banking technology

The definitive source of news and analysis of the global fintech sector | **Dec 2020 / Jan 2021** **www.fintechfutures.com**

READY TO TAKE 2021 BY THE HORNS
But first, a look at the trends that dominated the past 12 months

2020: A SHOCK TO THE SYSTEM
The year that witnessed a time of intense industry disruption

SOLVING THE "PARTNERSHIP PROBLEM"
Our resident expert returns to offer his sage fintech advice

Produced by FINTECH FUTURES

IN THIS ISSUE

EDITOR'S NOTE

Sharon Kimathi
Editor, Banking Technology

It has been an incredibly challenging year for all of us, from pandemic lockdowns and the tragic loss of loved ones to widening social divisions. This year has left people exhausted and exasperated, "doomscrolling" through social media reading the headlines, but it has not taken away our hope for a better future ahead.

We are at a pivotal moment in history as scientists around the world work tirelessly at providing us with a vaccine to return to some semblance of normalcy and overcome this period of uncertainty. It's also exciting because we can re-define what "normal" means. The requirement to stay at home has led to a positive environmental impact as there were lower fuel emissions and pollution due to fewer commuters. It also saw spawned innovation in digital products to enable us to stay safe and connected, whilst governmental support for fintech firms increased across the globe.

In this year's Fintech Review, *FinTech Futures* reporter, Ruby Hinchliffe, dissects her top five 2020 fintech trends, highlighting the great strides in digitalisation across the payments and open banking landscape. She also examines the major fintech mergers and acquisitions (M&A) and explores why investors are showing a keen interest in "embedded finance-focused" start-ups.

We hope you have enjoyed this year's *Banking Technology* magazines and supplements. From all of us at *FinTech Futures*, we wish you and your families a wonderful holiday season and a fantastic new year!

FINTECH FEED

TWEET DECK Follow us @FinTech_Futures

Eshita
@eshita
Thinking about the times I got rejected and wondering if it was because I was too hot 😔

Taylor Lorenz
@TaylorLorenz
This is the type of misogyny women in tech/Silicon Valley have to deal with every single day.

Look at the big names in tech/Gen Z mafia ppl who follow and support this man.

For every man who's sexist out loud there are 10 more who do it quietly, note who doesn't call him out

Vinoth Jayakumar
@vinothj
The Queen expresses an interest in blockchain.

The Queen expresses an interest in blockchain
One must say one finds it all a little surprising.
ft.com

THE NUMBER GAMES

$1.32 billion
The amount the Commodities and Futures Trading Commission (CFTC) handed out in penalties this year

£60m
The amount Monzo landed from new backers, including Novator, Kaiser and TED Global

£800,000
Starling Bank's CEO, Anne Boden, announced £800,000 profit in a company update, making it the first profitable UK challenger

€250m
The amount Wirecard borrowed from Deutsche Bank and Commerzbank to buy two companies referred to in fraud allegations

$116bn
The amount PNC paid for BBVA's US subsidiary

153
financial apps have been targeted by Ghimob, a new strain of banking malware

50%
Some banks are considering closing up to half of their bricks and mortar stores post-pandemic

$100 billion
Stripe, with its last private valuation standing at $36 billion, is reportedly chasing a new valuation of up to $100 billion

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

THEY SAID IT...

"One of the things that always keeps me up at night is cyberattacks"

Dan Schulman, CEO, PayPal

NEWS ROUND-UP

Capital One takes swipe against "risky" BNPL firms

Capital One has become one of the first major banks to stop customers from completing buy now, pay later (BNPL) transactions on its credit cards. A spokesperson notes that the transactions hold "unacceptable risk", as the bank sees more customers use their Capital One credit card to clear BNPL debt. Any "transactions identified as point of sale loans charged on its credit cards, regardless of the point of sale lender", will not be processed.

BNP Paribas 3 Step IT and push on with "aggressive" tech recycle plan

3 Step IT, a Finnish firm which cuts down technology waste, has partnered with BNP Paribas to roll out an "aggressive" tech-fuelled recycle plan across Europe. It owns refurbishing centres in Finland, Sweden, Norway and Malaysia. The firm claims to sell 98% of the technology which comes back to it, giving a second life to PCs, laptops, tablets and smartphones – among other hardware.
BNP Paribas decided to embark on a joint venture with 3 Step IT to turbo charge recycled technology use.

Bank of England's Islamic liquidity news "a huge vote of confidence"

The Bank of England's (BoE) decision to create a liquidity alternative for Islamic finance is a "huge vote of confidence" for Islamic banking in the Western world. The BoE revealed its new alternative liquidity facility (ALF). The new facility isn't based on interest – forbidden in Sharia law – and is backed by a fund of compliant assets. Peter Trebelev, co-founder of Islamic digital bank, Rizq, says that the development creates "much needed support for Islamic banks in the UK".

Revolut breaks even in November

Revolut CEO, Nik Storonsky, says his firm broke even in November. The news comes a month after Starling bank announced its £800,000 profit. The fintech posted a loss of £106.5 million in August – more than triple what it lost a year earlier. Whilst Storonsky admits that revenues dipped 40% when the pandemic hit, the team has turned things around drastically.

Paysafe to list via Bill Foley-backed SPAC at $9bn valuation

Paysafe, a multinational payments company with HQ in London, is merging with a blank check company to list at a $9 billion valuation. The private equity firm listed in August on the New York Stock Exchange, raising $1.47 billion. It will raise around $2 billion in additional funds from institutional investors such as Third Point and Hedosophia.

Change at the top for London Stock Exchange Group

London Stock Exchange Group (LSEG) has made two senior leadership appointments, with Julia Hoggett arriving as CEO of London Stock Exchange (LSE), and Balbir Bakhshi as group chief risk officer (CRO). Bakhshi moves from Deutsche Bank. Hoggett takes over from interim CEO, Denzil Jenkins. She steps into her role as the first openly gay person to serve in the top job at the exchange. She has been an active champion for LGBTQ+ and womens' rights for many years.

TRENDING

A core restructure

Next year will see a renewed push by financial institutions to transform and modernise their business operations. Last month, *FinTech Futures* reported on the Bank of Ireland's search for a partner to help it revamp several back-office systems. Elsewhere, Oracle Financial Services landed a trio of deals for its core and digital banking systems in Oman, Kuwait, and Tanzania. Away from incumbent and national banks, UK-based challenger, Tandem, underwent a "strategic decision" to "invest in upgrading the core banking technology". Some banks are pivoting to digitalisation firms as investments in future operations. JP Morgan made an undisclosed strategic investment in Icon Solutions – which assisted it with its digital transformation – earlier this year.

Shake-up at the top

Citibank, Commerzbank, Credit Suisse, ING, Lloyds, UBS and UniCredit are changing their leadership as we approach the end of a tumultuous year. The reshuffling of top management comes after a decade of weak growth, high regulatory fines and the existential threat of ageing legacy technology. New CEOs customarily bring with them new strategic plans and structural changes. "Recent management reshuffles are positive as they seem to reflect the awareness of such [an] existential threat," Jeffrey Sacks, head of investment strategy at Citi Private Bank, tells CNBC. These banks are counting on that.

Insurtech

Digital insurance platforms like Laka Insurance, Boughtbymany, DeadHappy, Equipsme and Pluto all raised funds earlier this year. The insurtech space is booming as people insulate themselves from risk during uncertain periods, and the rate of digital adoption has benefited nascent players in the market. The digital aspect makes it easier to optimise and analyse data from their customers to provide them with tailored policies and premiums, and these insurtech "disruptors" utilise similar branding strategies as challenger banks such as Monzo, N26 and Chime to appeal to their overlapping audiences.

Convertible funding

"2020 has been the year of the convertible," according to Kirsty Grant, chief investment officer at Seedrs, during a panel at this year's Fintech Connect. Seedrs has seen £283.6 million going to fintechs this year, despite COVID-19's economic effects. Convertible equity crowdfunding by early-stage companies has increased this year due to the UK government's Future Funds, delivered by the British Business Bank. After acquiring funding through crowdfunding platforms, start-ups apply to the funding scheme to match the amount already raised, a process that Pockit, Chip, Snoop and Nebeus have all successfully navigated this year.

Brexit

The UK may be celebrating the approval of a COVID-19 vaccine, but the island is yet to confront the uncertainty of post-Brexit life on 1 January 2021. The Bank of England governor, Andrew Bailey, has been warning the largest UK lenders to plan for a no-deal Brexit since June. EY calculates that banks and fund managers have committed to moving £1 trillion of assets out of the UK and into the EU as a direct consequence. UK-based financial commentary often highlights the overall preparedness within banking, but without proper trade deals in place, problems in other sectors may spill over onto others.

The perennial BNPL crown

By Ruby Hinchliffe, reporter, FinTech Futures

One of my very first face-to-face interviews for *FinTech Futures* was with Laybuy, a New Zealand-founded buy now, pay later (BNPL) fintech looking to make it big in the UK. My editor and I sat across from the founder, Gary Rohloff, in an uncomfortably loud café. When Rohloff explained how the fintech made money, he stressed the "interest free" component – unlike Klarna – cushioned by the 4% commission imposed on merchants.

It all sounded pretty rosy to me at the time, and I remember saying to my editor: "Are we missing something here?" Upon revisiting the interview, I did a little digging on Trustpilot to see what customers had been saying since its UK launch began. A common complaint is that the firm, which takes six instalments in total, will continue to withdraw payments even if the item is faulty or refunded. Other customers claim to have only received partial refunds – some as low as 25% of the original purchase. When I interviewed Rohloff back in August 2019, he said Laybuy's return figures sat as low as 5% of order totals. When I think of how many times I've returned things to ASOS, I find this hard to believe.

Klarna's business model – more exploitative off the bat than Laybuy's because of the interest – has become the subject of a "KlarNAA" campaign. It's seen Generation Z'ers and young millennials call out the fintech for drawing users into debt-fuelled spending without making the risks clear. This has led to the Woolard Review, set up in September to investigate unregulated credit providers like Klarna. The results, set to land sometime in 2021, won't affect the likes of Laybuy, whose interest-free model doesn't come under the consumer credit umbrella.

And even if some consumers feel misguided or know the risks these platforms entail; many people are still using them blindly. A Compare the Market survey this year found that more than 40% of BNPL users were unaware missed payments could affect their credit scores.

Such blind allegiance has seen the BNPL sector explode in 2020 when it comes to market value. Australia is further ahead than the UK because it has housed the products for longer. In August, the Financial Review highlighted the rise of Melbourne-born BNPL king Afterpay. Its value has risen 922% to a $18.7 billion market capitalisation in just eight months. "This is a stock that looked expensive in February at just shy of AUD 40 ($29.40). At AUD 91 it looks irrational."

So, what is the logic behind such enormous, "irrational" valuations? In short, the business model does make sense – even if its literal goal is to encourage young consumer debt. Afterpay, which broke into the UK under sister brand Clearpay – saw its losses halve between 2019 and 2020.

Credit losses are also falling as customers become more enamoured with the service.

Unlike payday lenders, which are largely extinct in the UK after being hit with a wave of compensation claims for mis-sold loans, BNPL firms put the majority of risk onto the consumer – who is hit with the late fees, interest and bad credit scores. Klarna's annual percentage rate (APR) in the UK is 18.9%, still a good few percentage points lower than the typical credit card, highlighting just how little risk these firms are taking on.

The problem with this model is that it's very one-way. Which the Financial Conduct Authority (FCA) could change next year – though as we said, it will only affect BNPL firms which charge interest.

It's a sad picture to envisage. As the country descends into part two of what feels like a never-ending economic downturn, young consumers – many of whom already struggle with student debt – are the ones at the heart of retailers' "let's-get-back-on-track" revenue strategies, with BNPL fintechs as the profiteering enablers.

Know Your Business emerges as new industry necessity

By Alex Hamilton, deputy editor, FinTech Futures

Anti-money laundering (AML) and know your customer (KYC) challenges for financial institutions continue to evolve at pace. Banks and financial institutions are working hard to take control of their KYC processes and frameworks, especially as the touchpoints with their clients grow exponentially in a digital world.

Regulators are enforcing stringent controls at a national and continental level, due to the increasing amount of data which flows into the banking industry.

The EU's fourth and fifth AML directives (4AMLD and 5AMLD), as well as the US Customer Due Diligence (CDD) law have placed a spotlight on ensuring proper checks and due diligence are carried out by FIs.

New requirements demand pinpoint accuracy on the ultimate beneficial ownership (UBO) of the clients and companies which financial institutions are dealing with. While KYC focuses on individual clients, know your business (KYB) covers due diligence of entire business entities, identifying key stakeholders by the percentage of ownership.

KYB is an ongoing process, monitoring the status and compliance of corporate customers. Each entity has a potential to act as a vehicle for money laundering, and it can be incredibly difficult to determine that potential at the point of account opening.

Moreover, beneficial ownership can be onerous to discover at the best of times. Nominee shareholders can hide true owners, shell companies can obscure information with multi-jurisdictional paperwork, and complex paper trails can muddy things further.

Acquiring credentials, researching ownership chains, singling out the owner, and performing an AML check, are all tasks that must be completed. When these are performed manually, they can result in a backlog which can impact all areas of the business.

Understanding the true nature of a company means having access to up-to-date, relevant and accurate information. High customer expectations can only be met with fast and reliable insights.

KYB processes can dramatically improve the efficacy of these checks through the addition of automated verification and analysis of information.

The demand for effective KYB and identity verification is growing, and not just from a regulatory reporting standpoint. An ability to process the onboarding of business clients quickly and thoroughly is crucial in an industry where speed and ease-of-use it becoming a critical factor.

In this deep-dive industry report, in partnership with DueDil, *FinTech Futures* brings in expert opinions from across the market to show why KYB can be a foundation for firms to build their future innovation.

The report features input from Askif, Checkout.com, Newable, and DueDil. Download it today from the *FinTech Futures* website!

REVIEW: TOP 10 M&A DEALS

The M&A rollercoaster ride

By Ruby Hinchliffe, reporter, FinTech Futures

The fintech sector experienced a dip in mergers and acquisitions (M&A) over the second quarter of 2020. The COVID-19 pandemic took its toll on firms, which cut back costs and braced the economic hit of nationwide shutdowns.

There were 166 fintech M&A deals between April and June, which marked the lowest Q2 for M&A since 2014, according to FT Partners figures.

But by the end of Q3, M&A momentum picked back up. The quarter enjoyed 245 fintech M&A deals valued at a total of $66.8 billion – the third-highest quarter ever.

As it stood at the end of September, the industry had seen 665 fintech M&A deals. That's compared to the 748 such deals during the first three quarters of 2019.

Here is a list of some of the milestone deals which graced the financial services sector this year, including both fintechs and banks.

1 VISA BUYS PLAID FOR $5.3 BILLION – OR DOES IT?

This year kicked off with Visa's $5.3 billion bid for Plaid. It saw Visa take a step outside of its card network, a model which could soon become outdated by new technology. But the deal is currently in jeopardy. In November, the US Department of Justice (DOJ) filed a civil antitrust lawsuit against the deal alleging Visa's reason for acquiring Plaid is to take a future competitor out of the market. Rival Mastercard's $825 million acquisition of Finicity has not been met with the same antitrust concerns.

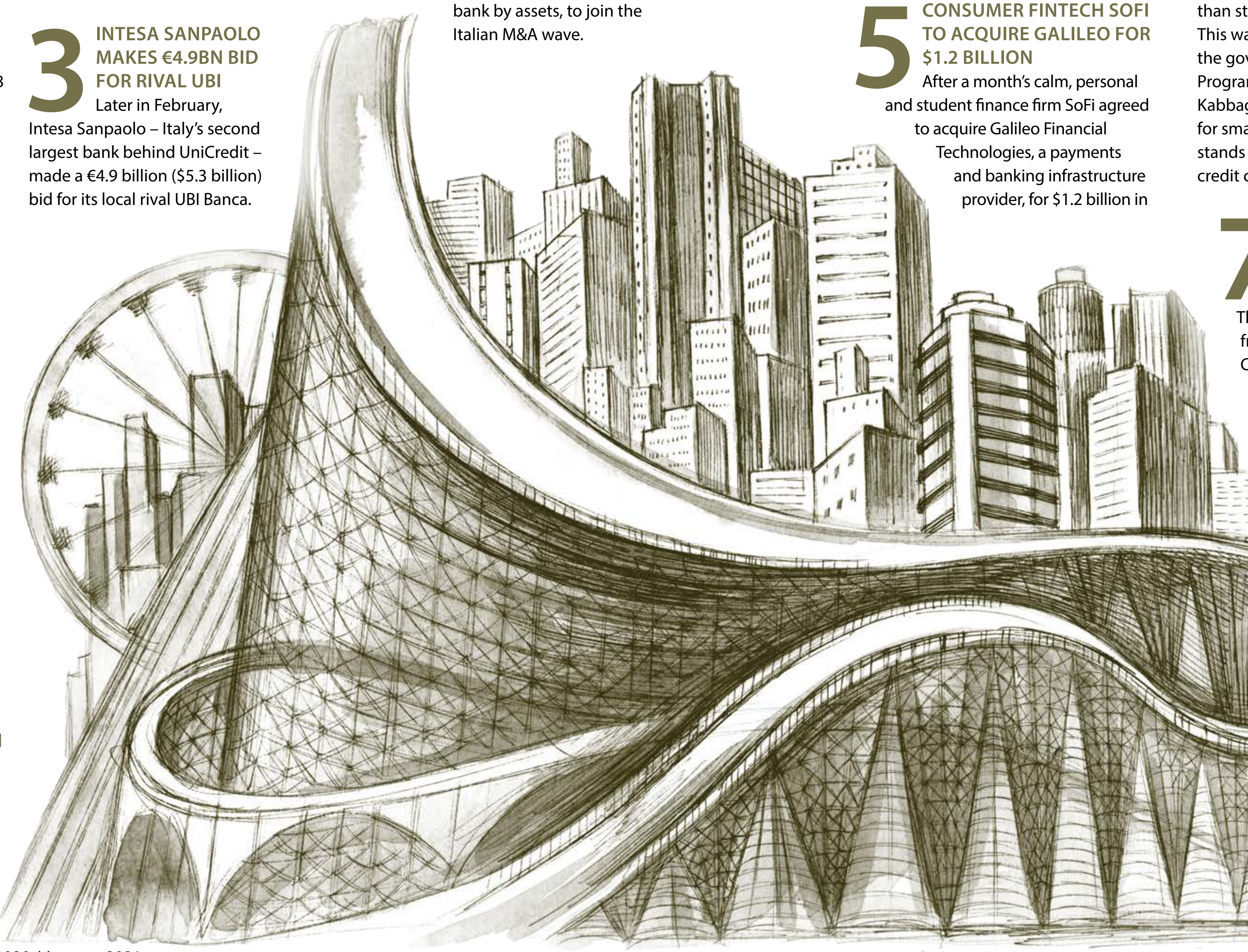
2 WORLDLINE SNAPS UP RIVAL INGENICO FOR $8.6BN

In early February, payments firm Worldline announced its acquisition of French peer and competitor, Ingenico, for $8.6 billion. Regulators gave the green light for the merger in November. Worldline says the deal allows it to join the "league of international payment leaders" and gives it a new "global footprint". A major reason behind the acquisition is Ingenico's merchant acquiring business in the US. North America is a geography in which Worldline lacks a major presence, so the deal gives it an immediate foothold in the market. The acquisition was completed in November.

3 INTESA SANPAOLO MAKES €4.9BN BID FOR RIVAL UBI

Later in February, Intesa Sanpaolo – Italy's second largest bank behind UniCredit – made a €4.9 billion ($5.3 billion) bid for its local rival UBI Banca.

UBI is Italy's fifth largest bank. If Intesa, Italy's largest retail lender, succeeds in its bid, it says it will create the seventh-largest bank in the eurozone focused on wealth management and insurance with $1.2 trillion in assets. By the end of July, Intesa concluded the UBI Banca takeover with 90% shareholder backing. The pressure is on UniCredit, Italy's largest bank by assets, to join the Italian M&A wave.



4 INTUIT CLOSE TO BUYING CREDIT KARMA FOR $7BN

February was a busy month for M&A deals. To round it off, Intuit, the US-based accounting software firm, bid $7 billion for San Francisco-based fintech Credit Karma. The acquisition – Intuit's biggest by far since it was founded 37 years ago – pushes the firm further into the space of consumer finances. Initially, Credit Karma was thinking of going public, but after a series of unsuccessful, high-profile initial public offerings (IPOs) such as Uber's and WeWork's, it decided against it. In November, the DOJ approved the deal could go ahead.

5 CONSUMER FINTECH SOFI TO ACQUIRE GALILEO FOR $1.2 BILLION

After a month's calm, personal and student finance firm SoFi agreed to acquire Galileo Financial Technologies, a payments and banking infrastructure provider, for $1.2 billion in April. The sudden exit of Galileo came as a surprise to many in the fintech industry, but SoFi's CEO Anthony Noto said it was "the right time to do something like this". SoFi is a decade younger than its acquisition Galileo. The deal sees the buyer diversify its until now consumer-led offering with business-to-business (B2B) components.

6 AMERICAN EXPRESS ACQUIRES SOFTBANK-BACKED KABBAGE

A deal that caught the eye of the sector in August was American Express' acquisition of US fintech lender Kabbage. Reportedly valued at around $850 million, Kabbage went for a much higher price than struggling lender OnDeck Capital. This was down to its decision to lend via the government's Paycheck Protection Programme (PPP). For Amex, acquiring Kabbage boosted its lending capabilities for small businesses. The firm already stands tall as the largest US provider of credit cards to this segment.

7 CAIXABANK AND BANKIA CONFIRM MERGER CREATING SPAIN'S LARGEST LENDER

The bank consolidation fever jumped from Italy to Spain in September. CaixaBank, Spain's third largest bank by assets, confirmed its takeover of Bankia, the country's fifth biggest bank by assets. Together, the two will hold assets of more than €650 billion. The merged entity will be Spain's largest lender by market share in both domestic loans and deposits. But it still won't have the extensive overseas operations Santander and BBVA hold – currently the country's two largest banks.

8 STRIPE ACQUIRES NIGERIAN START-UP PAYSTACK IN $200M DEAL

A month later, Paystack set a record for Nigerian start-up M&A deals. It sold to US payments firm stripe for $200 million. The Lagos-based firm has around 60,000 business customers in Nigeria and Ghana. The company allows clients to collect online and offline payments. Stripe led Paystack's Series A funding round in 2018. The US firm says it has provided "ongoing guidance" since. The deal marked a big win for Stripe, as Paystack claims to process more than half of all online transactions in Nigeria.

9 NEXI SEALS €15BN MERGER WITH SIA AND BUYS NETS A MONTH LATER

Across October and November, Milan-based payments firm Nexi announced two major acquisitions. One was its local rival SIA, with which it entered into a €15 billion ($17.8bn)-valued merger. The other was rival Copenhagen-based Nets, which cost it $9.2 billion. By November, Nexi claimed to be Europe's largest payments firm by volume, number of customers and pre-tax earnings. By market value, Netherlands-based Adyen is still the continent's biggest payments processor.

10 PNC BUYS BBVA'S US ARM FOR $11.6BN CREATING AMERICA'S FIFTH-LARGEST BANK

Rounding off the year, US bank PNC agreed to buy Spanish bank BBVA's US subsidiary for $11.6 billion – nearly 20 times the US subsidiary's 2019 earnings. For PNC, the deal creates America's fifth-largest bank by assets. The bank jumps ahead of US Bank National Association and Truist Bank – the product of BB&T's $28 billion acquisition of SunTrust back in February of 2019. PNC now sits under Citi, Wells Fargo, Bank of America and JP Morgan Chase.

2020: A shock to the system

By Alex Hamilton, deputy editor, FinTech Futures

During a time of intense industry disruption, it seems as if the banking industry has tried to do five years of innovation in one year of time. 2020 will have profound impacts on the sector. James Buckley, vice president and Europe director for Infosys Finacle, discusses how.

"Fundamentally, if you look at where the profits are being made, they're being made in commercial and corporate banking, on top of certain niche areas where you can charge fees in the bank," says Buckley.

"There's also mortgages, where there's obviously significant income from that business. Everywhere else the banks aren't really making money.

"This year has caused a shock to the banking industry. Banks have realised they must look at where they're at and what their cost structures are in a much more considered way."

Buckley says this realisation has made a lot of retail banking institutions, especially small and medium ones, to initially cut back on their spend.

Yet those same institutions are stuck in a conundrum. Buckley says they have grown used to a "particular structure" over decades, one that isn't fit for purpose going forward. Many have undertaken an introspection and realised a time of change is needed.

"Banks are cutting more staff and more branches, but underneath all that there's a fundamental drive to digitise a lot further. In other words, banks want to change their target operating model to become a much lower cost business."

Becoming those low-cost businesses has been a shock to the system for some institutions. Shutting down support functions and moving them to a virtual environment has proved to be a challenge for several banks.

"There was certainly about eight weeks to 12 weeks of disruption, while the banks and other financial services organisations really got moved into an online remote working mode," says Buckley.

During this time of bedding down would have been when new budgets were calculated, having a knock-on effect on system selection and implementation among banks.

Since then there has been more analysis from an IT architecture point of view. Banks have had time to take stock of where they are, says Buckley. "There are a lot more informed discussions going on now, based around what [banks] want to do."

Buckley expects that the first two quarters of 2021 will see an increase in fintech activity. "Banks have done a lot of thinking, and have emerged knowing what they want to implement a low-cost agile business model."

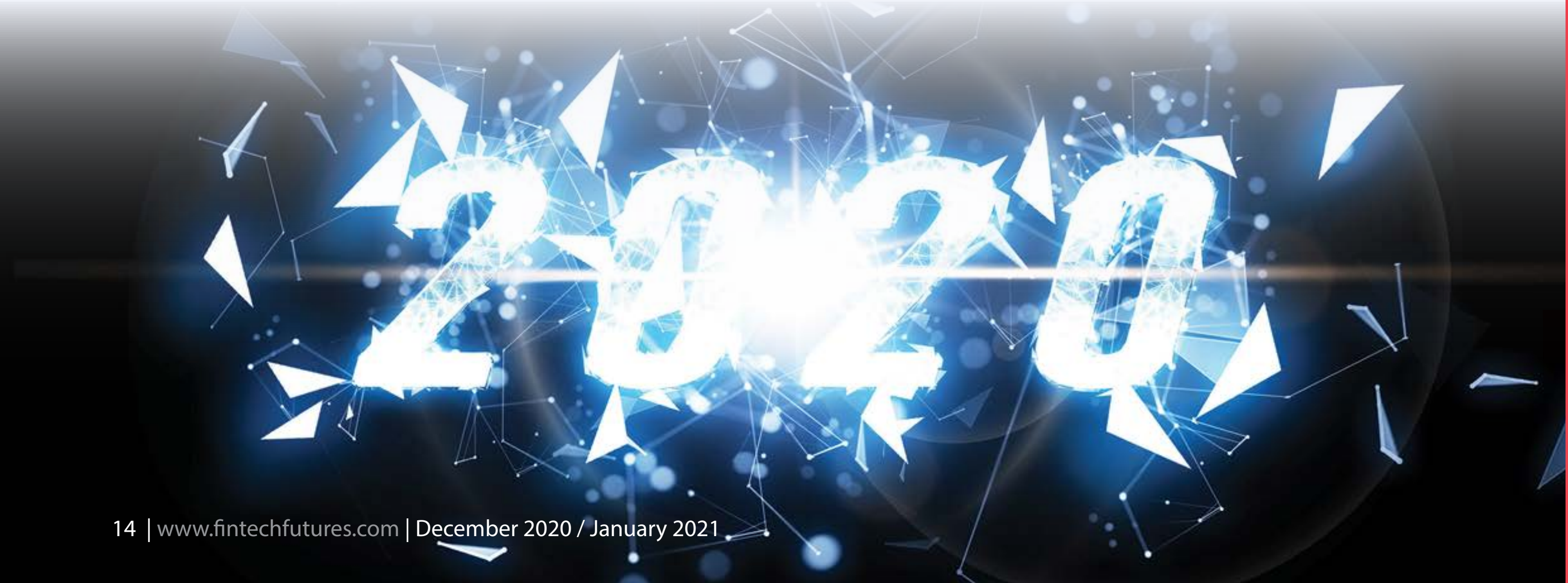
Commercial and corporate banks are in an even better place for innovation and change, emerging from the pandemic relatively unscathed. That profitability, argues Buckley, will create a spotlight on those aspects of the bank, and could lead to higher spend on digitisation and improvement.

Big Tech firms and large fintechs remain a disruptive challenge to traditional banks, adds Buckley. "Those that have already had the funding have carried on with their plans as normal.

"The Googles and Apples have moved along at a nice pace. They are continuing to pick up more and more business and creating networked businesses that interconnect with major banks."

Buckley believes that 2021 will also see a shift from West to East, as the latter recovers from the COVID-19 pandemic at pace.

"East Asia will really become the epicentre for innovation and fintech. India has been badly affected by the pandemic but within 18 months it will be powering away again. China is chomping at the bit in terms of becoming the largest economy. East Asia is going to be the centre from an economic point of view and its up to the fintech industry to react to that."



banking technology

THE FINTECH REVIEW: 2020

By Ruby Hinchliffe, reporter, FinTech Futures

FinTech Futures' 2020 Fintech Review is breaking down the trends that dominated the year. From valuations that are climbing exponentially, to major consolidation plays that are happening across the payments and open banking industries.

We explore why investors are showing a keen interest in "embedded finance-focused" start-ups, and evaluate the progress being made by various government bodies across the globe that are advancing their implementation of central bank digital currencies (CBDC).

Whilst the economic effects of COVID-19 have thrown challenges at fintechs – particularly at neobanks, whose business models still, by and large, rely heavily on interchange fees – they have also acted as an accelerator for fintech adoption.

A case in point is Monzo. Despite losing more than a quarter of its value this year, the challenger is still enjoying the most account switches of any other UK bank between January and September 2020, according to Buy Shares data.

Investors are also swarming around Banking-as-a-Service (BaaS) products, bringing down the barriers for newcomers, and assisting incumbents with their hefty digital transformations.

EMBEDDED FINANCE

US Big Techs Google, Amazon, Uber and Facebook's WhatsApp are all embarking on financial projects. Fintechs such as Zelf and PayKey are turning messaging apps and phone keyboards into banking apps. Whilst start-ups such as Klarna, AfterPay, Checkout.com, Affirm and Fast are capitalising off the e-commerce boom with billion-dollar valuations and impending – or successful – initial public offerings (IPOs).

PayKey's CEO, Sheila Kagan, says that "rather than allowing the Big Tech companies more access to consumer data", she hopes "to see greater support for the traditional financial institutions who are already regulated".

"I believe banks will have the advantage – consumer trust in Big Tech is declining and people will turn to trusted financial institutions to handle their financial data."

A survey by the National Research Group suggests the contrary. In April, a month into the coronavirus-induced lockdowns, nine in ten Americans had a "better appreciation" for the role of technology in culture and society.

Tim Coates, head of digital for APAC at Synechron, thinks firms will be able to create "a larger, stickier revenue base by offering bundled services that reduce friction for both consumers and the ecosystem".

"Firms that can produce application programming interface (API)-based service offerings will look to extend into other firm's ecosystems and allow those platform firms to re-bundle internal and third-party services into their own packaged offerings."

Projected to be worth $7 trillion in ten years' time, embedded finance also offers a route to profitability for many consumer-facing fintechs struggling to break even.

Their self-built tech can translate into new revenue streams. Australia's Volt Bank announced its BaaS play in September. Whilst US fintech, Moven, shuttered its consumer offering completely in March to focus solely on its enterprise play.

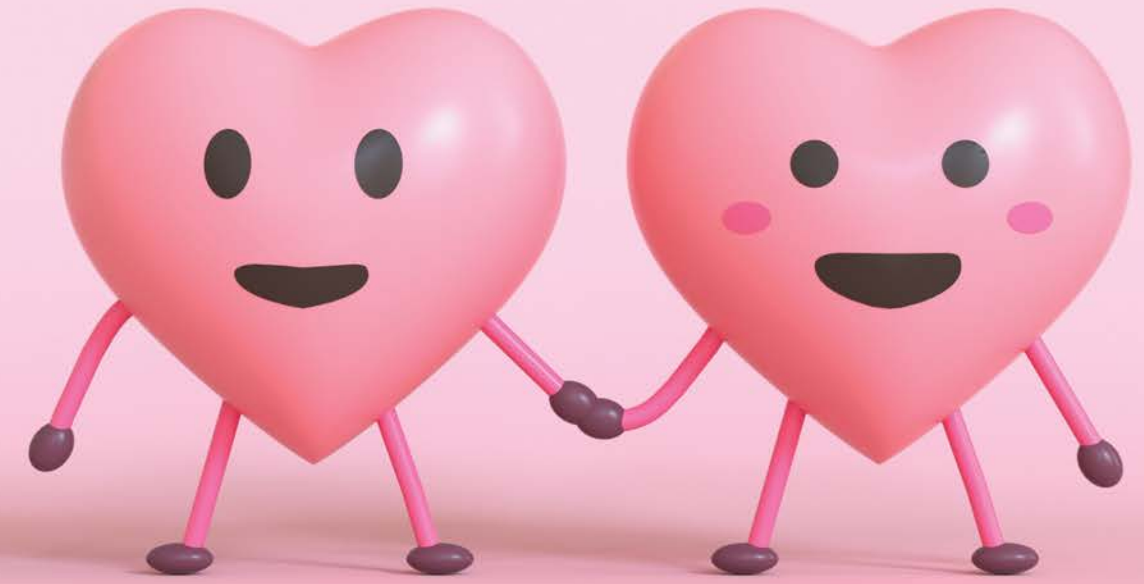
According to US venture capital (VC) firm, Andreessen Horowitz, embedded finance is set to increase the profitability of a customer by more than five times. As a result, BaaS has become a focal vertical of growth this year for investors. Movers in the space include solarisBank, Railsbank, Modulr, Marqeta and Société Générale-backed Treezor.

But their global expansion is only just beginning. "BaaS platforms have remained stubbornly local in a world that has become increasingly global," says Railsbank's chief operating officer (COO) in North America, Dov Marmor.

Tune in to episode 17 of our What the Fintech? podcast, where we speak to Vinoth Jayakumar, partner at Draper Esprit, to discuss whether the term "embedded finance" deserves to be in our "Fintech Jail".

COVER STORY: 2020 REVIEW

COMPETITION AND MONOPOLIES



This year saw some major mergers and acquisitions (M&A) in the fintech space – kicking off with Visa's $5.3 billion acquisition of data aggregator Plaid, shortly followed by SoFi's £1.2 billion purchase of BaaS provider Galileo.

"The steps the industry has taken to develop open banking and open APIs have had real impact in the M&A landscape," says Chermaine Hu, chief financial officer (CFO) at Episode Six.

"They have allowed for smoother transitions and unified systems and are starting to drastically reduce the challenges associated with legacy technology."

In the world of payments, French firm Worldline bought rival Ingenico for $8.6 billion in February. Italian firm Nexi merged with SIA in October, before buying Copenhagen-based Nets a month later to create Europe's largest payments processor by volume.

Michael Kent, Azimo's co-founder and chairman, thinks investors in the payments sector "are keen to finance ever bigger firms". The EPA's director general Tony Craddock adds that "when a conventional payment transaction can involve from 8-11 companies […] buying your client, supplier or partner, or investing in them, is entirely natural."

Suresh Vaghjiani, former CEO of Tribe Payments, thinks "there is a huge market demand for standardisation in the fintech space". But this "standardisation" is also spurring regulators to bite back.

Whilst Mastercard's acquisition of Finicity – a deal more than $4 billion less than Visa's open banking bid – was approved by the US Department of Justice (DOJ), its rival wasn't so lucky. "Visa seeks to buy Plaid – as its CEO said – as an 'insurance policy' to neutralise a 'threat to our important US debit business'," says the DOJ in its claim against the deal.

WhatsApp Pay is also caught up in competition concerns in Brazil. The Big Tech's launch was blocked in June, just a week after it went live. Chinese Big Tech, Ant Financial, saw its record $35 billion IPO dreams shattered after authorities imposed fresh, bank-like sanctions to curb its growth. Ant is one of a number of large tech firms the country's regulators are looking into due data and competition concerns.

Elsewhere in the Asia-Pacific region – particularly in Hong Kong and Singapore – virtual banking licences are stirring competition, especially from non-financial companies.

Andrew King, Synechron's Hong Kong head, expects this won't slow down anytime soon in 2021. In Hong Kong, eight licences have already been granted, and in Singapore – despite just two full licences on offer – more than 21 companies and consortia have applied.

"Competition is mounting," says King. "In neighbouring Singapore […] Grab and Singtel are rumoured to be on the list to receive a digital banking licence."

He also highlights that recent deregulation in China, which allows foreign companies to have full ownership of life insurers, futures and mutual fund companies, "will create further competition" in the APAC region.

OPEN BANKING BEYOND DATA

The Second Payment Services Directive (PSD2) came into force for the UK back in January 2018. In September, the UK hit two million open banking users among the big nine banks, increasing from one million in January. Whilst this number – just 3% of the UK's population – doesn't include the progress made by digital disruptors, True Layer data suggests this doesn't make much of a difference.

Other countries which made progress with open banking regulation this year include Australia, Brazil, and the United Arab Emirates.

"Open banking is no longer on the horizon – it's very much here," says Ade Sturley, international growth head for banking solutions at FIS.

Sturley envisions the future for banks and opening banking to be customers "followed by an invisible army of 'digital advisors' that guide their daily financial decision-making".

Luke Massie, VibePay's CEO, thinks opening banking will really kick off when data and payments can be combined through the technology.

"Creating a new payments and data insights gateway for consumers and businesses alike will push the boundaries of open banking. It will make it easy to transact online with seamless, data-driven, account-to-account (A2A) payments – accelerating the demand for digital payments in the future."

In the Nordics, open banking adoption is happening a lot quicker than in the UK. Less than six months after PSD2 went live in the region in September 2019, roughly half of fintech-related businesses – including major banks – already developed new products around the regulation, according to a Nordic API Gateway survey.

"Real open banking means getting access to everything," says Rune Mai, Nordic API Gateway's CEO and founder. The firm has helped a number of major Nordic banks feed each other's accounts into their respective apps – a move other banks around the world are not bold enough to make yet.

"It's now about becoming the primary interface [in the Nordics]," explains Mai. "People are still talking about it [open banking] as if it's a war [between fintech and banks]. But in reality, there was never a war. There was a huge tectonic change."

Part of this war-like imagery comes from the opinion that banks and fintechs still aren't working together smoothly. A Salt Edge survey of 31 European countries including the UK found that 58% of API integrations take more than ten days.

Anton Komukhin, Unlimint's product management head, also points out the "major challenge" of compliance. "Current regulation makes access to this technology quite slow and painful which has stalled adoption for many."

Both Komukhin and Chirag Shah, Nucleus Commercial Finance's CEO, agree that open banking offers up huge opportunities not just for consumers, but also for small and medium-sized enterprises (SMEs). "We are likely to see SMEs able to make decisions on their financial services providers based on value-adds such as faster decisions, better loan rates and terms," says Shah.

THE RACE FOR CBDCs

With access to finance restricted like never before during this pandemic, the race to create the world's first central bank digital currency (CBDC) is speeding up.

China takes a clear lead. The central bank's deputy governor, Fan Yifei, revealed at Sibos 2020 that until "late August", the bank had processed more than three million transactions totalling RMB 1.1 billion ($162 million).

"An aggregate of 113,300 personal digital wallets and 8,859 corporate digital wallets have been opened," Yifei explains. The deputy governor thinks digital fiat currencies will one day solve the cross-border payments trilemma – low costs, low risks, and high efficiencies.

Other countries making movements towards CBDCs this year include Australia, France, and Sweden. Companies trying to capitalise off the trend towards digital money include Mastercard, Consensys, Accenture and Billon. Banks thinking of creating their own stablecoins include Russia's Sber and Austria's Raiffeisen Bank International.

This year, the UK's chancellor, Rishi Sunak, announced that the Bank of England was putting together a CBDC discussion paper – but it's still very early days. In the US, Democrats considered using digital dollars and digital wallets to expedite emergency funds to unbanked consumers during the pandemic. But the idea didn't make it into the final bill.

Despite the US and the UK lagging behind, a report by the World Economic Forum, Deloitte, and McKinsey suggests 10% of global GDP will be digitised through tokenisation by 2027.

But whilst the opportunities of a CBDC are many – China has already piloted 6,700 use cases including bill payments, transportation, and shopping – it's arguable to what extent it will change what money fundamentally is.

"It's crucial to remember that simply making a currency digital does not make it the future of money," explains Ido Sadeh Man, Sögur Monetary Technologies' chairman.

"In fact, central banks deploying CBDCs risk entrenching the challenges of 'traditional money', which was conceptualised hundreds of years ago, in the future." Sadeh Man suggests the idea of writing democracy into the code of a currency to truly distinguish it from physical money.

Pete Wickes, general manager for EMEA enterprise at Worldpay, thinks the UK isn't set up for a CBDC like China is – at least not yet, anyway. The firm's data found that e-wallet usage in China would make up 81% of global ecommerce sales, and more than 50% of global in-store transactions, by 2023.

"In the UK, [...] the use of e-wallets is still gaining traction," explains Wickes. "The majority of UK consumers are not yet in a place where we will see immediate large-scale usage. There needs to be a marriage of trust and opportunity for technology to see mass acceptance. The Bank of England may provide the former, [but] it will be exciting to see what the use case that drives adoption will be."

Banking for good

By Dharmesh Mistry

When it comes to digital, it's easy for us to get carried away about the importance of experience and be allured by metal cards and fancy mobile apps. However, for a large part of the population, a great "digital experience" isn't going to cut it.

The current pandemic has highlighted the massive disparity in the UK population's wealth and well-being and how fragile the majority of households actually are. A 2017 report by the Financial Conduct Authority (FCA) highlighted that 50% of UK households are deemed financially vulnerable, and that's not surprising when you realise that some 16.5 million adults (almost one third of all UK adults) have less than £100 in savings.

The Social Metrics Commission's (SMC) "Measuring Poverty Report" 2020 identifies that 14.4 million people in the UK live in poverty, of which 4.5 million are children. However, the definition of poverty can mean different things to different people, so the SMC bases its calculation relative to all households in the UK. For the 38% of 380,000 people that go to the Citizens Advice Bureau because they have debt issues the challenge is simply that they do not have enough income to meet their expenses meaning that they have negative budgets.

These are not necessarily people that are misspending their income, they simply do not have enough to cover their household needs. The average negative budget in 2018/2019 was £203 a month. The ONS identified in 2019 16.2% of those employed were "low paid" and 1.5% were earning below the national minimum wage.

Over one million people don't have a bank account, and research by Pockit, a mobile banking service for low-income customers, highlights this is costing them almost £500 a year in lost savings from discounts and better deals that are often only available if paid by direct debit. Research by Bank Leumi this year highlights that 93% of UK adults feel that they are under educated about personal finance and nearly half think it's a bank's responsibility to fix.

So, is the problem financial literacy? Yes, but it's more complicated than that. According to the National Literacy Trust, 9.1 million adults in the UK are functionally illiterate (meaning they are unable to manage daily living and employment tasks that require reading skills beyond a basic level). They are most likely to be in low paid jobs or unemployed. There is also a link between low levels of literacy and shorter life expectancy, depression and obesity.

Clearly these issues pre-existed COVID-19, but they will also be exacerbated by the pandemic.

As the Gates Foundation have proven, in the poorest countries, getting people into the banking system helps to lift them out of poverty. Yet many don't have addresses, and whilst 93% of UK adults have smartphones, there's still some that don't. Banks are helping. For example, HSBC has worked with charities like Shelter to redesign their processes to make it easier for people without an address to access free banking services. HSBC has a senior director for financial inclusion and vulnerability.

> "As the new kids on the block start to mature, I do hope that they are not just focused on growth and geographic expansion, and that they too support the broader community."
>
> Dharmesh Mistry

Apart from an account, access to credit is another necessity, especially for those with negative budgets. In the UK, there are almost 300 credit unions that can help and banks like Lloyds have supported them with finance.

With 93% of UK adults feeling they need personal finance advice, it's not just the poor that need help with managing their money. The UK's biggest banks and building society, Lloyds, Nationwide, RBS and HSBC, have all been behind the creation of the Standard for Financial Statement. It is essentially a standard for budgeting to help families understand their financial situation and get help.

Lloyds Bank has created "Money for Life" and works with Citizens Advice Bureau on their initiative to help people between nine and 25 – empowering them to talk openly about money and learn how to make their most of their money.

I've been involved in digital banking since the very first internet banks in 1997, I've seen two waves of "fintechs". It's easy to get carried away and predict the end of banks or to dismiss the incumbent banks for a lack of digital prowess. Yes, they have their faults and made mistakes. However, it's also clear there are a number of them that are really trying to help the broader community and not just the "digital natives".

As the new kids on the block start to mature, I do hope that they are not just focused on growth and geographic expansion, and that they too support the broader community. It is not enough to blog about and issue, actions speak louder than words. And as for the rest of us that are banking customers, we too have to choose. I'm just saying that I'd rather bank for good.

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.

The times are always a'changing

By Leda Glyptis

Picture this: basement room, tier one bank, circa 2008. We are in the sixth hour of a "working session" that can be summarised as "open source software is the devil".

Picture this: innovation centre, globally significant financial institution, circa 2013. Someone mentions "cloud" and is shot down by the chief technology officer (CTO) in seconds. "We are a regulated entity."

Picture this: executive boardroom, regional heavy-hitting commercial bank, circa 2017. We are trying to persuade the head corporate business that PSD2 compliance and API-first service design are two separate things. We are preaching intentionality but getting no further than "I know my clients".

What do these three pictures have in common?

I know your first thought is: "banks resisting the inevitable advent of genuinely useful tech". And you would be right.

I am guessing your second thought is: "banks who, soon after this conversation, had to accept the thorough futility of their resistance". And you would also be right.

But the less obvious thing these three scenarios have in common, is me.

And I am not about to sing a song about my part in the transformation of our industry that has seen open source software heralded as the sound choice that it is; cloud-native capabilities become a hygiene factor; and APIs a default expectation. Hey, I remember a bank CTO asking a start-up to deliver their "magic" in a spreadsheet because we may buy that your algorithm is amazing and a thing of the future. What we don't want to buy is a whole new wardrobe for said future.

But I digress.

Those three scenarios and many many like them have me in common. I was in the room. And I was in the building, before and after and in-between.

Was I part of the change? Sure.

But the change didn't happen in a way that deserves a song or movie. There is hardly a story.

We got nowhere until we did. We kept trying.

And the thing is, the things we were trying for kept getting bigger and more complicated and, although some battles were won, by the time that happened we didn't feel victorious.

Nor were these the battles we were fighting any more by the time that, inch by inch, pilot by pilot, caveat by caveat, certain things became accepted.

What I am trying to say is that the story we try to reconstruct and the story we tell ourselves isn't the full story.

I know. I was there.

Corporate lore points to the Journey. The decisions made. The partnerships that delivered. The systems that transitioned from idea, to proof of concept (PoC), to production.

Innovation teams and business-to-business (B2B) start-ups tell a different story. Of more dead-ends than progress. Of frustration. Of opportunities missed. Of stale time spent on powerpoint. Of leadership lacking courage. Of weak sponsorship. Scars and bruises and all the things that didn't happen outnumbering the things that did 100 to one.

And yet.

Things did happen.

In-between the things that didn't.

Because of the things that didn't.

We learned the hard way.

We became accustomed to some ideas, eventually.

We wrapped our arms around notions, our heads around acronyms and our tongues around syllables such as "kubernetes".

Eventually. The hard way.

"We have long tried to define digital transformation in terms of unicorns, trends to follow and technologies to back. Horses. Races. Bets and end-games. Silver bullets, iconic brands and yellow brick roads."

Leda Glyptis

I know, I was there.

We didn't make it happen. But it happened because of us.

Also because of those who resisted us.

Because of the start-ups that never got oxygen and the ones that made it despite the odds.

The buggy software, the terrible deployments and the inspired solutions.

All of it.

I can tell you more stories of defeat and frustration than I can of triumph and happy endings.

I can tell you of more things that were killed despite going well, that were parked despite succeeding, than I can tell you of things that went from boardroom to go-live.

I can also tell you many stories of successful go-lives. But not one of them is of how we built the thing we designed on the whiteboard with unwrinkled brows and fresh eyes.

Things happen. Life happens. The thing that becomes, the thing we eventually end up building, is the result of many interactions and the original idea is not the most radical one of those.

I know, because I was there.

All I am trying to say is we have long tried to define digital transformation in terms of unicorns, trends to follow and technologies to back. Horses. Races. Bets and end-games. Silver bullets, iconic brands and yellow brick roads which, despite their perils, go one way, straight and true, to the Emerald City.

The reality is messier.

The game keeps changing mid-play. The players are changing, often without knowing it: the squad subject to substitution and transformation in equal part. The rules are changing mid-move.

And the change is the only constant.

Only it doesn't feel normal, despite the rhetoric.

For some of us it's breakneck fast. For some of us it's heart-wrenchingly slow.

Neither side is happy. Neither side is in control.

Both sides feel like something is always lost. Things are rarely enough: clean enough, orderly enough. Controlled enough. Fast enough. Creative enough. Bold enough. Strategic enough. Aligned enough.

And yet.

It happens.

Things change.

The conversation keeps moving on.

Inexorably fast and relentlessly slow.

I know because I was there.

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.

What's the "Partnership Problem" – and how do I solve it?

By Greg Watts

Alongside raising investment, securing the right partnerships is critical for business survival.

Indeed, in a recent research report from PwC, over 75% of CEOs rated partnerships as 'important' or 'critical' to their success.

Yet with many partnerships taking months if not years to come to fruition, it's no wonder that so many businesses fail – and waste considerable resources – in the process.

Why do so many fintechs struggle with what we call the Partnership Problem? Here are some reasons:

- They haven't identified the right target partners.
- Their approach is too generic.
- They haven't spent sufficient time identifying key stakeholders.
- Their offering and content doesn't resonate with target partners.
- They don't spend enough time or resources in the right places generating awareness.

In this column, we'll explore why businesses struggle with the Partnership Problem and then provide tools and tips to enhance your own approach and accelerate your efforts.

1. HONE YOUR APPROACH – GET FOCUSED

In theory, partnership development is a straightforward process. However, many businesses often fail at the first hurdle – which is to have a razor-sharp focus on targets.

For example, it's quite common to hear that a fintech wants to create partnerships with 'all' retailers or banks in a particular market, then expect their sales teams to hit the phones and secure meetings. However, with finite resources, that's often inefficient and ineffective.

Fintechs – and indeed, all businesses – need clear partnership criteria.

The criteria for each business will vary, but some questions to consider may include:

- Which verticals, sectors or categories do you want to focus on? Within those, what are the priorities and why?
- What are the characteristics of your target partners? For example, are they high frequency retailers such as coffee chains or do they boast high transaction values, such as luxury brands?
- How easily can you partner with them? For example, a Tier 1 retailer such as BP or Asda is likely to take more time to partner with than a smaller coffee chain. Given how important time to market is – it can often take months if not years to partner with large businesses – targeting smaller partners initially to create case studies that demonstrate the value of your proposition may be a more efficient strategy.

Once you've evaluated your target partners, assign weightings to provide focus on where to spend your time and resources.

2. SHARPEN YOUR DOOR OPENING APPROACH BY CREATING BUYER PERSONAS

How often have you received a cold, un-researched introductory note on LinkedIn or via email? It's remarkable that so many businesses don't tailor their approaches, then wonder why they don't receive a response.

It's imperative you know as much as you can about your target partners before you approach them – or any resources used to try and engage them will simply be wasted.

To help fix this, once you've identified your target partners, the next step is to ensure all your resources and activities are focused around generating awareness of your business to help you secure meetings with target stakeholders and decision makers – and ultimately – create and close commercial deals.

To maximise your chances of getting a meeting with a target partner, you need to make assumptions about what they may be looking for to help you tailor your approach. To do this, it helps to develop buyer personas from which you can create content that makes them want to engage with you.

As you create the personas, points to consider are:

- What problems do you fix?
- What benefits do you offer? How do these compare to other players or competitors?
- Why should they engage with you?
- What channels do they engage with? How can you reach them?
- Which events or forums do they attend?
- Who – if anyone – do they currently partner with?

As a guide, a business should have between four to six buyer personas for each industry. Categorise them as budget owner, influencer, key decision maker, executive sponsor and detractor (this last one is particularly important so you can pre-empt potential obstacles or reasons to not buy). Cluster them to create segments with common challenges and issues you can solve. Ultimately, you need to articulate why they should engage with you.

Once the personas have been created, you can focus on your content plan, encompassing your website, social media feeds, thought leadership and other marketing efforts.

Finally, allocate weightings and corresponding triggers within your marketing automation system for interactions with your business to help prioritise and measure opportunities as they progress through the sales pipeline. For example, if a prospect comes to your website and downloads a thought leadership article, that might be classed as sufficient to be passed to the sales team for follow-up. Assigning weightings means the sales team will already know the prospect and have an interest in their business – effectively, these are now warm leads who might be receptive to an introductory call or meeting.

3. MAKE IT A TEAM EFFORT

Too frequently, partnership development and lead generation are viewed as the sales team's responsibility.

Yes, the role of a salesperson is to sell – however, he or she must have the full support of the business behind them to generate leads. Without that, the effort is likely to fail.

At Findr, we believe that the entire organisation should be involved in generating business and creating partnerships – albeit in different ways – and that any efforts not focused on growing the business should be questioned. Thinking of it in these terms can help galvanise and focus your resources.

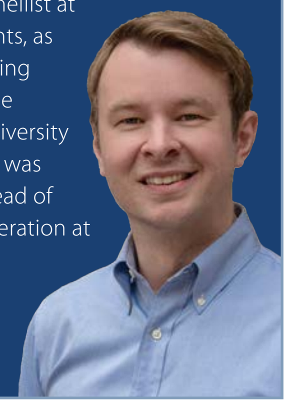
One way to instil this mindset and a create a high-performing culture is to display the targets throughout the organisation and provide regular updates on performance. Another way is to hold a 15-minute all-hands meeting focused on: how are we progressing with X opportunity? What can we do to be more effective? It's amazing how many great ideas will be generated by employees outside of the sales organisation.

BRINGING IT ALL TOGETHER

Creating partnerships sounds easy. However, without the right planning and focus, the results may be disappointing.

Being ruthlessly clear on who you're targeting and why they should engage with you – and then creating content that resonates – is the most effective approach to creating long term, valuable partnerships.

Greg is CEO of Findr, the marketplace for business partnerships which launched in October 2020. He is a regular speaker, chair and panellist at industry events, as well as a visiting lecturer at The American University in Paris. Greg was previously head of market acceleration at Visa Europe.



2020's top 10 fintech funding rounds

Despite a global pandemic temporarily drying up capital reserves, this year has still enjoyed a handful of hefty fintech deals.

Fintech funding dipped in Q1, before rebounding in Q2. But, despite deal amounts recovering, the number of fintech deals has fallen throughout the year, accord to CB Insights. Some start-up's valuations have soared this year.

A series of major raises have hit headlines this quarter but are yet to close. These include San Francisco's Fast, chasing a $1 billion valuation, reports that Stripe is chasing ten times the valuation at $100 billion, and three UK fintechs – Starling Bank, Curve and GoCardless – raising rounds in excess of $100 million.

FinTech Futures brings you a list of the top ten funding rounds which have closed so far this year, descending in order of most recent:

10 US NEOBANK CHIME SET TO MORE THAN DOUBLE IN VALUE TO $15BN

With a whopping $485 million Series F, Chime jumped from a $1.5 billion valuation in early 2019, to a $14.5 billion valuation in the second half of 2020. Founded in 2013, Chime is hailed as one of the challenger market's fastest growing players.

9 JP MORGAN-BACKED GREENLIGHT JOINS UNICORN CLUB WITH $215M SERIES C

Greenlight Financial Technology, a children's debit card start-up, now sits at a $1.2 billion valuation. The fintech serves more than two million parents and children. Greenlight last raised funds in September 2019, when major US banks JP Morgan and Wells Fargo bought in. Back then, the fintech had half a million users.

8 ROBINHOOD'S VALUATION CONTINUES ITS CLIMB WITH $460M FUNDING

In September, just one month after it landed a $200 million Series G led by D1 Capital Partners, trading app Robinhood announced a further funding round. The fresh capital put Robinhood's valuation at $11.7 billion, an increase of $700 million since August.

7 KLARNA RAISES $650M FUNDING AT $10.6BN VALUATION

The Swedish buy now, pay later (BNPL) firm doubled its value from $5.5 billion in just over a year. At the time, its new valuation ranked Klarna as the highest-valued private fintech in Europe, and the fourth highest worldwide.

6 MARQETA LANDS $4.3BN VALUATION THANKS TO MYSTERY INVESTOR

Marqeta, the California-based card-issuing platform, landed $150 million from an undisclosed investor in May. It marked a rapid rise in value since its $260 million round of Series E funding in March 2019, when the company's value stood at less than half of that – $2 billion.

5 TRADE REPUBLIC LANDS $62M IN SERIES B FUNDING

This round marked one of the largest Series B funding rounds Germany has ever seen. The stock trading app, which works a lot like Robinhood, claims to have more than 150,000 customers and collectively manages more than €1 billion.

4 AUSSIE CHALLENGER XINJA LANDS $255M FROM EMIRATES' WORLD INVESTMENTS

With an immediate initial investment of $94 million in March, Xinja will receive the remaining $161 million over a period of 24 months as it grows. Emirates' World Investments (WI), an investment group based in Dubai, is making the entire investment.

3 SOUTH AFRICAN FINTECH JUMO RAISES $55M TO FUEL GEOGRAPHIC EXPANSION

Founded in London but now based in Cape Town, Jumo has originated more than $1.8 billion in loans and accrued more than 15 million customers across Ghana, Uganda, Kenya, Tanzania, and Zambia. This marks its ninth round, and is $3 million more than Goldman Sachs invested back in 2018.

2 CRYPTO START-UP BAKKT LANDS $300M SERIES B FROM MICROSOFT AND PAYU

The cryptocurrency convertor service won banking from big names such as Microsoft's venture capital arm M12 and Netherlands-headquartered fintech PayU. The same day as its mega funding round, bitcoin experienced a multi-month low of $3,916.

1 REVOLUT BAGS $500M FROM TCV TO DRIVE DAILY ACCOUNT USAGE

Thanks to its leading investor Technology Crossover Ventures (TCV), the early backer of Airbnb, Spotify and Netflix, Revolut's valuation soared to $5.5 billion at the beginning of 2020. The fintech topped this up in July with another $80 million.

MOVERS AND SHAKERS


António Horta-Osório

Credit Suisse has appointed outgoing Lloyds chief executive, **António Horta-Osório**, as its new chairman.

He succeeds Urs Rohner, who steps down after 12 years in the role. The former Lloyds CEO starts his new role at the end of April 2021. Credit Suisse says it underwent a "an intensive search process with an international focus" when selecting its new chairman.

Horta-Osório has a long-standing career in banking. He began his journey as a vice president at Citibank in Portugal in 1987, rising up the ranks to becomes its head of capital markets until 1990.

He then joined Goldman Sachs, where he worked in the US investment bank's corporate finance division in New York and London, from 1991 to 1993. He was invited by Emilio Botín and Ana Botín to join the Santander Group and set up Banco Santander de Negócios in Portugal (BSNP), of which he became CEO in 1993. He was responsible for several executive functions during his time at Santander. He was the CEO and chairman of Banco Santander Brazil, from 2000 to 2006. He also became the CEO of Santander UK from 2006 to 2010.

Horta-Osório served on the court of directors of the Bank of England from 2009 to 2011. He then relinquished this position in February 2011, as he became CEO of Lloyds Banking Group on 1 March 2011.

Koichiro Miyahara, the head of the **Tokyo Stock Exchange (TSE)**, stepped down from his role to take responsibility for a technical glitch on the bourse in October.

The technical failure was its worst since electronic trading began in 1999, causing the exchange's first full-day suspension of electronic trading. Miyahara is the first CEO to resign following disruptions at major exchanges in Australia, Europe and New Zealand this year.

Akira Kiyota, CEO of TSE's parent, Japan Exchange Group (JPX), will temporarily take over as the head of the TSE. Kiyota will take a 50% pay cut for four months, while two other senior executives will take cuts of 20% and 10%.

Japan's financial regulator has ordered the TSE and JPX to improve practices at the bourse.

10x Future Technologies, a UK-based banking technology start-up, has recruited **Dr Leda Glyptis** as its chief client officer and **Mark Holt** as chief product and engineering officer.

Glyptis replaces **Tam Holmes** in her new role as he takes on a position of chief business development officer at 10x. All three will report to Antony Jenkins, the vendor's founder and executive chairman.

Glyptis is a former banker, technology executive and a long-term resident of the fintech ecosystem. Most recently, Glyptis was founding CEO of 11:FS Foundry, a core banking software provider and competitor of 10x. Prior to that, she was chief innovation officer at Qatar National Bank (QNB). She is also involved in two other UK-based start-ups, Findexable and SimplyPayMe. She is also FinTech Futures' resident thought provocateur (check out #LedaWrites, published every Thursday).


Dr Leda Glyptis

Holt moves from Trainline, a European train and coach app, where he was chief technology officer (CTO). He comes with more than 20 years of experience in technology, including CTO, architect and advisory roles at CPA Global, Trayport, ABN AMRO, Avis Europe, GE Capital and the Financial Times (FT).

Holmes has been with 10x since 2017. He has nearly 20 years of experience in digital banking, security and technology. Prior 10x, he spent a decade at Lloyds Banking Group in various tech roles. He also worked as a management consultant at PwC in early 2000s.

Diana Biggs, global head of innovation at **HSBC Private Banking**, has stepped down from her role.

Biggs originally joined HSBC in 2017 as its head of digital innovation for UK and Europe in retail banking and wealth management.

After two years in that role, she moved on to spearheading the private bank's fintech partnerships, technology innovation, and digital initiatives.

• To see more vacancies, visit the *FinTech Futures Jobs* portal at fintechfuturesjobs.com

FINTALK OF THE TOWN

TOO HOT TO HANDLE

A fintech entrepreneur prompted a social media backlash with an unprompted Twitter thread describing the sheer difficulty of balancing the delivery of corporate goals and returning the faith of his investors by cheating on his wife with a young woman he admitted he only hired because she was attractive. An asinine and narcissistic series of comments wrapped in the language of business advice, his unapologetic response to accusations of misogyny and unprofessionalism was to dismiss any negative reaction as the shrill cry of liberal hysteria. Amongst his other tweets include a suggestion that software engineers should get free access to OnlyFans accounts, a slurry of anti-women and transphobic asides, and unsurprisingly, unrepentant support for Donald Trump.

UNDERCOVER BOSS

A Nigerian chief technology officer prompted a heated debate when he posted a private message he sent to a potential employee. After "sliding into the WhatsApp DMs" of a young woman without first identifying himself, she gave him short shrift and demanded to know how he knew her name. After revealing he is the boss of somebody she interviewed to work under, he announces that her "rudeness" and "lack of professionalism"(despite withholding his identity and contacting her outside of business hours) gave him no choice but to refuse her the internship. After pleading with him to get another chance, he then posted the entire conversation on social media, expecting to be held up as an example of "thought leadership", and instead finding himself described by many of the "epitome of the patriarchy" and "arrogance in action".

LITTLE FIRES EVERYWHERE

A CEO of an American cryptocurrency exchange told their employees to "leave concerns for issues like racial justice at the door" so they can "focus on profit" and "advancing cryptocurrency". He suggested that black employees, concerned about hiring practices and instances of racial insensitivity within the company, ought to resign if they disagreed. Given that testimony from employees included claims they were "bullied every day for the colour of their skin", it is hardly surprising that the New York Times sought fit to give voice to the whistleblowers. One can only hope that these employees found greener pastures elsewhere.

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