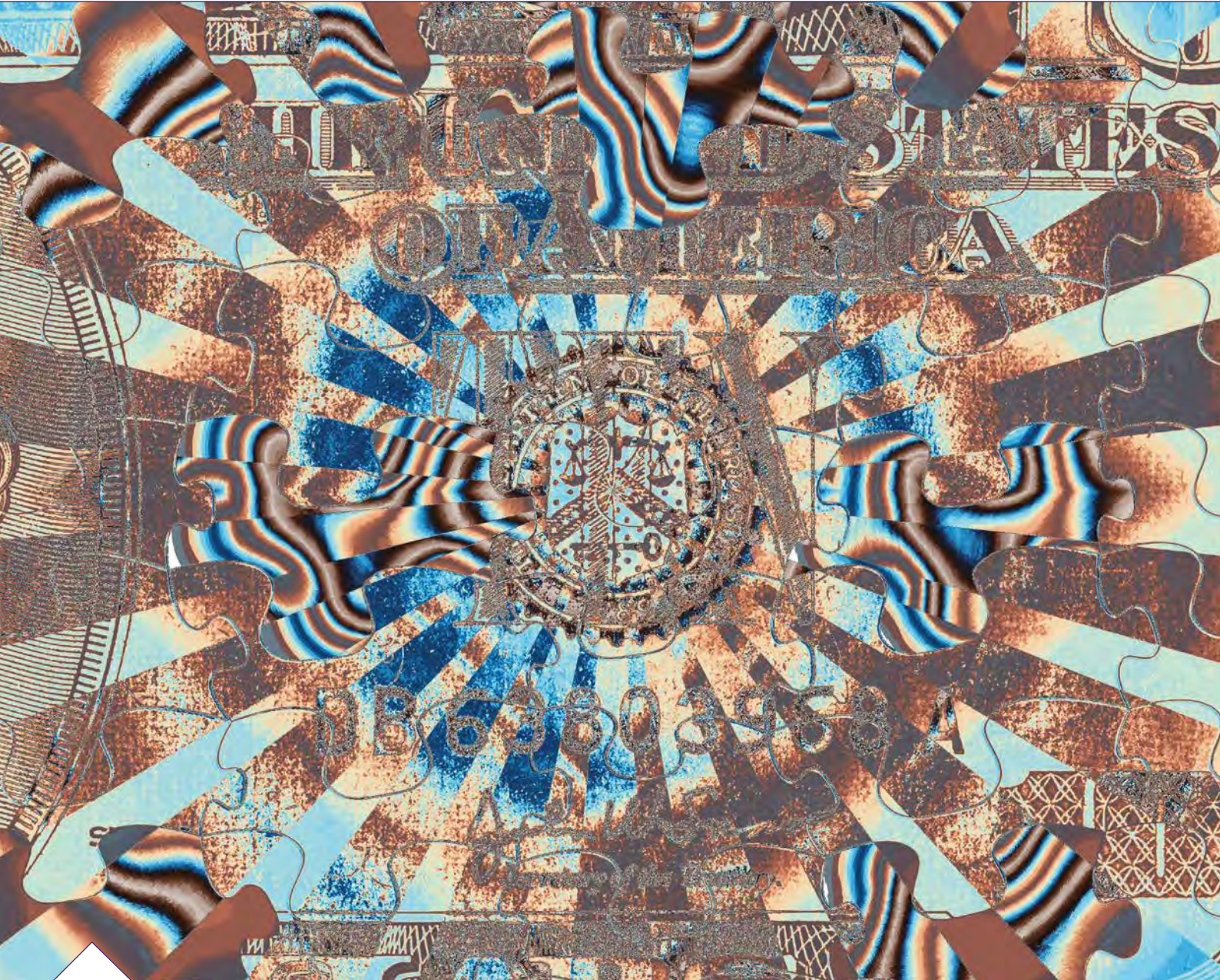




banking technology

The definitive source of news and analysis of the global fintech sector | September 2022

www.fintechfutures.com



MONEY PUZZLE

Helping US arrivals get on track financially

GOING BEYOND UX APPEAL

Build a digital capability, not just an app

COMPOSE YOURSELVES

Creating flexibility in banking is critical

Produced by

**FINTECH
FUTURES**

IS YOUR BACK OFFICE KEEPING UP WITH THE NEW WORLD OF PAYMENTS?



LEARN HOW TO MODERNIZE, MAXIMIZE AND MONETIZE YOUR BACK OFFICE
[BHMI.COM/WHITEPAPER](https://bhmi.com/whitepaper)

Many companies using legacy batch systems aren't able to support faster and real-time payments. If your company is one of them, we'd like to introduce you to the Concourse Financial Software Suite[®]. Concourse is a proven modular software suite specifically designed to modernize back office processing for any type of electronic payment transaction. This includes traditional card-based transactions and emerging digital payment methods such as mobile, eWallet and P2P transactions. Concourse's continuous processing, rules-based architecture is helping companies meet the demands of the rapidly changing world of payments.



BHMI AND PAYSHOP NAMED WINNERS OF THE "EDITOR'S CHOICE AWARD" AT PAYTECH AWARDS 2022
bhmi.com/press-releases

CONTACT US TODAY!
 +1 (402) 333-3300
[BHMI.COM](https://bhmi.com)

SOFTWARE FOR THE SPEED OF NOW[®]

IN THIS ISSUE



24 COVER STORY

ZOLVING THE CREDIT PUZZLE
 Helping US arrivals get on track.

04 News

A round-up of our top news stories of the month.

06 The fintech feed

Top figures that have caught our eye.

07 Trending

Focusing on the fortunes of challenger banks.

FEATURES



08 FOOD FOR THOUGHT

Leda Glyptis talks up UX in digital banking, but also explains why on its own it's not enough.

13 Analysis

How Crédit Agricole is building its own fintechs to complement and disrupt itself – and the sector.

16 The heart of the matter

Dave Wallace on how the financial industry must go beyond what it has and deliver platforms beyond the transactional.

18 Spotlight

Klarpay AG's Martynas Bieliauskas discusses servicing global digital businesses with scalable transactional banking solutions.



20 I'M JUST SAYING...

Dharmesh Mistry argues that time spent creating flexibility in banking is critical.

22 PayTech Awards 2022

The London sun shined on our guests in July. Check out the winners and some photos from the event.

26 Feature

We focus on the Mojaloop project, helping those living without the most basic financial services.

REGULARS

28 Fintech funding round-up

31 Appointments

32 Cartoon



Congratulations to Marinela Tudoran

Winner of the Women in Technology (W.I.T.) category at FinTech Futures Banking Tech Awards USA 2022

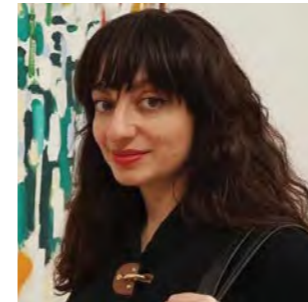
Credit Suisse is committed to fostering an inclusive culture that values a diverse engineering team. We are proud to partner with Break Through Tech, Code First Girls, Girls Who Code and Tech She Can to encourage female technology talent.



Opportunities
Jobs in Technology



EDITOR'S NOTE



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

Welcome to the latest edition of the *Banking Technology!* As we are coming back from a summer break, here are some highs and lows over the past couple of months in the challenger bank world.

The UK now has got another fully-licensed bank – GB Bank – only the second one this year (see p7). More, albeit noticeably scarcer in numbers compared with previous years, are in the pipeline. Among them is StreamBank, based in Cardiff, Wales, founded to serve specialist property and savings customers. It applied for a banking licence last year, implemented a core banking system (MV Core Banking from domestic vendor Mutual Vision), and is now in the final phase – mobilisation – before full authorisation can be granted.

However, London-based Dozens has shut up shop. Launched three years ago, it had 60,000 customers and raised £30 million via institutional sponsors and crowdfunding.

Dozens cited various reasons, including the “domino effect” of Covid, which has led to “less money in the system” and less funding going to the consumer side of fintech. “It’s a great time to be a bank. But while we’re still in the developmental stages of the business and running on an e-money licence, a model which doesn’t rely on lending has less chance of survival,” it explained.

Starling, a high-profile UK challenger, has decided to abandon its European banking

ambitions and withdrew its application for a banking licence in Ireland (p4).

In Germany, banking services provider Nuri has filed for insolvency. Founded in 2015, Nuri offered a free bank account with a Visa debit card and focused on crypto investing. It, too, cited the pandemic aftershocks as the reason as well as Russia’s invasion of Ukraine, the cooling off in public and private capital markets, and unfavourable developments in the crypto space.

German SME banking outfit Penta has been sold off to a French counterpart, Qonto, for an undisclosed sum. Founded in 2017, Penta last raised €7.5 million in extended Series B round in 2021. Qonto has pan-European ambitions and money to spend having secured €486 million in Series D earlier this year, setting “a new record valuation for a French scale-up” of €4.4 billion.

Also in France, Vybe, a banking app for teens and their parents, went into liquidation after running out of money. Founded in 2019, Vybe claimed 40,000 customers for its free payment card with cashback. It raised €2.4 million last year in seed funding.

Stay tuned for more news from the start-up banking front – our *FinTech Futures* website reports daily on the industry happenings worldwide (plus there is plenty of other content that we hope you find interesting and useful)!

FINTECH FUTURES | PODCAST

What the FinTech?



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

Listen now on **Spotify**, **SoundCloud** and **Apple Podcasts!**



NEWS ROUND-UP

UK mortgage lender Perenna obtains banking licence



Perenna, which aims to establish the UK's first covered bond bank, has obtained a banking licence with restrictions from UK regulators.

It will focus on mortgages, including long-term fixed rate.

Utilising the covered bond market, it plans to "channel the trillions of pounds of insurance and pension monies into the UK real economy by improving the domestic capital markets". (A covered bond is a debt security that is created from public sector loans or mortgage loans that are backed by a separate group of assets.)

Perenna founder and CEO Arjan Verbeek says the UK's financial infrastructure requires "significant innovation" to boost growth and reduce inequality.

Amid an ongoing housing crisis in the UK, he says other countries have benefited from long-term fixed rate mortgages, which can be fixed for 30 years or more.

Starling withdraws Irish licence application in expansion rethink

UK challenger Starling Bank has withdrawn its application for a banking licence in Ireland in a rethink of its global expansion strategy.

Instead, it will focus on "other expansion projects", it says, taking its software to banks through its Software-as-a-Service (SaaS) subsidiary, Engine. The bank also intends to expand its lending across a range of asset classes, including through targeted M&A.

Operating a retail bank in Ireland as a way into other EU markets had "long been a goal", says Starling CEO and founder Anne Boden. However, "ultimately, we felt that an Irish subsidiary would not deliver the added value we are seeking," she explains.

Earlier this year, Starling completed an internal fundraise of £130.5 million at a pre-money valuation of more than £2.5 billion.

CSI sold to two private investment firms in \$1.6bn deal



US banking tech provider Computer Services Inc (CSI) is to be acquired by private investment firms Centerbridge and Bridgeport in an all-cash deal worth \$1.6 billion.

CSI offers core processing, digital banking, managed cybersecurity, payments processing and regulatory compliance solutions to financial institutions.

The firm's shareholders are set to receive \$58 per share in cash upon closing of the deal (expected in Q4 2022), representing a 53% bump to CSI's closing stock price on 19 August.

The transaction was unanimously approved by CSI's board of directors and founder John Williams (who launched CSI 60 years ago).

Following the deal, CSI plans to expand its fintech and regtech product range, focusing on open banking and Banking-as-a-Service (BaaS) initiatives.

Payrailz sold to Jack Henry & Associates

US banking technology heavyweight Jack Henry & Associates is acquiring Payrailz, a domestic cloud-native digital payments platform, for an undisclosed sum.

Based in Connecticut and founded in 2016, Payrailz offers consumer and commercial digital payment solutions, including bill payment and money transfer solutions, to banks and credit unions.

Greg Adelson, president and COO of Jack Henry, describes Payrailz as "a strategic addition" to the firm's payments ecosystem that will further its Payments-as-a-Service (PaaS) strategy.

With a 46+ year history, Jack Henry boasts some 8,000 clients comprising US banks and credit unions.

UnionBank selects Avaloq to power wealth management platform



UnionBank in the Philippines has tapped Avaloq for its core banking technology as part of its wealth management business digital transformation.

The new tech will underpin services such as family wealth structuring, philanthropy, sustainability advice and professional succession planning.

"We opted for Avaloq's core banking platform as it offers the most efficient and comprehensive features to cover our wealth management needs," says Jose Emmanuel Hilado, SEVP and treasurer and centre head – global markets group at UnionBank.

He adds the partnership will enable UnionBank to "compete not only locally but globally". It is understood the new solution will replace the legacy Prospero

system from another Swiss wealth management tech supplier Finartis (formerly Sage).

BOQ and Virgin Money live with Temenos core banking system

Bank of Queensland (BOQ) has gone live with a new cloud-based core banking system, supplied by banking tech vendor Temenos, for its retail operations under the BOQ and Virgin Money brands.

Work has now commenced on the migration of BOQ's Members Equity Bank (ME Bank) brand to the new cloud platform. It has already been running Temenos' core software plus a number of auxiliary applications for nearly a decade.

The latest go-live is part of BOQ's multi-year transformation. Eventually, all retail and business banking operations and lending across the three banking brands – BOQ, Virgin Money and ME Bank – will transition to Temenos' systems.

"Using Temenos' cloud-based platform enables BOQ to offer superior customer propositions with personalised offerings at a fraction of the cost of its legacy systems, building a competitive advantage and a low cost-income ratio," the vendor says.

BOQ has already completed more than four million transactions on the new platform. It is understood among the bank's legacy tech are Fiserv's Signature core banking system (retail) and Nucleus Software's FinnOne (lending).

Virgin Money Australia was acquired by BOQ in 2013 for \$40 million. It offers a broad range of consumer banking products via digital channels and has about 150,000 customers.

ME Bank was acquired in 2021 for \$1.3 billion, and nearly doubled BOQ's retail banking business.

New Fintech Growth Fund set to plug £2bn UK fintech funding gap

A new fintech-focused growth fund, designed to plug a £2 billion funding gap in the UK's fintech sector highlighted in the Kalifa Report (a wide-ranging report into the UK fintech industry published by Ron Kalifa in February 2021), is currently in the works with former UK chancellor Philip Hammond reportedly set to serve on its advisory board.

The provisionally named Fintech Growth Fund, Sky News reports, will be independent from government, raising capital from institutional investors to pump money into UK fintechs beyond the Series B stage and looking to scale.

Companies such as Barclays, London Stock Exchange Group and Mastercard are said to have been approached about providing small amounts of seed funding to get the new vehicle operational.

News of the fund comes hot on the heels of data released by industry body Innovate Finance, according to which the country saw a 24% year-on-year increase in fintech investments in H1 2022. UK-based companies received \$9.1 billion in investment spread across 294 deals, compared with \$7.3 billion across 375 deals in the same period last year.

ANZ New Zealand turns to FIS for core banking upgrade

ANZ Bank New Zealand has opted for a new core banking system from FIS, becoming the first bank outside the US to implement FIS' Modern Banking Platform, deployed on Microsoft Azure.

"Our current core banking system is very robust and up-to-date but, like most platforms used by banks around the world, it is based on technology developed decades ago," says Mike Bullock, CIO at ANZ New Zealand. The bank's legacy technology is also supplied by FIS.

FINTECH FEED

THE NUMBER GAMES

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

1,300 sign-ups are on the Seltz waiting list, a new subscription-based debit card provider that is gearing up for launch in the US – providing “rewards like credit”

\$145m in debt and equity funding raised by Texas-based Founderpath, which helps bootstrapped business-to-business (B2B) Software-as-a-Service (SaaS) founders access capital

€35m in growth capital provided by CIBC Innovation Banking to Copenhagen-based Ageras, which bills itself as a “financial cockpit for small businesses”, providing SME banking, accounting, invoicing and payroll software to more than one million customers across Europe and the US

75 employees made redundant by US-based digital bank Varo as it looks to restructure in the pursuit of profitability

125 jobs to be shed by Canadian growth capital firm Clearco as it faces up to “significant headwinds” in the economy

\$100m in damages to be sought by digital assets infrastructure provider BitGo after fellow digital asset and blockchain firm Galaxy Digital terminated the \$1.2 billion acquisition deal

21% workforce laid off by Aussie crypto exchange Swyftx – 74 employees – as it looks to reduce the size of its business in light of increasingly tough global economic conditions

\$8.4bn to be paid by Vista Equity Partners in an all-cash deal for Seattle-based tax automation fintech Avalara

\$25m invested by Valley National Bancorp in venture capital fund The Garage to support the bank’s digital transformation through the cultivation of Israeli fintech firms

\$180m raised by Upper90, a hybrid fund that provides “founder-friendly” credit and equity to firms in e-commerce, enterprise and fintech

\$80m is the price tag of Rewire, an Israel-based remittance platform for migrant workers, to be acquired by US cross-border remittance app Remitly Global



THEY SAID IT...

“Somewhere along the way founders started getting judged on how much money they raised instead of how much ownership they retained. This is backwards.”

Jason Finger, co-founder and chair of Upper90, a hybrid investment firm

TRENDING

Moonbeam arms up to help US military personnel

Moonbeam, a new bank built by US military veterans and designed exclusively for the country’s military community, is expected to launch in winter this year. It is currently accepting sign-ups to a waitlist for its Alpha card, a credit card that the firm claims will offer 0% interest on all purchases, no hidden fees, cashback and rewards.

Through a mobile app, Moonbeam plans on offering customers “built-in budgeting” for every stage of their military career and beyond as well as expert financial advice. The budgeting tool will take into account military benefits such as Thrift Savings Plans (TSP), Leave and Earnings Statements (LES), Retiree and Annuitant Services (RAS) and more.

Signing up to its platform involves no credit checks. “Moonbeam’s only requirement is that you’re Active Duty, Guard, Reserve, Veteran, or an eligible family member,” it says on its website.

Founded in 2021 and headquartered in Austin, Texas, Moonbeam aims to emphasise financial literacy and economic mobility – “fighting issues that plague the veteran community like suicide and homelessness”.

GB Bank up and running

Start-up challenger GB Bank has opened its virtual doors after receiving its full UK banking licence.

The firm says it has committed to lend £3 billion over the next five years to support the creation of more than 100,000 jobs, 20,000 new homes and several million square feet of office space.

Its focus will be on secured property development loans of between £500,000 and £5 million, with 90% of lending going to regional property developers, businesses and construction companies.

The bank will also offer a range of fixed-term saving products, with the funds directly linked to the local community developments.

The start-up’s first CEO, Steve Deutsch, spent 19 years at Lloyds Bank and was also CEO of specialist regional bank Wesleyan. He left in November 2020 to be replaced by former Barclays and Aldermore Bank veteran Sue Hayes as interim CEO. She, in turn, was replaced by Stephen Lancaster, former CEO of card issuing platform Cascade, earlier this year.

The bank also has Paul Rippon, former co-founder of challenger bank Monzo, as its non-executive chair.

The Teesside Pension Fund (TPF) has agreed to invest up to £48 million into GB Bank.

Dbank is in dhouse

Dbank, a new digital banking start-up based in Islamabad, Pakistan, has submitted a digital retail banking licence application and raised \$17.6 million in seed funding.

The investment round was co-led by Sequoia Southeast Asia and Kleiner Perkins and featured participation from Brazilian digital banking giant Nubank, Askari Bank, Singapore-based Rayn and RTP Global, as well as angel investors who have worked at companies such as Google, Goldman Sachs and Stripe.

Dbank says it wants to make it “simple to borrow, transact and save money securely”, adding that it aims to boost financial inclusion and provide “access to financial services for everyone” in Pakistan.

It was founded in 2021 by two ex-Google execs, Tania Aidrus and Khurram Jamali. Aidrus also previously worked as an advisor to the Prime Minister of Pakistan where she laid out the country’s digitisation framework.



Digital banking beyond your pretty UX

By Leda Glyptis

Digital banking is not about your UX.

There, I said it.

You can have a fully digital bank without an app. You are unlikely to, admittedly, but you *can*. And you can have a fundamentally analogue bank with an app. Which is mostly what you have. And that encompasses most legacy banks and sadly most challengers as well, who are borrowing legacy rails and infrastructure under the glass.

And it's not good enough.

I know the UX is where we started, and there is a good reason for that. There are many good reasons for that.

And good UX has remained a focal point, and there is a reason for that too.

But UX is not enough, nowhere near enough, and there are good reasons here also. And that's the topic today.

Ready?

TWO GOOD REASONS WHY WE STARTED WITH UX

1. That's how the other kids did it.

The whole conversation around digital capabilities was kicked off by folks who understood the front-end and championed it. There is a reason why a lot of the early proponents of digital came from marketing.

The people who started championing the thing came from the space where the consumer saw it.

Also... starting with UX allows for newcomers to the space to touch, feel, see and understand what it is we are doing. If you've ever tried to explain to someone what an API is without being able to point at anything they understand, then you know how powerful it is to show people what is now possible.

Plus, the competitors got themselves a slick and pretty app making your bank look drab and old and clunky. So you had to start where they started and compete.

For all those reasons, we started with UX.

And for one more distinct and important reason...

2. I want my bling where I can see it. As the journey started, it became apparent pretty quickly that apps need connectivity and data and security to run properly. They need the underlying systems to work properly and seamlessly otherwise they are just... pretty... static interfaces, and increasingly mature digital users see right through that.

So work began and carried on to create the capabilities needed.

But the work started and was carried out *grudgingly* because none of this is quick and easy... and we had other things we needed to do as well... so this work was prioritised with a clear criterion of visibility in the mix. If I spend all that time and money and resource doing a thing to deepen my digital capability, will it be visible? To the street? To the investors? To the competitors? To the customers?

If yes, fine. If not, it often got sent to the back of the queue even if it is essential to a smooth and seamless experience. So a lot of time and effort was spent on things that were visible, leaving the less visible, thornier, deeper problems unaddressed.

For now.

This was not a forever thing.

It was just a 'no for now'. Only 'now' has lasted nigh on 15 years.

So you have an app now that is slick, cool and easy and can do (finally) most of the things you need it do. But loans come with pretty much the same cost footprint, micro-payments are still a challenge for you or your bank (because those who do them mostly subsidise them rather than doing them cheaply under the hood) and your mortgage application still seems to need to go offline before coming back online in a process that is described as fully digital.

Why is that? Because the bits that need to be in place for that to change are only visible in the obstacles and costs they would remove and for that they were not prioritised and here we are now.

Analogue banks with digital front-ends.

"Good UX supports and guides a customer in a way that is not scary, daunting or patronising and gets out of the way once it's done that."

Leda Glyptis

TWO GOOD REASONS WHY UX IS STILL IMPORTANT

1. Distribution and access: With smartphone penetration going through the roof and actually defying class boundaries in most (not all, but most) geographies and affordable internet connection being increasingly available, there is a democratising component to distributing financial services via your phone. It means you can access banking from your remote village without travelling into a branch in town. It means you can access services after your day's work without swapping shifts or taking a day off to go find out if you qualify for a loan or why your credit card bill is wrong. You can do your banking without needing to make a phone call during office hours. You can do it before breakfast, after the kids have gone to bed, on your day off, at the gym. On the go.

Banking becomes ubiquitous and present when the client needs it. It fits around their routine and the timelines of their needs and that availability is actually cheaper for the bank than branches and phone centres, so everyone wins.

2. Understanding and inclusion: Good UX is less scary and more informative than reams of bank documents or explanations delivered by a clerk who may sound patronising in their own attempt to hide how little they understand what they have just explained.

Good UX answers questions the user has while also protecting the bank.

It creates pathways that feel less exposed to answer questions in a simple way that allows the consumer to get more or less information where they need it and move at their own pace. Read and re-read. Click 'find out more' or 'next' depending on their level of comfort and prior knowledge. Plus, it captures data about what the client is trying to do and where they lingered, so we can do it better.

Good UX supports and guides a customer in a way that is not scary, daunting or patronising and gets out of the way once it's done that. Bad UX can be baffling, confusing, trivialise a decision and leave someone signed up to debt without realising what they were doing. Bad UX is dangerous. But good UX is inclusive without being patronising.

And yet... it's not enough.

TWO BLOODY GOOD REASONS WHY UX ISN'T ENOUGH

1. You can't go where no man has gone before, through an app. The user experience can only guide you between places that exist. If the data pathways required to do what you are trying to do are not there because the systems required don't talk to each other, or the service that you need doesn't exist because the underlying systems don't support the calculation you need, then UX can't fix the problem.

The most amazing car can't take you to a city not yet built. It can't go faster than traffic. It can't cross an ocean. Unless your infrastructure enables it.

So if you have 34 core systems, 8 customer masters and 11 'golden sources of data' in your organisation, you will never have *truly good* UX. You may have *pretty* UX, but it won't be able to bridge the gaps you've left in the background.

If the systems that power Stirling payments were uplifted but the systems that power FX transactions were not (because it was deemed a high-cost, low-visibility investment for a UK bank), then you can't set up an FX payment on the app no matter how pretty it is. If the bank hasn't built cheque scanning and it has no branches and you got a cheque from a service provider refunding you (which still happens in the UK), then you are stuck, even if the way the app tells you you can't do



Add new payment methods without the engineering headache

Rapidly grow your business by allowing customers to use their preferred payment methods.

GR4VY



Talk to a payments consultant today.
gr4vy.com

If a bank has not digitised its risk discipline (and that means both understanding what is different about managing risk in a digital world and what the processes need to be), then you will find that there are random cut-offs on the size of payments you can make online.

You have the app.

What you don't have is a digital bank.

If you had coherent, real-time connectivity in your back-end with smooth and seamless information sharing, then you could have a fully digital offering even without an app.

You wouldn't do that.

But the point I am making is, you could. You could go to the branch or to a dude with an iPad sitting at your local Starbucks and they would have all the access in the world to solve your problem or service your need.

And yes, you would always have an app because if they can do it so easily on a single interface, why not self-serve? But the point remains. It's what happens behind the app that makes your bank digital. It is what is behind the app that makes the app useful.

What is possible makes your UX slick.

Which leads us to the crunch of the matter. The service we actually offer via the technology. The service. Not the experience.

2. Digital banks can afford to service the poor. Analogue banks can't. Most banks don't give loans to the poor. We have become so used to the idea that the people who need money can't have it because they don't have it that we don't challenge its premise anymore.

People who don't have collateral and assurances and guarantees can't get loans. Well, d'uh.

We all know that.

Only, why would the people who need money have money? Surely if they had money, they wouldn't need money?

But traditional banking is costly. And setting up, underwriting and servicing a loan comes with a cost footprint that means that micro-loans or really affordable loans are hard to deliver without losing money. Same reason why servicing the young and old, whose financial needs

"You have the app. Well done you. Now build the digital infrastructure to super-charge your app and your business and truly serve your communities."

Leda Glyptis

are pressing but their economic footprint is small and their circumstances are constrained, is seen as a loss-making enterprise for traditional banks. Same reason why micro-payments used to be a no-no.

If the fee for a payment is £36 (which is what a traditional bank charges you to send money abroad, on average, in the UK), how would you pay 45p to read an article online or repay Dave for that tenner he floated you last month when you were skint?

You wouldn't. Or you would use cash.

Micro-payments online, free peer-to-peer payments, proximity payments and spot FX were revolutionary for two reasons: one, they decided to challenge the established business model wisdom and make less money and make it differently, offering an essential service that opened up a world of opportunity. And two, they did it differently. They set up an infrastructure that lowered their cost

base. They built a digital capability, not just an app. But a digital infrastructure that allowed for processing to be connected, real-time and cheaper. So loans could be cheaper. Payments could be cheaper. Changing the repayment schedule of a loan could be instant. That's what digital capabilities enable. A world of real-time, data-rich possibility that is cheaper to run.

SO, THE CHOICE HERE IS TWO-FOLD

1. Build the bloody thing. All the way down and all the way across. Not an app precariously balanced on top of COBOL-based infrastructure and mainframes but a truly digital capability under the app. A digital bank. Not a Frankenstein mix of systems with a digital shop front.

2. Share the benefit. Once you've built this flexible, cheaper and scalable infrastructure... share the upside with your consumer. Not just pretty graphics but cheaper services. Wider choice. More access. In one word: inclusion. Digitally enabled and willingly offered.

You have the app. Well done you.

Now build the digital infrastructure to super-charge your app and your business and truly serve your communities.

Build it because you can. It is absolutely 100% possible.

Build it because it's cheaper and more secure and the economy is digital anyway so you have little choice in the matter.

Share the upside because it's the right thing to do.

You know how to do it, why to do it for you and why it's the right thing to do more widely.

So. Do it.

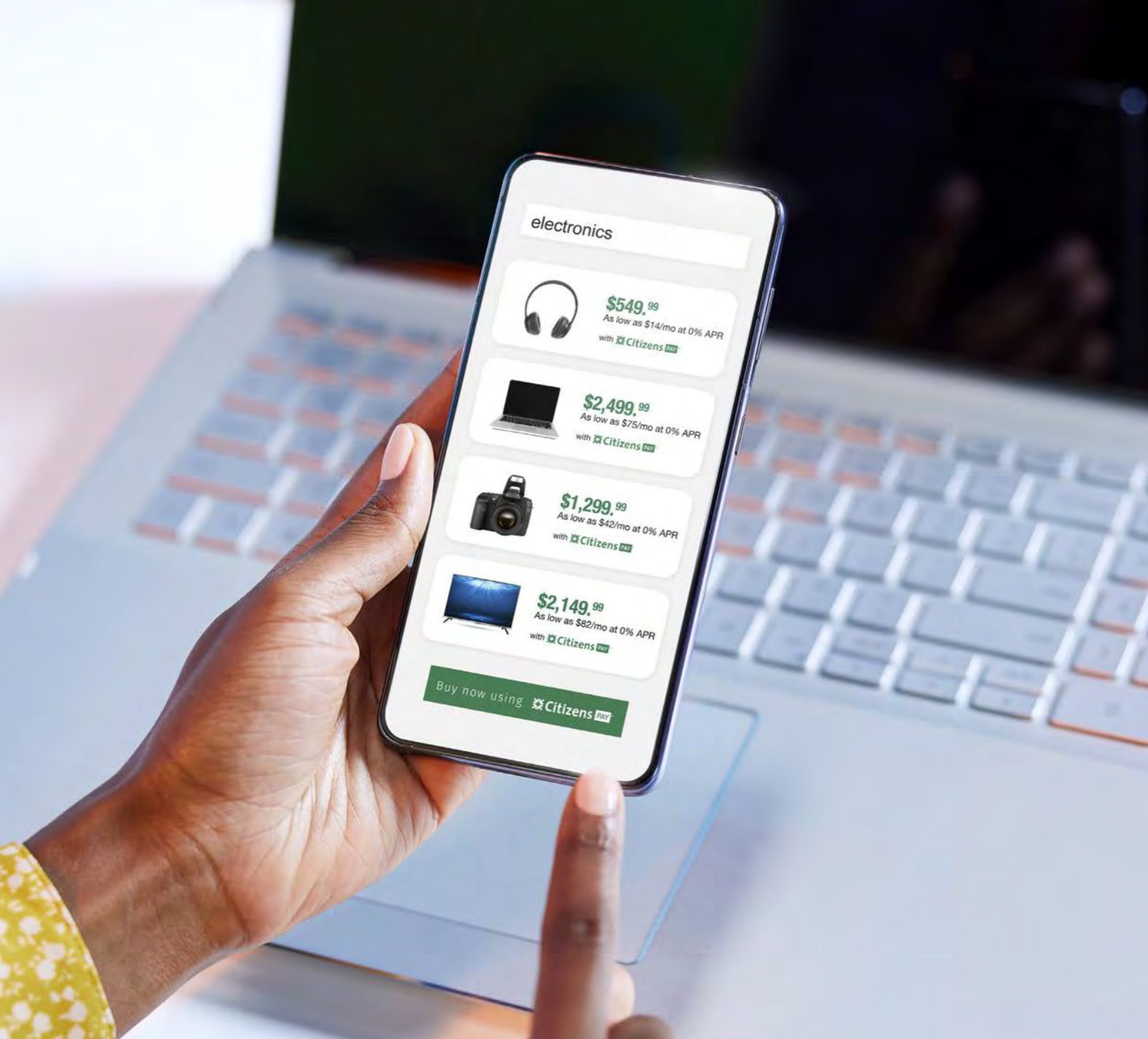
You can. And you must.

#LedaWrites



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

All opinions are her own. You can't have them – but you are welcome to debate and comment! Follow Leda on Twitter (@LedaGlyptis) and LinkedIn (Leda Glyptis PhD). Visit our website for more of her articles.



The **modern** POS financing solution.

Citizens Pay delivers an industry-leading financing solution with the stability, experience, and balance sheet of a premier national banking institution. No other BNPL provider can match the versatility and wide range of financing program options that we bring to the world's greatest brands.

Learn more at
citizenspay.com/learn



Crédit Agricole's Fab idea

By Christer Holloman

Most large businesses innovate through a series of never-ending incremental changes, but when it comes to trying to beat fast-moving fintechs, that just does not work.

So, if you can't beat them, join them – which is exactly what Crédit Agricole decided to do. It is the largest network of cooperative and mutualist banks in the world, and it recently launched a corporate venture studio, La Fabrique. The group is now building its own fintechs to complement and disrupt itself – and the sector – at a rapidly increasing rate.

We recently caught up with Anaïs Desmoulin, COO of La Fabrique by Crédit Agricole, to hear about the good, the bad and the ugly when it comes to setting up and running a start-up factory from scratch.

INCREMENTAL VS BREAKTHROUGH

While incremental innovation certainly has its benefits – it's cheap, low risk and doesn't disrupt business-as-usual – the main downside is that it can't produce real breakthroughs like dedicated fintechs can accomplish.

Fintechs can innovate much more aggressively since they don't have to consider politics, a legacy business or systems. In addition, they usually only have a singular product focus and are well funded.

BEST OF BOTH WORLDS

The bank felt that a corporate start-up studio to build its own fintechs would preserve the natural advantages of the independent model while also layering it with a set of undeniable advantages from

the bank for the future start-ups to be launched.

Advantages include expertise and reputation on the financial market, authorisations and certifications and access to a well-established distribution network, among many others.

"The studio is the link between the bank's strategy and execution," says Laurent Darmon, CEO of La Fabrique by Crédit Agricole.

HUMBLE BEGINNINGS

One of the studio's missions is to try and preserve an everlasting link between the start-ups and the bank, so La Fabrique started by seconding a small team of experienced people with complementary skills from across the existing business.

People at the studio work on the

Ever tried embedding a “Pay Now” button on your invoices?

- 1 Get paid faster
- 2 Zero fees
- 3 Reconciliates automatically

The image shows a desktop invoice with a green 'Pay online' button and a total of 1,215.74 GBP due today. Below the invoice is a mobile app interface titled 'Select your bank' with a search bar and a list of UK banks including Bank of Scotland, Barclays, Halifax, HSBC, Lloyds, Natwest, Royal Bank of Scotland, Starling Bank, and TSB.

Account-to-account payments, integrated with your favourite software.

Try it for free!

crezco.com
hello@crezco.com



development of its start-up creation activity, but also support each launch within their own area of expertise, such as product, marketing and HR.

EARLY CHALLENGES

The studio learnt that agility comes at a cost: being able to accept and take advantage of changes was a requirement for its new team members to succeed. One of the early challenges became to help its new bank colleagues transition to working in an agile start-up environment.

It took a while for this need to become obvious, but the studio has since taken some time to acknowledge this situation and is now working on ways to make it easier for employees to cope with changes and embrace a start-up mindset.

NAVIGATING INTERNAL POLITICS

Another overlooked area at the start was the importance of managing internal politics. When navigating within the bank for ideas, support and validation, anticipation is key: the studio is now structured to be able to work on politics and business at the same time in order to ensure engagement, commitment and support from every corporate stakeholder, from top management to local branches.

While it might seem natural to go for a national implementation at every start-up launch, the studio also learned that implementation can be sequenced, targeted and launched as a time-limited

Fintechs can innovate much more aggressively since they don't have to consider politics, a legacy business or systems.

proof of concept, in order to prepare a better go-to-market at scale for a later date and secure internal buy-in.

HIRING CEOs

Two years after the launch, having a look in the rear-view mirror helps identify what has been done but also what needs to change and be improved: the studio still needs to define when and how to onboard entrepreneurs as CEOs of the start-ups in the build phase.

In the initial model, the bank would own 100% of the shares, which made it difficult to attract, motivate and retain CEOs. Recruiting a CEO at the early stages of product definition might also help to better engage them by allowing them to define their own vision for product development, staffing and global strategic orientations.

RESULTS TO DATE

After two years of experimentation and innovation, the studio now focuses on five innovation themes: wealth management, risk management, empowering individuals and SMEs, supporting neo-mutualism and the digitisation of agriculture. It has launched six start-ups and is working on two new projects for 2022. The team has grown to 15 people, supporting the 120-plus people working in the studio's start-ups. The studio has already had its first exit, through a sale of its first ever start-up, a financial bot adviser called Trajectoires Patrimoine en Ligne, to the group.

LOOKING AHEAD

Looking ahead, the corporate start-up studio has to prove it can foster growth for itself and its portfolio of start-ups, especially working on future investments and skills development.

In addition, the studio needs to sort out a new bunch of hot topics such as external investments and corporate VC activities, beyond the overall challenge of sustaining scaling for the start-ups that have already launched.

Christer Holloman is the author of 'How Banks Innovate', published by Wiley, and writes for *FinTech Futures* about innovation and diversity within financial services and fintech.

Best, the enemy of better in mobile banking

By Dave Wallace

Banking industry, high fives all around.

You have actually delivered solutions that customers use and love. Every month in the UK, millions of people log into mobile banking.

As of June 2022, the traditional banks accounted for more than 30 million active users and the neobanks around 10 million.

People feel comfortable with the services and seamlessly move between apps and banks as they manage their day-to-day finances.

In fact, many people have become very sophisticated and adept at finance in

a way that simply would not be possible if their bank was not on their phone.

Take, for instance, a very good friend of mine. A single mum with three kids who juggles work and family and frankly does an incredible job with both.

I was chatting to her about future finances. She was pretty clueless about

investments and pensions. It would be easy to write her off as a finance beginner. However, she then started talking about how she manages her day-to-day finances and how they are all managed through her mobile phone. Mobile banking makes it easy for her to balance the books day-to-day. It gives her control.

She also spoke about how her children are her priority in life. About how, from the moment they had arrived on the scene, she had focused on making sure they had money available to them in early adult life to give them a helping hand. She had always prioritised saving for *their* futures at the cost of not thinking about her future finances (insight klaxon alert).

What was fascinating was her descriptions of how she educated her children about money and finances and how she used mobile banking apps to do that. For example, she had set up a NatWest Rooster account for her son and was able to manage that, including permissioning.

She recently set up a Monzo account, welcoming him to the adult banking world.

So rather than being a finance beginner, she is a day-to-day spending pro and demonstrates a very sophisticated approach to managing downwards, i.e., setting permissions.

In other research I have carried out at my 'kitchen table', Monzo crops up repeatedly. But in all cases, I found that Monzo customers have kept their existing 'legacy' relationship and use Monzo for day-to-day spending.

APPY BANKING

In reality, what has been fixed is making transactional banking better and more accessible through the mobile. The tools to manage are there. If people feel that their bank doesn't deliver what they need functionally or experientially, they find one that does. They download an app, open an account and sweep money in from their primary account. But that doesn't mean closing their existing relationship.

So, if you are a bank, how do you capture what is going on and make sense of it? Take the Monzo vs traditional banks example. 'Active users' is often cited as a critical measure by the banks. However, this hides the fact that Monzo sees more activity across the month than legacy banks. A much better measure is 'retention'; for instance, how often a service is used after the app has been downloaded. The average phone has 80 apps, of which only nine are used daily and 30 monthly, so the road to app success is littered with unused ones.

Getting customers to use a service more frequently should be an aspiration for most banks. Based on what I have seen in my research, I think Monzo might be the best performer on that measure.

Revolut occasionally crops up in my discussions, but people seem to associate Revolut more with foreign exchange and crypto. This has made me wonder about their retention levels as the crypto winter has set in. Are they more associated with crypto and, therefore, not used as frequently?

Going back to my friend's experience, she has a massive gap in her knowledge and understanding and needs help beyond the day-to-day. How is her bank addressing

"The average phone has 80 apps, of which only nine are used daily and 30 monthly, so the road to app success is littered with unused ones."

Dave Wallace

that? It seems it is not. Again, this is a theme. Banks are acing money in the here and now but struggling with how to support their customers in other ways.

I believe this is the next wave of innovation and invention that will start appearing in digital banking solutions. I recently saw Personetics present with Santander at the Finovate conference in London. Personetics is being used to drive hyper-personalised insights for customers of Santander via their Money Manager proposition. According to Santander, this has driven not only engagement but also NPS.

Bringing hyper-personalised content to customers seems to really work.

SO HOW DO YOU START?

Be customer focused

This first step is vital. The business must agree that it wants to get closer to its customers and build that bridge with them. Without making customers a genuine priority, it is probably not worth the investment of getting it right.

Have a data strategy

Banks will need to look at customer data and question how they can make more out

of it, perhaps augment internal data with third parties to turn it into an offering with real insight for that customer.

Think content

The new frontier is about matching content with intent and behaviour for banks. Rather than relying on banner adverts that nobody sees.

Banks should consider introducing content on their digital banking platforms in formats customers are familiar with – for example on TikTok, Facebook or Instagram. This means proactively producing engaging videos, podcast snippets/links, dynamic tools and wizards that take people through the bank's product journey in a very gentle way, personalised from their data.

Test and learn

In all this, banks will need to set rules, test, learn and eventually get an accurate picture that shows when customers are most likely to engage with them in a relationship that goes beyond transactional.

Setting up a test and learn framework allows a bank to test hypotheses based on combinations of content, timing, repetition and so on.

Nowadays, bankers see technology as the most significant piece of the digital transformation puzzle, around which everything else fits.

However, banks need a mind shift – think 30% technology and 30% operations rather than 90% technology and 10% everything else.

There is so much space for improvement. Banks and fintechs have led the way in creating digital experiences people can use. The challenge for the industry is how to go beyond what they have and deliver platforms beyond the transactional.



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

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



Act globally, transact locally

FinTech Futures sat down with Martynas Bieliauskas, CEO of Swiss-licensed fintech Klarpay AG, to discuss the company's approach to servicing global digital businesses with scalable transactional banking solutions

What's the biggest challenge digital businesses are facing today?

Coming from a digital entrepreneurship background, I have to say that one of the biggest challenges faced by digital businesses is access to efficient transactional banking. The conflict is that most banks apply risk assessment

processes that are simply not adapted to a lot of fast-paced online business models.

On the flip side, online businesses demand their banking partners provide services digitally and instantly through up-to-date technical integrations and protocols. Unfortunately, most legacy banks don't have the necessary modern

technical infrastructure in place to do that.

At Klarpay, we built the technology and operational focus necessary to help bridge this gap between traditional banking and online businesses by providing digital merchants with modern transactional banking and digital disbursement solutions.

Swiss Federal Banking Act. What does this authorisation enable you to deliver?

Acquiring a deposit-taking licence by the Financial Market Supervisory Authority (FINMA) enables us to provide digital entrepreneurs with a comprehensive business banking and payments service that includes everything from IBAN accounts and virtual debit card issuance to global payment acceptance.

The idea to create Klarpay and acquire the prestigious FINMA licence stemmed from our past frustrations in securing robust financial solutions for some of our previous online business ventures.

Our goal is for Klarpay to be as independent, secure and all-encompassing a solution as possible in terms of technology, licensing and payments infrastructure.

What is the future of paytech and how is Klarpay preparing for it?

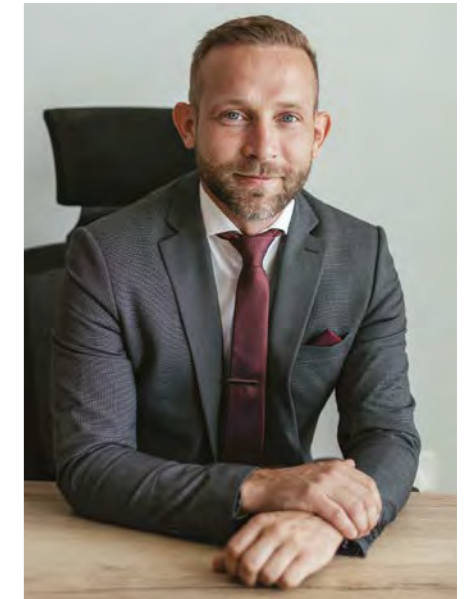
Overall, we see a rapid move from point providers to fully integrated solutions for embedded financial experiences. This trend will only gain more momentum as the true potential for a digital API-led alternative to commercial payments relies upon an agile and efficient 'behind the scenes' payments process.

The other big trend we see is, of course, cryptocurrency acceptance. Crypto is real-time, cheap and irrevocable; from the merchant's perspective, it constitutes an attractive payment method.

Klarpay's FINMA regulation gives us a unique competitive advantage when it comes to enabling cryptocurrency transactions, as Switzerland has been one of the few countries in the world to define a clear regulatory framework on how to convert crypto to fiat.

How important is it to remain agile and maintain a flexible technology infrastructure in a constantly evolving payments landscape?

If one thing is for certain, e-commerce is



"Our goal is for Klarpay to be as independent, secure and all-encompassing a solution as possible in terms of technology, licensing and payments infrastructure."

Martynas Bieliauskas, Klarpay AG

going to continue to grow. The digital-first generation will hit their spending years within the next decade, which means that online businesses will need to be even more adaptive to digital payment technologies.

We believe that Klarpay is well positioned to play an integral role in unlocking friction around banking, payment and disbursement solutions for digital businesses now and in the future.

Composing the future of banks

By Dharmesh Mistry, CEO, Askhomey

Increasingly core banking vendors are jumping onto a new bandwagon called 'composable banking'. A quick Google search and the earliest reference I could find dates to August 2016 for a paper written by strategist Leon Rees heralding "the composable bank". In this paper, he says a composable bank is "where the bank can adapt to the confluence of disruptive change taking place in our industry".

Rees says the following shifts have created the drivers for composable banking:

- migrating the composition of commodity capability from within the bank to the wider ecosystem;
- shifting the architectural emphasis from functionality and product to a model where data, customer and orchestration has primacy;
- moving from an infrequent change model (once every six months) to a high frequency change model (several times per day);
- leaving behind fixed-cost models and moving to consumption-based pricing in contestable markets;
- adapting to a new regime where businesses are no longer regulated 'on the business' but 'in the business';
- shifting from heavily governed, teams of thin-sliced specialist roles to self-governing teams of broadly scoped 'T-shaped' people.

The first vendor to adopt this vision and terminology appears to be Mambu announcing its composable banking platform in 2018, and most recently Temenos joined the party announcing its composable banking solution at its 2022 user conference, Temenos Community Forum (TCF). Both of these appear to be a proprietary approach to composable banking.

Essentially composable banking is the

ability to create a banking platform from multiple suppliers easily. In the past connecting software from two different suppliers involved coding the integration and sometimes required a 'technology bridge/gateway' to allow one platform to talk to another.

Fast forward to the modern cloud era where we should not need to understand what hardware or software a solution runs on to use it. Thus, integrating cloud solutions is more simply a mapping exercise of data/parameters to each cloud service. Often this is done with a graphical tool and hence we are 'composing' the integration.

Interestingly, Banking Industry Architecture Network (BIAN) call this "coreless banking" and demonstrated its approach in 2021 using Thought Machine's core banking system and Zafin's pricing platform as one example.

Arguably, what BIAN has produced is much more granular and based on BIAN's standard definitions of banking services. This would allow for 'composition' of banking in a more vendor neutral way – for instance, not specific to a particular core banking solution for composing the third parties. To enable this, BIAN has developed the 'message modeller' – essentially a way to map data from one platform to another based on the BIAN data standards (a demo is available on BIAN's website).

This kind of flexibility should eliminate vendor lock-in and really allow banks to swap in and out banking services much more easily. It will allow banks to choose the best-of-breed components and not be compelled to use all services from a single vendor.

One thing I'd like to add though is that BIAN represents the business model of banking first and then how it can

be supported by technology. It's not about the modularisation of software components that can be easily interchanged, it is very much about creating flexibility and agility in banking by creating a canonical representation of the business of banking.

The biggest challenge for any bank is how do they reach such a vision of composable banking when over decades of investment in technology automation they have hundreds or thousands of systems, with some sharing data through extraction, some integrated through technical bridges and maybe a few more modern solutions through APIs? Integration is one of the biggest headaches a bank has, so the idea of composable banking would be simpler if every system had APIs, but that just isn't the real world.

In addition to this, not every process is based around system-to-system interaction. There are processes that require human intervention, often managed by business process automation software. Sometimes these processes are necessary

entire bank, it was just one business area. This was the classic spaghetti architecture issue driven mostly by silo implementations for individual business requirements or processes. I'm sure most of you recognise the issues above, but it seems there is now an emerging solution for this problem.

This is something research and advisory firm Forrester highlights as a new space called 'deep process automation'. In simple terms, it is a layer that sits above IT systems, workflow systems and RPA solutions and combines orchestration and execution of the whole complex process. Applied to multiple complex processes, this layer can act as an enterprise operating system.

There are solutions like Luther Systems that already claim to be able to handle the most complex scenarios banks have to deal with.

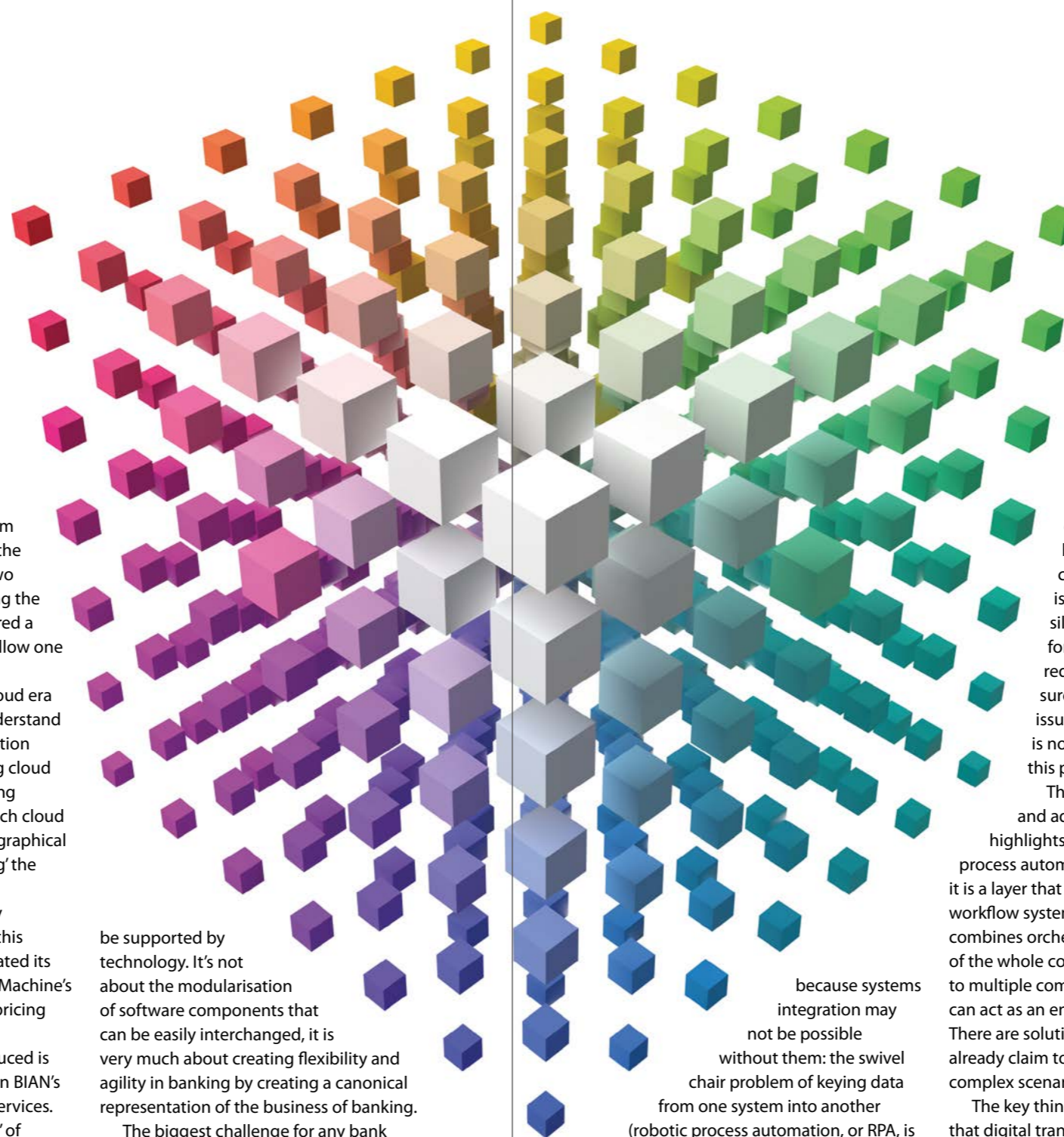
The key thing here is that often we hear that digital transformation is hard, slow and expensive. Quite often I find banks still looking at transformation from an individual process-by-process approach within specific business areas. A siloed approach within a big programme. Instead, it is key to take a step back and look at the

overall picture today (current landscape), define the desired state (future landscape) and then work out how to get there and with what technologies.

This is definitely harder than it sounds, but it is achievable. It requires a strong combination of business and technology vision and leadership, but it is business led. However, if a bank's vision is simply to digitise what they have, (for instance, automate how they sell and service products they have today), then this is probably something they can get away with without creating a composable bank.

Right now, there are many new technologies available with more on the horizon and regulators are pushing for change to create more competitive services. There is arguably more innovation happening now than at any other time in banking history.

Therefore, I'm just saying that time spent creating flexibility in banking is not just time well spent, but critical. Flexibility, agility and innovation are core competencies that will keep banks competitive through the next decade. By 2030, the banking landscape will be a very different scene. The winners and losers will be defined by how well they have architected their technology led by a strong business vision.



because systems integration may not be possible without them: the swivel chair problem of keying data from one system into another (robotic process automation, or RPA, is especially handy here).

In the last few years, artificial intelligence (AI) has been added to the mix to make the routing of flows smarter. As always, technologists are great at solving individual processes, but business tends to be more complex, and it is only much later we start to see a bigger picture. For example, what if a process involves system-to-system integration, workflow systems and robotic process automation? On top of this, what if you need to measure, monitor and manage these processes so they can be further optimised?

In one of the banks where I was responsible for IT architecture and strategy, I found six different workflow systems being used. And this wasn't across the



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

The sun shines on PayTech

A beautiful London afternoon in July lent itself to the fifth PayTech Awards, brought to you by FinTech Futures. Here's the winners and a selection of photos from the event

The fifth annual PayTech Awards took place on 1 July at the Merchant Taylors' Hall in London and was a great success, with 230 guests joining us for an incredible day of celebration and entertainment, hosted by comedian Jo Caufield (pictured right).

Some 27 winners and 29 highly commended were announced this year across categories including Best Consumer Cards Initiative, Best Mobile Payments Initiative, Best Green Initiative, Woman in PayTech plus many more.



PAYTECH PROJECT AWARDS

BEST CONSUMER CARDS INITIATIVE

Transact Payments and Tymit - Tymit - Tymit Credit Card (tymit.com/credit)

BEST CORPORATE CARDS INITIATIVE

Pleo and Enfuce - Card as a Service

BEST CORPORATE PAYMENTS INITIATIVE

B4B Payments - Cards for Urgent Expense

BEST SME PAYMENTS INITIATIVE

KoinWorks - KoinWorks Super Financial App

BEST E-COMMERCE INITIATIVE

Worldline - Live Shopping solution

BEST MOBILE PAYMENTS INITIATIVE

Payit by NatWest - Payit by NatWest

BEST PAYTECH PARTNERSHIP

Cal and Custodia - The Hybrid-Card - Personal and Business Spend in a Single Card

BEST BENEFITS/LOYALTY INITIATIVE

Radar Payments - Tippy by Radar Payments

BEST USE OF SECURITY/ANTI-FRAUD SOLUTION IN PAYMENTS

Banking Circle - Banking Circle: AI-driven transaction monitoring

BEST UX/CX IN PAYMENTS INITIATIVE

Tink - Tink Console

BEST CONTRIBUTION TO ECONOMIC MOBILITY IN PAYMENTS

Payactiv - Payactiv Livelihood Platform

BEST GREEN INITIATIVE

PPS and ekko - PPS and ekko

PAYTECH FOR GOOD

PayBox - Earning Equality - Promoting equal wages during the 2022 International Women's day

COVID-19 RESPONSE

PPS & Sainsbury's - PPS & Sainsbury's

BEST INNOVATION

McLEAR - RingPay by McLEAR

EXCELLENCE IN TECH AWARDS

BEST OPEN BANKING SOLUTION

Yapily - Yapily launches Bulk Payments service with Comma

BEST REAL-TIME PAYMENTS SOLUTION

Sensedia - Elo QR Code Hub

BEST REAL-TIME PAYMENTS SOLUTION FOR BUSINESS

Crezco - Instant open banking payments

TOP PAYTECH PROVIDER

Banking Circle - Banking Circle

TECH OF THE FUTURE

Cardstream - Cardstream's pioneering OPN®

BEST CROSS-BORDER PAYMENTS SOLUTION

Nium - Nium cards issuance-as-a-service

BEST CLOUD PAYMENTS SOLUTION

Gr4vy - Gr4vy Cloud-Native Payment Orchestration Platform

LEADERSHIP AWARDS

WOMAN IN PAYTECH

sponsored by ACI Worldwide
Melissa Hentschel, Chief Delivery Officer, Onbe

PAYTECH LEADERSHIP

Dave Tonge, CTO, Moneyhub

RISING PAYTECH STAR

Dejan Roljić, CEO, Eligma d.o.o.

PAYTECH TEAM OF THE YEAR

J.P. Morgan - Payments Are Eating The World

EDITOR'S CHOICE AWARD

BHMI and Payshop - Implementation of Concourse for Payshop's Unified Payments Back-Office Solution



Helping to Zolve the credit puzzle for US arrivals

By Alex Pugh, reporter, FinTech Futures



The idea behind Zolve was formed over a dinner with friends in New York City in 2020. When the bill came, serial entrepreneur Raghunandan G (Raghu), realised that none of his fellow diners, all Indian citizens, had a US credit card and had no choice but to pay in cash or with a debit card.

In India, these individuals were considered creditworthy and yet, in a new country, they were a credit risk. The US financial system is not set up to monitor financial data spanning borders.

This experience inspired Raghu to found Zolve, a cross-border neobank “for the global citizen”. Zolve enables fair access to financial products and understands that individuals with financial lives in more than one country need access to financial products worldwide.

Immigrants moving to the US cannot obtain a bank account or a reasonably high-limit credit card without waiting months, sometimes years, to establish

credit. This means they are often unable to set up a bank account or access lines of credit, or must accept higher fees when borrowing money and pay more for essential services such as insurance, utilities and car loans.

Zolve provides immigrants in the US with access to FDIC-insured bank accounts, high-limit credit cards and debit cards without the need for a social security number or US credit score.

CULTURE SHOCK

“When immigrants move to America, they might get hit by the reality of how expensive the States is compared with their home countries,” Raghu tells *FinTech Futures*.

Rather than waiting months or years to build a credit score, new immigrants can use Zolve to access US banking services from day one, allowing them to begin building credit immediately “and achieve their long-term financial goals”.

The lack of access to financial services can cause difficulty when it comes to saving money and securing housing. Many new immigrants cannot secure affordable housing because they do not have a credit history, or they may be unaware of how to apply for a mortgage. Immigrants who do not have a credit history sometimes do not get loans at all or must pay a higher interest rate on existing loans.

“Education around investments and asset building, budgeting tools, credit score tracking and the ability to manage personal finances, especially in a new country, is the way to go,” Raghu says.

CUSTOMER ONBOARDING

Zolve acquires customers within India and retains them in the US, the two nations in which the company currently operates. “This way, current acquisitions happen through multiple marketing channels including affiliates, offline and online channels, digital media and content

marketing,” Raghu says.

Zolve has partnered with affiliates in India who are education loan providers, overseas education counsellors, visa consultants and accommodation providers, among others. Another big pull for the Zolve product has been the power of referrals and word of mouth among the student community.

“We have a strong presence across more than 380 US universities, and we have a long-term student ambassador programme to help with growth in the US,” says Raghu.

For working professionals, the approach is slightly different. Zolve has focused on corporate tie-ups where the partnership is mutually beneficial for both the employees and the corporates. “As professionals experience the product, they eagerly refer their colleagues as they experience the gap in the existing system,” Raghu says.

Zolve has also teamed up with partners such as Mastercard, Wise, Trulioo, ZeroHash and CFSB. “These partnerships have been essential in allowing Zolve to make our product user-friendly and convenient across geographies,” Raghu explains. Additionally, forging partnerships with household names in the US has given the company an “elevated sense of credibility” in the marketplace.

So, why haven't legacy financial institutions done more to support this cause? “There could be multiple reasons why legacy financial institutions might not have stepped up to this cause,” Raghu says. First, most of them may not have been exposed to the plethora of issues immigrants face moving into the country, especially regarding financial literacy in a new geography.

Second, even if legacy FIs are aware and strive to serve this population segment, they may only be able to do so effectively once the immigrant has arrived in the country.

“But, in reality, an immigrant thinks of managing finances way before they move,” Raghu explains.

NEO PROBLEMS, NEO SOLUTIONS

Certainly, neobanks such as Zolve are particularly well placed to tackle this issue.

First, neobanks are built on technology platforms that allow them to offer services

at a fraction of the cost of traditional banks.

This means they can pass those savings onto customers in the form of lower fees and better rates.

Since they don't have physical branches, most neobanks only offer their services online or through mobile apps – so they can focus on providing good customer service through those channels rather than having to worry about building a brick-and-mortar network first.

Neobanks are also agile by nature. They don't have the same legacy systems and processes as traditional banks, so they can more easily adapt their offerings to accommodate changing customer needs and segments.

They also offer on par fraud protection since they use biometrics and artificial intelligence (AI) to identify potential fraudsters before any money is lost – “An advantage that can save consumers a lot of time and trouble dealing with claims,” Raghu says.



“We have a strong presence across more than 380 US universities, and we have a long-term student ambassador programme to help with growth in the US.”

Raghunandan G (Raghu), Zolve

PROBLEM ZOLVER

The benefits to society being driven by solutions such as Zolve are numerous. Zolve helps immigrants accelerate their financial health through products that build wealth in the long run, which leads to higher income levels for immigrants, and the propensity to save is much higher.

“Another way Zolve helps the larger good is facilitating smooth money movement across the globe,” Raghu says. Raghu cites research that shows immigrants send about \$600 billion every year to their families back home. With Zolve, remittances are competitively low cost and happen at lightning speed.

“So, imagine if they didn't have to pay those high fees anymore? That money could be used for other things like higher education or health care or deposits or whatever else they want to invest in,” Raghu says.

The lack of access to credit products, meanwhile, isn't just limited to immigrants. Those with weaker credit scores, certain professions or new students and young teenagers are also impacted. “These groups will benefit highly from what we are currently building in the coming quarters that will serve as a game changer when it comes to building credit seamlessly and risk-free,” Raghu says.

GLOBAL AMBITIONS

“At Zolve, we're building a global multi-suite product for the ambitionists,” Raghu says. Soon, Zolve will service multiple countries providing those thinking of emigrating with not just a functional bank account and a credit card from the home country, but myriad other products in the offering. These geographies include Australia, Canada, Germany, India and the UK.

“Currently, we are building multiple new-age product offerings that enable financial independence for every global citizen,” Raghu says.

“With this in mind, our greater goal over the coming quarters is not only to continue adding to Zolve's current product suite across investments, credit building, savings and tracking tools, but also to expand the current geographies we serve.”

How Mojaloop is powering payments for the unbanked

By Shruti Khairnar, reporter, FinTech Futures



For so many of us, transferring money is no big deal. With our smartphones and banking apps all available in the palm of our hand, sending money has never been easier. However, according to World Bank, there are 1.7 billion people in the world living without access to the most basic financial services, including having their own bank account.

Kim Walters, senior managing director at Crosslake Technologies, tells *FinTech Futures*: "If you live in a village in Tanzania and you want to send money to your

mother in Kenya, you go to an agency to transfer funds. And we're not talking about big amounts – we're talking \$20, which can enable her to eat for several months."

Walters adds that with those agencies claiming a 50% markup on the transferred money, the only viable means left for people to transfer is by courier.

With three decades worth of experience, the majority of which was spent at Microsoft, Walters got involved in the Mojaloop project, which looks to solve this problem predominantly in Africa.

BUILDING THE TEAM

Backed by the Bill and Melinda Gates Foundation, Mojaloop is an open source payments platform with a mission to drive financial inclusion.

Walters credits the idea for Mojaloop to the foundation, which she says prefers to be "technology agnostic".

"They say here's the vision, you guys can go engineer it," she says. "My role in it was to be the lead engineer to figure out the components of this system and the founding members to develop it."

Funded by the Bill and Melinda Gates Foundation, Walters and her team partnered with Dwolla, a financial payments service provider, which built the central ledger and some of the core administrative features for Mojaloop.

Then, they tapped Ripple, which built the inter-ledger protocol, which essentially enables mapping out addresses and routing payments.

Their third partner was Software Group, based out of Bulgaria, which helped build the user interface (UI) and the front-end interfaces. And lastly, they brought in ModusBox for its APIs, transfer agents and payment systems.

Starting out in 2016, the four companies came together with Walters directing the team and worked for two years to build out the ecosystem. In 2018, they finally took it to the Bank of Tanzania to start the pilot programme.

SOFTWARE FOR 'DUMB' PHONES

"One of the things we had to do is think about the lowest common denominator," Walters explains, which turned out to be people not having smartphones. They discovered most people in the country have traditional older flip phones, called Unstructured Supplementary Service Data (USSD) phones.

"What we had to do is bring it down to a USSD interface where it's simply a menu-driven UI," explains Walters, "where option one allows you to open an account, two to check your balance, three for deposits and four to transfer money."

From an accessibility standpoint, Walters says that they made sure there was a "repeatable set of parameters" people can use where they can just enter the same thing every time. She adds that since they had simulator phones to test out this technology, it wasn't the most difficult part of the process.

"The most difficult part of it really was designing the hub system, which is basically the routing and dealing with transfers," Walters says.

"The principle behind it was we wanted to support thousands and thousands of transfers per second, with a very fast transfer speed, and very little overhead costs," she adds, "because we knew that the payments that would go through would be



"Research has shown when folks, especially women, have access to a bank, they are more likely to save for things like housing and health care and education."

Kim Walters, Mojaloop

of \$10 and \$20, but we didn't want to have any maintenance fee and as little overhead as possible."

Mojaloop's software is currently deployed in two African countries. In Uganda, Orange, a telecom operator, and MTN, a mobile bank network, entered a joint venture in 2020 to launch Mowali, which leverages the Mojaloop open source technology.

And in Tanzania, the Bank of Tanzania has transactions going through the Mojaloop platform.

"We're also piloting this right now in Rwanda and Myanmar," Walters adds.

RESPONSE FROM USERS

When asked about customer response, Walters notes that with the whole process, it takes a while to get to the end user, as much of the system is used by

hub, mobile and platform administrators.

"I think with the buy in from them it's been really easy to work with Mojaloop because it's a free open source platform right there," she says. "We are not charging any amount of money to implement it."

Walters adds that for banks, the advantage is that they get access to more potential customers as they normally only have access to users within their country or network. By implementing Mojaloop, they can have an "exponential" number of customers because of the platform's reach, she claims.

Listing the benefits of Mojaloop, she adds that in countries like Tanzania, where there are people who have never seen a bank, they can now open a bank account straight from their flip phone.

"Research has shown when folks, especially women, have access to a bank, they are more likely to save for things like housing and health care and education," Walters adds.

"Especially in some of these countries, women are not even able to open up a bank account because it has all been a male-dominated initiative."

FUTURE PLANS

"I think we're just careful about not getting over our bridges," Walters says. "Onboarding Mowali was really the 2020 focus, and with Covid, we just slowed down a little bit."

But while Africa is the firm's focus for now, she says that if someone from Latin America or Asia were to approach them, they would welcome the initiative.

"It's just that we have a fixed amount of resources and volunteers and as such we're trying not to boil the ocean, but we're open to it," she says.

Walters calls the journey an "eye-opening" experience, noting how a lot of things tend to be taken "for granted" in the US.

"I've had the privilege of going to Africa several times and you meet with some of these folks who have experiences about how difficult it is to save money, go to a bank and transfer money and hear about the costs involved," she says.

"It really grounds the experience and makes all the things that you're building really worth it."

FINTECH FUNDING ROUND-UP

Brazilian fintech **Neon** has raised **\$80 million** in its first Credit Rights Investment Fund (FIDC) focused on credit cards as it looks to create a “conscious path to credit” for millions of Brazilians.

This is the second fundraise by Neon in the private credit market this year and brings the total fund to \$170 million. The company says it expects the amount to double.

Alongside its existing personal loans, payroll loans and credit cards, Neon recently launched its “elastic limit” service, which makes it possible to expand credit for one-off purchases, based on a credit assessment.

Earlier this year, Spanish banking giant BBVA increased its stake in Neon to 29.7%.

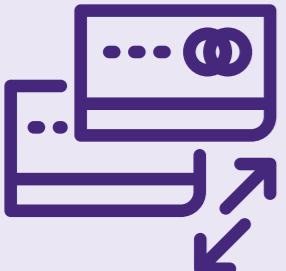


Saudi Arabian buy now, pay later (BNPL) provider **Tamara** has raised **\$100 million** in a Series B round led by Sanabil Investments, a portfolio company of Saudi Arabia’s Public Investment Fund (PIF).

The latest raise brings its total funding to date to \$216 million in equity and debt. The Series B also saw participation from Shorooq Partners, Coatue, Endeavor Catalyst and Checkout.com, which led the firm’s Series A round.

In April 2021, Tamara secured \$110 million in its Series A round, the largest Series A round for a fintech in the MENA region.

Launched in September 2020, the start-up claims three million customers and 4,000+ merchant partners including the likes of IKEA, SHEIN, Adidas, Namshi and Jarir.

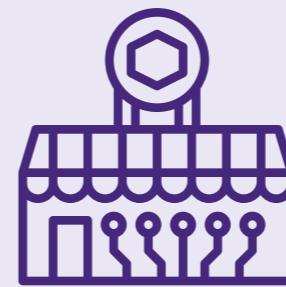
San Francisco-based fintech **Pomelo** has secured **\$20 million** in venture capital and a **\$50 million** credit facility as part of a seed funding round.

The round was led by Founders Fund and A* Capital with participation from Afore Capital, The Chainsmokers and The Weeknd, among others.

Pomelo’s platform combines consumer credit and money transfer with zero transfer fees. In partnership with Mastercard, Pomelo has developed a credit card that allows US customers to “allocate credit” to their loved ones around the world.

It also offers customers the chance to build their credit history in the US with their existing remittance obligations.

Pomelo claims it had more than 120,000 people sign up to its waitlist six months prior to its beta testing.



California-based **Parafin** has raised **\$60 million** in a Series B financing round led by GIC, Singapore’s sovereign wealth fund, taking its total equity raised to date to \$94 million.

The round saw participation from new and existing investors, including Series A and seed lead investors Thrive Capital and Ribbit Capital.

Founded in 2020 by former Robinhood employees Sahill Poddar, Ralph Furman and Vineet Goel, Parafin enables platforms such as marketplaces and payment processors to launch and embed financial services.

The company manages the product, underwriting, capital markets, compliance and marketing aspects for its partners, allowing companies that serve small businesses to launch a white-label financial services programme with Parafin in as little as a few days.

San Francisco-based **TomoCredit** has bagged **\$122 million** in equity and debt funding.

The round, which was said to be oversubscribed, attracted investors including Morgan Stanley’s Next Level Fund and Mastercard, as well as debt from Silicon Valley Bank. Also participating were GoldHouse, Asian Hustle Network and Hyphen Capital.

TomoCredit’s underwriting algorithm TomoScore identifies high potential borrowers without a credit score and offers a credit card which requires no credit checks and no deposit.

The company claims to have grown 1,000% in revenue last year.

It intends to expand its credit product offerings to include auto loans and mortgages as well as hire more staff.

Founded in 2018, TomoCredit raised \$10 million a year ago in Series A.

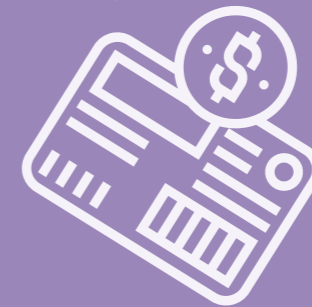


US fintech **Central Payments** has raised **\$30 million** in growth equity led by Castle Creek Capital with participation from Launchpad Capital.

The company says the transaction spins the firm out from Central Bank of Kansas City (CBKC). The bank will continue as an investor, issuer and strategic partner.

“Central Payments grew from a vision of expanding CBKC’s reach among low- and moderate-income consumers through products like payroll cards, prepaid cards and remittances,” says Steve Giles, CEO of CBKC. He adds the deal allows Central Payments “to expand on the original vision”.

Founded in 2014 with CBKC, Central Payments provides payments technology and issuing solutions for fintech and embedded finance businesses. It also claims to be the “fastest growing” prepaid card issuer since 2015.



Stori, a provider of credit card products to Mexico’s underserved population, has raised **\$150 million** in a mix of equity and debt financing at a \$1.2 billion valuation.

The Series C-2 round includes a \$50 million equity investment co-led by BAI Capital, GIC and GGV Capital and featuring participation from other existing and new investors including Lightspeed Venture Partners, General Catalyst, Vision Plus Capital, Goodwater Capital, Tresalia Capital, and Davidson Kempner Capital Management LP. The latter has also arranged a \$100 million debt facility.

The latest round comes just nine months after Stori’s \$200 million Series C.

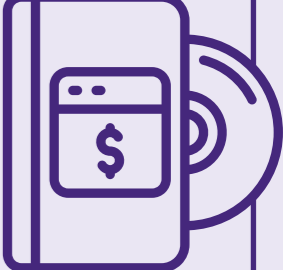
Founded in 2018, Stori now plans to expand across Latin America.

Pennsylvania-based financial software provider **Savana** has closed a **\$45 million** Series A round led by Canadian growth-stage investor Georgian.

US banking tech heavyweight Fiserv also participated in the round and will be expanding its existing reseller agreement with Savana.

Savana’s API-first and cloud-native Digital Delivery Platform digitises bank-assisted and consumer-direct channels for banks and fintechs.

Michael Sanchez, chairman and CEO of Savana, says the firm aims to “redefine customer-first banking operations”.



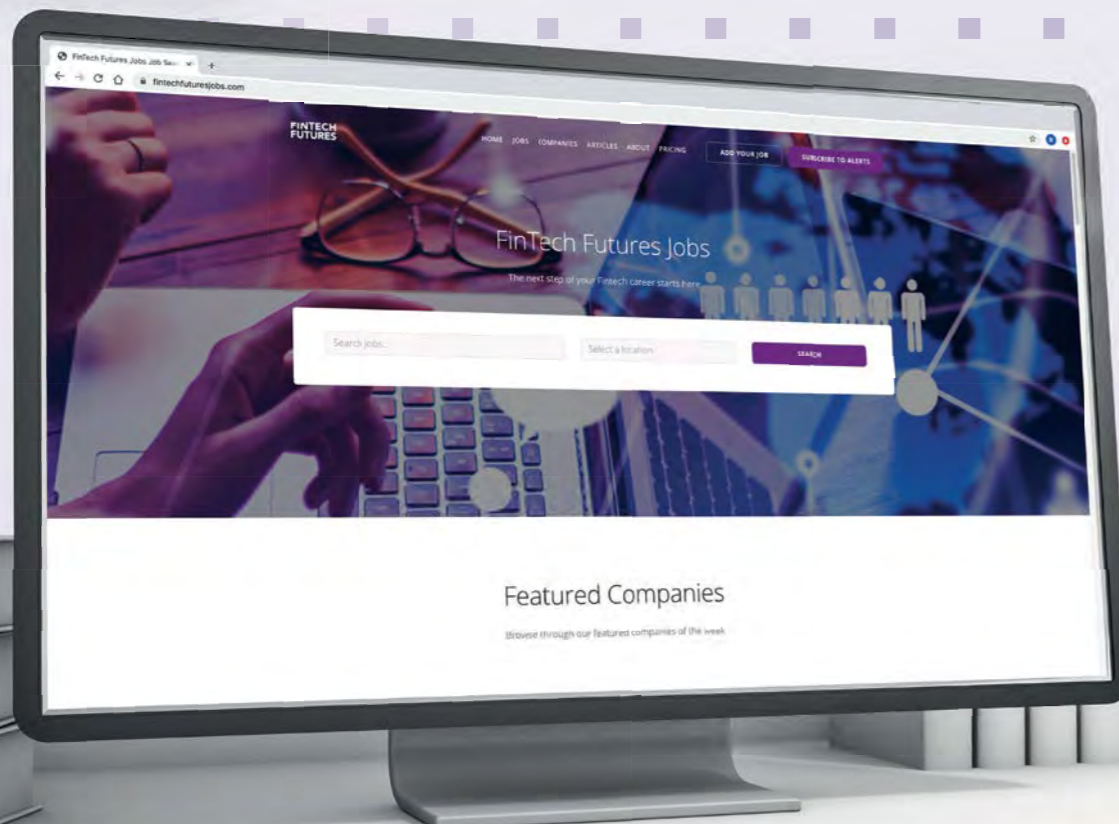
 This is just a snapshot of the fintech funding activity worldwide. For more info on these and many other deals, head over to the [FinTech Futures website!](https://www.fintechfutures.com)

The next step of your fintech career starts here

Browse thousands of jobs from some of the industry's most prestigious corporations



Search jobs



MOVERS AND SHAKERS



Jason Gardner

Marqeta's founder **Jason Gardner** is stepping down from his position as CEO after 12 years. He plans to take on the role of executive chairman once his replacement is appointed. Marqeta's shares fell by as much as 25% following the announcement.

Gardner also announced that Marqeta's COO, **Vidya Peters**, is also leaving the company.

New hire **Simon Khalaf**, who joined the firm as chief product officer, will take on Peters' go-to-market responsibilities on an interim basis. Khalaf joined Marqeta from Twilio, where he led the company's core communication products.

Gardner founded Marqeta in 2010, with the firm offering card issuing and payment processing services through what it claims to be the "world's first" open API platform.

Since then, the company has grown to more than 800 employees, with offices in the US, UK, EU, Canada and the Asia Pacific and headquartered in Oakland, California.

Marqeta went public via an IPO in June 2021.

Payments veteran **Steve Ledford** is retiring from **The Clearing House (TCH)** after nine years as SVP for products and strategy.

Announcing his decision on LinkedIn, the self-described "payments nerd" says he is leaving the industry after 41 years.

Ledford launched the Real-Time Payments (RTP) network at TCH. He has been succeeded by **Rusiru Gunasena**, who joins TCH as SVP, RTP product management and strategy from banking tech firm Jack Henry, where he was managing director of JHA PayCenter, which connects financial institutions to the RTP network.

Gravity Payments CEO **Dan Price** has resigned, with COO **Tammi Kroll** set to take the reins at the firm. Price, who founded Gravity Payments in his dorm room 18 years ago, is perhaps best known for slashing his \$1 million salary to boost the pay for his employees to \$70,000, from an average of \$48,000. The company now pays a minimum starting wage of \$80,000.

The Seattle Times reported earlier this year that Seattle

prosecutors charged Price with misdemeanor assault and reckless driving. Price pleaded not guilty to the charges in May.

Confirming his resignation on social media, Price said his presence has become a distraction at Gravity Payments and that he needed to "focus full-time on fighting false accusations" made against him. "I'm not going anywhere," he also stated.

Recognise Bank, a new digital bank for SMEs in the UK, has appointed **Jean Murphy** as CEO.

Murphy brings more than 25 years of banking and capital markets experience to the role, having held senior leadership positions at financial institutions including Morgan Stanley and Goldman Sachs.

Recognise has also recently appointed new CTO, **Sahil Thapa**, who joined from Deutsche Bank, where he spent more than ten years, most recently working on the bank's strategy execution and business architecture.

NatWest Group's director of payments, **Marion King**, has left the bank after seven years. While there, she led the development of the bank's payments strategy, overseeing the building of new payments infrastructure and delivering operational services.

Prior to NatWest, she served as president UK and Ireland for Mastercard, CEO of Vocalink (acquired by Mastercard), and MD global transactions at Reuters.

King has now joined **Bibby Financial Services**, a UK-based SME lender, as a non-executive director.

US-based **Arvest Bank** has hired **Ninish Ukkan** as CTO to lead the development of its new banking platform in the cloud.

Ukkan previously served as CTO at Green Dot Corporation, where he led the company's cloud migration and enterprise data platform for its banking-as-a-service (BaaS) platform.

Also joining Arvest Bank is **Bryan Hicks**, who will serve as head of product over APIs and third-party integration. He joins Arvest from Derive Systems, having previously held technology product management roles at Ford, SAP and AT&T.

Workspace management and workflow automation platform **OpenFin** has appointed **Vicky Sanders** as its new chief digital officer (CDO). Sanders will drive the company's digital transformation across its ecosystem of buy-side and sell-side institutions along with the global vendor community.

Sanders most recently served as chief commercial officer for TP ICAP Group's agency execution division, where she was responsible for overseeing the commercial strategy of the Liquidnet and Coex Partners businesses.

Prior to that, she co-founded RSRCHXchange in 2014, a fintech operating as an aggregator and marketplace for institutional research, leading the business through its acquisition by Liquidnet. She also worked at Goldman Sachs and Merrill Lynch.



www.iantoons.com

RODEO

Cartoon by Ian Foley

Throughout the history of finance, many banking products are provided at a loss or at cost, but loans provide cash flow and enable banks to build up assets on their balance sheet. It is therefore not surprising that new banks and crypto firms got into the lending business.

For example, crypto lenders facilitated crypto loans allowing users to borrow against their crypto for fiat or stablecoins. But falling crypto prices coupled with tough economic

conditions has left the crypto lending sphere in turmoil. This car crash has attracted the attention of regulators, which is likely to lead to legislation with lots of unintended consequences.

However, the fintech industry has the opportunity to step in and create risk management standards for lending or for other exotic banking products.

As Simon Taylor remarks in his Fintech Brainfood blog, we need to see new start-ups “competing on how effectively they can help a neobank, fintech company, incumbent or web3 wallet manage risk”.

EDITORIAL
 Managing Director & Editor-in-Chief
Tanya.Andreasyan@fintechfutures.com
 Editor
Paul.Hindle@fintechfutures.com
 Reporters
Alex.Pugh@fintechfutures.com
Shruti.Khairnar@fintechfutures.com

SALES
 Business Development Manager
Sam.Hutton@fintechfutures.com
 +44 (0)20 8052 0434
 Business Development Executive
Kate.Stevenson@fintechfutures.com
 +44 (0) 782 593 0099

MARKETING
 Marketing Manager
Rebecca.Nolan@fintechfutures.com

Marketing and Design Executive
Tinu.Osin@fintechfutures.com

PRINTER
 Hobbs the Printers Ltd, Hampshire, UK

ADDRESS
 FinTech Futures,
 240 Blackfriars Road, London SE1 8BF

ISSN 0266-0865

© Banking Technology 2022
 All rights reserved; Banking Technology material may not be reproduced in any form without the written permission of the publisher.

19
 OCT 2022

FinTech
 MARKETING
GLOBAL DEMO DAY

**SOLUTIONS & TECHNOLOGY
 SHAPING THE FUTURE OF
 THE FINTECH MARKETING
 LANDSCAPE**

JOIN US FOR THE VIRTUAL GLOBAL DEMO DAY

REGISTER TODAY

**Want to demo your solution? Please contact us
 at eventsponsorship@fintechb2bmarketing.com**

www.fintechb2bmarketing.com/events/



Join us at the Royal Lancaster Hotel, London

The Banking Tech Awards ceremony is your chance to come together as a community, celebrate your achievements and network with the best in the industry.

Held on **1 December 2022** at the fabulous **Royal Lancaster Hotel in London**, this is an evening not to be missed!

To learn more about the awards and to book your table visit bankingtechawards.com

#BankingTechAwards

