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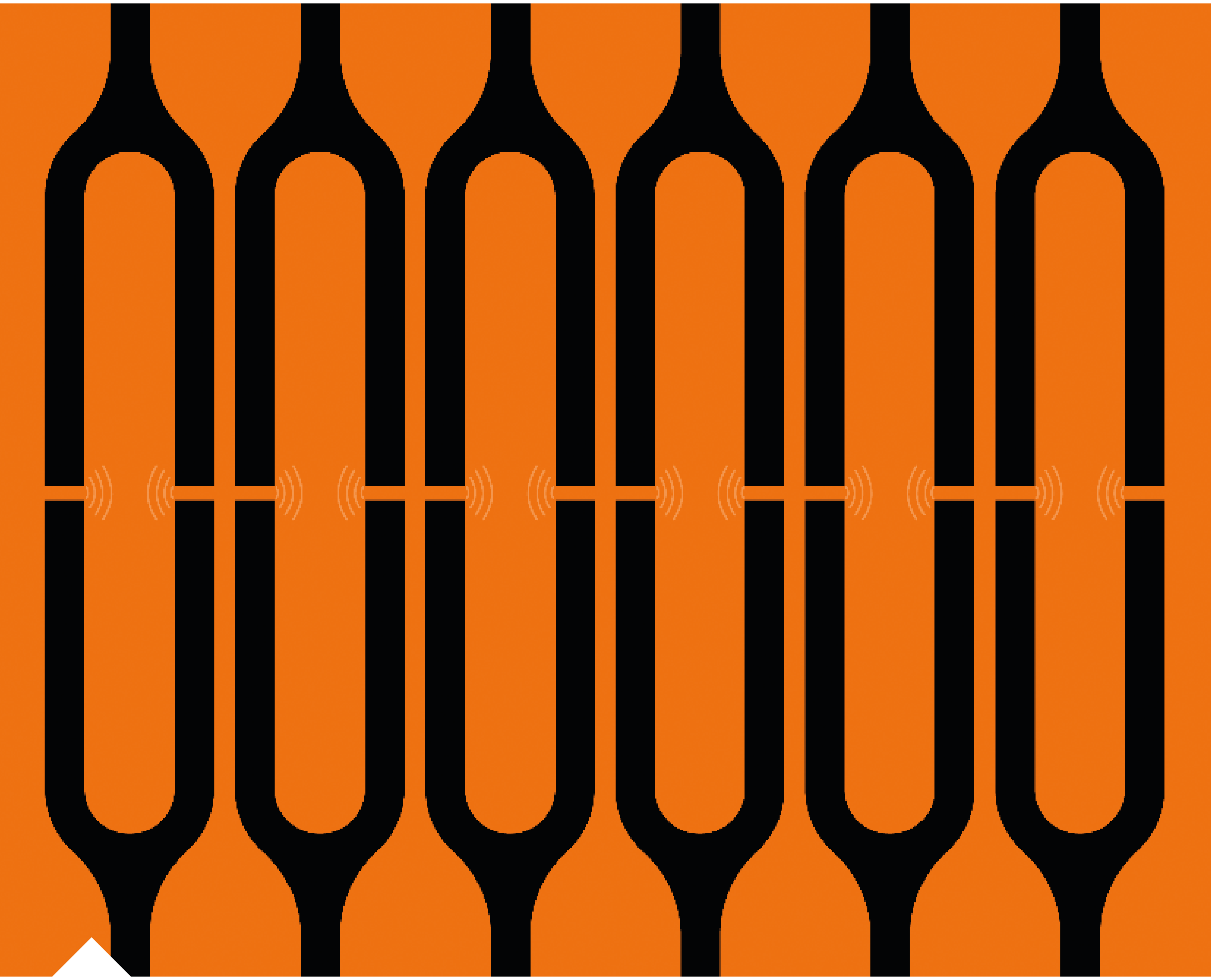

A SUBLIME ETERNAL TUNE
To the rhythms of fintech

CASE STUDY: MYNT
Telco moves into micro-lending

SPOTLIGHT
AI to the core

FINTECH FUTURES

Contents

FINTECH FUTURES

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Editor’s note

This month’s editor’s note comes to you from the Temenos Community Forum (TCF) in Dublin, the banking tech vendor’s biggest one yet, with nearly 1,500 people from over 100 countries in attendance.

The keynote was delivered by Ireland’s prime minister Leo Varadkar, who stressed the country’s commitment to the European Union, free trade and securing a position as “a leader, not follower” among tech hubs worldwide.

He emphasised the importance of education (“key to transformation”), digitalisation (which the government fully supports and “leads by example”, he said) and making sure the innovations benefit the people of Ireland (raising living standards, provisioning good jobs, providing a work-life balance, improving the infrastructure, investing and healthcare and education etc).

The theme of TCF was “digital to the core” (clever pun!), and whilst Temenos is known for its T24 core banking system, its CEO David Arnott feels that the company has now moved beyond the core and is ramping up its capabilities in payments, front office and anti-money laundering (AML).

“In software, whoever is the biggest – wins,” Arnott stated in his opening speech.

As for banks, software modernisation – front-to-back office – is “the future”, he said.

“The fundamentals of banking remain unchanged,” Arnott noted. “Deep domain expertise and technology are paramount.

“However, technology on its own can help, but it can take you only so far,” he continued. “On its own, it won’t change the industry.”

Change must engulf two more areas in addition to technology: cultural change and business model change. These are “prerequisite” for success going forward.

“Banks can be better platforms but they also must become challengers themselves,” he suggested. He cited Openbank, Santander’s digital banking subsidiary in Spain as an example (which is a T24 user).

Other big brands engaged in similar endeavours are RBS in the UK, which is building a digital bank for less financially fortunate and savvy customers of its NatWest subsidiary; Virgin Money, which is too building its own digital bank; and Santander in the UK, which is creating a digital lending platform for SMEs (see p5). Challenge the challengers! **bt**

Tanya Andreasyan
Editor-in-Chief
Banking Technology

BBVA team unveils mobile platform in Mexico

BBVA has launched in Mexico the "first" mobile banking platform developed globally by means of a coordinated effort involving multidisciplinary teams from Spain, the US and Mexico.

The new app is the first built on this global development platform, "unifying user experience in all countries with a single design and navigation logic, adapted to meet the financial needs of customers in each geographical area".

BBVA CEO Carlos Torres Vila says the app is an "example of how a global approach blends in with our digitisation process".

According to the bank, other benefits include reutilising different components, which in turn helps shorten time-to-market across all geographical areas.

These developments also "foster modularity, allowing the global product to include local particularities", such as payments by cheque in the US and utility bills in Latin America.

To support its ambitions, BBVA's CEO cites some stats – and says as of the first quarter of 2018, it had 24 million digital customers, of whom 19.3 million operate using mobile devices. He adds that 37% of total sales are generated through digital channels.

Its current 5.7 million digital customers in Mexico account for 30% of the group's total digital customer base.

Eduardo Osuna, VP and CEO of BBVA Bancomer, the banking group's subsidiary in Mexico, says over the next five years, it will invest $300 million in platforms, redesign of apps, and new (unspecified) products and services.

The expansion of this project starts at BBVA Bancomer over the next few months and will be extended to Uruguay and Peru, prior to rolling out across the remaining countries in BBVA's footprint.

In March, Alipay, operated by Ant Financial, said it was expanding its footprint in the Americas through a partnership with Openpay in Mexico. (In April 2017, BBVA Bancomer acquired Openpay.)

Antony Peyton

Bahrain Benefit-s from national payment system

Bahrain's Electronic Network For Financial Transactions (Benefit) has launched a national electronic wallet payment system, BenefitPay, to allow consumers and merchants to transact without the use of cash or cards.

User can download an app on their smartphones (iOS/Android) to either send or accept payments as it attempts to encourage spending in the national economy.

The BenefitPay app works by using QR code scanning technology. There is a one-time step of the addition of the card, which is saved. Then a customer scans a QR code from the merchant app, enters authentication, and the transaction occurs.

Any customer of a participating bank can pair their debit card with BenefitPay.

Participating banks include Ahli United Bank, AlBaraka Islamic Bank, Arab Bank, Bahrain Islamic Bank, BMI Bank, Citibank, ICICI Bank, Khaleeji Commercial Bank, Kuwait Finance House, Mashreq Bank, National Bank of Bahrain, National Bank of Kuwait, Standard Chartered, and State Bank of India.

Benefit – aka The Benefit Company (TBC) – is the nation's switch for handling ATM and POS transactions, and other services.

It was established in 1997 with a special licence from the Central Bank of Bahrain as a "provider of ancillary services to the financial sector".

Antony Peyton

Deutsche Bank Luxembourg turns to Avaloq for core banking tech revamp

Deutsche Bank Luxembourg has implemented Avaloq's core banking system, creating "a new, single cash ledger for its various businesses", according to the vendor.

The new solution, Avaloq adds, will enable the bank to "to deliver the full range of services to clients while reducing complexity, risks, costs, and paving the way for future growth".

Deutsche Bank Luxembourg and key affiliate entities of the German banking group in Luxembourg decided to operate from one cash ledger for all of its businesses and have now migrated "in one move" from their legacy tech to Avaloq Banking Suite.

Deutsche Bank Luxembourg serves as the group's syndicated and bilateral lending hub for corporate and investment banking clients and as the EU service hub for the group's international wealth management business. It is one of the largest foreign banks in Luxembourg and classed as a systemically important institution in the Grand Duchy. It is directly supervised by the European Central Bank (ECB).

Luxembourg and Switzerland are the international competence and service centres in Europe for Deutsche Bank's cross-border wealth management activities.

The Swiss operations have already been using Avaloq Banking Suite for a few years, and so have the group's subsidiaries in Hong Kong and Singapore.

Tanya Andreasyan

NEWS

PayPal to buy iZettle for $2.2bn ahead of IPO

PayPal will acquire Stockholm-based small business e-commerce platform iZettle for $2.2 billion, giving it a payments boost in Europe and Latin America.

Dan Schulman, president and CEO, PayPal, says: "This is the largest acquisition in our company's history and significantly expands our in-store presence around the world."

On 8 May, iZettle said it intended to proceed with an initial public offering (IPO) and to list its shares on Nasdaq Stockholm.

And as reported in April, iZettle took on Square with the launch of its new platform that will allow merchants to sell in-store and online.

In the latest deal, Schulman says the combination "brings together iZettle's in-store expertise, digital marketing strength and mobile point-of-sale technology with PayPal's global scale, online and mobile payments leadership".

iZettle was founded in 2010 by Jacob de Geer and Magnus Nilsson. It unveiled the "world's first" mini chip card reader and software for mobile devices. Today, the company's commerce solutions are used by half a million merchants across 12 countries and two continents.

PayPal says it expects to close the deal in the third quarter of 2018, at which time it will begin its integration plans.

Once the acquisition closes, de Geer will continue to lead iZettle, reporting to PayPal COO Bill Ready.

There was no word on Nilsson's fate.

Antony Peyton

Payments firm Adyen plans €9bn IPO

Dutch payments firm Adyen has confirmed it's planning an IPO with the listing of its shares on Euronext Amsterdam.

Adyen says the intended offering will consist of a private placement of existing shares held by the selling shareholders to institutional investors in various jurisdictions, including the Netherlands. This will give it a valuation of up to €9 billion.

The selling shareholders intend to sell approximately 15% of the company's shares in the IPO.

Pieter van der Does, co-founder, president and CEO, says: "We feel that we are still in the early stages of a remarkable journey. Our focus remains on building new functionality and on helping our merchants grow. This offering provides us with the freedom to keep building the company, while offering our shareholders a path to liquidity."

As part of its explanations, the firm cites its healthy financial status.

For the year ended 31 December 2017, Adyen says it generated net revenue of €218 million, representing 38% growth compared to 2016, and adjusted EBITDA of €99 million, representing an adjusted EBITDA margin of 45.5%.

There was more good news, when it said processed volumes increased to €108 billion in 2017 compared to €66 billion in 2016, representing year-on-year growth of 63%.

In February, eBay gave PayPal the boot and turned to Adyen as its primary processing partner.

Adyen's customer base includes Uber, Netflix, Facebook, Spotify, Etsy and Vodafone.

Some of its famous backers include cyborg impersonator Mark Zuckerberg and Twitter's Jack Dorsey (and Square of course).

As of 31 December 2017, the company had 668 employees globally, with its headquarters in Amsterdam, and 14 other offices in the US (San Francisco, New York), Latin America (Mexico City, Sao Paulo), Asia-Pacific (Singapore, Sydney, Shanghai) and Europe (Paris, London, Manchester, Berlin, Stockholm, Brussels and Madrid).

In 2017, Adyen obtained a banking licence in Europe, enabling the company to offer payment processing services with direct settlement of funds to merchants from an Adyen account "instead of having to rely on external banking partners".

Antony Peyton

Santander UK to launch financing platform for SMEs

Santander UK says it is working on a project "to build an open digital financial services platform for SMEs".

The project is part of four so-called "speedboats" – innovative ventures within the broader Santander group – announced by the banking group last autumn.

It is understood the technology for the platform will be supplied on a hosted basis by Mambu, which already has experience with the UK's SME banks – OakNorth is its flagship customer in the UK.

Banking Technology understands the system selection involved a number of hopefuls, Thought Machine and Temenos among them.

No comment was available from either Santander or Mambu on the bank's choice of tech.

"We are excited by opportunity to help more SMEs to prosper and we look forward to sharing more about the platform soon," Santander says.

SPEEDBOATS

The aforementioned innovation "speedboats" are global platforms based on a start-up model, led by independent CEOs and sponsored by Santander's country heads.

They are:

- Super Digital – a digital account for the unbanked population in Latin America;
- Openbank – a digital challenger bank initially serving the Spanish market acting as a blueprint for a new IT architecture. The bank is now also moving into Argentina. Temenos is proving its T24 core banking solution for Openbank.
- One Pay FX – Santander's blockchain-based international money transfer service, launched in April for retail customers in the UK, Spain, Brazil and Poland. The project is carried out together with blockchain tech provider Ripple.
- An open digital financial services platform for SMEs in the UK.

Tanya Andreasyan

ABN Amro profits from digital revamp

ABN Amro has reported a net profit of €595 million for Q1 2018 due to cost savings through its IT overhaul.

The profit is a decrease compared to Q1 2017, when it was €615 million. The bank says it had a return on equity of 11.5% for Q1 2018, and its cost/income ratio improved from 60.2% to 57.9%.

ABN Amro is in the midst of a tech revamp.

Kees van Dijkhuizen, ABN Amro's CEO, says: "In recent years, private banking has moved from a wider geographical footprint to a franchise with strong local brands in core countries in North-West Europe."

Its Asian activities have been divested and in February, BGL BNP Paribas revealed it was buying all the outstanding shares in ABN Amro (Luxembourg) and its fully owned subsidiary ABN Amro Life as the latter sees no future for its wealthtech business in the country.

By 2020, Dijkhuizen says it will see "harmonised product and service propositions and platforms as well as standardised processes" that "should drive cross-country scale and enable our strong North-West European private banking activities to grow".

Its IT transformation and digital innovation programmes are "progressing well".

Dijkhuizen explains: "We continue to execute the transformation plans of our core banking systems which we initiated in 2013. We are confident in our current approach where we continuously phase-in further modernisations and we do not intend to initiate a new core banking replacement."

The bank is in the process of standardising its private banking and wealth management operations on the Temenos T24 platform (plus a number of front-end products from Temenos which form its WealthSuite offering), replacing the legacy Olympic core banking system from ERI. The project started in early 2015 and is an extension of an existing deal the bank has with Temenos (a number of its international locations already run T24).

ABN Amro is also on customer lists of a host of other core banking tech vendors, including SAP, Infosys Finacle, TCS Financial Solutions and Finastra.

The bank also highlighted some of its recent developments.

As reported in March, Moneyou, ABN Amro's digital banking subsidiary, was launching its Tikkie mobile payment app in the German market.

In the same month, it was one of the investors in Germany-based Banking-as-a-Service (BaaS) platform, solarisBank, which completed a Series B funding sound, raising €56.6 million.

Elsewhere in its financial results, ABN Amro says its net interest income remained "strong", benefiting from loan growth especially in Dutch SMEs and corporate loans. Its market share in new mortgage production was around 20% for this period.

However, Dijkhuizen says its impairments were "high this quarter due to charges for specialised loans in a few specific sectors".

The bank saw an increase in impairments for commercial banking clients (predominantly healthcare).

Antony Peyton

ING unleashes developer portal

ING has opened a developer portal for API innovation and to work more closely with external developers.

This first version of the portal gives developers access to selected, simulated ING APIs they can use to jointly create new solutions.

"In the spirit of open banking", the portal is available to developers from corporate clients and fintechs who want to partner with ING.

"We look forward to increasing choice and value for our customers through a collaborative developer ecosystem," says Mark Buitenhek, ING's global head of transaction services.

The APIs will be made available in a sandbox for testing – and facilitate the new European Payment Services Directive (PSD2).

The initial simulation APIs offered include account information services, payment initiation, and payment request.

ING says it will continuously expand the portal's functionalities and the APIs it offers. No details on that at present.

Antony Peyton

Lloyd's of London launches lab for insurtech innovation

Lloyd's of London has unveiled its new lab as it looks out for insurtech innovation in an "increasingly digital, data-driven world".

Coming in the second half of 2018 the Lloyd's Lab will focus predominantly on designing technology-driven solutions.

As you guessed, the lab will enable new concepts, ideas and products to be tested in a "fast-track, fast-fail environment with the support and active involvement of Lloyd's market participants".

It's located in Lloyd's building (i.e. Lime Street, in London's main financial district).

Lloyd's names some specific areas where it welcomes ideas. These include reduced expenses, improved premium retention, improved claims experience, brand awareness and reduced cost of change.

The bank's partners in the lab are investment firm L Marks and Boston Consulting Group.

It is open to applications from entrepreneurs, early and growth stage companies operating in the insurtech space worldwide.

There are no specifics at present, but participants will receive mentorship and guidance with the chance to trial and integrate their technologies, products or solutions.

Antony Peyton

Julius Baer live with Temenos wealthtech

Private banking group Julius Baer has completed the migration to Temenos' WealthSuite platform at its subsidiaries in Hong Kong and Singapore.

WealthSuite consists of Temenos' flagship core banking system – T24 – at the back office, and a range of front-end applications such as portfolio management (which stems from Odyssey Financial Technologies, a wealthtech vendor acquired by Temenos in 2010), channels and analytics.

The project commenced in early 2015, following a lengthy selection process to find a new core banking solution to harmonise the bank's operations worldwide. Temenos beat rival Avaloq to the deal at the final stage.

T24 replaced ERI's Olympic core banking system. Incidentally, ERI was not part of the selection process at Julius Baer.

"We are pleased with the go-live in Asia, which is our second home market," comments Nic Dreckmann, COO of Julius Baer.

"Temenos' WealthSuite is laying the operational and technical foundation for our growth in the region. After last year's integration of the T24 platform in Luxembourg, this is the second major step in our effort to harmonise our IT landscape around the world."

Tanya Andreasyan

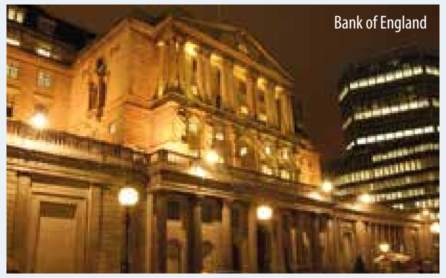
Bank of England's digital currency pushes ahead

The Bank of England (BoE) has unveiled a cunning plan for its central bank digital currency (CBDC) in its never-ending quest for financial stability.

In the bone-dry, 54-page "Staff Working Paper No. 725, Central bank digital currencies – design principles and balance sheet implications", BoE sets out to explain its desires and ambitions.

While it does a lot of analysis, it says it "does not currently plan to issue CBDC". This paper is part of this research agenda.

The bank states: "We find that if the introduction of CBDC follows a set of core principles, bank funding is not necessarily reduced, credit and liquidity provision to the private sector need not contract, and



Bank of England

the risk of a system-wide run from bank deposits to CBDC is addressed."

There are four core principles.

CBDC pays an adjustable interest rate; and CBDC and reserves are distinct, and not convertible into each other.

Next, BoE says there is no guaranteed, on-demand convertibility of bank deposits into CBDC at commercial banks ("and therefore by implication at the central bank").

Finally, the central bank issues CBDC only against eligible securities (principally government securities).

The bank makes it clear that the final two principles imply that households and firms can freely trade bank deposits against CBDC in a private market, and that the private market can freely obtain additional CBDC from the central bank, at the posted CBDC interest rate and against eligible securities.

That is pretty much it in a nutshell. The rest of the paper explains BoE's plans and principles, which we've just summarised, in a very Spock-like and logical manner.

Antony Peyton

New holding firm Syncapay looks for paytech acquisitions

A number of venture capital firms have joined forces to launch Syncapay, a new holding company focused on high-potential payments solutions. The backing comes from Bain Capital Ventures, Silversmith Capital Partners, MissionOG, and Nyca Partners.

Syncapay is based in Dallas, Texas. Industry veteran Juli Spottiswood is chairman and CEO. She co-founded Parago in the late 1990s, which focused on consumer promotions and incentives tech. It was acquired by Blackhawk Network for $291 million in 2014, and Spottiswood continued with Backhawk Network until 2016.

She is also a long-standing board member and audit committee chairman of Cardtronics (the world's largest ATM owner/operator) and served as a board member of the Network Branded Prepaid Card Association (NBPCA).

"The US payments industry continues its rapid growth, but few opportunities exist for high-potential companies to leverage industry knowledge or shared services and tackle the market together," says Spottiswood.

"The Syncapay vision is to build a powerhouse portfolio of disruptor payment solutions that can accelerate growth and success through our investments and support."

Its first acquisition – Swift Prepaid Services – was made late last year.

"Syncapay plans to acquire payments companies with innovative or emerging technology and solutions and leverage the many synergies between them to accelerate growth," the company explains.

"The investment focus is on companies that provide, facilitate or issue business-to-business (B2B) and business-to-consumer (B2C) payments in growth markets around the world."

It intends to house an array of payments brands that serve multiple needs.

Tanya Andreasyan

SIA buys First Data European card processing for €375m

Italian paytech vendor SIA will acquire First Data's card processing businesses in parts of Central and Southeastern Europe for €375 million.

In 2017, these businesses generated a combined revenue of approximately €100 million for First Data.

According to SIA, this acquisition provides card processing, card production, call centre and back-office services, including 13.3 million payment cards, 1.4 billion transactions, in addition to the management of POS terminals and ATMs.

These businesses are primarily located in seven countries: Greece, Croatia, Czech Republic, Hungary, Romania, Serbia and Slovakia.

Massimo Arrighetti, CEO of SIA, says it is "further strengthening its position in the e-payments international market, increasing its market shares in e-money high-growth countries".

Frank Bisignano, chairman and CEO of First Data, adds: "This transaction aligns with our focus on portfolio management. While these are solid businesses, aspects of their operations are no longer core to our strategy, and this sale allows us to deploy the proceeds to create value in line with our capital allocation priorities."

First Data is focusing on its European issuer processing business, "primarily" with its VisionPLUS platform.

The agreement includes the transfer of about 1,400 First Data employees into SIA. Neither firms make it clear if this involves redundancies.

The deal is expected to close in the third quarter of 2018 and is subject to normal closing conditions.

Deutsche Bank and K&L Gates were respectively financial advisors and counsel to First Data on the transaction.

HSBC acted as financial advisor to SIA, White & Case as legal advisor and PWC as tax and accounting due diligence advisor.

ARRIVEDERCI

In May, Arrighetti announced his resignation for "personal reasons". He will remain in office up to 15 June.

SIA said: "With regret, the chairman and directors accepted the decision taken by Dr. Arrighetti, and expressed to him their sincere thanks for the work he has performed during the eight years of his tenure in office, a period which saw SIA constantly grow in size to become a leading player in Europe in infrastructures and innovative payment services.

"During the same meeting, the board of directors resolved to delegate the powers to deputy CEO of the company, Nicola Cordone, who shall take them on at the time of Dr. Arrighetti's departure."

Antony Peyton

Temenos on M&A trail to grow US business

Temenos is keen to make it a success in the US, and is looking for more acquisitions to complement its existing offering to the US market.

In an interview with *Banking Technology* at the recent Temenos Community Forum (TCF) in Dublin, Jay Mossman, chairman, the vendor's North America advisory board, says the areas of focus are anti-money laundering (AML), fraud and wealth management. For the latter, trust accounting is especially of interest, as it's specific to the US.

He adds that the opportunities are ample for these areas as there are plenty of interesting firms and products.

Mossman himself joined Temenos as a result of an acquisition – his company, Akcelerant Software, was purchased by the banking tech vendor in 2015. He then became regional CEO for Temenos in North America, and has recently moved to the chairman role.

Emily Steele, who also comes from Akcelerant, was appointed president of Temenos North America (she was previously COO) at the start of this year.

Mossman says the potential AML and fraud tech purchases will add to the vendor's existing compliance capability, which also came via an acquisition. Temenos bought Trinovus in 2013, which came with a portfolio of compliance products and 800+ users in the community banking space.

This portfolio continues to be developed and marketed, Mossman confirms, as well as Akcelerant's own lifecycle solution (used by around 600 financial institutions in the US). "It is actually exceeding our expectations," he notes.

In the core banking space, Temenos targets top 120 banks and credit unions in the US (over $10 billion in assets). Below that threshold, Temenos is "opportunistic", Mossman says, i.e. it has to be a progressive, forward-looking financial institution to engage with Temenos for the T24 core banking system.

T24 has now been certified by an external specialist as being fully US compliant, Mossman adds.

There are currently two known takers of T24 in the US: Ally Financial and Commerce Bank.

Ally Financial also signed for Temenos Payments Hub (TPH). The project at Ally is known to have experienced some difficulties, but is progressing.

At Commerce Bank, T24 will support customer accounts and deposits. Mossman says deposits are "a sweet spot" for Temenos in the US. The bank will be migrating from the legacy Trisyn core system provided by US-based Infor. (Trisyn is a very old system – it was actually sunsetted a number of years ago and now has less than ten banks left still using it; among these was Zions, which has now moved to TCS Bancs.)

Cognizant is assisting with the implementation at Commerce Bank.

Mossman confirms the project is "fully on track" and in line with the original timelines that "have not been moved".

Tanya Andreasyan

Central Bank of Sri Lanka readies fintech regulatory sandbox

The payment and settlement department of the Central Bank of Sri Lanka is looking to set up a fintech regulatory sandbox.

The bank says the rapid growth of fintech innovations in the country has created "the need to provide an environment that nurtures and promotes their advancement whilst maintaining appropriate regulatory standards".

The objective of the sandbox initiative, it adds, is "to encourage and enable fintech initiatives that promote efficiency and increase access to financial products and services".

The sandbox will provide "a safe space in a controlled environment" for selected firms to test their products and services, without the risk of infringing on regulatory requirements.

The regulator hopes it will help create "robust and sustainable" innovations resulting in more efficient financial intermediation, greater financial inclusion, and "a less-cash society through digitalisation".

The central bank is calling on all relevant stakeholders involved in fintech innovations at entrepreneurial, academic, investor, government, non-government and multi-lateral agency levels, including banks, and non-bank financial institutions and incorporated entities to share their views on this initiative.

Tanya Andreasyan

KBC in instant payments project with Temenos

Belgium-based banking group KBC is working with Temenos and its Temenos Payments Hub (TPH) to build instant payments functionality for its clients. The announcement was made at the Temenos Community Forum (TCF), the vendor's annual event, held this year in Dublin, Ireland.

KBC is already a client of Temenos, with its flagship T24 core banking system running at the group's subsidiaries in Ireland and Bulgaria, and the roll-out underway in Hungary and Slovakia. All this is part of a group-wide technology transformation at KBC.

TPH will be rolled out across KBC's European network of subsidiaries in Bulgaria, Hungary, Ireland and Slovakia. Belgium and Czech Republic are not in the scope of this project.

KBC is working with other participating banks in Belgium and Europe on instant payment capabilities. The go-live is planned for November 2018, in line with the European regulations around instant payments and the relevant initiatives by pan-European industry bodies.

Users of EBA's instant payments system, RT1, will be able to access the platform via SwiftNet Instant, Swift's instant payments messaging solution, from November 2018.

HIGH AND LOW

TPH is an evolution of Temenos Payments Solution (TPS), which was originally unveiled in 2012 as a joint development between Temenos and ABN Amro. The Dutch bank uses the solution for high-value, low-volume payments in the corporate banking space across a number of European locations.

TPS/TPH is now being sold as a standalone solution, competing with the offerings from FIS, Finastra and Fiserv.

Among the known takers are Ally Financial in the US, and Citco, an international group of independent financial service providers that specialises in corporate, fiduciary, financial and fund management services.

The Citco project started in 2015 and also includes the implementation of T24. The new payments hub is set to cover six countries.

Tanya Andreasyan

New SME challenger bank preps for launch

Jason Oakley, the former MD of Metro Bank, is readying his new SME challenger bank to enter the extremely crowded UK market.

These are early days but Oakley says its SME banking licence application is "going well" and the new entity will be called Recognise.

He says the name is designed to "reflect the lack of recognition and dedication to SMEs from the big banks" and "no relationship, no contact, no recognition of the vital role they play in our economy".

It seems every new bank has to make a sarcastic reference to the old order.

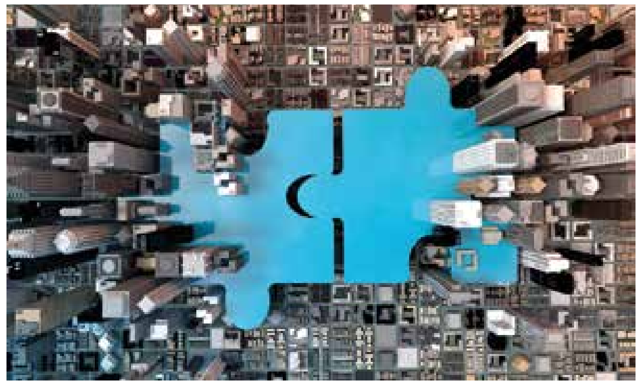
According to Oakley, who is currently the MD of Echo Financial Services, he took Metro's commercial and mortgages lending business from £60 million to over £2.5 billion. He worked at Metro for three years.

Oakley adds that Recognise aims to be trading under restriction by the middle of next year.

He is also the founder and majority shareholder in Acorn to Oaks Financial Services Limited. This company was set up in 2008 and offers financial advice.

Antony Peyton

Worldline to acquire SIX Payment Services for €2.3bn



Worldline has continued its acquisition spree and will buy Switzerland-based SIX Payment Services (SPS), a division of SIX, for €2.3 billion.

The move is part of Worldline's plan to strengthen its operations in Europe. SIX will become a 27% shareholder of Worldline, with Atos retaining a majority stake of 51% in Worldline.

Thierry Breton, Atos chairman and CEO, Worldline chairman, says this means it's the "perfect long-term payment partner for the European financial industry in these times of deep regulatory and digital transformations of the sector".

According to Worldline, the acquisition gives it a +30% group revenue increase, and a +65% increase in merchant services business attaining over €1 billion annual revenue. In addition, it makes it "number one" for payment market positions in Switzerland, Austria, Luxembourg and a "major reinforcement" in Germany.

The transaction is mostly paid in shares with a cash component of €0.28 billion valuing SPS at an enterprise value of €2.3 billion. Closing is expected at the end of Q4 2018, and a consolidation as of 1 January 2019.

SPS has done numerous cross-border acquisitions in the past, such as Paylife in Austria in 2013, Cetrel in Luxembourg in 2014, and in 2017 a subsidiary of VÖB-ZVD in Germany and Aduno, its competitor in Switzerland.

According to SPS, it will have around €530 million for its 2019 estimated net revenue, and currently 1,600 staff. There are no details on what will happen to these employees.

In terms of more stats, 81% of SPS's turnover is in merchant services (c. €430 million). It also gets €100 million revenue from financial processing services to about 180 banks and financial institutions, in particular to the Swiss banking community.

The transaction comprises a ten-year commercial contract with SIX to deliver a range of processing services to the Swiss banking community.

In that context, Worldline has undertaken in a related transaction to become a 20% shareholder in TWINT (the Swiss bank owned mobile and P2P payment scheme and solution) for a €25 million investment, alongside SIX and other banking actors.

Last year, Worldline bought 100% of the share capital of First Data's fully owned subsidiaries in Lithuania, Latvia, Estonia (aka First Data Baltics or FDB) for around €73 million, financed by available cash.

Also in 2017, Worldline signed a definitive agreement to acquire 100% of the share capital of Stockholm-based Digital River World Payments (DRWP), an online global payment service provider from Digital River.

Antony Peyton

Poland is world's first for banking records on blockchain

Billon and the Polish Credit Office (Biuro Informacji Kredytowej – BIK), the largest credit bureau in Central and Eastern Europe, will implement blockchain for storage and access to sensitive customer information.

According to Billon, its blockchain technology will benefit the bureau through security, integrity and immutability of data.

The GDPR compliant solution guarantees "total visibility, trackable history and full data integrity for any client-facing document" including banking records, loan agreements, insurance claims, telephone bills and terms and conditions.

Mariusz Cholewa, president of BIK, says: "Our cooperation with Billon is long-term. We believe that blockchain technology will transform client communications in the financial sector. Our solution will soon be expanded to include electronic delivery with active confirmation and remote signing of online agreements. It is also important that the solution meets legal requirements of a durable medium of information, as well as the EU GDPR requirements."

BIK is owned by various banks active in Poland – including Pekao, ING, mBank, Santander and Citi. It tracks nearly 140 million credit histories of over one million businesses and 24 million people.

The BIK-Billon partnership saw eight Polish banks participating in trials, which established that Billon's scalable blockchain architecture could publish over 150 million documents every month.

Billon says this would be "more than sufficient for even the largest institutions to move to paperless customer service".

The solution has been approved following consultation with the Polish Office of Competition (UOKiK) and Data Protection Regulator (GIODO), making it one of the "world's first regtech compliant blockchain solutions".

In April, Billon partnered with Igoria Trade to let users make payments in 150 currencies.

Igoria Trade will provide its IgoriaCard, which uses the Mastercard network to deliver an internet transaction system for managing limits, payment history, and enabling currency exchange, in both a plastic and virtual form.

Antony Peyton

Danske Bank Spiir-ed into first fintech investment

Danske Bank has invested "millions" in Danish-based budget app Spiir, thus becoming co-owner of a fintech company for the first time.

According to the bank, more than 200,000 Danes use Spiir to manage their budget, monitor their spending and find less expensive alternatives for their fixed expenses.

With the investment, of which exact details were not disclosed, Danske says it now has access to Spiir's technical platform, which includes data retrieval from other Nordic banks.

Rune Mai, CEO at Spiir, says: "With Danske Bank to back us, we now have the opportunity to accelerate the development of both Spiir and Nordic API Gateway."

He adds, as an example, that consumers benefit via this data deal – "imagine liquidity management or accounting solutions that automatically perform reconciliations with a bank".

Dankse says the investment in Spiir "supplements" its work to meet the requirements of the new Payment Services Directive II (PSD2), which obligates banks to make customers' bank data available to third parties.

The bank explains that it is also a step towards opening up more for partnerships and making it "simpler and more efficient for our customers to manage their day-to-day finances".

In April, it was reported that Sweden-based start-up Minna Technologies' personal finance management (PFM) solution for subscription management will be integrated into Danske Bank's mobile banking app later in 2018. But Danske says the investment in Spiir "nevertheless stands out".

Lars Malmberg, head of commercial excellence in group development in Danske Bank, says he sees a potential in Spiir's work to develop its platform, the Nordic API Gateway.

In practice, this could mean Danke's customers could view their accounts with other banks, or if they have accounts with several banks, he says they will soon be able to view these accounts in its new Danske Mobile Banking app.

Spiir was founded in 2011 by Mai and Gudmundur Hreidarsson for the "purpose of making personal budgets both fun and easy to understand". Good luck with that.

The two founders are currently CEO and CTO in the company, respectively, in a business which consists of 15 employees and is backed by a number of private investors, including entrepreneur Lars Kolind.

Antony Peyton

Nubi turns to Mambu for core banking tech

Nubi, a company in Argentina linked to Banco Comafi, has selected Mambu to underpin its digital services, including online processing of surcharges and payments. The vendor will supply its cloud-based core banking system to Nubi.

Nubi provides businesses and consumers with prepaid services for international purchases and also enables domestic SMEs and entrepreneurs who sell services and products abroad to withdraw international payments, and deposit them in their local bank account, both in ARS and USD.

"We strive to promote financial inclusion and democratisation of electronic commerce in Argentina," states Martin Borchardt, CEO of Nubi.

"To do this, Mambu's technology is the best fit as it has the flexibility, scalability, and innovation required for our next releases in the local market. Mambu supports our digital business strategy in real time as part of our cloud-native, composable API-driven architecture."

Mambu already has a handful of clients in Argentina, including Wenance, Banco Macro and Ualá.

Tanya Andreasyan

Deutsche Bank to cut 7,000 jobs

Deutsche Bank is axing more jobs with 7,000 people set to go from its equities sales and trading business.

As reported in February, the bank said it would cut up to 500 investment banking jobs.

In the latest cull, its global headcount will fall from 97,000 to well below 90,000. There is no information on regions or breakdowns, but Deutsche Bank says "associated personnel reductions are underway".

It aims to reduce headcount in this equities sales and trading area by approximately 25%. In cash equities, it will concentrate on electronic solutions and its "most significant clients globally". In prime finance, the bank says it will reduce leverage exposure by a quarter, equivalent to a reduction of approximately €50 billion.

"We remain committed to our corporate and investment bank and our international presence – we are unwavering in that," says Christian Sewing, Deutsche Bank's chairman of the management board. "We are Europe's alternative in the international financing and capital markets business. However, we must concentrate on what we truly do well."

According to Deutsche Bank, these business reductions will contribute to a decrease in leverage exposure in the corporate and investment bank of over €100 billion.

Deutsche Bank says it will accelerate the pace of cost reduction across the organisation. In 2018, as it already announced, the bank envisages adjusted costs not to exceed €23 billion.

For 2019, the management board plans to reduce adjusted costs to €22 billion with "no further significant disposals currently planned".

In its latest Q1 results the bank revealed a net income of €120 million, versus €575 million in the prior year period.

Antony Peyton

Capital One buys digital identity start-up Confyrm

Capital One has acquired San Francisco-based digital identity start-up Confyrm as it seeks to capture the market for consumer identity services.

Financial details were not disclosed, but as part of the deal Andrew Nash, founder and CEO of Confyrm, has become managing vice-president of Capital One's consumer identity services. No word on what happens to the rest of the staff.

Nash says: "Start-ups are formed for many reasons – sometimes it is because there is a challenge that needs to be tackled, and it requires a scrappy little start-up to prove that we can make a difference."

Confyrm was founded five years ago and offers help against online fraud.

According to Nash, identity systems are becoming more and more complex as they are progressively more distributed, federated and outsourced. He says digital identity systems are becoming core to trusted online transactions for governments, companies and consumers alike.

Confyrm works by sharing security alerts using "privacy enhancing" distribution methods to "increase safety while avoiding impacting privacy or brand trust".

The firm offers its Confyrm Event Warning System, a platform of shared privacy-preserving identity alerts providing detection of digital identity risk. The system works by providing notifications of suspicious account activity with providers across the ecosystem.

Nash has previously worked as director of technologies at RSA Security, and served on the boards of the Open ID Foundation, Open Identity eXchange, and the Information Card Foundation.

Capital One is staying active in the fintech space. Back in March, it was reported that Amazon was talking to JP Morgan Chase and Capital One about a checking account-like product.

Antony Peyton

Deutsche Bank buys Indian start-up Quantiguous

Deutsche Bank has acquired Quantiguous Solutions, a Mumbai-based software company, as it seeks to strengthen its transaction banking franchise.

With the help of Quantiguous, the bank says it will accelerate the development of its open banking platform that forms the core for developing client applications and connecting corporate clients, fintech firms and partner companies to Deutsche Bank's transaction banking platforms and services.

John Gibbons, Deutsche Bank's head of global transaction banking, says: "The injection of this high-quality talent pool from Quantiguous into the bank's digital franchise will help us go to market faster."

As part of the acquisition, Deutsche Bank will take over all employees of Quantiguous, who will join the core team responsible for the development and roll-out of the transaction bank's global API programme.

The bank and Quantiguous didn't disclose the value of the transaction.

In a separate development, Deutsche Bank recently teamed up with the International Air Transport Association (IATA), the trade association for the world's airlines, to test "a disruptive new payment model" (see p18).

Antony Peyton

Virgin Money gets £1.6bn takeover offer from CYBG

The UK's Clydesdale Bank and Yorkshire Bank (CYBG) has made a takeover bid for Virgin Money, valuing it at £1.6 billion.

If the deal goes ahead, the combined entity will have six million personal and business customers and a balance sheet of between £60 billion and £70 billion.

CYBG says it will keep the Virgin Money brand, subject to an agreement with Richard Branson's Virgin Group.

Virgin Money has confirmed the preliminary approach and its board is "in the process of reviewing this proposal". It adds that there is "no certainty" a formal offer will be made.

CYBG says the two combined businesses "would create the UK's leading challenger bank offering both personal and SME customers a genuine alternative to the large incumbent banks".

Both of them make a lot of noise about being "challenger banks", yet Virgin Money was founded in 1995. It expanded in 2011 when it bought the remnants of Northern Rock for £747 million.

In turn, CYBG is a holding company that owns Clydesdale Bank, Yorkshire Bank and the app-based bank B. It was formed by National Australia Bank in February 2016.

On the day of the announcement, Virgin Money's share price rose by 7.7% to 336.6 pence while shares in CYBG 1% to 321.4 pence.

As reported in February, Virgin Money was moving closer to the launch of its digital bank with beta testing expected in the second half of this year.

In addition, 10x Future Technologies, the start-up founded by former Barclays CEO Antony Jenkins, is building the bank's core banking platform.

CYBG has been a long-standing user of Misys' (now Finastra) Equation core banking system.

There is no word yet on what will happen to these two different platforms.

By the way, the UK's Financial Conduct Authority (FCA) was looking into a 15% increase in the value of Virgin Money's shares, which rose from 271 pence on 27 April, to close at 312.4 pence on 4 May.

The FCA said at the time: "We don't comment on specific cases."

Antony Peyton

Volt Bank powers up Down Under

Sydney-based Volt Bank has been given Australia's first new restricted banking licence and is now working towards becoming a fully licensed bank.

Volt joins Xinja and Judo Capital as they all prepare to take on the big four of ANZ, CBA, NAB and Westpac. This is all part of the Australian Prudential Regulation Authority's ambition to open up the nation to more innovation and competition.

Right now, the bank says it is "mobile first" and is in the early stages of its life. For example, it is recruiting staff and is calling for investors.

It doesn't go into a lot of specifics on its website, just the usual stuff about "using the latest technology, we're here to challenge the way banking is done!".

However, for its core banking system, Volt has selected Temenos' T24.

The bank was founded by Steve Weston (CEO) and Luke Bunbury (deputy CEO), who have both worked in banking and financial services.

For instance, Weston worked at Barclays, while Bunbury was group service executive for St. George Bank.

By the way, in a separate development, in May, the 2018-19 Australian budget gave fintech a boost.

The nation's government plans to introduce open banking reforms from mid-next year. There were also funding measures for blockchain, artificial intelligence (AI) and machine learning.

Antony Peyton

Indian lending start-up Finwego preps for launch

Chennai-based lendtech start-up Finwego has won an innovation challenge and is readying for launch.

Shiv Vadivelalagan, co-founder and CEO of Finwego, says: "After four fulfilling years in the US, I'll be moving back to where I belong – India – to build a fintech venture, backed by Harvard Innovation Lab."

The firm has got some momentum as it has just won a $25,000 award at the Harvard President Innovation Challenge. It was chosen from a "whooping" (maybe they were noisy, but he probably means 'whopping') 430 applications from across all nine Harvard schools.

Lending firms are rapidly springing up all over India (and the rest of the world) as bright minds scent money to be made.

Finwego joins this heaving throng and acts as a "financial access platform" that provides personal loans to employees working for its employer partners.

The company explains: "Millions of lower-middle class customers working for small and medium businesses don't have a decent option for short-term credit despite a stable job and a regular salary. To solve this problem, Finwego partners with small and medium businesses and uses employment data to underwrite short-term credit for their employees."

Loan applications are made online and the firm accesses employment data from the employer. Finwego says all data and documents are taken directly from the employer.

It charges a 2% processing fee on all loans and its interest rates range from 18% to 24%.

Finwego says these interest rates are entirely based on its artificial intelligence (AI) powered algorithm.

This crunches a variety of employment related data such as length of employment, time-in/time-out attendance data, leave pattern, salary increments, bonus payouts and other performance related variables to create a picture of the individual.

The firm is still in the hiring phase – such as looking for a loan operations officer.

Pavee Ramanisankar is the other co-founder and a "serial entrepreneur" who has owned companies in manufacturing and education.

Vadivelalagan has around eight years of experience in payments, microfinance and consumer lending.

Finwego is the consumer brand of Meitrail Financial Services. The latter is an unlisted private company incorporated on 9 March 2018. The registered office of the company is also in Chennai.

Antony Peyton

Blockchain firm Zonafide shuts down

UK-based blockchain company Zonafide shut down in May due to ICO costs and the unexpected freeze of a major deal.

On Twitter the firm said: "A major engagement we had expected was put on hold. With the ICO costs the company became insolvent and our personal resources were expired. Very sad."

Banking Technology contacted Zonafide to see if this was a reference to the Atos deal. It replied: "Yes, we had an engagement with a client that used Atos for BPO. That client has delayed the project and we cannot afford to wait."

As reported in February, European IT services company Atos turned to Zonafide to help combat identity theft and cybercrime.

The deal would have seen Atos assist their clients in the use of Zonafide's blockchain-based technology in "processing life events such as marriage and deaths". Atos' clients span a lot of industries and sectors, including £3 billion of UK Government contracts.

At that time, Zonafide said its mobile app helps prevent fraud and cybercrime by securing activities – such as payments or updating personal details with a bank.

Ivo Luijendijk, group industry director data analytics, IOT and blockchain at Atos, said in February: "Discussions with Zonafide have been greatly appreciated by our clients and we have already identified a prospect. I think this will be a fruitful partnership for both Atos and Zonafide."

Zonafide was founded in 2014. Paul Worrall, its founder, is also the founder of Interition, a semantic web technology firm for enterprise software.

Antony Peyton

PAYMENTS COMMENTARY

Learning the B2Cs of e-commerce

In late April, Russia's largest bank, Sberbank, and the country's leading search engine company Yandex, announced their intention to create a B2C e-commerce service based on the Yandex.Market platform.

As part of the joint venture, the partners will create an online marketplace, develop cross-border e-commerce capabilities and further develop the existing price comparison and product selection capabilities of Yandex.Market. The companies will combine the technological capabilities of Yandex and the infrastructure and technologies of Sberbank to develop the platform.

Yandex is one of Europe's largest internet companies and in the three months to 31 March, recorded revenues of RUB 26.6 billion ($464 million), up 29% on the same quarter in 2017. The company recorded a net income margin of 7% during the period. Yandex's share of the Russian search market, including on mobile devices, averaged 56.5% in the quarter.

Russia's total retail e-commerce sales reached RUB 920 billion in 2016, an increase of 20% in the previous year, according to research by Russia's Association of Online Retail Companies. The Association estimated that the market would top RUB 1 trillion by 2017 (final figures are not yet available).

Of these sales, more than RUB 300 billion – just under one third of the market – were transacted across borders. The Association found that cross-border e-commerce retail sales grew by 37%, compared with 6% growth in domestic sales. This was caused, says the report, by the fact that foreign companies do not pay fees on imports, meaning Russian consumers can purchase goods from overseas for less.

In 2016, Chinese online retailer Aliexpress became the most popular online store in Russia, with more than 22 million unique visitors a month. Russia's second most popular e-commerce retailer, Ozon.ru, is far behind with 10 million visitors a month.

> "Among B2C corporates, a segment known for its innovation, many companies have started leveraging the platform model for their banking and payment services."
> **World Payments Report 2017**

The cooperation between Sberbank and Yandex demonstrates a willingness for banks to work with other industry participants in the B2C space. World Payments Report 2017 stated that such cooperation should occur to develop a new payments ecosystem "as a strategic response to structural changes taking place in the industry". While many leading banks around the world had begun initiatives to build such an ecosystem, others are in planning stages, and "a few are lagging behind. Among B2C corporates, a segment known for its innovation, many companies have started leveraging the platform model for their banking and payment services. On the other hand, in the B2B corporate segment, which is traditionally risk averse, few efforts have been made to adopt the platform model."

Increased digitisation in the B2C segment means retail merchants "must find new and better ways to engage with their customers", says the report, and payments will be central to this. Value-added services in areas including customer analytics, fraud management, process optimisation, and compliance tracking are expected to supplement payment solutions to improve customer engagement. Retail merchants are demanding value-added services including wallets, secure payments and improved analytics. They also want these services at a lower cost.

In a survey conducted for World Retail Banking Report 2017, 91.3% of banks recognised the need to collaborate with fintech companies. "Banks realise these firms are differentiating themselves by offering innovative products and data-driven propositions via agile operations that enhance customer experience. These capabilities are attractive to the B2C and B2B segments of the corporate market," says the report.

On a global scale, Statista has forecast that B2C e-commerce sales worldwide will reach $2.356 trillion in 2018.

Other notable moves in the B2C space include Deutsche Bank teaming up with the International Air Transport Association (IATA) to pilot a new payments model, through which customer payments will be collected directly from consumer accounts, rather than via credit or debit card transactions. The German bank hopes the model, which is compliant with the revised Payment Services Directive (PSD2), will enable it to reduce payments processing costs associated with payments between airlines and consumers.

Direct payments will be processed and received in near-real time, enabling IATA member airlines to benefit from acceleration of funds. This will generate significant working capital and liquidity benefits, reducing days sales outstanding and the cost of funding for these airlines, says Deutsche Bank. The bank estimates the model will reduce costs of payments processing and fraudulent activity for IATA members by $8 billion. For the C part of the B2C equation, Deutsche Bank says consumers will have "more choice, a smoother and less complex payments process and ultimately more convenience when paying for airline travel".

Javier Orejas, head of banking EMEA and the Americas at IATA, says: "The direct payment model promises significant cost savings and efficiency gains for our members. With airlines paying huge amounts for transaction fees and compliance – in addition to losses sustained due to fraud – this is a highly valuable innovation for the industry."

> "With airlines paying huge amounts for transaction fees and compliance – in addition to losses sustained due to fraud – this is a highly valuable innovation for the industry."
> **Javier Orejas, IATA**

Bank of America Merrill Lynch (BAML) is collaborating with PayPal on B2C payments via its Global Digital Disbursements product. The bank's US-based commercial clients will be able to make payments in local currencies to clients who hold PayPal accounts. The system is available to PayPal account holders in Mexico, France, Germany, Italy, the UK and the Philippines.

Way ahead of the rest of the world in B2C e-commerce, China is a sobering lesson for banks elsewhere. The innovations in China, where consumers are offered targeted and intelligent payments services, come from non-bank companies such as Tencent and Alipay. Chinese consumers are recipients of "situational finance", where financial products that the consumer needs are presented at the time they need it. Using data from multiple products and services, companies such as Alipay and WeChat have expanded into newer product areas. Chinese consumers are happy to have their search data used, for example, if it results in a product that meets a need. It seems Chinese consumers are less naïve than their Western counterparts when it comes to the use of personal data (as evidenced by the Cambridge Analytica scandal). **bt**

Heather McKenzie, freelance journalist and editor, FinTechEye

Tenacity: the least glamorous life skill and the greatest business asset

By *Leda Glyptis*

I recently had one of those conversations that make you feel most thoroughly out of tune with your interlocutors.

It was a personal conversation.

Initiated by someone who has often expressed admiration at how much I have done in life. This is not admiration I understand. I am hungry for more, things often feel slow, the day is not long enough.

But never mind, that person is in awe or so they say of how much of the world I have seen, how many books I've read, how many random things I've involved myself in, how much I have achieved despite scoring high on every index that should hold one back: I am female, come from a "broken home", grew up in an inner city wilderness, English is not my first language, anon, anon.

I am not making this up.

Ghela Boskovich had a group of us, men and women, stand in a line not so long ago. Quoting recent research on factors contributing to success in the work place, for everything that applied to each of us and has been statistically proven to be a hampering factor we all had to take a step back, for everything applicable to each of us that research has proven to be a facilitator of success we all had to take a step forward. Half way through the exercise I was backed up against the wall with nowhere to go but forward.

The point was made.

But what we all took away was different.

Those of us at the back of the room knew it had never been easy. But we also thought it wasn't meant to be. Easy.

Some of the folks in the front of the room looked at me like I had sprouted blue fur all of a sudden – a Greek Hank McCoy. I had looked so normal until then.

How we all laughed.

Because, back to the conversation I had recently with the person who vocally admires my tenacity in the face of adversity, it turns out people like these things when they appear like narratives in novels.

Because, contrary to what you have been thinking, my chat was not a laudatory pat on the back. It was a bitter complaint about how intense I can be, about how I don't let people get away with their crazy politics and inconsistent behaviours and I choose to call them out instead. How I don't let things slide. I will hunt down every opportunity, pursue every avenue, challenge every bit of nonsense, explore every corner of, well, everything.

Not everyone wants resolution, not everyone wants an answer, not everyone wants to understand, and see and build. Some people want to just have opinions, he said without a hint of irony, and the nice thing to do is let them be. He was irate that I don't value being nice as much as maybe I should.

He's right. I don't. But when I tried to explain the perversity of the situation I found that he, too, wanted to have opinions but not answers.

So I am guessing he wouldn't have much liked what I have to say.

And I guess he won't be surprised that I am going to say it anyway: the thing you don't like, is how I get to the thing you think you admire me for. That's the journey. That's the path. The only path.

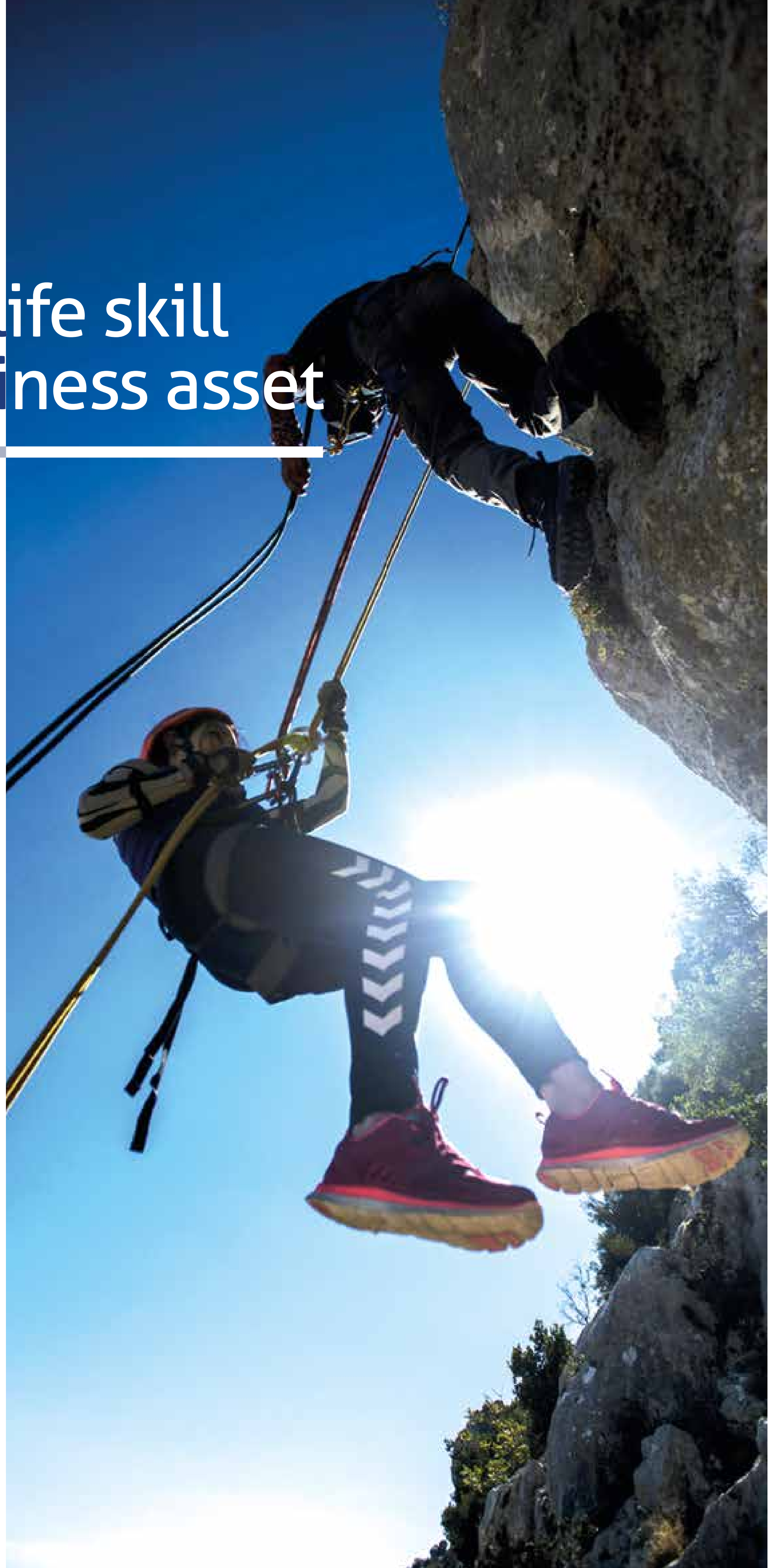
He is not alone in all this, by the way.

In life and business, we often find ourselves wanting the thing but not the toil of making it, the destination without the effort of getting there, the opportunity without the hard work, the tenacious folk without the actual tenacity.

Needless to say, it doesn't work like that.

If it says tenacity on the tin, don't expect to have affable nothingness until the grand finale. Not even in fairytales.

> "Behind each thing I have achieved, there are ten things that didn't work out. We hear these stories from founders and entrepreneurs, writers and artists."
>
> **Leda Glyptis**



> "We hear folks speak of resources, when they should be speaking about choices."
>
> **Leda Glyptis**

ONCE UPON A TIME, THERE WAS NO HERO, JUST A PERSON WHO WOULD NOT GIVE UP

"Sweetheart, you'll find mediocre people do exceptional things all the time."

Ten points if you recognise the song. Full marks if you know what I'm talking about.

Behind each thing I have achieved, there are ten things that didn't work out. We hear these stories from founders and entrepreneurs, writers and artists. We hear the stories and romanticise the effort somehow assuming it is all it takes for success ipso facto dismissing it by treating the eventual success as inevitable, a non religious predestination doctrine that sees people as diamonds in the rough waiting for a magic hand to discover and give them a polish.

Now I am not one to dispel dreams of a Cinderella story.

But for most of us that's not how life works out.

Do you find yourself jealous of other people's track record, all things being equal? Do their holidays seem more interesting than yours, do they always make it to the theatre and you never seem to, did their project eventually ship, does their employing bank seem to be launching interesting new products, is their start-up getting traction? Do you find yourself wondering what these people have that you don't, what magic talisman gets them over those invisible obstacles that stop you?

Because on the other side of this conversation what we see is people who make more money than us lamenting they can't afford a trip to a faraway place, people who leave work before us saying they don't have time to read, people who work in the same organisation as us bemoaning lack of sponsorship. Easy for you, they say, you have… insert noun here.

We hear folks speak of resources, when they should be speaking about choices.

WHAT YOU SEE IS NOT WHAT IT FEELS LIKE

I can guarantee you that every thing you consider a success from the outside is a » mixed story from the inside. The amazing product started life as something entirely different, three hard years ago, and the founder or designer can't consider it an unqualified success, proud as they may be. The amazing platform the rival bank launched that has you green with envy, is a project five years in the making, with many brutal fights, set-backs and late nights in the office when good people wanted to give up because it didn't feel like it was worth it. That amazing holiday your colleague went on, came on the back of months of saving and a row with the family they won't be seeing that Christmas.

Everything has a price.

Everything comes with effort.

The choices we all make each day are about what price we are willing to pay. What effort we are willing to make.

EVERY DAY MATTERS, EVERY CHOICE MATTERS

I know in story books the prince just turns up and does the needful, and even Hollywood will give you training and toil in an uplifting montage, cutting to the chase. You need to fill in those blanks. There is no choice: those blanks are what makes the difference between the people who covet tenacity and success and those who go places and never feel successful because they are nowhere near where they were going and they are not done yet.

The point, as my conversation revealed, is that tenacity is a bore.

I don't actually think you need to sacrifice niceness, whatever that is. But I do believe you need to allow for life to be happening all the time. If you look closely, the people who you admire for shipping that code, getting the project live, living a fuller life than you are the very people who consider every moment relevant to the journey, every conversation pertinent, every opportunity potentially vital.

The people who get places are the people who keep going.

Who make big choices through the little ones.

My grandad said you choose who you are, what you do follows. The people who get the stuff over the line seem to instinctively know that.

"The people who get places are the people who keep going."

Leda Glyptis

So when corporate inertia threatens to stifle their project, they choose to confront their sponsor rather than comfort their manager. When they see short-termism or organisational politics threaten to derail their work, they pick the daily fights and live with being called difficult. These are the people who make a big deal out of seemingly small requests, that are not in line with the purpose of the exercise, that divert attention time or resources, that put someone's ego ahead of the work.

Let's not fool ourselves. When the launch party comes, everyone loves us, but on a daily basis we are a pain in the proverbial.

That is what tenacity looks like, up close.

We don't choose nice, if it's a choice between niceness and integrity. We don't choose the path of least resistance if it diverges from our goal. We don't tell you what you want to hear, if it's not right, even if you are our boss.

"We don't choose nice, if it's a choice between niceness and integrity. We don't choose the path of least resistance if it diverges from our goal. We don't tell you what you want to hear, if it's not right, even if you are our boss."

Leda Glyptis

And we are like that over everything.

Politics, art, family responsibilities, who will walk the dog, what we should do on a Saturday afternoon or where our itchy feet will take us next.

We are exhausting to be around. It is relentless. We have our foot stuck to the pedal when it seems to really not matter all that much.

Because we know that is when it matters the most.

THE HARDEST PART IS THE MIDDLE

Everyone likes a rousing speech and a good plan.

Starting things feels energising and inspiring. Blank sheet of paper. Grand designs. Ambitions.

And who doesn't like a photo finish? The pats on the back, the press release, the launch party, the speeches and medals and smiles.

Only that's not when the work is done. That's not the part those who admire tenacity struggle with. The hard part of any piece of work is the middle. The bit when things go wrong, support wanes and funds run low. When everyone is tired and frazzled, where conviction falters and in corporate terms management mindshare is lost. This is when doubt comes in, fatigue colours everything, resources are stretched and the entire organisation seems to turn against you through neglect, attempts to highjack or derail your work, resource battles, irrelevant requests and deep philosophical disagreements.

Picture this. Early in your work, when blank sheets of paper were still in play and drop dates safely distant, you made some assumptions. Now it's time to adjust those because you iterated, learned and are adjusting your course. Only that won't do because your assumptions were put into five different PowerPoint decks, with associated committees and a whole host of metrics feeding into KPIs ten unrelated departments are working to.

Your iteration is upsetting the ship of MIS and committee updates and how dare you.

What you choose to do now may not be nice but it will be important.

This is the middle. The middle is messy.

Your team is tired, your boss has moved onto the next thing mentally, not everything has worked out.

You need to keep your eye on the ball, you need to fight distractions, you need to say no and look here and wait a minute.

You need to defend resources and push for focus and go against demands on your time, output and activity that will come from way above your pay grade.

Nobody will think you are nice while you do that.

Nobody will remember you did it when you get over the line.

Chances are they will walk away commenting on how lucky you are, to have whatever resources they think made the difference.

But the only resource that made the difference was you. All things being equal.

THINGS ARE RARELY EQUAL

A mother of three has objectively less time to read than I do.

Someone still picking through the rubble of their home after an earthquake doesn't have the option to roam the world.

The world is uneven. Opportunity, luck, circumstances matter.

But all things being equal, not everyone gets an equal outcome. Choices matter. Living with integrity and grace, one scrap at a time matters. Making the choices that make a difference matters. Choosing to stay the course even when it's not nice or easy, matters.

Those of us at the back of the room never expected things to be easy so we are OK to roll with the punches here. We know that things are never equal, even when resources, circumstances and windows of time are. We know that to get your life, product or organisation from the hopeful start to the flashy finish, you need to get good at the middle bit. The scrappy, messy, disorienting, exhausting middle bit when all that makes a difference are your choices. **bt**

Leda Glyptis is *FinTech Futures'* new resident thought provocateur – she leads, writes on, lives and breathes transformation and digital disruption.

Leda is a lapsed academic and long-term resident of the banking ecosystem, inhabiting both start-ups and banks over the years. She is a roaming banker and all-weather geek.

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

Follow Leda on Twitter @LedaGlyptis and visit our website for more of her articles.

The equaliser

Christine Lagarde, managing director of IMF, elaborates on an even-handed approach to crypto-assets.

The dizzying gyrations of crypto-assets such as Bitcoin invite comparisons with the tulip mania that swept Holland in the 17th century and the recent dot-com bubble. With more than 1,600 crypto-assets in circulation, it seems inevitable that many will not survive the process of creative destruction. I have previously looked at the dark side of crypto-assets, including their potential use for money laundering and the financing of terrorism. Here, I want to examine the promise they offer. A judicious look at crypto-assets should lead us to neither crypto-condemnation nor crypto-euphoria.

Just as a few technologies that emerged from the dot-com era have transformed our lives, the crypto-assets that survive could have a significant impact on how we save, invest and pay our bills. That is why policymakers should keep an open mind and work toward an even-handed regulatory framework that minimises risks while allowing the creative process to bear fruit. This was one of the points I made in a speech at the Bank of England last year.

What are some of the potential benefits? Answers are already starting to take shape.

Christine Lagarde, IMF

FAST, INEXPENSIVE

■ Crypto-assets enable fast and inexpensive financial transactions, while offering some of the convenience of cash. Some payment services now make overseas transfers in a matter of hours, not days. If privately issued crypto-assets remain risky and unstable, there may be demand for central banks to provide digital forms of money.

■ The underlying technology of crypto-assets – distributed ledger technology (DLT) – could help financial markets function more efficiently. Self-executing and self-enforcing "smart contracts" could eliminate the need for some intermediaries. Already, the Australian Securities Exchange has said it plans to use DLT to manage the clearing and settlement of equity transactions.

■ Secure storage of important records is another promising use for DLT. Healthcare companies are studying how to use the technology to maintain confidential medical data while providing access to insurers and other authorised users.

■ In developing economies, such advances can help secure property rights, increase market confidence and promote investment. In Ghana, where property ownership is often the subject of disputes, a DLT-based platform called Bitland promises to help solve the problem by securely recording land sales.

A BETTER BALANCE

In my view, the fintech revolution will not eliminate the need for trusted intermediaries, such as brokers and bankers. There is hope, however, that decentralised applications spurred by crypto-assets will lead to a diversification of the financial landscape, a better balance between centralised and decentralised service providers, and a financial ecosystem that is more efficient and potentially more robust in resisting threats.

> " A judicious look at crypto-assets should lead us to neither crypto-condemnation nor crypto-euphoria."
>
> **Christine Lagarde, IMF**

> "Before crypto-assets can transform financial activity in a meaningful and lasting way, they must earn the confidence and support of consumers and authorities."
>
> **Christine Lagarde, IMF**

What are the implications for financial stability? Our preliminary assessment is that, given their still-small footprint and limited links to the rest of the financial system, crypto-assets do not pose an immediate danger. Even so, regulators should remain vigilant: crypto-assets have the potential to magnify the risks of highly leveraged trading, and to increase the transmission of economic shocks should they become more integrated into mainstream financial products.

Moreover, banks and other financial institutions will face challenges to their business models, should there be a large-scale shift away from government-issued currencies toward crypto-assets. Regulators might find it harder to ensure the stability of a more diffuse and decentralised financial system. Central banks might have more trouble acting as the lender of last resort in case of a crisis.

EVEN-HANDED APPROACH

Before crypto-assets can transform financial activity in a meaningful and lasting way, they must earn the confidence and support of consumers and authorities. An important initial step will be to reach a consensus within the global regulatory community on the role crypto-assets should play. Because crypto-assets know no boundaries, international cooperation will be essential.

Here, the IMF, with a membership of 189 countries, can play a key role by offering advice and serving as a forum for discussion and collaboration in the development of a consistent regulatory approach.

For this to happen, we must keep abreast of rapid developments in markets and technologies. We must act quickly to close the knowledge gaps that inhibit the effective monitoring of crypto-assets. There should be systemic risk assessment and timely policy responses, as well as measures to protect consumers, investors, and market integrity.

Understanding the risks that crypto-assets may pose to financial stability is vital if we are to distinguish between real threats and needless fears. That is why we need an even-handed regulatory agenda, one that protects against risks without discouraging innovation.

A clear-eyed approach can help us harness the gains and avoid the pitfalls of the new crypto-assets landscape. **bt**

The article was first published on the IMF Blog

Fresh Mynt

Banking Technology talks to Philippine fintech, Mynt, about the business case and technology behind its current micro-lending efforts and where it is planning to head with other financial services, leveraging the customers and data of its majority shareholder, the country's largest telco.

In today's ever more fluid markets, new entrants in financial services can come from more or less any direction. Often they are set up to leverage, expand or defend other core businesses. In the Philippines, Fuse is a perfect example. It has been launched as a new micro-lender and is a subsidiary of fintech, Mynt, which in turn came out of the country's largest telco, Globe Telecom.

Globe Telecom has more than half of the Philippines mobile phone market, with around 64 million customers, and it was a pioneer in the e-payments space over a decade ago, with GCash. It now has Send Money that allows customers to transfer money domestically for free, plus Pay QR, GCash MasterCard and GCash American Express Virtual Pay for POS and online transactions.

"We hope to have 20 million active users in the next three years, which is challenging, but after five or six months we are roughly on target."

Jean-Francois Darre, Mynt

To put financial services in the Philippines into perspective, only around 3% of the population of around 100 million have a credit card and 34.5% have bank accounts but there are 120 million SIMs.

Mynt's push into financial services is intended to build on the telco and GCash customer bases, with aggressive plans for growing the micro-lending business as well as launching additional products, including third-party loans, savings, investments and insurance.

Jean-Francois Darre, Mynt's chief analytics and risk officer, says there was initially an attempt to incubate the fintech within Globe Telecom but that proved to be challenging, in part due to the telco's focus on its core business. As a result, Mynt was established as a wholly-owned subsidiary around two and a half years ago.

Since then, a funding round saw the arrival as investors and shareholders of Ant Financial, which is a fintech affiliate of Chinese B2C giant, Alibaba, and Ayala, a large Philippines conglomerate. The mix of telco, fintech and conglomerate is a good one, says Darre.

The ambition for GCash, with its e-wallet and payments app, is that it becomes the default option for all payments. "The aim is that you take out your mobile phone, not your wallet," says Darre. He cites the e-wallet-centric cashless ecosystem that is developing in China as a model.

It is not the intention to make money from payments per se but to provide a service that is as close to free as possible, then leveraging the ability to create other revenue streams around this. Financial services is one of these.

"The aim is that you take out your mobile phone, not your wallet."

Jean-Francois Darre, Mynt

"We hope to have 20 million active users in the next three years, which is challenging, but after five or six months we are roughly on target," says Darre. The intention was always to start relatively cautiously because it wanted to ensure that the user interface, user experience and business model were right. At present there are new, refined versions of the GCash app released each month.

Fuse, set up by Mynt in 2016, is focused on micro loans at the outset, typically for people with no credit history – which is clearly a large portion of the population, given the low adoption of credit cards and bank accounts. Instead, it uses behavioural data from a person's use of GCash.

The underlying technology is Mambu's cloud-based lending platform. The company is the closest the core systems market has had to a disruptor in the last few years, with its initially narrow, low-end lending system built and delivered from the outset via Amazon's AWS and now with 250 users across 46 countries.

Many Mambu users are microfinance institutions (MFIs) but of late the supplier has also added savings and investment capabilities to its system. It has moved not only into larger lending specialists but there has also been take-up from some broader users. Notable recent customers include ABN Amro's SME lending start-up, New10, Berlin-based mobile banking entrant, N26, and UK-based SME lending challenger, OakNorth Bank.

When Fuse was set up it had a system derived from an existing lending platform which was primarily for deposits but had seen lending capabilities added over time, says Mynt project manager, Jillian Ng. It was decided that it needed a dedicated lending system that was sufficiently flexible to handle a range of offerings.

It was flexibility that drew Fuse to Mambu, says Ng. There was a proof of concept study over almost six months that tested the platform for a mix of traditional and >>

"For the most part, we can say we are self-sufficient. The APIs and the web hooks enable our technical team to do a lot in our development environment."

Jean-Francois Darre, Mynt

innovative products. At one end of the scale was a traditional business loan sold by an on-the-ground team, with manual processes and documentation. At the other end, there was an instant, digital personal loan with a rapid automated approval process.

Including the proof of concept and contract negotiations, it took around one year to go live. Cutover was in August last year and, since then, around 15 products have been migrated from the old system. This constitutes more or less everything, with only a couple of products that are due to be discontinued still on the old system (it has loans for education and travel; cash-advance loans for employees; loans for micro entrepreneurs for business capital; loans for working capital; and loans for micro, small, and medium entrepreneurs).

The implementation was agile and rapid, says Ng. Throughout the project, the supplier's team was responsive and helpful, she says. Where new features have been required, over and above what comes as standard, there has been a good process


Jean-Francois Darre, Mynt

whereby those that are felt to be of interest to the overall Mambu client base have been done at a discount of up to 80%.

"For the most part, we can say we are self-sufficient," she says. "The APIs and the web hooks enable our technical team to do a lot in our development environment." Through an enterprise services bus (ESB) the Mambu system is linked to the GCash systems.

For the future, it is intended to offer third-party lending products, once more taking advantage of the GCash app and data. That data will support offerings based on segmentation and the risk appetite of GCash users. "It is a hyper-efficient way of delivering services," says Darre.

Again using the example of China, there is also a plan to offer savings and investment products "to the masses". Darre describes this as likely to be via partnerships with banks and to constitute micro-type investments, potentially across a range of areas, including commodities.

Along the same lines, there will be micro-insurance offerings via the GCash wallet. "Financial inclusion isn't just about lending but also savings, investments and insurance," says Darre. With both the higher end lending and insurance, at least, the expectation is that the partners' brand will be used and they will potentially want to use their own systems as well, interfaced to GCash.

Fuse is focused on a credit vacuum that too often in the Philippines is filled by informal lenders. While a start-up in 2016, its parentage means it has the user base and data of Globe Telecom as strong foundations. Its choice of technology has facilitated a fast time to market and it has ambitious growth plans, alongside Mynt's intention to have a wider financial services product set. On occasions, as here, there might be opportunities for incumbent banks to partner but the data-rich and agile approach that leverages an existing successful business is also a powerful threat. **bt**

STARGAZING

Not all banks are equal in the open future

By *Louise Beaumont*, strategic advisor on open banking at Publicis.Sapient and member of the New Payments System Operator's End User Advisory Council

When you look at the banking runners and riders, it's clear that we've got a distinctly mixed ability class.

So, using stars* as our metaphor, let us venture to the final frontier.

PROTOSTARS

"A protostar is what you have before a star forms. It's a collection of gas that has collapsed down from a giant molecular cloud. The protostar phase of stellar evolution lasts about 100,000 years. Over time, gravity and pressure increase, forcing the protostar to collapse down."

Think of this as the environment from which the so-called fintechs and challenger banks have formed. There's been a lot of hot air, and it's taken a very long time, but pressure has built up and stars are forming.

T TAURI STAR

"A T Tauri star is the stage in a star's formation and evolution right before it becomes a main sequence star. These stars don't have enough pressure and temperature at their cores to generate nuclear fusion, but they do resemble main sequence stars; they're about the same temperature but brighter. T Tauri stars can have large areas of sunspot coverage, intense X-ray flares and extremely powerful stellar winds."

Definitely fintechs and challenger banks: not yet big players but attracting a lot of attention with their bright press releases, their flashy apps, and their windy conference speeches.

MAIN SEQUENCE STAR

"The majority of all stars are main sequence stars. Our Sun is a main sequence star. Main sequence stars can vary in size, mass and brightness, but they're all doing the same thing: converting hydrogen into helium in their cores, releasing energy."

Recognise the incumbent banks? There are lots of them, they all look the same, and they all do exactly the same thing, like great big cosmic cookie-cutters. And some of them, like main sequence stars, may have a long life ahead of them…

RED GIANT STAR

"When a star has consumed its stock of hydrogen, fusion stops. A shell of hydrogen around the core ignites, causing it to increase in size dramatically. The aging star has become a red giant star. This phase will only last a few hundred million years before it runs out of fuel completely."

For some of the incumbent banks fusion has stopped. They are massive, and they have run out of ideas but not of excuses – they mouth mantras so ingrained that bankers won't, or in some cases can't, see past them.

Risk-averse practices, compliance requirements, and sensitivity around data and cost are often cited as the barriers to why innovation doesn't occur. But these are shorthand for maintaining the status quo.

"There's no budget" they cry, as if their bank doesn't already spend a huge amount of money on IT, lose money through mass inefficiencies, and waste a lot of money on frivolous activities.

"The burden of regulation has killed our naturally innovative spirit" they complain. Banks are highly regulated entities, true. But in an open banking future, the part that is heavily regulated – essentially the holding and moving money part – will only be one element of what constitutes the provision and, crucially, the delivery of financial services. The "naturally innovative" point is moot, at best.

WHITE DWARF STAR

"When a star has completely run out of hydrogen fuel in its core, the star collapses inward under its own gravity and becomes a white dwarf, which shines because it was a hot star once, but there are no fusion reactions happening anymore."

Regional incumbent banks come to mind – they have a heritage geographic and product-push niche, in a world that is increasingly consumer-focused and platform-minded.

SUPERGIANT STARS

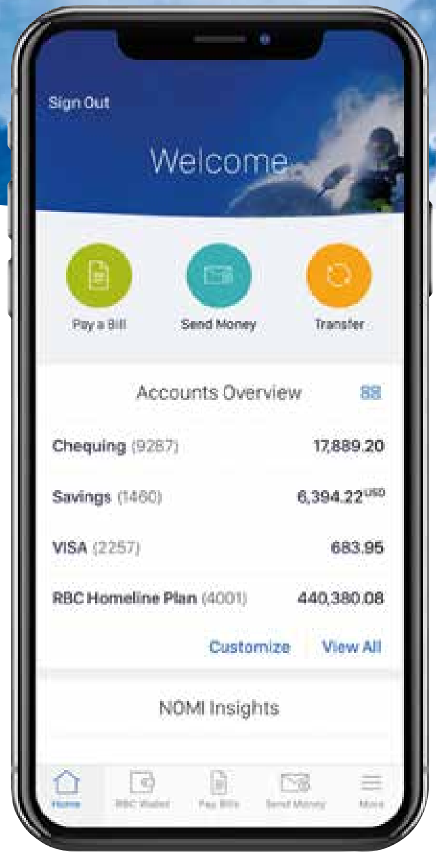
"The largest stars in the Universe are supergiant stars. Unlike a relatively stable star like the Sun, supergiants are consuming hydrogen fuel at an enormous rate and will consume all the fuel in their cores within just a few million years."

This will be some, but not all, of our fintech and challenger bank friends. Some of these stars will indeed live fast and die young, disappearing completely as they fail to gain a sustainable customer based, or being subsumed into other brands. However, others will change the way we live our lives. **b**t

*with apologies to Fraser Cain and Universe Today

Farewell, friction

Royal Bank of Canada (RBC) is moving with the times with a series of useful innovations and launches.



RBC has been proactive with its digitisation strategy. Instead of aiming to offer all things to all people it has instead chosen to focus on best use of technology in areas where there is a real friction point and a problem to be solved. By doing this it has added value to its customer base and seen impressive take up figures of its various initiatives.

Its most recent play was a mass scale artificial intelligence (AI) digital service, NOMI. This offers its customers insights about their financial habits and the ability to automate their savings. Its mobile offering meanwhile, has seen new iterations based on building its P2P capability and it is also in the throes of introducing a loyalty scheme and other partnerships to bolster its offering.

Rami Thabet, VP of mobile at RBC, comments: "The mindset here at RBC is that we want to have a digitally-enabled relationship with our customers. We want this relationship to be meaningful and to offer a blend of channels that makes for a much better user experience than when customers use single channels. But instead of looking at cutting-edge technology that is at the early stage we look to innovate in areas where we can tackle the everyday issues that our customers have. In this way we offer something that actually adds value to our customers."

NOMI

Making the everyday better was behind the recently introduced NOMI proposition. This is made up of two parts; NOMI Insights provides personalised, timely, and relevant information from a client's account to give them visibility and empower them to manage their day-to-day finances through the RBC Mobile app. NOMI Find & Save meanwhile, helps make saving simpler for clients by using predictive technology to find amounts of money clients can spare, and automatically saving that money for them.

Thabet comments: "We are always about the everyday case use. NOMI is all about the helping people to manage their finances as they go about their business. This is something that many people struggle with."

NOMI was launched in 2016 and went live in autumn 2017. Since launch RBC says that client engagement with its mobile banking app has increased by 20%. It also says that average time-in-app increased 6% and that more than 100 million insights were read by clients in the first five months alone. With the Find & Save function the bank has found that those using it save twice as much as those that do not.

> "Instead of looking at cutting-edge technology that is at the early stage we look to innovate in areas where we can tackle the everyday issues that our customers have."
>
> **Rami Thabet, RBC**

INSIGHTS

The Insights element is available to all mobile users. It works by giving a baseline idea of how and where they are spending their money. This gives customers insight into their spending patterns and it also works to establish a level of trust in the bank.

Insights uses Engage, a pre-built AI application from Personetics. The app comes with a library of pre-built insights to include banking-specific triggers and workflows, with new insights added on an ongoing basis. Thus once the Insight has been applied as an overlay to a customer account it can learn over time about individual spending patterns, apply user feedback and essentially give the account holder actionable insights into their activity and account.

> "Insights is about highlighting spending patterns that a customer might not notice. For example, if an insurance policy rolls over automatically but there is a price increase then flagging that is obviously useful."
>
> **Rami Thabet, RBC**

Thabet says: "Insights is about highlighting spending patterns that a customer might not notice. For example, if an insurance policy rolls over automatically but there is a price increase then flagging that is obviously useful. This sort of accidental expenditure adds up over time and many people simply aren't aware of it. So the aim is to give our customers financial insight and the means to access a meaningful overview on their expenditure. Previously clients would need to operate an Excel spreadsheet alongside their mobile app to marry the two but now this function sits within the app and creates a call to action."

Rami Thabet, RBC

FIND & SAVE

NOMI Find & Save also uses Personetics technology – ACT, an AI-powered, automated money management programme. This is a personalised, self-adjusting automated savings account co-designed and created with RBC to help each customer save money but without over saving.

Like Insights, Find & Save is integrated into RBC's mobile banking app and is available to all digital banking users with no configuration or setup required. However activation is a requirement – customers do need to opt in.

Find & Save uses predictive analytics to find pockets of money in a client's cash flow to automatically move into savings. The idea is that customers can have their >>

CASE STUDY: RBC

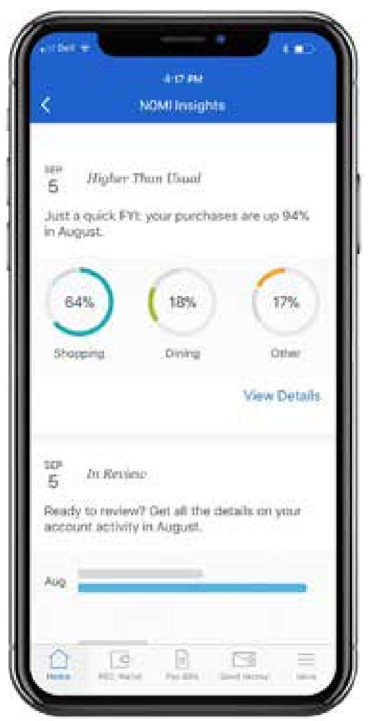
spending analysed and automatically save money. The technology has stops built in so that it never sets aside more savings than a client can afford, and clients can receive a push notification alerting them every time money is saved to help balance savings and day to day banking.

"Once customers opt into this process an algorithm establishes a baseline and then adapts the savings level up and down – depending on activity. It is real time and predictive and can work well after only a few days monitoring an account," says Thabet.

Thabet says that the concept of savings came from the fact that they are in decline and in fact most people don't think they have enough cash flow leverage to be able to save for a special holiday or rainy day.

"Our testing showed that was not the case," he says. "With our find and save capability we've provided a value proposition that gives customers visibility over their everyday interactions and then the opportunity to automatically set aside where possible. This solved two friction points – the data that showed spending points and patterns and automatically making the saving," he says.

Thabet describes the road to going live. "One of the prerequisites to getting this up and running was doing robust client profiling to give us a map of what cashflows were like and how algorithms could affect that. Once we had found the right algorithm we then applied it in a real-time testing environment so as to eliminate latency and provide the most up to date fit. The AI then was applied and tweaked so that it could learn from customers' cash flows; the more an account is used the more active the user is the more quickly it can refine and hone itself. In this way we can offer personalised and predictive savings capability."



But applying AI to improve customer engagement is not a straightforward process. Language and context are both really important and it takes process of continual learning and improvement to do well, particularly when its use could have a negative impact on a customer's financial affairs and thus directly impact the customer experience.

Thabet says that there were lessons to ingest along the way: "The learning came in two areas; firstly we learned that clean and accurate data, its process and governance are central to feeding the AI. This was a technical learning curve. Secondly we needed to hone our mind set and make sure that although the AI was a compelling story to technical people, to the majority of people the compelling story is automated and intelligent savings capability. It is tempting to boil the ocean but the reality is that we need to keep things simple and solve a problem that exists for our clients," he says.

MOBILE ADDITIONS

The NOMI project is just part of a series of innovations that RBC has undertaken to improve its overall mobile offering. It can now boast mobile as its primary digital channel for financial transactions. Its active mobile users are up 19% over the past year and there has been a 30% increase in mobile sessions over the past year. In 2017 the bank released 22 new mobile app capabilities to over three million mobile customers.

But Thabet is keen to reiterate that each and every addition must be relevant to the client base and add value to their everyday life. He comes back to "not boiling the ocean".

He says: "This is very evident in where we have looked to extend our mobile proposition. Although we have extended 22 case uses we have kept things relevant and on the everyday.

> "Our investment in Siri was specific to payments rather than focusing on generalised help or FAQ. Here the ethos is to provide relevant and meaningful self-service so that that the digital proposition blends with other channels and so that all our channels play together as a cohesive whole.
>
> **Rami Thabet, RBC**

> "It is tempting to boil the ocean but the reality is that we need to keep things simple and solve a problem that exists for our clients."
>
> **Rami Thabet, RBC**

SIRI

The bank is also harnessing the power of Siri. In August, RBC announced that it would be enabling bill payments using Siri. It was also was the first Canadian bank to offer free Interac e-Transfer using Siri. (Interac e-Transfer is a funds transfer service between personal and business accounts at participating Canadian banks and other financial institutions, offered through Interac Corporation.)

"Our investment in Siri was specific to payments rather than focusing on generalised help or FAQ. Here the ethos is to provide relevant and meaningful self-service so that that the digital proposition blends with other channels and so that all our channels play together as a cohesive whole. We don't want clients to be thinking about the channel – just that they are interacting with us as a bank," says Thabet.

RBC has also launched Interac e-Transfer payments within iMessage. This means clients can send a transfer without leaving their iMessage window. This means its retail banking customers can access banking services over a platform or app of their choice. They want to do banking without going to the actual bank.

Thabet comments: "With the iMessage again we are looking to reinforce the way that our customers can interact with us and make it as seamless as possible. A good physical analogy of this is not making our customers take a physical detour to a cashpoint by making them come out of iMessage and go into the banking app. We want to be in the places where our clients need us rather than making them come to us."

PARTNERSHIPS

Finally the bank is experimenting with partnerships with other vendors. Again this is something that is generally reflective of the banking industry where banks are seeking to underscore their relationship with their customers by giving them access to relevant third party services and products. This is largely enabled by API technology which allows for controlled yet timely and effective exchange of data between various parties.

RBC has so far launched a partnership with Petro-Canada. It allows Canadians to instantly save on fuel and earn more points across both loyalty programmes. This was launched in 2017 and 389,000 clients have linked their cards.

"We aim to offer customers a loyalty capability without having to use a specific card or switch apps. It is all about leveraging the key interactions that our clients have with us and providing them with something that adds value. Like with iMessage we are focusing on where the client is – there is an active pipeline of future collaborations in the offing," says Thabet.

"Basically we work on a starting theme of adding actual value to our clients and simplifying and supporting them via a digitally-enabled relationship. In practice this means going to the client and solving their everyday issues in a way that is meaningful and intrinsic," Thabet concludes. **bt**

Alison Ebbage

COMMENT

Core components of an AI programme

By *Chuck Monroe*, head of AI Enterprise Solutions, Wells Fargo

Artificial intelligence (AI) is having a moment in the spotlight. While there's no denying that AI holds a lot of promise, it's often difficult for organisations to determine their path to implementation. There are many vendors offering AI solutions – from chatbots, to machine learning (ML) algorithms – with more solutions popping up by the day. So how do you decide which third-parties to engage with? Or, if AI is the future, should you be building solutions yourself?

There's certainly more than one right answer to this question. No matter what AI strategy you deploy, well-organised data is a critical foundation for success. Many organisations get stuck early on by viewing AI through a narrow lens of either data science or technology, both of which are important partners in expanding AI. However, that narrow view tends to overlook how machine intelligence can redefine strategies and opportunities across the organisation.

At Wells Fargo, we've created a cross functional team in charge of accelerating the adoption of AI throughout the organisation, touching everything from the customer experience to operations and risk management. We have a bird's eye view of all AI concepts we want to test throughout the organisation, ensuring businesses throughout the entire enterprise benefit from all the lessons we are learning.

If you have resources to devote to a dedicated AI team, I would recommend it. If not, it's important to have an AI evangelist in your company who will break down silos.

There are a number of areas where we are testing and learning AI solutions, and to fast-track how quickly we can bring those experiences to market, we've used a mix of outside vendors and self-built solutions and have learned some lessons along the way.

> "If you have resources to devote to a dedicated AI team, I would recommend it."
>
> Chuck Monroe, Wells Fargo

1. KEEP A PULSE ON START-UPS

Regularly collaborating with start-ups on a wide range of technologies helps us explore big ideas with innovators outside our walls and industry, and shape future customer experience in areas like AI and analytics.

We've been able to closely work with the Wells Fargo Start-up Accelerator, a six-month programme where we match early-stage companies with mentors in various lines of business and help them refine their technologies for financial services. Our AI team presents specific use cases we have in mind, and the Start-up Accelerator team has a constant eye on tech start-ups that may be able to help us test and learn concepts through very specialised technology. In fact, Wells Fargo was one of the first big banks to work on a Facebook Messenger chatbot pilot with Kasisto, one of our accelerator alumni.

2. IDENTIFY USE CASES AND DETERMINE KEY CAPABILITIES YOU'LL NEED

It's likely you'll have similar AI use cases in various areas of your organisation. When we centralised our AI work last year, we conducted internal research and developed a comprehensive list of projects and products where AI already existed, was being researched or tested, or could be a good fit. We also created a list of assets we already had, assets we needed, and vendors we were working with.

Once we had a strong list of core AI capabilities, resources, and tools we already had, we were in a better position to prioritise use cases and determine longer term strategies to buy or build in different areas.

Having a centralised AI team has helped us share expertise about solutions, cut down on duplicative work and prevent us from building or buying duplicative solutions.

Chuck Monroe, Wells Fargo

3. TEST AND LEARN

Because we often have several similar concepts or use cases, we use proof of concepts as an opportunity to test out various vendors as well as self-built platforms to compare strengths and weaknesses and pinpoint the right solution.

Right now, most AI solutions are not technologies that plug-and play. If you pick a vendor, it doesn't mean you have to stick with them forever. However, you'll need to deliver on the meaningful solutions and insights your customers and employees come to expect.

4. MAP OUT A FORMAL SELECTION PROCESS

In addition to having a solution that works well for your needs, determine a specific criteria checklist before formalising an agreement with a vendor. Are they easy to work with? In proof of concepts (POCs), did they deploy the solution in the agreed upon timeframe? Do they meet your data security requirements? Are there performance metrics you can benchmark against? There are a variety of standards you can use, so make sure you're identifying criteria that fit with your mid- and long-term AI strategy to save headaches later.

5. DETERMINE YOUR CORE COMPETENCIES

Depending on the size of your organisation and use cases where you plan to integrate AI, it may make sense for you to outsource some of your AI projects.

Building and maintaining systems is a lot of work, and you need employees with specialised skillsets, some of which are very difficult to find and scale. It makes sense for someone with a strong knowledge of internal capabilities to be the point person for AI vendors. He or she will be in the best position to negotiate, as well as understand the internal organisational dynamics to make sure a project gets up and running.

AI is an exciting tool, but it's important to remember that it's not a magic tool, and it's not appropriate for every use case. Don't be afraid to start small. **bt**

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Fintech funding round-up

All the action on the money givers and receivers over the last month.

European digital money transfer service **Azimo** has closed a $20 million Series C investment round led by Tokyo-based Rakuten Capital.

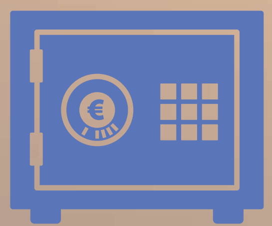
Investors e.ventures, Frog Capital, GR Capital Partners, Greycroft Partners, MCI, Quona Capital and Silicon Valley Bank also participated in the financing.

The funding brings the total amount of equity investment raised by Azimo to over $50 million.

According to Azimo, its platform enables payments in more than 80 currencies to more than 190 receiving countries. The service now has more than 1.5 million registered customers and over $1 billion in annualised sending volume.

In London, **The Disruption House (TDH)**, a benchmarking and data analytics firm, has closed a "significant" funding round and the creation of its executive advisory board. The undisclosed amount of funding was raised from a small group of private investors and will enable the firm to complete production of its benchmarking and performance tracking platform.

Rupert Bull, co-founder and CEO at TDH, says it wants to enable "accelerated collaboration between financial institutions and the new specialist technology solutions providers". He adds that its TDH scorecard service has already generated new business and funding opportunities for a number of unnamed vendors it is working with.



Portuguese Banco BNI Europa will invest up to €15 million in Spain-based **Lendrock**'s online financing platform that specialises in near prime consumer auto financing.

The bank says the Iberian partnership begins with the acquisition of part of the existing loan portfolio, offering exposure to Lendrock's loans and setting the stage for the acquisition of monthly origination volumes.

With $4 million in new funding, Israel-based **BondIT** has added to the Series B investment it announced last autumn and taken the round's total to $18.2 million.

The company's Series B round has been led by major investor Fosun Group, a division of Fosun International Limited, a Hong Kong-based investment holding company.

BondIT uses machine learning (ML) algorithms and data science to enable fixed income advisors to make superior recommendations, improve client engagement, manage risk better, speed trade execution and meet compliance regulations easier. The platform improves productivity by automating portfolio construction, optimising returns tailored to the individual customer, and enhancing analytics, and risk monitoring.

Digital wealth manager **Moneyfarm** has got £40 million in a Series B funding round – meaning it has secured close to £60 million in capital so far.

Moneyfarm calls this the "largest funding round by a European digital wealth manager to date" and the company, which launched a personal pension (SIPP) in March this year, will use the capital to launch solutions and expand its investment strategy.

The round was led by Allianz Asset Management, the investment arm of global insurer Allianz, which first invested in Moneyfarm in September 2016.

VC firm Endeavor Catalyst and Italian finance firm Fondazione di Sardegna joined as new investors, with further funding from existing backers United Ventures and Cabot Square Capital.

Business-to-business (B2B) digital wealth management solutions provider **Welnvest** has taken in an investment of its own: the Singapore-based company has closed on $12.3 million in Series A funding.

The financing comes from a handful of angel investors, along with Schroders, which acquired a minority equity stake in the company. This is Welnvest's first major funding after an undisclosed round in 2017.

Welnvest has three main products: TrackWealth (simplified account aggregation and wealth analysis for advisors to provide their clients), GrowWealth (goal-based and thematic investing robo-advisory services that advisors can offer their self-directed clients), and AdviseWealth (a service for relationship managers).

Founded in 2015 and with 38 employees, Welnvest offers its services in Malaysia, Indonesia, Hong Kong, India, and Dubai. Welnvest has five clients and anticipates it will double that number by the end of the year.

US lending start-up **Hometap** has powered up with a solution to invest in a person's home with a minority stake to give them a cash infusion, kind of like a venture capitalist investing in a start-up.

The firm is the brainchild of Jeff Glass, an entrepreneur and investor, and now CEO of Hometap.

Investors have poured $14.5 million into Massachusetts-based Hometap so far, Glass says, including a $12 million Series A funding round. G20 Ventures led the latest investment, and was joined by previous investor General Catalyst Partners, along with American Family Ventures – the venture arm of Madison, American Family Insurance – and Pillar Companies.

Digital Rewards-as-a-Service (RaaS) platform **Tango Card** has closed a $35 million round of funding, bringing its total funding to $54.8 million.

The growth equity investment comes from FTV Capital.

Founded in 2009, Seattle-based Tango Card helps companies recognise and reward employees, engage with existing customers, and motivate potential customers.

As a part of the transaction, FTV's Chris Winship and Robert Anderson will join Tango Card's board of directors.

Dallas-based insurance start-up **Bestow** has raised $15 million in a Series A funding round led by Valar Ventures, with participation from existing investors New Enterprise Associates (NEA), Core Innovation Capital, 8VC, and Morpheus Ventures.

This closing brings Bestow's total financing to more than $18 million and it will use the money to aggressively expand nationally in the next year.

Melbourne O'Banion, co-founder and CEO of Bestow (and a serial entrepreneur), sees opportunity in using analytics to bring the insurance industry into the 21st century.

"I like to find a very large and staid industry and bring innovation and technological disruption to that industry," he says.

Bestow focuses on connecting individuals to term life insurance policies. So far, Bestow is able to offer policies in Texas and Utah.

Goldman Sachs-backed cryptocurrency start-up **Circle** has raised $110 million in an investment round led by Chinese virtual coin mining company Bitmain Technologies.

The US firm says it will also create a new cryptocurrency pegged to the price of the US dollar. Each token, called Circle USD Coin (USDC), will be backed by reserves of US dollars.

The new coin will be initially issued by the start-up and run on a network managed by Centre, a wholly owned subsidiary of Circle.

Also participating in this financing round are existing investors IDG Capital, Breyer Capital, General Catalyst, Accel, Digital Currency Group, and Pantera, along with new investors Blockchain Capital and Tusk Ventures.

Marking its debut on the continent, TPG Growth's The Rise Fund has invested in digital payments provider **Cellulant** for technology services across sub-Saharan Africa.

TPG Growth has also signed an agreement to acquire an undisclosed stake in Cellulant, which reaches 40 million people across 11 African countries.

The Rise Fund is investing alongside Endeavor Catalyst, Satya Capital, Velocity Capital and Progression Africa. In total, Cellulant says it got $47.5 million in the Series C round.

According to Cellulant, the deal is the largest of its kind dedicated solely to Africa's fintech and payments space.

The investment will be used to scale existing Cellulant products, like Agrikore, a mobile blockchain-based platform that has been used by more than seven million farmers across the continent, connecting them to the market and helping them sell their goods to buyers. **bt**

Movers and shakers

Earthport has found a new CEO – **Amanda Mesler.** The paytech firm embarked on the search in early 2018, following Hank Uberoi's move to executive chairman position.

Mesler replaces Phil Hickman who had been serving as interim CEO (he will now resume his previous role as non-executive chairman).

Meanwhile, Uberoi will step down as executive chairman, but will remain on the board as a non-executive director and senior advisor.

Uberoi joined Earthport as CEO in 2010 as part of a major senior management and strategy shake-up, and has been instrumental in the efforts of turning the company's fortunes around.

Mesler moves from Microsoft where she was GM in charge of the enterprise business in Central and Eastern Europe for three years. Prior to that, she had a brief stint as COO of banking tech vendor Misys (now Finastra).

Brad Kitschke has been appointed CEO of **FinTech Australia**, a not-for-profit industry association.

Kitschke has an extensive career in public policy and public affairs, including working as the head of public policy and government relations at Uber for three years and executive director of the Australian Sporting Goods Association (ASGA) for two years.

Kitschke hopes to replicate Uber's success. "Uber was able to achieve rapid success and market penetration because it delivered better, technology-based solutions and when the opportunity arose we worked closely and collaboratively with regulators and policy makers. There is no reason why fintech outcomes can't be the same," he comments.

Sarah Worboys, who was interim CEO since March, has now left the FinTech Australia.

Jana Brendel has left Deutsche Bank where she was head of digital solutions, to join **Concardis Payment Group** as CIO.

Concardis is a new player on the paytech scene, created as a result of the merger of a number of paytech businesses owned by private equity firms Advent International and Bain Capital.

Brendel will replace Catherine Sherwin from corporate consultancy firm AlixPartners, who has been the interim CIO in the meantime.

John Bertrand has left **SAP**, where he spent four years, most recently as industry value engineer at the vendor's financial services vertical.

Bertrand is a banking tech industry veteran, having worked at FIS, Misys (now Finastra), Alltel (now Verizon and AT&T) and Citi.

Kate Frankish has joined **Barclays** as IT director, payments and open banking. Frankish moves from Tesco Bank, where she spent nearly eight years in a variety of roles, most recently as head of PSD2 and open banking delivery.

Vasyl Melnychuk has joined international MFI group **Access Microfinance** as head of technology, based in Germany.

His previous roles include CIO of AccessBank in Azerbaijan, COO of Volksbank Ukraine and director of IT audit and advisory service at Baker Tilly (Ukraine).

Micah Willbrand has rejoined **Experian** as MD of identity and fraud.

Willbrand first worked at Experian nearly a decade ago, as UK head of authentication solutions.

His latest stint was at NICE Actimize for four years, most recently as global head of anti-bribery and corruption solutions.

Marc Philippo has joined **EZBob**, a London-based SME lendtech provider, as VP of sales and marketing.

He moves from Finastra, where he was sales director, corporate and retail banking, for two years. He also held senior sales roles at paytech firm Dovetail (now Fiserv) and banking tech vendor Temenos. **bt**

EVENTS CALENDAR

June
19-20: CPI Middle Market Summit, Chicago
www.commercialpaymentsinternational.com

July
3-4: TechNOVA: Connected Customer, London
new.marketforce.eu.com/technova/events/connected-customer

3-5: International SAP Conference for Treasury Management, Dublin
www.tacook.com/saptreasury

August
22-24: The Mobile Payment Conference, Chicago
mobilepaymentconference.com

September
13-14: Digitalising Trade, Commodity and Supply Chain Finance, London
www.marcusevans-conferences-paneuropean.com

24-26: FinovateFall, New York
finance.knect365.com/finovatefall

25-26: Insurance Analytics Canada Summit, Toronto
events.insurancenexus.com/canada

October
9-10: ATM and Cyber Security, London
www.rbrlondon.com/conferences/acs

21-24: Money20/20 USA, Las Vegas
us.money2020.com

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Out of office

Fintech tour Heaven: holier than thou takes a bow

As day follows night and as a delicious cheesecake comes after a KFC Bargain Bucket, then goodness and light will seek to shine.

In an exclusive tour of Heaven, *FinTech Futures* was invited to meet God and his angels (not investors but the real thing) to listen to their sermons on why the celestial plane is the rightful kingdom for innovation and start-ups.

The invitation was a clear counterpoint to my exclusive expedition to Hell back in March. That was quite an eye opener for an atheist. However, Satan and his minions graciously revealed their infernal intentions in the fiery and feisty world of fintech. I'll be back in the underworld… probably in about 30 years.

Due to his status as an omniscient being (or know-it-all), God had heard about all this and decided that evil cannot be allowed to steal a march.

An angel appeared before me (an email would have been fine) and offered a path to paradise. As the most cynical staff member, my colleagues decided to send me in the hope that some goodness would rub off. Bless 'em.

I'LL GO IN THE STRENGTH OF THE LORD

For those who don't have the patience of a saint, let's get on with the details of the tour.

As with Hell, firms can set up shop in Heaven without being deceased. A reasonable business strategy for the 21st century.

The promised land, as you guessed, is full of white clouds, harps, shiny happy people and astonishing levels of serenity. It's all rather like a pretentious Michael Jackson video. But more pragmatic souls may think of it as a cloud-based platform.

On my walkabout I saw many saints, famous do-gooders, and other people who constantly did the right thing. But I didn't see one journalist. Not one.

That will come as a blessed relief to many fintech firms as they won't have to deal with inquiring minds asking pesky questions. Life in Heaven is like one long press release. All wonderful. All calm.

LET HEAVEN ADORE THEM

While some people may be delighted to meet their maker, I found God a bit annoying at times. He's almost as bad as those local vicars you meet in the shires of England – naïve, pompous and totally out of tune with the real world.

You most likely know this, so forgive me. God is an all-seeing entity but any observation I made was greeted with the response "I know". Well, yeah. I know you know. But you don't need to tell me you know all the time. I thought you'd know that.

There are seven archangels – Michael, Raphael, Gabriel, Uriel, Saraqael, Raguel and Remiel.

Gabriel was the one hovering around most of the time as I spoke to God. He was like one of those PR people you meet at conferences who's there to assist a company. Scribbling notes and full of (divine) interventions as to what can be said. Ideally, you just want them to go away and, ironically, burn in Hell. On Earth, as it is in Heaven.

While God talked in very generic terms about innovation and tranquillity, I needed to get to the nitty and gritty. It was put to him that fintech firms need to make a profit.

This resulted in quite a lot of confusion. He assumed I was referring to "prophet" and I seemed perilously close to being on the receiving end of a thunderbolt. So be careful of any holy wars or the kind of linguistic flusters that inhabit TV sitcom land.

CONCLUSION

This was my first (and last) visit to Heaven. It wasn't quite right for me. It was all too peaceful and clean. But if you're the type of person who likes the bland and banal music of Craig David or the Lighthouse Family, then you'll feel at home up there. And please take Craig David with you.

But don't let my acerbic commentary deter you. We have free will after all. We can make our own minds up. Well, atheists can.

Out of curiosity, I did ask God and Gabriel about whether I'd be returning to their Empyrean enclave in the future.

There was an awkward silence followed by the shuffling of perfectly formed feet. After a long delay, which seemed like an eternity, God said: "Well, Tony. If you change your personality completely. Try and be nice for once. Then there is a very small chance you may end up here." Fair enough. Hell it is. **bt**

Antony Peyton