EXPANSION PLANS
How to achieve global growth efficiently

EXPLORING DORA
Creating a robust digital single market

SAME, SAME – BUT DIFFERENT
Solving banks’ problems and unlocking their futures
Before you roll your eyes and turn the page thinking, “uh, yet another virtual conference”, Dock is different.

What’s so different? At Dock we’re not interested in what a headline speaker has to say. Instead, this event is focused on finding real-world solutions to your problems.

On 26-27 October 2021 you will have the unique opportunity to have quality conversations with the most senior digital transformation decision-makers in banking and finance and develop practical, solutions to shared challenges.

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Front office | Back office | Cloud | Data, cyber & looking into the future of finance | Leadership and change management | Digital tech innovations

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Wherever finance and technology meet, Mambu is there.
The true SaaS cloud banking platform.

EDITOR’S NOTE

Do you love animals and wish there was a bank account for people like you? Or perhaps you are a musician and feel your banking needs are not met by the mainstream banks? Well, you are in luck! New fintechs keep popping up targeting niche audiences.

Sincere Financial, a Californian start-up, is offering debit cards for “pet parents”. The card is wrapped in pet-related rewards, covering things like pet food, vet bills, and rescue shelters. Sincere’s co-founder Robert Chi Yau had previously launched a dating website for pet owners.

Texas-based neobank Nerve, created specifically for English and Spanish-speaking musicians in the US, is gearing up for launch in mid-September. “The music business deserves music banking,” its founders state. Nerve’s mobile app “merges user experience and financial technologies to help artists build stronger communities and sustainable careers”.

In New York, there’s Maroo, a start-up on a mission to stop couples going into debt through trying to pay for their weddings. Users are offered a closed-end instalment loan product, provided by a Maroo banking partner, while wedding contractors are promised payment within a single business day.

Los Angeles-based Ensemble helps divorced parents co-manage their kids’ finances. An expense tracking app as its bare bones, it secured $3 million in seed funding this spring. Ensemble estimates there are 50 million divorced parents in the US, all relying mainly on text messages and spreadsheets to track shared expenses for their children.

Will these fly or flop? Time will tell. London-based StorkCard went into liquidation in June this year “due to difficulties in the seed fundraising landscape”. StorkCard launched in late 2019 with a debit card product to help parents “baby-proof” their savings. It offered a joint account called “StorkCard Village” for parents to coordinate child-related spending between them and child carers.

As always, there is lots more from the world of fintech on the pages of the magazine. And, as always, we hope you find this edition of Banking Technology interesting, informative and useful!
NEWS ROUND-UP

Solarisbank raises €190m in Series D, acquires Contis for UK foothold

Banking-as-a-Service (BaaS) provider Solarisbank has raised €190 million in a Series D funding round, giving it a valuation of €1.4 billion. The round was led by Decisive Capital Management. Existing backers Yaboo Capital, BBVA, Vulcan Capital and HV Capital participated, alongside newcomers Pathway Capital Management, CNP and Ilavski Vuillermoz Capital.

Solarisbank provides digital accounts, payments cards and lending services to corporates and new banks on the block. Its customers, which cover some one million retail accounts, include Trade Republic, Bitwala, Penta and Kontist. It also acquired UK competitor Contis, which CEO Rolan Folz calls a “fantastic business” that ticks the boxes from a “geographical perspective and licence perspective”. The Contis purchase will furnish Solarisbank with new payment processing capabilities, and the combined group expects revenues of between €80 million and €100 million.

Solarisbank is understood to be looking to go public via a deal with a special purpose acquisition company (SPAC) in early 2022.

Teachers BS in core banking tech overhaul with Finastra

UK-based Teachers Building Society (Teachers BS) has selected Finastra’s Fusion Essence Cloud core banking solution – the first UK building society to do so.

Simon Beresford, CEO of Teachers BS, says the building society went through a “rigorous global selection process” and Finastra stood out. He praises the firm’s “commitment to responsible business and social innovation”.

The new system will be delivered on a Software-as-a-Service (SaaS) basis, via Finastra’s partnership with Microsoft Azure. Teachers BS was founded in 1966 specifically to offer mortgages to teachers across England and Wales. It also offers personal and corporate savings accounts. It’s based in Dorset and has about 11,300 members.

Objectway acquires German core vendor Die Software Peter Fitzton

Italian wealthtech vendor Objectway has acquired Die Software Peter Fitzton, a German core banking provider. A combined platform can offer an “open, modular, end-to-end banking suite”, the two parties say.

Die Software has more than 35 years of market presence with its flagship OBS system, serving private, retail and central banks in Germany, Austria and Switzerland. Among its users are Sberbank Switzerland and kleinwort Hambros.

The deal brings Objectway’s client base above 200 companies in EMEA, and the firm expects to reach revenues in excess of €100 million. Its last acquisition was in January 2019, when it bought Algorfin, the software and services division of Milanese bank Unione Fiduciaria.

Climate First Bank launches with Finastra Phoenix at the core

Florida-based Climate First Bank has launched with a focus on lending for green initiatives and sustainable projects. Six founding directors make up the bank, chaired by Ken Lalloz. Lalloz has founded two other banks, Eustris-based first Green Bank and Florida Choice Bank.

It operates as a full-service community bank offering personal and commercial banking services, and claims to be carbon neutral from “day one”. It also adheres to the UN Principles for Responsible Banking.

For its tech, the bank opted for Finastra’s Fusion Phoenix core banking system, Fusion Digital Banking and Fusion Total Lending.

Razer shuts down Razer Pay service three years after launch

Multinational gaming company Razer has backed out of its experiment with digital payments, announcing an end to its Razer Pay service in September.

Razer Pay launched in Malaysia in 2018 and in Singapore in 2019. The gaming company also recently failed to win a digital banking licence in Singapore.

Meanwhile, Razer Fintech, the digital banking sister firm of Razer unveiled plans to expand abroad in September 2020 on the back of rising revenues.

Razer’s banking play is through a consortium. This includes Sheng Siiong Holdings, tech firm LinkSure Global, automotive marketplace Carro, insurer FWD and Insignia Ventures Partners.

Razer is the biggest player, owning a majority 60% of the consortium.

New core banking tech wins for Mambu in Colombia and Vietnam

Colombia’s Financiera Darrin Regional picked Mambu’s Software-as-a-Service (SaaS) core banking system to power the launch of IRS, the lender’s new digital bank for small and medium-sized enterprises (SMEs).

IRIS is set to be the first neobank of its kind for businesses in the country, and seeks to make waves in a sector CEO Lorenzo Garavito calls “traditionally neglected”.

Mambu’s Latin America director, Edgardo Torres-Caballero, says his firm is the “only true” SaaS cloud platform in the region.

In Vietnam, Mambu has won a deal with Timo, a new digital bank that claims to be breaking new ground in the country.

“We selected Mambu’s cloud banking platform as we understand the value in leveraging a cloud-native, true SaaS core banking platform,” says Herry Nguyen, CEO of Timo. “The fact that Mambu’s platform utilises AWS’ comprehensive suite of services also gave us an additional layer of confidence.”

Australian challenger bank Alex live with Tenemos tech

Alex, Australia’s newest digital bank, has gone live on Tenemos and its Banking Cloud product, which combines the Tenemos Infinity onboarding and channels services and the Tenemos Transact retail lending banking service.

The Brisbane-based challenger was granted a restricted banking licence by the Australian Prudential Regulation Authority (APRA) earlier this summer and is now looking to receive the full licence.

Temenos says its Software-as-a-Service (SaaS) digital banking platform will allow Alex to simplify and automate its loan application processes and offer improved customer credit options.

With its new licensing package, Alex will now look to utilise Banking Cloud to expand the scope of its services from personal lending to deposits. Tenemos adds its packaged banking services will also enable ‘the quick launch of Alex’s savings business line’.

New banking software deals for Oracle FS in Africa

Oracle Financial Services Software has signed Addis International Bank in Ethiopia for its core banking, payments, trade finance, treasury, branches and enterprise limits and collateral management software. On the way out is understood to be the Finaio (formerly known as OmniEnterprise) core system from InfraSoftTech.

In Ghana, the vendor has won a deal to supply its flagship Flexcube core banking system plus an host of other solutions to OmnibISIC Bank. It is understood Temenos and Infosys Fisacle also vied for this deal.

A significant win for Oracle in North Africa is the Central Bank of Egypt, which is implementing a wide range of the vendor’s offerings, including Flexcube. Among the legacy systems in place at the Central Bank of Egypt are FIS/Sungard for treasury management and ProgressSoft for payments.

FinTech Futures understands Oracle competed with Temenos and Intellect Design to land this contract.

Libya-based Arab Commercial Bank, which offers commercial and SME banking and Islamic finance, has also signed for Oracle’s core and auxiliary solutions. FinTech Futures understands the vendor competed with Temenos and ITS for this deal.
It was free. NFTs are 99% futility, 1% utility.

rules about eligibility and all that

look, I know that credit companies like

TWEET DECK Follow us @FinTech_Futures

Emily Binder @emilybinder
Just paid a vendor with a wire from @BankMercury. It was free. It will be there within 1 business day.
It was free. #fintech

Theo Priestley @tprstly
NFTs are 99% futility, 1% utility. When that flips then we’ll see something exciting emerge.

Nerd Girl Says @NerdGirlConrad
Me still processing 2022 in four months

THE NUMBER GAMES

$58 million
settlement agreed by Plaid to resolve complaints from consumers that it stored and used bank account information without consent

$1.3bn
is the current valuation of Mercury, a digital banking start-up in San Francisco, following a $120 million Series B funding round led by investment firm Coatue

£115m
annual loss suffered by UK challenger bank Monzo, in addition to being investigated by the regulator over potential breaches of money laundering laws

£390m
agreed to be paid by Lloyds Banking Group for investment and retirement platform Embark Group

£200m
Written off by Commerzbank after scrapping the outsourcing project for securities settlement with HSBC Transaction Services GmbH

3 years
was the lifespan of Razer Pay, the experimental digital payments service of multinational gaming company Razer

THEY SAID IT...

“I challenge fintechs and traditional banks to help marginalised communities by genuinely seeking products and services that can bring authentic change to make a material difference.”

B.C. Silver, CEO, ChangeFi

TULIPSHARING THE ETHIC-LOVE

Describing itself as the world’s first “activist investment platform”, Tulipshare has launched in the UK with campaigns demanding changes at Amazon, Coca-Cola and Apple.

Tulipshare says it endeavours to play a tangible role in promoting ethical change in the boardrooms of global companies by allowing individuals to “vote with their money.” Through the Tulipshare platform, users can invest as little as £1 in selected US-listed companies. As activist investors, they can then influence the behaviour of a corporation by exercising their rights as shareholders.

The platform lists these businesses through curated socially responsible campaigns. Tulipshare seeks to unify individual’s investing power to make their voices heard. The platform’s first causes include workers’ rights at Amazon, a focus on Coca-Cola’s contribution to climate change in the company’s plastic consumption, and right to repair issues at Apple.

New causes will regularly be added to the platform. To date, Tulipshare has raised £1 million in pre-seed funding.

CIRCLE AIMING TO GO NATIONAL

US fintech firm Circle wants to become a federally-chartered national commercial bank. Circle’s products and services are aimed at marrying the existing financial system with digital currency technology within payments and finance.

It currently provides a blockchain-based payments platform, cryptocurrency trading services, and is the principal operator of the stablecoin USD Coin (USDC), of which there is currently more than $27 billion in circulation.

CEO Jeremy Allaire claims that full-reserve banking built on digital currency technology will lead to a “more efficient” financial system as customer deposits will be backed by USDC, enabling them to be withdrawn quickly when required.

Earlier this year, Circle announced plans to go public in a $4.5 billion merger deal with special-purpose acquisition company (SPAC) Concord Acquisition Corp.

SWIFT GO SWOOPS IN

Global cross-border payments network Swift has launched a new service for sending low-value payments between small businesses and consumers. The network says Swift Go can send “fast, predictable, highly secure and competitively priced” payments “anywhere in the world”.

Seven major banks are already live with Swift Go, including BBVA, BNY Mellon, DNB, Sber, Société Générale and UniCredit. The system integrates with Swift’s existing high-speed payment rail service gpi, and will cover the high-volume, low-value payments sent between businesses and their overseas suppliers.

Swift Go utilises a single payment format, as well as pre-validation methods to reduce delays or friction in the process. It says both sender and recipient can track the payment in real time.

Processing fees are agreed between financial institutions upfront so they can provide their customers with “full transparency”.

UBS’S COMPLIANCE BREACHES

The Hong Kong Securities and Futures Commission (SFC) has fined Swiss bank UBS $1.5 million for failing to rectify a series of compliance breaches. According to the regulator, UBS failed to disclose its holdings in companies it covered in its research reports between 2004 and 2018.

The fine also applies to a handful of other compliance breaches, including the bank’s failure to record 35 telephone lines between 2017 and 2019.

The SFC says more than 2,000 transactions involving over 400 clients were conducted over these unrecorded channels.

Another failure saw UBS unable to obtain authorisation from 91 clients not classified as professional investors in regards to 913 securities pooled lending transactions between 2012 and 2019.

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To read more about any of these stories, visit www.fintechfutures.com/type/news
Growing internationally is an essential highlight of reference in the development of any company, but there are times when attempts to enter economic hotspots around the world prove to be a failure. Expanding into a new market can be a challenge, but it can also strengthen the company’s positions, increase client networks and sales.

As the founder of the second fastest-growing company in Europe, Sun Finance, I’ve chosen a matrix strategy to diversify our business and achieve global growth as efficiently as possible. Here are a few important steps that are worth considering while looking to expand internationally, irrespective of the country that is involved.

**DECENTRALISED CENTRALISATION**

According to the Pareto Principle, roughly 80% of results are typically achieved by 20% of work. To a certain extent, this rule can be adapted to our approach of decentralised centralisation in fintech. What is the point in trying to be competitive in a market in which there are already established local players that have market knowledge? It is important to understand that any market can basically be broken down into two categories, because 80% of all activities are centralised. This means that specific services will be one and the same across various markets. This approach is used across most of the businesses regardless of where their headquarters are located. The other 20% relate to the decentralised aspects – local knowledge, habits and business practices. My experience suggests that the larger a company becomes, the more it forgets specifically about this aspect of decentralisation.

Company founders and CEOs feel that they will teach people in new markets to act in a specific way and adapt, but that is a sure way of failing. The 20% is the essential criterion for companies that stop listening to local people and ignore their habits and cultural specifics. Improved operations require local management teams with know-how about traditions and mentality. These differences are based on where people are in the world, as well as on cultural and other local specifics.

**RED AND BLUISH OCEANS**

What is the right way to launch? How do you find a new country in which to launch your business? It seems that every specific country in which a company decides to offer services represents a strategic choice that is based on scrupulous analysis. There is no one-size fits-all approach when it comes to entering new markets. If you have clearly defined goals and experience identifying the most appropriate country, knowledge about a market offers significant advantages in red ocean markets. This means that if the market is not particularly growing but is nevertheless competitive and has established players in it, then a company with the relevant experience should not necessarily avoid an attempt to launch business operations there.

Don’t be afraid but acquire business confidence within different regions and local prospects for success before making the decision. In a new market, there is always a way to be smarter than local players by applying the international group-wide know-how and to take away a substantial market share from competitors. An examination of potential in Vietnam or Mexico, where the culture is different than that in Europe, led us to recruit business development managers. Their job was to travel around the world and look for different business opportunities. These experts examined what could be achieved in each specific market, including looking at the legal and political environment and the existing level of competition in the country. This allowed us to pinpoint bluish oceans – countries in which there is a certain level of competition, but also market development and growth so that the matrix strategy can be implemented. This means Sun Finance expands both geographically and product-wise.

Thus, if you spot such low-hanging fruit, take advantage of it as quickly as possible.

**BE SMART WHEN INVESTING IN TECHNOLOGIES**

Companies with key focus on digital solutions ensure added value to internal processes. The same applies to consumers, because people are continuing to improve their skills in living a distanced life. Since we are a fintech, technology plays a crucial role and gives companies a competitive edge. Investments in state-of-the-art solutions offer advantages in online lending. All of our software has been built top-notch in-house, and that makes it possible to adapt and scale it for various platforms in geographic locations and in relation to products.

Major investments that are not focused appropriately on the latest technologies mean simply burning money.

Another backbone for microfinancing companies and online lending operators, moreover, is the presence of internal risk analysis tools. Every new market means a new culture with special consumer behaviour, and that means that data science is a key component in our business. During the first three or four months, it is crucially important to gather as much data as possible to form a foundation for risk models. The more data, the more precise the evaluation.

We have developed complex risk assessment models that take into account consumer behaviour and other local characteristics. Our local teams monitor these issues. So, information technologies and internal risk evaluation models that are based on data science play a major role in a company’s ability to conquer new markets and ensure global growth.
What is banking? At its most basic, it is the movement of numbers from one spreadsheet cell to another – done securely. Obviously, the spreadsheet is a ledger, and the numbers represent value and value exchange between parties, be they individuals, organisations or institutions. From simple beginnings, banking has become more and more complex over time. From ancient Babylonia in 2000 BC, where interest was paid on gold deposits, to the emergence of modern banking in the 17th century when the Bank of England issued banknotes, to the “Big Bang” in London when retail banks started acquiring investment banks, to the wonderful world of crypto.

The mere mention of a spreadsheet underbelly, and we know that not everybody is good at math. So, sitting on top of these ledgers are people to help make sense of the complexity. Inventors of products and services and, importantly, the industry’s human face – finding, nurturing and managing relationships. In good times everything happens to help?

By Dave Wallace

What the hell happened to help?

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The pandemic has shown that the future will be digital and the pace of this evolution is accelerating. Innovation and new technology adoption promises to deliver efficiency gains to the economy, enabling businesses and clients to interact more quickly and at lower costs, all of which will support the economic recovery.

With the publication of the EU Digital Finance Strategy – a five-year plan by the European Commission to transform EU financial services into a truly integrated digital single market – in September 2020, the EU has set an ambitious roadmap to become a major player in the digital economy. This is underpinned by several initiatives and regulatory reforms such as the Digital Operational Resilience Act (DORA). DORA will lay the foundation for a harmonised, secure and resilient EU digital financial sector.

However, while the EU’s ambitions and the rapid progress of the digital transformation of financial services is positive, it is important to ensure that the quality and implementation of regulatory reform remain a central component of the EU’s work programme. Crucially, new regulatory frameworks should strike the appropriate balance between promoting security and resilience while fostering innovation.

The importance of digital operational resilience

Digital operational resilience is the ability to build, test and continuously improve the technological and operational integrity of an organisation. It aims to ensure that an organisation can guarantee the continuity and quality of its services in the face of operational disruptions impacting its information and communication technologies (ICT).

As identified in the DORA proposal, the existing EU regulatory framework for the management of ICT risks has been fragmented thus far. For instance, when financial entities have to report cyber incidents to regulatory authorities, they are subject to various frameworks that all have their own terminology and template (for example, NISd, PSD2 and GDPR). This fragmentation dramatically increases pressure on financial entities as, in parallel, they are in a race against time to safely recover and protect their business from a potentially major cyber threat. DORA aims to harmonise these requirements and ensure that all stakeholders in the financial sector have the necessary security measures to prevent or mitigate ICT risks.

With the adoption of this new proposal, we see strong benefits for financial entities to have a harmonised and comprehensive framework for ICT risk management. Not only will DORA bring synergies at EU level, but it will also have the merit to contribute to the creation of a robust digital single market for financial services.

Striking a balance between resilience and innovation

DORA’s scope is significant and covers many aspects of how financial entities should manage ICT risks. While DORA is principally focused on requirements for the EU financial sector, the direct oversight of ICT critical third parties (ICT CTPPs) has far-reaching consequences for technology companies such as Cloud Service Providers (CSPs). Indeed, the oversight framework introduced in DORA will determine which third parties are ‘critical’ for the EU financial sector and establish a number of provisions to subject ICT CTPPs to EU financial supervisors. Supervisors could impose specific requirements on how ICT CTPPs service EU financial entities and in worst-case scenarios (when a risk from an ICT CTPP is deemed too great), requiring outright termination of contractual relationships with a financial entity.

So far, the European Parliament and Council of the EU are progressing discussions on DORA at a rapid pace. While this gives hope for a final text in Q1 2022, the financial services industry is yet to see amendments that account for the holistic nature of such an ambitious proposal.

Requirements in DORA could have significant impacts on the EU financial sector. For instance, the risk of immediate termination of contracts could make it more difficult for EU financial entities to use ICT CTPPs, which offer innovation and efficiency benefits. It may even deter some technology providers from servicing the EU due to the increased regulatory uncertainty.

An opportunity for global leadership

It is crucial that EU policymakers continue to appreciate that the speed of regulatory development is not the only priority; the outcome must be a long-term fit-for-purpose framework that will reduce fragmentation in the EU single market, support innovation and technology adoption, while promoting robust standards for managing ICT risks. Achieving this goal will support EU competitiveness in a fast-growing digital market.

The EU also has an opportunity to set the tone globally on how ICT risks stemming from third-party technology providers should be managed and regulated. So far, despite progressive discussions, many of these providers have not fallen under the purview of a significant regulatory framework. Crucially, in an increasingly interconnected global financial system, the EU must work in close cooperation with other jurisdictions and international bodies, setting an example on achieving economic recovery without compromising financial stability risks over the long run.

“DORA will have the merit to contribute to the creation of a robust digital single market for financial services.”

Emmanuel Le Marois, AFME
Experience-driven banking: experience owners

By Dharmesh Mistry, CEO, Askhomey

Experience owners are the customers for experience enablers, which I covered in the previous issue of the magazine (see p14-15 of the July/August 2021 edition). Of course, a bank can be both an experience enabler and experience owner. An experience owner need not necessarily be a bank though and, in fact, we have already seen a huge growth of non-bank experience owners.

So, what is an experience owner? The experience owner targets a niche customer segment and specialises in serving that segment fully. Today, banks only serve the “banking” part of an experience. For example, if you are a landlord, your bank typically provides you with banking products and services only, and then for every other aspect of your business you’d find the appropriate support (a property listing provider, maintenance and repairs specialist and so on).

Experience owners seek to fulfil end-to-end customer journeys for these focused segments. For example, Hammock provides banking, rent collection and help with tax returns for landlords. Landlords also have the choice to aggregate existing accounts using open banking or open...
Your most important asset? Data.

With the barriers to entry gone, you’re no longer just competing with the bank, insurer, or payments provider across the street. Now you’re competing with a mobile-first challenger halfway around the world.

That’s why, more than ever before, the competitive edge in financial services belongs to those who can build better software and services around your most important asset: data.

MongoDB, the industry’s first application data platform, is helping some of the world’s largest financial firms move faster than the competition, simplifying how they build with data for any application.

On premises, in the cloud, or distributed to 80+ regions around the world across Microsoft Azure, Google Cloud, and AWS, MongoDB sets your data — and your developers — free.

See for yourself how financial services firms are taking their technology, and their businesses, from legacy to leader with MongoDB.

Learn More

“I'M JUST SAYING...”

“...there is the opportunity for geographic expansion, horizontal expansion into closely related markets and vertical expansion into broader and deeper journeys within the niche.”

Dharmesh Mistry

September 2021 | www.fintechfutures.com | 17
All banks are the same. For real. Fundamentally, painfully the same. If you've seen one, you've seen 'em all.

And of course, there is a good reason for that.

They evolved and developed in similar ways, survived similar challenges, aligned to create markets under parallel circumstances. They were regulated in the same ways. Competed with each other. Emulated each other. Acquired each other. Fundamentally, banks are all the same. In the way they capitalised on opportunities and leveraged technology as it became available. In the way they standardised, collaborated, pursued efficiency and negotiated best practices.

It stands to reason. They do the same thing in the same environment, follow the same rules and largely fish in the same talent ponds. So you know. They are the same. Wrt large.

And that means that when you go from one bank to another, as a banker or as a vendor, you recognise shapes. You recognise colours and hues and problems and narratives. It's very tempting to go, “ah yes, see it all before. You shouldn't.”

Because you may see a pattern, but what you don't recognise is the detail beyond the pattern.

And there's a reason for that too: it is because all banks are the same, yes, but in profoundly different ways.

WHERE DID YOU GROW UP?
The first time someone asked me that, at BNY Mellon (the only place I still refer to as “home”) six years and counting after leaving), I answered “Athens”, and they laughed. Good.

We've all been asked this question. What did you learn? Where did you learn your craft. Where did you get to know what you know so we don't assume the wrong things about each other.

It's a good question. And the colleagues I served with answered it in two ways: they would say I grew up in operations, in IT, in sales. Or they would say, “I am legacy Mellon, legacy BNY, legacy JPM*.” What do those two things say?

They say: these were the things I learned first and therefore the things I know most viscerally and they are the things that may inform my mental starting point for how big a problem seems to me... or how important a fix appears to me... or where I will probably think we should start the fix, for that matter. All the mental models I use may be coloured by those things I learned first, things you may not know much about.

The second identification declares the wider estate people learned their craft in. The systems, processes and administrative choices. The policies, rules and incentives. The culture. The tech. The products. The lot.

Banks grew by asset swap and acquisition. We didn't all grow up in the same part of the map and there are parts we know better than others because, you get it, we grew up there. In it the department, the geography or the business we did our learning in.

When I first heard people putting their credentials on the table like that I was a little confused. Is it a pissing contest? Is it a divisive act, aligning us more with our past than our desired shared future? Turns out it was the opposite.

You know what this thing did for us? It allowed us to be vocal and upfront about the differences in our vantage points. It allowed us to be active in finding ways to navigate the highly complex combined tech or human estate of a post-acquisition hangover. It allowed us to staff teams with enough background – by department or legacy and usually both – to ensure we minimised our blind spots. It allowed us to be smart about our own challenges so they wouldn't become dysfunctions.

It wasn't a strategy, by the way. It was an organic thing people just did. And it worked.

And, of course, people could get defensive and protective of their own way or overly keen to safeguard something that was known to work for them and their clients. And of course we didn't end up with a magical unicorn level of perfection. Because we were humans. But it helped those very humans navigate.

Why am I telling you all this?

Because if you read me, you are either a banker trying to solve some of the common problems our organisations have as we face into our digital future, or someone trying to help this journey from the outside in, as an advisor, vendor or partner.

And no matter where you sit, you know that strategies are devised at the plane of the earth's own strata... where all the things that are very different by department and geography or organisation live.

That's where you execute. That's where your work takes place. In the detail of how things are today. Because where you are today is where your journey starts, whatever else you may wish for.

And where you are today is a mess. Decades – in some cases over a century – of layered policies, legacies, choices. Departments working in silos. Not exactly against each other. Not exactly together. Everyone likes your strategy. Everyone wants you to succeed.

But if you go into that office thinking all banks are the same, how hard can this be? I wouldn't even bother getting a coffee. You won't be there long. Because yes. All banks are the same, but in profoundly different ways. And that's where you solve their problems and unlock their futures.

So be prepared to ask your stakeholders where they grew up. Find the stories of how we all got here. To the specific “here” of this department and this bank. Not the generic here of being on the cusp of disruption. Find the parts of the landscape that are not represented in the room you sit in. Ask why. Adjust accordingly.

You don't need to be from around here to navigate the way out. You just need to respect the landscape and pay attention to what you see.

Don't assume you've seen it all before. Because I can assure you, you haven't.

Leda Glyptis

FOOD FOR THOUGHT

By Leda Glyptis

“Food for Thought” is a regular feature of Fintech Futures. Look for it in every edition.

FOOD FOR THOUGHT

The detail beyond the pattern

By Leda Glyptis

All banks are the same, but in profoundly different ways. And that’s where you solve their problems and unlock their futures.”

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FOOD FOR THOUGHT

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You can’t turn away a customer at the teller’s desk, so why do it on the mobile screen?

Self-service banking: The new key to customer acquisition and retention

You can’t turn away a customer at the teller’s desk, so why do it on the mobile screen?

An ability to solve financial problems effectively and quickly should be the cornerstone of a bank’s customer retention strategy. Turning customers away at the teller’s desk would have been unthinkable a few decades ago, so the same must apply when that customer is connecting via a digital channel.

FinTech Futures has launched its latest deep dive industry report, in collaboration with Zendesk, seeking to answer the question of where and how a self-service strategy can boost a bank’s customer interactions across the business.

Featuring expert insight from executives at Modulr, Railsbank and TSB, it explores the technology and strategies that can build a platform for future innovation. Where does customer experience hit the bottom line? How can banks go beyond the chatbot? Is it better to partner or build? All these questions and more are answered.

Click here to download the report today!
Dear Luc: Waking up on the wrong side of embedded

By Luc Gueriane

In this column, Dear Luc, we answer the questions the industry’s fintech founders are too afraid to ask, and solve the problems they don’t want their VCs to know about. From regulation readiness to technology teething troubles, our start-up agony uncle, Luc Gueriane, is here to help. He has more than seven years’ experience working with flagship fintechs like Revolut, Wise, Monzo and Curve. His expertise and extensive work in the fintech ecosystem mean that Luc is able to offer unique insight into the building of a successful fintech company.

Dear Luc, everyone is talking about embedded finance and payments. What should I do? Embedded finance has become one of the most discussed terms in the fintech and payments space. However, despite all the recent attention, the concept has in fact been around for quite a long time. It can be explained in a number of...

Payments made personal, easy and more secure

As European market leader, we are the driving force in the evolution of CoP. Already more than 30 banks and 150 organisations are using this solution. In the Netherlands, we check 99.5% of all payments which helped reduce fraud with 81% and misdirected payments with 67%. Since our expansion to the UK, 8 banks are connected, which means 30% of all online payments there are checked by us.

Outbound: sending a CoP request

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“Are you prepared to take on the regulatory risks that comes with interacting with customers indirectly?”

Luc Gueriane

Beyond what it currently does, so don’t rush into it straight away. Second, do you have potential clients who could benefit from an embedded finance solution to offer their customers? With so many options already in the market, you might want to focus your attention on existing clients or contacts who would see value in reducing the friction in their customer payments journey.

After all, it’s often quicker to scale a service by working with a brand that has an established customer base, than spend time and money growing your own. For example, a customer making a purchase from a carpet company may buy it through Tapi, but they are not immediately aware that their financing option is provided by Hitachi Personal Finance. If Hitachi tried to tap into this market alone it would require a lot of marketing effort to acquire the same number of customers than simply partnering up with Tapi directly.

Similarly, if you have companies in mind who would be a natural fit to partner with, then this will make your journey into embedded finance much easier. If in any case, you do have a game plan for if it means taking a detour from your original business plan and jeopardising what you’ve already been working towards. This is a marathon, not a sprint. You may want to reconsider this move if means taking a detour from your original business plan and jeopardising what you’ve already been working towards.

Do you have an embarrassing question you want answered, or a seemingly unsolvable problem you’d want help with? Email Fintech Futures’ deputy editor, Alex Hamilton at alex.hamilton@fintechfutures.com in confidence.
San Francisco-based Upgrade has raised $105 million in a Series E funding round, valuing the firm at more than $3.3 billion. It has now raised more than $300 million in total. The latest round was led by Koch Disruptive Technologies (KDT) with participation from new and existing investors including BRV and Ventura Capital.

Upgrade offers credit to consumers through cards and loans as well as banking services such as a rewards checking account. French entrepreneur and LendingClub founder Renaud Laplanche co-founded Upgrade in 2017 and serves as CEO.

Malaysia-based BigPay has landed $100 million in new financing from South Korean firm SK Group, and has applied for a digital banking licence. Founded in 2017, BigPay is part of the digital arm of Malaysian budget airline AirAsia Group. It offers a number of financial products including pre-paid debit cards, e-money and international remittance, micro-insurance and budgeting tools. BigPay has presence in Malaysia and Singapore, and is also plotting to expand into Thailand following AirAsia's $50 million acquisition of digital payments firm Gojek's Thai division earlier this summer.

FalconX, a digital assets and cryptocurrency trading start-up, has secured $210 million in new funding. The Series C investment round was led by Altimeter Capital, Sapphire Ventures and existing investors B Capital Group and Tiger Global, with participation from Mirae Asset and Ames Ventures. The California-based firm, which also landed a $50 million investment in March, says the new funding values the company at $3.75 billion. Founded in 2018, FalconX provides a digital assets platform that facilitates cryptocurrency trading, credit and clearing for institutions.

New York-based Dataiku has raised $400 million in a Series E funding round led by Tiger Global. The round also included participation from Insight Partners, Eurazeo and Lightrock as well as existing investors ICONIQ Growth, CapitalG and FirstMark Capital, among others. Dataiku, which last raised $100 million in a Series D funding round in 2020, says the new investment takes its valuation up to $4.6 billion. It has now raised a total of $646 million across ten funding rounds. Founded in 2013, the company provides an enterprise AI and machine learning platform that allows businesses to design, deploy and manage AI and analytics applications. It claims more than 450 companies worldwide currently make use of its platform, citing use cases such as fraud detection, predictive maintenance and supply chain optimisation.

Indian neobank Jupiter has raised $45 million in a Series B funding round led by Brazilian digital bank Nubank, Global Founders Capital, Sequoia Capital and Matrix Partners India. Other investors in the round include Mirae Assets Venture as well as existing investors Addition Ventures, Tanglin VC, Joneed Capital, Greyhound andBeenext. The start-up has now raised around $71 million following a $24 million seed round in November 2019 and a $2 million Series A round last year. The new funding values the company at more than $300 million. Jupiter describes itself as India's first online banking solution dedicated to millennials.
London-based payments fintech Rapyd has secured $300 million in a Series E funding round led by Target Global. New investors including Fidelity Ventures, Altimeter Capital, Whale Rock Capital, BlackRock and Dragoneer all participated in the round, as well as a number of existing investors.

The latest funding takes the firm’s total raised to around $770 million and follows hot on the heels of its $300 million Series D round in January this year.

The company describes itself as a “Fintech-as-a-Service (FaaS)” platform and offers cloud-based technology to integrate payments and fintech services into web and mobile applications.

Recently, Rapyd agreed a $100 million deal with Icelandic firm Arion Bank to acquire payments and card issuing company Valitor to “enhance its issuing portfolio”. Last year, it bought another Icelandic company, payment card service provider Korta.

San Francisco-based Eco has raised $60 million in a fundraising round led by Activant Capital and L Catterton. The round also included participation from a16z Crypto, Lightspeed Venture Partners, LionTree Partners and Valor Equity Partners, among others.

It comes just four months after the company launched its digital wallet app following a $26 million fundraising in March led by a16z Crypto.

The new funding takes its total raised to around $94.5 million, including the firm’s $8.5 million seed round led by Expo and Pantera Capital.

Eco provides a “Smart Money” digital wallet that rewards customers when they save, spend or send money.

Singapore fintech Nium has raised over $200 million in a Series D funding round led by US investment firm Riverwood Capital, with participation from Temasek, Visa and Vents Ventures, among others.

The investment takes the company’s valuation above $1 billion, which it says makes it the first B2B payments unicorn from Southeast Asia.

Nium has now raised a total of around $280 million in funding.

Nium’s API-based platform allows banks, payment providers, travel companies and other businesses to collect and disburse funds in local currencies to more than 100 countries.

The company claims it has issued more than 30 million virtual cards to date and processes $8 billion in payments annually for “hundreds of enterprise clients” – it adds its revenues have grown by more than 280% year-on-year.

London-based, Africa-focused challenger bank Kuda has raised $55 million in a Series B funding round that values the firm at $500 million. The funding round arrived from existing investors, co-led by Valar Ventures and Target Global.

It means Kuda has raised $91.5 million in total over five rounds since 2018.

Founded in 2017, Kuda calls itself “the bank of the free”. It offers a no-fee virtual account and accompanying debit card.

It uses a core banking system dubbed “Nerve”, which the bank built in-house.

South Africa-based Yoco has landed $83 million in a Series C funding round, claiming it to be the largest ever raise by a payments company in the country. It brings its total funds raised to $107 million over five rounds.

Among Yoco’s new investors are Dragoneer Investment Group, which has previously invested in fintech firms Nubank, Square and Klarna. Existing investors Partech, Velocity Capital Fintech Ventures, Orange Ventures and Quona Capital also participated, along with Breyer Capital, HSBC Capital and 4DX Ventures, among others.

Yoco’s platform is designed to help small businesses facilitate online and in-store payments. Yoco has more than 150,000 small business clients across South Africa, processing more than $1 billion in card payments per year.

Dubai-based buy now, pay later (BNPL) provider Tabby has raised $50 million in a Series B funding round, taking the company’s valuation up to $300 million.

The round was led by Global Founders Capital and STV with participation from Delivery Hero, CCVA and existing investors.

Founded in 2019, the company has now raised a total of $132 million, with this latest funding following $50 million in debt financing in June and a $23 million Series A in December 2020.

It claims 2,000+ businesses in the region as partners, 400,000+ active users and 3,000 daily downloads.
**Dutch challenger bank Bunq has appointed a new chief operating officer (COO), as Jon Fath joins from logistics automation company Transmetrics. Fath was at Transmetrics for just six months. Before that he spent two years at German equipment rental and sharing platform Equinix.

Bunq is undergoing a period of aggressive hiring, Fath says. It raised $228 million in a Series A round in July, giving it a valuation of $1.9 billion. Part of the raise also saw it acquire Irish firm Capitalflow.

**National Australia Bank (NAB) has hired a new group chief security officer in former Absa executive Sandro Bucchianeri. Bucchianeri spent four years at the South African banking group in various roles in technology security. Prior to Absa, he worked at National Bank of Abu Dhabi, Investec and AT&T.

**Swift has appointed its new CTO, Cheri McGuire. McGuire previously worked as group chief information security officer at Standard Chartered bank for three years. Before that she led cybersecurity policy and programmes at Microsoft and security vendor Symantec.

McGuire also worked as a director of the National Cybersecurity Division and US Computer Emergency Readiness Team (US-CERT) within the US Department of Homeland Security.

**UK-based fintech Deko has appointed Tom Myles as its new CTO. The 20-year payments and banking veteran previously served as CTO of Barclays Payment Gateway, where he led the development and delivery of the bank’s enterprise payment services. Deko also announced the arrival of Rob Fernandes as CPO. He previously founded management consultancy Pay2Z, which advised clients including Tink, Pollinate, Vocalink and Paysafe on payments product strategy.

**New core banking provider on the block, SaaScada, has appointed Paul Payne as its CTO. Payne joins from hospitality platform provider Iris Software Systems, where he spent five and a half years as joint CTO and CDO. Prior to this he worked at Calino Consulting as a managing consultant for seven years. He also worked at LexisNexis, TD Waterhouse and Direct Line.

**FinTech Australia chief executive officer Rebecca Schot-Guppy has stepped down from her role after almost three years at the company. She is set to leave her post in October, after which she will join insurer IAG’s venture capital fund, Firemark Ventures.

**The company also announced chief financial officer and managing director Patrick Dittmer and general manager financial transactions and insights Empre Imprimoglou have left their roles.

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**MOVERS AND SHAKERS

**Credit Suisse has hired HSBC’s Orazio Tarda as its global co-head of fintech. Tarda will share his new position with Brian Gudofsky in New York, who also operates as the Swiss bank’s global head of technology.

Tarda first joined HSBC in 2005 as managing director of its investment banking business in Italy, a position he held for 13 years. He then moved on to take up positions as head of fintech for EMREA and then global head of fintech.

He arrived follows the hiring of Joanna Hannaford as Credit Suisse’s new chief technology and operations officer, and of former Lloyds chief executive, António Horta-Osório, as chairman.

**European open banking platform finleap connect has reshuffled its management team. Uwe Sandner has been named the firm’s new chief technology officer (CTO), with Katja Hunstock and Ignacio Garcia named as chief product officer (CPO) and chief strategy officer, respectively.

Sandner joined finleap connect in 2020 as general manager customer interactions following stints at McKinsey & Company and Striker Mobile.

Hunstock was previously finleap connect’s head of business unit open banking, where she worked to develop the firm’s core product line.

Garcia previously held roles at iZettle, Holvi, BBVA and Zurich Santander before joining finleap as head of Spain in March 2019. He moved to finleap connect upon its founding in August 2019 as general manager Spain.

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**APPOINTMENTS

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While at FinTech Australia, which represents around 300 start-ups in the country, Schot-Guppy saw the rise of several new ventures, including Afterpay, a buy now, pay later (BNPL) firm recently acquired by Square for $29 billion.
SOME OF THE DAILY THREATS FACED BY NEOBANKS

Research firm GLG estimates a typical neobank loses about $11 to $15 per consumer, which means finding new high-margin products and obtaining customer scale is an absolute must.

Cartoon by Ian Foley
The acquisition of customers alone is expensive due to consumer inertia, high price of digital marketing channels due to competition and compliance onboarding costs.
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