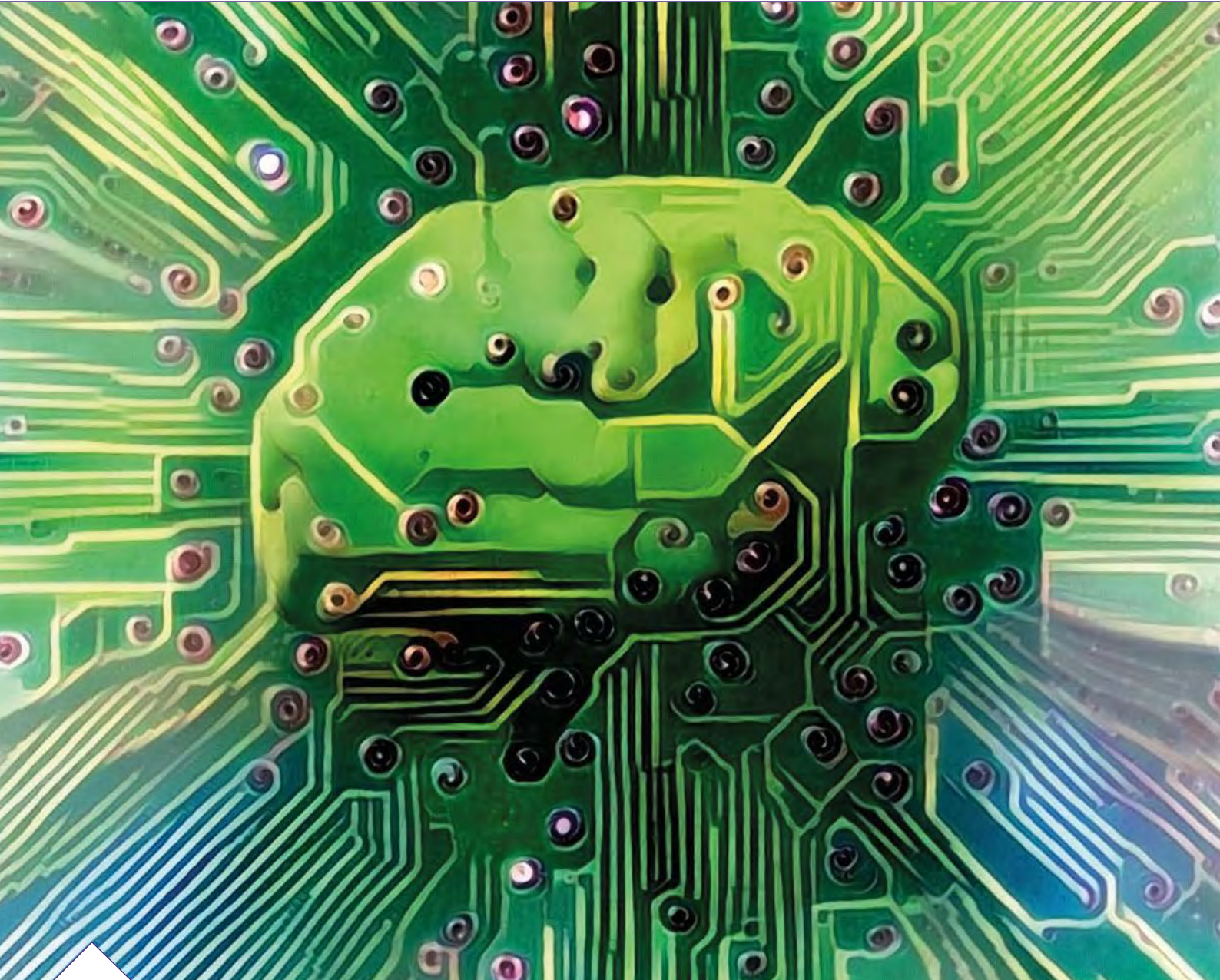




banking technology

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BRAINIAC

Generative AI and banking

GOOD BEHAVIOUR

Tackling a trifecta of challenges

BLOCKCHAIN BRIDGE

The ecosystem built to close the trade finance gap

Produced by

**FINTECH
FUTURES**



Nominations are now open!

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

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

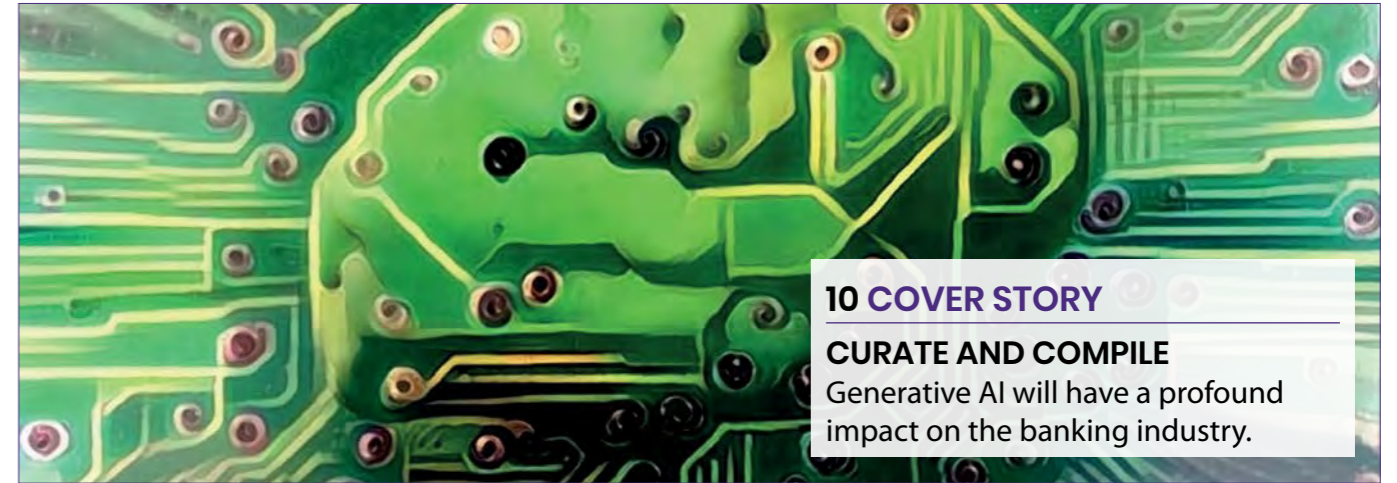
The awards ceremony is set to take place on **30 November 2023** and will be held at the fabulous **Royal Lancaster Hotel** in London.



Nominations deadline : 21 July 2023



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Empowering innovation



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EDITOR'S NOTE



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

Welcome to the June edition of *Banking Technology*, bringing you the fintech goodness with a dash of sunshine!

At the start of this month, we held our second inaugural awards in the US – Banking Tech Awards USA – celebrating the most impactful projects, innovative solutions, collaborative teams and standout individuals on the country's banking and fintech scene.

Among the winners are Drip Capital, Earnest, Dragonfly, Bond AI, Locality Bank, Socure and many others – you can check out the full list of winners and highly commended as well as the photos from the glamorous awards gala, held in New York, on the Banking Tech Awards USA website bankingtechawardsusa.com.

We'll be opening for nominations for 2024 later this year, so watch this space! The awards categories will span across the

industry ecosystem, lauding achievements and successes of banks, financial and payment institutions, software vendors and service providers and also leadership accomplishments.

At the end of this month, we'll be holding the PayTech Awards ceremony in London, UK, shining a spotlight on the most talented companies, teams and individuals in the payments and paytech space from across the globe (find out more at paytechawards.com).

Later this year, it will be the turn of the Banking Tech Awards – now nearly a quarter of the century old! – to take centre stage. The awards are open to participants worldwide, and if you have a project, product or colleagues who deserve recognition, please apply! You can find more information about these, the guidelines and the timelines on the Banking Tech Awards website bankingtechawards.com.

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NEWS ROUND-UP

US LGBTQ+ neobank Daylight closes down



US-based neobank Daylight has announced its last day of operations to be 30 June.

In a statement on its website, Daylight says the decision to close down is “unrelated” to the wider banking crises taking place globally.

“We have not found a business model that allows us to sustainably provide our banking services to the LGBTQ+ community as a small company,” Daylight says. “Banking is a business that works well at scale, and as a small company we cannot identify a path toward profitability.”

However, Daylight’s decision comes hot on the heels of NY Magazine’s explosive feature on the challenger bank, alleging inappropriate behaviour by its CEO, Rob Curtis, who also reportedly lied about the firm’s data and finances.

According to the article, three of the company’s former employees have filed a lawsuit alleging age and wage discrimination, whistle-blower retaliation and fraud. Curtis and Daylight are disputing these claims.

Founded in 2020 and based in New York, Daylight aimed to serve the more than 40 million Americans who identified as LGBTQ+. It also launched Daylight Grow, a subscription-based financial and family planning product for queer families.

The company had raised \$20 million in funding – including a \$5 million seed round and a \$15 million Series A – with investors including the likes of Anthemis Capital, Citibank, Visa, JP Morgan Chase and Gaingels, among others.

B2B paytech PlastiQ files for bankruptcy, enters deal with Priority



US-based B2B paytech PlastiQ, which has filed for Chapter 11 bankruptcy protection, is in talks to sell its assets to Priority Technology, an integrated payments and banking platform provider, for an undisclosed sum.

Founded in 2012 and based in San Francisco, PlastiQ offers bill pay and working capital access to SMEs. The company voluntarily filed for bankruptcy on 24 May citing the failure of its payment processing partner Silicon Valley Bank.

In 2022, PlastiQ was to go public through a special purpose acquisition company (SPAC) merger that would have valued it at \$480 million, a deal that did not materialise.

Thomas Priore, chairman and CEO of Priority, says that PlastiQ’s suite is a “natural complement” to the firm’s offering.

“Since we are already partners for payment processing, we are well positioned to help support the restructuring and PlastiQ’s customers as the company emerges stronger from the process,” he says.

The agreement is subject to approval from the Bankruptcy Court, as well as any “higher and better” offers PlastiQ may receive during the auction process.

Embedded payments platform Rize Money acquired by Fifth Third

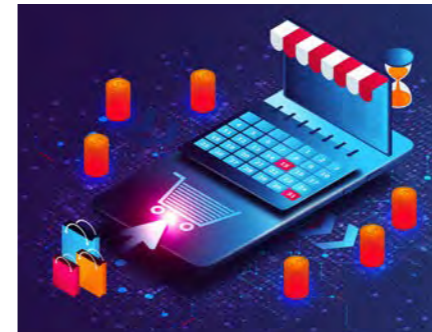
Fifth Third Bancorp has acquired US-based Rize Money for an undisclosed amount.

Founded in 2014, Rize Money says its fintech infrastructure platform and risk management capabilities “provide fintechs, non-bank financial institutions, non-financial brands and other technology companies access to all the tools they need to efficiently build, launch and scale new financial products and services via one API”.

Fifth Third says embedded payments are “a core component” of its treasury management business, which is growing at double digits, with the annual revenue projected to eclipse \$130 million this year.

Last year, the bank acquired green energy lendtech Dividend Finance and in 2021, it bought healthcare fintech Provide.

Australian government set to regulate BNPL industry



The Australian government has announced that it will be regulating the buy now, pay later (BNPL) industry, treating BNPL as credit products.

Australian financial services minister Stephen Jones says the government arrived at the conclusion following an extensive consultation.

The review raised “significant” concerns in the BNPL industry, including “unacceptable levels” of unaffordable lending, largely concentrated among low-income borrowers, including those on social security. Additionally, it highlighted concerns about the quality of dispute resolution and hardship processes, excessive fees, poor disclosure practices, problematic marketing practices and unsolicited credit increases.

The review suggests there are around seven million BNPL accounts in Australia and that while it comes with its own set of benefits, including generating new revenue for merchants and being a low-cost alternative to traditional credit products for consumers, BNPL also poses “new and growing dangers”.

Last year, the Australian Securities and Investments Commission (ASIC) found that 19% of BNPL consumers showed two or more indicators of financial stress, such as cutting back on essential items or missing payments on other bills.

BNPL providers will now be regulated under the Credit Act, and will be required to hold Australian credit licences, meet statutory hardship and resolution requirements, and comply with minimum standards of conduct. The draft legislation will be put for industry consultation later in the year, with an aim to introduce the final bill in the parliament by the end of 2023.

Monese to offer “coreless” banking platform through new entity



Pan-European banking services provider Monese has launched XYB, a fintech subsidiary that it describes as “an end-to-end ‘coreless’ banking platform provider”.

The solution is based on Monese’s retail banking experience (it claims over two million customers across Europe) and its modular Banking-as-a-Service (BaaS) platform.

It “unlocks endless possibilities”, Monese claims, with its microservices architecture, eight “foundational engines” and a partner ecosystem that offers 172 possible services.

Investec (which is an investor in Monese) was the inaugural customer to leverage the XYB banking platform. Lyndon Subroyen, global head of digital and technology at Investec, says the company “completed a current account offering from scratch for business customers within record time, taking less than twelve months from brief to execution”.

Monese estimates the global market potential for this space to be about £700 billion and promises that its offering “eliminates the dependency on a traditional core banking system”.

XYB is initially available in the UK and Europe, with plans to also launch in North America and Asia Pacific.

Paytech titan Diebold Nixdorf set to file for Chapter 11 bankruptcy



Paytech heavyweight Diebold Nixdorf is set to file for Chapter 11 bankruptcy protection as part of a restructuring agreement with shareholders.

President and CEO Octavio Marquez says the agreement will “strengthen our balance sheet, enhance liquidity and position Diebold Nixdorf for long-term success”.

The company’s shares will be cancelled and the stock delisted. New shares will be created and given to Diebold Nixdorf’s creditors to pay down the company’s debts. Eventually, the new shares will be traded publicly.

The restructuring support agreement will also see the paytech firm seek a \$1.25 billion debtor-in-possession term loan credit facility.



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

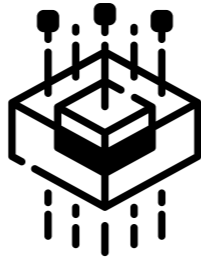
FINTECH FEED

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

120 jobs to go at Berlin-based mobile tax app Taxfix – around 20% of its workforce – two months after acquiring fellow German start-up Steuerbot and a year after raising \$220m in a Series D funding round

500 jobs to be reportedly cut at JP Morgan Chase, mostly from its technology and operations teams, spanning retail, commercial, corporate and investment banking, and asset and wealth management divisions

\$250 million paid by crypto and blockchain solutions provider Ripple for Swiss-based digital asset custody and tokenisation tech firm Metaco



\$82 million paid by electronic marketplaces operator Tradeweb for Australian trading platform Yieldbroker in an all-cash deal

£1.26 billion worth of shares in NatWest sold back by the UK government to the bank, reducing its stake to 38.6%

\$75 million three-year credit facility secured by paytech Cardless from i80 Group

500 jobs held by former Silicon Valley Bank (SVB) to be cut by First Citizens Bank, which acquired assets from beleaguered SVB in March, constituting less than 3% of First Citizen's total workforce



3,000 jobs reportedly to go at Morgan Stanley across its global workforce, with around 5% of staff on the chopping block

1,500 hires to be made by Visa for its new global technology and product hub in Poland – the first of its kind for Visa in Central and Eastern Europe

\$53.6 million secured by Ireland-based payments start-up NomuPay in a funding round co-led by Finch Capital and Outpost Ventures, with additional participation from angel investors



THEY SAID IT...

"I do not believe that BNPL was designed as a social engineering tool, but with the consumer's interest not at heart and their vulnerability at play, this product could end up pushing a majority of users who're either from the underserved part of society or are financially irresponsible into a never-ending hole of debt and terrible credit scores."

Jas Randhawa, managing partner, StrategyBRIX

• Read the full article, *Dopamine, BNPL and subprime lending*, on the *FinTech Futures* website [here](#)

TRENDING

Zepz's "workforce optimisation" to see 26% of jobs lost

Global cross-border remittance platform Zepz is reportedly laying off 420 employees, about 26% of its total workforce, as the company looks to streamline its operations.

The cuts will fall largely on Zepz's customer care and engineering teams, CNBC reports, with the firm planning to centralise these divisions.

Zepz, which is headquartered in London and has offices across the globe, currently has a headcount of 1,600 staff.

The cuts are reportedly part of what the firm refers to as its "workforce optimisation" plans, removing duplicate roles that have arisen at the company following the combination of Sendwave and WorldRemit.

WorldRemit acquired fellow remittance provider Sendwave in 2020, followed by a bumper \$292 million Series E fundraising in 2021 and a rebrand to Zepz.

According to Zepz CEO Mark Lenhard, the job cuts are not a result of macroeconomic headwinds but are "an important and necessary step in transitioning from two vast, segmented teams to one dynamic organisation".

Despite the cuts, the company is understood to be still actively looking to fill 200 roles.

Deal making shortfall blamed for Morgan Stanley job losses

US banking giant Morgan Stanley will reportedly cut 3,000 jobs across its global workforce by the end of this quarter, with about 5% of staff on the chopping block.

According to Bloomberg, a dearth of deal making is to blame for the cuts, with a 32% decline in its merger advisory arm and 22% drop in its equity underwriting business, causing Morgan Stanley's Q1 2023 profit to fall compared with last year.

The banking and trading arm of the firm is expected to bear the brunt of the cuts, Bloomberg reports, with fewer M&As, a reduction in capital raises, interest rate hikes and regional banking instability also cited as reasons.

Morgan Stanley's revenue from banking fees is forecast to match last year's – coming to about half the \$10.3 billion that the bank generated in 2021.

The job cuts mark the bank's second round of layoffs in the last six months after it let go of about 2% of staff in December.

N26 sharpens the knives

German challenger bank N26 is cutting 71 jobs – about 4% of its total workforce – as it looks to "sharpen its focus on its most important strategic priorities" against the backdrop of "significant and long-lasting changes" to the global business landscape over the last year.

In a statement, N26 says the size of its teams and its structure are "constantly reviewed" in line with these priorities.

"As such, leaders at N26 have recently reassessed each functions' individual staffing needs to adjust and adapt team structures in certain areas," the bank says. It promises "comprehensive" severance packages and access to other forms of support to those affected by the cuts.

In March, N26's chief risk and banking officer Thomas Grosse quit the firm, marking the exit of a third senior executive in less than a year following the departures of CFO Jan Kemper in January and COO Adrienne Gormley in April 2022.

Allianz X, the venture capital arm of German financial services giant Allianz, is reportedly considering selling its 5% stake in N26 at a price point that would value the company at about \$3 billion – a significant 68% drop from the \$9 billion valuation it achieved when it raised \$900 million in 2021.



Hurdling the triple barriers

Aneesha Nilakantan PhD, senior behavioural scientist at Symend, on how to successfully tackle the triple challenge of digital fatigue, decision fatigue and scarcity mindset



Today's consumers are navigating unprecedented levels of change and uncertainty. Between the COVID-19 pandemic, economic downturns and geopolitical instability, consumers are overloaded and are experiencing a trifecta of challenges: decision fatigue, digital fatigue and scarcity mindset.

The good news: consumers are looking to businesses for support. In fact, 84% want help from their service providers to more confidently make decisions. With 47% of consumers falling behind or anticipating that they will fall behind

soon, providers have an opportunity to support customers while driving toward desired outcomes.

The Symend 2022 Consumer Report, based on a survey of North American bill-payers, sheds light on the depth and intensity of the struggle faced by many in the past year. It provokes the question: in the context of unprecedented levels of change, how can financial service providers support their customers? What support or services can you offer to mitigate avoidance and ensure your customers continue to pay their bills

on time? What decision-making burden can be eased to help them take positive action?

This requires a different approach – one that is based on understanding what influences decision-making, otherwise known as behavioural science.

BEHAVIOURAL SCIENCE OVERVIEW

Behavioural science draws from psychology, neuroscience, sociology and economics to examine how individuals make choices, form habits and respond to various stimuli in varying contexts –

By understanding the underlying factors influencing human behaviour, behavioural scientists can develop strategies to promote positive change, encourage action and drive positive outcomes in areas such as healthcare, finance, marketing and public policy.

The application of behavioural science can help organisations design communication strategies that align with human behaviour, ultimately leading to more effective, personal and sustainable results.

THE TRIO OF BARRIERS

Company-customer relationships are at risk. Consumer fatigue is raising the bar for what businesses need to do to support their customers. At the same time, two-thirds of consumers are looking to reduce the number of service providers they engage with to save time and money.

Decision fatigue

Consumers are exhausted by the volume of decisions they are faced with in a given day. According to the American Medical Association, by the time the average person goes to bed, they've made 35,000 decisions. In our survey, 71% of respondents reported they sometimes ignore emails or messages from their service providers as they face economic and social pressure.

Scarcity mindset

Consumers' actions can be driven by real or perceived resource limitations. Financial concerns and fears of future struggles often lead to suboptimal decisions, such as ignoring service provider messages. This mindset has negative consequences for both customers and service providers, hindering opportunities for cost savings, increased product usage or services and customer loyalty.

Digital fatigue

Customers are grappling with the demands of an 'always on' digital world. According to our recent research, 64% of consumers feel exhausted by too much screen time. The constant 'on' screen time – in conjunction with the myriad messages customers are receiving –



"An increasing number of customer-centric companies are turning to behavioural science as a powerful tool to shape and drive their engagement strategies."

Aneesha Nilakantan PhD, Symend

erodes their ability to evaluate and make decisions effectively.

SUPPORTING YOUR CUSTOMERS

Unfortunately, the compounding impact of these three barriers can lead to procrastination, paralysing fear of making wrong decisions, difficulty with prioritisation and impulsivity. Of note, however, is how the following barriers increase significantly when consumers are behind on their bills.

To empower customers and facilitate positive decision-making, providers need to align their engagement strategies with individual preferences and motivations. Here are three key principles based on behavioural science that you can begin to weave into your customer engagement process.

Personalise, personalise, personalise
Every communication, interaction and touchpoint should be tailored to reflect individuals' needs and desires. Over half (53%) of consumers say they're likely to ignore a communication that feels generic and isn't relevant or personalised.

Volume, frequency and channel

Where, how and how often you connect with your customers matters. Consider the number and volume of communications you receive every day. If your customer is currently experiencing digital fatigue, excessive messaging can contribute to exacerbating the feeling of overwhelming exhaustion and result in your customer ignoring your message, or even worse, switching providers altogether.

Tonality and timeliness

Unnecessary urgency that ramps up pressure on customers can erode trust and negate any goodwill earned. With more than three quarters (77%) of consumers saying that service providers have a responsibility to communicate more mindfully, consider how you craft your messages and when you send them to foster trust and build positive customer relationships.

ELEVATE YOUR ENGAGEMENT

In a world where change is the only constant, and the demand to be 'always-on' is growing more and more, businesses must recognise the importance of hyper-personalised engagement strategies. As context changes, so does consumer behaviours – making it crucial for organisations to stay in sync with their customers.

This is why an increasing number of customer-centric companies are turning to behavioural science as a powerful tool to shape and drive their engagement strategies. By leveraging behavioural science effectively, businesses can deliver empathetic, personalised and helpful communications.

Even in the midst of ongoing turbulence, adopting a mindful approach and prioritising customer requirements can foster trust, encourage positive decision-making and fortify customer relationships.

Curate and compile: the future of AI-driven fintech experiences

By Dave Wallace

Today's digital banking experiences are not a million miles away from their analogue predecessors.

Even for the most cutting-edge fintech proposition, an individual has to go through the time-honoured process of:

- Identifying a company to do business with.
- Engaging with that company and applying for an account.
- Proving they are who they say they are.
- Funding the account.
- Using the available channels to manage the account.
- And maybe being cross-sold and upsold to.

The sector has become an enthusiastic adopter of algorithms, with processes streamlined and increasingly straight-through as machines have taken over from people.

Gradually, these algorithms have become essential components of how institutions measure risk, communicate with customers and offer products – but it is very much AI 1.0.

Overall though, banking remains stubbornly unchanged.

But I am convinced that generative AI will have a profound impact. It will completely radicalise the industry, ushering in new ways of doing business and creating new products, services and experiences. AI will be at the heart of the fintechs of the future.

WHAT MIGHT THAT LOOK LIKE?

I started by asking the latter-day Oracle (of Delphi), ChatGPT-4, to peer into its

crystal ball and tell me how generative AI could change the banking industry.

Its response is what you might expect and provides a laundry list of some of the basics:

- 1. Personalised financial advice:** Analyse a customer's transaction history, income and other financial data to provide customised recommendations on managing their money, saving for retirement or investing in the stock market.
- 2. Automated loan approvals:** Quickly analyse a customer's credit history and financial data to approve or deny loan applications in real time without needing a human underwriter.
- 3. Chatbots for customer service:** AI-powered chatbots could handle routine customer service inquiries freeing human customer service representatives to address more complex issues and improve response times.

- 4. Fraud detection and prevention:** AI could use predictive analytics to identify and prevent fraud in real time. This could include analysing transaction patterns, detecting anomalies and flagging suspicious activity.
- 5. Seamless mobile banking:** AI could make mobile banking faster and easier by providing

predictive search, voice-activated commands and a personalised dashboard that shows relevant information such as account balances, transaction history and spending patterns.

- 6. Investment advice:** AI algorithms could use machine learning to analyse stock market data, news articles and other relevant data to provide investment advice to customers.

SO MUCH FOR THE CRYSTAL BALL

None of this feels revolutionary or transformational. In fact, the reality is that products already exist or are coming online that are doing much of what it suggested.

For example, Personetics already employs AI to process data and deliver 'hyper-personalised' insights to customers via its Engage product. By analysing user-specific data streams, Engage generates a tailored list of actionable insights and

uses a proprietary learning algorithm to determine the optimal prioritisation for each user. Over time, Engage refines its recommendations by learning from individual customer interactions and incorporating explicit user feedback, such as ratings and likes, into its algorithm.

Many banks are already using algorithms to determine suitability for loans, and we're certainly seeing more chatbots that handle at least the triage aspect of dealing with customer problems.

SO, WHAT DO I THINK?

With new technologies, cloud computing and an increasing need for individuals to control their own data, generative AI's capabilities will help usher in a model of finance that is much more geared around the individual: the curate and compile model.

An AI will soon be able to recommend the best provider for a product based on an individual and their needs (be that a person or company), even before they know that they need it. Using available data, AI will then decide on suitability and determine to its satisfaction that someone is who they claim to be, without any involvement from the individual, before building a product and services suite tailored to them. This could include pricing and terms. Some new core banking platforms, such as Thought Machine, already

offer personalised ledgers. Connecting this technology with AI-driven risk and suitability models means a product set could be tailored to an individual precisely.

Taking this a step further, AI could compile a bank around an individual. So instead of me going to HSBC's app, I could go to Dave's Big Bank app, which curates products and services from a range of providers and assembles the experience just for me – a true best-of-breed offering.

The way my bank is branded, designed and functions could also be generated by AI.

Presently, designing a bank's digital experience is a manual process that takes an age, involving multiple people across various activities. In theory, you will soon be able to ask an AI to render the best experience based on parameters in a chosen skin. Combine this with the best-of-breed approach mentioned above and, suddenly, banking has changed.

In this scenario, a bank's brand would become extraneous, and its product set atomised, ultimately calling into question its role as a direct-to-end-user proposition. Banks as manufacturers... Now there's a cost-saving idea!

The next few years will see some new and exciting propositions emerge. A new generation of generative fintechs is coming and, finally, the banking sector will be truly transformed.



Dave Wallace is a user experience and marketing professional who has spent the last 25 years helping financial

services companies design, launch and evolve digital customer experiences.

He is a passionate customer advocate and champion and a successful entrepreneur. Follow him on Twitter @davejwallace and listen to the Demystify podcast he co-hosts.

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This year's inaugural event will gather 2,000 attendees from a global community of policymakers, entrepreneurs, investors, corporates, and foundations. Participate in this 3-day Forum and align on the implementation, policies & partnerships that will harness technology to accelerate banking in emerging markets.

Guest of Honour:
H.E. Paul Kagame, The President of the Republic of Rwanda

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The dinosaur café

By Brian Harkin, CTO, Kynec

Presiding over a toxic organisational culture is a significant failure of leadership.

One of the strangest things about this type of failure is that a lot of leaders are blissfully unaware that they are leading an organisation where the culture is reducing productivity, impacting morale, causing sickness, increasing staff attrition and putting deliveries at risk.

So, how can this be? How can senior leaders not know that sections of their organisation have a toxic culture?

Culture is driven from the top down, isn't it?

THE MASTER MANIPULATORS THAT ARE MIDDLE MANAGEMENT

Most sizeable organisations will have several very competent managers that

have, over time, been promoted into leadership positions.

They have reached these stations due in no small part to the fact that they are political experts and extremely skilful in 'managing the message'. That is, they carefully control and manipulate the communications that flow upwards and outwards from their fiefdom.

The messages emanating from these groups go through so many layers of filtration that by the time the communication hits the senior leadership team, any trace of contamination is removed and a shiny and spotless message has been crafted ready for consumption.

The fact that the toxicity of the culture is so well hidden is one of the reasons why it is extremely difficult for senior leaders

to understand that they are heading an organisation where some teams/ departments foster a culture that the leadership function themselves would not want to work in.

THE ELEPHANT IN THE ROOM IS ACTUALLY A DINOSAUR

Individuals in these positions of power remain too focused on the operational and delivery detail to provide effective leadership.

Over the years, they create an authoritarian regime where there is no desire to foster broad collaboration. They evolve a siloed structure that leads to fractionalisation, division and a situation where political game playing, at which they excel, is rife.

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OracleFS exec questions staying power of new cloud-focused competition
Conor Coleary says banks must ask if their partner can embrace new changes.

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Nominations close 11 March 2022

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NatWest chair warns against "gambling" with cryptocurrency
Sir Howard Davies says the "damned stuff" should be banned.

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Cartoon: Model Behaviour
This new cartoon illustrates the need for evolution at neobanks.

[Read more](#)



Ex-Singlife execs to launch new Japanese paytech Purasu Money
Purasu to launch under umbrella of new venture SJ Mobile Labs.

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Nominations for these new awards are now open!

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What the FinTech? | S.2 Episode 19 | Can't see the wood for the VCs
Ian Foley, partner at Level Ventures and resident cartoonist at FinTech Futures, joins us for this latest episode of our What the FinTech? podcast.

[Listen here](#)

In their book *Team Flow: The Psychology of Optimal Collaboration*, Jef van den Hout and Orin Davis express their views on this type of management: "You can get the right talent in the room, give them a clear, meaningful goal, and then stick a dinosaur brain at the head of the table. You know the type: it roars loudly, ignores what people say, does what it wants, stomps around looking to see what it can snag, and generally makes a nuisance of itself. ...Whatever the case: bad leader, bad team."

It is sometimes difficult for others to see that the particular focus of these managers is resulting in a leadership vacuum.

DELIVERY? ABSOLUTELY! BUT AT WHAT COST?

The very fact that these managers are so focused on the detail of delivery means that, more often than not, they do actually deliver.

What they deliver might not be exactly what was asked for or might be a bit late, but they do deliver. The shortfall of what was delivered and the time to delivery is usually explained away and blamed on external factors. Remember, these individuals got to this position by using their superb manipulation skills.

However, the hidden costs left in the wake of these deliveries should not be underestimated.

The dinosaur brains often adopt a "do as I say" attitude, resulting in a lack of trust and employees not feeling enough psychological safety to speak up.

CULTURE OF FEAR

This type of environment leads to every element of even the most minor output being checked, double checked and triple checked to avoid the inevitable consequences should something be found to be wrong.

A significant increase in the CC lists of emails also results. Emails are sent multiple times a day with CC lists of hundreds and the 'reply all' option being used regularly. This defensive use of CYA (cover your ass) emails and the regular use of the phrase

"There is no appetite for failing fast (or failure at any level), resulting in inevitable delivery impacts and missed opportunities."

Brian Harkin, Kynec

"...well you were on the email chain..." demonstrates how toxic the culture is.

There is a close to zero tolerance for risk, and teams/individuals feel their creativity is being stifled. There is no appetite for failing fast (or failure at any level), resulting in inevitable delivery impacts and missed opportunities.

REDUCED PRODUCTIVITY

The culture of fear, and its cascading impacts, has a direct impact on productivity. The output of the entire transformation function is likely to be below what would be regarded as the norm.

The situation is not conducive to instilling a sense of hope and optimism for the future.

MORALE

Situations can arise where highly skilled individuals are spending significant amounts of time and effort on unimportant tasks (for example, tidying up a PowerPoint deck) rather than on tasks that are directly related to delivery.

These skilled resources are still expected to meet delivery commitments and timelines with the relatively unimportant tasks proving an unwanted and time-consuming distraction. This leads to staff members working unsustainable hours to get deliveries across the line.

Which in turn leads to...

SICKNESS

The pressure on staff over a sustained period will have the inevitable

consequence of an increase in staff illness. A vicious cycle can now ensue where the same amount of work must be delivered in the same timeframe with fewer staff, resulting in yet more pressure.

Which can lead to...

STAFF ATTRITION

Unsurprisingly, the point can be reached where several members of staff leave the organisation to pursue their careers elsewhere.

The cost of the human and intellectual capital that is walking out of the organisation based solely on a toxic culture is likely to be significant.

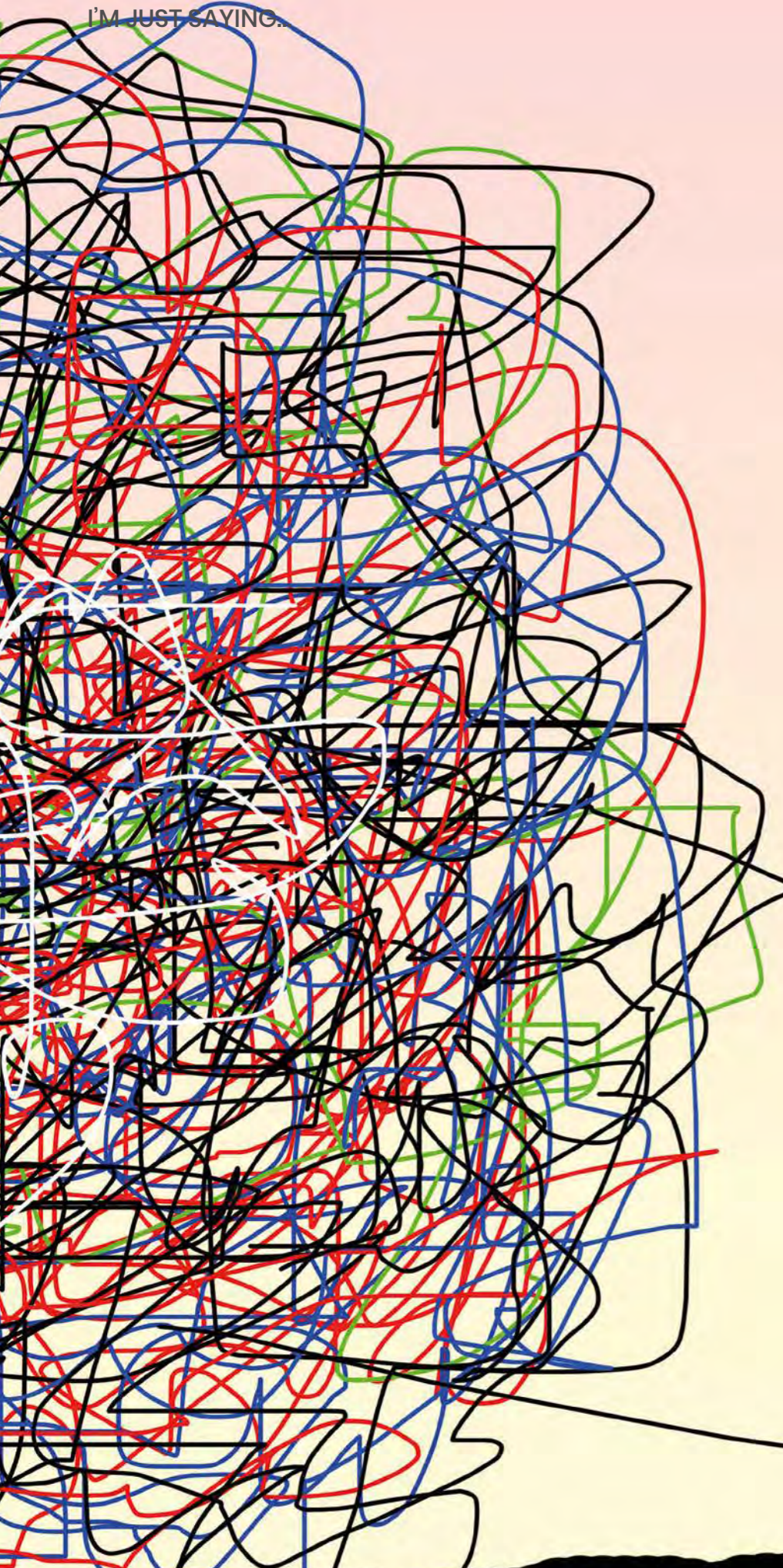
CLOSING THOUGHTS

A toxic culture will have a direct financial effect that can be difficult to quantify, especially if it is obscured. There are human costs, delivery inefficiencies and waste, which all have a negative impact on the efficiency and effectiveness of the transformation function.

This is not a new problem and most organisations have put in place checks and balances to mitigate this risk (for example, leadership training and development, anonymous employee surveys, exit interviews and so on), but it still occurs all too frequently.

In the words of Tony Williams, business transformation advisor: "Results and rewards for results are often about the what, not the how. Managers who drive results often don't concern themselves about how they get them and of course for all the HR work (training, surveys, exit interviews and so on), in too many organisations, it lacks teeth and performance remains one dimensional."

A human-centric approach to transformational change combined with incentives that cover *how* delivery is achieved as well as *what* is delivered are required to allow organisations to effectively identify and challenge the toxic culture. Tackling the dinosaurs will result in positive improvements in delivery and the overall organisational health of the company.



Terms of confusion

By Dharmesh Mistry

I'm pretty confident most people will have used the terms super-app, marketplace, ecosystem and platform interchangeably at some point, or may be confused by what the differences are between them.

This is OK if it's a general discussion, but if it's part of your strategy or the focus of your project, then it's best to be clear.

In the past year, I've spoken to a number of banks in the UK who are building 'marketplaces' or 'ecosystems', and one that aspires to build a 'super-app'. Yet in each case, these terms are often thrown around without a clear explanation.

As always, I try to define them in a way a non-technical person can understand. I would define them therefore as follows.

SUPER-APP

An app that has a key (core) functionality and lots of associated functionality. For example, WeChat's core is messaging, beyond that it also offers voice calls, photo sharing and other social apps as well as payments. Its vision summarises this as 'tech for social!'

MARKETPLACE

A type of platform that connects buyers and sellers together. Good examples of this are Amazon, eBay and Airbnb.

ECOSYSTEM

A network of interconnected solutions. For example, Google provides an internet search engine, phones, smart speakers and other devices that can interact with each other. So, asking a smart speaker for

the weather leverages its search engine. With Google's acquisition of Nest, the ecosystem expanded to include security devices, heating controls and more, all of which can be interacted with via a phone or smart speaker.

PLATFORM

A set of functionalities that are API enabled so that third parties can leverage them to create their own solution. Obvious examples here are Android and Windows.

Where it gets tricky is when they overlap. So, a super-app can become a platform by opening up APIs for third parties to extend their own functionality. The same goes for an ecosystem.

Aside from the definitions, what's more interesting is whether banks can succeed at implementing any of them. Financial super-apps are the 're-bundling' of bank and third-party financial solutions, typically fintechs. In the past, banks did this by white-labelling or partnering. For example, most banks white-label insurance, and they partner for things such as vehicle recovery on those policies. So, one could argue banks have essentially been super-apps for a long time, and this is something they should be able to deliver in app form. However, as we have seen with initiatives like 'single customer view', working with different parts of the same bank can be harder than working with third parties.

Some banks such as TSB have created marketplaces. For me, the challenge with these is the curation of buyers/sellers. It's the classic chicken and egg problem: buyers want a choice of lots of sellers, and sellers want access to lots of customers. This can be successful with a large bank as sellers have access to a large number of customers. However, there are significant challenges when it comes to scaling and making this profitable for the bank. My good friend, Paul Loberman, says that there has to be significant effort to engage

"Each of these terms are business strategies that must have a supporting business model and typically will require different parts of the bank to work together."

Dharmesh Mistry

users and introduce them to the right solutions at the right time. Banks can't take a "field of dreams approach". That is, "build a marketplace and they will come!"

Open banking has pushed banks into becoming platforms. Those that want to go further and make it part of their strategy have progressed towards a wider set of APIs essentially offering BaaS (Banking-as-a-Service). Again, this is a good strategy for a large bank that can leverage economies of scale, or a small bank that can clearly differentiate their services for a profitable niche (for example, lending to house builders).

In my discussions, an ecosystem is something that banks typically get confused with marketplaces or platforms. I've yet to find one in banking.

Each of these terms aren't 'projects' or features of the bank, they are business strategies that must have a supporting business model and typically will require different parts of the bank to work together. And here lies the biggest challenge. A mortgage or credit card division has its own goals to meet, and may not be quite so concerned about enabling APIs to become a platform or

integrating its services into a super-app. These strategies will require a long-term vision, investment and patience, and above all confidence that the bank can make this work.

However, the goal for a bank could be to test the water (feasibility) or to drive innovation. In one of my conversations, I was asked how many customers my product (AskHomey) could bring to the bank's innovation project. In the end, it all comes down to numbers, and at some point the cost is too much or the profit is too small.

There seems to be new words and acronyms being used almost every week, so it's no wonder terms can be confusing. You may or may not agree with my definitions too, and that's OK. I'm just saying it's good to have a clear understanding of exactly what you're building and ensure all teams know what you are and are not doing.

Also, don't underestimate the why. This is not only important to staff but third parties that could be part of the strategy. It's important that the bank has a clear north star if this is strategic, else it will most likely be another project that doesn't succeed. This seems obvious, but from my experience, it's not always the case!



Dharmesh Mistry has been in banking for more than 30 years and has been at the forefront of banking technology and innovation.

From the very first internet and mobile banking apps to artificial intelligence (AI) and virtual reality (VR).

He has been on both sides of the fence and he's not afraid to share his opinions.

He is an entrepreneur, investor and mentor in proptech and fintech. Follow Dharmesh on Twitter @dharmeshmistry and listen to the Demystify podcast he co-hosts.





Working to Takle the value advice gap

By Shruti Khairnar, reporter, FinTech Futures

Pennyworth Financial, a new financial planning app and aspiring challenger bank, is finally reaching the end of its bank application process, with co-founder and CEO Jeremy Takle telling *FinTech Futures* that authorisation is now “in sight”.

The start-up was founded in 2020 by Takle and Ben Harvey, two former executives of Barclays’ US digital consumer bank. The pair launched an original version of their app to UK customers in 2021 focusing on financial planning and wealth management, with the aim to apply for a bank licence to expand the offering and add additional capabilities. To proceed with the banking licence application, the company raised a pre-seed funding round in March 2022.

That round was led by an unspecified number of angel investors, with a follow-up crowdfunding round taking place on Seedrs in June 2022, where they raised more than £784,000 at a pre-money valuation of £7 million. This funding allowed them to kickstart their authorisation process in Q2 2022.

THE TARGET AUDIENCE

“There’s never been a more relevant time to get a good sense of your finances,” Takle says. “What we identified is that there is a large proportion of the population who just don’t benefit from financial advice and great value.

“It’s only the wealthy in society that get the benefit of advice, while most of the population make do with poor value and little guidance.”

Pennyworth quickly identified its target audience – which it calls “aspiring affluent” customers with either incomes or liquid savings of more than £40,000. Takle estimates that market to consist of 10 million customers in the UK, with £700 billion in savings and more than £100 billion in consumer credit.

Takle believes this particular bracket does not benefit from the advice of private banks and wealth managers and “suffer” from the value advice gap, while also being one of the highest revenue-generating segments for a retail bank.

“They get the same experience that all the mass market customers do, despite

“People know they want to get more out of their finances, but they’re either too busy or they just don’t know what changes to make.”

Jeremy Takle, Pennyworth Financial

having more complex needs,” he says.

“Our business aims to attract that population into a free-to-use financial planning experience that also helps them identify better savings, better loan rates and other better financial features to close that value advice gap.”

To this end, Pennyworth aims to help customers overcome the usual barriers to accessing financial advice.

KEY OFFERINGS

In the latest version of the company’s app, Pennyworth partnered up with open finance and data platform Moneyhub to leverage open banking and AI capabilities and provide users with an automated financial planning functionality.

Pennyworth plans to add more financial products and features, including the aforementioned transition towards banking capabilities, as it inches closer towards obtaining a banking licence.

“We’re trying to recreate the private banking experience, but essentially for free to retail customers,” Takle says.

However, Pennyworth will not feature current accounts and cards, as the former Barclays exec believes “it is basically a loss-making game”.

Takle explains that it is costly to run current accounts that are not being used as primary relationship accounts. He observes that people who open accounts with neobanks mostly use them for spending by keeping very low balances, which doesn’t make the bank any money.

“There’s not a lot of benefit in just

creating another payment account,” he says. “The statistics are very clear: customers have one of the traditional banks as their main bank, and even though they may own a second or a third card with a new bank, they’re not using it as their primary relationship and therefore those are loss-making businesses.”

RATIONALE

Takle explains that the company’s fundamental belief is that banks should serve the customer, which is something he doesn’t see in traditional banking models.

“People know they want to get more out of their finances, but they’re either too busy or they just don’t know what changes to make,” he says.

As part of its own research, Takle says 90% of the people the company surveyed said they wanted to get more out of their money, and 80% said they didn’t know how to go about doing so.

“We wanted to design a bank that really plays to human behaviour – a bank that does the heavy financial lifting to give its customers a holistic view of their finances with a few clicks,” he says.

Takle insists there is “no other” model out there providing what he calls a “bionic banking” service, giving people a snapshot of their financial position and also helping them plan through automation.

“We’re trying to build a bionic bank for busy people where everything is automated, but you can speak to a human if in any doubt. And we think that’s an important additional feature in banking,” Takle says.

NEXT STEPS

Pennyworth is currently reaching the end of its bank application process, with authorisation now “in sight”.

“That will be the next big evolution of the business – to be able to add banking products directly rather than just third-party products to the app,” Takle says.

“From then on, what we see customers wanting will determine a lot of what our product roadmap is after that,” he concludes, suggesting products such as mortgages and investments will be next in the pipeline.

The choice is yours

By Leda Glyptis

For years I have been observing the world and finding analogies to decode the foibles and dysfunctions of our industry's struggle with itself as it tries to navigate the road to the future. And I will not stop. Have no fear. But today, just this one time, I want to do the reverse.

We keep looking at the industry's digitisation journey and pointing out that it's a journey of education and learning,

which is hard... and then a fresh journey of applying that learning to choices... which is harder... and then yet another journey of executing against those choices... which is hard and messy and unpredictable.

And that sequential set of hard things that need to be done in quick succession while also starting fresh cycles of learning at all times while all other plates are spinning, is why the digital journey has not

been linear... has not been painless... has not been uncomplicated.

But we have learned, the hard way, that obstacles are not final. That if you come up against the banks of a fast-flowing river, you don't stop your quest. You reroute, for sure, but you don't stop. When you bang your head against a wall, you don't just keep doing so till your head bleeds. You scale the wall, you climb over, you circumvent. Or you demolish. But you don't stop.

AND THERE IS MORE

Our digital transformation journeys have taught us that being invincible and infallible was never the thing we needed to be most concerned with. That other

people and other companies and other ideas are not part of a black and white world. They are not acquisition targets, customers or threats. We learned about partnership and collaboration. We learned that bridges are for crossing, not burning. We learned that. And the industry had to change deeply for this to even be possible as a way of thinking. It was hard, but we did it.

We've come a long way. As organisations. And there is more.

Because we spent a long, long time learning. Observing. Horizon-scanning. Looking for options and hoping that one of them will be the silver bullet, the magic spark, the *deus ex machina*, the unicorn, the solution that is neat and clean and

painless. And we have learned the hard way that this is not how the world works. We have learned that we need to do a lot of work to generate options for ourselves. We need to learn. We need to make ourselves vulnerable. We need to strive to create options that are understood and viable, each of those small words carrying a multitude of proof points that need to be earned and defended.

It's hard work, all this. It's hard work to get yourself to a place where you have options.

We have learned that, in our organisations.

And we have got better at creating optionality.

But we have also learned the next thing. Which is as hard. And scarier.

We have learned that choices are not good if you don't actually exercise them.

We have learned to understand opportunity cost. We don't always value it as much as the fear of failure inside our organisations. But we have learned what it is, at least. We have learned to appreciate the heavy legacy of roads not taken. We have learned the hard way that choices not made are still choices. That not acting is still a choice. One that comes with no absolutism.

We take time and energy berating our organisations for being slow on this journey. But you know what? At least we are doing it for our organisations. We are pushing and pushing and pushing to ensure we create options and then make choices.

ARE WE DOING THE SAME FOR OURSELVES?

Some of the most vocal, energetic change-agents in the industry often feel trapped in their organisational circumstances. Often, they will go to great lengths to build bridges and options and create choices and opportunities for the organisations they work and fight for.

But what about you, friends?

I know you know walls are for scaling. You are not ones for stopping.

I know you know bridges are for crossing. You are not ones for burning.

But what about choices?

Do you remember that in all the toil and strife and the sacrifices you make...

the sacrifices we all make... the dinners we skip, the friends we don't see... the books we don't get round to reading, the naps we don't take, the walks we don't go on, the dishes we never get to make and the movies we don't watch. The risks we don't take. The things we decide 'will have to wait'... The options we don't give ourselves time to contemplate. Doing the very thing we protect our companies from: staying on the treadmill...

While making choices... do you actively remember that these are indeed choices?

And trade-offs?

And sometimes the price of those trade-offs is not measured in the same currency, and that's what makes choosing hard. But choose you must. Not least because you have the privilege and joy of choice. You have created options for yourself.

When it comes to yourselves and not your businesses, *#mytribe*, do you remember that choices need to be made? When you are lucky enough to have them, when you are lucky enough to have choices thanks to all you are and all you have done to this day... do you remember that having choices is of no value whatsoever unless you make choices?

So, make choices.

For yourself. As a human being, not just a human doing.

#LedaWrites



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

is a recovering banker, lapsed academic and long-term resident of the banking ecosystem. She is chief client officer at 10x Future Technologies. She is also a published author – her first book, *Bankers Like Us: Dispatches from an Industry in Transition*, is available to order now.

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

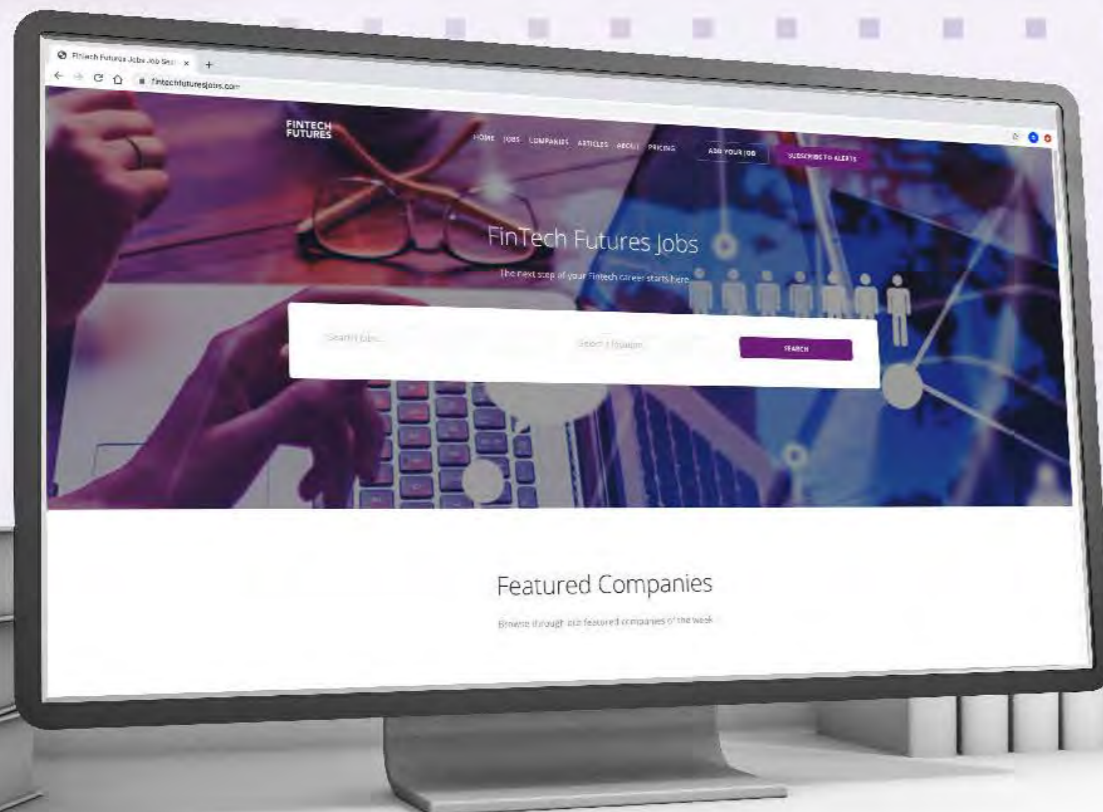
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Using blockchain to fill in the gaps

By Alex Pugh, reporter, FinTech Futures

Small and medium-sized enterprises (SMEs) are often held up as the backbone of any economy.

Their relative size and role within an economy means they often support innovation and creativity, not to mention the livelihoods of millions.

But funding for SMEs remains a perennial issue. The global trade finance gap currently stands at about £2 trillion, "and there is no end in sight for this massive lack of funding stopping valuable SMEs and businesses from growing and contributing to international trade", says Lee Tarone, CEO of Voy Finance.

Voy Finance is a blockchain ecosystem built to bridge the trade finance gap. Speaking to *FinTech Futures*, Tarone says: "Businesses that value ethical and sustainable practices deserve the ability

to bring their trade to international markets but cannot due to stringent requirements for financing, creating a lack of capital."

Voy leverages decentralised finance (DeFi) to create liquidity pools and tokenised documents to streamline the lending process for these businesses. Using blockchain, the firm creates "transparent and secure" ways of lending toward real-world assets with a vision of conscious financing.

THE POTENTIAL OF BLOCKCHAIN TECHNOLOGY

Blockchain is a crucial component of Voy's ecosystem. "It allows us to create a secure, transparent and traceable method of securing financing for SMEs," Tarone explains.

The smart contracts built into the platform ensure that only businesses that successfully navigate the firm's vetting process and receive appropriate scoring can access Voy's liquidity pools.

Additionally, this process creates a verifiable way of tracking the supply chain of these businesses, meaning that all parties can share real-time information regarding the goods' location and shipment status, minimising the correlated risks.

Additionally, blockchain technology can also help ensure the immutability and transparency of ESG metrics and ESG scoring records to make sure companies are meeting the required standard when it comes to carbon emissions.

ESG standards are essential for assessing a company's sustainability

Finovate Awards

THE FINOVATE AWARDS ARE BACK!

Now in its fifth year, the 2023 edition of the Finovate Awards will crown 25 winners in fields like consumer lending, digital/ challenger banking, embedded finance, payments, sustainability, and more. Nominations are now open!

Deadline extended to June 16.

and ethical impact, guiding investments and promoting responsible corporate behaviour.

“Although the views on ESG standards are currently divided, we cannot ignore the fact that given the current climate crisis, it is essential for our planet’s longevity and our economies to adopt a certain standard of ensuring sustainability,” Tarone says.

ESG scoring can give institutions and businesses a robust way of measuring their impact on the planet. “However, we recognise that incorporating the UN’s sustainable development goals (SDG) framework and collaborating with regulators can further improve ESG scoring by setting a global standard,” Tarone adds.

Voy’s aim is to work with industry leaders and regulators to create a comprehensive and reliable approach that eliminates significant obstacles to ESG scoring. This will enable businesses to accurately measure and report their impact on the environment and society, and ultimately promote sustainable practices.

MIND THE GAP

The trade finance gap has grown rapidly over the past two years due to diverse macroeconomic factors, including the Covid-19 pandemic and geopolitical issues such as Russian sanctions. The resulting economic instability has led to rising risk aversion and inflation, which in turn have eroded lending limits.

Tarone says SMEs face stringent credit requirements, high transaction costs and limited access to information, which makes it difficult for them to obtain financing, “leaving them behind as larger companies grow”.

Despite the existence of smaller businesses that follow sustainable practices, they are often overlooked by banks and other financiers due to their infancy in the trade space.

Tarone believes addressing this issue involves simplifying regulations, leveraging technology and developing alternative financing solutions. “Blockchain provides an effective solution to this,” he says.

The technology allows Voy to



“We cannot ignore the fact that given the current climate crisis, it is essential for our planet’s longevity and our economies to adopt a certain standard of ensuring sustainability.”

Lee Tarone, Voy Finance

effectively assess and track business practices and then provide a transparent means of financing them. “At Voy, we also use data points from satellite imagery to provide better ESG scoring standards to our ecosystem,” he says.

The technology has “significant potential” to change the way we look at supply chain management by providing increased transparency, traceability and efficiency.

Some key applications include end-to-end traceability to ensure authenticity and promote responsible sourcing, smart contracts to automate various aspects

of the supply chain and enhanced collaboration through secure data sharing among stakeholders.

“We could track everything, from where the first raw material for a good is sourced, to every step it takes to reach the end consumer, all through an immutable and automated network,” Tarone says.

With smart contracts to assign funding or letters of credit within this system, the entire process could require much less time and effort, ensuring secure and smooth international trade.

IRONING OUT THE KINKS

While DeFi has historically had a bad reputation with “rug pulls, impractical annual percentage yield (APY) or entire ecosystems collapsing”, Tarone says, behind all the chaos, this is a sector of Web3 that can change how we interact with money, businesses and economies.

DeFi, when harnessed correctly, can create financial inclusion for unbanked and underbanked populations, faster and more efficient cross-border transactions, reduced transaction fees, enhanced transparency and improved liquidity.

It can assist with automating financial services through smart contracts, enable firms to offer customisable financial products tailored to individual needs and provide enhanced privacy and security compared with centralised systems.

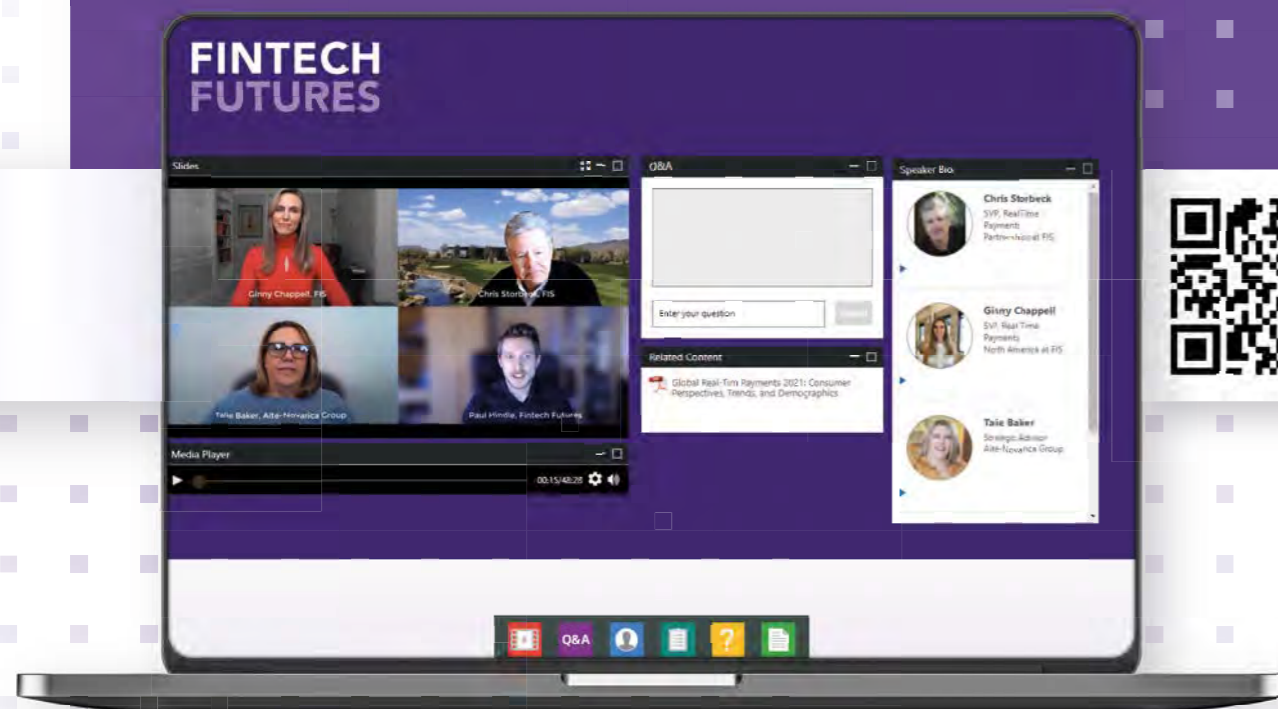
Amid all the political and economic unrest the world is facing, these technologies could enhance transparency in international trade, facilitate currency diversification and streamline cross-border transactions, promoting global trade and stability.

Moreover, blockchain technology allows for the tracking and verification of sustainable and ethical practices in supply chains, promoting responsible trade and upholding international standards.

“Although not a complete solution, these technologies can create a more transparent, efficient and inclusive global trading system, enabling countries to adapt to changing geopolitical dynamics and maintain a stable, cooperative international trading environment,” Tarone concludes.

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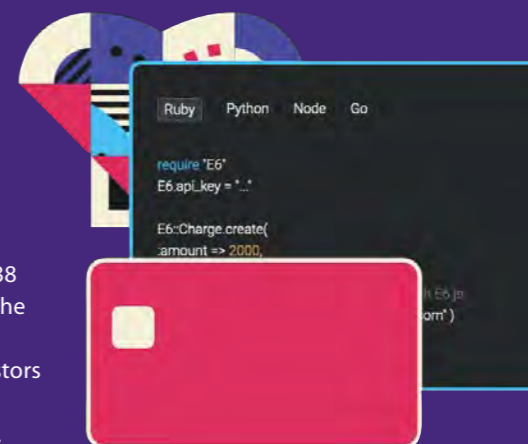
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FINTECH FUNDING ROUND-UP

US-based paytech **Episode Six (E6)** has raised **\$48 million** in Series C funding. The round was led by Avenir, with participation from existing investor Anthos Capital.

Founded in 2015 and headquartered in Austin, Texas, E6 provides enterprise-grade payment processing and digital ledger infrastructure for banks and companies looking to offer payments to their customers.

E6 operates globally across 38 countries with teams based in the US, UK, Japan, Singapore, Hong Kong and Australia. Other investors in the company include HSBC, Mastercard and SBI Investment.



US-based core banking software provider **Nymbus** has secured **\$70 million** in a Series D funding round led by Insight Partners.

Nymbus' clients ConnectOne Bank and PeoplesBank, and fintech investors The Banc Funds Company and Mendon Venture Partners also participated in the round.

It follows on from undisclosed strategic investments made by CurqI Collective and Reseda Group, wholly owned by MSU Federal Credit Union (also a client).

Fintech start-up **Kiwi** has secured **\$75 million** in a credit facility and **\$4.5 million** in its pre-Series A funding round.

The credit facility was provided by i80 Group, with Advent-Morro Equity Partners, Altio Capital and Independent Capital leading the equity round.

Founded in 2020 and based in New York, US, Kiwi helps Latino consumers in the US build their credit history, offering them affordable capital by leveraging AI and ML models, as well as helping them improve their financial literacy. Kiwi now claims to serve more than 30,000 customers.

US-based online banking platform **Slash** has emerged from stealth with **\$19 million** in seed and Series A funding led by NEA. The round also saw participation from Menlo Ventures, Connect Ventures, Y Combinator, Soma Capital, Global Founders Capital, along with angel investors from Plaid and Tinder.

The start-up targets young entrepreneurs with side hustles, including teenagers. It offers personal and business banking solutions, allowing entrepreneurs to manage both a personal account and a business account on the same dashboard, with transfer of money between the two.

Slash claims more than 20,000 entrepreneurs have signed up to its platform. In the future, it aims to add legal and financial services to its platform to help young entrepreneurs "run all aspects of their business" – including incorporation, invoicing, automated book-keeping and tax management.

OpenFin, a US-based workspace management and workflow automation firm, has secured **\$35 million** in a Series D funding round led by Bank of America.

The round also saw "significant" participation from Pivot Investment Partners and ING Ventures, as well as additional investors including CME Ventures, CTC Venture Capital, SC Ventures and Tribeca Early Stage Partners.

Founded in 2010 and headquartered in New York, OpenFin says its solutions are used at more than 3,800 banks, wealth, and asset management firms in more than 60 countries. The latest funding follows on from a \$10 million investment from ING Ventures and a strategic investment and partnership with In-Q-Tel (IQT) in November 2022.

Open banking platform **Tarabut Gateway** has secured \$32 million in a Series A funding round led by Pinnacle Capital. Aljazira Capital, Visa and Tiger Global also participated in the round along with a number of existing investors. The firm previously raised \$12 million in a pre-Series A funding round in 2021.

Founded in 2017 with offices in Dubai and Bahrain, Tarabut Gateway claims to be the first and largest open banking platform in the Middle East and North Africa (MENA), connecting banks and fintechs in the region via a universal API.

It plans to expand its footprint in Saudi Arabia. It claims to have already achieved over 60% market coverage in the country through partnerships with banks including Alinma Bank, Arab National Bank, Saudi National Bank and Riyadh Bank.

The Saudi Central Bank (SAMA) has also included Tarabut Gateway as a participant in its regulatory sandbox, which forms part of its recently introduced open banking framework.

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Digital banking group **Tyme** has secured **\$77.8 million** in a pre-Series C funding round led by Norrsken22 and Blue Earth Capital. Tencent, an existing backer that took part in Tyme's \$180 million Series B fundraising, also increased its stake in this round to become the firm's third-largest shareholder. African Rainbow Capital remains Tyme's majority shareholder.

Founded in 2012, Tyme operates a multi-country digital bank focused on emerging markets in Asia and Africa, with locations in South Africa, Singapore, Hong Kong and Vietnam. It launched its flagship offering TymeBank, a fully digital bank, in South Africa in February 2019, which now claims to have amassed more than seven million customers.

With the new funding, Tyme intends to accelerate its operations in South Africa and the Philippines (where it operates GoTyme Bank, a new digital bank), and plot its expansion across Southeast Asia. The company intends to close its Series C funding later in the year.

The company opted for Mambu's core banking technology for GoTyme Bank and future banks across Asia.

Nomba, a Nigerian payment services provider for African businesses, has secured **\$30 million** in a pre-Series B funding round led by Base10 Partners.

The equity round also saw participation from Helios Digital Ventures, Shopify, Partech and Khosla Ventures. The firm had previously raised \$5 million in Series A funding.

Nomba launched in 2016 as Kudi, a chatbot built to answer financial requests on social media apps and has since evolved to provide point-of-sale terminals, sales management and banking tools for businesses to accept offline and online payments. It claims to serve more than 300,000 businesses and process \$1 billion in monthly transactions.

UK-based **Paydock** has secured **£25 million** in Series A funding from Silverstripe Investment Management.

Founded in 2015, Paydock provides a payment orchestration platform that offers financial institutions and merchants "rapid connectivity" to fintech and payment systems via API, without disrupting the current infrastructure.

It claims to process "millions" of monthly payments through its platform. Some of its clients include Commonwealth Bank of Australia, retail giant Coles, and not-for-profit organisations such as the United Nations High Commissioner for Refugees (UNHCR).

New York-based fintech **Petal** has secured **\$35 million** in a funding round led by Valar Ventures, with participation from Story Ventures, Core Innovation Capital and RiverPark Ventures. The round also includes strategic investments from Synchrony and Samsung Next.

Founded in 2016, Petal helps people build their credit scores by providing access to Visa credit cards issued by WebBank, with a focus on people who have never used credit before or have little to no credit history.

It has also announced a spin-off of Prism Data, its B2B-focused data infrastructure and analytics subsidiary.

The new investment will be split between Petal and Prism Data.

Petal says it has handed out nearly 400,000 credit cards to consumers to date, with more than 100,000 approved in 2022. It also claims to have achieved more than \$80 million in annualised revenue last year, with the aim of achieving profitability in 2024.

With the new funding, Petal has now raised nearly \$300 million in equity capital and more than \$450 million in debt financing. Last January, it secured \$140 million in a Series D round at a valuation of \$800 million.

Liquido, a US-based paytech built to boost digital payments access for Latin American businesses, has emerged from stealth with **\$26 million** in funding.

The lead investor is Index Ventures, with additional investors including Base Partners, Restive Ventures, Mantis VC and UpHonest Capital also taking part.

The start-up says it has spent the last two years building a payments infrastructure to "modernise and democratise" digital payments for Latin American businesses in a way "similar to what Stripe has done in the US".

At its core, through a unified API, Liquido allows businesses to accept and process all forms of payment, including credit and debit cards, bank transfers, digital wallets and cash, to increase payment acceptance rates. It also provides payroll payment services for businesses as well as the ability to pay suppliers through bank transfers.

Liquido has also launched its Payment Plus Platform, which creates customer experiences tailored to local markets. Its initial offerings include a "first-of-its-kind" WhatsApp Liquido Store, which allows merchants to build a Shopify-like storefront within WhatsApp.

The company says its Payment Success Booster solution allows merchants to achieve higher payment success rates with features such as fraud flagging, transaction blocking, WhatsApp payment recovery, flexible payment method switching and smart routing and retrying.

It claims to have already processed \$300 million in payments through a closed beta with a number of large consumer brands.



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!



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MOVERS AND SHAKERS



UK challenger **Starling Bank**'s founder **Anne Boden** is to step down from the role of CEO on 30 June.

Boden will remain on the board as a non-executive director. Starling's COO, John Mountain, will take over as interim CEO, while the challenger bank commences its global search for a permanent CEO.

The news follows Starling recording pre-tax profits of £195 million for the year to 31 March 2023, a six-fold increase on the previous year's figure of £32 million – its second year of profitability. Additionally, Starling more than doubled its revenue to £453 million.

"When I started Starling in 2014, I was told no one ever starts a bank, nobody wins market share, and you'll never make a profit. Today's results prove them wrong," Boden says. She adds that separating her two roles – CEO and shareholder – "is in the bank's best interests" as they have different priorities and require different approaches.

Matt Briers, CFO of global money transfer firm **Wise**, is to quit the firm in 2024.

Wise CEO Kristo Käärman will be going on paternity leave from September, with Briers set to leave the firm once Käärman returns from his break in March 2024. Wise says it will start the search for a new CFO "immediately".

Briers explains his departure: "Some of you may know that a year ago I returned back to work at Wise after a quite horrible accident where I went under the wheels of a bus, and so, with this in mind, my focus will shift to making a full recovery."

With more than two decades of financial services experience, Briers joined Wise as CFO in 2015 and has served in the role for the past eight years. His previous stints include senior roles at Google, Lloyds Banking Group, Bain & Company and Capital One.

Tuum, a challenger in the core banking software space, has appointed a new CEO, **Myles Bertrand**.

He moves from DT One, a Singapore-based B2B digital micropayments platform, where he had a ten-month stint as chief revenue officer. Prior to that, he spent four years as managing director, APAC, at Tuum's rival, Mambu.



Bertrand replaces Sergei Anikin, who joined the company one year ago from CRM software provider Pipedrive. Anikin, in turn, replaced Vilve Vene, Tuum's co-founder and former CEO.

The start-up has also named **Jean Souto** as VP of global partnerships. He moves from Feedzai, where he led the fintech's global partnerships for one year, and brings 25 years of experience in working in consulting, banking and digital transformation.

Launched in 2019 in Estonia, Tuum is keen to expand beyond its current Nordic client base to Europe and the Middle East. It says it's been experiencing "rapid growth" – with annual recurring revenue (ARR) increasing 400% last year – and claims to have 15 customers.

The UK's **Payment Systems Regulator (PSR)** has appointed **Oliver Hanmer** as its head of supervision and compliance monitoring, thus completing the hires for its new executive team.



Hanmer will start his PSR tenure – which is a new role for the organisation – on 26 June and will lead the newly created supervision and compliance monitoring division.

Hanmer moves from the Bar Standards Board, the independent regulator of the barrister's profession in the UK, where he is currently director of regulatory operations, bringing with him "extensive practical experience of organisational development, change management, and the establishment of new regulatory functions and divisions", PSR says.

The new-look executive team has Chris Hemsley as managing director; Kate Fitzgerald as head of policy; Natalie Timan as head of strategy and intelligence; Alex Olive, general counsel; Oliver Hanmer, head of supervision and compliance monitoring; and Natalie Golding, COO.

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



www.iantoons.com

CHANGED CIRCUMSTANCES

Cartoon by Ian Foley

In 2021, two to three new tech unicorns were galloping out of their stables daily on average. This year, we are averaging 0.1 per day. Furthermore, existing unicorns are seeing compressed valuations when they raise more capital, resulting in several companies losing their unicorn status.

For example, in April, Cybereason, an endpoint security company, reportedly raised \$100m at a \$350m valuation led by

SoftBank at a 90% valuation discount from its prior funding in June 2021, which had then valued the company at around \$3bn.

With most venture-backed start-ups on an 18-month to 2-year funding cycle and 40% of the 2021 class already having raised capital, the news can only get worse from here. The remaining 60% of this class of unicorns have either sold or are profitable, or are more likely trying to extend their runway by cutting costs and forlornly hoping that they can grow into their previous valuation despite the very different market conditions.

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