



banking technology

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THE BEST OF BANKING TECH USA

Winners and pictures from an amazing night

RUNNING THE NUMBERS

Is there a glitch in the matrix?

HEADING IN THE RIGHT DIRECTION

How Apple aims to succeed where others have failed

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**FINTECH
FUTURES**



Nominations are now open!

Nominations are open to banks, financial institutions, fintechs and service providers from across the world.

To learn more about the awards and see the full list of categories, visit bankingtechawards.com

The awards ceremony is set to take place on **30 November 2023** and will be held at the fabulous **Royal Lancaster Hotel** in London.



Nominations deadline : 21 July 2023



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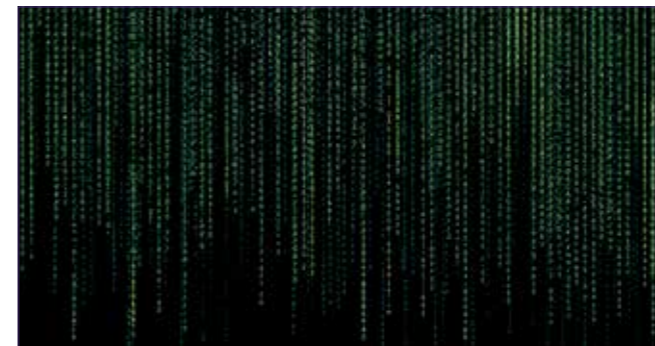
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CONGRATULATIONS

SS&C Intralinks Professional Services

and all winners at the 2023 Banking Tech Awards USA



SS&C Intralinks is a leading technology provider for global M&A, alternative investments and capital markets. Our Professional Services team provides expertise in engineering, integration, automation, configuration and deployment to achieve secure, efficient, highly successful platform implementations and ensure our customers achieve the maximum value from the Intralinks platform.

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EDITOR'S NOTE



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

Welcome to the summer edition of *Banking Technology*, combining the July and August months... but not to worry, even though there is a little gap in the magazine production, our website fintechfutures.com will continue to bring you news and features daily, with no interruptions.

This July we are celebrating 40 years of the magazine, and what a better way to do it than with a summer party that is gathering 200-plus fintech movers and shakers at our HQ in the heart of the city at Blackfriars, with panoramic views of London, networking, discussing all things fintech and watching a spectacular sunset.

There is also an inspirational speech from Julie Ashmore-Dann, a banker and intrepid

explorer who climbed Kilimanjaro, skied to both North and South Poles, and sailed across the North and South Atlantic Oceans.

The summer party is for, and a big thank you to, our readers, supporters and partners who have championed *Banking Technology* and its successor, *FinTech Futures*, over the decades.

The magazine is 40 years young – from humble beginnings in London in 1983 as a print publication to growing into a global B2B media powerhouse, covering all aspects of banking, financial services and payment technologies through digital multimedia, print and events.

What a journey it's been... and we are excited to see what lies ahead!

FINTECH FUTURES | PODCAST

What the FinTech?

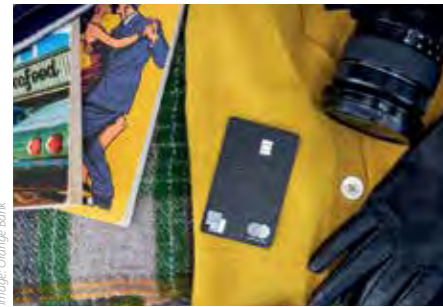
Join us as we discuss trending topics, with our guests sharing useful insights and strong opinions from their area of expertise.

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QR code and social media icons for Spotify, YouTube, and RSS feed.

NEWS ROUND-UP

French telco Orange to exit retail banking market



French telco Orange Group is in exclusive negotiations with BNP Paribas to take on its Orange Bank customers as the firm looks to withdraw from the retail banking market.

"The evolution of the banking market now leads us to guide the bank into a new phase," says Christel Heydemann, Orange Group CEO.

If the deal is agreed, BNP Paribas will absorb Orange Bank's two-million-strong customer portfolio in France and develop financing solutions for mobile devices. The pair will also negotiate terms for a takeover of Orange Bank's Spanish business.

Launched in France in November 2017 and in Spain two years later, Orange Bank offers all basic banking services to consumers, including cards, savings accounts, personal loans, insurance and mobile payments through its app.

PeerStreet files for Chapter 11 bankruptcy protection



PeerStreet, a US-based platform for investing in real estate debt, has filed for Chapter 11 bankruptcy protection in a court in Delaware.

It blames adverse market conditions including increasing rates, reduced demand for mortgages and a decline in venture capital funding.

As part of cost-saving and restructuring efforts, the company has conducted a series of layoffs over the last year, reducing its headcount from 281 in May 2022 to around 28 as of the petition date (26 June).

Founded in 2013 and headquartered in California, PeerStreet's platform serves as a two-sided marketplace, offering investors access to real estate-related debt investments – an asset class that it calls "historically difficult to invest in" – and connecting lenders and borrowers to sources of capital.

Through its bankruptcy filing, PeerStreet says it aims to sell substantially all of its assets, including its mortgage loan assets and technology platform.

The company last raised \$60 million in a Series C funding round led by Colchis Capital in 2019, with participation from existing investors Andreessen Horowitz, World Innovation Lab (which led its \$29.5 million Series B round in 2018) and Thomvest Ventures.

Netherlands first with nationwide contactless transport payments



The Netherlands has completed the launch of OVpay, a contactless public transport payments system, nationwide, allowing travellers to tap-in and tap-out with their debit card, credit card or digital wallet.

OVpay will now be accepted at all modes of public transport, including trains, buses, metros and trams, with customers no longer requiring passes or tickets.

The launch was facilitated through a partnership between Mastercard, Translink and joint public transport companies, to support local banks with implementing mobility transaction processing rules.

Jan-Willem van der Schoot, country manager at Mastercard, says Netherlands has become "the first country in the world" to make contactless payments in public transport nationally available.

Open loop payment solutions are already accepted in metropolitan areas around the world, including London, New York City, Sydney and Milan, but has not been launched at a nationwide scale before.

Wise to offer infrastructure for fintechs to issue cards and accounts



Global money transfer firm Wise, through its infrastructure offering Wise Platform, has launched new features to help other fintechs issue multi-currency accounts and digital debit cards to their customers.

Wise Platform will be rolling out the new features in Australia initially, and has already signed up two clients – ProSpend and Parpera.

ProSpend, a business spend management platform, was looking to offer its corporate clients an alternative to cash reimbursements, corporate card programmes and a "faster, in-app option" to pay supplier invoices. With Wise, ProSpend can now offer its customers the ability to issue instant virtual debit cards and pay suppliers through a central multi-currency account.

Parpera, a business money management solution catering to sole traders, plans to relaunch in Australia with Wise by offering domestic sole traders and small business owners a business account, debit card and payments via its app. In due course, it plans to also provide multi-currency wallets and cross-border payments.

Bank of Lithuania revokes EMI licence of PayrNet



The Bank of Lithuania has revoked the electronic money institution (EMI) licence of UAB PayrNet, the former subsidiary of UK fintech Railsr. The latter, once valued at nearly \$1 billion, was recently sold to a consortium of venture capital firms to avoid bankruptcy.

Following an inspection period, the central bank says it made the decision due to "serious, systematic and multiple violations of legal acts" by the firm and claims the company is insolvent. It says it intends to apply in court to initiate bankruptcy proceedings against the firm and apply to law enforcement authorities to assess whether criminal offences were committed.

The Bank of Lithuania alleges that PayrNet violated the Republic of Lithuania Law on Electronic Money and Electronic Money Institutions, the Law on the Prevention of Money Laundering and Terrorist Financing and the Law on Payments.

The central bank says: "During the inspection period, the institution provided financial services through 90 intermediaries, distributors or other legal entities distributing the institution's financial services.

"In most cases, the institution would establish a business relationship with them without due diligence and without assessing their suitability, reputation and risk; in cases where the assessment was conducted, it was inadequate."

It also claims that PayrNet failed to store relevant information that could be recovered when necessary, and that its IT systems "did not ensure proper collection, processing and use of data".

The central bank further alleges that PayrNet did not always report suspicious transactions to the Financial Crime Investigation Service and failed to monitor client payment transactions using "inefficient" tools.

FIS reportedly in talks to sell majority stake in Worldpay for \$15bn

FIS is understood to be weighing up the potential sale of a majority stake in its merchant business, which mainly consists of payments software arm Worldpay, at a valuation of around \$15 billion. Worldpay was acquired by FIS for around \$43 billion in 2019.

A few parties have shown interest in Worldpay, including US buyout firm Advent International, which was previously part of the consortium that owned Worldpay, and US-based private equity firm GTCR.

However, it is understood GTCR's offer has won out over Advent's and the firm is now in advanced talks to acquire a majority stake in a deal valued at \$15-\$20 billion, the largest in GTCR's history. FIS will keep a minority stake in the business.

If FIS agrees to sell, it would be reversing its earlier announced plans to spin off its merchant business unit into separate entities to foster "greater strategic flexibility and operational focus".

Current FIS CEO Stephanie Ferris joined the company via the Worldpay acquisition. She was appointed as president in early 2022 and took over as CEO from Gary Norcross in January 2023. The company has since embarked on major cost-saving initiatives including axing thousands of jobs following a slump in the company's share price over 2022.

Swiss National Bank confirms wholesale CBDC pilot



The Swiss National Bank (SNB) is set to launch a wholesale central bank digital currency (CBDC) pilot. Speaking at the Point Zero Forum in Zurich, SNB chairman Thomas Jordan confirmed that the pilot is “not just an experiment”, but rather a “real money equivalent to bank reserves”.

“The objective is to test real transactions with market participants,” he added.

The pilot will run on the country’s principal stock exchange, SIX.

Like many other central banks, the SNB continues to explore the integration of wholesale CBDCs. Back in Q4 2021, it joined the Bank for International Settlements (BIS), SIX and five commercial banks, including Citi, Credit Suisse, Goldman Sachs, Hypothekbank Lenzburg and UBS, in testing the interoperability of interbank,

monetary policy and cross-border transaction settlements with wholesale CBDCs.

This activity formed the main basis for phase two of Project Helvetia, a “multi-phase investigation” that involved testing the settlement of tokenised assets in central bank money.

SNB, however, is cautious about retail, or public forms of CBDCs. Jordan cited the potential risk they pose to the existing financial system and the difficulty in controlling them as the two main reasons behind the central bank’s inactivity in this area.

Payments Canada delays launch of real-time payment system

Payments Canada is undertaking a second review of its upcoming real-time payments system, Real-Time Rail (RTR), further delaying its launch. “Current delivery delays, unrelated to the exchange technology components, are impacting the launch date of the RTR,” the company says in a statement.

Payments Canada says the delivery delays that are impacting the go-live date are “unrelated to the exchange technology components” and “acknowledges the implications of delays to the payment ecosystem”. During the next three months, it will review the risks identified in the delivery of the RTR, and “suspend or shift the focus” of some of the programme activities.

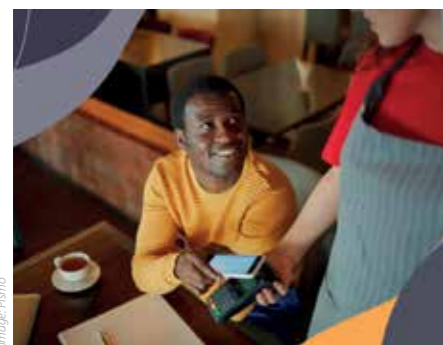
Earlier this year, it engaged a third party to review delivery assurance, which focused on programme management, people and process. The review was completed in Q1 and confirmed that Payments Canada is “well positioned to continue to lead the programme effectively”.

The review further recommended additional testing and investments to enhance ongoing operations once the RTR system goes live, on which Payments Canada says it has made progress.

The RTR is part of a multi-year modernisation of Canada’s payments infrastructure. Regulated by the Bank of Canada, the system will enable round-the-clock initiation of payments. It was planned for launch in 2022, but with the delays, an H2 2023 launch is now expected.

Payments Canada is developing the RTR in partnership with several vendors including Interac, which is providing the infrastructure, Mastercard and its subsidiary Vocalink as the clearing and settlement solution provider, and Tata Consultancy Services (TCS) as the integration lead.

Visa to acquire payments and banking platform Pismo for \$1bn



Payments giant Visa has agreed to acquire Brazilian issuer processor and core banking platform Pismo for \$1 billion in cash. It is understood that Mastercard was also interested in Pismo.

With the acquisition, Visa says it will be able to provide core banking and issuer processing capabilities across debit, prepaid, credit and commercial cards for customers via cloud-native APIs. Pismo’s platform will also enable Visa to provide support and connectivity for emerging payment rails (such as Pix in Brazil) for financial institutions.

Founded in 2016 and based in São Paulo, Pismo’s tech supports digital and core banking, cloud computing, card issuing and digital wallets. It has operations in Latin America, Southeast Asia and Europe. In October 2021, it raised \$108 million in a Series B funding round from Amazon, SoftBank and Accel.

EC seeking to bring payments into the digital age

The European Commission has put forward new proposals in a bid to modernise payment services across the continent, including upgrading the Payment Services Directive (PSD2) to PSD3 and enhancing the rules around financial data access.

“The package seeks to ensure the EU’s financial sector is fit for purpose and capable of adapting to the ongoing digital transformation, and the risks and opportunities it presents – in particular for consumers,” the EC says in a statement. It cites the rise in electronic payments, open banking services and new providers and the resultant proliferation of sophisticated fraud.

As part of its push to “bring payments and the wider financial sector into the digital age”, the proposed measures include a revision of the Payment Services Directive and a legislative proposal for a framework for financial data access.

“The new rules will further improve consumer protection and competition in electronic payments, and will empower consumers to share their data in a secure way so that they can get a wider range of better and cheaper financial products and services,” the EC says.

FROM PSD2 TO PSD3

The Commission plans to amend and modernise the current PSD2 which will become PSD3 and establish, in addition, a Payment Services Regulation (PSR). The proposal aims to:

- Combat and mitigate payment fraud by enabling payment service providers (PSPs) to share fraud-related information within themselves, increase consumer awareness and strengthen customer authentication.
- Improve consumer rights and provide them with “more transparent” information.
- Allow non-bank payment service providers access to all EU payment systems with appropriate safeguards.
- Remove remaining obstacles to providing open banking services and improve customers’ control over their payment data.
- Improve the availability of cash in shops and via ATMs.

FRAMEWORK FOR FINANCIAL DATA ACCESS (FIDA)

The second proposal aims to establish “clear rights and obligations” to manage customer data sharing in the financial sector beyond payment accounts. Measures include:

- The possibility but no obligation for customers to share their data with data users such as financial institutions and fintech firms.
- Obligation for data holders (such as financial institutions) to furnish the data available to other data users by putting in place the required technical infrastructure and subject to customer permissions.



- Full control for customers over who can access their data and for what purpose.
- Standardisation of customer data and required technical interfaces.
- Clear liability regimes for data breaches with dispute resolution mechanisms.
- Additional incentives for data holders to put in place high-quality interfaces for data users.

The EC says such a proposal will lead to innovation in financial products and services for customers and will stimulate competition in the financial sector.

SUPPORTING CASH AND THE DIGITAL EURO

The EC has also put forward two other proposals to protect access to cash for EU citizens and to establish a legal framework for a possible digital euro.

The Commission says the new proposals have been made “to ensure that citizens and businesses can continue to access and pay with euro banknotes and coins across the euro area, and to set out a framework for a possible new digital form of the euro that the European Central Bank (ECB) may issue in the future, as a complement to cash”.

The EU has been working for some time on its central bank digital currency (CBDC) project in response to the increasing digitalisation of the economy.

“The digital euro would give consumers an alternative European-wide payment solution, in addition to the options that exist today. This means more choice for consumers and a stronger international role for the euro,” the EC says.



For a healthy dose of daily news on all things banking, fintech and payments head over to the [FinTech Futures online news section](#).

FINTECH FEED

THE NUMBER GAMES

To read more about any of these stories, visit www.fintechfutures.com/type/news

135 jobs – 15% of its workforce – to go at paytech GoCardless in the UK, US, Australia and New Zealand, and the size of the leadership team to be reduced by 25% as part of wider cost cutting plans



150 staff reportedly to be made redundant by US stock trading app Robinhood – 7% of its full-time employees – in the company's third round of layoffs since 2022

28 people left at US-based real estate investing platform PeerStreet, from 281 employees last year, as it files for Chapter 11 bankruptcy protection

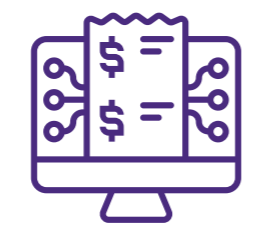
125 managing directors to be let go by Goldman Sachs across its global operations in a bid to bring down costs amid a slowdown in deals, it is understood

2,600 technology professionals to be hired by Spanish banking heavyweight BBVA by the end of 2023 (of which 1,000 will be based in Spain), and it has launched a new job portal to this effect

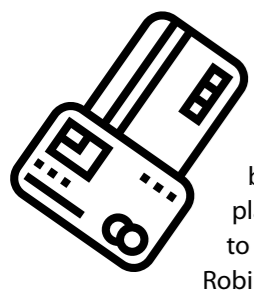


1,400 employees to join Infosys as part of the strategic partnership with Danske Bank, which will see Infosys assist the bank with its digital transformation initiatives and acquire Danske Bank's IT hub in India

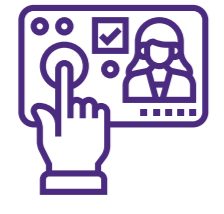
\$1 billion to be paid by Visa for the acquisition of Pismo, a seven-year-old payments and banking tech vendor based in Brazil



\$95 is the cash price tag of San Francisco-based credit card platform X1 as it sells to US stock trading app Robinhood



\$70 million in cash and stock paid by Socure, a US-based ID verification and fraud solutions provider, for fellow ID verification firm Berbix



THEY SAID IT...

"As the European market is predicted to be the largest open banking market by 2024, the continent as a whole would do well to collaborate to better understand customers' needs, react to market demand, and expand further. If the UK is serious about maintaining its position on a global stage, it must be careful that it doesn't cut itself off."

Hans Tesselaar, executive director, BIAN

• Read the full article, *An open approach to open banking*, on the *FinTech Futures* website [here](#)

TRENDING

Binance Holdings faces slew of charges in US and France

Cryptocurrency heavyweight Binance is in hot water in the US and France and is leaving the Netherlands.

In the US, the Securities and Exchange Commission (SEC) has filed 13 charges against Binance Holdings, which operates the largest crypto asset trading platform in the world – Binance.com – along with US-based affiliate BAM Trading Services (which together with Binance operates the crypto asset trading platform Binance.US) and Binance's founder Changpeng Zhao.

The allegations include "operating unregistered exchanges, broker-dealers and clearing agencies; misrepresenting trading controls and oversight on the Binance.US platform; and the unregistered offer and sale of securities".

The news follows the US Commodity Futures Trading Commission (CFTC) filing a lawsuit against Binance and Zhao back in March. "Through 13 charges, we allege that Zhao and Binance entities engaged in an extensive web of deception, conflicts of interest, lack of disclosure, and calculated evasion of the law," comments SEC chair Gary Gensler.

Gensler continues: "As alleged, Zhao and Binance misled investors about their risk controls and corrupted trading volumes while actively concealing who was operating the platform, the manipulative trading of its affiliated market maker, and even where and with whom investor funds and crypto assets were custodied. They attempted to evade US securities laws by announcing sham controls that they disregarded behind the scenes so that they could keep high-value US customers on their platforms."

Binance says it has "actively cooperated with the SEC's investigations and worked hard to answer their questions and address their concerns" from the outset and intends to put up a vigorous defence. It describes the SEC's latest action as "another in a line of examples where, as with other crypto projects facing similar suits, the Commission has determined to regulate with the blunt weapons of enforcement and litigation rather than the thoughtful, nuanced approach demanded by this dynamic and complex technology".

In France, Binance is under investigation for the "illegal" provision of virtual asset services before receiving regulatory approval last May, and for "aggravated" money laundering, according to the Paris prosecutor's office. However, the company stresses in a statement that it is "already compliant" with EU standards on the prevention of money laundering and terrorism financing through its registrations across various EU countries including France, Italy, Spain, Poland, Sweden and Lithuania.

On Twitter, Binance and Zhao both confirmed a "surprise" onsite visit by French regulators. "We abide by all laws in France, just as we do in every other market we operate," Binance states.

The cryptocurrency exchange is also exiting the Dutch market as it failed to secure a virtual asset service provider (VASP) licence in the Netherlands. It is no longer accepting any new users in the country, and from 17 July existing Dutch resident users will only be able to withdraw assets from the Binance platform.

Coinbase bullish in the face of SEC security charge

Crypto exchange Coinbase has also been charged by the SEC for allegedly "operating its crypto asset trading platform as an unregistered national securities exchange, broker and clearing agency" and for "failing to register the offer and sale of its crypto asset staking-as-a-service program". The SEC alleges that Coinbase has made "billions of dollars" by "unlawfully facilitating" the buying and selling of crypto asset securities since 2019.

"As alleged in our complaint, Coinbase was fully aware of the applicability of the federal securities laws to its business activities, but deliberately refused to follow them," says Gurbir Grewal, director of the SEC's division of enforcement.

"While Coinbase's calculated decisions may have allowed it to earn billions, it's done so at the expense of investors by depriving them of the protections to which they are entitled. Today's action seeks to hold Coinbase accountable for its choices."

In a tweet, Coinbase CEO Brian Armstrong said: "Instead of publishing a clear rule book, the SEC has taken a regulation by enforcement approach that is harming America. So if we need to avail ourselves of the courts to get clarity, so be it."

"Btw, in case it's not obvious, the Coinbase suit is very different from others out there – the complaint filed against us is exclusively focused on what is or is not a security. And we are confident in our facts and the law."

"We'll get the job done. In the meantime, let's all keep moving forward and building as an industry. America will get this right in the end."

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The case for open source database software in finance

In its latest report, FinTech Futures in association with Percona identifies the key drivers and strategies for adoption of enterprise-grade open source software



Financial services firms face a multitude of challenges, with new ones coming on top of long-standing ones. Competition and customer expectations are increasing, at the same time as firms need to adhere to strict regulatory and security standards.

In parallel, there is the need to modernise legacy systems and reduce infrastructure costs while accelerating time-to-market. It is essential to ensure 24/7 availability and optimal application performance.

Enterprise-grade open source software

enables companies to freely scale without limits, licensing costs or compromises to security. Proprietary databases stifle innovation by limiting the ability to quickly scale – up, down or linearly – to support fluctuations in demand or deliver new products and features.

Moving to fully supported, secure enterprise-grade open source replacements frees up companies to build, deploy and scale as they see fit.

The amount of data that needs to be held and analysed is growing but this shouldn't equate to a rise in infrastructure

costs. In fact, the opposite is achievable with open source.

This paper looks at the business benefits and cost savings that can be achieved by migrating to open source. It dispels some of the myths around making such a move, and it describes some of the things that need to be considered when planning and carrying out the migration, then building and managing a high availability (HA) architecture.

[Download the free report from the FinTech Futures website here!](#)

Is there a glitch in the matrix?

By Brian Harkin, CTO, Kynec

Are you running (or about to run) a digital transformation in a company that has a matrix organisational structure? You might want to think again.

Matrix management has been around since the 1970s and has become something of an organisational orthodoxy. You'd be crazy to challenge it, wouldn't you? Oh well, here we go, challenge accepted!

HOW HAVE WE GOT HERE?

Matrix structures grew out of a need for companies to be more flexible in the face of the complex issues presented by globalisation.

The deep organisational hierarchies of the past were unable to meet these new challenges as they slowed communication, and the structures themselves seemed to grow an infinite and impenetrable jungle of bureaucracy and red tape.

For many businesses, it made perfect sense to adopt a matrix business structure that, in many instances, led to a more efficient use of resources, improved flexibility and thinned out the jungle of officialdom.

Companies eagerly embraced the new approach, and so it has been for the last 50 or so years.

But the world moves on and we seem

to have reached a place where we have replaced one set of issues with, bizarrely, the same set of issues.

THE MORE THINGS CHANGE, THE MORE THEY STAY THE SAME

Businesses have grown, with some adopting a global operating model, but the matrix structure remains constant in most organisations no matter where you are in the world.

Replacing slow communication with a flood of communication from all directions

One of the very problems that the matrix structure was supposed to solve is still widespread today, but in a slightly different form.

We've replaced the slow communication of the deep hierarchy with a frequent deluge of communication, exacerbated by a complex matrix model that requires an extensive communication structure to support it.

We now find ourselves in a position where, it seems, everyone gets every communication whether it's relevant to them or not. The servicing of this communication becomes a job in its own right, which consumes significant amounts of time and effort that would be better spent on delivery.

Different structure, same end result – delivery is slowed down.

In this instance, however, the impact on delivery is not caused by the slow communication of a hierarchical model, but by the sheer volume of communication that is distributed to an ever-widening audience across innumerable different channels.

More communication is not better communication, and impacting the pace of change execution in a digital transformation programme is the last thing you want.

Replacing bureaucracy with conflict and inefficiency

As businesses develop, the matrix structure is adopted as a cookie-cutter template, often resulting in situations where the lines of responsibility become blurred and conflicting reporting lines and priorities arise.

Understandably, this leads to situations where accountability and delivery are compromised by confusion over who is answerable for which deliveries, and inter-managerial disagreement ensues.

Different structure, same end result – inefficiency.

We've now replaced the inefficiency of an overly bureaucratic structure with the inefficiencies of inter-management conflict and cascading confusion.

With the increasing pace of change, organisations need to seek out and reduce inefficiencies as much as possible. Small margins in efficiencies make a big difference between competing organisations.

Replacing silos with silos

Silos are a natural product of a hierarchical structure with teams set up to focus on

their specific functions, but this does not mean that silos don't – or can't – exist in matrix organisations.

In a matrix model, competition between managers coupled with a complex reporting structure can lead to situations where informal (or in some cases formal) silos are created.

Different structure, same end result – reduced collaboration and flexibility.

The need for greater flexibility, one of the key benefits of a matrix structure, is compromised by the creation of silos with the resulting negative impact on cross-functional collaboration and flexibility.

Transformation initiatives, by their very nature, require a huge amount of cross-functional/departmental collaboration, and anything that gets in the way of that is sowing the seeds of failure.

DIFFERENT APPROACHES

There are, of course, many different approaches that have been taken to resolve glitches in the matrix structure.

Totally flat structures

Some businesses have adopted completely horizontal models, and while these support faster decision making and promote greater employee autonomy, they are not the silver bullet that some organisations might hope for.

Similar to matrix management, a totally flat structure can result in confusion about the chain of command, and it can be difficult for employees to see career advancement opportunities.

Though a flat model can work well in smaller organisations, they do run into difficulty when it comes to scaling-up, with more load being applied to fewer managers and a heightened risk of informal hierarchies emerging, which

may result in power struggles.

A totally flat structure can (and often does) work best in situations where the entire organisation – and every employee within it – is driven by a common sense of purpose.

Fortunately, in a digital transformation context, if the strategy and direction has been clearly communicated by a senior executive (the CEO preferably) and it is rooted in the core business values, then the organisation should have that common sense of purpose.

In this instance, a flat structure might be right for your transformation, if you can successfully address the issues highlighted above.

A hybrid approach

There are many benefits of adopting a hybrid approach. That is, a very small leadership hierarchy at the top (possibly

“Transformation initiatives require a huge amount of cross-functional/departmental collaboration, and anything that gets in the way of that is sowing the seeds of failure.”

Brian Harkin, Kynec

only two levels) and a flat structure underneath this.

This type of organisational structure eliminates any confusion surrounding the chain of command and reduces issues surrounding scalability while still promoting fast communication and decision making.

The benefits of a flat structure are also retained, facilitating improved communication, more innovation and creativity and increased empowerment.

A hybrid structure would seem to be a good approach for most digital transformation initiatives and would work in many different contexts. However, care must still be taken when adopting this approach at large scale.

CLOSING THOUGHTS

Matrix organisational structures have been around for a long time and have been effective in the relatively stable global environment that we've had up to now.

However, with seemingly ever-present volatility, market and organisational disruption, economic uncertainty and the juggernaut of transformational change heading towards us, should we be looking for new ways to arrange ourselves?

Possibly.

Are the current organisational structures still fit for purpose, and do they cater for an increasingly unclear and complex external environment?

They will work to an extent, but we are in a situation where small margins matter, and removing delivery delays and inefficiencies should be an active and constant process in any transformation initiative.

In an increasingly volatile world, one thing is certain: we won't be going back to the deep hierarchical structures of the past any time soon.

Banking on APIs

By Dharmesh Mistry

The acronym API (Application Programming Interface) is pretty well understood these days, so much so that people outside of the technology team have a good understanding.

My simple definition is that it is software that allows separate software solutions (either on the same or different physical computer) to "talk to each other". According to Wikipedia, the software originated in the 1940s but the term API didn't emerge till the 1960s. So, while we had the capability of separating functionality and data, it was a surprise to me in my early days of programming why we wrote "monolithic software solutions".

In 1992, I wrote a paper on the future of application development for Lloyds Bank. My paper described a vision of "end user development" to maximise flexibility and reduce cost of development. In this paper I called for the bank to:

1. Develop more tools and less applications.
2. Data access to be separated from applications.
3. Create applications from services (that returned data or screens).

The first point argued that first we should write "tools", not solutions. For example, we had a standard letters application for generating customer communication; however, this solution was written for specific letter types and didn't have the concept of templates meaning that new code was written for additional letters.

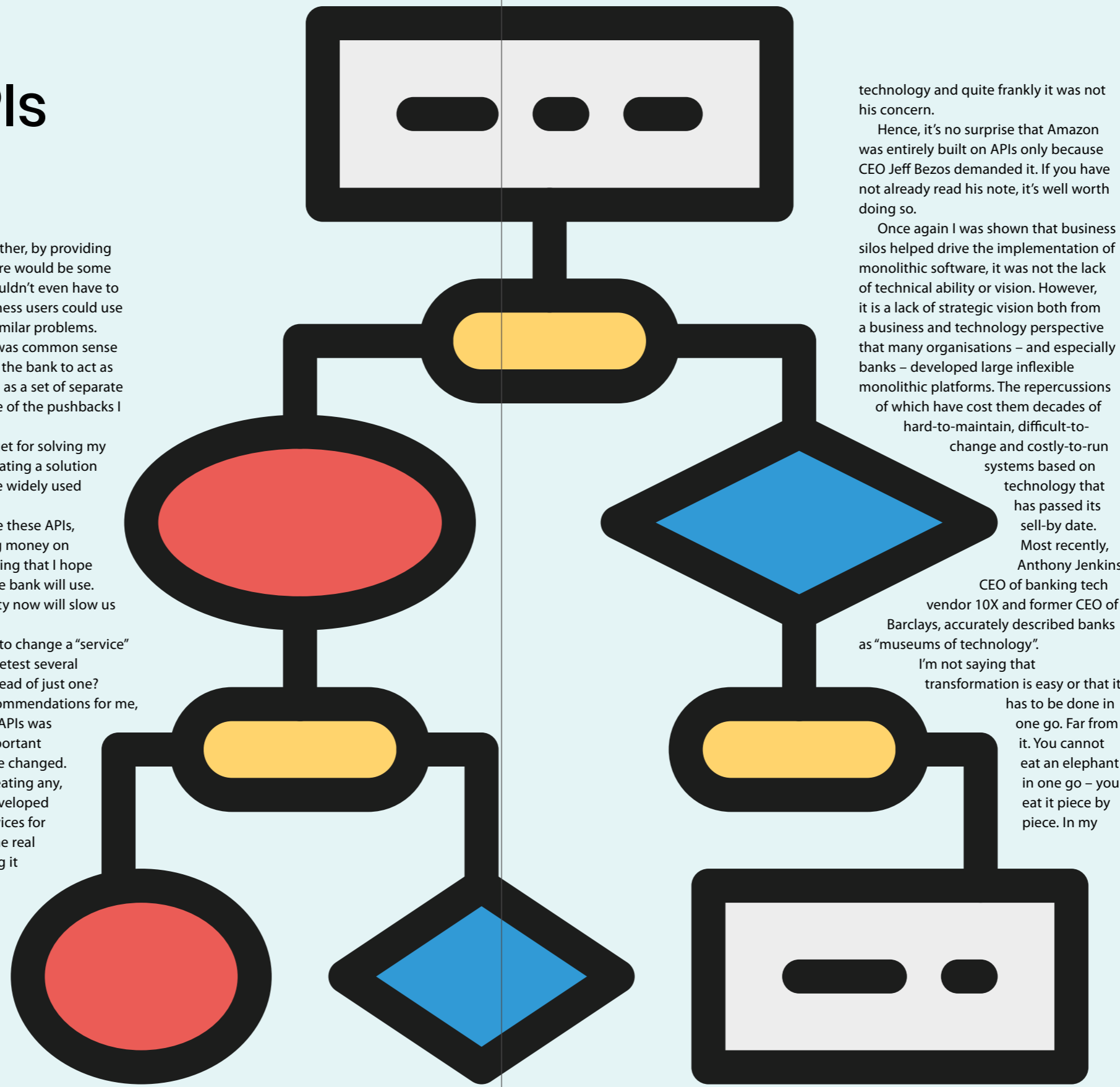
The second two essentially argued the case for more APIs rather writing everything into one application. I was no visionary or genius; this was common sense to me. Driving greater re-use and flexibility would mean we would develop

solutions faster. Further, by providing the right "tools" there would be some applications we wouldn't even have to write because business users could use our tools to solve similar problems.

What I thought was common sense was actually asking the bank to act as a whole rather than as a set of separate moving parts. Some of the pushbacks I got were:

- I only have budget for solving my need, not for creating a solution that can be more widely used by the bank.
- Who else will use these APIs, I'm not spending money on building something that I hope other parts of the bank will use.
- Building flexibility now will slow us down.
- What if we have to change a "service" will we need to retest several applications instead of just one?

Of the three recommendations for me, the creation of our APIs was the single most important thing we could have changed. The issue wasn't creating any, because we had developed some common services for this like printing. The real issue was not seeing it as strategic. The IT director had "bigger fish to fry" with thousands of staff and millions of pounds of vendor purchases. The head of retail didn't understand



technology and quite frankly it was not his concern.

Hence, it's no surprise that Amazon was entirely built on APIs only because CEO Jeff Bezos demanded it. If you have not already read his note, it's well worth doing so.

Once again I was shown that business silos helped drive the implementation of monolithic software, it was not the lack of technical ability or vision. However, it is a lack of strategic vision both from a business and technology perspective that many organisations – and especially banks – developed large inflexible monolithic platforms. The repercussions of which have cost them decades of

hard-to-maintain, difficult-to-change and costly-to-run systems based on technology that has passed its sell-by date. Most recently, Anthony Jenkins, CEO of banking tech vendor 10X and former CEO of Barclays, accurately described banks as "museums of technology".

I'm not saying that transformation is easy or that it has to be done in one go. Far from it. You cannot eat an elephant in one go – you eat it piece by piece. In my

tech strategy for NatWest Cards Services I proposed that:

- Develop a design pattern (a layered design of presentation, process/business logic, data) for every new system.
- Each layer had API interfaces.

Then, every new development followed this pattern. Every new purchase of vendor solution had this pattern as purchase criteria. Every enhancement to an existing system looked to develop to this pattern. Then, over of a number of years, we would see the landscape being migrated to something more flexible and maintainable – this way there was less risk and cost.

What surprises me most today is that I see banks expanding their museum collection of technologies without a plan of how to minimise it. That there are still silo-based purchases or developments.

I'm just saying that we know technology is now core to the bank even though it is not their actual business. Creating a banking strategy and vision is now almost impossible without a good understanding of technology – both from the perspective of what is possible with technology now and in the future.



Dharmesh Mistry has been in banking for more than 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 an entrepreneur, investor and mentor in proptech and fintech. Follow Dharmesh on Twitter @dharmeshmistry and listen to the Demystify podcast he co-hosts.

Ain't no mountain high enough

By Alex Pugh, reporter, FinTech Futures

Traversing its volcanic landscape, one cannot help but draw comparisons between Iceland and an alien planet. In fact, this rocky expanse served as a location for the opening scenes of Ridley Scott's Alien prequel, Prometheus.

But this strange new world offers much more than just a convenient shooting location for those looking to make sci-fi movies. Bubbling away, this industrious nation is carefully cultivating a fintech scene that belies its population of 300,000 people.

Here for Iceland Innovation Week (IIW), *FinTech Futures* learned how the country is looking to muscle in on the shortlist a

potential fintech founder may make when deciding where to start their new venture. Like a jewel in a crown, Iceland makes much of its geographical location sit atop a map of the globe.

Nestled in the Arctic Ocean between North America and Europe, Iceland hopes to offer the best of both worlds: the tenaciousness and business nous of the Americans melded with the social security and liberalism of Europe.

And it makes a compelling case. Icelanders are highly literate (one in ten will publish a novel in their lifetime), enjoy a robust and generous social safety net

(raising a family is a doddle thanks to progressive state support), and benefit from unequalled gender parity. Meanwhile, the country is building, building and building (plans for Reykjavik include areas dedicated to various industry sectors). These qualities provide fertile ground for fintechs and their founders.

START SMALL

But the ambitions of Iceland extend well beyond its borders. It bills itself as a place to found a company and test the waters before expanding internationally.

Gunnlaugur Jonsson, CEO and founder of the Fintech Cluster, says Icelandic fintechs must be "expert generalists", and says the organisation works with other clusters across the world, rolling out products globally after they've been proven in Iceland.

"Because of our smallness, we've also been able to have more oversight and create more holistic things," Jonsson says. For example, the Icelandic banking system had real-time payments as early as 1985,

"decades" before other countries.

Digital Iceland CEO Andri Heiðar Kristinsson draws comparisons to Estonia, which took an active approach in digitalising its society and economy. "This is an opportunity for the government to brand ourselves as a technology country, both to attract business Iceland and attract talent," he says.

With a home market that is so small, Kristinsson says Icelandic people have to think global "from the get-go". He draws comparisons to his time in Silicon Valley, which had the luxury of focusing on its home territory. "Here, you're forced to be global," he says.

Conversely, the intimacy of the country, with its small population, has its benefits too. "We just go for it," Kristinsson says. "If we needed help from the president, we literally used to call them, which is very unique to Iceland. We need to build on this being a small society."

RED TELEPHONE

Speaking of the president, Guðni

"The innovation of today can often be the old news of tomorrow. So don't forget the historians when you look ahead."

Guðni Thorlacius Jóhannesson,
president of Iceland

Thorlacius Jóhannesson himself was at IIW, which only served to underscore Kristinsson's aforementioned memory of the president.

Speaking on stage, the president, himself an historian, said that having the past in mind is essential when looking ahead. "Here in Iceland, we had a regime once that was so determined to be a force

for innovation that we know it as the innovation regime," he says.

Jóhannesson adds that the government of today is also determined to foster and strengthen innovation, much like the one in power between 1944 and 1947.

This former regime published a pamphlet, Jóhannesson says, on innovation and on the front cover were Icelandic fjords, high mountains, a fishing boat, a factory, "and huge black smoke coming from factories".

"We should keep in mind that the innovation of today can often be the old news of tomorrow. So don't forget the historians when you look ahead," he says.

For a country so steeped in history, which is also attempting to forge a place in the future, his axiomatic observation rings true.

While the land may not be so fertile, what Iceland has created and is creating is the ideal living conditions for fintechs such as Lucinity and Indó. And with the president only a phone call away, what more could a start-up need?

Does Apple hold the key to meeting your future self?

By Dave Wallace



I know, I know, another article about Apple. But Apple recently launched the much-anticipated Vision Pro headset at its 2023 Developer Event and I feel like it is worth discussing.

It is an interesting move, as the VR/AR headsets market and the “metaverse” more generally seem to be firmly in the trough of disillusionment.

The new Apple headset packs a punch, including a 4K screen per eye, meaning you can look at photos or watch films.

But will it be enough? Poor sales of headsets generally (according to IDC, only 8.5 million were sold last year, and global shipments of AR/VR headsets have declined 54.4% year over year in Q1 2023), including Meta’s Oculus, which starts at a much lower price-point than the \$3,500 that Apple’s new headset costs, imply that headsets have failed to cut through. And usage has been even worse.

Ever since I first tried Google Glass, I have puzzled over headsets and whether they have a place beyond operating theatres and heavy industry. Google Glass was magical and yet frustrating. After using it, my conclusion was that the most exciting thing about it was voice control – something that is now so commonplace. Otherwise, I scratched my head and failed to come up with a use case for it.

I then bought the Microsoft AR headset, Hololens, and even persuaded a client to invest in a concept (thank you, HSBC), which was a work of art. What was the most fascinating thing about Hololens? It was the consumer testing we did in Hong Kong, where the ladies we were testing with (rightly) refused to put it on because they were worried about their hair.

I have bought my sons Oculus 1, 2 and 3. And each time, the same pattern. They use it for a week, then that’s it.

It is not just my sons. People are buying headsets, giving them a go, and leaving them on the shelf to gather dust.

So why does Apple think it has a device that will succeed where others have failed? According to the Financial Times, the headset is a hedge against the future. Apple is worried about disruption in its core market of phones and sees the headset as a horse in the emergent metaverse. If the metaverse is currently

in the trough of disillusionment, then the only way is up. Apple has form. I remember going to CES in Las Vegas in 1999. It was the year of the MP3 player. Apple waited another two years before launching the iPod in October 2001.

IT AIN’T HEAVY...

I keep going back to the ladies in my testing in HK. The fact is that people do not want to don heavy headsets. Post-Covid, people are even more acutely aware of passing infections, and sharing headsets is an anathema.

Obviously, I will have to buy an Apple headset, just to be sure. But until headsets are small and light enough, like a pair of spectacles, I believe Apple will fail, just like the others.

What all of these devices have failed to do is come up with a killer application. In fact, this is the problem for the metaverse. What are the use cases?

I am pleased to say that I have unearthed one. Last year, I worked with one of the UK’s biggest insurance companies on a project on wealth management and pensions.

I undertook some research which showed that people are generally brilliant at managing money in the here and now, but ask them to think about the future and it all falls apart. However, we tend to listen and trust those around us – our family and friends.

This project coincided with some other work I was doing on the metaverse. I hypothesised that if we listen to people we trust, we might also listen to ourselves, and proposed a metaverse solution in which we use VR to meet our future self and also talk to our younger selves. It could look fantastic using digital twinning, ageing filters and childhood photos mixed with a dash of generative AI. The tumbleweed response I got suggested I was slightly ahead of the curve.

But I have discovered that a behavioural economist, Hal Hershfield, at the University of California, Los Angeles, has had similar thoughts. He created an experiment where participants could meet either their current or future selves in VR by looking into a virtual mirror. They used a filter to age participants, giving them grey hair and wrinkles. Just looking

at their future selves changed people. When asked what they would do with \$1,000, those who had seen their future selves were likelier to say they would save the money.

Access to virtual reality gear isn’t necessary for fostering a connection with your future self. You can achieve the same effect using ageing features on applications like FaceApp or Snapchat filters. Another study conducted by Hershfield and his colleagues provides insight into this. They asked a group of employed individuals about their hypothetical preferences for retirement savings. During this process, some participants were shown images of their future selves, while others were shown their present selves derived from uploaded photographs. Those presented with their current images were willing to invest about 2% of their income, while those confronted with their future selves were more inclined to set aside 6% of their earnings, according to a recent article by Miriam Frankel in New Scientist.

These results show that the propensity to save is impacted by simply showing us images of our future selves. Imagine how powerful it could be to take that next step and, through virtual reality, actually meet, converse and interact with your future self.

If Hershfield’s findings are correct, the economics for developing such a solution stack up. A potentially remarkable use case, which could make a difference!



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 @davejwallace and listen to the Demystify podcast he co-hosts.

BANKING TECH AWARDS USA 2023

Recognising the outstanding achievements and successes in the banking and fintech industries across the United States, the Banking Tech Awards USA were back with a bang for a second year on 1 June with a fabulous black-tie awards ceremony at the exclusive 583 Park Avenue in New York.

The event welcomed more than 250 guests including the movers and shakers from Apiture, Bank of America, JP Morgan, Finotta, InterSystems, KeyBank, Morgan Stanley, Numerix, Socure, State Street, Sunstate Bank, Peapack-Gladstone Bank, Provenir and Wells Fargo.

It was a night of festivity, entertainment and networking as the industry's brightest stars gathered to celebrate their achievements and progress on the technology, digitalisation and innovation fronts.

Hosted by the talented comedian, TEDx Talk speaker and America's Got Talent participant Maureen Langan, a total of 40 winners took home a coveted trophy. See the full list of winners and highly commended on the Banking Tech Awards USA [website here](#).

A heartfelt thank you to everyone who participated, the awards' supporters and partners, and sponsors SS&C IntraLinks and Veritran. We'll be back next year putting the top projects, products, companies and people in the spotlight at the Banking Tech Awards USA 2024 – please join us!



A walk in the Park: a stunning venue for a night of celebration



Banking Tech Project Awards

BEST TECH OVERHAUL – BACK OFFICE

Sponsored by **SS&C** **INTRALINKS**
Winner

Bank of America – Virtual on-Watch

BEST TECH OVERHAUL – FRONT OFFICE

Winner
J.P. Morgan – Freedom/Triumph

BEST USE OF TECH IN LENDING

Winner
Drip Capital Inc – Drip Capital's working capital solutions for cross-border traders

BEST USE OF TECH IN BANKING

Winner
Grasshopper Bank – Grasshopper Bank

BEST USE OF TECH IN PRIVATE BANKING/WEALTH MANAGEMENT

Winner
J.P. Morgan Wealth Management – Wealth Plan
Highly commended
Stash – Stash Core

BEST COMMUNITY BANK/CREDIT UNION MODERNIZATION

Sponsored by **veritran**
Winner

Locality Bank – Digital-First Community Bank

Highly commended

The Bank of Missouri – Aspire Bank Initiative

BEST USER/CUSTOMER EXPERIENCE INITIATIVE

Winner
Discover Financial Services – Discover Personal Loans Site Redesign

BEST DIGITAL INITIATIVE

Winner
J.P. Morgan Wealth Management – Wealth Plan
Highly commended
J.P. Morgan – ENGAGE

BEST MOBILE INITIATIVE

Winner
Bank of America – EMPaaS: Enterprise Mobile Platform as a Service
Highly commended
WECU – Mobile Banking Refresh – Charting a New Course

BEST CONTRIBUTION TO ECONOMIC MOBILITY

Winner
Earnest – Going Merry by Earnest
Highly commended
Opportun – Opportun

BEST USE OF DATA

Winner
Harris Associates – Harris Associates: Benefits of Implementing a Smart Data Fabric

BEST BANK & FINTECH PARTNERSHIP

Winner
U.S. Bank – An efficient, end-to-end solution for the Minnesota Frontline Worker Pay Program
Highly commended
The Clearing House, EarnIn and CBW Bank – On-demand pay through the RTP network
First United Bank & Trust and Finotta – Personified

TOP INNOVATION

Winner
MPOWER Financing – MPOWER Financing – Proprietary Algorithm
Highly commended
Merrill Wealth Management – Mobile Advisor Experience (MAX)

Celebrating the best in Banking Tech



Excellence in Tech Awards

BEST CORE BANKING SYSTEM

Winner

CSI – CSI NuPoint® Core

BEST DIGITAL BANKING SYSTEM – RETAIL BANKING

Winner

Amount – Amount Consumer Solutions

Highly commended

Jack Henry – Payrailz Pay a Person

BEST DIGITAL BANKING SYSTEM – BUSINESS BANKING

Winner

Dragonfly Financial Technologies – Universal Online Banker

BEST PAYMENTS SYSTEM

Winner

PayQuicker – Payouts OS

Highly commended

Sila – Sila ACH API

BEST EMBEDDED FINANCE SYSTEM

Winner

SavvyMoney – SavvyMoney Credit Score Solution

Highly commended

BOND.AI – The BOND Network

BEST EMBEDDED FINANCE SYSTEM – LENDING

Winner

QuickFi® – QuickFi® by Innovation Finance USA

BEST EMBEDDED FINANCE SYSTEM – AS-A-SERVICE

Winner

BM Technologies (BMTX) – BM Technologies (BMTX) Banking-as-a-Service (BaaS) Platform

TECH OF THE FUTURE

Winner

Zero Hash – Zero Hash – crypto-as-a-service

Highly commended

Traceable AI – Traceable API Security Platform

Instnt – Instnt AcceptTM

TECH OF THE FUTURE – IDENTIFICATION, AUTHENTICATION & VERIFICATION

Winner

Socure – Socure ID+ Identity Verification and Fraud Platform

Highly commended

SentiLink – Identity Theft Solution

FINTECH OF THE FUTURE – ARTIFICIAL INTELLIGENCE & MACHINE LEARNING

Winner

Zenarate – Zenarate AI Coach

Highly commended

Brighterion, a Mastercard company – Market-Ready Models

FINTECH OF THE FUTURE – CUSTOMER ENGAGEMENT & EXPERIENCE

Winner

Backbase – Engagement Banking Platform

FINTECH OF THE FUTURE – DATA & INSIGHTS

Winner

Provenir – AI-Powered Data and Decisioning Platform

LENDTECH OF THE FUTURE

Winner

Peach Finance – Infrastructure for tomorrow's lending products

AML & COMPLIANCE TECH OF THE FUTURE

Winner

Phonemix (aka Fincom) – AML Sanctions Screening for immediate payments and transactions

WORKFLOW TECH OF THE FUTURE

Winner

Katapult – DealFlow

FINTECH START-UP OF THE YEAR

Winner

Argyle – Argyle

Highly commended

Future – FutureCard Visa Debit Card

FINTECH START-UP OF THE YEAR – INVESTMENT & TRADING

Winner

Pipe – Pipe

FINTECH START-UP OF THE YEAR – LENDING

Winner

Uplinq Financial Technologies – Uplinq Financial Technologies

FINTECH FOR GOOD

Winner

MPOWER Financing – MPOWER Financing Global Citizens Fund: Providing Scholarships To International, DACA & Refugee Students

Highly commended

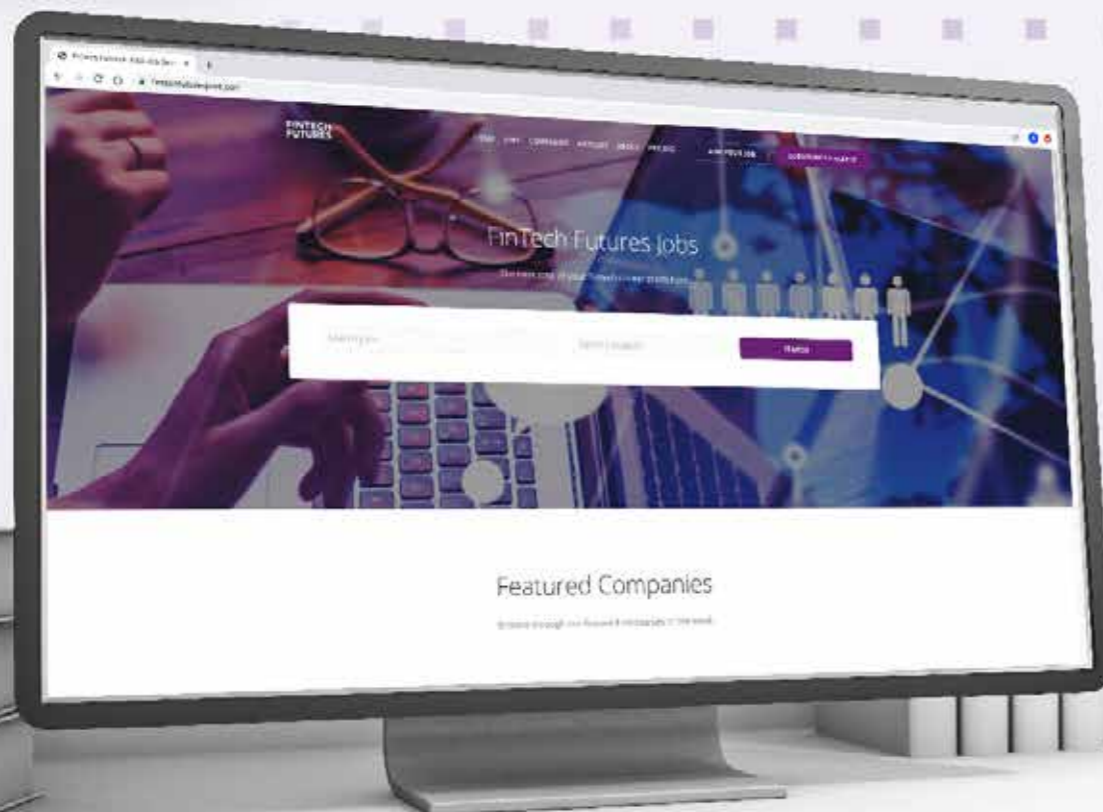
Biz2Credit – Biz2Credit Project involvement to assist underserved SMB owners

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Leadership Awards



WOMAN IN TECHNOLOGY (W.I.T.) – BANK/FINANCIAL INSTITUTION

Winner

Gitanjali Nistala, managing director, J.P. Morgan



WOMAN IN TECHNOLOGY (WIT) – PAYMENTS SOFTWARE & SERVICES PROVIDER

Winner

Martha Salinas, chief commercial officer, TreviPay



RISING TECH STAR

Winner

Satyam Kancharla, executive vice president and chief product officer, Numerix



WOMAN IN TECHNOLOGY (W.I.T.) – SOFTWARE & SERVICES PROVIDER

Winner

Kathleen Perrotte, CEO, ActiveViam

Highly commended

Luvleen Sidhu, Chair, CEO and founder, BM Technologies (BMTX)

Elaine McKiernan, executive vice president of global business development, Numerix



TECH LEADERSHIP – SOFTWARE & SERVICES PROVIDER

Winner

Johnny Ayers, founder and CEO, Socure

Highly commended

Jonathan Wilk, CEO, CompoSecure



TECH TEAM OF THE YEAR

Winner

SS&C Intralinks – Intralinks Professional Services

Highly commended

Northern Trust – Chaos Engineering



TECH LEADERSHIP – BANK/FINANCIAL INSTITUTION

Winner

Tracy Kerrins, CIO – consumer technology, Wells Fargo

Highly commended

Casey Franz, managing director, head of Merrill Platforms & Capabilities, Merrill Wealth Management

Shell Adams, director, global head of compute, Citigroup Inc.

EDITOR'S CHOICE

Winner

Vikar Technologies, Inc – Peapack-Gladstone Bank Enterprise Account Opening and KYC Solution



See all the photos at <https://informaconnect.com/banking-tech-awards-usa>

The enemy within

By Leda Glyptis

I keep seeing tweets about 'fintech transforming the world'... and articles on 'fintech eating the world'... and keynotes on how fintech is the death knell for traditional banks and whatnot.

Still.

I mean.

We saw and heard and thought and feared (or hoped for) those things at the dawn of the fintech era... and then... it just didn't quite happen.

A few people made a lot of money.

A lot of people made a lot of noise.

A few things changed dramatically.

A lot of things evolved slowly and deliberately.

But traditional banks are still here, and largely unchanged. And fintech is also very much still here but hasn't eaten much of anything other than a lot of VC cash.

Do I mean fintech was not a force to be reckoned with? Not at all.

I mean that we had it all wrong.

We said "fintech" and meant "this new stuff start-ups do". We largely actually meant start-ups. Really.

But the last 15 years have shown that 'fintech' isn't a single thing and that start-ups are just a small part of it.

If anything, entrepreneurship (not start-ups) is the bigger story and, even then, that is only a small part of the change we are trying to size. Dynamism is the bigger story and even then, not the whole story.

The whole story is a paradigm shift from analogue to digital. It's not a small set of things we use that is shifting but rather the way societies live that has changed.

We have now learned that digitisation is not a phenomenon that smaller companies have all sown up. We have learned that fintech did not bring in its wake a set of new tools but rather was part and parcel of a transformation so

deep as to encompass our entire social fabric globally.

We have learned that 'digital' isn't a choice banks get to make in their own time or the privileged domain of start-up founders in hoodies. We have learned that we are part of a bigger thing, rather than this thing being a factor to be reckoned with in our domain.

The power dynamic is reversed and the proportions are all out of whack compared with what we thought was happening.

So.

We have learned all that.

And we have learned that banking is transforming all right, but not in a way that is straightforwardly about winners and losers.

And right now, with the tech industry going through round after round of redundancies and with funding drying up, valuations imploding and some of our shiniest unicorns falling into rough times... now that some of the 'ones to watch' have handed back their licences and closed their doors... not in droves, but also in enough numbers to prove inexorably that there is a shift... now that we know all these things...

I still see 'fintech is eating the world' or neos vs big tech... winner-takes-all bingo territory... on the decks of well-known influencers and well-paid consultants.

And I know... *I know*... that the narrative keeps their livelihood intact. I know that. And I also know that the pace at which the world is changing isn't charitable to the slow learner or to those who feel that the world will wait till they are ready... so the message being repeated again and again is needed and therefore inevitable in some ways. I know it's also hard to shift mental models. You can accept a different answer but asking a different question is a whole new ballgame.

I know all that... and still, I can't help but wonder... what are people smoking?

I was there when 'disintermediation' was the bogeyman and banks were terrified fintechs would come into the world as we know it and take the best bits. And by best, we meant 'most profitable'.

BEEN THERE, DONE THAT

I know saying that I was there at the dawn of fintech is tantamount to admitting that I had Teenage Mutant Ninja Turtle pyjamas or a lambada skirt. I had both and, frankly, being older doesn't mean you've seen it all before. But it does mean that you have seen some of it before. And I have definitely seen the posturing and the rhetoric before. Only last time we had reason to believe it. Reasons that didn't hold, perhaps. But that you don't know till after the fact. Which is now. Now is after the fact. *Now* we know better.

It turned out disintermediation was the wrong thing to be afraid of. As were start-ups.

That's not where the challenge would come from and frankly, I suspect banks now kinda wish that had been the worst of it. Hindsight and all.

We were so caught up with worrying who would do this to us, where the threat would come from and what we could do to slow them down, trip them up or buy them out... so caught up in looking for the potential perpetrator of this thing that we missed the signs about *what* was going to be done to us.

And while we were looking at start-ups thinking we were looking at fintech, the economy around us digitised. The world became hyperconnected. New skills, a new consciousness, new legislation and new economic models emerged in tandem all around us. And this change demands new things from us as customers, regulators and suppliers move faster than the financial services industry. And this change came at us from all directions.

Replete with opportunity, for sure. But not *just* opportunity.

Disintermediation didn't quite happen. What happened is that financial services institutions are now looking at a brave new world of digitally distributed services and products, data-driven services, real-time services and 'truth-sharing' when it comes to cleared balances, interest accruals and so on and so forth, while also carrying the cost to serve of all the legacy architecture in their estate.

Unit economics don't quite wash if you have to price for a digital product while

spending on both the digital architecture and all the estate of times gone by... since it's still there... limping along.

And yet here we are. *Still* looking at neos... and big tech... trying to work out *who* is the biggest threat. When we should know by now that the enemy is within because the world without is so transformed that the stuff we carry inside our organisations is the greatest threat to survival. Because it slows us down. Because it weighs us down. Because it bogs us down.

It turned out disintermediation was the wrong thing to be afraid of.

Unit economics was the bogeyman we should have been losing sleep over.

So it's not fintech that's eating the world. It's not big tech that's eating our lunch.

The world is not being eaten at all. It's your margin that's being devoured. And it's not fintech or big tech doing it to you... it's not start-ups or tech giants... it's the legacy estate and its heavy-heavy footprint in a world that moves fast, costs less and treads lightly.

If you must appoint blame, if you must find *who* is doing this to you, then sadly the answer is... yourself.

#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. She is chief client officer at 10x Future Technologies. She is also a published author – her first book, *Bankers Like Us: Dispatches from an Industry in Transition*, is available to order now.

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.

FINTECH FUNDING ROUND-UP



Fabrick has raised **€40 million** in a new funding round, with Mastercard and other investors taking up a minority stake in Fabrick's shareholding structure. It also extended its existing partnership agreement with Mastercard (since 2019) as part of the deal.

The fintech says the funding will go towards supporting its consolidation process in Italy, invest in products and services, scale up infrastructure and expand into new European markets, following its recent acquisition of UK paytech Judopay.

Founded in 2017 with its headquarters in Milan, Italy, Fabrick describes itself as "a European pioneer in open finance" and specialises in embedded payments.

It also operates in France, Spain, Portugal and the UK, employs more than 400 people and has reported a consolidated net revenue of €50 million in 2022, up 14% year-on-year, including its subsidiaries.

UK-based paytech **Volt**, which is building a global infrastructure for real-time payments, has raised **\$60 million** in a Series B funding round led by IVP.

Also taking part in the round was new investor CommerzVentures along with existing investors including EQT Ventures, Augmentum Fintech PLC and Fuel Ventures.

Founded in 2019, Volt currently operates across the UK, Europe and Brazil. Its open payments gateway allows merchants and payment service providers (PSPs) to process transactions securely between accounts held at more than 5,000 banks between the three regions.

With the new funds, it plans on bringing its payments technology to the Asia Pacific region, with entry into the Australian market planned for later in 2023. The company also has its sights set on the US market in the future.

Volt also plans to use the money to expand its network of acceptance, enhance its product offering to include cash management and strengthen its product and engineering teams.

One Trading, the digital asset exchange formerly operating as Bitpanda Pro, has raised **€30 million** in funding and announced it is now fully independent from Bitpanda.

The funding round was led by Peter Thiel's Valar Ventures with participation from MiddleGame Ventures, Speedinvest, Keyrock and Wintermute Ventures.

One Trading will be led by ex-JP Morgan executive Josh Barraclough, who joined the firm in 2021. Bitpanda, which launched the business in 2019, will continue to retain a stake in the company.

One Trading says it aims to address the lack of regulated crypto trading platforms in Europe by offering "more sophisticated crypto products", including derivatives and spot trading, to both institutions and retail customers. It aims to operate as a MiFID Trading Venue, augmenting its existing Virtual Asset Service Provider (VASP) licence.

"We will be going live shortly with what we believe to be the fastest and most scalable exchange (<250 microsecond order create/cancel) based on real world metrics," Barraclough says.

London, UK-based **TreasurySpring** has secured **\$29 million** in a Series B funding round led by Balderton Capital.

The round also saw participation from Mubadala Capital, along with existing investors ETFS Capital, MMC Ventures and Anthemis Group.

The fresh funding follows TreasurySpring's \$10 million Series A in 2021, and brings its total capital raised to \$42 million. The latest round reportedly values the start-up at nearly \$100 million.

Founded in 2016 by Kevin Cook, Matthew Longhurst and James Skillen, TreasurySpring's fixed-term fund (FTF) platform provides holders of large cash balances to "simple, digital access" to a range of proprietary cash investments.

The new funds will be used towards product, sales and marketing teams, with a view to increase headcount by 50% in one year. The firm also plans to accelerate international expansion.

Schroders, Muller, Bunq, Sainsbury's Bank, YuLife and Tide are on its client list. In the last year, it claims to have grown more than sevenfold, with a total issuance of over \$50 billion through its platform.

San Francisco, US-based risk and compliance infrastructure provider **Unit21** has raised **\$45 million** in a Series C funding round led by Tiger Global and South Park Commons.

The company says the funding has fuelled the growth of its Fintech Fraud DAO consortium, which it launched last autumn to enable fintechs to pool and share data and help identify fraud before it proliferates. Unit21 claims the consortium now covers more than 10% of adult consumer transactions in the US.

Founded in 2018, Unit21 says it helped clients monitor a total of 4.8 billion transactions, representing \$693 billion in value last year. It also handled 16,000 suspicious activity reports representing \$8.9 billion in value.

The start-up last raised \$34 million in a Series B funding round led by Tiger Global in mid-2021 and \$13 million in Series A in 2020.



PayNearMe has secured **\$45 million** in a Series D funding round led by Queensland Investment Corporation (QIC).

The round also saw participation from True Ventures, Costanoa Ventures, August Capital, DNS Capital, Invicta Management and H Barton Asset Management.

Founded in 2009, the Santa Clara, California-based firm operates a payments platform processing a range of payment types including cash, debit, credit, ACH and mobile-first payments for businesses and government agencies worldwide.

"Payments data is the next emerging opportunity for businesses, and PayNearMe is enabling its clients to access that data and leverage it as a strategic asset," says Matt Diestel, partner at QIC. "The company's innovation is extremely powerful and will, no doubt, transform the payments industry."

Indian lendtech firm **Lentra** has secured **\$27 million** in a Series B extension round led by MUFG Bank and Dharana Capital.

The extension follows on from the company's \$60 million Series B round in November last year, which featured participation from investors including Bessemer Venture Partners, SIG Venture Capital and Citi Ventures.

Founded in 2019, Lentra operates a cloud-native Software-as-a-Service (SaaS) platform built to help financial institutions create customisable lending products.

Lentra says it currently services more than 60 financial institutions and has processed more than \$27 billion worth of loan applications on its platform.

Of late, the lendtech has expanded into Asian countries including Vietnam, the Philippines, Indonesia, and the US by setting up subsidiaries. It has also launched a new loan management system, 1LMS.

San Diego-based fintech firm **Mosaic** has secured **\$26 million** in a Series C funding round led by OMERS Ventures.

Also taking part in the round were existing investors Founders Fund, General Catalyst, and Friends and Family Capital.

The Series C follows Mosaic's \$25 million Series B funding round held in April last year, and brings its total capital raised to date to \$72 million.

Founded in 2019, Mosaic's platform uses big data and machine learning to provide businesses with financial planning tools.

With the new funding, Mosaic plans to make "significant" investments in AI, namely to roll out automated insights and a "ChatGPT-like experience" to help understand forecasts versus actuals, explain trends in the company's data and identify opportunities to improve performance.

Singapore-based business-to-business (B2B) payment infrastructure firm **Thunes** has raised a total of more than **\$60 million** in its Series C funding round.

The Series C was led by UK hedge fund Marshall Wace, which contributed \$30 million to the round earlier this year. San Francisco-based Bessemer Venture Partners and new Southeast Asian private equity firm 01Fintech have provided the rest.

Founded in 2016, the company has PayPal, Remitly, Finastra and Revolut on its client list, and claims to have processed around \$50 billion worth of transactions since its inception.

Thunes says it has now "quadrupled the reach of its mobile wallet network from 720 million to three billion accounts" since its \$60 million Series B in May 2021, and currently connects four billion bank accounts across the globe.

Its payment infrastructure platform supports 80 currencies, enabling businesses to make payments to 130 countries and accept 300 different payment methods.

Thunes recently acquired French payments platform Limonetik and financial crime detection platform Tookitaki.



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



Eugene Danilkis

Eugene Danilkis, CEO and co-founder of core banking technology vendor **Mambu**, has stepped down from his role.

Danilkis, who served as Mambu's CEO since the firm's inception in 2011, will stay on as a shareholder and member of the board.

"I'll be taking a break to rest, recover and spend time with my family," Danilkis writes in a LinkedIn post. "And then, I'm sure I'll be back to wanting to be a part of creating something remarkable and take on new challenges and growth opportunities."

Mambu's CTO, Fernando Zandona, has taken over as interim CEO until a replacement is found.

The vendor says its flagship core banking system, provided on a hosted basis, is used by 280+ banks in 65 countries.

UK digital bank **Zopa** has appointed **Kate Erb** as chief operating officer (COO) and **Peter Donlon** as chief technology officer (CTO).

Erb brings 20+ years of experience, having previously worked at Leeds Building Society as director of operations and infrastructure.

Before that, she held the COO post at start-up banks Aspinall Financial Services and VIVE, and worked at Capital One Bank (Europe) for more than 11 years.

As CTO, Donlon will oversee Zopa's 220-strong engineering team with a view to expand its product and technology infrastructure and use of AI and machine learning.

Donlon joins Zopa from e-commerce platform Moonpig, where he served as chief product and technology officer for more than five years, scaling its tech function from 30 to 200 engineers and leading its £1.2 billion London Stock Exchange listing.

Prior to that, he was head of IT development for supermarket heavyweight Sainsbury's.

Earlier this year, Zopa raised £75 million in a new funding round. To date, it claims to have £3.5 billion in deposits, more than £2 billion of loans on its balance sheet, and issued more than 400,000 credit cards.

CardFlight, a US-based point-of-sale (POS) solutions provider, has appointed **Brian Butts** as its new CTO.

Butts brings more than two decades of cloud technology experience and moves from Revel Systems, a fellow POS software provider to retailers and restaurants in the US, where he spent five years as vice president of development and cloud operations.

CardFlight says it has significantly expanded its engineering team over the past year and its hiring spree is continuing. It is a full-remote company with employees working across the US.

JP Morgan Chase has appointed **Teresa Heitsenrether** as its new chief data and analytics officer.

Heitsenrether has been with the US banking giant since the beginning of her career in 1987, most recently as global head of securities services.

In her new role, she'll be responsible for leading the adoption of artificial intelligence (AI) across the bank's operations.

Tim Fitzgerald will replace Heitsenrether as the new global head of securities services. Based in Dublin, Ireland, he has worked with JP Morgan for over seven years, most recently as global head of custody and fund services. He previously worked at Deutsche Bank Fund Services and Goldman Sachs.

Chargebacks911, a US-based provider of chargeback management technology, has appointed **Guy Harris** as its chairman of the board and **Eric M. Hoffman** as president of interbank solutions and board member.

Harris' appointment follows his recent retirement as head of merchant services at Bank of America. Prior to that, he served as the president of North America and global revenue for payment solutions provider Elavon.

Hoffman moves from Apple, where he was director of Apple Pay business development, and one of the first hires by Apple in 2014 to scale Apple Pay.

At Chargebacks911, he will be leading new strategic initiatives and will work to scale out the firm's go-to-market strategy globally. Hoffman is also the current president of the board of directors of the Electronic Transactions Association (ETA), having been on the board for the last eight years.

For more news on appointments in the industry, head to the **Movers and Shakers** section of the **FinTech Futures** website.



Teresa Heitsenrether



RULES OF THE ROAD

Cartoon by Ian Foley

The US federal government was quick off the mark in taxing crypto gains (2014), but rather than create new legislation along with industry players (as was successfully done at the onset of the e-commerce industry with the 1999 Gramm-Leach-Bliley Act for cybersecurity rights, for example), Congress has left management of the industry to regulatory agencies.

These agencies (for example, the SEC, CFTC and Department of the Treasury) have not advocated for new rules as they did for some other new technologies, but instead point the crypto industry to the Howey Test that refers to a Supreme Court case in 1946. Yet, as an example of what these agencies can do when they put their minds to it – on 21 March 2022, the SEC’s Climate

and ESG Task Force within the Division of Enforcement issued a proposed ESG disclosures rule that would require public companies to disclose their greenhouse gas (GHG) emissions and other climate change risks. These disclosure rules went through a reasonable period of public and industry consultation, so the SEC’s Division of Enforcement does know how to do this!

Meanwhile, outside the US, new crypto regulation around the industry seems to be happily received by industry players in the EU (MiCA), the UK (Financial Services and Markets Bill), Japan (Payment Services Act) and Dubai (Virtual Assets Regulatory Authority guidelines), as examples.

So, what is it about the crypto industry in the US that brings out government inertia or a failure to find common cause with industry?

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