



# banking technology

The definitive source of news and analysis of the global fintech sector | July/August 2022

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## **MAKING THE DREAM WORK**

Helping Ukraine in a planet-friendly way

## **GIVING A LEG UP**

How Stilt is helping immigrants access credit

## **INSANE IN THE MAINFRAME**

Is there a better way of doing everything?

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The success and measurable impact of Clarity 2.0 is a testament to Freddie Mac’s commitment to providing the Credit Risk Transfer community with data transparency through an intelligent platform built on the needs of users.

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## IN THIS ISSUE



**08 COVER STORY**  
**PROBLEM SOLVERS**  
How teamwork made the dream work.

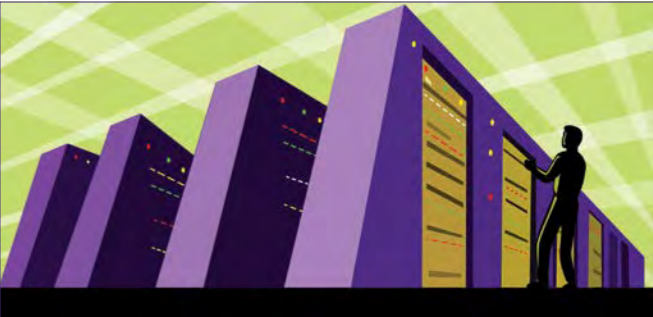
- 04 News**  
A round-up of our top news stories of the month.
- 06 The fintech feed**  
Top figures that have caught our eye.
- 07 Trending**  
Crypto platforms are navigating choppy waters.

### FEATURES



**11 PROFILE: STILT**  
A fintech start-up for immigrants built by immigrants – how Stilt is helping newcomers to the US access financial services.

- 14 I’m just saying...**  
There’s more to core banking than a ‘centralised online real-time exchange’, says Dharmesh Mistry.
- 16 Spotlight**  
Banking-as-a-Service is an evolutionary journey, rather than a ‘one and done’ exercise. Infosys Finacle’s Puneet Chhahira explains why.



**18 FOOD FOR THOUGHT**  
Leda Glyptis asks the question that applies to us all: how to get from here to there, from this to that. Together.

- 20 Banking Technology Awards USA**  
Find out who won what at the San Francisco event.
- 23 Feature**  
Carefull supports the daily finances of older adults in the US. We find out more.
- 24 Analysis**  
How incumbents and fintechs are increasingly working together to lead innovation.
- 27 Jobs: Tech hotspots**  
London dominates the UK tech scene but regions across the country are emerging as hubs in their own right.

### REGULARS

- 28 Fintech funding round-up**
- 31 Appointments**
- 32 Cartoon**

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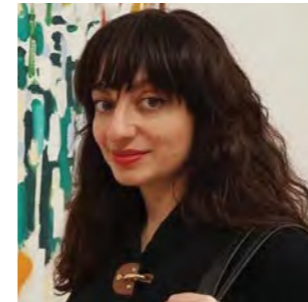
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2022 WINNER

## EDITOR'S NOTE



Tanya Andreyasyan  
Managing Director &  
Editor-in-Chief,  
*FinTech Futures*

Welcome to the combined July/August edition of the magazine! As we reach the 2022 halfway point, here is a quick round-up of some of the winners and losers so far.

The crypto market is on rocky grounds – Vault in Singapore, Voyager Digital and Celsius in the US have halted operations; while tech giant Meta is pivoting away from digital currency and sunsetting its Novi venture (see p7). Meanwhile, the EU regulators have reached a provisional agreement on a new landmark regulatory framework for cryptocurrencies. The MiCA (Markets in Crypto-assets) proposal aims to protect investors and preserve financial stability (see p5).

In the blockchain space, three year-old we.trade is shutting shop. The Hyperledger-based venture – “the world’s first enterprise-grade blockchain-enabled trade finance platform” – owned by 12 banks and IBM, offered to connect SMEs to banks, and provided traders with access to insurance, credit rating, financing and logistics services.

HSBC-backed Serai has closed after three years in operation. Serai’s mission was “to simplify global trade” for SMEs by providing supply chain solutions to brands and manufacturers. However, it couldn’t build a commercially viable business. (HSBC is also among the founding banks and shareholders of we.trade.)

Australian challenger bank Volt is shuttering after failing to raise sufficient funds. It’s returning its banking licence to the regulator and the deposits to account holders (see p4).

But new challengers are emerging. Australia-based “social banking app” Chippit has raised \$136,000 in pre-seed funding and launched in closed beta.

New Zealand is getting its first digital home loan platform, Tella; the UAE regulator has granted a banking licence to digital bank Zand; and Ecuador’s Daxsen Group is set to launch a new digital bank, Daxsen Bank, to “revolutionise” the country’s banking sector.

In the UK, Kroo has secured a full banking licence and £26 million in a Series B funding round. The bank offers a current account with overdraft, along with socially conscious initiatives that help in “creating change in communities, tackling environmental issues and simplifying banking”.

Another UK start-up, Ashman, has received a restricted banking licence and hopes for full regulatory approval later this year. Ashman intends to transform the banking experience for property SMEs – which it claims is a £90 billion market opportunity – by providing real-estate lending for conscientious businesses and savings for consumers.

As ever, we hope you find this issue interesting, informative and useful.

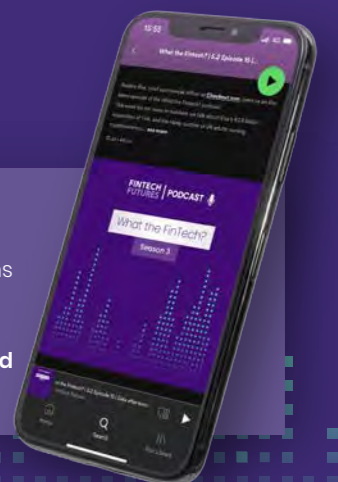
## FINTECH FUTURES | PODCAST

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# NEWS ROUND-UP

## Aussie challenger bank Volt to shutter



Australian digital bank Volt says it is “closing its deposit-taking business and intends to return its banking licence” and has “commenced the process of returning all deposits to its account holders”. It explains: “The decision has been taken by the Volt board having reviewed recent progress in capital raising initiatives globally which have been unsuccessful in raising sufficient additional funds to support the business.”

Rising inflation and interest rates have made it harder for neobanks in Australia to compete with established lenders, making fundraising much more difficult. “We have considered all options but ultimately we have made this call in the best interest of our customers,” Volt founder and CEO Steve Weston says.

Launched in 2018 as Australia’s first neobank, Volt has about 8,000 customers, 140 staff, A\$113 million in deposits and A\$80 million of home loans. Last summer, it extended its Series E funding round to include A\$15 million from mortgage firm Australian Finance Group (AFG), which also took an 8% stake in the bank. Around the same time, it also acquired fintech Australian Mortgage to deliver a digital mortgage solution.

## Synch partners Nexi for upcoming mobile payments platform

Dublin-based Synch Payments has selected Italian paytech Nexi to power its upcoming instant mobile payments app.

Nexi will act as the platform and service provider for Synch’s new offering, which is being built to provide an account to account (A2A) mobile payment solution for all payment types – to friends, family, retail or e-commerce – for all consumers and businesses in Ireland.

Synch says its multi-bank payments app “will allow users to purchase goods and services both online and at stores (P2B) and to send and receive money instantly (P2P) via smartphones to and from their personal contacts”.

Founded in 2020 by Ireland’s major banks, including AIB, Bank of Ireland, Permanent TSB and KBC, the independent company has recently received authorisation from the Competition and Consumer Protection Commission (CCPC).

## FCA proposes updated guidance to protect banking services access

The UK’s Financial Conduct Authority (FCA) has proposed updated guidance that will require banks and building societies to thoroughly assess the impact of changes to their services as it looks to strengthen the protection of access to banking services and curb the ever-increasing number of branch closures in the country.

It will include assessing the impact of shorter branch opening times, planned branch closures, removal or conversion of ATMs or reduction in the services they provide. The FCA has warned that “some banks and building societies are not currently doing enough to properly understand the impact of these changes and to keep their customers informed”.

2022 has seen a wave of branch closures from major high street banks such as Barclays, Lloyds, HSBC and NatWest.

## GoCardless to buy open banking platform Nordigen

Paytech firm GoCardless is set to acquire Latvia’s Nordigen, a freemium open banking data provider that offers the “widest” coverage in Europe to more than 2,300 banks in 31 countries.

Hiroki Takeuchi, co-founder and CEO of GoCardless, says the acquisition will take the firm “to the next level” and will allow it to “offer open banking-as-a-service to any developer, partner or fintech”.

The deal is expected to close later in the summer. The terms were not disclosed.

“We realised early on that this technology would drive bank payments for decades to come and over the last 18 months, we’ve accelerated our push into open banking as part of our vision to build the world’s bank payment network,” Takeuchi adds.

## EU reaches agreement on crypto regulation proposal



The Council of the European Union (EU) has reached a “provisional agreement” on a new landmark regulatory framework for cryptocurrencies. The ‘markets in crypto-assets’ (MiCA) proposal will cover “issuers of unbacked crypto-assets, and so-called ‘stablecoins’, as well as the trading venues and the wallets where crypto-assets are held”.

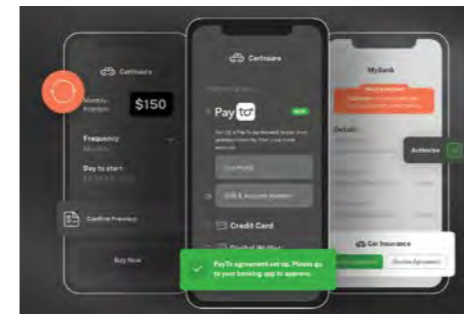
The council says the new regulation will help protect investors and preserve financial stability while also allowing for continued innovation within the crypto sector.

It is also intended to provide more clarity to EU member states which have so far had no specific EU-wide regulatory framework to follow, forcing many to adopt their own national legislation and leading to differing rules across countries.

The new rules include requirements for companies to protect consumers’ wallets and assume liability if they lose investors’ crypto-assets.

MiCA will also cover any type of market abuse including market manipulation and insider dealing, as well as require all crypto firms to declare information on their environmental and climate footprint to help tackle any adverse environmental and climate-related impact of crypto.

## NPP Australia rolls out new digital payments solution, PayTo



New Payments Platform (NPP) Australia has launched PayTo, a digital solution that allows merchants and businesses to initiate real-time payments from their customers’ bank accounts.

NPP Australia – an infrastructure company that enables customers of different banks to make and receive real-time payments – says it has been working with the financial services industry to develop the PayTo service.

PayTo has been built to replace traditional direct debits, enhance recurring or subscription payments, improve payroll and accounts payable functions, have in-app and e-commerce utility, support faster employee payment times and enhance QR code payment options.

Businesses can benefit from real-time account validation, real-time funds verification without manual verification, straightforward reconciliation, API connectivity and up-to-date notifications at each stage of a payment.

Customers stand to gain more control over the payments that leave their bank accounts and can view and manage the payments they have set up from within their internet or mobile banking app. They can also initiate payments directly from their bank account for payments that previously needed a card.

## Brex to stop serving “traditional” small businesses



Pedro Franceschi (left) with Brex co-founder Henrique Dubugras

US-based fintech Brex will no longer be serving traditional small businesses.

Brex started off in 2018 as a corporate card for start-ups. In 2020, it decided to onboard traditional brick-and-mortar businesses alongside tech start-ups.

Explaining the rationale behind the decision, Pedro Franceschi, co-founder of Brex, says that over time, the team realised their start-up customers were growing “very fast” and needed Brex to scale with them. “However, we still had tens of thousands of small businesses with very different needs from fast-growing companies,” he adds. “And by spreading ourselves too thin, we couldn’t serve either small businesses or start-ups well.”

The company is now focusing on helping start-ups scale with its new offering – Empower – launched in April. Empower will serve as the foundation for all Brex products, the company says, starting with a completely new spend management product.

Brex is valued at more than \$12 billion, having raised an additional \$300 million in a Series D-2 round in January this year. It has also recently spent \$90 million on Pry Financials, a software platform that provides budgeting, forecasting and bookkeeping tools.

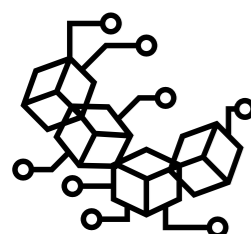
# FINTECH FEED

## THE NUMBER GAMES

To read more about any of these stories, visit  
[www.fintechfutures.com/type/news](http://www.fintechfutures.com/type/news)

### £20 million

in additional equity funding raised by Oxbury Bank, a start-up for the UK agriculture sector, from new and existing investors, bringing its total capital raised to £68 million.



### \$3.6 billion

deal agreed by blockchain-based paytech Roxel to go public via a special purpose acquisition company (SPAC) merger.

### €180 million

to be paid by European paytech heavyweight Nexi for Intesa Sanpaolo Group's merchant acquiring business in Croatia.



### €57 million

the price tag of Nexi's capital markets technology business powering MTS (Euronext's fixed-income trading platform) and Euronext Securities Milan, that is being sold to Euronext.

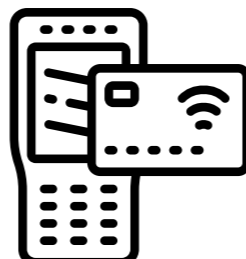
### 159

employees are being let go by Canadian wealthtech Wealthsimple – 12.6% of its workforce – due to “changes in market conditions”.



### €8 billion

is the latest valuation of SME merchant paytech SumUp following its €590 million latest funding round.



### 232

new jobs to be created by 2026 by The Bank of London, a clearing start-up bank, in Belfast, Northern Ireland, where it is opening its Centre of Excellence.

### 2

new open banking solutions rolled out by UK-based paytech GoCardless in Germany – Instant Bank Pay and Verified Mandates.



### £280 million

funding deal completed by London-based digital home finance fintech StrideUp to offer a new mortgage plan for first-time buyers in the UK.

0 deposit mortgage product to be launched by London-based neolender Proportunity to help people buy homes.



## THEY SAID IT...

*“By holding buy now, pay later (BNPL) to the high standards we expect of other loans and forms of credit, we are protecting consumers and fostering the safe growth of this innovative market in the UK.”*



John Glen, former economic secretary to the Treasury, speaking about the UK government's plans to strengthen regulation around interest-free BNPL credit agreements to protect “millions of people”

# TRENDING

## Voyager hits choppy waters as crypto market conditions dip

New York-based crypto platform Voyager Digital LLC has filed for bankruptcy protection, just days after it suspended all trading, deposits and withdrawals on its platform.

“This comprehensive reorganisation is the best way to protect assets on the platform and maximise value for all stakeholders, including customers,” says Stephen Ehrlich, CEO of Voyager.

The firm says it has over \$110 million of cash and owned crypto assets on hand, which will provide liquidity to support day-to-day operations during the Chapter 11 process.

Founded in 2018, Voyager operates a cryptocurrency platform allowing American users to trade more than 100 different crypto assets through its mobile app.

It previously issued a notice of default to Three Arrows Capital (3AC) for failure to make the required payments on its previously disclosed loan of 15,250 Bitcoin (BTC) and \$350 million worth of USD Coin (USDC).

“Voyager is actively pursuing all available remedies for recovery from 3AC, including through the court-ordered liquidation process in the British Virgin Islands,” the firm says.

## Nexo swoops in on Vault

Singapore-based crypto platform Vault suspended all withdrawals, trading and deposits as it looks to explore “the suitability of potential restructuring options”.

CEO Darshan Bathija announced the company is facing “financial challenges” due to a combination of volatile market conditions, financial difficulties faced by its key business partners and customer withdrawals in excess of \$197.7 million since 12 June.

Swiftly, global digital assets institution Nexo offered to buy the troubled platform. It has signed an indicative term sheet with Vault, allowing it a 60-day “exploratory period” related to its intended acquisition of the company.

Upon successful completion, Nexo plans to acquire up to 100% of Vault and reorganise its future operations to deepen presence in Asia.

“Operating under the Nexo umbrella puts us instantly in a position of strength to continue the execution of our fiduciary obligations to our customers,” Bathija says, adding the deal will enable both companies to follow through with their roadmaps “regardless of the market conditions”.

Nexo says that while it aims to provide “immediate assistance and alleviate withdrawal limitations put in place on Vault's platform, greater plans for the future are already in the making”.

## Novi way forward for Meta

Meta is ending the pilot of its digital wallet project Novi – both the Novi app and Novi on WhatsApp – and will be closing all accounts on 1 September 2022.

Starting 21 July, users will no longer be able to add money to their accounts.

Novi was announced in 2020 by former head David Marcus, who left Meta last December, and was initially designed as a digital wallet to help people send and hold Meta's proposed Libra (later Diem) digital currency.

Novi has been running a pilot since last year allowing users to send and receive money internationally using the Pax Dollar (USDP) stablecoin, with the intention to swap in Diem once it received approval from regulators.

Diem, however, hit a number of regulatory roadblocks and the stablecoin officially met its end earlier this year after the Diem

Association, the organisation set up to run the project, sold its intellectual property and tech assets related to its “blockchain-based payment network infrastructure” to San Diego's Silvergate Capital in a \$182 million deal.

Following the sale of Diem, Novi has continued its pilot with USDP, but

Meta has now called time on the project, saying it now focuses on building the metaverse.



# Teamwork makes the carbon-neutral donation dream work

By Dave Wallace

One of the things I promised when I started writing this column was to write about things that matter.

This is a story about how a group of people helped tackle a real problem, but as they looked to solve that problem, tried to ensure that they did everything they could to be as planet-friendly as possible.

## PART 1 – A REQUEST FOR HELP

The war in Ukraine has spurred many people into action. The Edinburgh branch of the Association of Ukrainians in Great Britain recently got in touch with NatWest in Scotland and asked if they could help build a donation platform to provide aid for the emerging humanitarian crisis created by the war.

Sheena Hales from NatWest says: "I love bringing the bank's purpose into action. It was clear that we had to do something, and we had to do it quickly. Our Commercial Banking CDIO team worked with the Association to develop a scope. We quickly realised that we would need additional resources to help deliver in the rapid timescales that the project required."

So the NatWest team turned to the Scottish Tech Army.

## PART 2 – THE SCOTTISH TECH ARMY JOINS THE EFFORT

Founded by Edinburgh-based entrepreneurs Alistair Forbes and Peter Jaco, the Scottish Tech Army (STA) is a not-for-profit company building a volunteer community to help improve the understanding and use of technology.

The group's stated aim is to mobilise the Scottish tech community, applying its talents, creativity and commitment to achieve the rapid delivery of technology

solutions to help solve problems faced by the nation. Formed at the height of COVID in Spring 2020, it has recruited 2,000 passionate volunteers. Many of those involved initially had been furloughed by various organisations.

The response was rapid when the call came in from NatWest for support.

According to Joanna Allen, head of programmes for the STA: "The NatWest team asked us to collaborate with them to build a donation matching platform from scratch within a few weeks. The urgency to support those most in need was palpable. We knew we had the foundations in place, all hosted on cloud, and set about maximising the reuse of many existing components. The NatWest technology team delivered us a working frontend UI within two weeks. After a rapid integration, it was able to go live."

## PART 3 – CARBON NEUTRAL

As the service was being built, the decision was taken that it should look to have the lowest environmental impact possible. The STA reached out to GoCodeGreen, a company that assesses, diagnoses and makes recommendations on the carbon impact of software.

GoCodeGreen made its assessment of the build. Within a matter of days, it had produced a report highlighting where "clean" choices had been made in the build process. Only a few improvements were highlighted that would make a difference, and these were actioned, resulting in a "best in class" rating for the technical build.

Eric Zie from GoCodeGreen tells me: "When Joanna asked us to support them by assessing the carbon emissions related to building their donation matching

platform, we were delighted to help. We loved their story. Their desire to address social and environmental challenges facing the world resonated so well with our mission and values.

"The aspiration to do good at multiple levels all in one software product demonstrated the STA's pioneering perspective on technology and how tech can be used to combat some of the biggest challenges of our times. The fact that they can now demonstrate that their own technical choices have resulted in a clean software product is an example to others. It is possible for us all to make a difference."

Joanna adds: "The idea of using tech to make a difference and to do it end to end, with sustainability at the core, is a pattern we want to use again and again."

## PART 4 – THE RESULT

The donation site has been a big success and has supported the delivery of over 100 tonnes of targeted aid to Ukraine and helped provide displaced Ukrainians arriving in Scotland with essential items.

When I spoke to the team, the sense of achievement was incredible. Working in collaboration, NatWest, the Scottish Tech Army and GoCodeGreen had very rapidly built a low-carbon-impact charity donation platform supporting the humanitarian crisis in Ukraine.

So other than a heart-warming tale, what are the key take-aways?

- They started with a well-defined problem.
- They were incredibly focused.
- They had the right people doing the right job.
- Carbon measures were integral from the start!



**Dave Wallace** is a user experience and marketing professional who has spent the last 25 years helping financial services companies design, launch and evolve digital customer experiences.

He is a passionate customer advocate and champion and a successful entrepreneur. Follow him on Twitter @davejvwallace.

A large haystack of dry straw sits on the left, while a large pile of tangled, silver-colored needles sits on the right. The background is a light blue sky.

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a haystack...**

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Thank you, FinTech Futures, for our “Tech of the Future” win at the 2022 Banking Technology Awards USA. Your recognition is a huge boost and confirmation of our work to fill the void and eliminate the inefficiencies caused by outdated systems. Many thanks from the entire Ayasdi team.

# Stilt helping immigrants get a leg up in the US finance game

By Shruti Khairnar, reporter, FinTech Futures



Every year, more than one million immigrants arrive on US shores to build a new life, and every year they have to deal with the same financial roadblocks that their predecessors did.

In particular, many immigrants can find themselves struggling to access credit products in the country due to having little to no credit history.

With the fintech boom, a number of start-ups have looked to solve this problem, and Stilt – built by immigrants and backed by Y Combinator – is one such company.

## HUMBLE BEGINNINGS

Rohit Mittal moved to the US more than a decade ago as an international student at Columbia University. As an Indian abroad, he found it difficult to rent an apartment for himself.

“Every landlord that I went to was asking me for a credit report, a co-signer or a deposit, and I had none of those things,” he tells *FinTech Futures*. “And that meant I was sleeping on someone else’s couch for a little while.”

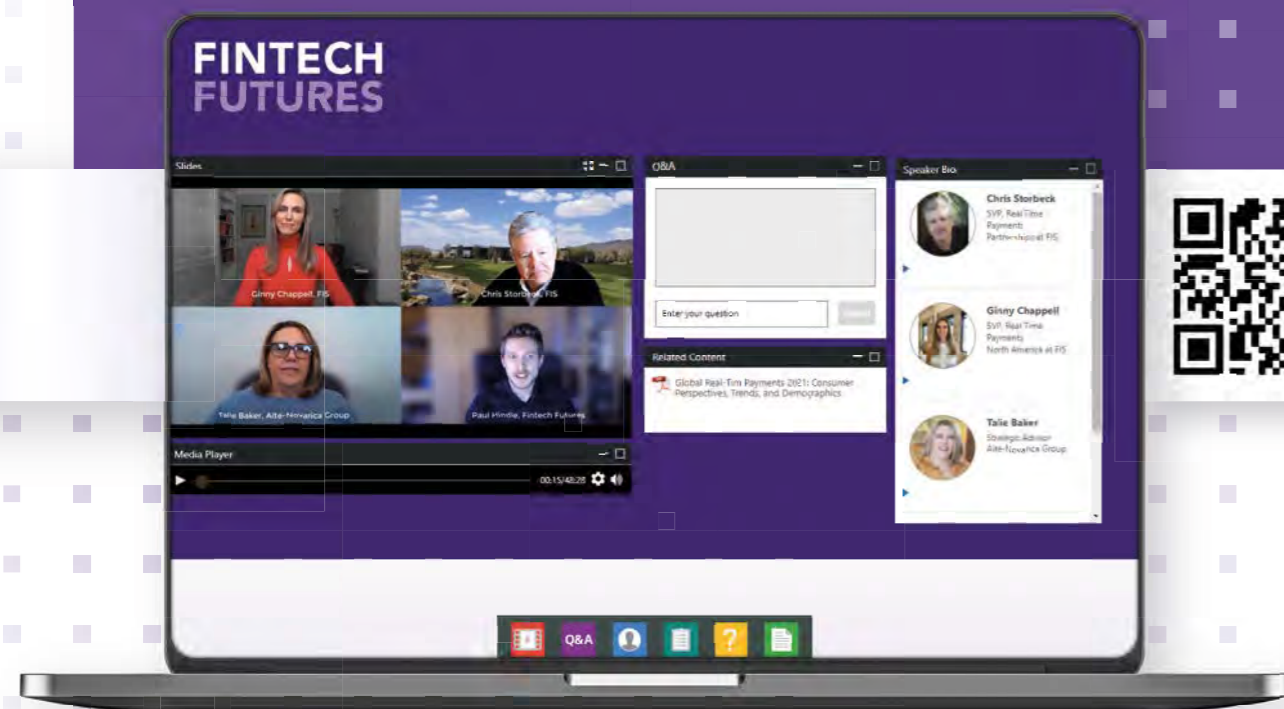
Eventually, he found a roommate, Priyank Singh, who offered him a room without asking for anything else.

Years later, Mittal would go on to start a project with Singh, which has now evolved into Stilt.

“We wanted to solve the problem we both faced when we moved to the US – access to better credit products for immigrants including credit cards and loans,” Mittal explains.

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They started off by building a credit score service for international students, with a view to selling the product to other institutions.

"But no one was buying it," Mittal says.

Changing tack, they decided to start their own company. The pair pooled their savings and started lending their own funds to strangers on the internet using their own risk models.

### BUILDING BRICK BY BRICK

Over the last six years, the company has managed to raise more than \$357 million in debt and equity fundraising – disbursing "hundreds of millions" of dollars in loans to "tens of thousands" of immigrants.

To build a credit score that works in favour of immigrants from scratch, Mittal says they needed "alternative" data – which led them to bank statements.

They used transactions from customer bank statements around education and employment as well as qualifications and educational history to gather sufficient data. The last piece of the puzzle was their immigration status in the US – what type of visa were they on? How long were they likely to stay?

All of this alternative data is put to use to make predictions on the potential credit risk of individuals, based on which the company decides how much money it can loan and at what rates.

When asked about the kind of growth they have seen with Stilt, Mittal emphasises that they started very small.

"In terms of multiples for growth, it is at 1000x since launch," he says. "The initial numbers were really small, but the impact has been material."

He claims that Stilt has helped immigrants generate \$200 million in lifetime income.

"Through our loans, they were able to stay in the US or they were able to fight for their green card or graduate school and get their visa," he adds.

On what sets Stilt apart from the competition, Mittal says that traditional financial institutions tend to treat immigrants as "exceptions".

"The way we operate, immigrants are the policy, they are not the exception," he



"Through our loans, [immigrants] were able to stay in the US or they were able to fight for their green card or graduate school and get their visa."

**Rohit Mittal (above right with Stilt co-founder Priyank Singh)**

says. "As we help these folks, we get more confident in our models and we are able to help them earlier in their life cycle."

Initially, they could only help people who had been living in the US for a certain amount of time, be it six months or two years.

"Now, we are able to help immigrants who have just landed – so they can apply for a loan with us and actually get approved on day one," Mittal adds.

### ONBO

After building out the infrastructure for Stilt, the founders realised that they could help other fintech companies launch their

own credit products using their software – so they decided to launch Onbo.

"We were seeing in the market that a lot of companies, both small and big, are trying to launch some sort of lending product, both consumer and commercial," Mittal says.

Onbo is an API-driven solution for companies to launch such credit products.

Mittal says that when it comes to launching credit or fintech products, you need to put a lot of pieces together – particularly around licensing, compliance, management and credit risk reporting and underwriting.

"Onbo takes care of all those pieces and provides a one-stop-shop API, so the company that's planning to launch a fintech product doesn't have to worry about any of those things," he says.

### NEXT STEPS

Within the next year, Stilt plans to raise its next round of funding, with plans to double its current team of more than 35 employees and sign up more companies to the Onbo API.

"In the near future, we expect to launch multiple credit products with Onbo, so clients can actually serve a whole variety of use cases that they are not able to serve today," Mittal says. "We will continue on that path as we plan to be the leading embedded finance API in the market in the next 24 months."

# The eye of the buyer

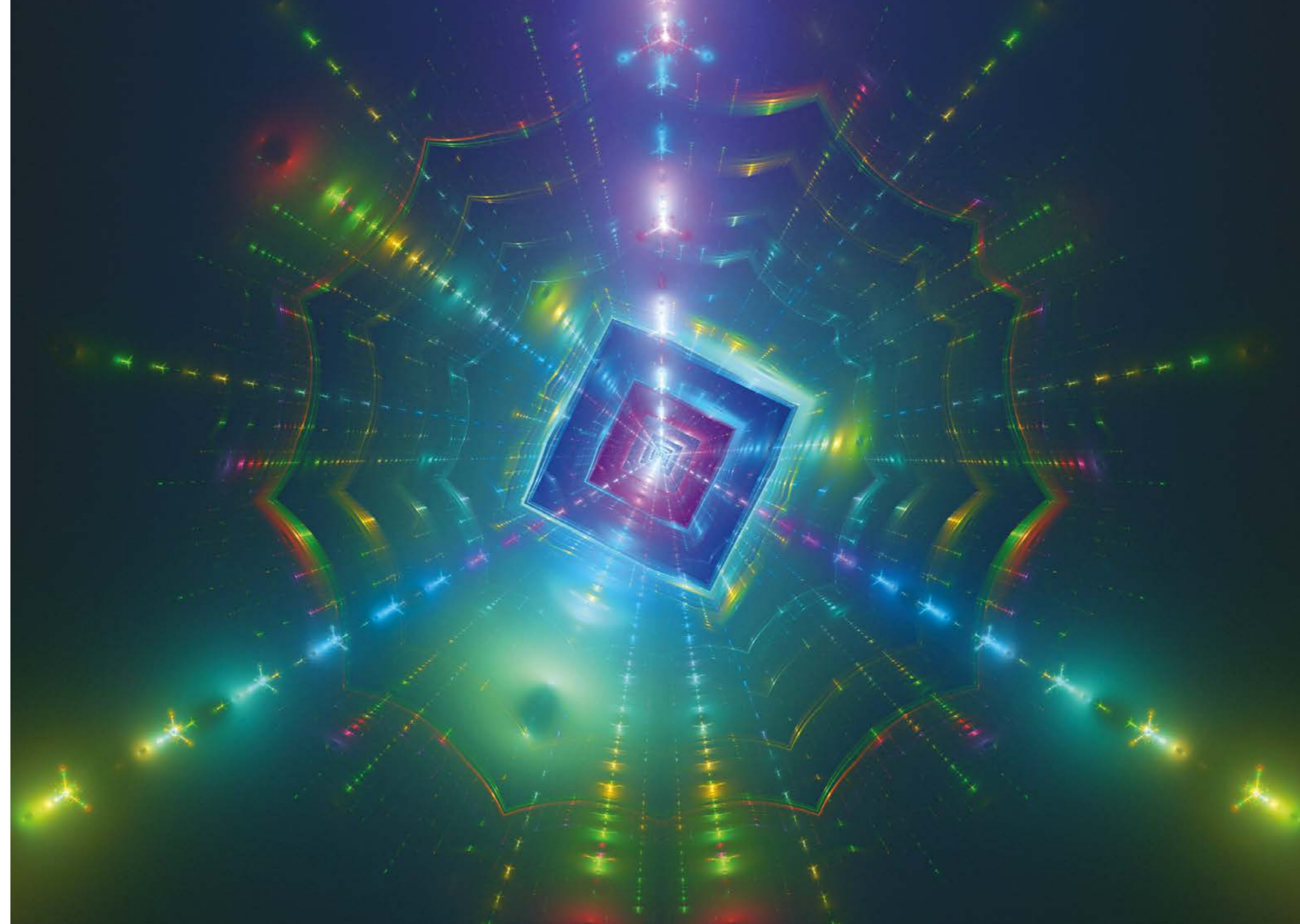
By Dharmesh Mistry,  
CEO, Askhomey

Having spent 30 years in banking technology, asking what core banking is seems a strange question, right? According to Acronym Finder, core stands for "centralised online real-time exchange".

When I was asked this question by my wife, I said that core banking is the software that manages accounts, be that your current account, deposit or loans. Each time money is taken out, core banking debits your account and when money is put in, a credit is applied. Depending on the account, core banking will apply certain charges and interest based on terms you agreed to when you opened the account.

This answer satisfied my wife, but not me.

When I worked at tier 1 banks in the UK, back in the 1990s, we had already split customer and product records into separate platforms. The notion of customer was very simple in core banking where the product was managed. However, by separating customer from the core, banks were able to simplify customer management in one place and start to introduce basic relationship management features. The key problem this was solving was that they didn't have to duplicate customer records with every product. Through the lens of a bank, core banking was essentially product management, a simple definition of core that aligned with my own thinking.



It was not until I had worked for a core banking software company that I saw a 'vendors view' of core banking, one that combined both product management and customer management into one platform. For small banks, of course, they needed both customer and product management. The issue for many though is that not all their products are in one platform; often mortgages, credit cards and loans are in separate core banking solutions. This meant that they ended up with customer management in different places making the simple request of changing a customer name (for example, after marriage) or address much more complex as the bank had to identify all the customer holdings and make updates to different systems.

Under my hat as chief digital officer, the largest change I introduced was to separate 'product management' from 'customer management'. Creating a digital banking platform that managed the customer data and interfaces and having a separate standalone banking product platform. One managed the customer lifecycle: onboarding, servicing/selling, exiting. The other managed the product lifecycle: origination, servicing, closing.

Simple, right? Well, not entirely, because there are many other things that banks require and sometimes these periphery needs get bundled in to be part of core banking as additional 'modules', when often they should be seen as separate, standalone functions, for example, anti-money laundering

and credit risk management. Both are necessary, but should they be part of 'core banking'?

I've seen request for information (RFI) documents from banks that run into thousands of features/capabilities, and some with only a few hundred. The Banking Industry Architecture Network (BIAN) defines the whole of banking into 321 service domains (currently supported by 243 APIs).

Why does this matter is a question you may ask now. Most banks have/are/will consider moving to newer technology for their core banking. With all the players in the market both incumbents and the nascent new tech vendors, it really is a case of caveat emptor.

Bigger banks will want much more

scalability/security/performance and flexibility. Their definition of core tends to be very narrow in functionality and headless from an access perspective. This suits newer players who are playing catch-up with incumbents on features. However, there are far fewer 'big banks'

with such needs, although deal sizes will also be bigger.

Smaller banks want and need the breadth of functionality with simplicity for product configuration. This suits incumbents because through years of development and acquisitions they have accumulated the breadth these banks need. Here, there are many more banks without the urgency for modern tech that often also require coding to configure products. Most incumbents allow configuration of banking products through a user interface (UI), making this accessible to the business without a dependency on scarce IT resources.


Many neobanks have also chosen incumbent solutions over newer tech platforms to get the full breadth of banking needs from a single vendor. This is a short-term gain to get to market quicker but compromises on the increased flexibility, efficiency and skills availability that solutions based on newer tech offer.

I guess I'm just saying that the definition of what core banking actually is depends on the eye of the buyer. The market for banking software is not a 'winner takes all' opportunity, as the needs and demands of banks vary by their size and available resources.

For smaller banks and neo-banks, moving to an architecture that separates product and customer is a must, especially as customer relationship management moves from batch to real-time (more on this topic soon).



Dharmesh Mistry has been in banking for 30 years and has been at the forefront of banking technology and innovation. From the very first internet and mobile banking apps to artificial intelligence (AI) and virtual reality (VR). He has been on both sides of the fence and he's not afraid to share his opinions. He is CEO of AskHomey, which focuses on the experience for households, and an investor and mentor in proptech and fintech.



# Making the most of Banking-as-a-Service

By Puneet Chhahira, head of marketing and platform strategy, Infosys Finacle

Banking-as-a-Service (BaaS), a model where banks publish APIs to allow third parties to access their services and data securely, is a key enabler of open banking and embedded finance. With the majority of banks showing interest, the BaaS market is expected to grow multi-fold in the next decade.

This growth seems like a given because as a secondary service underlying almost every transaction, banking naturally lends itself to embedding.

Another factor supporting the growth of BaaS is that embedded finance, which it is part of, enjoys the favour of all parties:

customers, because they get a banking experience that is seamless with their primary transaction such as buying a phone or vacation package; merchants, because they can acquire new customers and revenues with options like buy now, pay later (BNPL); and banks, because they can grow their business by embedding their offerings within the consumption journeys of other brands.

As the technology partner to financial institutions around the world, a question we are frequently asked is how to successfully launch, scale and differentiate a BaaS proposition. What we tell our clients

is that the important thing is realising that BaaS is an evolutionary journey, rather than a 'one and done' exercise.

Let me explain.

## LAUNCH

Based on our experience, we believe that incumbent banks should launch their BaaS journeys in partnership with a select set of fintech companies, neobanks or digital giants that are already active in this space.

At first, the goal should be to introduce basic services – such as checking accounts, debit card payments and unsecured lending – through these partners to build

a foundation for API banking as briefly described below.

The starting point is to develop the APIs for the shortlisted use cases. As far as possible, banks should standardise their APIs in alignment with their partners' requirements, so it becomes easier to work with, and also add, partners in the future.

Good discipline, by way of robust documentation and adherence to product management principles, accelerates API maturity. There needs to be a strong focus on performance, because even a slender technical failure rate impacts experience disproportionately. As an illustration, consider a digital payment that doesn't go through instantly. Even though this happens very rarely, both payer and receiver are anxious until the transaction is completed.

A dedicated API banking team is required to support the bank's partners in innovating further use cases. In fact, the most progressive banks even have API sales teams for business development.

Finally, a modern core banking platform – with RESTful APIs and event architecture – is a big asset, since it enables the bank to set up its BaaS proposition quickly, at low cost and effort. In contrast, while a bank running on legacy technology can also create APIs, it will have to spend a lot more effort to do.

## SCALE

Banks with an adequate API foundation should then scale their BaaS offering on both demand-side and supply-side ecosystems. On the demand side, this involves expanding the number and types of partners to include – in addition to fintech and digital giants – ERP software, TMS providers, human resource management solutions and so on.

Accordingly, a bank that allied with a limited number of high impact partners at launch will scale by working with large, and also niche, players. Importantly, it will have already standardised and exposed the relevant APIs and webhooks for the use cases being explored with each of these partners. Basically, the bank, which used the launch stage to learn from its biggest partners, will now leverage its new partnerships to scale the business. This is what India's ICICI Bank is doing by

working with more than 100 partners just for building SME banking use cases.

Equally, banks need to develop the supply-side ecosystem, particularly because their clients may want services other than what they (the bank) provide. Sometimes these services may be something the banks use internally, such as the taxation database or SME registry in the country of operation, access to which they could offer to clients via APIs for a fee. The addition of adjacent capabilities like these will make banks' API channels more attractive to customers. Some progressive banks are going further to offer even competing services through their channels.

## DIFFERENTIATE

That being said, the vast majority of banks are still in the early stages of launching a BaaS offering. Nonetheless, they should start thinking about a roadmap for scaling, and following that, differentiating, their proposition.

Although BaaS is currently in a hype cycle, it is likely to start maturing shortly. However, it will not eclipse the other channels anytime soon. In that case, a BaaS offering's differentiation will depend on the breadth and depth of its (bank's) APIs and webhooks, and ease of partner onboarding.

Today, even the most advanced banks take six to eight months to onboard a partner, instead of the ideal two weeks. There is also a need to standardise and streamline information security requirements, so partners don't spend excessive time and effort in conforming to those expectations. While they are

not there yet, it is expected that the progressive banks will achieve these goals in the near future.

For differentiation in the long-term, they will need to exert further to exploit two things, namely the network effect and the learning effect. The first is an outcome of broader supply-side and demand-side ecosystems; the more numerous the supply-side participants in a marketplace, the more valuable it is to the customers in the demand-side ecosystem, who are able to meet multiple needs through a single partnership (and way of working). Basically, the bank differentiates its BaaS offering by expanding its services to include a variety of adjacent non-banking services such as wealth management and insurance.

The learning effect comes into play when banks expand their supply-side networks and leverage the deeper understanding of partner needs to curate services more effectively. For instance, a bank working with several HR management systems may find that payroll processing APIs should be curated differently than general payment processing APIs. Since the learning effect depends on a bank's unique ability to use insights, it can set a bank distinctly apart from the competition.

But all of that is still in the future. Banks, which are expressing keen interest in the BaaS model, must implement and scale it with alacrity. Customers want it, merchants are asking for it, and if the incumbent banks don't respond, there are plenty of next-gen players who will be more than happy to provide it.



"Incumbent banks should launch their BaaS journeys in partnership with a select set of fintech companies, neobanks or digital giants that are already active in this space."

Puneet Chhahira,  
Infosys Finacle

# And what is wrong with my mainframe?

By Leda Glyptis

"And what is wrong with my mainframe?" asked the CTO. The CTO who had asked for a meeting with you.

You, the representative of the cloud-native, microservice-oriented, real-time capability.

Nothing, man. Nothing's wrong with your mainframe.

A lot is wrong with your attitude though.

The attitude that is, to be fair to this non-imaginary CTO, rather prevalent across the industry. The attitude that says: "You are presenting me with a lot of things to learn, a lot of decisions to make in a short period of time and on the back of incomplete information, most of which I am yet to learn and I resent you for it.

"I may know it's not personal, this

situation you are putting me in, but it's personal to me, because here I am representing a big organisation but really I am Tim or John or Debbie and it's as me that I have to make those decisions. Those decisions that will impact the organisation I represent in ways I can't even fathom."

This attitude is fed by being between a rock and a hard place. We get it. We know it's not personal. We know it's a combination of stress, anxiety, an impossibly difficult job and pressures from every direction resulting in a brusque attitude and a wee bit of cynicism.

A little bit of aggression. A little bit of mockery. We are used to it.

Those of us championing ideas inside the bank... those of us driving change inside the industry alongside the bank.

We've been at the receiving end of it for so long it barely registers any more.

Meanwhile, the very same CTO (or his cousin, Helen – whatever, you know what I mean) is bragging to the press about their AI capabilities. Even though you know and he knows that all they have managed is a team of folks messing around with SPSS.

And it is the very same CTO who gets a beating from the regulator for still having crumbling COBOL-based systems he neither designed nor chose and yet, having inherited them, they are his problem and the regulator sees the organisation he represents but the difficult meeting is not had by the corporate. It's had by Richard or Becky or Mike. It's not personal. And yet.

It's the very same CTO who has a vast estate and each day holds a new surprise

of a weird and wonderful 'workaround' someone somewhere owned up to... or didn't own up to and has since left the organisation and it was discovered, after falling over, by someone baffled and unable to answer any questions as to why this is here and what it is meant to achieve and what we should be doing instead... and meanwhile that other project trying to simplify how many enterprise licences of each system we seem to have keeps bumping up against every other 'lights on' initiative while the business is trying to push on ahead and be competitive...

So yes.

I get why the CTO may be a little testy when they come into the meeting with you to talk about all the things they know they have to do but frankly they barely have the time, energy, budget or mental fortitude right now to chart a path from the 'this' they are inheriting to the 'that' you are describing.

That's the meeting we are used to.

And it's not just the CTO. It's their team, trained to prepare the ground for him, coming into prep meetings aggressive and ready-armed with a list of questions to disqualify you. Not qualify you.

And if you disappoint by having credible answers to all their questions, they come up with new questions or challenge your answers not on the basis of 'getting a bit deeper' but rather in the hope that you will trip and make it easier for them to say no and have one less thing to worry about right now.

It's their compliance team and their procurement team and their legal team and their product team coming in trying to find reasons why not because frankly there's only so much headspace and they know their starting point hamstrings them. Plus they know what their boss is like and what holes he will poke into whatever they bring back.

They know the score.

They come into the meeting ready-loaded to take away from the meeting something that will be useful to them back in the context of their work and their life. It's not an abstract, open-ended conversation. It never is.

I've been that guy. Try as I might to not be that guy, I have been that guy. And I have sat opposite that guy. Many a time.

"Sometimes, you go into a conversation ready with your bulletproof patter: the compact and tight 'pitch' of what it is you do and what it is you believe in, honed to a water-tight resilience after many an underhanded and slightly irrelevant attack."

Leda Glyptis

And I get it. I actually don't begrudge the angry banker any of this. I get it. In many ways it's my job to help the guy navigate this. Because that's the exam question for all of us: how to get from here to there, from this to that. Together.

It's not always fun, I will give you that. But it's what it is.

And we do it.

But sometimes, some blessed, rare and wonderful times, that's not how the meeting goes.

Sometimes, you go into a conversation ready with your bulletproof patter: the compact and tight 'pitch' of what it is you do and what it is you believe in, honed to a water-tight resilience after many an underhanded and slightly irrelevant attack. But no matter, you learn. You learn and learn and refine and now can pitch your story, whatever it is, pre-empting 99.9% of known ballistics.

And sometimes, some rare and wonderful times, you don't get an attack.

Instead, as you start speaking, you see the CTO giving his architect a side glance. You see them leaning forward. You see their questions bubbling up and their smiles widen. You see recognition in their eyes. You see your tribe.

That's not when you make the sale, by the way.

The sale will take a long, long time and entail a lot of the types of folks described above.

No matter.

There are some times when you go into a meeting expecting the usual resistance and find kindred spirits instead. You find people who rejoice in the help you can give them through the work you've been doing all this time. Who stare into the work they still need to do and don't blame you

for it. They don't blame anyone for it. They are just grateful they get to do it and you are here to help.

You won't have this meeting often.

But cherish it when you do.

And then help those folks go back to the farm and explain to their CTO that there's nothing wrong with his mainframes... per se... but maybe we should stare into another way of doing things.

Another question to ask?

Since we are where we are and there is no choice about that and we have to move forward one way or another. And maybe, just maybe, there is a better way of doing what we all agree must be done.

#LedaWrites



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

All opinions are her own. You can't have them – but you are welcome to debate and comment!

Follow Leda on Twitter (@LedaGlyptis) and LinkedIn (Leda Glyptis PhD). Visit our website for more of her articles.

# Having a ball in San Francisco

The 2022 Banking Tech Awards USA were held at the Julia Morgan Ballroom at the Merchants Exchange in San Francisco. Here's the winners and photos from the evening

Nearly 150 guests joined us at the fabulous Julia Morgan Ballroom at the Merchants Exchange in San Francisco for an incredible night of celebration and entertainment hosted by comedian Tyler Fowler (right).

With 26 winners and 33 highly commended entries announced

across categories including Woman in Technology, Best Use of AI, Best Digital Initiative and Best Core Banking Solution Provider, these awards celebrated this incredible sector and the outstanding achievements and successes of the USA's best and brightest.



## BANKING TECH PROJECT AWARDS

**BEST USE OF IT FOR LENDING**  
JPMorgan Chase for Chase MyHome

**BEST DIGITAL INITIATIVE**  
Goldman Sachs for All Marcus by Goldman Sachs® products and the Marcus app

**BEST MOBILE INITIATIVE**  
JPMorgan Chase for Snapshot

**BEST USE OF RISK, COMPLIANCE & FRAUD PROTECTION TECHNOLOGY**  
Hamilton Reserve Bank for Verified by authID

**BEST INNOVATION**  
Citizens Financial Group for Citizens Pay

**BEST USE OF AI**  
Q.ai for Q.ai

**BEST USE OF DATA**  
Goldman Sachs for Goldman Sachs Financial Cloud for Data

**BEST FINTECH PARTNERSHIP**  
Uber Freight, Branch, and Marqeta for Uber Freight Partners with Branch and Marqeta to Offer Faster Payments and Fuel Rewards for Carriers

**BEST UX/CX IN FINANCE INITIATIVE**  
Freddie Mac for Clarity 2.0

**BEST CONTRIBUTION TO ECONOMIC MOBILITY IN BANKING/FINANCE**  
Nova Credit for Credit Passport

**COVID-19 RESPONSE (Banks & Financial Institutions only)**  
TD Bank for TD Virtual Assistant

**BEST EMBEDDED FINANCE INITIATIVE**  
Bond Financial Technologies, Inc for Squire Card Implementation

**BEST COMMUNITY BANK/CREDIT UNION AWARD**  
Pinal County Federal Credit Union for PCFCU Connect

## EXCELLENCE IN TECH AWARDS

**BEST CORE BANKING SOLUTION PROVIDER (sponsored by Aspire Systems)**  
Temenos for Temenos Banking Cloud

**BEST BUSINESS DIGITAL BANKING SOLUTIONS PROVIDER**  
Aptitude for Aptitude Digital Banking Platform

**BEST CONSUMER DIGITAL BANKING SOLUTIONS PROVIDER**  
1Kosmos for 1Kosmos BlockID

**BEST PAYMENTS SOLUTION PROVIDER**  
Stellar Development Foundation for Stellar

**BEST PAYMENTS SOLUTION PROVIDER - START-UP**  
Astra for Astra Automated Bank Transfer API

**TECH OF THE FUTURE**  
Arkose Labs for Arkose Labs Fraud Deterrence Platform

**TECH OF THE FUTURE – DATA, AI, ML & RPA**  
Symphony AyasdiAI for SensaAML

**COVID-19 RESPONSE (Technology Services & Software Providers only)**  
Abrigo for Abrigo's All-Hands PPP Response Results in \$34 Billion in PPP Loans and 2.7 Million Jobs Saved

## LEADERSHIP AWARDS

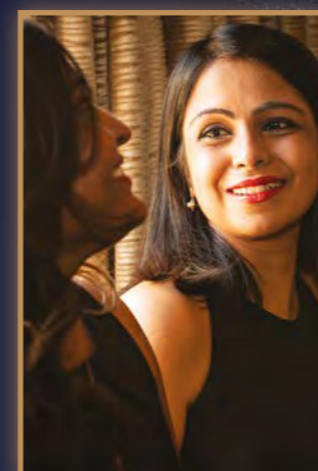
**WOMAN IN TECHNOLOGY (W.I.T.)**  
Marinela Tudoran from Credit Suisse

**TECH LEADERSHIP**  
Gabriele Columbro from FINOS

**RISING FINTECH STAR**  
Aaron Shapiro from Carver Edison

**TECH TEAM OF THE YEAR**  
BNY Mellon for BNY Mellon Enterprise Innovation Team

**EDITOR'S CHOICE**  
Nymbus



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## Help the aged

By Alex Pugh, reporter, FinTech Futures



In financial services, the latest apps for millennials and Gen Z often make industry headlines. But what about older generations in need of services other than BNPL and crypto investments?

One start-up is hoping to tap into this underserved demographic. Carefull is a digital platform built to support the daily finances of older adults, along with the 45 million 'financial caregivers' in the US who manage their daily finances.

Financial caregivers coordinate, contribute to and monitor the daily finances of a loved one as part of a complex and underserved financial relationship which can last as long as 20 years, Carefull co-founder Todd Rovak tells *FinTech Futures*.

"They do so today via ad hoc solutions, poring through bill stacks, spreadsheets, hunting for fraud, sharing passwords with parents and sitting on hold with bank customer service," Rovak says. "It takes a tonne of time, emotion and expense."

### GOING SOLO

This tangled process exists because many financial institutions today simply don't provide the tools, resources and infrastructure to better protect this life

stage. Older adults can feel as though they have to fend for themselves, which can leave people increasingly susceptible to mistakes and vulnerable to fraudsters. More than \$50 billion of elder fraud occurs annually in the US.

Regulatory tailwinds are now pushing banks to do more for their older adult customers.

"Michigan, for example, enacted a law in September requiring banks and credit unions to report financial exploitation committed against senior customers," Rovak says. The law also allows financial institutions to freeze customer transactions under certain circumstances.

While the older generation may be slower to adopt new technology for financial management, the idea that older adults are not tech-savvy is a misnomer, Rovak says. Both segments, younger and older, have their own challenges. "I personally think that addressing the challenges of Gen Z is simply easier to pitch to a venture capitalist," he says.

Rovak believes financial institutions, typically banks, have unfortunately treated their aging customers as customer service challenges and instead focused on high-balance, high-value customers to engage

over the next 20 years of spend. This group simply needs a different, smarter layer of tech so they can live their lives actively.

Carefull's technology integrates senior-specific financial monitoring, financial management, identity theft protection, password and document management, communication and unique how-to content.

### INDICATORS OF DISEASE

Artificial intelligence (AI) is the backbone of the platform. After creating an account, Carefull's technology works to identify and understand typical financial patterns of each individual Carefull user. Interestingly, as well as financial management tools, Carefull can also spot financial symptoms of early brain disease.

"Indicators of diseases such as Alzheimer's and related dementias often show up in the wallet years before a doctor's diagnosis," Rovak says.

He cites research from Johns Hopkins, which found that those with Alzheimer's disease and related dementias showed a pattern of missed bill payments up to six years before a diagnosis of dementia. Consistently missed mortgage payments can lead to an unexpected foreclosure. Conversely, in some cases, those in the early stages of dementia pay their bills multiple times because they don't remember making the first payment.

Other financial signs and symptoms of brain disease include inability to correctly balance a cheque book, drastic changes in spending habits, duplicate or unusual purchases, unopened mail, excessive charitable contributions, hidden or missing money and increased susceptibility to scams and fraud.

With the global fintech market expected to increase by 20% over the next four years, it's likely that more financial management tools targeted towards older demographics will become available.

Carefull is now in multiple late-stage partnership discussions with wealth management platforms for financial advisors, who intend to include Carefull as a financial caregiving system within broader financial planning tools.

"Aging is inevitable and managing a parent or other loved one's finances isn't a matter of 'if' but 'when,'" Rovak says.

# State of play: fintech partnerships

By Philip Benton, senior fintech analyst, Omdia

The days of banks trying to be everything to everyone are no more.

In fact, these days you can get credit without applying for a credit card, obtain a mortgage without walking into a bank branch and manage your money without requiring a current account.

The choices are endless, but as a consumer, having 20 different apps on your phone to manage your finances is not viable, which in turn has given rise to super-apps.

To build a super-app, a broad ecosystem is vital, which is underpinned by strong partnerships. This is very similar to the

business model of Costco – high-quality products sourced directly, sold at low prices to loyal customers. There are four main types of partnerships possible in fintech, as outlined across the page, ranging from purely economical to embedded partnerships.

## IF YOU CAN'T BEAT THEM, JOIN THEM

The early days of the fintech revolution were about 'disrupting' banking, but incumbents and fintechs now increasingly work together to lead innovation. US incumbent Bank of America and UK payments start-up Banked recently

partnered to launch a new online payments solution, while UK incumbent NatWest Group has partnered with paytechs TrueLayer, GoCardless and Crezco to launch its variable recurring payments (VRP) solution.

Technology is moving at such a rapid pace that building products in-house makes little sense as the value-add is how you develop on top of the technology stack, not in building the foundations. If JP Morgan Chase, with the world's largest technology investment budget (according to Omdia), opts to partner with Thought Machine, a challenger core banking provider, as

opposed to using its own vast team of developers to build in-house, then it is clear in what direction the industry is heading.

Modern technology stacks have enabled new entrants in financial services to adopt an 'a la carte' approach to deploying banking products. This has enabled banks to offer their products 'as a service' to non-financial services brands through embedded finance by consuming specific pieces of the banking stack. Embedded finance is just one of a number of emerging trends that will alter the relationship banks (and fintechs) have with their customers. Therefore, establishing and maintaining strong partnerships is critical to ensuring relevance in the future of financial services.

## SOFTWARE VENDORS ARE PARTNERS, NOT PROVIDERS

The evolution of financial services is changing at a rapid rate, whether it's how we pay, invest or save. Banks/fintechs require the support of software vendors who are agile, flexible and forward-thinking. Therefore, when making purchasing decisions, it's not just about choosing the best off-the-shelf product for most financial institutions; it is also necessary to consider a vendor's ability to support your firm's aspirations. This requires a strong partner – one that enables and drives innovation, offers a strong user experience and provides advice on how to launch new products and services quickly and effectively.

Solution breadth of vendors is increasingly relevant, whether provided in-house or through a partner ecosystem, with financial institutions less likely to adopt a 'best-of-breed' policy when selecting vendors and having a desire to work with fewer vendors who provide easy access to wider functionality. Vendors should embrace partnership opportunities with third-party providers through adoption of the marketplace model by opening their APIs in order to add value to the ecosystem.

Although broad functionality is an important consideration when selecting a product, the vendor ecosystem should not be discounted as it provides the opportunity to tap into a multitude of

## Types of partnership

### Affiliate

A targeted partnership to generate leads. Typically pay per click.



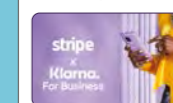
### Brand

Mutually beneficial relationship, no direct link to sales.



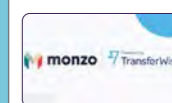
### Platform

Enhance product proposition through seamless API integration.



### Strategic

Deepest partnership. Requires tightly aligned cultures for value add.



niche suppliers. Future innovation is likely to be driven through this ecosystem, benefitting the financial institution in the long term by unlocking advantages beyond the platform. Banks/fintechs should select partners with digital expertise and industry domain and enterprise-grade capabilities, as well as a digital-mindset approach to innovation. Growth requires a partner that can be trusted to respond quickly to challenges as they arise and recognise and respond to the difficulties a bank/fintech is facing on a real-time basis.

## CURATION WILL BE KING IN FINTECH, UNDERPINNED BY PARTNERSHIPS

The shift to digital banking has raised expectations around customers' relationships with their banking provider. They expect instant support, real-time resolution and easy access to financial services that are relevant to their needs. In the future, artificial intelligence and machine learning will be able to predict and recommend financial services to a consumer before they realise they need it themselves.

Owing to easing banking regulation for new entrants and the introduction of open banking, several start-ups have been able to compete with banks on specific segments of money movement. Mass-market consumer banking is in decline with new entrants emerging to serve specific communities, including Nerve (banking for musicians), Pancea Financial (banking for doctors), 11Onze (banking for Catalonians) and Daylight (banking for the LGBTQ community).

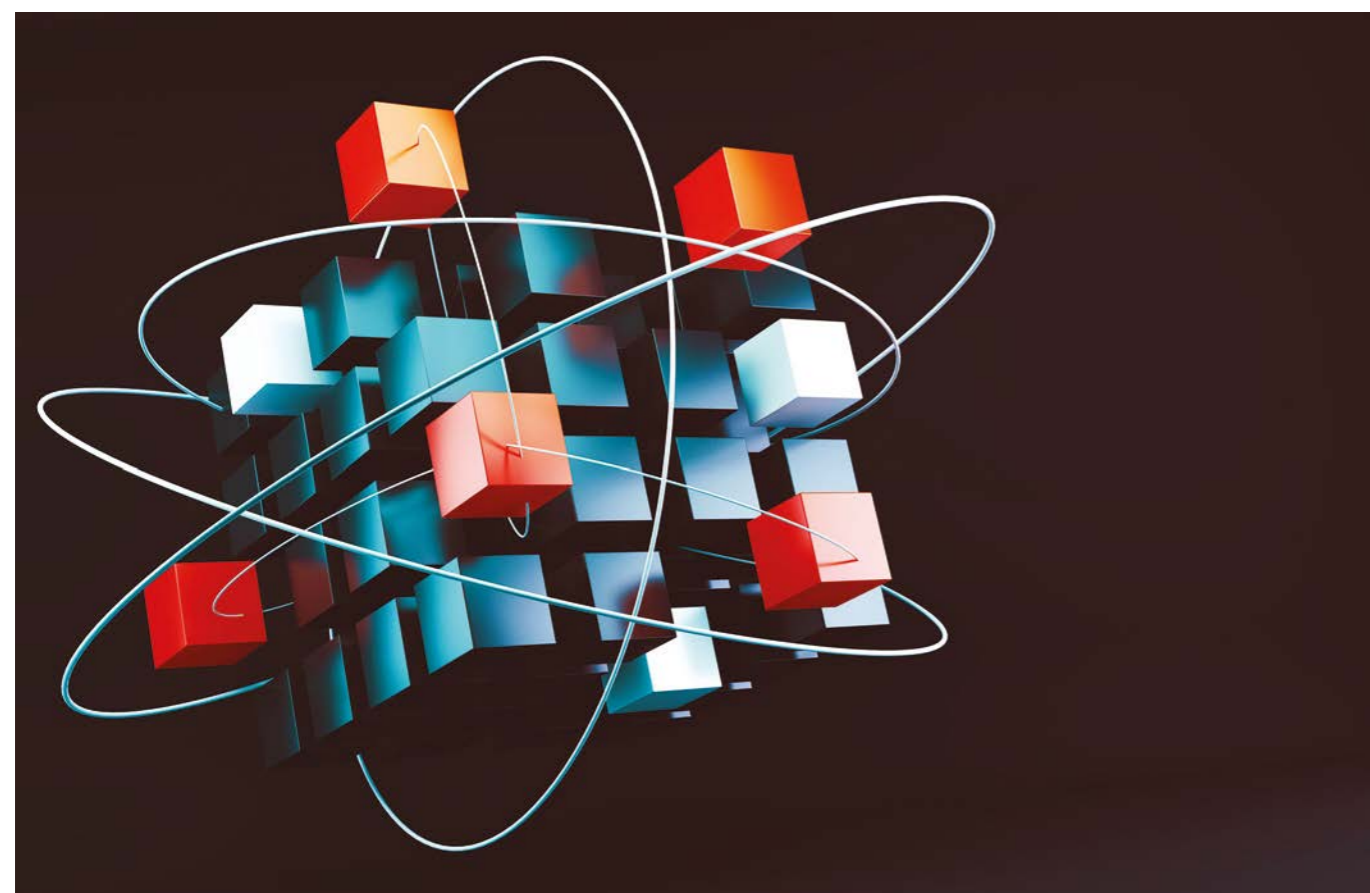
Increasingly, consumers are having less direct contact with incumbent banks through utilising fintechs that leverage banking licences from existing players or third-party providers that pull banking data through open banking technology. Identifying the right kind of partnerships is crucial for navigating emerging technologies, whether it's web3, crypto or the metaverse. Consumers, corporates and institutions will place trust in their direct provider to curate a hyper-personalised service that utilises their wider ecosystem of partners and ensures a superior user experience.



Philip Benton is a senior fintech analyst at Omdia and writes analysis on the issues driving technological change in financial services. Prior to Omdia, he led consumer trends research in retail and payments at strategic market research firm Euromonitor.

In this column, Philip will discuss the technological implications and consumer expectations of the latest fintech trends.

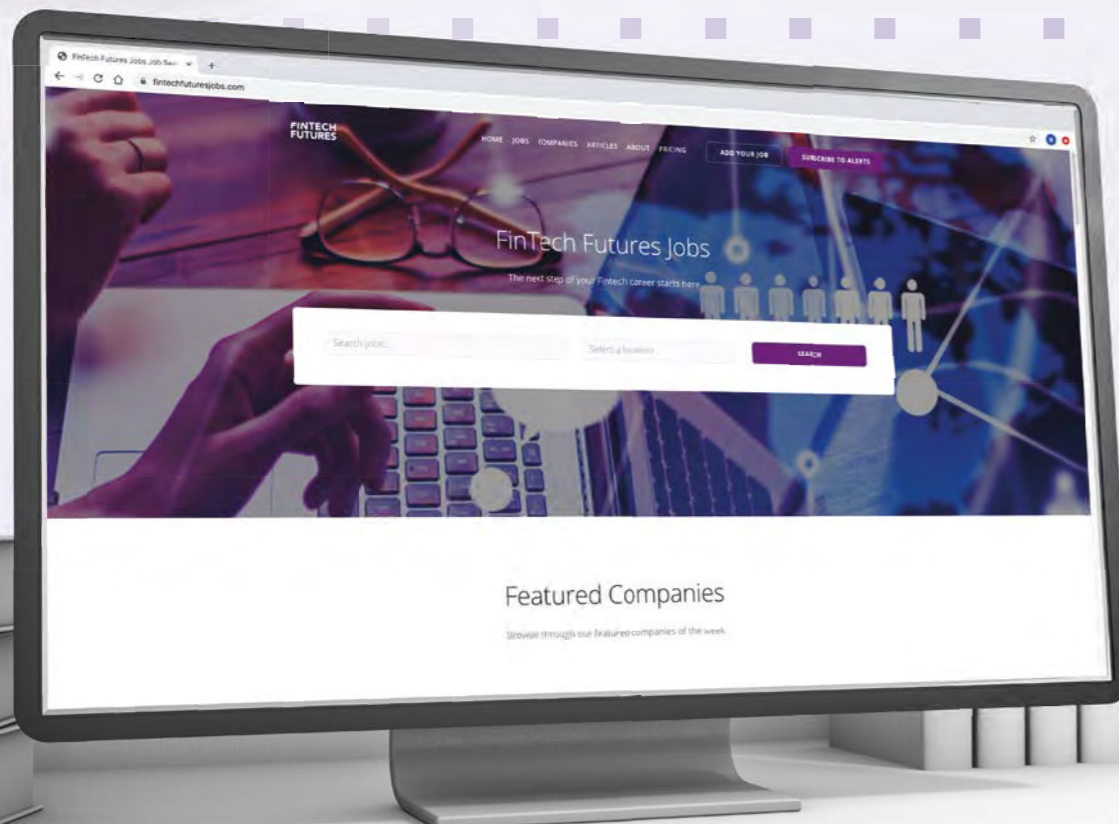
You can find more of Philip's views on fintech on Twitter (@bentonfintech)



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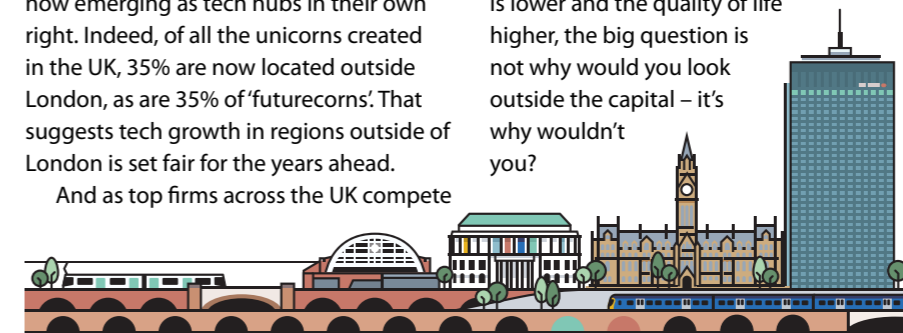
## Three top UK tech hubs outside London

By Sandra O'Connell

Of course, London dominates the UK tech scene. But regions right across the UK are now emerging as tech hubs in their own right. Indeed, of all the unicorns created in the UK, 35% are now located outside London, as are 35% of 'futurecorns'. That suggests tech growth in regions outside of London is set fair for the years ahead.

And as top firms across the UK compete

for fintech talent, including in parts of the country where the cost of accommodation is lower and the quality of life higher, the big question is not why would you look outside the capital – it's why wouldn't you?



### FORGET THE LONDON LOOK, GET THE MANCHESTER BEAT

The University of Manchester actually gave us the modern computer, and the city has retained its des res tech status ever since. A recent 'top tech city' report from real estate firm CBRE rated it number one for employers based on cost of living, access to skills and high-quality tech education.

**Who's here?** Everyone from IBM and Cisco to legacy banks like Barclays, NatWest and The Co-operative Bank – all three of which have tech hubs in the city – as well as international fintechs such as Worldpay and Xero, and start-ups like Bankify and Nivo. Unicorns such as OakNorth, Flywire, Marqeta and Radius Payment Solutions have all alighted, as

has BNPL giant Klarna (though admittedly it's currently reducing headcount).

**What's the appeal?** Manchester is a thriving hub for creative industries, with nearly 6,000 tech companies located in the Greater Manchester Area, higher than any other regional city. Many are located in clusters such as The Northern Quarter or MediaCityUK in Salford.

The ability to tap into the area's highly skilled graduate population has been a key driver for many multinational software and data companies to locate here in the past, while new developments keep them coming. These include Manchester Goods Yard at Enterprise City, a new tech, media and creative cluster, and Bruntwood SciTech, attracting tech stars such as ROKU and Cloud Imperium Games.

### VALLEY SCHMALLEY, IT'S ALL ABOUT SILICON FEN

Guess which city recently got a shout out from government as the country's leading regional tech hub? You don't have to be a contestant on University Challenge to know the answer – it's Cambridge. The city is the leading regional tech city in the UK based on a combination of VC funding, tech salaries and unicorns produced.

**Who's here?** Homegrown heroes here

include cybersecurity unicorn Darktrace, set up by a former maths student at the University of Cambridge. Chip-maker Arm started with a team of 13 engineers in a converted Cambridgeshire barn. Today, it has offices all over Cambridge, employing 3,000 people.

**What's the appeal?** This is a city that has been innovating forever – in fact, Cambridge Science Park, founded by

### MAKE A MOVE TO SCOTLAND

Scotland's main cities of Glasgow and Edinburgh continue to attract top tech companies, thanks to the kind of innovation culture that comes with having world-class universities.

Indeed, digital technology is Scotland's fastest-growing sector for inward investment, with centres of excellence for collaboration emerging across cybersecurity, data, fintech, games, global business services, software and IT. Scotland spawned unicorns such as BrewDog, FanDuel and Skyscanner, plus futurecorns such as Interactive Investor.

In 2021, Barclays Eagle Labs named Edinburgh the UK's leading technology ecosystem outside of London.

**Who's here?** Multiple blue chip technology companies, including Microsoft, Apple and IBM. Employers such as Tesco Bank, TSB and Computershare have tech hubs. From Swiss fintech Alvalog to US fintech Broadridge and Hong Kong payments specialist PolyDigi Tech, they've all found a home here.

**What's the appeal?** Edinburgh and Glasgow are compact and easy to get around. Glasgow offers the additional appeal of a cool vibe, great value housing and – critically for WFHers – high-speed internet.

The cost of living in Glasgow, Scotland's biggest city, is 39% lower than London, with employment levels at record highs.



Trinity College in 1970, is the UK's oldest science park and home to 130 companies, employing 7,000 people.

It played a pivotal role in the 'Cambridge Phenomenon' – the transformation of Cambridge from a market town with a world-class university to one of the leading technology hotspots in the world.

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# FINTECH FUNDING ROUND-UP

Vietnamese wealthtech **Finhay** has raised **\$25 million** in a Series B funding round led by Openspace Ventures.

The funding round follows Finhay's acquisition of Vinha Securities, a personal investment app that claims to have more than 2.7 million users.

Since 2017, Finhay allows users to micro-invest – starting from just VND 50,000 (\$2.11) – in Vietnam's mutual funds.



**GetVantage**, an Indian revenue-based financing platform for small and medium-sized enterprises (SMEs), has raised **\$36 million** in a growth funding round.

The round was co-led by Varanium Nexgen Fintech Fund, DMI Sparkle Fund and returning investors Chiratae Ventures and Dream Incubator Japan.

New investors who participated in the round include Sony Innovation Fund, InCred Capital and Haldiram's Family Office, among others.

Launched in 2020, GetVantage offers entrepreneurs access to equity-free capital between \$10,000 to \$500,000 "in as fast as five days".

It claims nearly 4,000 businesses on its platform, seeing 300% year-on-year growth in 2021 and funding more than \$270 million in gross merchandise volume to date.

Digital banking tech specialist **Backbase** has raised **€120 million** in growth equity funding from Motive Partners, bringing the company's valuation to €2.5 billion.

The vendor says that having grown organically to over €200 million in revenue, it has now taken investment from a fintech specialist private equity firm, "to further strengthen its claim on the engagement banking category".

It adds that Motive Partners is "fully supporting Backbase in remaining an independent force".

Founded in 2003 by Jouk Pleiter (CEO), Backbase now employs more than 2,000 people and serves more than 150 customers globally, including BNP Paribas, Citizens Bank, HDFC, KeyBank, National Bank of Bahrain, Natwest, Raiffeisen, Standard Bank and Société Générale.

New York-based **Codat**, a provider of universal API for small business data, has raised **\$100 million** in a series C investment round led by JP Morgan Growth Equity Partners. As part of the deal, Patrick McGoldrick, partner at JP Morgan Growth Equity Partners, will join Codat's board.

Canapi Ventures and Shopify also participated in the round, as well as existing investors Index Ventures and PayPal Ventures.

Plaid has been publicly named as an investor for the first time. The two firms already have a business partnership whereby Plaid's product is integrated into Codat's API, enabling clients to access banking, accounting and commerce data via a single integration. They count Rho Business Banking and Atom Bank among their joint customers.

Codat has raised over \$160 million to date. Founded in 2017, it now claims 200+ clients, including fintechs such as Brex, Jeeves, Pipe and Clover, and an international team of 250 people.

New York-based financial wellness platform **Fruitful** has emerged from stealth and raised **\$33 million** in seed and Series A funding. The rounds were led by Emigrant Bank and 8VC, with participation from Lux Capital and Founders Fund, along with several angel investors.

With plans to launch its app in autumn this year, Fruitful claims its platform will provide "radically customer-aligned banking with expert financial guidance, 24/7 customer service and powerful personal finance tools".

Fruitful says it will offer these services for a "transparent and affordable" subscription fee instead of hidden fees and selling products on commission.

"A startling reality is that 36% of Americans don't have enough in their bank account to handle an emergency expense of \$400," says Josh McManus, CEO and co-founder of Fruitful. "That has to change, and a more transparent, educational, consumer-focused approach to personal finance is one step in making it happen."

Dubai-based **YAP** has raised **\$41 million** from Saudi Arabia's Aljazira Capital alongside notable investments from Abu Dawood Group, Astra Group and Audacia Capital. The start-up plans to complete its Series A by the end of the year.

YAP says more than 130,000 users have signed up for its digital banking app since its launch in 2021, a record number in the region.

The app offers budgeting and spending analytics tools, card controls, money transfers and real-time notifications of purchases, as well as debit, pre-paid and virtual cards.

YAP has also received regulatory approval in Pakistan and Ghana and plans to launch in Egypt.

UK buy now, pay later (BNPL) platform **Zilch** has secured an additional **\$50 million** in funding in an extension of its Series C round.

The total amount raised in that round now stands at \$160 million following an initial raise of \$110 million in November last year, which valued the company at more than \$2 billion.

The extension brings Zilch's total funding to more than \$460 million in debt and equity and sees the fintech company maintain its valuation.

The additional capital will be used to support the company's growth in the US, where it recently opened a Miami office and launched with more than 150,000 pre-registered customers. Last year, Zilch acquired US start-up NepFin for an undisclosed sum.

Another B2B BNPL fintech in the UK, **Playter**, has secured **\$55 million** in equity and debt funding to expand its SME-focused platform.

The round, led by Adit Venture Capital and Fasanara Capital, saw participation from Fin Capital, Act Venture Capital and 1818 Ventures.

Playter launched in 2021. Earlier this year, it raised \$1.7 million.

Playter CEO and founder Jamie Beaumont says: "BNPL for business is a completely different concept to B2C BNPL. Right now, there are very few B2B purchases happening online.

"We've created a platform that gives total control for businesses to dictate what payment terms they want to have, helping them pay over 6-12 months, while their suppliers are still paid within 24 hours."

Sweden-based **Juni**, which describes itself as "the financial companion for e-commerce", has closed its Series B funding round, raising **\$100 million** in funding and **\$106 million** in venture debt financing.

The \$100 million Series B funding was led by Mubadala Capital. All of Juni's existing investors – EQT Ventures, Felix Capital, Cherry Ventures and Partners of DST Global – participated in the round.

Venture debt financing comes from Silicon Valley-based TriplePoint Capital.

Co-founded by CEO Samir El-Sabini and CTO Anders Orsedal in 2020, Juni is a financial management platform for e-commerce that ties together physical and virtual cards, credit cards, accounting, analytics and digital advertising platforms – aiming to give businesses a holistic view of their finances.

Berlin-based **Trade Republic**, which claims to be Europe's largest savings platform, has announced a **€250 million** Series C extension.

The round is led by Ontario Teachers' Pension Plan, one of the world's largest pension funds and institutional investors, along with the participation of existing investors. The extension is based on a post-money valuation uplift to €5 billion from €4.4 billion.

Trade Republic says it is "on a mission to set millions of Europeans up for wealth creation with secure, easy and commission-free access to capital markets".

The company was founded in 2015 by Christian Hecker, Thomas Pischke and Marco Cancellieri. Its financial offering was built from scratch and the firm now claims more than one million customers. It offers investing in equities and crypto as well as ETF and fractional stock savings plans.

UK-based start-up **Hokodo** has secured **\$40 million** in a Series B funding round led by existing investor Notion Capital.

Also participating in the round were continental European investors Korelya Capital, Mundi Ventures and Opera Tech Ventures, along with existing investors including Anthemis and Mosaic Ventures.

Hokodo says it will use the fresh capital to expand across Europe, develop new buy now, pay later (BNPL) solutions for telesales and in-store purchases, and venture into new verticals currently underserved by payments companies.

Founded in 2018 by Richard Thornton, Louis Carbonnier and Sami Ben Hatit, Hokodo provides business-to-business (B2B) merchants with real-time trade credit solutions.

"We're the only BNPL provider that meets all requirements of B2B merchants, including credit scoring, fraud detection, payments, collections, financing and credit insurance," states co-CEO Thornton.



This is just a snapshot of the fintech funding activity worldwide. For more info on these and many other deals, head over to the [FinTech Futures website!](https://www.fintechfutures.com)



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# MOVERS AND SHAKERS



Joanne Dewar

London-based paytech **Global Processing Services (GPS)** has announced the promotion of **Joanne Dewar** to vice chair and appointment of **Kevin Schultz** as CEO.

Dewar was CEO at GPS for over four years, helping scale the company and secure investment. New CEO Schultz will focus on strategy and execution, the company says. Most recently, he served as Fiserv's group president of digital banking. Prior to Fiserv, he served as president, global financial services at First Data, after nearly 16 years at Visa, where he built out the debit processing business, Visa DPS.

Meanwhile, **Jill Docherty** has been named director of global partnerships. Docherty has extensive experience with payments, having spent 15 years at Mastercard and Visa. Her most recent stint was at Visa, where she was head of business development for the UK and Ireland.

GPS started the year with the addition of \$100 million to its latest funding round and naming Gene Lockhart as its new chair.

New UK clearing bank **The Bank of London** has announced the appointment of **Tam Holmes** as co-president and group chief product officer.

Prior to The Bank of London, Holmes spent five years at 10x Banking in dual roles of chief product officer and chief development officer. Before that, he was the head of digital security and fraud at Lloyds Banking Group, also serving as the head of programme delivery for digital banking.

He was responsible for the re-platforming of Lloyds' digital banking stack, as well as the design of digital fraud and security controls, including the UK's first deployment of behavioural biometrics and device ID systems.

The Bank of London launched at the end of last year at a valuation of \$1.1 billion.

US and Nigerian paytech **Flutterwave** has appointed **Gurbhej Dhillon** as its new chief technology officer (CTO).

Dhillon joins from Goldman Sachs, where he was managing

director, technology fellow, CTO and head of lending engineering for Marcus, the multinational's lending platform.

Flutterwave also appointed a new chief financial officer (CFO), **Oneal Bhambani**, who joins from American Express, where he served as vice president, CFO and head of capital markets of Kabbage, a fintech platform offering credit, banking and payments solutions.

In his earlier role at Kabbage, Bhambani helped lead its sale to American Express in 2020 and subsequent integration.

The appointments follow Flutterwave's Series D funding round earlier this year, when it raised \$250 million at a valuation of more than \$3 billion.

**Recognise**, a UK-based challenger bank for SMEs, has appointed **Sahil Thapa** as CTO.

Thapa joins from Deutsche Bank, where he spent more than ten years, most recently responsible for strategy execution, business architecture and data, with a focus on loan businesses in the bank's corporate and investment banking divisions.

Recognise co-founder Jason Oakley stepped down from the role of CEO in March and fellow co-founder Bryce Glover was appointed interim CEO.

Missouri's **Lead Bank** has announced the appointment of **Huma Usmani** to its newly created Banking-as-a-Service (BaaS) director position. Usmani has more than two decades of experience in financial services. She was vice president of Citi's cards business before moving to Radius Bank as VP of emerging technologies.



Huma Usmani

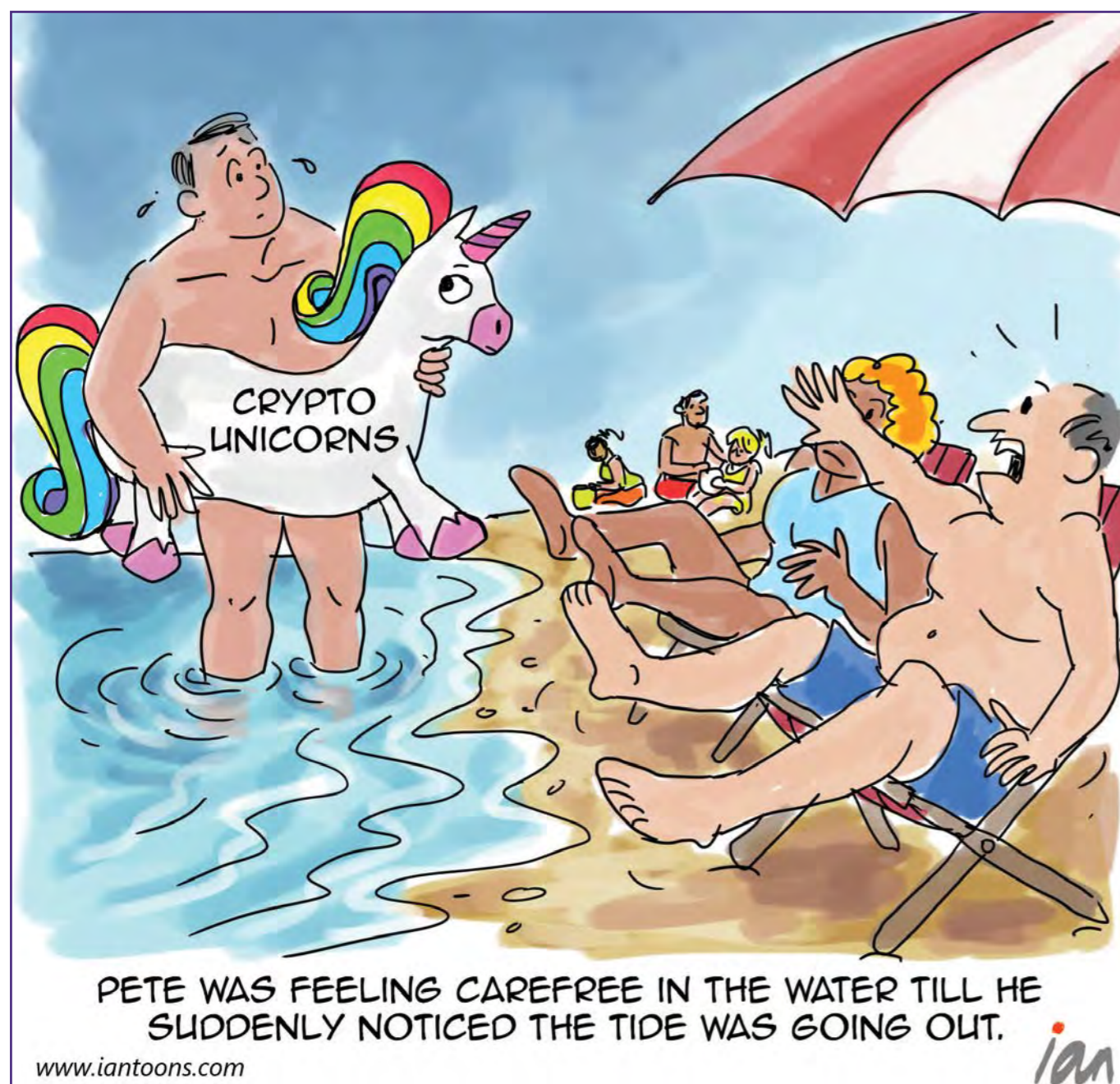
Most recently, she was the VP of strategic partnerships and technology at LendingClub.

Core banking software provider **Mambu** made four senior hires.

Ex-Amazon Web Services and Microsoft exec **Fernando Zandona** joins as CTO. **Tripp Faix** is the new CFO. Faix was previous CFO at Marqeta, where he oversaw a fourfold increase in net revenue growth and helped lead Marqeta's initial public offering (IPO) in 2021.

**Werner Knoblich** is Mambu's new chief revenue officer. He moves from Red Hat where was responsible for the firm's expansion across EMEA and oversaw 100-fold growth in his 18-year tenure. **Sabrina Dar**, former Cisco senior executive, joins Mambu in a newly created chief of staff role.

The flurry of appointments follow a record \$235 million Series E funding round for Mambu last December – the largest private fundraising for a cloud banking platform.



## SWIMMING NAKED

Cartoon by Ian Foley

This new cartoon illustrates how the shift in the technology market will reveal which crypto unicorns can deliver on their promises. With Andreessen Horowitz closing its \$4.5 billion crypto fund and 62 crypto-focused unicorns minted in the last couple of years, it would appear the crypto market could be immune from what is happening more broadly across the tech industry.

However, digging a little deeper, it appears that some of

the unicorn companies are beginning to feel the pain and management teams are making difficult decisions. For example, Coinbase reported a 35% year-over-year decline in revenue and then decided to roll back its hiring plans.

While their large war chests might insulate many of these crypto unicorns, the shift to a focus on profitability and the need to grow in their valuations means the next couple of years will severely test the execution skills of these management teams that have only seen the good times.

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