banking technology

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THE GRETA GOOD
How the finance sector can help save the planet

SOLID BASE
Strategies to drive a platform agenda

GREAT TO SEE YOU
The Banking Tech Awards are back… in person!

Produced by FINTECH FUTURES

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EDITOR'S NOTE

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

Welcome to this year's final issue of *Banking Technology* magazine! On behalf of our team, I would like to thank you all for your support throughout the year. May the year 2022 be an easier and more positive one for everyone.

Bringing this year to a close, we recently held our annual Banking Tech Awards – physically for the first time in two years – celebrating excellence and innovation in the use of IT in financial services worldwide, and the people who make it happen.

It was wonderful to see so many familiar faces – and also new ones – and raise a glass in person this time, rather than on screen! You can find the full list of winners and highly commended as well as some photos from the night on page 19.

If you'd like to get involved in the awards in 2022, please have a look on our website for the Banking Tech Awards USA and PayTech Awards as both are now open for entries. We'll also be announcing the Banking Tech Awards 2022 categories and schedule in the next couple of months, so watch this space!

We hope you enjoy the December 2021 / January 2022 edition of *Banking Technology* magazine, which is, as always, full of fintech and banking tech goodness, including the top news, punchy opinions, food for thought, expert analysis and lots more. We hope you find it interesting, informative and useful.

NEWS ROUND-UP

Better.com CEO takes leave after laying off 900 workers over Zoom


Vishal Garg

Better.com CEO Vishal Garg is taking leave following a company Zoom call in which 900 employees – around 15% of the firm's workforce – were laid off. In the call, he said: "If you're part of this call, you're a part of the unlucky group being laid off. Your employment here is terminated, effective immediately."

Garg took responsibility for the "challenging decision" to fire hundreds of employees weeks before Christmas, citing staff productivity and market changes. During the call, US employees were told they would receive a months' pay and two months' health coverage, before Garg wished them luck and signed off the call. Employees in India were also affected.

Garg has since apologised for the way he handled the mass firing, saying that he "blundered the execution". The collective termination occurred just days after the fintech – recently valued at $6.9 billion – received $750 million as part of an upcoming Special Purpose Acquisition Company-led (SPAC) public offering. Earlier this year, it received a $500 million investment from SoftBank.

Brewin Dolphin live with Avaloq's core banking system

Brewin Dolphin, one of the UK's largest wealth managers, has gone live with Avaloq's core banking solution. The project was first announced in early 2019.

The new platform, delivered on a Software-as-a-Service (SaaS) basis, will replace a legacy core system and is "a key pillar in Brewin Dolphin's focus on greater operational efficiencies as well as technological agility", Avaloq says.

The legacy and the new tech will run in parallel for some time, "to de-risk a very complex systems integration", the vendor says. The old system will be eventually decommissioned next summer.

Digital wealth manager Wealthsimple exits UK

Wealthsimple, a Canadian digital wealth manager, is shutting up shop in the UK. It has announced to its clients that it will be transferring all eligible accounts to Moneyfarm, a fellow digital wealth management firm. The transfer date is planned for 28 January 2022.

Wealthsimple arrived in the UK four and a half years ago, seeking "to make investing human, simple, and extremely low-cost". However, it has now decided to shift its focus back to Canada.

Wealthsimple was launched in 2014 – initially as a robo-advisor – and is based in Toronto. Earlier this year it raised $610 million (one of the largest technology investments in Canada at the time), tripling its valuation to over $4 billion. In comparison, its previous round was $87 million.

Among the investors are Canadian actor Ryan Reynolds and Toronto-born artist Drake.

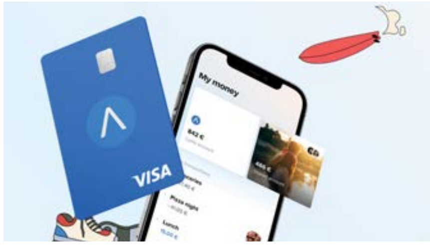
Temenos lands core deal in Gibraltar with Trusted Novus Bank

Temenos has gained a new client in Gibraltar, Trusted Novus Bank. The bank will replace its legacy core and front office software with Temenos Transact and Temenos Infinity, delivered on a cloud basis.

It is understood Finastra's Midas legacy system is among the solutions to be replaced by Temenos. The supplier says the new technology will help the bank "to reimagine its banking services for the digital era".

Trusted Novus Bank is a locally based full-service bank offering retail, corporate and private banking services through branch, call centre and digital channels. It is one of the oldest financial institutions in Gibraltar and was known as Jyske Bank until its change of ownership last year and a subsequent rebrand.

Financial services app Lydia hits unicorn status with latest funding



Lydia, a Paris-based financial services app, has raised over $100 million in new funding, taking its valuation above $1 billion. The round was led by Lydia's existing investors Accel, Founders Future and Tencent, and joined by two new investors – American investment funds Dragoneer and Echo Street.

Lydia offers three product lines: a current account, credit and investment. It was launched in 2013 and has raised $160 million to date. It claims 5.5 million users (150,000 new users per month) in France, Spain and Portugal; €5 billion in annual transactions; and 160 employees. The company says one in three French 18-35 year-olds use Lydia.

Monzo raises more than $500m from investors at $4.5bn valuation

UK digital challenger bank Monzo is now valued at $4.5 billion following the latest $500 million funding round, led by Abu Dhabi Growth Fund, with participation from Goodwater Capital, Coatue, Accel and Alpha Wave Ventures. It previously raised around $230 million between 2020 and 2021.

The bank reported 200,000 paid subscribers, and that an extra one million new customers joined Monzo over the past 12 months. It says deposits are up 124%, from £1.4 billion to £3.1 billion, while revenues have doubled. Earlier this year, it reported annual losses of £115 million, and revealed an ongoing investigation by the Financial Conduct Authority (FCA).

Mambu valued at €4.9bn after bumper €235m Series E round

Software-as-a-Service (SaaS) core banking system vendor Mambu raised €235 million in a Series E funding round, valuing the firm at €4.9 billion. Led by EQT Growth, this is the largest private fundraise for a banking software platform to date.

Mambu claims more than 200 customers – including banks, lenders, fintechs and financial institutions – and more than 50 million end users across Europe, North America, Asia Pacific, the Middle East and Latin America. It says the funding will help it continue its global expansion efforts, focusing on 12 key markets and building on strategic partnerships.

Wealthtech FNZ acquires client onboarding tech vendor Appway

FNZ, a long-standing player in the wealthtech space, has acquired Appway, a client onboarding and servicing specialist in the financial industry. FNZ describes the acquisition as "strategic" as it brings "significant technology expertise in enterprise-grade low-code no-code workflow automation with deep domain expertise across the entire wealth management value chain". Last year, Zurich-based Appway raised $37 million in equity.

Hanspeter Wolf, CEO and founder of Appway, says the company's technology helps banks and financial institutions to achieve up to 90% faster client onboarding times and a 10% increase in margins on average per onboarded client.

Once the deal is completed (expected in early 2022), Wolf will become chief technology officer of the FNZ Group.

Batelco and i2c to launch Bahrain's first open banking super app

Batelco Financial Services (part of Bahrain's telecoms service, Batelco) and i2c have joined forces to launch Bahrain's first open banking super app, Beyon Money.

Beyon Money is a digital wallet with a Visa debit card; retail, bill, and peer-to-peer payments (thanks to the integration with the local switch, Benefit); connection to bank accounts through open banking; financial insights; and digital remittances. It will develop card issuing and processing functionalities through i2c's banking and payments platform, which will also integrate additional partners and services.

According to the World Bank's Global Findex report, nearly one in five individuals in Bahrain are unbanked, while the nation enjoys a 131% mobile penetration rate.

FINTECH FEED

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We've missed this! It's a pleasure to have you all back in person #BankingTechAwards

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@HPanzarino the obvious choice for winner and world president 🏆 @vacuumlabs @FinTech_Futures #BankingTechAwards

NayaOne
@Naya_One
We won! 🏆 NayaOne was awarded the FinTech of the Future Award at the 2021 #BankingTechAwards. Such a win highlights the value of our proposition and its suitability in the midst of financial services disruption. Thank you @FinTech_Futures #technology #banking #innovation

THE NUMBER GAMES

70
branches to be closed by UK high street bank TSB across the country in 2022, as in-person banking continues to decline

£1m
aimed to be raised by UK challenger Bank North via crowdfunding, ahead of its Series B funding round in 2022

£110m
secured by UK challenger Allica Bank in its Series B funding round

$7.1bn
is the new valuation of crypto platform Gemini, following its $400 million growth equity round (Gemini's first-ever outside financing)

£1.3m
to be spent by UK's Financial Conduct Authority (FCA) on a data analytics contract with Aiimi

$213m
splashed out by California-based fintech Oportun to acquire neobank platform provider Digit

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

THEY SAID IT...

"We set out to eradicate legacy technology from the industry."

Paul Taylor, founder and CEO, Thought Machine, commenting on the company's latest $200m funding

TRENDING

What a Weyay for young people in Kuwait to bank

National Bank of Kuwait (NBK) has unveiled Weyay, the first fully digital bank in Kuwait. Weyay is aimed at Kuwait's large young cohort – two-thirds of the country's population are under 34 and Kuwait has one of the highest smartphone and internet penetration rates in the world.

Weyay will provide an integrated package of products and services that help young people better track and organise their expenses and savings, as well as providing them with appropriate investment channels.

The bank is currently in beta mode ahead of a full launch. Account opening will be fully digital. Customers will be able to choose the colour of their cards and can use them immediately. The bank is also promising innovation around money transfers. For security it will harness biometrics such as facial recognition.

NBK has been undergoing its own transformation, developing digital services and channels, and providing new payment solutions.

Shaikha Al-Bahar, NBK group deputy CEO, says: "We have completed a chapter of our digital journey, during which we succeeded in building a solid technological infrastructure and a digital culture that became embedded in all of our operations, products and services." She describes Weyay as a new chapter based on "our belief that digital advancement is the main driver of future growth across all the markets in which we operate".

A Verity-able pre-seed round

UAE-based Verity has closed an $800,000 pre-seed round ahead of its planned launch as a family banking and financial literacy app built for the Middle East.

The capital round was backed by regional venture capital firms including VentureSouq, Wamda and Beyond Capital, plus contributions from prominent angel investors.

Founded by Omar Al Sharif, Dina Shoman and Kamal Al-Samarrai, Verity will enable children and teenagers (aged between eight to 18) to build core money management skills such as how to earn, save, give and spend responsibly with full parental supervision.

Key features of the app will include a pre-paid debit card, digitised allowance, chores management and saving goals. Through subscription-based family plans, parents can create sub-accounts for their children, which they can monitor and control as primary account holders.

Verity is based in the Dubai International Financial Centre (DIFC). Co-founder Al Sharif says: "Our mission was very clear from day one – to make the next generation more financially conscious and financially independent. Verity is built in the region and for the region, so it was important for us to create an app that encompassed our Middle Eastern culture and values, in addition to global citizenship."

Finance is child's play

A new neobank aimed at children and teens has launched in the UAE with the goal of teaching financial literacy from an early age.

The Edfundo app allows parents to top up their child's card, set spending rules, see what their child spends and where and instantly block or unblock cards at any time. Parents are also able to make automatic allowance payments and transfer money in real-time.

Edfundo says it is on a mission to help eight to 18-year-olds become financially literate and learn how to manage their finances early in their development.

Based in Dubai, the start-up was founded by Simon Wing (CEO) and Andrew Toward (COO). Wing says: "It's time to close the gap in financial literacy education for our children."

Edfundo will be working with schools to offer workshops, resources and educational content to help raise the profile and improve the quality of teaching around financial literacy.

Aligning the world of finance with the Greta good

By Dave Wallace

I recently wrote an article for Sibos on the impact of climate change on the finance industry. I started by researching the topic and discovered a lot was going on.

But like pulling a piece of string, the more I looked, the more I found. But it is in pockets all over the place, and there does not seem to be a single source of truth. Overall, what I found falls into the following rough buckets:

1. Analysis of the potential for financial instability caused by nature in climate change
2. Analysis of the potential for financial instability caused by rapid decarbonisation
3. Standardisation of measurement and reporting
4. The use of policy, products and services to effect change in the industry
5. Changing consumer expectations, understanding and behaviours

As it happens, these buckets form a handy framework for understanding the problem. Over the next few weeks, we will peer into these buckets and understand what is going on. The key questions I aim to answer are: how can the finance sector help effect positive change? And what the hell does it all mean to the person on the street?

The good news is that the finance sector is already active and helping, with some emerging champions.

A good example is Clive Emery from Invesco Perpetual. Clive is a fund manager and has pioneered Invesco's Responsible Asset Allocation as part of the company's multi-asset investing products, and has also launched the Summit Responsible Range in the UK – five risk-targeted responsible multi-asset funds.

I recently spoke with Clive about Invesco's ESG strategy and more broadly, how the wider investor community is starting to make an impact. When asked about how the industry can help, Clive gave a couple of examples:

"When looking at investment today, most people think about risk and return. Climate change is highlighting another 'r', which is responsibility.

"Investors in funds need to be able to target non-financial objectives and judge the outcomes in the same ways they manage their financial objectives. Reporting risk and return are regulated and standardised, but reporting on responsibility is not, leaving it open to over-promising and under-delivering."

A PLATFORM FOR EDUCATION

Finding standard ways of measuring and reporting responsibility is critical and will ensure trust in the system. Not only will it flush out the greenwashers, but it will also provide a platform for education and help the wider industry and end customers understand what is going on.

Clive went on to talk about how the investor community is already playing a significant role in making change happen. For example, Invesco is a member of Climate Action 100+, an investor-led initiative ensuring that the world's largest corporate greenhouse gas emitters take necessary action on climate change.

> "Climate Action 100+ has 545 investor signatories responsible for more than $52 trillion in assets under management and is engaging with 167 companies through the initiative."
>
> Dave Wallace

This coalition of investors is holding companies to account and "encouraging" positive behaviour. Climate Action 100+ has 545 investor signatories responsible for more than $52 trillion in assets under management and is engaging with 167 companies through the initiative. So, it has big teeth, and things are happening, which is reassuring to hear.

A COMPLEX PROBLEM

The other piece of good news is that finance, with all its myriad platforms and channels, is well placed to help bring meaning to consumers. Someone asked me recently, "What does a tonne of carbon look like? I cannot see it or touch it. Comprehending carbon is very difficult."

It is a good question and goes to the heart of the matter on why climate change is such a complex problem for most to grasp fully. It is abstract and, for the many not impacted yet by severe weather, intangible.

I did some research and found that one tonne of carbon is the equivalent of six trees. The research took me through several off-setting sites, which included tools to calculate my carbon footprint. One statistic of particular note was a carbon calculation for a return flight from London Heathrow to New York for an individual in economy – 1.64 tonnes. Taken in the context of my calculated total carbon footprint for 2019 of 7.2 tonnes, that's a lot. Measured in trees, it is 9.84.

I have a household of seven, so a family trip to NY looks like a small woodland. And the whole plane? Gulp! But this voyage of discovery then took me on into a small and niche section of the fintech community. Companies such as Ecolitiq, CoGo, Duconomy and Meniga use transactional data as the basis for carbon calculations for end customers.

There will be much more on them in a subsequent article, but they represent a new frontier in banking that does precisely what is needed; present carbon usage to an individual based on spending in an understandable and actionable format. Each of these companies has recognised that banking data and digital banking platforms can be co-opted to help. My prediction is that this will go from niche to mainstream exceptionally quickly, as banks recognise that net-zero is about the organisation and also its customers.

So, here's a small challenge for you. Would you mind reading the articles that were in abundance around COP26? And when you read about the dire situation we are in, think about the industry we work in and what we have available to help make a positive impact.

The US special presidential envoy for climate John Kerry talks about the need to innovate out of this crisis, and he is right. The finance sector is constantly innovating around problems, and what more fantastic opportunity for it to innovate than to help save the planet?

And finally, the last word is from Mark Carney. "The world of finance will be judged on the $100 trillion climate challenge," he says. "Look at what your bank, insurer and fund manager do – not what they say."

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.

Three routes to banking platforms

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

Think of the world's most exceptional companies. The ones that redefined the business. The most innovative and agile firms. Those that set the benchmark in experience. Are the most successful. You will find that the majority are platform businesses.

These are not just digital businesses that were born as platforms, such as Airbnb or Uber or Facebook, but also incumbents, such as Microsoft or Apple, which have consolidated their leadership by building them. Today, the platform is a major part of every incumbent organisation's effort to scale digital transformation, even more so because as digital adoption goes up due to pandemic-linked reasons, so does the attractiveness of the platform business model.

From our experience of serving a vast number of financial institutions around the world, we find that they are employing the following strategies to drive their platform agendas.

1 BUILDING A PLATFORM MARKETPLACE

UK's Starling and India's Paytm are examples of banks that have set up financial marketplaces to sell not only their own products and services but also best-of-breed offerings from other providers. Paytm Bank, for example, sells white-labelled credit cards from Citibank, term deposits from IndusInd Bank and unsecured loans from various financial companies through its platform.

Further, some banks have set up marketplaces for specific customer segments – both HSBC's Connections Hub and Deutsche Bank's UnternehmerPortal target SMEs. Connections enables HSBC customers to put up business profiles, connect with other SME customers of the bank and review recommended buyers and sellers, while the Deutsche Bank platform provides services such as business planning, help with international trade and benchmarking against other industry players.

UnionBank GlobalLinker has more than 350,000 SME members who can network with potential customers, suppliers and partners, sell their products on an e-commerce store, get benefits on essential business services and share and learn from the experiences of other SMEs.

DBS Bank has become a world-leading example of platform success with its marketplaces for used cars, travel, utilities and real estate, while Bancolombia operates an Ebay-style platform for used goods. Like the offerings, the "platform build" also has variety: it may be backed by a single bank, or like in the case of India Trade Connect, by a consortium of institutions; it may be built from scratch or acquired from another (think Groupe BPCE buying out Fidor, American Express acquiring Kabbage and Fifth Third buying healthcare platform Provide).

2 PROVIDING DIGITAL BANKING INFRASTRUCTURE TO OTHER PLATFORMS

The most common example of this strategy is the provision of Banking-as-a-Service (BaaS). Several banks, including BBVA and Goldman Sachs, offer know your customer (KYC), payment processing, lending or trade processing services to partners who build value-added services on top. The partners range from neobanks offering great experiences to digital businesses such as Amazon or Google that want to integrate banking and payments within their own propositions.

Alternatively, a regulatory or industry initiative could drive such an arrangement. The best example is Open Banking regulation, which facilitated access to digital infrastructure for payment processing and for account services in the UK and Europe. In India, an industry initiative in the form of UPI (Unified Payments Interface) is providing the payment rails to Google Pay, PhonePe and similar services.

> "Besides enabling banks to reach new customers or serve new offerings to existing clients, a platform business can also improve their bottom lines."
>
> Puneet Chhahira, Infosys Finacle

3 PARTICIPATING MEANINGFULLY IN ANOTHER PLATFORM

Joining another platform is easy but of limited value when there are many other members. But a bank can make this arrangement work by co-creating something that makes it stand out. For instance, a bank can embed its services into the buy now, pay later (BNPL) facility on Amazon, or embed insurance products on a flight booking platform.

Some banks have entered into exclusive partnerships with platform businesses with great success – Goldman Sachs, with its tie up with Apple for Apple Card, and with Amazon to provide up to $1 million in credit to merchants selling on the platform, is a standout example.

The partnership could also be with a business application that is popular with consumers, such as Whatsapp or Apple Pay, or with an enterprise resource planning (ERP) solution, such as Tally, to embed corporate banking services within.

Besides enabling banks to reach new customers or serve new offerings to existing clients, a platform business can also improve their bottom lines.

Banks may choose one of the above three strategies, or a combination, based on their particular context. But they must move quickly, because as the experience of other industries tells us, the first mover is best positioned to win in a business where the winner takes all.

FOOD FOR THOUGHT

Privilege makes for bad leadership

By Leda Glyptis

Humans like predictability, don't we? Familiar tropes emerge in the most unlikely situations, and COVID-19 was no different.

People developed new ways of working. Families and couples developed new routines in their new, reduced domains. And as we gathered for panels and webinars from our living rooms over the last year and a half, we developed a routine before long, especially if bankers were on these calls.

Picture a lockdown webinar or a post-lockdown timid hybrid get-together. In the thick of it, or just out of it. It makes little difference. There are usually three or four folks on screen. Some in beautiful home office surroundings, some with a blurry background concealing… What? That's the point. It's none of your business. Not everyone wants the world peeking into their home.

And the dance begins.

And, whatever the topic of the panel, there will be two questions that seem to be asked with relentless predictability.

The first one is: how did your bank cope with the demands of remote working?

And gloriously, every single one of them did amazingly well.

They had all the tools. They had all the strategies. They are now fully digital. Their strategy accelerated. The journey is triumphantly complete.

Is it now?

Oh yes.

We have set ourselves up for remote working. Our systems can now be accessed securely from other locations. Gone are the days of wealth advisors in big European banks who had iPads to take into client meetings because that looked fancy, but the iPads were not online because compliance would not permit access to systems of record from outside the bank, so they would 'pretend' to work on the iPad, taking notes to work through when they got back to base.

True story.

So, is that gone now? Well, no. Critical systems. You know how it is.

But everyone has laptops now.

Well. Almost everyone.

And Zoom licences.

Or Microsoft Teams.

Or maybe Google Hangouts.

But only one of them because… compliance. So if they need to talk to another bank who use BlueJeans or Webex, it's easier to use a personal device and be done with it. Just don't tell the risk team.

You know how it is.

Yes I do. And it sounds pretty familiar so far. But no matter. Let's press on and hear all about how we have sped up our approvals processes.

Sure you have.

And we have focused on critical infrastructure.

Also true. Although it may be fairer to say, "We caught up with ten years' worth of baselining that was long overdue".

If you want to pretend this is a triumph, I won't stop you. Celebrating victories is important. Even if they are long overdue.

But shall we talk of all the ambitious strategic projects that got moth-balled because nobody had mind-share anymore? The work that was meant to take your bank into the future that is now paused and you are left with rickety 30-year-old systems patched over by COBOL programmers coming out of retirement? An app refresh to deal with the fact that your call centres stand empty and the rest is lights-on and hope for the best?

And before you ask.

No.

It's not every bank. Some carried on, some doubled down.

I have had the privilege of working on two incredibly ambitious strategic initiatives through lockdown. But I have seen many more fizzle and pause due to lack of leadership, funds or focus. And it's fine. But let's call a spade a spade.

What is not fine is the industry collusion of celebrating the success alongside those who just muddled through. We are not doing anyone any favours when they say their bank did great during COVID-19, enhancing their digital channels by including a chat function that helps people while they are waiting for the call centres to come back online. How? By telling them which numbers to call.

And nobody shouts "spare me" in these sessions.

Instead, the facilitator nods, smiles, congratulates the banker on their organisational resilience and asks the second question that has become a COVID-19 era classic: "What have you learned during this period, what has the lockdown been like for you, how did you cope?"

It's not an original question.

But it is not a trite one. The challenges of this period were universal but the way they affected each of us were unique to our circumstances. Crowded or lonely. Battling with health worries, isolation, unemployment or actually enjoying the slower pace of life.

Some people say they found folks got kinder.

Others say folks got more distant. It's easier to be cold and flippant over email.

Both can be true, and that's the point.

One size rarely fits all.

And someone, usually a man, always white and middle class, will say with unfeigned surprise: "You know, I recently found out that not everyone is well set up for this. Some people share small flats. Some people have to take turns taking work calls at the kitchen table because there is not enough space for all flat mates to work simultaneously. Some people have no offices at home. Imagine."

Imagine.

Imagine that not everyone lives in a mansion.

They are not asking us to imagine drought or flood.

> "I am not here to make you a better person. Frankly, that was your mother's job and it's probably too late by now. But I am here to make you a better banker."
>
> **Leda Glyptis**

They are not asking us to imagine all the children in this world going to bed hungry. The millions of people waking up scared.

Not the lonely and the sick and the dispossessed.

They are asking us to imagine people who are not just like us. Like them.

Crazy talk, right?

It was a COVID-19 shock for so many.

My heart bleeds for you.

No. No, it really doesn't.

It rages. My heart rages.

Partly because this level of ignorance takes wilful cultivation. It can't just happen on its own. And partly because that level of ignorance makes one dangerous.

Here's a fun fact for you: no matter who you are, most of the world is not like you.

And if you are a powerful decision-maker inside an organisation of any size, any size at all, most of the world is definitely not like you. By sheer dint of numbers and statistics.

So how do you take that fact, and your achievement and good fortune and hard work and all the things that got you to where you are now, and let it be a strength – because look at you and isn't that fab – and not allow it to be the ridiculous bit of blinding privilege it is now, privilege that shields you from even being embarrassed at your amazement that not everyone has a study at home. Fancy that.

Now.

I am not here to make you a better person. Frankly, that was your mother's job and it's probably too late by now.

But I am here to make you a better banker.

And I have three things to say to you. Always three – I like symmetry:

1. Just because you thought of something, don't feel compelled to say it out loud. Not everything, not always. Sometimes, just shut up, you know?
2. Digital is not an app, it's not a channel, it's not a department and it's not the fact that your bank now has Zoom licences and whoop-dee-doo.
3. We have been learning about how to exist in a world of real-time digital connectivity for the best part of a decade and a half. We have been learning what is possible, what is useful and what is good. Maybe you missed it, but the world has moved on, all around your office and way past it. And if it surprises you that not everyone has spare space in their home, then all I am going to say is you are not fit to command change. Because to drive change, you need to understand what is real, now. What is needed, now and next. And how to get from here to there.

It's an exercise in realism and imagination and, well…

#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.

Going with the data flow

ServiceNow's Gregory Kanevski on why banks need to keep pace with digital transformation efforts

The acceleration of digitisation across the financial industry in recent years has seen many companies scrambling to keep up with changing consumer demands, shifting regulatory and environmental requirements and the growing number of neobanks looking to lure customers with cutting-edge digital offerings.

Digital transformation efforts are now very much at the top of the agenda for banks and financial institutions, but many businesses are having to contest with roadblocks such as the costs and complexities associated with updating deeply ingrained legacy technology.

Many have found their operations are currently fragmented and in need of modernisation and unity to streamline processes and create an improved experience for customers, clients and internal associates.

Over the past two decades, ServiceNow has been developing Software-as-a-Service (SaaS) cloud computing software to help companies manage their digital workflows.

In this Q&A, *FinTech Futures* speaks to Gregory Kanevski, global head of banking at ServiceNow, to get his views on how the industry has responded to the growing need for digitisation and how banks and FIs can upgrade their processes to ensure operational flexibility and a seamless experience.

To what extent have digital transformation efforts at banks accelerated over the last few years, and what results and trends have you seen emerging from this?

Banking efforts to digitise operations have been underway for several years with varying effects and impact. However, the urgency has changed dramatically in recent years, mostly due to the COVID-19 pandemic, but also as a result of a growing shift towards digital services from consumers across the globe.

This means banks have needed to adapt more quickly to meet the needs of an engagement pattern that has now rapidly changed and continues to evolve on an almost daily basis.

This acceleration has also highlighted the need to improve the internal experience for employees and how co-mingled that truly is with the customer experience. Both experiences need to be balanced for the company to succeed and grow.

Banks need to evolve dramatically, quickly and with flexibility and resiliency built in, and all types of banking institutions have either refocused or prioritised this effort as a result.

What challenges are banks currently facing in regards to their digitisation efforts?

Bank environments are notoriously complex. For most larger banks (for example, regionals and money centres), they grow through acquisition, and legacy platforms with aged applications make for a very costly overhaul.

For some of the smaller and local banks, they may not have the complexity, but they also do not have deep technology budgets. This is further complicated by a host of different priorities that require time and attention, so there needs to be balance there.

All banks are racing to fast-track their efforts, modernise legacy environments and act more innovatively, but certainly it's the cost and complexity associated with the work that seem to be the major stumbling blocks.

Those that had a head start are clearly the early winners. Others meanwhile are struggling to catch up or are 'buying' capabilities through acquisition.

With the rush to balance flexibility, resiliency and experience, how have banks and FIs looked to approach this?

The industry has seen a rash of mergers and acquisitions at all levels as well as key focus on strategic partnerships and technology investments, especially toward cloud and SaaS-based initiatives.

This activity varies further by size. The big four money centres are leaning on fintechs to help drive innovation. These 'big ships' need the more nimble start-ups to generate movement.

Most regionals are attempting to balance targeted mergers and acquisitions that help with scale as well as organic investments, with the goal to help stimulate modernisation efforts.

And last but not least, driven by recent legislative changes and largely due to the need for scale to fund digital investments, interstate-sized banks and credit unions are consolidating at a record pace to remain relevant providing similar experiences. This either helps them buy pre-existing capabilities or enough 'deposits' to fund initiatives.

From your perspective, how should firms look to press forward with digitisation and what steps can they take?

It starts with a plan that is sponsored by the executive committee of the bank. This may seem cliché, but it truly is not in this instance because a transformation of this significance impacts all parts of an organisation.

Therefore, IT needs to be aligned with HR, business lines, risk, security and operations. If it is not sponsored by the top with all functions supporting the transformation, the investment will be disjointed, have limited value and won't drive net new revenue or improve ESAT or CSAT scores.

Once the executive committee is in support, a cultural change of this magnitude can't be ignored, and given the competition for quality skills, a focused communication strategy is of the utmost importance.

> "Robust cloud-based SaaS platforms provide the best value and flexibility and balance risk and resiliency more effectively than traditional on-premises options."
>
> Gregory Kanevski, ServiceNow

This will allow for goals to be tied to divisional, functional and individual performance, and if managed appropriately, lead to a substantially improved internal and external experience (that also just happens to be more efficient).

From a customer perspective, what would you say they're looking for in their digital banking experiences and how can FIs meet that demand?

Customers expect a consumer grade experience. This can't be stated more clearly, and they are less likely to tolerate anything less. There are choices in the market challenging long-standing norms. Banks risk at best irrelevance if this is ignored.

Beyond experience, customers are looking for security assurances for their money and information. That is often reflected through the experience when associates don't have or can't find the right information, or they have a poor digital experience. These efforts are interrelated and the regulators are hyper focused on this topic.

Lastly, customers are advocating for companies that share their values. This is of growing importance and is driving retention decisions. This is why community involvement, ESG and security/risk are so important.

What technology trends has ServiceNow noticed from your clients and how have you been looking to meet those needs?

Robust cloud-based SaaS platforms provide the best value and flexibility and balance risk and resiliency more effectively than traditional on-premises options.

In addition, the platforms of today must solve many problems and add 'cumulative' value for an organisation. Repeating the sins of the past with a diversity of SaaS platforms simply masks the problem of long-term value and flexibility.

Those that balance these needs, enhance risk, boost resiliency and allow for adaptive workflows for the future unknowns are winning.

A great example of this is the ServiceNow Financial Services Operations (FSO) platform, which provides maximum value of the important items mentioned earlier while also providing a truly fast time to market, as well as a low-code foundation that reduces expensive technology salaries.

FSO is not only a 'game changer' for banks, it's doing it at speed based on its simplicity!

I'M JUST SAYING...

Why banks need to join the band

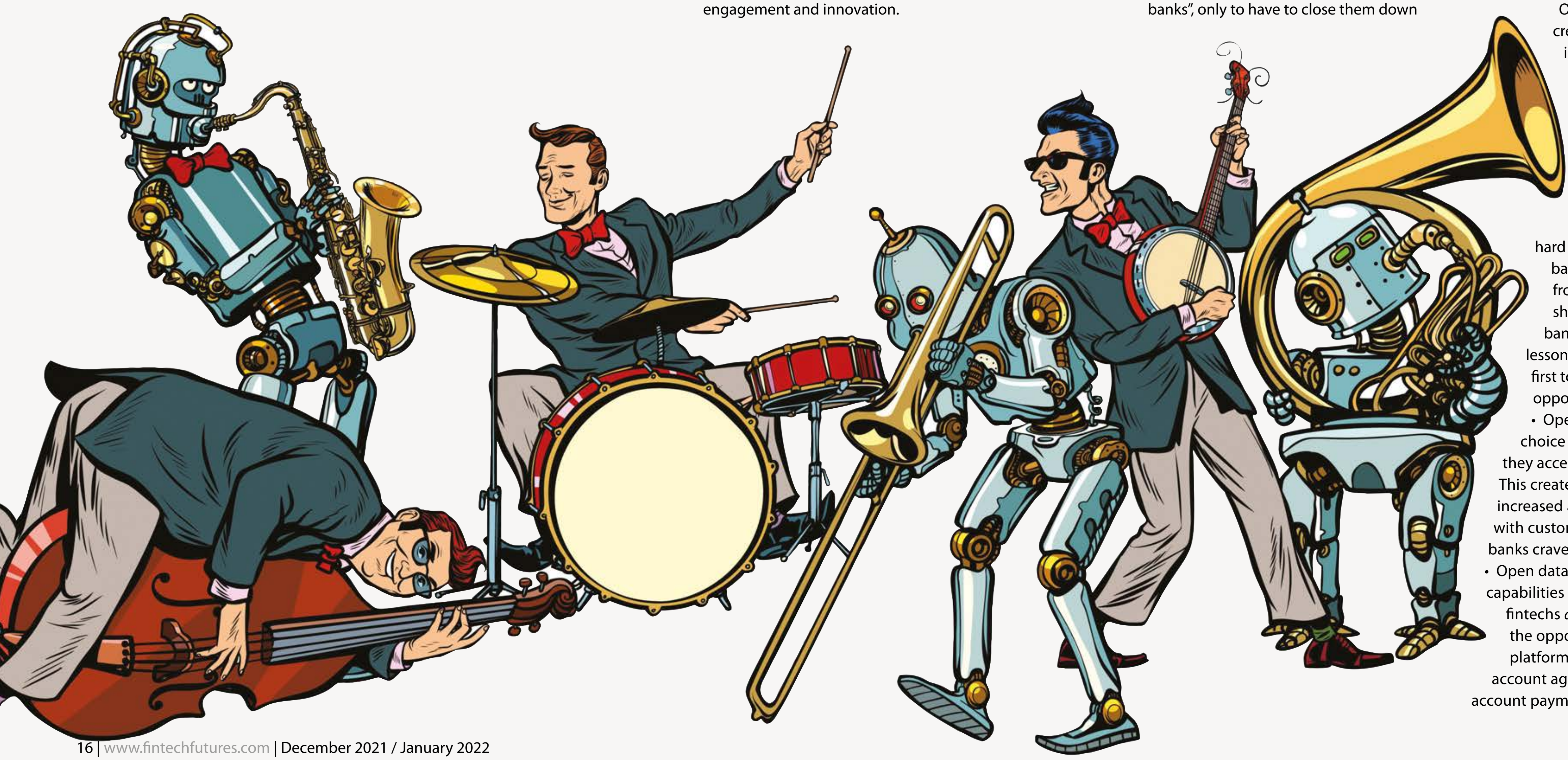
By Dharmesh Mistry, CEO, Askhomey

Recently, I saw a story in the news that caught my attention. Speaking to MPs at a Treasury Committee meeting, Starling CEO Anne Boden said open banking "has not been a success".

I couldn't believe what I was seeing. One of the heroes of digital banking was telling MPs that the initiative had failed because gaining access to their data did not incentivise consumers to switch accounts.

She went on to say: "Open banking is a lesson of us trying to make something work when halfway through the project, we realised it wasn't going to work."

At that point I relaxed because I then understood what she meant. Open banking has not been good for big banks, and she is of course right. Supporting open banking has cost these banks a lot of money and has opened up a lot of competition that primarily have sought to give customers better banking engagement and innovation.



For example, some of these new players are:

- Trying to provide banking services to create better financial inclusion – for example, by helping renters get a credit score that will support their mortgage application to buy their own place.
- Focusing on niche customer segments that have very specific needs that have been underserved.
- Providing richer engagement by helping customers to save money on bills and other expenses and providing useful insights to help them manage their money better.

THE BUBBLE BURST

History will also tell us that it is way too early to determine whether open banking has failed or succeeded. In the dot-com era, I saw a number of banks spending billions of pounds creating "online-only banks", only to have to close them down

> "While banks may feel hard done by, it is the failure of banks to create innovation from open banking that should be discussed."
>
> Dharmesh Mistry

later because of poor take up.

When the dot-com bubble burst, I remember senior bankers making similar comments to Boden's. However, fast forward 20 years and we have many new banks, Starling being one of them.

Open banking wasn't created to help banks increase their hold on customers, it was designed to drive competition and create innovation for customers who had been starved by the monopoly of incumbent banks.

While banks may feel hard done by, it is the failure of banks to create innovation from open banking that should be discussed. Open banking should be seen as a lesson for banks. Fintechs were first to realise two of the biggest opportunities:

- Open data allowed a greater choice for customers in how they access and utilise *their* data. This created an opportunity for increased and deeper engagement with customers, something that banks craved.
- Open data required new capabilities that could be sold to fintechs *and* banks. Banks missed the opportunity to provide platform services to help with account aggregation and account-to-account payment services.

UNDERSTATED IMPACT

The greatest gift that the internet has brought us is transparency, which is something many legacy organisations and leaders have struggled with. It reminds me of Stan Lee's famous Spider-Man quote: "With great power, comes great responsibility."

Open banking's success cannot be measured by the four million active users or the billions of API calls made to banks for customer data in the UK. We have to look at the impact globally, with so many countries now driving their own open data initiatives, often going beyond what Europe initiated with its whitepaper in 2014.

Yet even then the impact of open banking is understated. Open banking is accelerating open data initiatives in many other sectors, from property to utilities and healthcare. Hence its impact is a transformation on the scale of the industrial revolution, which clearly is going to take time to fully play out.

Banks have been gifted support from governments not only during the credit crisis, but also through loan capital provided to help support businesses during COVID-19. It's now time for banks to support the government and their customers, not to undermine new initiatives that support a greater good.

I'm just saying that this reminds me of another saying I heard a lot in the dot-com era: "When you see a huge bandwagon, it's better to get on board it than to stand in front of it."

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.

FF BANKING TECH AWARDS

The 22nd annual Banking Tech Awards ceremony took place on 24 November at the Royal Lancaster Hotel London. It was a great success with nearly 300 guests joining us for an incredible night of celebration and entertainment hosted by comedian Suzi Ruffell.

We would like to thank everyone who attended and celebrated with us!

Glitz and glamour

Banking Tech Project Awards

BEST TECH OVERHAUL
Winner
DBS Bank - DBS' Hybrid, Multi Cloud Adoption
Highly commended
JP Morgan Chase - Praesto
Morgan Stanley - FAST - Framework Automated Software Testing - Cloud enabled Automation, Service and Data Virtualization

BEST USE OF IT IN RETAIL BANKING
Winner
Lloyds Banking Group in partnership with **Publicis Sapient** - Continuous Payment Authority (CPA) Cancellation - Open Banking Engagement Lab
Highly commended
Paytm Payments Bank Limited - Digital Payments & Banking
Minna Bank, Ltd. - Establishment of Japan's first digital bank, Minna Bank

BEST USE OF IT IN CORPORATE BANKING
Winner
SberBank - POS loans for B2B
Highly commended
DBS Bank - DBS Joy Chatbot
US Bank - AP Optimiser

BEST USE OF IT IN PRIVATE BANKING/WEALTH MANAGEMENT
Winner
Banco BPI - My Planning
Highly commended
Bank of America - Merrill Digital Wealth Overview (DWO)

BEST USE OF IT IN TREASURY AND CAPITAL MARKETS
Winner
Sovcombank and Diasoft- Sovcombank - Transformation of the financial markets business of Sovcombank, based on the modern composable Digital Q Platform by Diasoft
Highly commended
SberCIB/Sberbank - eFX Trading Platform

BEST USE OF IT FOR LENDING
Winner
JP Morgan Chase - Chase MyHome
Highly commended
QuickFi by Innovation Finance USA LLC - The QuickFi Platform
VTB - Retail loan pipeline
Mambu - Recognise Bespoke SME lending

BEST DIGITAL INITIATIVE
Winner
Comviva Technologies Ltd. - MOVii, Colombia
Highly commended
Mettle - Mettle FreeAgent Integration
Bank of America - Bank of America Mobile Banking App

BEST MOBILE INITIATIVE
Winner
MuchBetter - The MuchBetter ewallet and app
Highly commended
HSBC - HSBC Kinetic
DBS Bank - DBS Digibank Singapore

BEST USE OF AI
Winner
Banking Circle - Banking Circle
Highly commended
Standard Bank Group - Gina
Tinkoff - AI Banking

BEST USE OF DATA
Winner
VTB Bank - Intelligent routing program
Highly commended
Bank of Montreal - Introducing Continuous Product Design with Quantum Metric
Permanent TSB in partnership **with Experian** - Best Use of Data

BEST USE OF REGTECH
Winner
Morgan Stanley - Supervision Engine - Advisory and Brokerage Supervision
Highly commended
J.P. Morgan - AM Trade Surveillance

BEST USE OF FRAUD PROTECTION TECHNOLOGY
Winner
Morgan Stanley - Innovations Powering Our Cybersecurity Advancements
Highly commended
HSBC - HSBCnet

BEST USE OF BIOMETRICS
Winner
JP Morgan Chase - Voice in IVR

BEST USE OF CLOUD
Winner
Goldman Sachs Bank USA - Goldman Sachs Transaction Banking
Highly commended
Minna Bank Ltd - Next-generation Banking System for Digital Natives

FINTECH OF THE FUTURE
Winner
NayaOne (formerly Fintech Sandpit Ltd) - Fintech-as-a-Service
Highly commended
Nexo - The Nexo Platform
Bond Financial Financial Technologies Inc. - Bond embedded finance platform

BEST FINTECH PARTNERSHIP
Winner
Goldman Sachs and **FINOS** - Legend
Highly commended
Barclays - The Female Innovators Lab
Santander UK PLC, tomato pay, untied - CashFlow Manager

BEST UX/CX IN FINANCE INITIATIVE
Winner
Novo Banco - NB Smarter - Next Generation, Data Science powered, Banking App
Highly commended
TD - MyTD AI-Powered Personalization Platform
au Jibun Bank Corporation - Forex Trading tailored for Investment Beginners

BEST GREEN INITIATIVE
Winner
Davivienda - Davivienda
Highly commended
Natwest Group - Carbon Tracking and Planning Platform

BEST CONTRIBUTION TO ECONOMIC MOBILITY IN BANKING/FINANCE
Winner
The Mifos Initiative - Mifos X
Highly commended
Comviva Technologies Ltd. - MOVii, Colombia
Robocash Group - UnaPay

FINTECH FOR GOOD
Winner
Sustainably - A new way of living and giving
Highly commended
Affirm, Inc. - Affirm Cares Employee Foundation

COVID-19 RESPONSE BY FINANCIAL INSTITUTIONS
Winner
Standard Bank Group - OneFarm
Highly commended
BlueVine - Payment Protection Program
DBS Bank - DBS Digibank Singapore

BEST EMBEDDED FINANCE INITIATIVE
Winner
Paceline - Paceline Rewards Platform
Highly commended
Solarisbank AG - Samsung Pay

Leadership Awards

WOMAN IN TECHNOLOGY (W.I.T.)
Winner
Ammara Masood - Ndctech
Highly commended
Vanessa Colella - Citi Ventures
Margaret J. Hartigan - Marstone

TECH LEADERSHIP
Winner
Global Processing Services (GPS) - Joanne Dewar
Highly commended
Marqeta - Jason Gardner
J.P. Morgan - Vrinda Menon

RISING FINTECH STAR
Winner
ACI Worldwide - Patricia Rojas
Highly commended
Fondy - Valeria Vahorovska

TECH TEAM OF THE YEAR
Winner
Natwest Group - Future Solutions and Automation Team
Highly commended
J.P. Morgan - AWM Production and Infrastructure Reliability Engineering
Morgan Stanley - Kranthi Darapu

DIVERSITY & INCLUSION EXCELLENCE
Winner
JP Morgan Chase & Co - Autism at Work Programme
Highly commended
J.P. Morgan - Olu Howard

BANKING TECH AWARDS

Excellence in Tech Awards

BEST CORE BANKING SOLUTION PROVIDER

Winner

Temenos - Temenos Transact / The Temenos Banking Cloud

Highly commended

Marqeta - Marqeta's modern card issuing platform

Mambu - Mambu Core Banking Platform

BEST DIGITAL BANKING SOLUTION PROVIDER

Winner

Dreams AB - Dreams Engagement Platform

Highly commended

Trade Ledger - Trade Ledger platform

Global Processing Services (GPS) - GPS Apex

BEST SMART BANKING TECH SOLUTION

Winner

ABAKA - The Next Best Action

Highly commended

PerimeterX - PerimeterX Platform

Mosaic Smart Data

BEST OPEN BANKING SOLUTION

Winner

Snoop - Snoop

Highly commended

Experian - Experian Boost

Digital Identity Net - OneID

COVID-19 RESPONSE BY FINTECHS

Winner

Cinchy - Concentra Bank & Cinchy: Best Core Banking Solution Provider for Covid-19 Rapid Response

Highly commended

Temenos - Banking Technology for Rapid Crisis Response

Abrigo - Abrigo SBA Solution for Paycheck Protection Program

EDITORS CHOICE AWARD

Winner

Oxbury Bank Plc

Fun and games

The changing face of cybersecurity

In its latest report, FinTech Futures looks at how financial institutions can protect themselves from cyberattacks, now and in the future

The financial services sector, while traditionally one of the more secure industries in the world from a security and resiliency perspective, has had to face several challenges in the past couple of years or so.

These have tested the sector's ability to rise to new challenges, adapt to changing circumstances and rapidly accelerate digital processes in reaction to customer and employee demands.

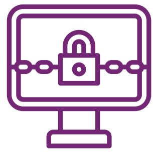
While the banking sector has faced the risk of cyberattack for many decades now – and has built standardised defences to prevent major breaches – many of these legacy strategies and processes struggle to meet the needs of a rapidly changing world. Even the best of walls can be flown over or dug underneath, and defence in depth against traditional attack vectors is no use when having to open up to millions of new touchpoints in the wake of the COVID-19 pandemic.

Yet it's not just the bad guys causing issues. New technological trends such as open banking, embedded finance and hybrid cloud environments are causing massive change in systems, processes and strategies.

A rapid generational shift in technology also opens up avenues for exploitation as organisations fail to protect gaps in their defence networks.

With all this rapid change, what can financial institutions do to evolve their cybersecurity position and foster an environment where protection is integrated into every process and strategy? *FinTech Futures*, in association with ISACA, finds out.

In 2020…



1,318%
rise in ransomware attacks

238%
rise in cyberattacks targeting banks

Download the 'Rising threats and new challenges' report today from the FinTech Futures website!

Dear Luc: How do I take a slice of the BNPL pie?

By Luc Gueriane

In this column, *Dear Luc*, we answer the questions the industry's fintech founders are too afraid to ask, and solve the problems they don't want their VCs to know about.

From regulation readiness to technology teething troubles, our start-up agony uncle, Luc Gueriane, is here to help.

Luc has over seven years' experience working with flagship fintechs like Revolut, Wise (formerly TransferWise), Monzo and Curve. His expertise and extensive work in the fintech ecosystem mean that Luc is able to offer unique insight into the building of a successful fintech company.

Dear Luc, I want to add credit capabilities like buy now, pay later (BNPL) to my service. What do I need to consider?

BNPL has seen rapid growth in the last few years, with fintech experts quoted by Forbes predicting $100 billion in sales across 2021.

Not only has it fundamentally changed the way people make payments across digital channels but it has also given a fast-growing part of the lending space a more contemporary interface and a new lease of life, with huge investments regularly being announced for emerging BNPL providers.

Afterpay, Clearpay, Klarna and Paypal are some of the largest players in the space; however, recently companies such as Revolut, Monzo and Curve have announced plans to get in on the action – proving how rapidly BNPL is sweeping the globe.

WHAT IS BNPL?

It does what it says on the tin. It is a lending option where shoppers are able to purchase products or services in a number of instalments over a set period of time.

BNPL allows retailers and service providers to provide customers with a native payments solution that reflects their brand and so weaves its way into the online shopping experience. Quick onboarding and checkout are just a few of the practical benefits of such an integration.

Perhaps the most compelling benefit of BNPL is, unlike credit cards, payments are often interest-free and in most cases, the instalment amount and due date can be tailored by each customer.

There are many providers in the ecosystem that have variations of the product. As a card programme provider looking to add BNPL to our service, I can describe some common considerations that we've made when advising our partners on how to develop a BNPL offering.

1. IS BNPL FOR YOU?

As with my response to an earlier question about embedded finance (*Banking Technology*, September 2021), the first thing I'd ask any client wanting to provide BNPL is, "Would this complement your existing customer base?". You need to consider who your current audience is and who you want it to be.

By adding BNPL capabilities to your product offering, will you bring in the right type of customer as per your overall business strategy, or would you be better off sticking to traditional credit instead?

If you have a luxury product catered to high net worth (HNW) customers, providing them with the ability to pay for services in instalments might not be something they would take up, and would mean that you've wasted time and effort for no reason. Whereas, if you had a general spend consumer product catered to millennials, you might find that offering instalment payment options could help to buy you more loyalty.

If you are a loyalty fintech providing accounts to a specific audience and have a rapport with a number of affiliate businesses, adding BNPL could help you leverage those relationships even further to encourage more loyalty for both your business and your partners. For example, a fintech focused on student accounts could work with stationery and computer vendors, ultimately encouraging students to buy through these retailers via BNPL instalments.

2. REGULATION

It is important to remember that earlier in the year the Woolard review concluded that BNPL regulation was a "very urgent" matter.

In February, the Gov.uk website announced that BNPL providers will be subject to FCA rules and would need to undertake measures to ensure they were providing responsible lending and affordability checks as well as applying fair treatment to applicants. However, legislative changes are yet to be seen.

Although BNPL currently falls outside of the FCA's remit, its intention to make it regulated will impact what you need to consider if you add this to your existing offering. Keeping on top of ongoing changing regulations will be a top priority.

3. LOCAL CREDIT LAWS

With credit laws differing from market to market, you would have to consider how to navigate and build an international card programme. In the UK, financial authorities such as the FCA and Companies House will be your go-to check-in point. Equally, each country will have their own institutions.

For example, there's the European Financial Regulator Authority, Dubai Financial Services Authority and the Federal Financial Services Authority (BaFin) – each specialising in the rules and regulations for their independent regions.

4. LIQUIDITY

If you're an electronic money institution (EMI), as opposed to a 'bank' fintech, you will need a liquidity provider to fund scheme settlement and payment to the retailer as client funds still need to cover the full balances held.

When it comes to selecting a liquidity provider (LP), there are many factors to consider. Verifying the trust worthiness of the LP is one but agreeing on their offerings is another; do they offer diverse liquidity options, segregated accounts for additional protection and offer 24/7 support? Again, the selection process would need to adhere to official regulations – which will differ depending on geographical location.

> "BNPL services are taking the world by storm and the ease of their use is only further encouraging shoppers and businesses alike to adopt this offering."
>
> Luc Gueriane

5. INCOME GENERATION

As with any additional service you provide to your customers, you need to understand how you're generating income before you use resources to implement new systems.

There are several different factors to consider, including: will it be a retailer specific offering and if so, who would you work with? Will there be a limit to the spend or alternatively, a minimum transaction value?

The likes of Klarna already have a badge of credibility, and they are gaining new customers all the time through the increasing number of retailers working with them. However, as a card programme or fintech bank, you're not restricted to working with retailers and the opportunities could be endless.

The shape of your offering really depends on the investment involved versus potential income and likely take-up among existing customers.

6. MARKET PERCEPTION

Despite BNPL providers being seen by many consumers as the good guys in the credit and lending space, there is no denying that certain providers have caught the attention of the media in a negative way.

In contrast, we've seen various news cycles and legislative change focused on payday lenders that encouraged consumers to get into bad debt, so any adverse press about credit has meant some people are more cautious than ever about the protection and regulation currently in place.

The FCA guidance on financial promotion will be a top consideration when thinking about adding BNPL to your offering. This has been especially prominent since the Woolard review, which highlighted the requirement for new rules to be put in place.

There are different sensitivities around how you communicate credit related offerings, and there is always groundwork to be done to ensure that all members of your team, from product to promotions, understand the practical requirements that come with responsible financial promotions.

As with adding any other service or offering, you will always need to consider whether the investment would work for you. How can you differentiate your offering from other competitors, where will you generate income from and who do you need to partner with? All these questions determine whether the BNPL will help your business to grow.

However, as always, your customer base is a big determining factor in your BNPL project, as you are ultimately working to solve their solutions – which, when done right, will only increase loyalty to your business.

BNPL services are taking the world by storm and the ease of their use is only further encouraging shoppers and businesses alike to adopt this offering.

Luckily, this means that it's prime time for fintechs to get in on the action. With an endless number of opportunities that are yet to be explored, considering your move into this space is better done sooner rather than later, to maximise the rewards on offer.

Do you have an embarrassing question you want answered, or a seemingly unsolvable problem you'd want help with? Email *FinTech Futures'* Tanya Andreasyan at Tanya.Andreasyan@fintechfutures.com in confidence.

FINTECH FUNDING ROUND-UP

San Francisco-based **Upgrade**, which offers credit and mobile banking, has completed a **$280 million** Series F funding round at a $6 billion pre-money valuation.

The fintech has raised $600 million in equity capital since inception in 2017.

The round was led by Coatue Management and DST Global. Other participants were Dragoneer Investment Group and a number of existing investors.

Upgrade has delivered more than $10 billion in credit through cards to date and claims it is on track to deliver $8 billion in 2021.

Mexico-based credit card-led fintech **Stori** has raised **$125 million** in an oversubscribed Series C round, one of the largest such rounds to date in Latin America.

The round was co-led by GGV Capital and growth-stage investor GIC, with participation from consumer tech-focused funds General Catalyst and Goodwater Capital, and Mexico-based Tresalia Capital, with its first fintech investment.

There was also support from previous Series A and B round investors, Lightspeed Venture Partners, Vision Plus Capital, BAI Capital and Source Code Capital.

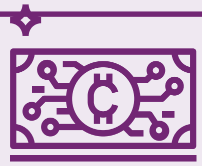
Alongside the equity, Stori has also raised $75 million in debt financing from debt capital provider Community Investment Management (CIM). More than two million Mexicans have applied for a Stori credit card to date.

Singapore-based buy now, pay later (BNPL) start-up **Pace** has raised **$40 million** in Series A funding from a pan-Asian group of investors.

The investors include Japan's Marubeni Ventures, South Korea's Atinum Partners, Taiwan's AppWorks, Indonesia's Alpha JWC and Singapore's UOB Venture Management, Vertex Ventures Southeast Asia and Genesis Alternative Ventures.

The funding will support Pace's plans to move into Japan, Korea and Taiwan.

Pace was only launched earlier this year. It claims it's on track to reach a Gross Merchandise Value run rate of $1 billion in 2022 and grow its user base by 25 times over the next 12 months. To date, Pace claims more than 3,000 points-of-sale across the region.



Gemini, a US-based cryptocurrency platform, has secured a **$400 million** growth equity round, constituting its first-ever outside financing.

The round was led by Morgan Creek Digital with participation from 10T, ParaFi, Newflow Partners, Marcy Venture Partners and Commonwealth Bank of Australia.

The new capital injection values the company at $7.1 billion.

Launched in 2015, Gemini supports the buying, selling and storing of crypto, as well as helping investors earn, spend and learn about digital assets.

The platform was founded by twin brothers Cameron and Tyler Winklevoss, now president and CEO, respectively.

South African e-payments service **Ozow** has raised **$48 million** in a Series B funding round led by Chinese tech giant Tencent.

The Series B also saw participation from Endeavor Harvest Fund and Endeavor Catalyst, whose investment committee approval was chaired by co-founder and former executive chairman of LinkedIn, Reid Hoffman.

The automated electronic funds transfer (EFT) payment processor claims more than $100 million in monthly transaction volume across a network of thousands of merchants.

Core banking software vendor **Thought Machine** has raised **$200 million** in its Series C funding round, bringing its valuation to over $1 billion.

The Series C round was led by Nyca Partners, a US-based venture capital firm, with participation from existing investors British Patient Capital, Eurazeo, Molten Ventures (formerly Draper Esprit), Backed and IQ Capital.

Banks (and their venture capital arms) that are on the Thought Machine client list – ING Ventures, JPMorgan Chase, Standard Chartered Ventures, Lloyds Banking Group and SEB – also contributed to the funding.

Founded in 2014, Thought Machine now has five offices worldwide and has grown its team by 200+ people since 2020.

8fig, a start-up that provides equity-free funding and supply chain management tools for e-commerce sellers, has completed its **$50 million** Series A funding round.

Investors in the round include Battery Ventures, LocalGlobe and Matt Robinson, serial entrepreneur and co-founder of Nested and GoCardless. As part of the round, Silicon Valley Bank will also provide a credit facility.

8fig was launched in 2020 and has offices in Tel Aviv, Israel and Austin, Texas, US. "Together, we're committed to our mission of propelling 10,000 sellers to eight-figure revenue by 2025," states the start-up.

Australian cross-border payments platform **Airwallex** has raised an additional **$100 million** in an extension to its Series E financing round.

The 'Series E1' round adds to the company's oversubscribed Series E which raised $200 million just two months ago.

The new injection brings Airwallex's valuation to $5.5 billion. The firm has raised $802 million to date.

Lone Pine Capital remained the lead for this financing, alongside other existing investors including 1835i Ventures, the venture capital partner to ANZ, and Sequoia Capital China.

This latest raise follows a strong Q3 performance, with the company reporting a 165% YoY revenue increase and annualised revenue exceeding $100 million. The company also made more than 200 additional hires.

Among other things, the new capital will support planned acquisitions.

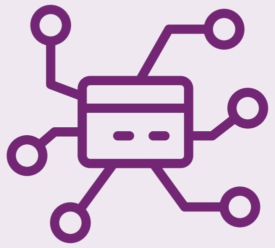
UK challenger **Allica Bank** has secured **£110 million** in a Series B funding round. The round, led by new investor Atalaya Capital Management and existing lead investor Warwick Capital Partners, will support the recent acquisition of 2,000 SME customers and £600 million of associated lending from AIB Group.

The deal is expected to bring forward the bank's target profitability date to the middle of 2022 and will give the challenger a total combined lending book of more than £1 billion.

Global crypto payments infrastructure provider **MoonPay** has closed a **$555 million** Series A financing round. This has been led by Tiger Global Management and Coatue, with participation from Blossom Capital, Thrive Capital, Paradigm and NEA.

The round brings the company's post-money valuation to $3.4 billion a mere two and a half years after its inception.

The company says the equity-only round will be used to rapidly accelerate global expansion, add resources and support additional innovations in the crypto economy. This will further its stated mission to give the next billion people access to cryptocurrencies by 2030.



São Paulo-based **TruePay**, a start-up focused on providing SME retailers with access to credit, has raised **$32 million** in Series A funding led by Addition, one of the largest ever held in Brazil.

The funds will be used to improve it solution, increase capacity and expand the team. It currently has 50 staff.

Founded in December 2020, TruePay claims to have built up a merchant base "in the thousands". It plans to grow "tenfold" in the next year.

It was set up by former VCs, Pedro Oliveira and Luis Eduardo Cascão.

Payments and expense solution provider **Payhawk** has raised **$112 million**, taking its valuation to $570 million three years after its inception.

The Series B round was led by San Francisco-based Greenoaks. All existing investors participated in the round, including QED Investors, Earlybird Digital East and Eleven Ventures.

Payhawk claims this is the second largest Series B for a B2B company in the Central and Eastern Europe (CEE) region after UiPath, and is the largest and fastest Series B in the spend management space across Europe.

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!

MOVERS AND SHAKERS


Annerie Vreugdenhil

Annerie Vreugdenhil, ING chief innovation officer (CIO) and head of ING Neo, is set to leave the bank to join the executive board of **ABN Amro** as chief commercial officer (CCO), personal and business banking.

She will start at ABN Amro on 1 March 2022, subject to regulatory approval.

Until a permanent successor is appointed, Jeroen Plag will take on the additional role as head of ING Neo and CIO, alongside his tasks as head of corporate strategy.

Plag in his current role is already involved in ING Neo's strategic activities such as the Innovation Fund and ING Ventures. ING says he will be working closely with Vreugdenhil and her management team to ensure a smooth transition.

Investment app **Shares** has hired **Harjas Singh** as chief product officer (CPO). Singh will also hold the title of co-founder of the wealthtech, joining CEO Benjamin Chemla and chief technology officer Françios Ruty.

Less than a year old, the 80-strong start-up emerged from stealth in September and held a $10 million pre-product seed round, one of Europe's largest ever.

Early backers include digital bank N26, cross-border payments giant Wise and a co-founder of competitor app, Freetrade.

Singh was previously product owner in the wealth and trading department at Revolut and led the analytics and core divisions across stocks, crypto and commodities. He also had a four-year stint at Deutsche Bank as a software engineer and product lead.

Søren Rode Jain Andreasen is leaving Danske Bank after 15 years to become enterprise digital and innovation officer at **CIBC**.

In his most recent position at the Danish bank, he served as chief digital officer.

At CIBC, Andreasen says he will focus on the strategic direction of the Canadian bank's enterprise digital client experience. He will manage digital budgets, digital channels and investments in artificial intelligence and automation.

He will also manage partnerships to drive digital sales and engagement. "Last, but not least," he says, he will focus on "streamlining and optimisation of processes across the bank".

He will relocate to Toronto in January.

Deutsche Bank has appointed **Olivier Vigneron** as group chief risk officer (CRO), effective 1 June 2022. He will succeed Stuart Lewis, who in March announced his decision to retire after the AGM in 2022 following 25 years' service.

Vigneron is joining from Natixis, where he has served as CRO since 2020. Having started his career in credit derivatives trading at Goldman Sachs, he has more than 20 years of experience in financial services and held several senior markets and risk management positions across various banks.

His CV includes three years at Deutsche Bank's structured credit trading business between 2002 and 2005. After stints at UniCredit and BNP Paribas, he joined J.P. Morgan's credit hybrids trading business in 2008. In 2012 he became head of model development and capital analysis at J.P. Morgan and held various positions over the next few years.


Evelien Witlox

The **European Central Bank (ECB)** has appointed **Evelien Witlox** to head its digital euro project.

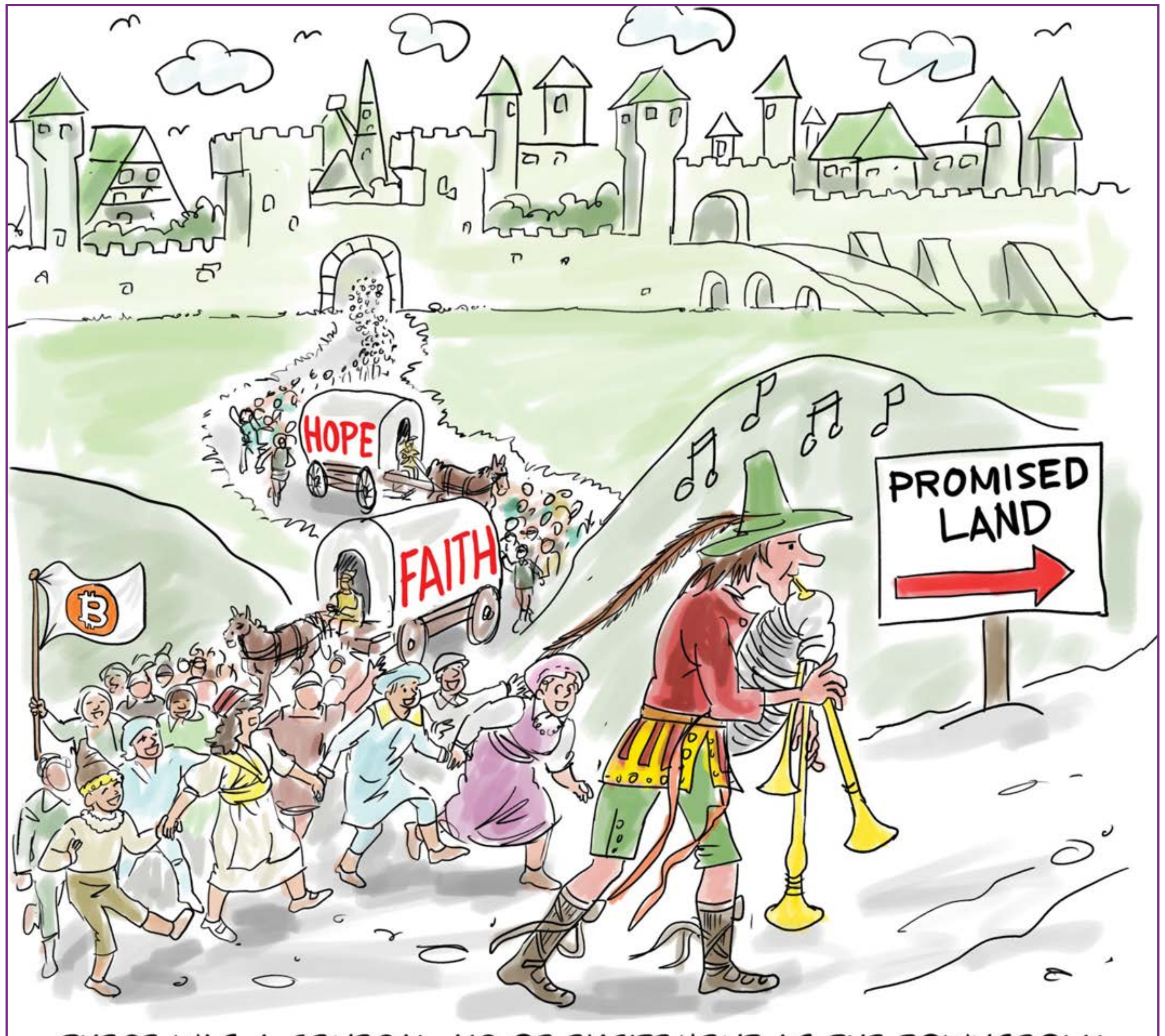
She will take up the post from 1 January 2022 with the title of programme manager. Currently she is global director of payments at ING.

Witlox has held various managerial roles at ING. She is currently responsible for ING's worldwide payments products and a member of the Dutch bank's management council. Since 2018, she has also been a board member of the European Payments Council (EPC).

As programme manager for the ECB's digital euro project, she will join the senior management team of the Directorate General Market Infrastructure and Payments.

Ebury, a provider of financial solutions to help SMEs and midcaps trade internationally, has promoted **Victor Tuson Palau** to the role of chief technology officer (CTO).

He was previously SVP of engineering within Ebury and before that he held the same position in Canonical, the publisher of Ubuntu. He takes over from Toby Young who moves to a senior adviser role for Ebury as well as head of open market technology strategy at PagoNxt, an autonomous payments tech company within Santander.



THERE WAS A GENERAL AIR OF EXCITEMENT AS THE TOWNSFOLK FOLLOWED THE PIED PIPER TO THE PROMISED LAND.

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ian

THE PIED PIPER

Cartoon by Ian Foley

Based on a search of job board Indeed, there are 900 openings in the San Francisco Bay Area for positions in crypto and blockchain. According to ZipRecruiter, the average blockchain developer salary in the US is $154,550 annually.

CBInsights reports that the global value of venture investments in the industry surged from $3.1 billion in 2020 to $21.3 billion through 30 November – a more than sixfold increase.

This industry has shown it grows through periods of exuberant growth that pull in talent/capital, large pullbacks followed by new highs. Have we reached the point where the industry is maturing to less erratic gyrations or are we at the top of another bubble?

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