



banking technology

The definitive source of news and analysis of the global fintech sector | February 2023

www.fintechfutures.com



HAPPY DAZE

Banking for cannabis businesses boosted

THE WORLD IS MELTING

Collaboration is key to saving the planet

CROWNING GLORY

Leaders must evolve for their business to thrive

Produced by

**FINTECH
FUTURES**



The Banking Tech Awards USA are back!

2022 was the first year we held the Banking Tech Awards in the United States – it was such a success that we will be returning for 2023!

Winners of the 2023 awards will be announced in a fabulous gala dinner ceremony in June at an exclusive venue in New York.

To submit your nomination, please visit:
www.bankingtechawardsusa.com

Nominations close on 17 February 2023

IN THIS ISSUE



04 News

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

06 The fintech feed

Top figures that have caught our eye.

07 Trending

Focusing on acquisitions around the world.

FEATURES

09 Food for thought

Read all about it! Leda Glyptis has written a book – and it’s not to be missed.

16 Spotlight

Why fintechs will be looking to zero trust and platform-based approaches to guide them through turbulence.



18 THE HEART OF THE MATTER

The complexities of climate change mean that getting consumers to engage in meaningful action is tricky. Dave Wallace argues collaboration is essential.

20 Analysis

Theodora Lau gives three reasons to be cheerful that could be just around the corner.

22 I’m just saying...

Dharmesh Mistry picks his trio of winners and losers in the year ahead.



24 LEADERSHIP

VC Talent Lab’s Rachel Turner suggests leadership needs to evolve for a start-up to thrive.

27 Report

How omni and opti-channels are vital in enhancing the customer relationship.

REGULARS

28 Fintech funding round-up

Big deals around the world.

31 Appointments

32 Cartoon

finova

The UK's #1 technology provider for mortgages and savings

Trusted by



**BANKING
TECH AWARDS
WINNER 2022**

Visit finova.tech to learn more

WELCOME

EDITOR'S NOTE



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

Welcome to the first 2023 edition of *Banking Technology*, bringing you the key stories of this year so far and plenty of food for thought on the variety of pertinent topics in the banking tech world.

The year has started with large-scale redundancy announcements across companies big and small, including from financial services heavyweights Capital One, Goldman Sachs and BlackRock.

US banking and payments tech giant FIS has reportedly laid off 2,600 employees – around 2% of its workforce – as part of new CEO Stephanie Ferris' ongoing strategic review. Ferris told investors FIS is "focused on permanently reshaping its cost structure through both cost-reduction and containment initiatives", according to Bloomberg, and this includes "reviewing and rightsizing the current workforce".

In the payments space, Paddle in the UK, Till Payments in Australia and PayPal worldwide are cutting jobs, and so are lenders Upstart and LendingClub, crypto firms Luno, Coinbase and Crypto.com, fintech firm Sofi and investment platform Clearco (see p6 for a snapshot of the latest numbers).

Tech Nation in the UK, a government-funded growth platform for tech start-ups, is ceasing operations and looking to sell its assets after losing its core government grant funding to Barclays (see p4 for further details).

But a good news story in the UK is of innovative paytech GoodBox, which recently had its administration closed by a landmark court decision, with a ruling in favour of a proposed restructuring package.

GoodBox, which automates the charitable donations sector and counts the Natural History Museum, the Science Museum, The Church of England and British Red Cross on its client list, is hoping to get back on its feet with 20 angel investors, a new and independent board of directors, and a potential merger.

And there still looks to be plenty of appetite for investment into promising fintech start-ups – check out p28 for the latest funding rounds.

As always, we hope you find this edition of the magazine interesting, useful and worth your time. We will keep bringing you the top stories, expert commentary and comprehensive analysis of the latest happenings in the industry.

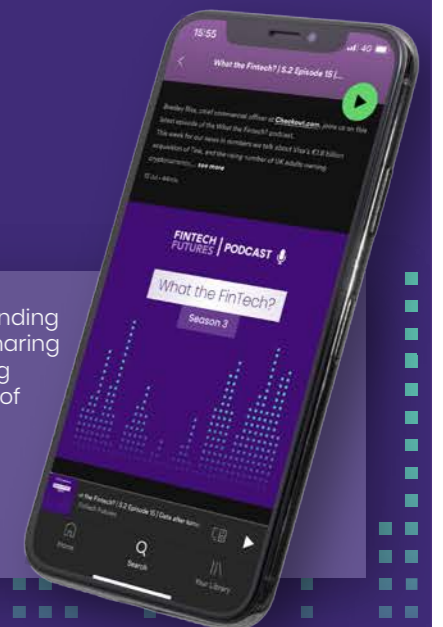
FINTECH FUTURES | PODCAST

What the FinTech?



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

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



NEWS ROUND-UP

JP Morgan Chase sues founder of acquired start-up Frank



Charlie Javice

JP Morgan Chase is suing the founder of start-up Frank, Charlie Javice, alleging she lied about Frank's success, size and the depth of its market penetration to "induce" the bank into purchasing the firm for \$175 million in 2021.

The bank alleges that Javice claimed Frank – a student loan application fintech – had more than 4.25 million student users but had used "synthetic data" techniques to create a list of 4.265 million students who did not exist. "In reality, Frank was nearly four million short of its representations," the suit says.

The lawsuit alleges Javice employed "a data science professor" at New York City college to leverage customer data the start-up already had to generate the fake customer accounts, including names, e-mails and addresses, paying him \$18,000.

Frank's chief growth officer Olivier Amar is also named in the complaint. The lawsuit alleges he purchased a list of 4.5 million students from ASL Marketing, for \$105,000.

Post-acquisition, which saw Javice receive \$10 million after landing a job heading up JP Morgan's student solutions, the bank started canvassing the students on the Frank user list. Of the 400,000 e-mails sent, 28% were successfully delivered (compared to a 99% delivery rate JP Morgan usually sees) and just 1% were opened.

Following an investigation, Javice and Amar were fired by the bank, which is now seeking compensatory damages, punitive damages and attorney's fees.

Javice has since countersued JP Morgan, according to Forbes, alleging it "commenced a series of groundless investigations" into her conduct and then "manufactured a for-cause termination in bad faith".

Commerzbank files lawsuit against EY over €200m Wirecard losses

German banking group Commerzbank is suing accounting and consultancy firm EY over the €200 million in losses it incurred through the collapse of paytech Wirecard.

Former fintech darling Wirecard imploded in 2020, filing for insolvency after disclosing a €1.9 billion hole in its accounts.

Its collapse came after EY, its auditor for more than a decade, refused to sign off its 2019 accounts, forcing out CEO Markus Braun and leading Wirecard to admit that €1.9 billion of its cash probably didn't exist. It ended up owing creditors almost \$4 billion.

Commerzbank has now filed a suit against EY in a Frankfurt court, Reuters reports, with the bank's suit said to be one of a number against EY regarding Wirecard.

An EY spokesperson tells Reuters the "claims against EY for damages do not hold up" and the firm believes the courts will agree with this position.

Goldman Sachs loses \$3bn on platform solutions business

Goldman Sachs' platform solutions unit has reportedly lost \$3 billion over nearly three years. Reuters reports the firm outlined a pre-tax loss for the unit, which includes its transaction banking, credit card and fintech businesses, of \$1.2 billion for the first nine months of 2022. This follows a \$1.05 billion loss in 2021 and \$783 million the year before.

While the platform solutions arm of the firm posted higher revenue for the first nine months of 2022, this was counteracted by credit losses and operating expenses, Reuters reports, with plans to halt unsecured customer loans in the pipeline acting as an indication of the firm's plan to scale back.

The news of losses from a division within Goldman Sachs designed to diversify its business lend credence to its recent decision to shift its focus back to its core propositions of trading and investment banking, wealth management and transaction banking.

Last October, Goldman Sachs folded its digital bank offering Marcus into its wider asset and wealth management division as the firm shifted its focus away from its retail banking proposition. In September 2021, the firm bought fintech lender and buy now, pay later (BNPL) provider GreenSky in a \$2.24 billion deal, which it intended to fold into its Marcus offering.

PayPal faces antitrust investigation in Germany



Germany's Federal Cartel Office, the Bundeskartellamt, has initiated proceedings against PayPal regarding what the regulator refers to as "practices possibly foreclosing competitors and restricting price competition".

The Bundeskartellamt's action is concerned with PayPal's terms and conditions, which the regulator claims prevent merchants from offering goods or services at lower prices if customers choose a payment method that is cheaper than PayPal. Additionally, sellers are "not allowed to express a preference for payment methods other than PayPal or, for example, make their use more convenient for customers", the regulator says.

The Bundeskartellamt claims these terms may make it "more difficult" for other payment methods to "compete successfully" with PayPal or to enter the market in the first place. It cites market studies that show PayPal is both the leading online payment method in Germany and one of the most expensive.

US banks team for new digital wallet project

A number of US banking heavyweights are reportedly teaming up to offer a digital consumer e-wallet to grab market share from tech titans Apple and PayPal.

Wells Fargo, Bank of America, JP Morgan Chase and four other banks are working on the e-wallet that links up with consumers' debit and credit cards, The Wall Street Journal reports, for use in e-commerce transactions. The e-wallet will be managed by Early Warning Services (EWS), the firm that operates US-based money transfer service Zelle, and is set to be compatible with Visa and Mastercard debit and credit cards. The group expects up to 150 million cards will be eligible for use.

EWS owners JP Morgan Chase, Bank of America, Wells Fargo, US Bank, PNC, Truist and Capital One are also reportedly looking to tackle fraud with the new venture. The e-wallet would do away with the need to type in card numbers, which can raise the risk of fraud and rejected payments.

Ecospend's "pay-by-bank" tech drives HMRC app payments

Open banking payment provider Ecospend has revealed that £123 million in self-assessment open banking-powered payments were made via the HM Revenue & Customs (HMRC, the UK government's tax collection department) app between February and October last year. HMRC awarded the contract – its largest open banking contract at the time, valued at £3 million – to Ecospend in early 2021.

Founded in 2017, London-based Ecospend was in stealth mode until its pitch to HMRC in 2020 when the tender was issued. It has since been acquired by its Swedish counterpart, Trustly, with the two firms claiming connectivity with more than 80 banks and a consumer reach of approximately 50 million consumers in the UK.

The deal with HMRC marks the first time an open banking payment method was embedded in a government department's system.

In October 2022, more than 6,700 self-assessment customers paid almost £5.9 million in tax via Ecospend's "pay-by-bank" technology, compared with around 2,500 customers in February 2022, who paid £1.8 million.

UK's Tech Nation to close after losing government funding

Tech Nation, a growth platform for UK tech start-ups and scale-ups, is to cease operations on 31 March 2023 after the termination of its core grant funding from the Department for Digital, Culture, Media and Sport.

The non-profit has been backed by the UK government for a decade, but the funding has now been awarded to Barclays Bank.

Monzo, Skyscanner, Deliveroo and Darktrace are among those who benefitted from Tech Nation's growth programmes.

The non-profit is now "actively seeking" a buyer for its assets.



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

2,000

staff to be laid off by PayPal, reducing its total staff headcount by around 7%



20%

workforce to be cut by US lender Upstart in a bid to return to profitability; the firm has also suspended the development of its small business loan product

35%

staff made redundant by global cryptocurrency firm Luno, impacting employees across all regions in which it operates

£30 million

is the budget for the technology and operations transformation at Leeds Building Society, the UK's fifth largest building society with 719,000 customers and assets of £24.1 billion



\$115 million

reportedly made by departing Coinbase chief product officer (CPO) Surojit Chatterjee after three years with the firm

9%

equity stake purchased by Dubai Investments in Monument Bank, a UK-based challenger bank, which hopes to expand its services to the mass affluent to both in the UK and globally

1,100

technology jobs to be cut by Capital One as the financial institution looks to get rid of its "Agile job family", according to media reports



\$12 billion

is the latest pre-money valuation of Indian payments app PhonePe following a \$350 million funding raise from equity firm General Atlantic



€5 million

paid by Irish regtech firm Corlytics for SparQ, a regulatory lifecycle platform provider spun out from ING

£75 million

raised by UK challenger bank Zopa in a new funding round led by existing investors

\$100 million

funding raised by UK and US-based B2B BNPL platform Tranch; \$5 million has been raised in equity while the rest – \$95 million – has been taken on as debt



THEY SAID IT...

"We don't ever lie, we are under the same pressures as every other company to become a profitable business. And so we've just continued to make the hard decisions and continue to be ahead of the curve."

Michele Romanow, former CEO and co-founder of Clearco, talking to TechCrunch about the latest round of layoffs – 30% of the workforce – and her departure from the Canadian growth capital firm

• Read the full story on the *FinTech Futures* website [here](#)

TRENDING

American Express Nips in for payments automation firm

American Express has reached an agreement to acquire Israel and US-based B2B payments automation firm Nipendo for an undisclosed sum.

The deal is the "latest strategic step" toward its goal of creating an "end-to-end B2B platform", American Express says.

Last year, it partnered with accounts receivable companies BillTrust and Versapay and launched Amex Business Link, a B2B payments ecosystem for its network participants. It also acquired digital payment automation platform Acompay back in 2019.

"Businesses can face a number of challenges even before they make a payment, including finding the right suppliers, managing order processes and supply chain, as well as handling discrepancies and invoice reconciliation," says Nipendo co-founder and CEO Eyal Rosenberg. "These traditionally paper-based processes require heavy investments of time, effort and money."

Founded in 2010, Nipendo says its cloud-based platform makes source-to-pay processes "touch-free and error-free".

Marqeta Powers up

California-based card issuing platform Marqeta has acquired Power Finance, a credit card management start-up, in a \$275 million all-cash deal.

The acquisition, which is Marqeta's first, comprises \$223 million in cash, about a third of which is payable over two years. An additional \$52 million in cash is subject to a milestone expected to be achieved within the next 12 months.

Marqeta's newly appointed CEO, Simon Khalaf, says there is "considerable demand" from companies looking to innovate in the credit space, but which are held back by legacy technology.

Founded in early 2021 in New York, Power Finance raised \$16.1 million in a Seed funding round last September and also secured a \$300 million credit facility.

Marqeta filed for an IPO in early 2021 and debuted on the Nasdaq stock exchange in June that year.

ACI Worldwide thinking of selling up

Paytech heavyweight ACI Worldwide is reportedly considering a sale and is in talks with private equity firms, according to a Bloomberg report.

ACI's shares rose by 14% as the result of the announcement, its biggest jump since March 2020, after falling by 35% in the past year, giving it a valuation just short of \$3 billion.

In November, it appointed an interim CEO, Thomas Warsop, after parting ways with Odilon Almeida, who had been at the helm of ACI for less than three years.

Upon the appointment, the board said the time was right to transition to a new leader focused on accelerating technology transformation and delivering operational excellence.

Taking a Flutter on Railsr

African paytech giant Flutterwave is in a bid to acquire British fintech firm Railsr, along with a number of existing Railsr shareholders, according to a Sky News report.

A UK-based embedded finance tech provider, Railsr (formerly Railsbank), is reportedly fielding interest from a number of potential buyers.

The news comes just weeks after Railsr raised \$46 million in a Series C funding round (the funding took place at a reduced valuation of \$250 million). Sources told Sky News the sale would be "at a steep discount" to the funding round.





Join us at Merchant Taylors' Hall, London

The sixth annual **PayTech Awards** will be returning in 2023 on **30 June** at the **Merchant Taylors' Hall in London**.

These prestigious awards recognise excellence and innovation in the use of IT in the finance and payment industry worldwide.

Nominations now open!

Nomination deadline is 17 March 2023

To submit your nomination visit www.paytechawards.com

#PayTechAwards



Write on, bankers

By Leda Glyptis



Happy new year, *#mytribe!* I know January is meant to be a month for the post-Christmas lull full of blues and weight-loss commitments... but I, for one, am full of beans. Because 2023 is the year when my book comes out and I am giddy like a child on Christmas morning.

Yes, yes, yes: I wrote a book! And I know some of you are saying, "about damned time", and yes, well, also true... but better late than never and here it is now.

It is written.

It is ready.

It can be ordered right now.

It feels extremely grown up, to have a book out. And although, theoretically, this is not my first rodeo (I have written a PhD, after all), this was a radically different experience.

It started as a thematic collection. We wanted to look back to the last five to six years of *#LedaWrites* and pick the themes and ideas and turns of phrase that had resonated the most with you and weave them into a bigger narrative. That was the idea. That's where I started. And worked at it. And worked at it some more.

I kept working at it, but it didn't quite work.

I don't know why. It just didn't. It felt flat, it didn't flow. It just didn't add up to more than the sum of its parts.

It was actually less and I wasn't having any of that.

You see, writing a book when you already have a community of readers feels like a dialogue. You don't know it yet. But this book is for you. It's also about you. So it needed to work. It needed to resonate. And it didn't.

Where did that leave me?

Don't know.

But I know where it led me. And that is to a book that deals with a lot of the themes of this column but on a different scale.

So this is where we got to.

The economy is digitising faster than the banks.

The reason for this?

Bankers.

Humans. Ordinary people. The

Serious about fintech?

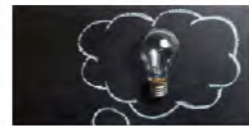
Get the best of FinTech Futures straight to your inbox. Join our **35,000** community of fintech professionals today.

Visit our website and **subscribe** at www.fintechfutures.com



FINTECH FUTURES | DAILY NEWSLETTER

Today's top news stories



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

[Read more](#)



Nominations now open!
Nominations close 11 March 2022

[Submit your nomination](#)



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

[Read more](#)



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.

[Read more](#)



The Banking Tech Awards are coming to the USA!
Nominations for these new awards are now open!
Nominations close 18 February 2022

[Submit your nomination](#)

The latest intelligence resources

FINTECH FUTURES | PODCAST

What the FinTech?
An alternative approach to data
S2 Episode 19

In association with

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](#)

ambitious and the 9-to-5ers, the veterans and those starting out. The people who man the edifice, the humans who populate the structures. Not just the leaders and decision-makers but everyone who works in a certain way, everyone who perpetuates what was passed down unthinkingly because "that's the way we do things around here".

Their habits, acquired, honed and passed on. The organisational foibles and structural idiosyncrasies that determine process. The way things are approved, measured and assessed. The way people are hired, measured and rewarded. The way people learn to say no before they hear a question. The way people learn to separate what is needed for the business and what is needed for personal survival within the business.

The book goes into detail, in case you are tempted to disagree with any of this. Details and examples and more examples. You know I'm right but go on, read and if you disagree, let's talk about it.

I do stand firm by that statement though. The reason banks are digitising slowly is not technology's inadequacies or a problem with user adoption as the very same tech and the very same humans are doing fine outside the banks' hallowed halls. The problem is the bankers slowing down the adoption within their own walls. So what is the solution? Also that.

Bankers. What man maketh, woman can unmake

"The solution to all the challenges and foibles that hold us back will come from the people already in the room. Us."

Leda Glyptis

and whatnot. I jest. Men too. They can unmake also.

The solution to all the challenges and foibles that hold us back will come from the people already in the room. Us.

So the second half of the book is about that. Resistance. Change. Transformation. In that order.

The things we can all do on the individual level, starting today. Small acts of resistance that go a long way. The things we can all do on the team level and the organisational level. Material change that will move the organisation and the people within it forward in a meaningful way. And things we can do as a community. As a society. To really transform banking.

Some of it you can do alone. Some with a band of committed trench buddies. But a lot of it takes a village and we never said it would be easy, we said it would be worth it... and every other cliché you can think of. It's all true.

So that's what the book is

about. A layered, specific call to action. It's not a rousing speech, you understand. It is a specific list of things that can and should be done. If you want to, it can serve as a manual. A to-do list.

The attentive reader may pick up some themes, organising ideas, the occasional whole paragraph that may feel familiar. I had a few times a strong feeling of "this has to go in as is" and occasionally the feeling of "wait, I am pretty sure I have written this before... better...". God knows I felt like I was plagiarising myself on occasion because, since I decided this was a whole new piece, how can I borrow even a little of what was said before. Was I not robbing you, my readers?

I decided not. I decided this, borrowing some themes and paragraphs from myself, is how I got to build on all the thinking that has been done in these columns before and taking it to the next level.

And I hope you feel the same as you read this, my first book.

Oh, there will be more. There's no stopping me now.

Thank you, #mytribe. For getting me this far. For getting your teams and your organisations and your communities this far.

I hope you stick around and keep doing what you do, #mytribe. Because then there's seriously no stopping us.

#LedaWrites

Leda's new book, *Bankers Like Us: Dispatches from an Industry in Transition*, can be ordered now by visiting the Taylor & Francis publisher website [here](#). (FinTech Futures readers can get 20% off with the discount code FTF20).

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.



Getting banked: FS and the US cannabis industry

By Alex Pugh, reporter, FinTech Futures

The cannabis industry is the fastest-growing industry on the planet. All over the world, laws restricting the use of cannabis as a medicinal or recreational substance are being relaxed.

But as the world moves from 'reefer madness' to weed gummies, this liminal phase throws up a number of problems for those looking to capitalise on the new 'Green Rush'. In particular, the legal grey area in which cannabis now sits in the US means entrepreneurs and businesses struggle to access secure, robust and straightforward financial services.

While cannabis is legal in some form or another in more than half of US states, and the market value of the industry is estimated to be worth \$13.2 billion in 2022, at the federal level it is still a Schedule 1 substance, up there with crystal meth and heroin. This means businesses taking in substantial amounts of money selling cannabis products cannot use banking services and must use cash instead, leaving them vulnerable to crime.

IN LIMBO

These Cannabis Related Businesses (CRBs) are crying out for a banking system that can cater to their needs. In other industries, where legacy systems and institutions have failed to spot an opportunity in the past, fintech has stepped up. The cannabis industry is no different. Sensing an opportunity, organisations have sprung up to cater to this rapidly growing sector.

Infused Banking is one such outfit. Founded by a team of banking professionals who recognised there was a need for training in the financial sector of the cannabis industry, the company aims to provide a space for bankers to learn how to serve this new industry, which has been largely ignored by traditional banks. It provides training and advisory support to help ensure that banks and

cannabis businesses remain compliant with requirements and state laws.

Michael Beird, founding partner of Infused Banking, recently spoke with *FinTech Futures* to discuss how banking is changing for cannabis businesses.

Infused Banking was born out of training conducted by its sister company, BankersHub, which launched the industry's first Cannabis Banking Professional Certification in 2020 for bank employees wanting a deep dive into cannabis banking compliance, guidelines, challenges, best practices and audit needs.

Beird says the response was overwhelming. "It became clear that there is a critical need to bridge the abyss that exists between financial institutions and cannabis operators," he says.

"We launched Infused Banking to specifically deliver education, research and critical networking to both industries, starting first with financial services."

Infused Banking is also dedicated to serving the specific needs of women and minorities in an industry that is already lacking representation from these groups.

The firm is already working with companies that want to hire, onboard and train female and minority employees, enabling them to offer scholarships and online resources. "These are just a few of the challenges and problems that need to be directly tackled before the industry grows too fast and leaves these under-represented groups behind," says Beird.

LAY OF THE LAND

To understand the state of cannabis-related financial services, Beird says one must first understand the legal landscape in the US as it pertains to cannabis in general.

FinCEN, the governing agency with oversight on money laundering and tracking illicit funds in the financial system, issued the Cole Memo in 2014 to offer guidance for federal prosecutors dealing with states like Colorado that were already making cannabis legal.

Other agencies, like the Department of Justice, honoured the Cole Memo when addressing the many CRBs that started emerging in the years following the memo's issuance, even after its rescission in January 2018 by then Attorney General, Jeff Sessions.

"None of the major accounting, consulting and payroll firms have shown a willingness to jump into the cannabis industry without federal legalisation."

Michael Beird, Infused Banking

"The rescission sent shockwaves through the growing industry, with states left to wonder if a legal crackdown might be imminent," Beird says. However, local US attorneys did not pursue the industry as a priority and growth continued unabated.

"Today, while AG Merrick Garland has not followed up on his promise to issue a 'new' Cole Memo, a flurry of other bills have emerged that could provide more foundational protections not only for CRBs but for financial institutions that have taken the plunge into banking cannabis," he adds.

In a climate of highly partisan politics, cannabis legalisation at the federal level is "highly unlikely", Beird thinks. Therefore, the SAFE (Secure and Fair Enforcement) Banking Act remains the biggest opportunity when it comes to giving more institutions a reason to get involved in cannabis banking by giving federally chartered institutions protection if they choose to bank CRBs. The bill was passed in 2019 in the House but has yet to be passed in the Senate.

Because federal legalisation remains a pipe dream for now, there is currently a patchwork of laws, guidelines, regulations and general misunderstandings that vary dramatically across the 50 states and territories. As a result, most larger federally chartered banks have opted to not bank cannabis or companies involved in the industry, leaving the industry up to primarily state-chartered banks and credit unions, which are much smaller and may lack access to many of the critical products and services offered by federal banks.

"This shows that the primary obstacle confronting the financial ecosystem as it pertains to cannabis banking is the

continued classification of cannabis as a Schedule 1 drug," Beird says. "This classification, and the stigma associated with cannabis in general, keeps the vast majority of institutions away from banking cannabis."

FinCEN estimates that about 750 institutions currently bank cannabis in the US, based on filings of Suspicious Activity Reports (SARs). These are documents that banks and credit unions must file for any deposit that may originate from cannabis operations (including activity that may never 'touch the plant', like hydroponics and even education).

However, just filing a SAR does not mean that the institution proactively 'banks' cannabis. It must still comply with the guidelines spelled out in the Cole Memo or possibly run afoul of federal laws despite not banking CRBs at all.

Research conducted by Infused Banking pegs the actual number of institutions at about 250 to 300. "This highlights another obstacle – that quantification of the cannabis banking landscape is purely conjecture as there are few institutions that actually publicise or promote their willingness to open accounts and manage transactions for CRBs," Beird says.

The reason all this matters is because neither Visa nor Mastercard will allow credit cards to be used in association with any cannabis-related transactions on their payments networks. This has led to some very creative solutions provided by fintechs and other companies for handling card-based activities, while cash remains the primary payment source for more than 80% of all cannabis transactions. Getting this cash into the banking ecosystem, however, is the biggest hurdle that dispensary and operators must address without triggering money laundering violations.

But Beird says there are fintechs out there meeting the needs of CRBs. Dutchie, the cannabis e-commerce platform, launched a new payment system called Dutchie Pay to allow consumers, through a closed-loop ACH bank transfer, to purchase cannabis products online for delivery.

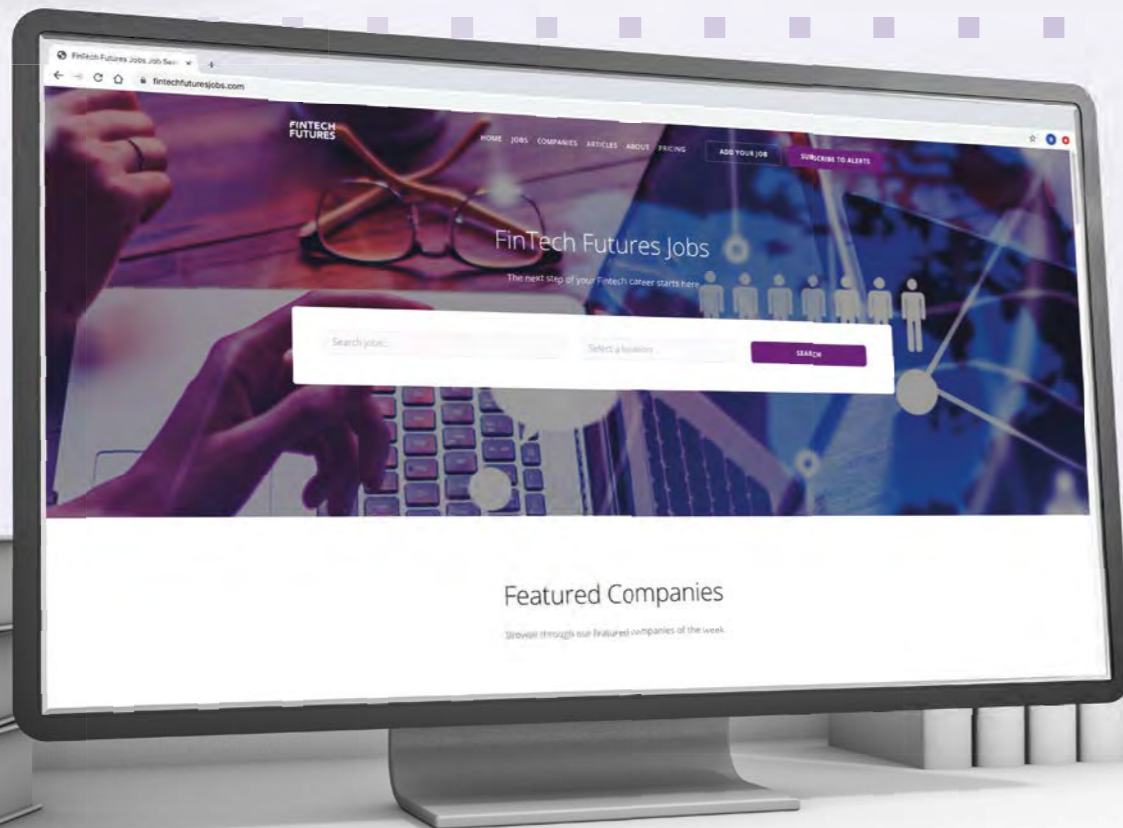
Additionally, Mobius Pay and Primo Payments help Tier 2 and Tier 3 cannabis-related businesses to take online payments. On the banking side, the fintechs Risk Scout, Shield Compliance and Green Check Verified

The next step of your fintech career starts here

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



Search jobs



are helping banks build compliant cannabis banking platforms.

TAKING THE PLUNGE

Beird says financial services need to overcome their aversion to risk and ditch their apprehensiveness about working with businesses that either directly 'touch the plant' (called Tier 1 businesses) or those involved in the cannabis industry that do not deal with the substance itself (called Tier 2 and Tier 3 businesses, depending on the percentage of total revenues derived from cannabis operations).

"Banks willing to provide products and services address a major issue for operators by giving them a place to park their deposits, especially cash," says Beird. For services associated with revenue tracking, taxation reporting, profit management and employee pay, many of these businesses require certified accountants, tax advisors, consultants and payroll processing companies, since most banks that bank cannabis are not large enough to provide these services.

"Our study found that more than three quarters of the banks proactively banking cannabis provide only checking accounts and nothing more. None of the major accounting, consulting and payroll firms have shown a willingness to jump into the cannabis industry without federal legalisation," Beird explains.

For banks considering offering these additional ancillary services, Beird says a good first step would be to increase the number of bank secrecy officers and compliance managers as most banks cited these staffing areas to be the biggest areas of investment in the early days of cannabis banking and vital for supporting these companies.

NEXT STEPS

"While many in the industry are anxious to have the SAFE Banking Act passed in the Senate and sent to the president for his signature, most indicate that nothing short of full legalisation will be sufficient for them to proactively bank cannabis," Beird says.

The US is not the only nation flirting with cannabis legalisation. Canada legalised the plant with the Cannabis Act in October 2018, which regulated the production, distribution, sale, import, export and

possession of cannabis for adults of legal age. Because it went all-in on legalisation, Canada has had to confront the issue of providing financial services to the industry.

It has an open payment system allowing for card payments anywhere in Canada; legal protections for banking cannabis customers, making banks competitive and accessible; and no patchwork of laws varying between provinces.

"Canada is the only strong comparative to the US in terms of legalisation and has largely avoided most of the problems we are experiencing by legalising cannabis at the national level," Beird says.

Financial education will play a major role in the normalisation and therefore financial opportunities of cannabis banking, Beird believes, and needs to be a foundational part of onboarding all new employees, especially in states or regions where medical and/or recreational cannabis is legalised. By treating CRBs as the banker or advisor would any other 'higher risk' customer, the customer is seen as a potentially long-term



"[Training about the industry itself] makes these customer-facing professionals more credible with business operators already suspicious of financial service providers."

Michel Beird, Infused Banking

relationship with the financial institution.

"In our research, bankers reported that new cannabis customers were switching institutions because their former one knew little about the industry and/or showed no interest," Beird explains.

Institutions that are most aggressive about proactively engaging with CRBs incorporate training about the industry itself. That training covers terminology, workflows, compliance requirements and more. "This makes these customer-facing professionals more credible with business operators already suspicious of financial service providers," says Beird.

A GREEN AND FAIRER FUTURE

Cannabis criminalisation has hurt disadvantaged and minority groups disproportionately. As for what financial institutions and the financial sector can do, the most requested bank product, besides a checking account just to get started, is access to capital and loans.

Businesses, especially small minority-owned businesses, lack access to funds even in low-risk, non-CRB industries. But add the cannabis factor and it forces these businesses to seek exorbitant loans from potentially more risky sources.

"The banking industry will benefit from taking on the risks in more ways than just financially," Beird believes.

By supporting young, thriving start-ups run by minority groups, the institution will get to take credit for that investment through the Community Reinvestment Act. It becomes another way the institution demonstrates how it gives back to the community it calls home.

When these local CRBs establish ties with local banks that bank cannabis, there will be solid, legitimate and local oversight. Consequently, they have less reason to feel threatened about crime, especially as dispensaries won't have to require and process vast amounts of cash.

"It doesn't take an advanced degree to understand why crime rises if everyone knows these are cash-intensive businesses, when they don't have to be in this age of digital payments and authorisations," says Beird. "Building those bridges will help build respect, understanding and greater compliance through education, which is what Infused Banking is all about."

One eye on the threats to come

By Lewis Duke, senior security engineer, Trend Micro

From open banking to embedded finance, digital transformation has been driving a not-so-quiet revolution in financial services over recent years. As the pace heats up in 2023, fintech IT teams must double down on cybersecurity or risk undermining all of their hard-won gains. But it's becoming increasingly challenging knowing where to focus these efforts, in a world characterised by distributed IT environments, expansive supply chains and determined threat actors.

That's why fintechs and other organisations will increasingly be

looking to zero trust and platform-based approaches to guide them through the current turbulence.

THE PERIMETER EXPANDS

There's an uncomfortable truth at the heart of digital transformation: as organisations increase their reliance on cloud infrastructure, DevOps-driven application development and remote working, their respective corporate attack surfaces will continue to expand. Research reveals that 75% of global financial services firms are concerned about this,

with half (49%) arguing their attack surface is "spiralling out of control".

This will continue to be the direction of travel in 2023, as Trend Micro reveals in its latest predictions report. As the pandemic highlighted, home working environments are often less well protected than their corporate counterparts, with remote workers likely to be using under-secured equipment and potentially distracted by family and housemates. The bad guys will capitalise, targeting users with sophisticated phishing attacks and looking to exploit vulnerabilities and

misconfigurations in VPNs, home routers and cloud accounts. From there, they could directly steal sensitive company data or use the home office as a stepping stone into corporate networks.

ATTACK SURFACES SPIRAL

These challenges are perpetuated not only by low user security awareness levels but also depleted in-house IT skills. That will be increasingly telling when it comes to securing cloud environments, which are the mainstay of fintech operations. These skills shortages will lead to more

misconfiguration of cloud infrastructure, which can in turn mean that data stores become exposed to anyone with an internet connection.

Expect more targeting of cloud APIs in 2023, as well as use of techniques such as 'living off the cloud' – whereby hackers will leverage native cloud tools for their own uses, such as data exfiltration, to stay under the radar.

Cloud developers, meanwhile, will face an ongoing threat stemming from their use of the third-party open source components that help to accelerate time to market. One report claims that there's been a 742% average annual increase in software supply chain attacks over the past three years. Attackers either compromise existing vulnerabilities in these components, or insert malware into them upstream, so that they're able to compromise a range of targets downstream.

Just like cloud and open source software suppliers, managed service providers (MSPs) could also be a source of risk for fintechs in 2023. The reason is simple: by targeting these third-party firms, threat actors can compromise a huge sweep of their customers effectively in one go. That's good from the hacker's point of view. It's the kind of logic that resulted in the breach of IT software firm Kaseya, resulting in dozens of MSPs and thousands of their customers being hit by ransomware last year.

SIMPLIFYING SECURITY

Tackling these cyber risks over the coming year will require a multi-layered response from the fintech industry. That means enhancing user education so that home and office-bound workers are better able to spot phishing attacks, and maintain good cyber-hygiene practices such as regular updates to PCs and devices. For many organisations, it will also mean adopting a zero trust roadmap.

Ideal for mobile, cloud-based application environments, this approach posits that all users and devices should be continuously verified and authenticated, and granted only the minimum privileges needed to do their work. Monitoring tools



"IT and security leaders will gravitate towards platform-based offerings that help them to simplify security, improve visibility and control, and become more cost-efficient."

Lewis Duke, Trend Micro

spot any signs of compromise early on, while network segmentation ensures that any breach can be quickly contained.

A final piece of the puzzle governs the kind of security tools organisations will gravitate to in 2023. For too long, firms have been laboring away with a surfeit of point solutions accrued over the years. It's expensive, inefficient and leaves security gaps – not to mention the impact on security staff productivity. As the year progresses, IT and security leaders will increasingly gravitate towards platform-based offerings that help them to simplify security, improve visibility and control, and become more cost-efficient.

With a single platform via which to map their attack surface, and then protect, detect and respond to threats across it, fintech firms will be in a relatively good place next year.

A warm welcome to 2023...

By Dave Wallace

The start of 2023 has been interesting for the climate change agenda.

Europe has had a record-breakingly warm winter and California, due to atmospheric rivers, is slowly disappearing under water as it gets inundated with record-breaking rain.

As I have spent time looking at climate change, I have concluded that California is very much the canary in the mine. Swinging wildly between drought, fires and now floods, California seems to be following the predicted pattern for climate change outcomes.

I first saw the term 'atmospheric rivers' in Kim Stanley Robinson's cli-fi classic *The Ministry for the Future*. Based on scientific research, the book imagines a near future in which California suffers from catastrophic flooding. A worrying case of reality mirroring fiction.

With the canary singing, I wanted to reiterate that the intersection between finance and the environment is crucial. The finance community is responding to the challenge through active participation, raising awareness and, in some cases, becoming cheerleaders for the cause. But there is so much to be done.

2022 was when I went beyond theory and started looking at what this intersection means. I have been lucky enough to work on several exciting projects with finance companies looking at strategic consumer propositions. It has been fascinating to understand what people actually think about the topic and what they are prepared to do.

There appear to be massive differences across geographies. Globally, there seems to be awareness, but when it comes to adequately comprehending the broader issues and the best way to respond, there are marked differences.

The complexities of climate change mean that getting consumers to engage

in meaningful action is tricky. Providing access to carbon data has enabled people to understand, at least superficially, the impact of their consumer behaviour. But this does not necessarily translate into long-term action.

There is a fundamental problem. For most, the change in consumer behaviour required means giving up things they value and enjoy. These are the same things that are actively being encouraged by commerce. From foods flown in from far-flung places to exotic holidays abroad, consumers everywhere are constantly bombarded by advertisements promoting the things that ultimately need to change.

SO WHAT TO DO?

Education is a huge priority. Banks are incredibly well placed to help support the effort. The global players are in a position where they can use their reach to help raise awareness and enlighten citizens about the part that they can play. The distillation of core messages that have global applicability is still needed to provide a springboard into education.



I have learned that education needs to be much more regionally and nationally specific. If the banks are to play a role, they must resolve their position on the subject and be clear about what they stand for.

For example, HSBC recently pledged to stop investing in coal (excellent).

But more recently, there was a report in *The Times* accusing it of providing a loan to an energy company in Germany that is bulldozing a village to expand a coal mine. The optics aren't great, and it makes it more difficult for the bank to claim to be a champion for environmental causes credibly.

Finding ways of dealing with the complexity is crucial. In my experience, it is almost impossible to tackle everything all at the same time. Instead, communicating broad themes and allowing people to focus on those that resonate with them is a more effective strategy.

For example, I used the WWF carbon footprint calculator,

which helped me understand that my most significant carbon issues lie in my family's energy consumption, the food we eat and travel. Rather than make a wholesale change across everything, I decided to focus on our energy consumption. I explained what I had discovered to my wife and co-opted her. We buy renewable electricity and have found ways to drastically reduce our consumption. We also purchased a hybrid car and doubled down on using public transport, cycling and walking. Almost all of our car journeys are electric, powered by renewable energy. A considerable positive has been how much money we have ended up saving. Even with the increased energy costs in the UK, our bills have gone down. Next on the agenda is food: less meat and more local. Once we have that tackled, our next target will be travel.

Eventually, consumerism will have to be addressed. Achieving significant reductions in carbon emissions requires a systematic change in how products and services are produced and consumed.

How and when this will happen is anyone's guess, as it requires a re-evaluation of global economics. However, consumers cannot be expected to make wholesale changes in behaviour if what they are being sold and how they are being marketed to does not change. One thing is clear, though. This cannot be achieved without governments, businesses and citizens working together.



Dave Wallace is a user experience and marketing professional who has spent the last

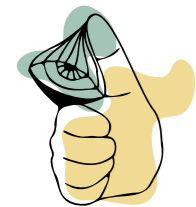
25 years helping financial services companies design, launch and evolve digital customer experiences.

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

Reasons to be hopeful for 2023

By Theodora Lau, founder, Unconventional Ventures

2022 was a challenging year to say the least. War in Ukraine. Record inflation. Fuel poverty. Massive layoffs. It felt as if life was gleefully throwing curveballs at us. But perhaps, the universe has a plan hiding in plain sight. And if we watch closely, we might even notice the glimmers of hope that are just around the corner.



YES TO COMMUNITY AND INCLUSION

We have seen a proliferation of community fintechs in the past year, including solutions specifically

for Black America, LatinX, LGBTQ, small business owners and those who are caught in the justice system and so on. But access is just the first step, especially considering the growing economic uncertainties just as we are all recovering from the impact of the pandemic. Communities need more help than ever to navigate the crisis that we are in and to make sure we are not leaving people behind.

OCC's Project REACh (Roundtable for Economic Access and Change) – which aims to promote financial inclusion through increasing greater access to credit and capital – might provide us with just the right tools and resources during this difficult time, with initiatives around affordable homeownership, alternative credit assessment (for credit invisibles), minority depository institutions (MDIs) and small and minority business opportunity. Citibank, JP Morgan Chase

and Bank of America are some of the participating financial institutions that will launch and/or expand special-purpose credit programmes in support of Project REACh in 2023.

Banks can play a more crucial role in lifting people out of poverty and help break the cycle of inequality. My hope is that, with focus and intention, more inclusive economic growth can finally be within reach.



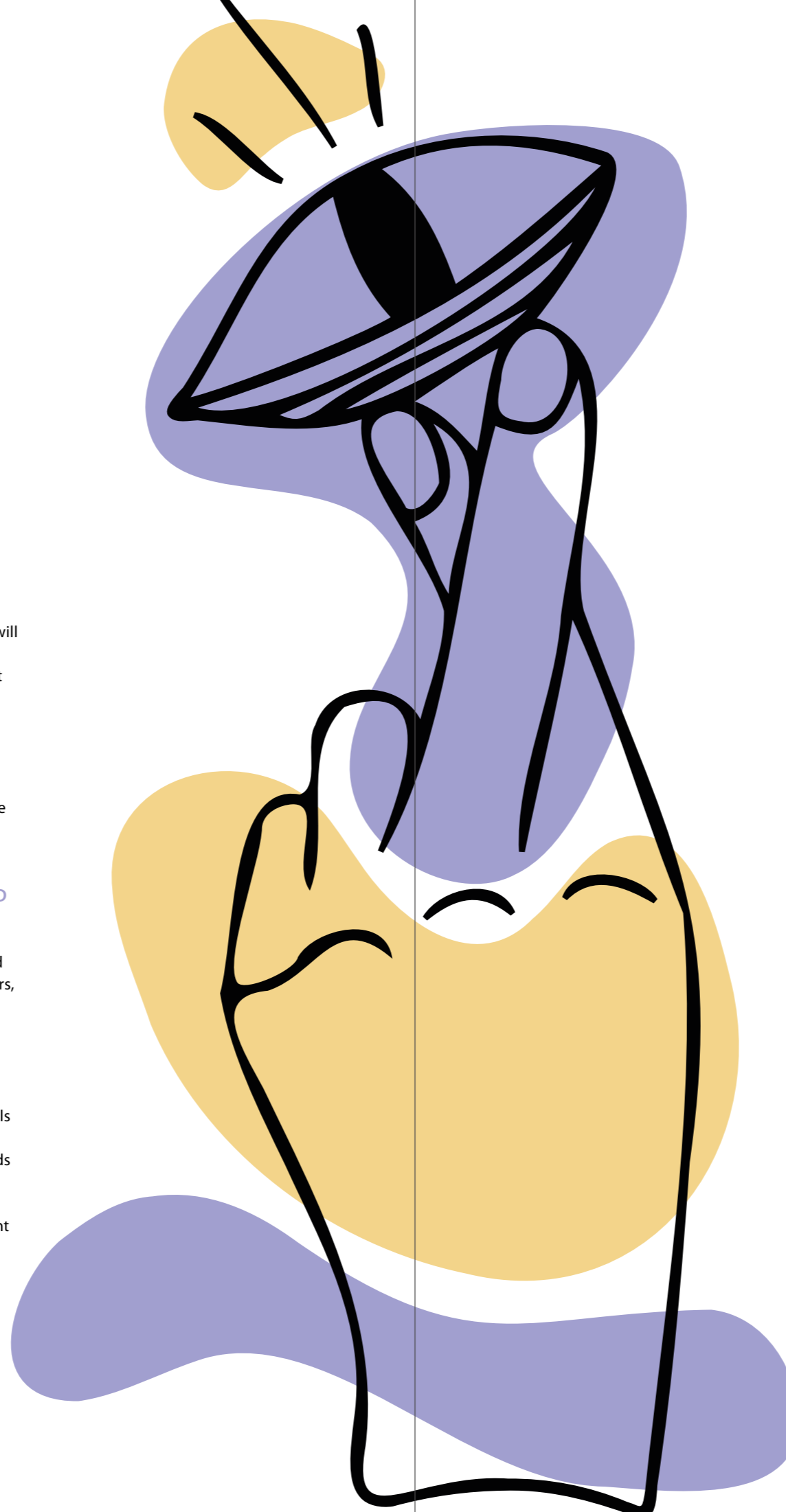
YES TO HUMAN CONNECTION AND COMMON BOND

If there is one thing that we have learned in the past three years, is that even when

many of us can, and did, collaborate through screens, we still long for in-person gatherings and physical hugs. The connections that we have fostered through virtual conferences and cocktails are not just every bit human; they plant the seeds for us to reconnect with friends who might have drifted apart.

My hope is that through more open interactions and conversations, we might rediscover the bonds that we share, and the causes that brought us together in the first place. We have more in common with each other, and we are more reliant on each other, than we have been led to believe.

We don't have to be alone together in a fractured world. Just look up.



“Just as companies can do well while doing good, we have the power to shape a better future for all humankind and the world that we live in.”

Theodora Lau, Unconventional Ventures



YES TO MORE EQUITABLE AND SUSTAINABLE FUTURE

As a society, we are co-dependent on each other. Think about the

forever chemicals that have contaminated our water systems across the world, or the microplastics that are in the marine animals in the deep oceans, in table salt and in the air, in the fish that we consume, and even in our bodies.

While nearly half the world's population will be at severe risk of climate change impacts by 2030, even with global warming of just 1.5-degrees, the impact of climate crisis is not being felt equally. Twenty of the richest billionaires are estimated, on average, to be emitting as much as 8,000 times more carbon than the billion poorest people. Changing climate conditions are exacerbating pre-existing disparities, threatening to displace millions of climate refugees, and their access to clean water and food.

Chartering a course towards an uncertain future, against at times a gloomy backdrop, is never easy. But there is cause for hope. The establishment of a Loss and Damage Fund at the recent COP27 to provide financial assistance to nations most vulnerable and impacted by the effects of climate change

was a welcoming first step. Continued commitment by financial institutions such as NatWest to accelerate the shift to a greener economy, and to reduce the climate impact of their financing activity is another.

Economic prosperity and environmental sustainability are not mutually exclusive. Just as companies can do well while doing good, we have the power to shape a better future for all humankind and the world that we live in.

As we get into 2023, let's take time to reflect on the past year. What are we building and why? And most importantly, who are you fighting for and what gives you hope? Perhaps we can afford to do things differently this time around.



Theodora (Theo) Lau is the founder of Unconventional Ventures, a public speaker, and an advisor with

extensive experience in tech and start-up ecosystems. She is the co-author of Beyond Good, and host of One Vision, a podcast on fintech and innovation.

Connect with her on Twitter @psb_dc and Mastodon @psb_dc

Spinning the wheel in 2023

By Dharmesh Mistry, CEO, Askhomey

Happy new year to you all! To kick this year off, I'm starting with my forecast for 2023, and I'd love to hear if you agree or disagree.

Let's start with the losers. With the backdrop of a severe downturn in most economies, it must be clear that the funding for speculative technologies will dry up, so my list should not be a surprise.

THE LOSERS



The metaverse: I still feel that the technology and propositions around the metaverse are not ready for mainstream users. As I've said previously, we are still waiting for a better experience – one that is much closer to the real world. For this to improve, it is not just better graphics that are required, but increased processing power, more memory, and greater bandwidth. It's like the internet in the late 90s. Until we had cheaper and more powerful devices with broadband access, internet adoption was pretty slow. In addition to this, we need some 'killer apps', the equivalent of email: something that the vast majority of people will use. I expect more organisations to tail down their spending on the metaverse this year.



Fintech: We're already seeing a drop in fintech funding, and that will continue over the year. For existing founders, it will be hard to accept 'down rounds', but they should consider themselves lucky to have offers in such a bad economic environment. For new start-ups, the task will be even harder, and they will have to seek out their richest friends/family or tap into angel investor networks.



Banking-as-a-Service (BaaS): There is no doubt in my mind that BaaS has a future. However, the number of players competing and the cost to scale means that this year we will

see fewer players as funding dries up and larger players take advantage by scooping up bargain companies. I would not be surprised to see legacy core vendors and larger fintechs striking deals to rescue BaaS strugglers.

THE WINNERS

Let's move on to more positive thoughts about 2023 with a look at where I think the winners will be.



Generative AI: Generative AI was the number one Christmas hit last year, with most headlines focused on ChatGPT, which seemed to create enough noise to raise the profile of a number of other players like WriteSonic. Early results show there is room for improvement, especially before this is used as a core technology in BAU scenarios. However, there are clear signs that this is not a technology to be ignored for innovators and early adopters now. And no, I didn't generate this post using AI!



Crypto: This may surprise some of you given the 'crypto winter' we have seen for most of last year. Especially as I also expect this winter to get harsher as investors further de-risk their portfolios after recent events. However, my focus is on the underlying technologies like blockchain, and already

we are seeing a clear trend if not a race for most countries to issue their own central bank digital currencies (CBDCs). The EU parliament has published the Markets in Crypto Assets Regulation and the UK has stated its aim to become a world leader in crypto (in much the same way it has aimed to do with fintech). We will of course see more bad players and poor projects being weeded out, but that will not detract from its clear benefits and continued adoption.



Composable: Again, maybe not an obvious one, but progress in this space has accelerated in 2022, and with success stories aplenty, it is moving out of the innovators phase towards early adopters/majority. The economic backdrop is an advantage in that this technology can not only improve agility but also reduce costs, something every company will be prioritising this year.

I'd like to think that both fintechs and banks will come to the rescue of customers in the face of the cost-of-living crisis, but at the time of writing, I've not found much evidence in the UK, although there are a handful of examples in the US. Also, while there is lots of action in the 'green' camp, my gut feel is that sadly this will not be a strong enough focus for most financial companies this year. Although I do hope I am proven wrong about these last two.



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 CEO of AskHomey, which focuses on the experience for households, and an investor and mentor in proptech and fintech. Follow Dharmesh on Twitter @dharmeshmistry

Why founders must evolve into the Wise Monarch

By Rachel Turner, leadership advisor, co-founder of VC Talent Lab

As many as four in five start-ups will fail in their first three years, according to Noam Wasserman in his book *The Founder's Dilemma*.

Of those businesses that secure venture capital, only one or two in ten will produce substantial returns. Even if a business makes it through these hurdles, the founder may not. Only 25% of companies holding an initial public offering (IPO) retain their founder as CEO.

Market trends, competition and failures of marketing, product and pricing all play a part in this picture, but according to data from CB Insights, up to a quarter of VC-backed start-ups fail for reasons of leadership. Leaders burn out or lose focus, they don't attract and retain the right team, or they don't manage underperforming teams or disgruntled stakeholders. A founder may not be able to change the market or the competition, but they can change their leadership and performance.

The starting point for any founder-led business looking to scale is to recognise that what got them where they are won't get them where they want to go. The things that made you successful at the start-up phase are not the same things that will make you successful at scale-up.

Leadership talent is a great case in point. At the pre-venture, start-up phase of a business, leadership talent is of minimal importance. What matters most at the start-up stage is the founder's technical expertise, market insight, commercial savvy, pitching skills and risk appetite. Once investment is secured and the process of business building begins, leadership talent jumps to the head of the queue, arguably second only to product market fit as a determinant of success.

When you speak with founders and VCs about 'leadership talent', they often

assume you're talking about recruitment. Yes, hiring and retaining top talent is crucial, but it's not the whole picture. You can hire the greatest talent in the world, but if the founders aren't developing their own leadership skills and providing the management and leadership their team and wider business need, then the

superstars they hire will jump ship or underperform.

If you're a founder of a VC-backed fintech business and want to maximise your chances of success, developing your own leadership talent needs to be a priority. As the business scales, you need to shift from being doer-in-chief (at start-up)



to business-builder-in-chief (at scale-up) to CEO (at maturity). That requires you to lean into three very different modes of leadership:

- **Brave Warrior** mode (entrepreneurial, start-up leadership);
- **Considered Architect** mode (operational, scale-up leadership); and
- **Wise Monarch** mode (visionary/strategic leadership for mature organisations).

Few founders excel at all three, but you will need to develop some basic ability in all three modes to maximise your business' chances for success.

Most founders are natural Brave Warrior leaders, who would really like to be able to skip the boring Considered Architect stage and leap straight to the Wise Monarch phase. The bad news is that that rarely

works, even if you hire a great COO to do the boring operational 'stuff'. Instead, you need to develop a 'minimally viable' set of operational leadership skills as the business grows. To lead a successful scale-up business, you'll need to be able to:

- build and manage a high-performing leadership team;
- set up direct reports for success and hold them accountable for results;
- deliver constructive feedback and manage group dynamics;
- encourage collaboration and cross-functional work;
- set up and lead an annual cadence of effective operational management meetings; and
- co-create a clear operational roadmap and hold your team accountable for delivering against it.

These operational leadership skills don't appeal to many founders, but you'll need to dig deep into reserves of patience, tolerance and discipline to get this done if you want your business to thrive. The landscape is littered with examples of promising start-ups that failed to scale, often because their founders simply could not or would not lean into developing their leadership talent.

The good news is that you won't have to do this forever. Once the business has a high-performing leadership team aligned around a strong operational plan, and with everyone holding each other accountable for success, then you can – in fact, you will need to – elevate out of the operational weeds and lean into Wise Monarch leadership. This style of leadership requires the leader to look up and out at the market landscape while focusing on the future and innovation, and is much more comfortable fare for most founders.

Developing your Considered Architect mode is simple, but not easy. You can pick up any book on management and read up on the basic skills required. However, applying those skills if you're an entrepreneurial founder can be a real challenge. Most founders become founders because they value, if not need, freedom and autonomy. The consistent routine of effective operational management, which seems to impinge on this freedom, can leave a founder feeling very hot under the collar.



"You'll need to dig deep into reserves of patience, tolerance and discipline... if you want your business to thrive."

Rachel Turner, VC Talent Lab

Whatever stage of growth your fintech business is at, being the most effective leader you can be, in service of the business you founded, will push you outside of your comfort zone. It may be pitching or public speaking that challenges you, or managing your board or leadership team, or overcoming your own impatience and hyper-creativity so you can provide consistent operational leadership. Whatever it is, get well supported. Being a founder or leader can be hugely isolating, so build a great network of peers, get a great mentor, hire a coach and lean into your team of professional advisors.

As the founder of a fintech start-up, you have achieved something brilliant. You took an idea and you made it real. While others took the paycheck, you took the chance. As you face an uncertain future and an incredibly challenging market in 2023, remember that you are tenacious beyond belief, and with determination and willingness you can grow your leadership talent and give your business the very best chance of success. Go well on the adventure with my admiration.

FullCircI enables you to definitively provide fast, frictionless onboarding that puts your customers at the heart of the process – whilst reducing costs, and improving compliance, too.

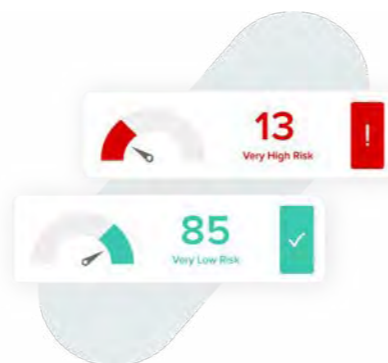
A 360° view of prospective customers

Powered by intelligence from verified and validated sources, FullCircI helps to unlock the context you won't find anywhere else – and then maps it for you



Spot red flags immediately

Identify key events like CCJs or Gazette notices immediately by checking potential customers against global PEP and sanctions lists.



Assess risk in real-time

Stay one step ahead of changes as they occur using a real-time customer lifecycle intelligence model that delivers accurate, actionable insights on your entire prospect and client networks.

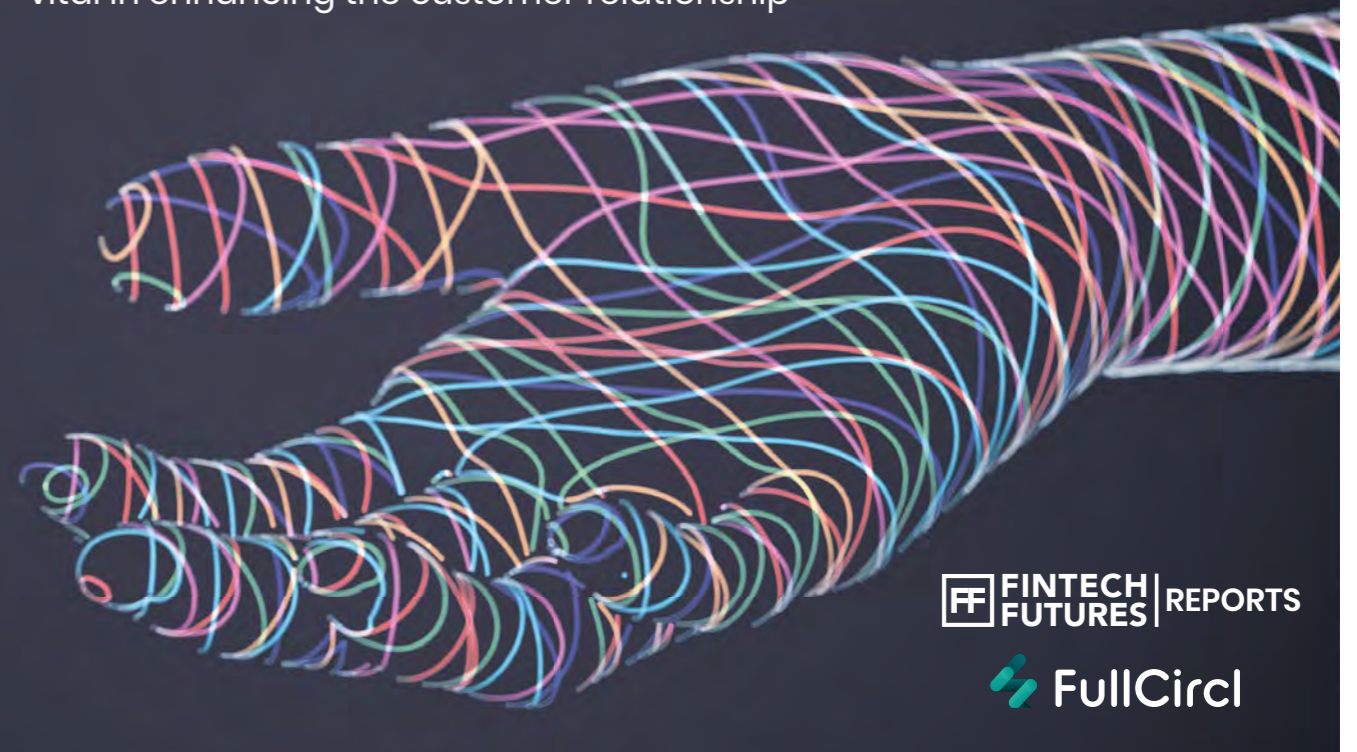
Our guarantee means we're confident you'll see value from the start.

- We prove our value before you pay, so we know we're right for each other
- We train and support your team for life, so you get to value quickly – and stay there
- We have the industry's best Service Level Agreement (SLA), so we're always accountable

Visit fullcircl.com to find out more

Blending digital and human for superior customer experience

In its latest report, FinTech Futures in association with FullCircI looks at how omni and opti-channels are vital in enhancing the customer relationship



FINTECH FUTURES | REPORTS
FullCircI

Digital banking capabilities have been steadily growing over the past decade. Indeed, what started with a website then extended to mobile, and today people use their smartphones as the norm. There is demand for robust and customer-centric user experiences that are omni and opti-channel as a standard part of the service.

Expectations are reflected in broader life! People enjoy personalised and tailored suggestions from Netflix and Amazon. They want to have a frictionless experience when they deal with products and services and have come to expect that they can deal with any given service provider over a channel of

their choice and at a time of their choosing.

And that includes corporate banking. Companies want to deal with their bank at the time and over the channel of their choosing. They want their relationship manager to have a good overall understanding of their company, where it is in its lifecycle, its risk profile, how it manages its finances and what other products and services it might need from its corporate banking relationship.

So, now that banks have access to these tools and capabilities, they need to use them to alter how they service their customers and create an efficient and value-

added customer experience – including a face-to-face element.

This has never been as important within corporate banking. Businesses want to focus on growing their business rather than wrangling with getting hold of their bank. For them, the need is to have a bank that is efficient, takes care of regulation and other risk areas, will support them, be accessible and flexible when needed, and generally become a trusted partner.

Technology can help with that!

[Click here to download the report from the FinTech Futures website!](#)

FINTECH FUNDING ROUND-UP

Grapple has landed **\$35 million** in a warehouse debt facility from Global Credit Investments (GCI).

Founded in 2018 and based in Sydney, Australia, Grapple is a non-bank business funding provider offering financing and B2B payment solutions to ease cashflow for SMEs. It claims to have processed more than 100,000 invoices to the value of \$75 million for over 1,500 Australian SMEs to date.

Grapple's founder and CEO, Stephen Dawson, says the company has experienced a "breakout year" as businesses seek alternative financing solutions from non-bank lenders.

The company estimates a \$200 billion shortfall in the capital requirements of SMEs in Australia.



Indian fintech platform **KreditBee** has bagged an additional **\$100 million** from Advent International in its extended Series D funding round.

The news follows KreditBee's \$80 million fundraising as part of its Series D round in December, which saw participation from existing investors Premji Invest, Motilal Oswal Alternates, NewQuest Capital Partners and Mirae Asset Ventures, as well as new investor MUFG Bank.

KreditBee was founded in 2018 and is based in Bengaluru, India. It offers "instant" personal loans to professionals of up to INR 400,000 (\$5,000).

Egyptian fintech platform **MNT-Halan** has landed **\$400 million** worth of investment, which it claims is the largest amount of funding across Egypt and the Middle East over the past 12 months.

MNT-Halan received a \$200 million investment from Chimera Abu Dhabi in exchange for over 20% of the company and the firm is also in "advanced" talks with international investors to raise a further \$60 million of primary capital.

Once these investments have been completed, MNT-Halan will be worth more than \$1 billion, the firm says. The company also announced two securitisations totalling \$140 million through subsidiaries Tasaheel and Halan with Commercial International Bank (CIB), Egypt's largest private sector bank.

MNT-Halan connects customers, vendors and micro-enterprises through its consumer and merchant-facing apps, distributed lending and payment processing software, and payment solutions.

US-based **Moov**, an open source platform for integrating payments, has raised **\$45 million** in Series B funding.

The round was led by Commerce Ventures and saw participation from Andreessen Horowitz, Bain Capital Ventures, Visa and Sorenson Ventures.

Borne out of an open source library designed to help developers build and embed financial services, Moov leverages a cloud-native API and consolidates acquiring, ledgering, issuing and disbursements.

Israeli cross-border trade financing fintech **40Seas** has raised **\$111 million**, comprising of \$11 million in seed funding and a \$100 million credit facility.

The firm, which has just emerged from stealth, offers financing for SMEs involved in global commerce.

The seed round was led by Team8 with participation from ZIM Integrated Shipping Services. ZIM has also extended 40Seas a three-year revolving credit facility of \$100 million, with an option to extend it to \$200 million.

The shipping services firm has also embedded 40Seas into its freight forwarding services offered by Ship4wd, its digital freight forwarding subsidiary that caters to the SME market.

Dubai-based buy now, pay later (BNPL) fintech **Tabby** has secured **\$58 million** in a Series C funding round at a valuation of \$660 million.

The funding was raised from Sequoia Capital India, STV, PayPal Ventures, Mubadala Investment Capital, Arbor Ventures and Endeavor Catalyst. The round makes Tabby the first start-up in the Gulf Cooperation Council (GCC) to receive funding from PayPal Ventures.

Founded in 2019, Tabby claims to have more than three million active users. Last year, it achieved fivefold revenue growth and expanded its operations into Egypt, making it live in four countries including the UAE, Saudi Arabia and Kuwait.

US-based spend and procurement management platform **PayEm** has secured approximately **\$220 million** in equity and credit funding from Viola Credit, Mitsubishi Financial Group, Collaborative Fund and others.

PayEm aims to provide "increased control" and "greater visibility" to its customers with an end-to-end procurement process, from request to reconciliation.

Founded in 2019 and headquartered in New York, PayEm last raised \$27 million in 2021, bringing its total capital to \$247 million to date.

Indian fintech company **Money View** has raised **\$75 million** in an ongoing Series E funding round at a valuation of \$900 million. The round was led by Apis Partners and saw participation from Tiger Global, Winter Capital and Evolve, and the company plans on raising more in the round.

Founded in 2014 and headquartered in Bengaluru, Money View is an online credit platform offering personalised credit products such as "instant" personal loans, BNPL and personal financial management solutions.

Money View last raised \$75 million in a Series D in March 2022, then valued at \$625 million.

It says it now has more than 40 million app downloads, disbursed \$1.2 billion in loans and manages over \$800 million in assets.

US-based embedded banking software provider **Treasury Prime** has raised **\$40 million** in a Series C funding round led by BAM Elevate.

New investors The Banc Funds Company and Invicta also took part, as well as Series B investors Deciens, QED and SaaSr.

Treasury Prime will use the money to continue building out its solution, which is currently being used by 16 banks, as well as develop new products including lending options and a marketplace offering.

Since May 2021, the start-up claims to have seen an account growth rate of more than 450% and revenue growth of nearly 400%.

Founded in 2017, the San Francisco-based firm builds APIs to enable banks and their enterprise partners to automate banking operations, including money transfer and risk mitigation.

US-based on-demand pay solution provider **DailyPay** has landed **\$260 million** in funding, which is made up of revolving credit facility capacity and new term loan funding. The revolving credit facility has been provided by Barclays (\$100 million) and Angelo Gordon (\$60 million), and the \$100 million in new term loan funding comes from SVB Capital and a fund managed by Neuberger Berman.

DailyPay had initially secured a \$300 million revolving credit facility from Barclays in March 2022.

The company says money will be used to fuel domestic and international expansion, and product innovation.

"On-demand pay has proven to be a transformational financial wellness benefit for employers and their employees," says CEO Kevin Coop. "Now, our opportunity lies in capturing more of the market, which is overwhelmingly vast green space."

Founded in 2016, DailyPay is headquartered in New York City with operations in Minneapolis and Belfast.

Inscribe has secured **\$25 million** in a Series B funding round led by Threshold Ventures.

The round also saw participation from Crosslink Capital, Foundry, Uncork Capital, Forum Ventures and a number of angel investors. The new funding brings Inscribe's total capital raised to \$38 million.

Founded in 2017 and based in San Francisco, California, Inscribe's tech automates document reviews and helps improve fraud detection.

The company claims to have seen a threefold year-over-year increase in annual recurring revenue and a fourfold year-over-year increase in monthly usage in 2022.

Ronan Burke, co-founder and CEO of Inscribe, says the firm is set to embark on an initiative "to empower the entire financial services industry with risk intelligence by regularly surfacing fraud trends and data", adding that it is aiming to help companies "eliminate uncertainty" and approve more customers "with confidence".

SME-focused South Africa-based digital lender **Lulalend** has secured **\$35 million** in a Series B funding round led by Lightrock.

New investors DEG, Triodos Investment Management, and Women's World Banking Asset Management also took part in the round along with existing investors The International Finance Corporation (IFC) and Quona Capital.

Founded in 2014, Lulalend claims to be South Africa's first online provider of funding for SMEs. With its credit scoring algorithm, Lulalend says it leverages data from a set of alternative sources to assess business health, review applications, and disburse funds "in hours".

Targeting more than two million SMEs in the country, it also offers a neobanking proposition called Lula – a bank account for SMEs, a cashflow management tool, and access to funding.



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!](#)



Learn about Fintech from experts, with Streamly

Focus areas

- Digital Transformation
- Future Payments
- Future Tech
- UX / CX
- AI & Machine Learning
- Open Banking



MOVERS AND SHAKERS



The UK's **Open Banking Implementation Entity (OBIE)** has appointed **Marion King** as its new chair and trustee. King will succeed current chair and trustee Charlotte Crosswell, who has stepped down following the completion of her trustee mandate. With a career spanning over 35 years, King has held several leadership positions at global firms. Prior to joining the OBIE, King served as director of payments at NatWest Group and president of Mastercard UK and Ireland. Before that, she served as CEO of Vocalink (acquired by Mastercard in 2017). The OBIE was set up by the Competition and Markets Authority (CMA) in 2016 to deliver open banking and is funded by the CMA 9 group of banks.

Core banking tech heavyweight **Temenos** is searching for a CEO following the resignation of **Max Chuard**, a 20-year Temenos veteran and its most recent CEO. The vendor says its board of directors is considering both internal and external candidates and the position is expected to be filled by the end of 2023.

Executive chairman **Andreas Andreades** will assume duties as acting CEO until the new appointment is made.

Also, after 24 years at Temenos and following a two-year succession plan process to hand over chair responsibilities, Andreades will not be standing for re-election as executive chairman at the next annual general meeting (AGM). **Thibault de Tersant**, who is currently an independent and non-executive director and vice-chairman at Temenos, is proposed by the board to be elected as non-executive chairman at the next AGM.

Under the new leadership, Temenos will focus on the "huge" SaaS opportunity, including in the US, de Tersant says.

Other senior leadership announcements included **Prema Varadhan** being promoted to president product and chief operating officer (COO) and **Philip Barnett** being promoted to president Americas and member of the management board.

In November last year, Petrus Advisers, an activist shareholder in Temenos, sent a harsh letter to the banking tech firm's non-executive directors of the board criticising the company's leadership, strategy and execution, and calling on the resignation

of the CEO and executive chairman. Just a month prior to that, Temenos cut its 2022 guidance and saw the departure of its chief revenue officer (CRO) after a brief seven-month stint at the firm.

Global card issuing platform **Marqeta** has appointed **Simon Khalaf** as its new CEO. Khalaf joined Marqeta in June as chief product officer (CPO) and has replaced Marqeta founder, chair and CEO Jason Gardner, who is now executive chairman. Khalaf most recently served as CEO of Flurry, before it was acquired by Yahoo. He has also held senior roles at Twilio, Verizon, Yahoo and Novell.

Marqeta has also appointed ex-Google executive **Todd Pollak** as its new CRO.

Digital asset infrastructure firm **Copper** has appointed former UK Chancellor of the Exchequer **Philip Hammond** as chair.

Hammond has provided "strategic advice" to the firm since October 2021, Copper says, as its headcount has grown from 50 to 300, expanded its operations across the globe and doubled its revenues. Hammond says Copper has "pioneered" the use of digital asset investment technology, "which is increasingly emerging as the leading option for global financial institutions to trade and safeguard their digital assets".

UK fintech start-up **HyperJar** has appointed **Rob Rooney** as its new CEO. Rooney moves from Morgan Stanley where he spent 32 years in various roles.



HyperJar co-founders **Paul Rolles** and **Mat Megens** are moving into new roles as architect, business and architect, consumer, respectively.

Scott Davies, a HyperJar board member since 2019, will take on the role of chairman of the board.

Founded in 2016, HyperJar launched its app to the public in 2020. The firm offers a digital wallet to help people plan and manage their money. In the two years since it launched, HyperJar claims to have garnered half a million customers.

The **Banking-as-a-Service (BaaS) Association** has hired **Bill Briggs** to serve as its first CEO. Founded last year as part of the Bankers Helping Bankers network, the association says it represents more than 80% of current BaaS sponsor banks in the US and describes itself as "the voice of the BaaS industry".

Briggs has spent more than two decades at the intersection of financial services issues, technology and public policy. He previously served as the acting associate administrator in the US Small Business Administration (SBA) Office of Capital Access where he oversaw all aspects of the Paycheck Protection Program (PPP), which helped millions of small businesses during the Covid-19 pandemic.



www.iantoons.com

SANDWICH MAKING

Cartoon by Ian Foley

During the recent boom, 20% of all venture funding went into fintech, which created over-capacity in many of the new business areas. With the tightening venture markets and fewer opportunities (if any) for a public market exit, the fintech market is in full consolidation and M&A swing.

Recently, we have had Fidelity acquire Shoobx (Fidelity's first buy in seven years) and American Express acquire Nipendo. Future M&A could also see well-funded fintech acquire their younger brethren, such as Revolut in the

payments space, PayPal in the lending space and Cash App in the credit management and repair space.

However, the history of M&A in fintech is not without some recent failures, such as Bolt's attempted acquisition of Wyre (which is now reportedly shutting down) and JP Morgan's acquisition of Frank (which is now the subject of a fraud case).

According to Jonah Crane, partner at Klaros Group: "If we have a soft landing, and markets head back up, the true bargains may already have passed. And if we are in for a very hard landing, buyers are at risk of catching falling knives – especially in the credit sector."

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

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

MARKETING
 Portfolio Marketing Manager
Rebecca.Nolan@fintechfutures.com
 Marketing Manager
Yash.Hirani@fintechfutures.com

PRINTER
 Hobbs the Printers Ltd, Hampshire, UK

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

ISSN 0266-0865

© Banking Technology 2023
 All rights reserved; Banking Technology material may not be reproduced in any form without the written permission of the publisher.



EMPOWERING B2B MARKETERS

26
 APR 2023

FinTech
 MARKETING
 CONFERENCE

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

JOIN US IN-PERSON LONDON

REGISTER TODAY

Please contact us at

eventsponsorship@fintechb2bmarketing.com

fintechb2bmarketingconf2023.fintechb2bmarketing.com

#FTBMC2023



LONDON, UK
MARCH 14-15, 2023
Intercontinental O2

TECH TO SUCCEED TODAY. VISION TO THRIVE TOMORROW.

See cutting-edge fintech that financial institutions can deploy now. Hear from experts who can help you plan for a digital future and connect with people who can take your business to the next level.

1000+ senior attendees. Over 50% from financial institutions. 35+ demoers. 70+ insightful speakers. A quality of audience and breadth of insights you only find at Finovate.

SAVE 20%
ON YOUR REGISTRATION
WITH CODE

FKV2467FFW

FinovateEurope is your chance to reconnect face-to-face with the fintech community and plot a course for the future.

FinovateEurope.com