expand its reach in the US merchant payments market. Square also bought a 20% stake in Sweden-based Q2, a cloud-based financial services platform, to expand its presence in Europe. The deal is part of SoFi’s quest to gain a US banking charter. This type of fintech to bank M&A was seen last year as LendingClub announced its intention to buy Radius Bank in a $1.85 billion deal in February 2020. Additionally, California-based fintech SoFi obtained its charter in September through buying Minnesota-based Mid-Central Federal Savings Bank.  

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** Fintech-to-bank M&A **

It’s also been an interesting month for M&A activity in the fintech scene as US personal finance firm SoFi will be acquiring the LLP, a $22.3 million. The deal is part of SoFi’s quest to gain a US banking charter. This type of fintech to bank M&A was seen last year as LendingClub announced its intention to buy Radius Bank in a $1.85 billion deal in February 2020. Additionally, California-based fintech SoFi obtained its charter in September through buying Minnesota-based Mid-Central Federal Savings Bank.  

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Having an ego is by no means exclusive to the entrepreneurial world. Whilst we all like to differentiate ourselves, creating stereotypes to make us feel better about our own vain motivations, the majority of roles in the working world come down to a degree of egoism. And that’s ok, because our career – at least in the beginning – should be about us, and what we want to make of ourselves.

But what about when the career choices you make, and the emotion you allow to spill into them, impact your employees? And third-party partners’ employees? Customers? Entire markets, at that?

It’s long been purported that a company’s appetite for mergers and acquisitions (M&A) can be found in the pocket of a founder’s, or CEO’s, inflated ego. This isn’t, of course, a rule. Not every entrepreneur is narcissistic enough to sell a company purely to add “sold to Mastercard” on their LinkedIn career history (although some might, and they check it far more often than they care to admit).

I’ve interviewed and written about “serial entrepreneurs” who have sold off previous companies early on in their career. References to the sales can feel like they’re citing a degree in business, rather than a strategic decision made in the interests of all involved.

In the American romantic comedy film, “Pretty Woman”, Richard Gere’s character Edward Lewis spends the majority of the film classic trying to close the purchase of a shipping company.

Whilst Julia Roberts’ character, Vivian Ward, lets an escargot go flying from a fancy dinner table, a far more boring exchange between Edward and the two sellers is going on. Their “negotiations”, which are essentially a rally of boasts about how rich they all are, taught us that M&A can often be reduced to egos.

With special purpose acquisition company (Spac) mergers becoming a popular route for companies to go public – particularly fintech scale-ups – a new meaning is attaching itself to the world of M&A. One which conflates taking your company public with selling up, which are traditionally routes that entrepreneurs would weigh up separately.

The Spac “craze” – as outlets are calling it – has prompted some analysts to worry over the emergence of an “M&A bubble”. Goldman Sachs says such activity isn’t excessive “when adjusted for the market capitalisation of equity markets”. But what if it is? And how is such a “craze” shaping the approaches founders and co-founders are taking?

Chamath Palihapitiya is widely known as the “King of Spacs”. Alongside his own six Spacs, Palihapitiya has also funded eight Spac deals through Private Investment in Public Equity (Pipe) – bringing his royal Spac total to 14.

Whilst his deals might be doing well – the majority of them are – Spacs have consequences if they’re executed by companies unnecessarily. As Tanay Jaipuria, a former Facebook product manager, points out on his Substack: “The Spac should only be seriously considered if the price is unbelievable or if the company isn’t IPO-ready”. For this reason, Jaipuria says “there will likely be a lot of lemons going public via Spaccs”.

Whilst some companies may take the Spac route unnecessarily, in part due to the ego-appealing hype created around them, we are seeing others mull a third option. Wise (Transferwise), for example, is considering a rare direct listing on the London Stock Exchange (LSE).

Ultimately, the start-ups I fear for most are those run by founders and CEOs who’ve already admitted – far too early in my opinion – that their purpose is to sell up “in a few years”. We should be encouraging the next generation of entrepreneurs to think bigger than Spacs and M&A.

Despite her ego allegedly driving her to block out office windows for fear of Monzo employees stealing Starling’s ideas, Anne Boden got it right when she said this: “I didn’t do all of this to sell out to a big bank.”
The industry speaks: From payments to data, CX to core banking

By Alex Hamilton, deputy editor, FinTech Futures

There is no doubt that the financial services industry is approaching 2021 with a completely different mindset to one it had in January 2020. The global landscape has changed. The ongoing coronavirus pandemic has fundamentally changed how businesses evaluate their future strategies going forward into a new decade.

With that in mind, FinTech Futures asked those with the greatest expertise in the industry: you. We polled our audience on those with the greatest expertise in the industry: you. We polled our audience on what pressing technology trends, trials, and tribulations will shape the coming year.

From digital banking to the back office, from cryptocurrency to cybercrime, we went to the market to find out what’s making the industry tick.

THE DIGITAL LANDSCAPE

Perhaps more than any trend in the industry, the provision of digital services has seen an unprecedented acceleration over 2020. This is reflected in the predictions of our respondents, with more than 40% believing digital and traditional will either merge until indistinguishable. A similar number also believe age of traditional tech is over, and that by 2023 it will be in total decline.

The greatest impact expected on the market, according to our audience, will be in partnership between banks and fintechs. 98% of respondents think it will have a positive impact going forward. Other major positive impacts include new service models (91%), as-a-service (95%), as-a-platform (98%), and digital services (87%).

When it comes to the technology affecting the future of the industry, 62% of respondents believe legacy technology will be a hindrance.

APIs and cloud will be leading the charge in changing the sector for the better, says our audience, with 78% believing APIs will have a strong positive effect, and 63% believing cloud will improve tech in the future.

CUSTOMER EXPERIENCE & UX

Offering a unique customer experience is growing in importance for players in the industry. 62% of respondents call the channel a “key differentiator” for banks going forward. A third of those in our survey label it a “total game changer”, with another third believing it to sit among other major parts of a bank’s strategy.

Traditional financial institutions are still falling behind the challengers, as 51% of our respondents say they have some way to catch up to neobanks’ UX. According to our audience, the first change banks must take is reducing the number of steps a user must take in their apps (78%). The next-best move is to ensure customer centrity (65%), and to offer customer further recommendations (56%).

BACK OFFICE & CORE BANKING

Back office and core banking transformation appears to still cast a shadow over the industry. 50% of respondents believe it is essential firms change their core banking systems, while 26% say it is a major contributor to success.

Cost efficiency remains a top priority for those selecting a new system, with 65% believing it to be “very advantageous” as a trait in a platform. Functionality (65%), reliability (65%), flexibility (63%), and regulatory compliance (60%) are also major factors for our audience. The least favourable aspects of a system are scalability (42%), time-to-market (43%), and modern underlying technology (45%).

The greatest challenge to back office change is board and stakeholder buy-in, with 95% of people highlighting it as a major barrier to adoption. Organisation, management, and staff commitment is also a potential problem, 91% of respondents think it poor practices among staff is a major issue.

Cost (91%), project timelines (90%), and existing legacy technology issues (87%) are also highlighted as barriers to overcome. Only staff layoffs (17%), and fear of failure (4%) were picked as a lack of challenge for change.

PAYMENTS & INNOVATION

Payments is becoming an ever-more important aspect of the industry. Changes over the past few years, including the proliferation of APIs and initiation technology, have seen mega-mergers and funding rounds happen. 48% of respondents believe there is yet more to come, though great change us underway.

Partnerships and collaboration between incumbents and start-ups has the greatest potential to change things for the better, say respondents. More than half (56%) say it will have a strong positive impact. 51% believe start-ups can have great impact on their own too, without partnerships.

In terms of challenges, 66% think cybersecurity remains an issue, and could have a strong of moderately negative

The importance of personalisation

How do incumbent banks compare with new entrants when it comes to UX?
Despite this, 60% of those asked say they are “moderately confident” in the security abilities of the fintech sector. A further 24% are extremely confident in the ability of banks to hold off the bad guys.

In terms of the greatest risk, cloud technology is struggling to shake off accusations of insecurity thrown at it in its early days. 100% of those who answered said cloud posed either a significant or moderate risk in technology stacks. More than 95% of those asked also point at people within the organisation as a major security risk.

However, the adoption of new technology is worth the potential pitfalls, according to our audience. 60% say that experimentation and innovation outweigh any problems. Only 24% believe that new technology is too risky.

That sector can expect to have the greatest investment from companies in the future. 85% of those asked say tech infrastructure will gain major backing from the banking sector in the next two years. Planning (45%) and talent (45%) were also outlined as areas of new investment.

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M&A whirlwind

By Ruby Hinchliffe, reporter, FinTech Futures

The first three months of 2021 have seen a flurry of fintech merger and acquisition (M&A) deals.

Whilst some big deals announced last year never came to fruition in these early months - including Visa’s $5.3 billion acquisition of Plaid, and crowdfunding platforms Crowdcube and Seedrs – plenty of other deals emerged to take their place.

Here’s a breakdown, in order of announcement dates, of some fintech M&A deals so far this year.

1 UK CHALLENGER CASHPLUS BUYS ICOUNT’S CURRENT ACCOUNT PORTFOLIO
Cashplus, a UK-based challenger bank, bought the 5,000-customer-strong portfolio of Manchester-based firm, icount, at the beginning of January. The value of the deal remains undisclosed.

As well obtaining new customers, of which Cashplus now has two million, the deal also saw £2 million worth of monthly consumer and business customers migrated over to the challenger.

A month later, Cashplus landed its full banking licence, having operated as an Electronic Money Institution (EMI) since 2005.

In December, fellow Australian challenger Xinja collapsed, making the 86 400-NAB merger the country’s second challenger exit in just a month.

6 86 400 BECOMES SECOND CHALLENGER TO EXIT AUSTRALIA WITH $169M NAB MERGER
At the end of January, 86 400, a Sydney-based digital bank targeting retail consumers, agreed to sell to National Australia Bank (NAB) for AUD 220 million ($169 million).

In December, fellow Australian challenger Xinja collapsed, making the 86 400-NAB merger the country’s second challenger exit in just a month.

6 86 400, which bagged its banking licence back in 2019, decided to combine with NAB’s digital offspring, UBank. The challenger currently offers a host of savings features and provides home loans.

Following a month of consultation with the industry, the Australian Competition and Consumer Commission (ACCC) chairman Rod Sims said that the deal would not significantly reduce competition in the banking market on 30 March.

The deal, still subject to shareholder approval, will transfer all 120 of 86 400’s employees over to NAB.

7 TANDEM BANK ACQUIRES £100M MORTGAGE BOOK FROM BANK AND CLIENTS
In early February, UK challenger Tandem Bank acquired the £100 million mortgage book of private banking firm, Bank and Clients.

The transaction, which completed on 22 February, saw the 300 or so clients in the book officially become Tandem customers. Tandem’s latest purchase comes as it seeks to differentiate itself from the rest of the challenger bank pack in the UK. A day before its new clients made their February switch, Tandem shut down its cashback credit card for good.

The challenger sent a note to its users in September 2020 that it had “tried to make our credit cards work” but hadn’t succeeded.

8 EQUIFAX ACQUIRES ACCOUNTSCORE TO BOOST OPEN BANKING CAPABILITIES
By mid-February, Equifax had acquired transaction analytics firm AccountScore to boost its ability to offer open banking solutions. The credit scoring giant plans to combine its traditional credit bureau information with bank transaction data.

Patricia Remon, Equifax’s European president, said the deal is “a natural next step” for the firm.

Using open banking data, Equifax hopes its customers can demonstrate their creditworthiness using information that isn’t currently taken into consideration.

Until now, a number of fintechs have been filling this gap.

9 WIPO SIGNS OFF ON $1.45BN ACQUISITION OF CAPCO
Indian software giant Wipro announced its acquisition of UK technology consultancy Capco in a $1.45 billion deal.

Wipro is looking to expand its presence in Europe and Asia, away from its primary US market. The Indian firm reckons the deal places it among the largest “end-to-end global consulting, technology and transformation service providers” in the financial services industry.

The deal is expected to close at the end of June, subject to regulatory requirements.

10 PAYPAL BUYS ISRAELI CRYPTO WALLETS CURRY FOR ITS NEW BLOCKCHAIN UNIT
PayPal agreed to buy Curv last month. The Tel Aviv-based cloud-based wallet for digital asset securities will flesh out its newly formed blockchain business unit.

The online payments giant says it will use the acquisition to “accelerate and expand its initiatives to support cryptocurrencies and digital assets”.

PayPal’s introduced a buy, sell and hold cryptocurrency feature last October for US digital wallet owners.

Whilst PayPal didn’t reveal exact numbers in its 2020 results, it did say the addition of cryptocurrency capabilities has driven user activity.

11 FISERV ACQUIRES US PROCESSOR PINEAPPLE PAYMENTS
Late last month, Fiserv said it was acquiring Pennsylvania-based Pineapple Payments to expand its reach in the US merchant payments market.

The Pittsburgh-based company has a customer base of around 25,000 individual merchants. Pineapple Payments is Fiserv’s second payments acquisition in six months. In December it confirmed the purchase of Onotd Systems.

12 FINTCH CAPITAL ACQUIRES WIRECARD’S TURKISH OPERATIONS
To round off March, Fintch Capital acquired the Turkish operations of Wirecard, creating a new entity – Nomu Pay – in its stead.

Nomu Pay, registered in Ireland, will spearhead Fintch’s growth in Turkey and the Middle East.

Wirecard plunged into insolvency in 2020 following its accounting scandal, failing to meet its loan obligations.

Pieces of the Wirecard business have been parcelled out and sold to bidders in the past 12 months, including to UK-based Railsbank and Australia’s Change Financial Exchange (ASX) back in 2007. Xero has made several acquisitions over the years, including Hubdoc, Instafile and Waddle. The company is currently valued at $13.5 billion, according to Financial Review.

13 INDONESIAN FINTECH ALAMI ACQUIRES RURAL BANK IN $10M DEAL
Indonesian peer-to-peer (P2P) lending fintech Alami acquired Shariah-compliant bank BPRS Cempaka Al-Amin in a $10 million deal last month.

According to DealstreetAsia sources, Alami is furnishing the bank with enough capital to comply with new limits set by the Indonesian Financial Services Authority. Founded in 2017, Alami partners with Islamic banks to offer invoice financing for small and medium-sized enterprises.

The firm aims to expand rapidly into healthcare, farming, logistics, and groceries. Alami says it has already distributed more than $22,000.
M&A is driving digital transformation across financial services

By Andrey Yashunsky, CEO and founder of PRYTEK

We have witnessed significant growth in the number of mergers and acquisitions (M&As) taking place within the fintech space to meet the growing demand for a digital experience offering.

However, due to high market multiples, many companies opt to go public rather than to be acquired, which has given birth to a fresh wave of special purpose acquisition companies (Spac) deals. When faced with inflation and an overpriced stock market, these types of deals are perfect for market players looking for a more creative approach to bringing a private company into the public market.

Yet we are already starting to see a calming in terms of quantity and scale of Spac deals taking place. While the number is falling, likely due to a lack of liquidity, the subject has raised some interesting questions. Should the UK be relaxing regulation on these types of deals? To ensure healthy capital flows into the industry, many argue that the UK needs to take a fresh look at its approach to the more exotic financial instruments.

For those companies that are deciding to go down the M&A route, there have been some noticeable trends taking place, including a strong preference to partner with companies that can provide the following:

- Single solution provider to orchestrate multi-vendor operation.
  There are an increasing number of new technology vendors approaching financial services firms offering solutions that promise to reduce the noise and offer clear access to a variety of technologies.
- Customer experience. Due to the pandemic, financial services are looking to enhance client engagement and improve how they interact with their customers.
- Data insights. Increased automation of decision making and on-boarding of clients based on data orchestration.
- Building a foundation in the cloud. For an organisation’s digital transformation to reach its full potential, the proper infrastructure is essential. Open-banking partnerships, powerful consumer behaviour insights, and instant transactions from any device are entirely dependent on access to the right technology.

LEVELLING THE PLAYING FIELD FOR FINANCIAL SERVICES

While the pandemic has undoubtedly been an unavoidable catalyst for many, the increasing regulation of financial services has long been a digital transformation driver.

The increasing list of standards and regulatory demands for financial institutions to meet has created an almost constant technological improvement chase. Larger banks have profitability and scale, which has allowed them to build technology in-house rapidly. However, this is not possible, nor profitable, for the smaller and medium-sized banks.

To overcome this, a recent report by PitchBook outlines how incumbent banks are increasingly choosing to partner with managed-services providers to look after their non-differentiating banking activities.

“Incumbent banks are increasingly choosing to partner with managed-services providers to look after their non-differentiating banking activities.”

Andrey Yashunsky, PRYTEK

We believe that this is an essential first step for any smaller or regional bank looking to improve its profitability. It will enable them to focus on what truly makes their bank unique and what makes it stand out against its competitors. A managed service provider can then allow banks to focus their energy on building strong customer relationships and trust.

This realisation was undoubtedly a key driver for Prytek’s acquisition last year into Delta Capita, a global managed service, technology solutions, and consulting provider for financial services. The purpose of the acquisition was to create a new vertical in Prytek’s technology supply chain offering and broaden our unique Business-Operating-Platform-as-a-Service (BOPaaS) business model, which currently extends to financial services, education, and HR.

LEVERAGING ACQUISITIONS FOR TECHNOLOGICAL INNOVATION

There will always be one clear winner when it comes to the collaboration of banks and fintech companies – the consumer. Combining different technologies, different expertise, and diverse backgrounds that come together through a merger or an acquisition is almost always likely to result in new products and services to enhance user experience. Through their digital transformation, businesses across financial services can engage and interact with consumers in ways that before were not possible.

We know this from our own experience. Through our acquisitions, we have been able to leverage the deep technologies that have been built in one business and use it to develop new technologies across other companies. For example, through our corporate venture capital arm, we recently invested in Blackswan, and by using Blackswan technologies, we were able to build Karbon, a Delta Capita customer lifecycle management (CLM) product.
Dirty little secrets and RFPs

By Leda Glyptis

I have a confession to make: I have never worked in procurement. But I have dealt with requests for proposal (RFPs) all my life. Because I sat in teams in many a bank that needed a thing the bank couldn’t build themselves so we had to go out to market for it and, of course, we did so in a way that took twice as long as learning and then building the thing ourselves would have done and ten times as long as it would have taken our partners to build the thing.

I have sat in committees inside a variety of banks, reviewing RFPs, both the drafting of and the selection post the drafting. So much reviewing.

And when I have not worked for banks but sold to them, I have been at the receiving end of 2,500 line spreadsheets as a tech vendor and worked through them cursing my fate, especially knowing what I know about how RFPs come to be and how they are read once received.

And here is what I know.

RFP processes are most often about risk-aversion and internal politics. They are about risk mitigation and responsibility evasion.

They are about creating a process whereby, if things go wrong it is nobody’s fault, really. They are about the fact that these two department heads are not aligned and, rather than working that out, the organisation uses the RFP process as a way of creating a time-box for resolution. Forcing them to talk and play nice. Or the organisation uses the RFP process as a way of creating a process or why there were 17 different people on the client side during your demo, now you know.

If you ever wondered why a new set of stakeholders appeared three weeks into a selection process or why there were 17 different people on the client side during your demo, now you know. If you ever wondered why there are three seemingly identical questions in the RFP, some questions that don’t seem relevant at all and at least one question that seems to assume some technological advancements of the last ten years have not happened, your answer is RFPs are most always Frankenstein documents. They are more often than not made of recycled staple parts of old RFPs, watered-down requirements and vague business objectives written by people who didn’t fully understand them and reviewed by people who couldn’t be bothered to read through all the questions; but I am sure it will be fine, they thought, as long as our key questions are included it doesn’t really matter what else is in there.

Only it does.

Because the vendor has no idea what is important but badly phrased, recycled but polished to great clarity over the years, trivial but written by a pedant or what.

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Ask me about that time that channels
SPOTLIGHT: REVOLUT

Revolut

By Sharon Kimathi, editor, FinTech Futures

UK-based fintech, Revolut, is facing fresh allegations of unjustified fund freezes as one private equity investment manager openly received his $90,000 bank transfer made in January on 26 March.

In this exclusive investigative feature, the investment manager, who wishes to be referred to simply as Mr. Chen, tells FinTech Futures about his battle to receive the $90,000, which only became available to him on the eve of 26 March – the original date of publication for this piece.

FinTech Futures obtained correspondence with Mr. Chen and various Revolut chatbot agents, in addition to the email correspondence received on 23 March from the Financial Ombudsman and Revolut.

Although Mr. Chen has received his money following the added pressure by the Ombudsman, he is one of the lucky ones. Several Revolut clients remain in the dark about receiving their funds as noted on various groups on Reddit, Twitter and Facebook, in addition to reporting by FinTech Futures, the Financial Times, The Telegraph and The Times.

“I’VE NEVER EXPERIENCED ANYTHING LIKE THIS”

Mr. Chen, a UK-based private equity investment manager with a corporate law background, is no stranger to fintech. “I’m very familiar with fintechs, challenger banks and the various tech ecosystems in China and the US. But my experience with Revolut is so appalling – I’ve never experienced anything like this,” he tells FinTech Futures.

He signed up with Revolut back in 2015. “I wasn’t a very frequent user. Like many of their users, I used the app to exchange different currencies when I travelled to Europe.” The $90,000 was “a loan from the company of which I’m one of the major shareholders,” he says. As a personal account customer of the fintech for over five years, Mr. Chen trusted Revolut with the funds.

“The current situation is very embarrassing as I had to explain the situation to other shareholders and find alternative financial resource to repay the company!”

In January, the $90,000 payment was made from the company’s corporate bank account to his personal Revolut account. “I could have received it through my HSBC account, but Revolut had a more favourable rate.”

“EVERY TIME IT’S A DIFFERENT PERSON”

On 19 January 2021, his corporate US-based bank sent Mr. Chen’s funds to its intermediary bank in Europe. The intermediary took 10 days to check the origination of their funds for their standard know your customer (KYC) and due diligence checks. “I even received double confirmation from [my US bank] and [European intermediary] that the funds were released on 2 February, so I was expecting money to show up at any time… but then nothing happened.”

He soon realised there was a problem and tried to contact Revolut. “There was no proper channel. Their phone number is an automated answer machine, which is not helpful, and there was some action through their app chat, so I tried that, provided all the details, but there was no meaningful reply. It was always ‘we will be looking at it’ or ‘our team is on it just be patient’ one time after another.”

Mr. Chen provided FinTech Futures with screenshots of the chat with the Revolut correspondents and can confirm there was no singular case manager or account manager. “Every time it’s a different person – it’s like they will pick up and look at the chat history and update you when they feel like it,” he says. In total, Mr. Chen was in contact with over 21 different chat agents since the saga began.

Correspondence with his US bank, which FinTech Futures also obtained, shows that the transfer was made on 19 January. Mr. Chen shared his concern about the funds’ whereabouts with his corporate US bank on 27 January as the intermediary bank in Europe conducted its checks without any prior notification.

UNJUST ENRICHMENT

The European intermediary bank cleared its checks on 2 February and notified his US corporate bank about the release of funds on the same day. Still having no response from Revolut about his funds, Mr. Chen began his conversation with Revolut’s customer service chat on 8 February. The response, received on the 9 February by a Revolut chat agent, reads: “International (Swift) transfers take up to one-to-three working days.”

Since the message noted that it “might depend on the sending bank,” Mr. Chen decided to simultaneously email his corporate US bank about the issue on 10 February, where the US bank’s relationship advisor submits a “trace request to the wire team”.

Following communication with the Revolut chat agent on 10 February that blamed it on “not being a Swift transfer” when it was in fact, executed via Swift, the agent suggested a recall of the funds. Mr. Chen contacted his US corporate bank relationship advisor to action this plan. However, the recall message did not go from the US bank to Revolut. In fact, the message from the US bank went via their European intermediary bank and on to another bank – Barclays. Although Barclays was “unable to comment on this occasion”, Revolut confirmed to FinTech Futures, that “as an authorised institution, Revolut safeguards client funds as per regulatory requirements. Client funds are stored in a segregated account held with a Tier-1 partner bank (Barclays/Lloyds).”

On 17 February, Mr. Chen’s US bank escalated the issue and requested a cancellation to Barclays via authenticated Swift, to consider the payment null and void and remit funds. “Kindly consider this our initial claim for unjust enrichment,” read the message. As defined by legal search firm LexisNexis, a claim based on unjust enrichment “seeks to restore to an innocent party the gains that someone else has obtained from them. It is part of the equitable remedy of restitution.”

The US bank did not hear back from Barclays or Revolut.

“WHAT!”

Having thought the funds could potentially be with Barclays, several weeks past with silence until Revolut provided Mr. Chen with a surprising response. “The payment was received on 12th. The relevant team already escalated this to a more specific team to check if we can process this payment and credit your account,” the Revolut agent says. “I was like, ‘WHAT’! Even before that, no one confirmed anything! Even on the chat on 1 March they said, ‘no money had arrived – it must be an issue with the sender bank’,” says Mr. Chen.

“The money arrived three weeks ago at this point, and I was asking every day to no real response as they revert back to the ‘auto mode’ I was asking every day – who is it? Where is the money? When is it processed?”

All chat agents responded with the same message since 2 March, stating, “as much as I wish I could resolve this all for you myself this very moment, I’m afraid much as I wish I could resolve this all for you myself this very moment, I’m afraid more than you need to wait for any further info from the relevant team of experts who should be able to help here way more”. Mr. Chen took the issue up with the Financial Ombudsman, threatening Revolut with legal action on 12 March. The fintech
"I never knew that!"

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SPOTLIGHT: REVOLUT

provided a link to an online form for him to make a complaint, noting that it would take them 15 calendar days to issue a final response.

Revolut’s complaints department sent Mr. Chen an email stating that it “received [his] complaint on the 10 March 2021”, that the transfer, sent on 2 February for a total of £90,000, “did not arrive in [his] account within the estimated timeframe of five working days”, and that “the case was escalated internally to our Payment Investigations team, which is currently conducting a detailed analysis on the matter”.

The email also stated that “[his] funds did reach Revolut’s system, but it appears that due to an error in the format of the transaction data, we simply could not accept the funds and process them into your account”. However, none of the chat agents referred to a payments investigation team, nor did they mention any transaction errors. Revolut tells FinTech Futures that, “this format error also delayed our team from locating the payment initially, and we apologise for the lack of clarity that was provided by some of our customer support team”.

It also claimed that it referred to its banking partner to re-verify the funds on 18 March 2021. However, as confirmed by Mr. Chen’s US corporate bank, no such confirmation was received, and no recall messages were answered. “So, as a result, the money was still missing, and Revolut failed to indicate if, and when, my money could be recovered,” says Mr. Chen.

BIG RED FLAG

As a lawyer and investment manager with fintechs in his portfolio, Mr. Chen finds that companies treating customers like this would “be a big red flag”.

“It doesn’t matter how fancy your slogans and visuals are. If customers are unhappy because you lack basic services, then your business obviously has a serious problem.”

Mr. Chen, investment manager

“Even if firms are offering a primarily online or online only service, customers should be able to engage quickly and easily to raise enquires and complaints, and responded to in an appropriate manner and timeframe,” they add.

On occasion, accounts may be frozen while firms look into possible financial crime concerns with an account such as seeking to make sure an account hasn’t been compromised. However, we expect firms to provide effective and reliable means for customers to contact them regarding any concerns about using their accounts.”

Although Mr. Chen has since received his funds as of 26 March, he is now unable to cancel the account. “There is an option to cancel it, but after several stages, it shows the error message,” he says. “They don’t have my trust anymore.”

REVOLUT COMPLAINTS

“I was going to take it to the courts – I didn’t see any other option,” says Mr. Chen. FinTech Futures spoke to Florin Hrituliac, a Revolut personal account customer in Romania, who tried to transfer RON 20,000 (£4,832.68) from his company’s bank account to his Revolut account on 9 September 2020, but was unable to access these funds. Hrituliac has since raised a lawsuit in Romania to access his funds and advises others to join the legal action.

FinTech Futures spoke to one such person considering legal action either by joining Hrituliac’s action or raising a new case in the UK. The customer, who wishes to remain anonymous, was a Romanian premium personal account customer whose account – in addition to his son’s account (a UK-based student) – was blocked in September 2020. In September 2020, the Financial Times spoke to a UK Revolut account user, Richard Walker, who had his account suspended after a £150,000 transfer from a friend.

“As a lawyer and now a full-time parent, Walker was aware that banks and electronic banking apps are required by the Proceeds of Crime Act 2002 to monitor accounts for money laundering and fraudulent activity,” notes the FT. “A large sum being paid in from a foreign account looked suspicious. He decided to contact his bank to explain”. In another case reported by The Times in February 2020, Revolut suspended and subsequently closed a business account containing £300,000 belonging to Priorité Energie, which “helps low-income families in Paris to insulate their homes under a government initiative”, preventing the company from paying its staff.

In January last year, The Daily Telegraph reported that Revolut suspended an account containing £90,000 for more than two months, and that another customer travelled 500 miles from Auvergne in France to Revolut’s London offices in an unsuccessful attempt to recover £15,000 in an account that Revolut had similarly frozen without an articulated justification.

Although Mr. Chen speculated that it may be down to anti-money laundering (AML) system failures, Revolut states that: “Mr. Chen’s Revolut account and funds were not locked or withheld during this period and the delay was not caused by understaffing, backlogs or KYC/AML checks, but by a transaction data format error on the part of one of the intermediary banks or the sending bank. Revolut is not suffering from understaffing (or undue delays in KYC checks). We have sophisticated methods and very high standards of AML protection, although that is not relevant to this case which arose from a technical issue”.

Thankfully Mr. Chen was in receipt of funds on 26 March, and he did not need to file legal action, but with an increase in customer complaints last year and legal cases being pursued elsewhere, lasting concerns remain regarding Revolut’s capacity to cater efficiently to its ever-expanding userbase.
Trading games

By Arthur Caplin, digital and technology law specialist, BLM

Non-fungible tokens (NFTs) are a relatively new concept, following the meteoric rise of bitcoin and the cryptocurrency marketplace, but have recently rocketed to greater prominence. With artwork sold for a jaw-dropping $69 million via NFTs, and Kings of Leon becoming the first band to release an album as an NFT, this new form of trading is garnering some serious investment and attention. So, what is an NFT, and how might it overhaul digital currency? At its most basic level, NFTs can be defined as unique online assets, digitally generated on a blockchain. The potential applications are vast, though even the most digitally-savvy investors and creators will need to be clued up on the protections and emerging regulations surrounding NFTs – especially given this is a marketplace that prides itself on a lack of conventional regulation.

INTEGRATING NFTS INTO OUR LIVES

“Fungibility” is defined as something that is mutually interchangeable, or replaceable by an identical version, without any loss in value. An example would be exchanging two £1 coins. “Non-fungible” means the asset is unique and its value cannot be replicated. In the “real world”, non-fungible assets would be unique works of art such as the Mona Lisa. When it comes to NFTs, assets are individual and irreplaceable, digitally generated, with unique values assigned relating to a specific asset. NFTs are also used to prove ownership of an asset and are indivisible, creating digital scarcity.

Each NFT on the blockchain has an owner, with an account associated with the ownership. The blockchain acts as a ledger of items, tokens, and cryptocurrency, recording who owns each NFT at a particular point in time. Owners of these crypto-assets have their own private key that allows them to transfer ownership of the item over to someone else. NFT transactions are recorded on the blockchain and ownership is updated via a decentralised immutable ledger where no data can be altered. As such, it is almost impossible to create counterfeits. This legitimacy is one of the key appeals of the crypto-market and NFTs.

Using the Kings of Leon NFT as an example, the band produced three types of tokens, and depending on which one was purchased, the NFTs granted: 1) a special album package, 2) a live show package that included perks such as front-row seats for life, and 3) exclusive audio-visual art. The NFTs were all sold through a specialised marketplace, initially priced between $50 - $2,500, and only available for two weeks. This new release strategy highlights the true power and versatility of the trading system. However, as with all digital assets, investors and creators alike will want to ensure that their asset is appropriately protected, and any sale is authentic and legitimate.

“As is currently the case with cryptocurrencies, the law is going to need to adapt quickly to keep up with the rapidly emerging platform.”

PROTECTING AND REGULATING THE MARKET

NFT transfers are facilitated by “smart contracts”, which contain identifying information. These smart contracts, such as those developed for Kings of Leon’s NFT by ticketing and blockchain platform YellowHeart, are pieces of computer code designed to carry out a set of instructions. Like regular contracts, smart contracts are designed to enforce the terms of an agreement, and will automatically execute when pre-defined conditions are met. As is the case with blockchain transactions, smart contracts are often immutable, and once executed are unable to be altered. NFTs and related smart contracts allow for detailed attributes to be added, like the identity of the owner, rich metadata or secure file links. It’s both a positive development for contracts and a risk: while it means a contract cannot be altered, if there are issues with the underlying code, it could become useless or even provide opportunities for hackers to exploit it.

There’s also the issue of regulation to consider. When creating an NFT, creators need to be mindful of the rights granted to the token holder. A 2018 European Securities and Markets Authority (Esma) report on Initial Coin Offerings and Crypto-Assets highlighted that “most crypto-assets are covered by the Unfair Commercial Practices Directive…to the extent the issuer is a business undertaking and the buyer of the crypto-asset a consumer.” This complicates matters if the creator or issuer of an NFT grants the new owner specific rights, such as profit sharing or other entitlements. The token may then be treated as a “security token”, a digital contract for fractions of any asset that already has value: perhaps real estate, a car, or even corporate stock. As such, it potentially subjects the NFT creator or investor to various requirements under relevant financial market regulations, such as Anti-Money Laundering (AML) rules, the Second Markets in Financial Instruments (MiFID II), the Prospectus Regulation and the Market Abuse Directive.

AN NFT WORLD

Will NFTs be a success? It’s early days, but the market has introduced an entirely new type of unique asset and laid the foundation to expand into almost every aspect of ownership. The scope and applications are vast, and there’s real potential in online gaming, through unique items and skins, and live events ticketing, as with the Kings of Leon.

While these early mainstream adoptions mark the beginning of NFTs’ eventual wider integration into life and business, there will always be challenges when attempting to regulate assets largely traded on a marketplace that revolves around a lack of conventional regulation. If eventually embraced by the masses, it is likely that disputes will arise and, as is currently the case with cryptocurrencies, the law is going to need to adapt quickly to keep up with the rapidly emerging platform. Until then, without the appropriate regulation, NFTs could have the potential to burn radioactively in the end.
By Dharmesh Mistry, CEO, Askhomey

Banking’s long road to BaaS

**The Journey to Get to BaaS for Banks is Long and Complex**

Then it was around 2016 that bank-as-a-service.com produced a whitepaper detailing the concept further and providing early adopter examples, the whitepaper is still worth a read. Next Andreessen Horowitz presented the concept that “every company will be a fintech company”, which really highlighted that the opportunity for BaaS was much broader than banking and financial services. Around about the same time, David Gailbraith of Anthemis wrote “Embedded Finance – The Future of the Economy” (another great paper well worth reading). Given all of this history and available content you would imagine banks are well prepared to take advantage of this huge opportunity!

For incumbent banks to move to BaaS, there are a couple of big challenges. The first is their core banking systems. With the opportunity to embed banking into every industry there is a need to scale well beyond the customer base than the bank serves today. This requires both hardware and software scalability and the ability to provide more granular services independently for example credit scoring or anti-money laundering as well as products like accounts and cards. The solution is simple, adopt a modern cloud native solution. In previous articles I have covered what this entails in more detail.

The second problem is arguably the bigger challenge and possibly why we are seeing more banks hire key personnel from big tech companies - and that is, operating a BaaS business.

Banks have really only ever sold banking products to customers, be they retail or corporate customers. Being a BaaS provider is essentially selling access to the software infrastructure.

**The Software Infrastructure is Not Only The Challenge, It is the Implementation of a Different Business Model That is Key.**

I guess I’m just saying the opportunity for BaaS is huge and compelling no doubt, but the journey to get there for banks is long and complex.

I first pushed the idea of franchising banks in 1995 and I’m sure someone else in banking would have had similar thoughts before me. The pitch was simple, the big four banks have huge IT capability why not leverage other banks’ customer base so they can provide “white labelled” banking. A few years later RBS tied up a deal with Tesco to provide banking through the retailer’s customer base and stores. However the term Banking-as-a-Service (BaaS) was arguably first coined by Chris Skinner in 2009 and he identified that banks could provide smaller services like international transfers or cheque processing: “all bits of banking, all priced and packaged to plug and play as a service”.

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personal finance mobile app Lumio turned to crowdfunding for its latest fundraising campaign and secured £1.1 million from over 1,200 investors on CrowdCube, with its pre-money valuation at £3.5 million. The start-up says its purpose is “to accelerate financial independence, integrity, and personal progress, through intelligent technology.” With 18,000 financial accounts already connected, Lumio’s ambition is “to help one million customers grow their money by 2024” — a mission that the company describes as “big, audacious (and slightly scary!).”

**South African fintech Nomanini has raised $1.5 million from new and existing investors. The firm operates a platform that helps merchants in emerging markets to distribute “digital goods” like airtime and prepaid electricity. The firm says it is using its new cash to grow its network of providers, invest in product development, and expand its team. The Cape Town start-up has raised $7.4 million across six rounds.**

**Nigerian challenger bank, Kuda, has raised $25 million in Series A funding in a round led by Valar Ventures. The round is the first time the Peter Theil-backed VC has invested in an African start-up. The other backer in the fundraising is Target Global, an existing Kuda investor. Founded in 2017, Kuda bank calls itself “the bank of the free.” It offers a no-fee virtual account and accompanying debit card.**

**Airwalk, a Melbourne-founded fintech which allows businesses to set up bank accounts, currency payments, and manage expenses, has landed a $2.6 million valuation. The new price tag takes off the back of its latest $10 million funding round. Led by US-based Greensha, the raise brings the fintech’s total raised to date to $50 million. Local investors Grok Ventures, Skip Capital, and ANZi Ventures also participated.**

**Digital banking vendor Meniga has raised €10 million in a round led by Velocity Capital and Fremtak Ventures. Swedish venture capital fund Industrifonden also participated in the round, in addition to existing customers UnCredit, Swedbank, and Handelsbanken. The vendor says its funding will go towards a continued investment into research and development, including the creation of green banking products.**

**Nigeria fintech Bankly has raised $2 million in seed funding in a round led by Vault. It digitizes the banking process, allowing customers to deposit and withdraw money through agents located in Nigeria. It will use its funding to build out its agent network and acquire new customers. CEO Tomilade Adejana says distribution is the first key stage in financial inclusion.**

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**Swedish fintech Zaver has raised $5 million to bolster merchants with the ability to offer buy now, pay later (BNPL) services. Behind the new round are venture capital firms Inbound Capital and Inventure, as well as investors Fredrik Osterberg, Fabian Hieto and Max Hobohm. Zaver plans to target the “disables” market — goods that don’t need to be bought regularly and last a long time. These include house renovations, doctor’s visits, or buying cars.**

**JP Morgan Chase, Citi, and Bank of America have invested $40 million in Black-owned challenger bank Greenwood Financial. The Atlanta-based fintech aims to serve Black and Latinx communities. Other big name backers include Trust Financial Corp — who led the round — alongside fellow banks Wells Fargo, PNC Financial Services Group, and Banco Popular. Mastercard, Visa, FIS, and venture capital firms such as SoftBank’s Opportunity Fund, also participated in the round.**

**London-based DIEM, which describes itself as “a circular economy-oriented fintech start-up,” has raised nearly £4 million ($5.5 million) in an oversubscribed seed investment round. The investment round was led by Fasanara Capital and supported by Chris Aedelsbach, founder of Outrun Ventures. Additional investors included Andrea Moltini (early investor in Farfetch.com luxury marketplace), Ben Demitri (co-chairman at fashion tech Platforme) and Nicholas Kirkwood (founder of the eponymous brand). DIEM plans to expand across Europe.**

**B-North (Bank North), an aspiring Manchester-based bank for SMEs, will receive a £4.5 million investment from LHV Group once it gets its banking licence from the UK’s regulators. The commitment was made as part of B-North’s Series A fundraising. The banking start-up aims to secure £20 million in capital before being granted the banking licence. Founded in 2018, B-North aims to establish “the first truly regional lending bank in 150 years” in the UK.**

**Mexico City-based fintech Fondeckora has extended a Series A funding round and raised in $14 million. Porta3 and Gradient Ventures are involved in the extension, on top of involvement from Y Combinator, Sequoia Ventures and Igna. The Mexican challenger aims to help unbanked people in its home country and promises users an easy account opening service and swift issuing of a Mastercard debit card.**

**Lending marketplace provider Lendo has raised $7.2 million in a Series A funding round led by Derya Ventures. The round featured participation from Seedra, Shorooq Partners, 500 Startups, and Impact46. Lendo offers small and medium-sized enterprises (SMEs) the ability to digitally pre-finance their outstanding invoices. The firm says its new funds will accelerate the company’s plans to deepen its platform capabilities and expand the product offering.**

**Mexico-based Baubap has closed $3 million in a seed funding round led by Grupo Grameen. It marks the company’s fifth round and first raise in the millions. The firm aims to offer banking services and products to underserved or unbanked people in the country. Its first product arrived as a micro loans platform offering up to M$N 5,000 ($250). The firm claims it can approve loan applications in minutes, requiring only voter registration and a mobile phone.**

**Recharge.com has raised $10 million in a debt funding round. The company secured the funding largely from London-based Keos Capital, which specialises in providing financing for high-growth companies. The firm plans to use the funding to further enhance its mobile offering, extend its product range and accelerate its international expansion.**

**KreditBee, a Bengaluru-based digital lending platforms backed another $70 million in a Series C follow-on round. Having already raised $75 million in February through its holding entity, KreditBee has raised a total Series C of $145 million. TP G-Backed NewQuest Capital Partners and Mitali Overseas Private Equity co-led the $70 million capital injection. The firms join initial Series C investors Faktory Ventures, Alpine Capital, Indian business tycoon Atul Pratap Premi’s PremjiInvest, and Arkam Ventures.**

**Data collection fintech upSWOT, has raised $4.2 million in seed funding from a range of investors, including CSV Ventures, ICMA, and First Southern National Bank. With this funding round, upSWOT plans to expand its US footprint, continue hiring onshore staff and develop partnerships with Tier 1 and Tier 2 banks. upSWOT provides financial institutions with “simple-to-use” data aggregation, visualisation, and analytics.**

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MOVERS AND SHAKERS

European challenger bank, N26, has hired former SoundCloud executive, Gilles BianRosa, as its new chief product officer. BianRosa spent just under two years at the audio distribution platform, and also has experience at Samsung Electronics, Tivo-acquired Fan TV, and Spigot-acquired Vuze. He holds an MBA in general management from Harvard Business School, but has never worked at a financial institution.

N26 says BianRosa will lead all product teams based across the company’s main offices and technology hubs in Berlin, Barcelona, Vienna and New York.

BianRosa’s appointment arrives a few weeks after it was revealed N26 had lost 300 employees in the space of 12 months. The Berlin-based firm’s head of human resources, Diana Styles, has also exited after just six months in the role, alongside its global customer service director, Benedikt Dormann.

The company is now trying to recruit around 500 new employees by the end of June, according to an internal email seen by Finance Forward.

Norwegian web browser Opera has hired ex-PayPal and Tencent executive Allen Qilin Hu to head up its new fintech venture Dify.

The company unveiled the newly formed division last month. Hu will be its first enterprise vice president.

Dify’s new boss spent more than nine years at PayPal, where he headed up global core payments out of California. His next employer, Chinese conglomerate Tencent, saw him manage “TenPay,” now known as WeChat Pay.

Since these tenures, Hu has spent time at Ping An Insurance’s fintech arm “OneConnect,” and BaiduPay – part of Chinese conglomerate Baidu.

Most recently, Hu served as a venture partner at Sequoia Capital, and an advisor as the Hina Group, a cross-border investment firm with strong links in the US.

London-based regtech firm, Napier, has hired former HSBC chief operation officer Andy Maguire as an advisory board member.

Maguire joins the fintech after spending 16 years at Boston Consulting Group (BCG).

Between 2014 and 2020 he worked at HSBC, leading its global operations, before moving back to BCG part-time.

Maguire remains chair of global banking and managing director at BCG. He is also chairman of the board at UK core banking firm Thought Machine.

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Sandstone Technology has appointed Katherine Dziaman as its new chief financial and operating officer (CFOO).

She replaces Pove-Chuan Lee, who leaves the firm after two and half years. Dziaman joins from Tonic Health Media, where she spent four years as group CFO and acting COO. She has also held executive roles at JP Morgan Chase, Bovis Lend Lease, Mirvac, and Jones Lang LaSalle.

The new Sandstone CFOO says she looks forward to working closely with the executive team to scale a “great business”.

Payments platform Dwolla has hired Dave Glaser as its new president and chief operating officer (COO).

Glaser is charged with “enhancing the company’s enterprise growth strategies” and building “world-class customer onboarding.”

He joins the firm from Mastercard, where he worked as senior vice president of global acceptance solutions. Glaser also had an 18-year career at companies Worldpay, Visa, and CyberSource.

At Mastercard, Glaser “spearheaded” new point-of-sale (POS) initiatives, including the industry’s “first CloudPOS acceptance technology.”

While at Worldpay he led the firm’s initial public offering (IPO) and $10.4 billion merger with Van之事.

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GOSSIP

BYE BYE BIRDIE
A certain birdie told me that our editor Sharon Kimathi is fleeing the nest. I for one will not miss her: although no doubt talented and fiercely dedicated to her team, she was notorious for a level of self-indulgence and navel-gazing that this gossip columnist found both distasteful and pretentious. Let’s hope she steers clear of any social media gaffes as I’ll be snatching the dirty laundry off the clothesline faster than you can say “Finnovate” with two “n”s.

COOLIO AND THE GANG
CEO of Starling Bank, Anne Boden, posted up a strange casting call screenshot on Twitter last December. The search called for lookalike actors to stand-in as leading fintech CEOs, including Boden, Monzo’s Tom Blomfield and Revolut’s Nikolay Storonsky. Reports amongst the fintech Twitterati pointed to a potential fintech movie. However, the fintech sphere was instead greeted with a “Fintech Rap Battle” which included a Cameo from 90s rapper Coolio, courtesy of Fintech Finance founder, Ali Paterson. Company responses were mixed: Tandem and N26’s social media accounts reacted with horrified gifs, although others mentioned seemed happy just to be included.

CHIEF EXECUTIVE DELEGATOR
A certain start-up CEO decided to implicate herself in some light racialised exploitation of the Global South whilst simultaneously undermining her own value to her company in what could be described as one of the outstanding social media gaffes of 2021 thus far. Framed as a Twitter thread about optimal time management at executive level turned to farce as she described the plethora of tasks delegated to her overworked and underpaid executive assistant, working remotely from the Philippines. The endless list of tasks, from e-mails to sales, from writing playbooks to recruiting and onboarding new staff, this "bragging" begged the question: what does the CEO do all day? No wonder she has time to ‘mentor’ other CEOs and take a writing course! Sounds like someone needs a raise.

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