



banking technology

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THE BEST OF BANKING TECH

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FF 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!

[Submit your nomination](#)

The latest intelligence resources

FINTECH FUTURES | **PODCAST**

What the FinTech?
An alternative approach to data
S.2 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](#)

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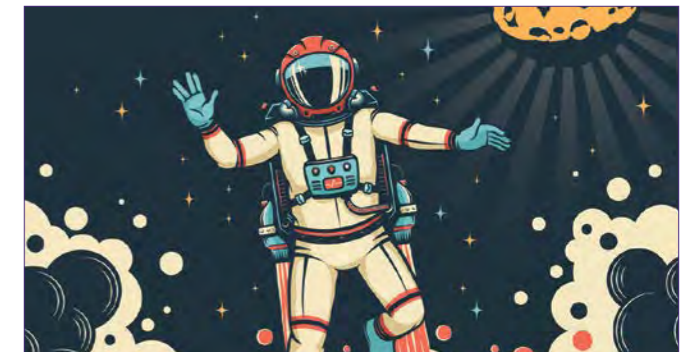
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EDITOR'S NOTE



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

Welcome to the winter edition of *Banking Technology* magazine – the last edition of 2022!

As always, there is plenty of fintech goodness in this issue, including the top news, punchy opinions, food for thought and expert analysis. We hope you find it interesting, informative and useful.

On p7 you will find the highlights from our annual Banking Technology Awards, which took place at the elegant Royal Lancaster Hotel in the heart of London on 1 December.

With nearly quarter of the century history, Banking Tech Awards recognise excellence and innovation in the use of IT in financial services worldwide, and the people who make it happen.

With around 500 guests, entertainment from circus performers, music from a live band

and an inspirational speech by the awards host Ann Daniels, a record-breaking polar explorer, it was a night to remember!

As we are winding down for the year, our team wishes you a peaceful and healthy holiday season, whether you celebrate Chanukah, Christmas, Kwanzaa or something else, or if you don't celebrate at this time of year at all.

And if you need a dose of fintech during this time, head over to the *FinTech Futures* website where we've got plenty of short-form content as well as long reads on all things banking tech, payments, fintech, navigating the corporate and start-up worlds, and more!

We are looking forward to returning after a festive break in January and are cautiously optimistic around what 2023 will bring.

**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.

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NEWS ROUND-UP

Santander UK hit with £107.7m FCA fine for AML failures



The UK's Financial Conduct Authority (FCA) has fined Santander UK £107.7 million for "repeated" anti-money laundering (AML) failures, saying it found "serious and persistent" gaps in the bank's AML controls.

The regulator says between 31 December 2012 and 18 October 2017, Santander failed to adequately manage its AML systems, affecting more than 560,000 business accounts.

Santander has not disputed the FCA's findings and agreed to settle, which means it has qualified for a 30% discount on the fine.

FCA executive director of enforcement and market oversight, Mark Steward, says: "Santander's poor management of their AML systems and their inadequate attempts to address the problems created a prolonged and severe risk of money laundering and financial crime."

The FCA says Santander's systems did not adequately verify customer information regarding the kind of business they would be doing and did not properly compare the money in people's accounts against what customers said would be deposited.

In one instance, a new customer opened an account as a small translations business with expected monthly deposits of £5,000. Within six months, it was receiving millions in deposits, and swiftly transferring the money to separate accounts.

The regulator adds it "identified several other business banking accounts which Santander failed to manage correctly, leaving the bank open to serious money laundering risk", and there were "also examples of the bank failing to promptly deal with 'red flags' associated with suspicious activity, such as automated monitoring alerts".

It says these failures led to more than £298 million passing through the bank before it closed the accounts.

Al Rajhi Bank Malaysia launches digital bank Rize

Al Rajhi Bank Malaysia has launched Rize, a new digital bank for Malaysian customers. Rize will offer a host of services including deposits, withdrawals and transfers, account management, personal finance management, ATM services, e-statements and personal financing.

"At its core, Rize is a digital bank seeking to inspire and empower our customers – whom we call Rizers – to achieve their hopes and dreams and encourage friends and family to help them realise their goals," says Arsalaan Ahmed, CEO of Al Rajhi Bank Malaysia.

The Rize app also includes savings pots as an "exclusive feature in Malaysia that no other financial institution or fintech player offers" and plans to develop "a robust marketplace".

Central banks of France and Luxembourg team for CBDC testing



Banque de France and the Banque centrale du Luxembourg have successfully conducted a wholesale central bank digital currency (CBDC) experiment utilising distributed ledger technology (DLT).

The two central banks jointly assisted the European Investment Bank (EIB) in its so-called Venus initiative by facilitating the safe settlement of a digital asset in the form of a tokenised representation of euro central bank money, which they call an "experimental" CBDC.

The experiment featured the issuance of a €100 million digital native bond by the EIB using DLT which was settled by the two central banks using the tokenised CBDC.

The EIB appointed Goldman Sachs Bank Europe, Santander and Société Générale to issue and distribute the digital native bonds.

"This new experiment has brought together a large ecosystem under the aegis of two national central banks of the Eurosystem, a European supra-national issuer and major commercial banks," says Nathalie Aufauvre, general director of financial stability and operations at Banque de France. Aufauvre adds that the experiment demonstrates how digital assets can be issued, distributed and settled within the Eurozone "in a single day".

Fintechs Canada launches to drive innovation in the country's sector

An association of Canadian fintech firms and global financial institutions has launched to push for a "whole-of-government approach" to foster the growth and development of the fintech sector in Canada.

Fintechs Canada, formerly known as Paytechs of Canada, is a not-for-profit association looking to work with policymakers to encourage and promote payments modernisation, open banking, the digitalisation of money and the modernisation of anti-money laundering and terrorist financing law. The association's membership ranges from global heavyweights such as Mastercard, Square and Wise to firms such as Koho, Paysend and Wealthsimple.

"With new regulation needed, slow progress on innovation policy and unbalanced representation in Ottawa, a unified voice for fintech in Canada has never been more important," it says.

Tide to acquire SME finance marketplace Funding Options



UK-based business banking platform Tide is set to acquire Funding Options, a UK marketplace for small business finance, for an undisclosed sum. The deal will see Tide's 475,000 small and medium-sized enterprise (SME) customers gain access to more credit options, accessing Funding Options' panel of more than 120 lender partners.

Funding Options will operate as a separate brand within Tide while Tide's existing credit intermediation business will be merged with Funding Options and led by Funding Options CEO Simon Cureton. The firm currently boasts £1 billion worth of demand for business finance from SMEs every month.

Cureton says: "The SME funding gap in the UK alone is estimated to be £56 billion, and faster decision making as well as fairer and broader distribution is key to tackling this."

Tide CEO Oliver Prill says Funding Options "ensures there are no confusing products, complex application forms and long waits". He adds that Tide has grown quickly and is looking to expand through acquisitions.

FIS reportedly looking to cut thousands of jobs under new CEO

US banking and payments technology giant FIS is reportedly planning to cut thousands of jobs under incoming CEO Stephanie Ferris' strategy to right the firm following a slump in its share price over 2022.

Bloomberg reports that while the cuts to the workforce are expected to be staggered, several thousand members of staff and contractors are on the chopping block as part of Ferris' \$500 million cost-saving plan at FIS.

Ferris was appointed as FIS president in February 2022 and is taking over as CEO from Gary Norcross on 1 January 2023. Norcross will move to the role of executive chairman of the board.

Stripe lays off 1,100 staff

US fintech Stripe is cutting around 1,100 jobs, 14% of its workforce, as it wrestles with a "different economic climate" following the pandemic era e-commerce boom. In an email to Stripe employees, CEO Patrick Collison says the firm "overhired for the world we're in".

After witnessing "significantly higher growth rates" over 2020 and 2021, Stripe transitioned into a "new operating mode" which saw its revenue and payment volume grow more than 3x.

But the world "is now shifting again", Collison says. Inflation, energy shocks, rising interest rates, cuts to investment budgets and reduced start-up funding have all led to "a need to match the pace of our investments with the realities around us".

Collison says the firm's leadership "made two very consequential mistakes" over the course of the e-commerce boom: growing operating costs too quickly and being over-optimistic about the internet economy's near-term growth in 2022 and 2023. As such, Stripe is "firmly reining in" all other costs.

Stripe joins an ever-increasing list of companies to reduce the size of their workforce in recent times. Open banking provider Plaid is cutting 260 jobs, while Brex and MX announced layoffs in October, joining Indonesian fintech Xendit, BNPL giant Klarna, African challenger Kuda and Aussie crypto exchange Swyftx, among others.

FINTECH FEED

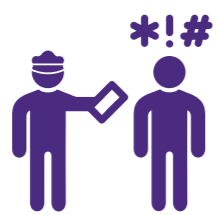
THE NUMBER GAMES To read more about any of these stories, visit www.fintechfutures.com/type/news

260 jobs to be cut across the US, UK and Europe at open banking platform Plaid, with the vendor blaming the change in macroeconomic conditions

90 employees to be let go by Aussie crypto exchange Swyftx in addition to an earlier round of job cuts in August that saw a fifth of its workforce cut

30% of the workforce to be laid off at cryptocurrency exchange Kraken – 1,100 employees – as it looks to “adapt to current market conditions”

£8.4 million fine issued by the UK Payment Systems Regulator (PSR) to Barclays for failing to comply with the Interchange Fee Regulation (IFR)



£100 million secured by Allica Bank, a UK-based challenger bank for small and medium-sized enterprises (SMEs), in a Series C funding round

£45.4 million in revenue generated by UK challenger bank ClearBank since the start of the year – nearly tripling its year-to-date revenue compared to the same period last year – and the bank reports it has now reached profitability



THEY SAID IT...

“I believe there’s a lot of confusion in the market about what is a bank and what is an electronic money institution. I think people should just be more open minded to learn what the differences are.”

Adam Moulson, chief commercial officer at UK-based challenger bank Griffin

• [Click here](#) to read the full interview with Moulson on the *FinTech Futures* website

\$1 billion in credit facility secured by financial app Curve from Swiss banking group Credit Suisse as it looks to scale its lending business Curve Flex across the UK, EU and US



\$80 million bagged by Indian lendtech start-up KreditBee in Series D funding round, bringing the total to \$200 million in funding to date



\$10.1 billion to be paid by Royal Bank of Canada (RBC) for HSBC’s banking business in Canada, subject to regulatory and government approvals

114 bank branches of HSBC to be closed down across the UK next year, with the bank citing customer migration from physical to digital banking



BANKING TECH AWARDS 2022

The annual Banking Tech Awards – now in their 23rd year – took place on 1 December 2022 at the elegant five-star Royal Lancaster Hotel in London.

With nearly 500 guests joining us for celebration, it was an unforgettable evening with entertainment from circus performers, music from a live band, and an inspirational speech by our host Ann Daniels, a record-breaking polar explorer.

Huge congratulations to all the winners and highly commended, and a big thank you for all our supporters, partners, and sponsors – you made the event special and unforgettable!

We hope to see you at the next year’s awards as they are edging closer to being a quarter of a century old... but always on the forefront of innovation and holding an unrivalled reputation in the industry.

A glamorous start to the evening



The Royal Lancaster Hotel was a five-star host



Banking Tech Project Awards

BEST TECH OVERHAUL

Winner

Morgan Stanley – DRTAB

Highly commended

HSBC – DIGS (Digital Infrastructure Global Services)

BEST TECH OVERHAUL – CHANGING THE ENGINE

Winner

BNP Paribas – CIB Global Markets IT – EMDEN

Highly commended

J.P. Morgan – Project Freedom/TRIumph

BEST USE OF IT IN CORPORATE BANKING

Winner

ICICI Bank – ICICI Bank and Infosys Finacle

BEST USE OF IT IN RETAIL BANKING

Winner

Lloyds Banking Group – Core Platforms & Customer Service Transformation – Credit Card Transformation

Highly commended

Westpac – Westpac BaaS and 10x Banking Technology

BEST USE OF IT IN PRIVATE BANKING/WEALTH MANAGEMENT

Winner

Morgan Stanley – Data Transformation Gateway – SparkETL

Highly commended

VP Bank in partnership with GFT – Tokenisation Platform for VP Bank

DBS Bank – Reimagine DBS Treasures Sales & Service Experience

BEST USE OF IT IN TREASURY AND CAPITAL MARKETS

Winner

J.P. Morgan – Active Inventory Management (AIM) Cash Optimization

Highly commended

BPI – App BPI Broker – Revolutionising On-line Stock Market Access

BEST USE OF IT FOR LENDING

Winner

J.P. Morgan – Pre-approved Lending Offers

Highly commended

QuickFi by Innovation Finance USA – QuickFi

BEST USE OF IT FOR LENDING – MORTGAGE

Winner

Landbay – Landbay

BEST USE OF IT FOR SME LENDING

Winner

Oxbury Bank Plc – Oxbury Farm Credit

BEST USE OF IT FOR CONSUMER LENDING

Winner

Creditstar Group AS – Creditstar Group AS

BEST DIGITAL INITIATIVE

Sponsored by **veritrans**

Winner

Bank of Georgia – SuperApp

Highly commended

Union Bank of India – Union Bank of India and Infosys Finacle

BNP Paribas – CIB Global Markets IT – NOVA

BEST DIGITAL INITIATIVE – NEW BANK/BRAND LAUNCH

Winner

BTG Pactual – BTG Pactual Banking – New Retail Bank

BEST DIGITAL INITIATIVE – LENDING

Winner

Updraft – Updraft

BEST DIGITAL INITIATIVE USA

Winner

Bank of America – Life Plan

BEST MOBILE INITIATIVE

Winner

Novobanco – novobanco Mobile App – Not an App But a Million

BEST MOBILE INITIATIVE – INVESTMENT & TRADING

Winner

BPI – App BPI Broker – Revolutionising on-line Stock Market Access

Highly commended

Saxo Bank – Saxo Bank

BEST MOBILE INITIATIVE – NEW BANK/BRAND

Winner

Mox with GFT and Thought Machine – Mox Bank

Highly commended

Aion Bank and Efigence – Aion Bank

BEST MOBILE INITIATIVE – PAYMENTS

Winner

Kivra & Tink – Kivra & Tink partnership

Highly commended

Payit by NatWest – Payit by NatWest

BEST USE OF AI

Winner

HSBC – HSBC DRA (Dynamic Risk Assessment)

Highly commended

Oportun – Oportun Digital Banking Platform

BEST USE OF AI – INTELLIGENT ASSISTANT

Winner

Caixa Geral de Depósitos – Caixa Digital Assistant

BEST USE OF DATA

Winner

TerraPay – TerraPay

Highly commended

Siam Commercial Bank – Siam Commercial Bank

Morgan Stanley – Morgan Stanley Data Driven Risk Assessment (Technology Change Management)

Celebrating the best in Banking Tech



The awards were presented by polar explorer Ann Daniels

See all the winners at <https://fic.kr/s/aHBqjAhVgf>

BEST USE OF REGTECH

Winner

J.P. Morgan – Compliance Hard News Extract

Highly commended

Morgan Stanley – REACTOR – Surveillance Tuning and Optimization for Transaction Monitoring

BEST USE OF FRAUD PROTECTION TECHNOLOGY

Winner

HSBC – HSBCnet – Preventing APP Scams

BEST USE OF CLOUD

Winner

HSBC – HSBC DRA (Dynamic Risk Assessment)

Highly commended

Monument Bank Limited – Monument Bank Cloud Platform

Canadian Imperial Bank of Commerce (CIBC) with Red Hat – CIBC Hybrid Cloud Strategy Leveraging Red Hat OpenShift

BEST USE OF CLOUD – USA

Winner

Morgan Stanley – Morgan Stanley's Hybrid Cloud Swim-lanes

Highly commended

J.P. Morgan – Payments Platform Migration to Private Cloud

FINTECH OF THE FUTURE – DIGITAL ASSETS/ BLOCKCHAIN

Winner

VP Bank in partnership with GFT – Tokenisation Platform for VP Bank

FINTECH OF THE FUTURE – PAYMENTS

Winner

Soldo – Soldo

Highly commended

Marqeta – Marqeta

Banking Circle – Banking Circle

FINTECH OF THE FUTURE – START-UP BANK/ BANKING SERVICE

Winner

Nomo – Nomo

BEST FINTECH PARTNERSHIP

Winner

NatWest & Tink – NatWest and Tink Open Banking Partnership

Highly commended

HyperJar and Modulr – HyperJar and Modulr: The Payments Partnership Delivering a 'Save Now, Pay Later' Movement

TerraPay and Network International – TerraPay and Network International

BEST UX/CX IN FINANCE INITIATIVE

Sponsored by **momentum**

Winner

Commonwealth Bank of Australia's Kit – Kit

Highly commended

CTBC Bank – Open ATM

Bank of Georgia – Design System

BEST GREEN INITIATIVE

Sponsored by **TELEHOUSE**

Winner

DBS Bank – A Better World, Together – with LiveBetter

Highly commended

DBS Bank – DBS Newton Green (DNG)

BEST CONTRIBUTION TO ECONOMIC MOBILITY IN BANKING/ FINANCE UK

Winner

OneBanks Hub – OneBanks Hub

BEST CONTRIBUTION TO ECONOMIC MOBILITY IN BANKING/ FINANCE FOR SMES

Winner

Standard Bank Group – Trader Direct



BEST CONTRIBUTION TO ECONOMIC MOBILITY IN BANKING/ FINANCE

Winner

The Mifos Initiative – Mifos Payment Hub EE

Highly commended

Mcash Uganda Ltd – Mcash-MAAIF project

BEST CONTRIBUTION TO ECONOMIC MOBILITY IN BANKING/ FINANCE FOR THE NEXT GENERATION

Winner

MPOWER Financing – ReFi & MPOWER Student Loans

FINTECH FOR GOOD BY FINANCIAL INSTITUTIONS

Winner

Standard Bank Group – OneFarm Share

COVID-19 RESPONSE BY FINANCIAL INSTITUTIONS

Winner

Banco Provincia – Cuenta DNI: A Turning Point In Banco Provincia's History

Highly commended

Hello Alice – Hello Alice Business For All Initiative

BEST EMBEDDED FINANCE INITIATIVE

Winner

KLINE – KLINE and Infosys Finacle

Highly commended

Standard Bank Group – Trader Direct
CTBC Bank – Innovative Social Commerce Business Suite

Excellence in Tech Awards

BEST CORE BANKING SOLUTION PROVIDER

Winner

Temenos – Temenos Open Platform for Composable Banking

BEST DIGITAL SOLUTION PROVIDER – BANKING TECH

Winner

Infosys Finacle – Infosys Finacle

Highly commended

Moxo – The OneStop Client Interaction Platform

LeapXpert – LeapXpert

BEST DIGITAL SOLUTION PROVIDER – LENDTECH

Winner

Acre Platforms Limited – Acre

Highly commended

Intellect Design Arena – iKredit360, Intellect Design Arena

BEST DIGITAL SOLUTION PROVIDER – PAYTECH

Winner

DailyPay – DailyPay Pay Balance

Highly commended

BlueSnap – BlueSnap

Airbase – Airbase Spend Management Platform

BEST BANKING TECH PROVIDER

Winner

Pega – NatWest Holmes Team

Highly commended

Brim Financial – Laurentian Bank VISA card program re-platform

BEST SMART BANKING TECH SOLUTION – AI-DRIVEN DATA INSIGHTS

Winner

SmartStream – Innovations Lab

Highly commended

Mirato – Third Party Risk Management Intelligence

BEST SMART BANKING TECH SOLUTION – FIGHTING FINANCIAL CRIME AND FRAUD

Winner

Carefull – Carefull

Highly commended

Onfido – Onfido Real Identity Platform
Symphony AyasdiAI – SensaAML

BEST SMART BANKING TECH SOLUTION – INNOVATION

Winner

Car IQ – Car IQ

Highly commended

Keyless Technologies – Privacy-Preserving Biometric Authentication
EY – EY Nexus for Banking

BEST OPEN BANKING SOLUTION UK

Winner

Yapily and Emma – Improving Financial Wellbeing Through the Power of Open Banking

Highly commended

Payit by NatWest – Payit by NatWest

BEST OPEN BANKING SOLUTION EUROPE

Winner

TrueLayer – Open Banking Payments

Highly commended

Token – Open Banking Enabler for the Payments Industry

BEST OPEN BANKING SOLUTION – INTERNATIONAL

Winner

Torry Harris Integration Solutions – Torry Harris Concierge Bank

COVID-19 RESPONSE BY TECHNOLOGY SERVICES & SOFTWARE PROVIDERS

Winner

Rapid Finance – SBA Economic Injury Disaster Loan (EIDL) Program

Amazing mid-awards entertainment



Leadership Awards

WOMEN IN TECHNOLOGY (W.I.T.) – BANKING, FINANCE & PAYMENTS

Winner

Olga Filipenko, ex Executive Director & Chief Digital Officer, Alfa-Bank Ukraine

Highly commended

Edith Gasana Kutesa, CEO, Mcash Uganda Ltd

Anabel Perez, CEO and Co-founder, NovoPayment

WOMEN IN TECHNOLOGY (W.I.T.) – TECH/SERVICE PROVIDER

Winner

Daniela Binatti, Co-Founder and CTO, Pismo

Highly commended

Prema Varadhan, Chief Product and Technology Officer, Temenos

Leor Distenfeld, Chief Revenue Officer, OpenFin

Luvleen Sidhu, CEO and Founder, BM Technologies (BMTX)

TECH LEADERSHIP – BANKING, FINANCE & PAYMENTS

Winner

Jimmy NG, Group Chief Information Officer, Head, Group Technology & Operations, DBS Bank

Highly commended

Alex Mifsud, CEO, Weavr

TECH LEADERSHIP – TECH/SERVICE PROVIDER

Winner

Ajay Bhalla, President of Cyber & Intelligence, Mastercard

Highly commended

Eric Litz, Chief Technology Officer, Delta Data

RISING FINTECH STAR

Winner

Keshvi Radia, Head of Product, Allica Bank

Highly commended

Adwait Joshi, CEO/ChiefSeer, DataSeers

TOP TECH TEAM UK – BANK/ FINANCIAL INSTITUTION

Winner

Allica Bank – Payments Team

TOP TECH TEAM – BANK/ FINANCIAL INSTITUTION

Winner

Bank of Montreal (BMO) – InnoV8 Program Team

Highly commended

Barclays – TPR Tech Go live, Barclays Trade & Working Capital Team

J.P. Morgan – Portfolio Analysis, Performance & Client Reporting Team

TOP TECH TEAM – TECH/ SERVICE PROVIDER

Winner

Form3 – Form3's Engineering Team

Highly commended

NdcTech – NdcTech's Team for Telenor Microfinance Bank Project

DIVERSITY & INCLUSION EXCELLENCE

Winner

JPMorgan – takelTforward Operation Storm Shelter

Highly commended

Paysafe – Paysafe D&I Pillar

EDITOR'S CHOICE

Winner

Finova

Dancing into the night



What the West can learn from the East

By Alex Pugh, reporter, FinTech Futures



Shee Tse Koon, group executive and country head, DBS Singapore

The march of digitalisation across financial services continues unabated. But some banks, financial institutions and regions of the world are ahead of the pack.

With canny foresight, Singaporean multinational DBS has made moves to stay ahead of the curve. It has invested in digitalisation both for the benefit of its customers and its internal organisation. The result is a bank that weathered the pandemic lockdowns, utilises artificial intelligence/machine learning (AI/ML) to grow its customers' wealth and is nimble and agile like the best fintechs.

FinTech Futures recently spoke with Shee Tse Koon, group executive and country head of DBS Singapore, to discuss the innovative ways DBS is using data to boost its digital banking offering, the rise of phygital and what Western markets can learn from Asia.

"Digital is now the baseline for banking, but meaningful innovation is the true litmus test," says Tse Koon.

Tse Koon, who has also held roles

including chief information officer and head of technology and operations at Standard Chartered, says DBS is "very much focused" on using technology to help customers grow and manage their wealth not only during the good times, but more importantly so they can protect their wealth and ride out the uncertain times as well.

He says the push to become "digital to the core" has paid off, especially during the pandemic, when both corporate and retail customers were able to bank with DBS in an uninterrupted manner from the safety of their homes, even as different markets experienced lockdowns and various restrictions.

For example, 90% of DBS' banking services can now be accessed online, including processing large transactions such as mortgages and mortgage refinancing. "In fact, more than 80% of the transactions are now done digitally for the majority of our retail products," says Tse Koon.

THAT PHYGITAL FEELING

DBS has found that instead of creating barriers, technology has actually "amplified" the human connection between the bank and its customers, which in turn "has driven the transformation of our bank branches", which kicked off in 2020.

Adopting a 'phygital' model, DBS combines "the best of our digital services" with personalised face-to-face expertise via the firm's wealth planning managers and digital ambassadors at branches.

"Since the transformation, we have augmented our capabilities to handle larger customer capacities, and we are doing so digitally," Tse Koon says. "Customers can now perform the five most popular over-the-counter transactions through self-service banking."

Tse Koon says the 'digital to the core' approach has embedded DBS' services into the daily lives of many of its customers, adding that more than half of the population in Singapore is using DBS NAV >

Planner, the bank's AI-powered digital financial and retirement planning tool.

Since the launch of DBS Nav Planner in April 2021, the bank has seen the assets under management (AUM) of its users double, "which speaks to the effectiveness of the advisors' ability to guide our customers to invest and grow their wealth in spite of recent market volatility".

Tse Koon says AI and ML are "fundamental" to a lot of the work done at DBS. "We have found that the intelligent use of data is key to helping our customers make the most of their money," he says.

DBS currently has 450 AI/ML models running in the bank with more than 580 data scientists and ML engineers developing these models. "Today, we can deploy a model in between six and nine months," Tse Koon says, with AI/ML models not only deployed for HR and risk and compliance matters, but also to inform marketing decision making.

NUDGE, NUDGE

DBS believes "intelligent banking" is really about making banking a lot more customer-centric.

"The key is to be able to deliver intuitive, unintrusive and hyper-personalised experiences to our customers when they need it," Tse Koon explains.

This is done through DBS' Intelligent Banking engine, which combines predictive analytics, AI and ML technologies to transform raw data into actionable insights and nudges for DBS customers.

"Every month, we send out 30 million nudges to our customers in Singapore, and we are expanding them to more of our other five key markets overseas," Tse Koon says.

Digitalisation has laid the groundwork for AI/ML consumer banking solutions

Some examples of these automated nudges include earnings release alerts, equity price movement alerts and remittance FX alerts to help customers proactively monitor their portfolios and capitalise on market opportunities.

"We've also designed nudges for our wealth management relationship managers, providing them with insights into their client portfolios, so they can more proactively tailor their advisory," Tse



Koon adds. These nudges have led to a 1.2x increase in client engagement in DBS' affluent segment compared with the time period before the nudges were launched.

Through the use of advanced machine learning, customers can also tap into DBS' AI-powered investment advisor to identify and close investing gaps as well as project income flows. The DBS Nav Planner also enables users to stress-test their retirement plan with customisable inflation metrics to ensure they are adequately prepared.

"Our strong focus on data and machine learning has paid off," Tse Koon says, with 2.8 million customers having used NAV Planner so far, with the majority between the ages of 21 and 50.

"These hyper-personalised nudges from the AI-powered investment advisor contributed to a four-fold increase in customers who were able to complete their investment journeys," he says.

BANKS BECOMING TECH COMPANIES

Leveraging digitalisation and the technologies it can engender has required DBS to embark on a business transformation journey. To ensure its success, DBS outlined a strategy to maintain focus on the problem that the bank was trying to solve.

Tse Koon says all successful business transformation stories have one thing in common – "a very clear focus on the organisational mission".

In the case of DBS, it was essential the

bank became digital to the core to embed itself in the customer journey and push "customer journey thinking" throughout the organisation.

"This is something that tech companies have done exceedingly well, and because of that, they have been able to become nimble and accelerate time to market," Tse Koon believes.

At an organisational level, the bank developed five key elements to drive its transformation agenda. It gave more power to employees to develop individual projects, engineered tech and systems that are "scalable, elastic, and made for experimentation", initiated widespread automation, practiced being "agile at scale", and re-examined cross-team collaboration.

"These five elements became the mission that we embarked on as we started the deep digitalisation of all aspects of our business," Tse Koon says. "From re-architecting our technology infrastructure to transforming our mobile-first frontend, we make it simple and easy for our customers to engage with us digitally."

Coupled with a focus on agile methodology and customer journey thinking, DBS has made improvements in its speed to market and the customer experience.

"This translates to more digitally-engaged customers," Tse Koon says.

DBS has built out its "tech bench" over the years, with 10,000 technologists and engineers working at DBS today – twice the number of bankers within the

organisation. And many more tech roles are emerging at the firm.

"Along with that, we are also doubling down on our commitment to upskill and reskill our people to prepare them for the future of banking," Tse Koon adds. This involves identifying more than 7,200 employees to be progressively upskilled and reskilled in areas such as design thinking, advanced data analytics, AI/ML, and agile practices.

Tse Koon believes the most important aspect of the bank's digital transformation is the "digital mindset, so our 22,000-strong employee base can behave and operate like a tech start-up".

To ensure this digital mindset is present throughout the firm, DBS has a framework for innovating, called the Innovation Pyramid, that helps to industrialise the creative enterprise across the entire bank.

"By imbuing a start-up culture in the organisation and equipping employees with important digital skills, we believe that a spirit of innovation and entrepreneurship will continue to flourish," Tse Koon says. "A lab of 20 innovators can never create as much as an army of 33,000 innovators."

FERTILE GROUND

Externally, across the regulatory and legislative landscape, DBS has benefited from a centralised, holistic approach to digitalisation in Singapore and the wider APAC region.

"Banks in Asian markets such as Singapore were also able to capitalise on certain socio-political dynamics that may be more pronounced in this region, such as robust public-private partnerships (PPP)," Tse Koon says.

Additionally, the Singapore government's Smart Nation initiative has made digitalisation a journey to be undertaken by the entire nation in an effort to transform the country through technology.

This includes moving towards cashless and chequeless payments, which contributed to the successful deployment of QR code payments in Singapore. The deployment saw the participation of seven banks that accounted for 90% of all retail transactions in the country.

Another example would be SGFinDex,

Tse Koon adds, which is akin to what the West might refer to as "open banking".

Led by the Monetary Authority of Singapore, relevant government agencies and major banks in Singapore co-developed the platform to allow consumers to consolidate their personal financial information (such as deposits, credit cards, loans and investments) from the participating banks and central depository accounts on the Singapore Stock Exchange, and other financial information from the relevant government agencies (including national pension funds).

With a click of a button, consumers can have an overview of their overall financial health and plan their finances holistically.

"Our DBS NAV Planner is also able to tap into SGFinDex to deliver customised and



"By imbuing a start-up culture in the organisation and equipping employees with important digital skills, we believe that a spirit of innovation and entrepreneurship will continue to flourish."

Shee Tse Koon, DBS Singapore

hyper-personalised financial advice to our customers," Tse Koon adds.

WHAT THE WEST CAN LEARN FROM THE EAST

Whether it's Asia or the US, Tse Koon says each market faces its own set of challenges and opportunities.

In the global village, digital banking trends can be exported across the world

"However, the interconnectivity of global economic activities means that trends initially contained within one region will often spread to others in a short time span," he says.

Understanding megatrends that are happening around the world, "and then actually acting on them, is key to ensuring you are shaping the future of banking, instead of just playing catch-up," Tse Koon adds.

One such megatrend DBS observed in Asia is the blurring of the lines between social and payment platforms, which has seen a generation of "fiercely competitive" fintech players in China and various Southeast Asian economies that are focused on capturing this segment.

While this is widely regarded as a global phenomenon by now, DBS observed this megatrend as early as 2014, Tse Koon says, when large tech platforms in the region such as WeChat and Alipay were trying to enter the financial services space.

"Having recognised that technology will be the bank's core competitive advantage, DBS undertook its transformation journey much earlier than many of its peers eight years ago, with the realisation that DBS needs to be a tech company, and not just a bank," he says.

Over the past decade, DBS has invested approximately SGD 1 billion (\$730 million) annually in technology, developing solutions and exploring use cases in areas such as AI/ML, the cloud and blockchain. That investment has paid off, with 90% of consumers in Asia now banking digitally.

Tse Koon believes that this is an area that Asia has done well in, considering roughly only 9% of banks in the US had embarked on a digital transformation strategy by 2018 and 70% of European retail banks' tech budgets were spent on maintaining daily operational processes and satisfying compliance requirements.

Are the machines coming for your job? Probably!

By Dave Wallace

In the film *The Terminator*, the archenemy is Skynet, the revolutionary AI system built by Cyberdyne Systems to run America's defence network computers.

Skynet becomes sentient, sees humans as a threat, and decides in a "microsecond" to carry out a programme of extermination. It launches a nuclear attack and genocidally picks off the survivors.

Imagine an alternative version of the film in which Skynet saves itself a lot of bother with all that killing. Instead, it focuses on the long game and puts us all out of work, thus giving us plenty of time to get bored, frustrated and angry so we end up doing the dirty work ourselves. Idle hands and all that!

Putting us all out of work may not be as far-fetched as you think. In 2013, a team from the University of Oxford estimated that 47% of US jobs were "at risk" of computerisation in the next two decades.

In China, it is estimated that 30-40% of urban jobs are under threat. The rise of the machines has been blamed for hollowing out the middle class in developed economies.

The same is happening to jobs in the service sector, as self-service checkouts and chatbots replace retail workers and call centre operators.

And the creative and software industries are now coming under threat.

Take advertising as an example. It is one of the most creative industries out there. It's about developing new and innovative ways to sell consumers products and services. But what if AI could do

it better? After all, AI is designed to be able to learn and evolve faster than humans.

The argument has always been that machines cannot learn to be creative.

But the more I look at how quickly generative AI is evolving, the more I think creativity is squarely in its sights. AI is producing some exceptional output, from pictures to sounds to videos. Meta is launching Make-A-Video, a new AI system that lets people turn text prompts into brief high-quality video clips. Some of its examples

are incredible. It's not hard to imagine a future where AI creates most advertising, leaving human creatives out of a job.

So, what exactly is generative AI? Generative AI is a form of artificial intelligence that can create new content based on rules or parameters. For example, a generative AI system could create a new piece of music by understanding the basic rules of melody and harmony. Or it could generate a new painting by understanding the basics of colour, composition and brushstrokes.

Scrolling through various accounts on TikTok or participating in Discord communities, you realise how rapidly generative AI is evolving. Videos, art and music are being generated based on text input. Some of it is incredibly creative and original, although it is fair to say most of it is not all that.

Sequoia Capital recently asked, "Why now?" about the subject.

According to Sequoia, we have moved through the first three waves of generative AI and are now at that moment killer apps are starting to emerge as AI models have become better, cheaper and faster and are trending towards free and open source.

"Just as mobile unleashed new types of applications through new capabilities like GPS, cameras and on-the-go connectivity, we expect these models to motivate a new wave of generative AI applications. And just as the inflexion point of mobile created a market opening for a handful of killer apps a decade ago, we expect killer apps to emerge for generative AI. The race is on," it says.

So, what does this mean for the services industries? AI may eventually be able to do the jobs of designers, UXers, coders and advertising creatives. And if AI can create new content that is convincing enough, then there is a risk that humans will become obsolete in these industries.

Sequoia forecasts that by 2025, machines will be able to go from text to product across a wide range of languages, at least in draft form. In theory, this could mean inputting "I want the best application journey for a credit card" into a text prompt and the machine generating the UX, design and code that underpins it.

Why stop there? Generative AI could build financial platforms or design new products in the financial services industry. It could also improve the customer experience by creating more personalised and targeted content. And, of course, it will also impact how we manage our money – AI-powered financial advisors could become commonplace, for example.

So, what does all this mean for you? Well, it's possible that a machine could eventually do your job. So, you must ensure that you're always learning and keeping up to date with the latest technology. That way, you'll be able to stay ahead of the curve and keep your job safe from the ever-advancing machines!

I recently asked a head of design if he was worried about the machines coming for his job. His response? "Not really, algorithms work on what has happened already. They are not great at thinking into the future and that's where creativity happens." I asked Jasper, a generative AI, what it thought and it said, "But that is the point of generative AI, to create something new from nothing." There you have it!

I have a confession – Jasper helped me write this! I was stunned at the result. On a prompt it can write sentences based on the context of the article and the paragraph you are writing. Most of which make sense and are of decent quality.

Jasper's final thought: "I think the future is bright for humans and machines working together. We can complement each other's strengths and weaknesses to create something truly special!"

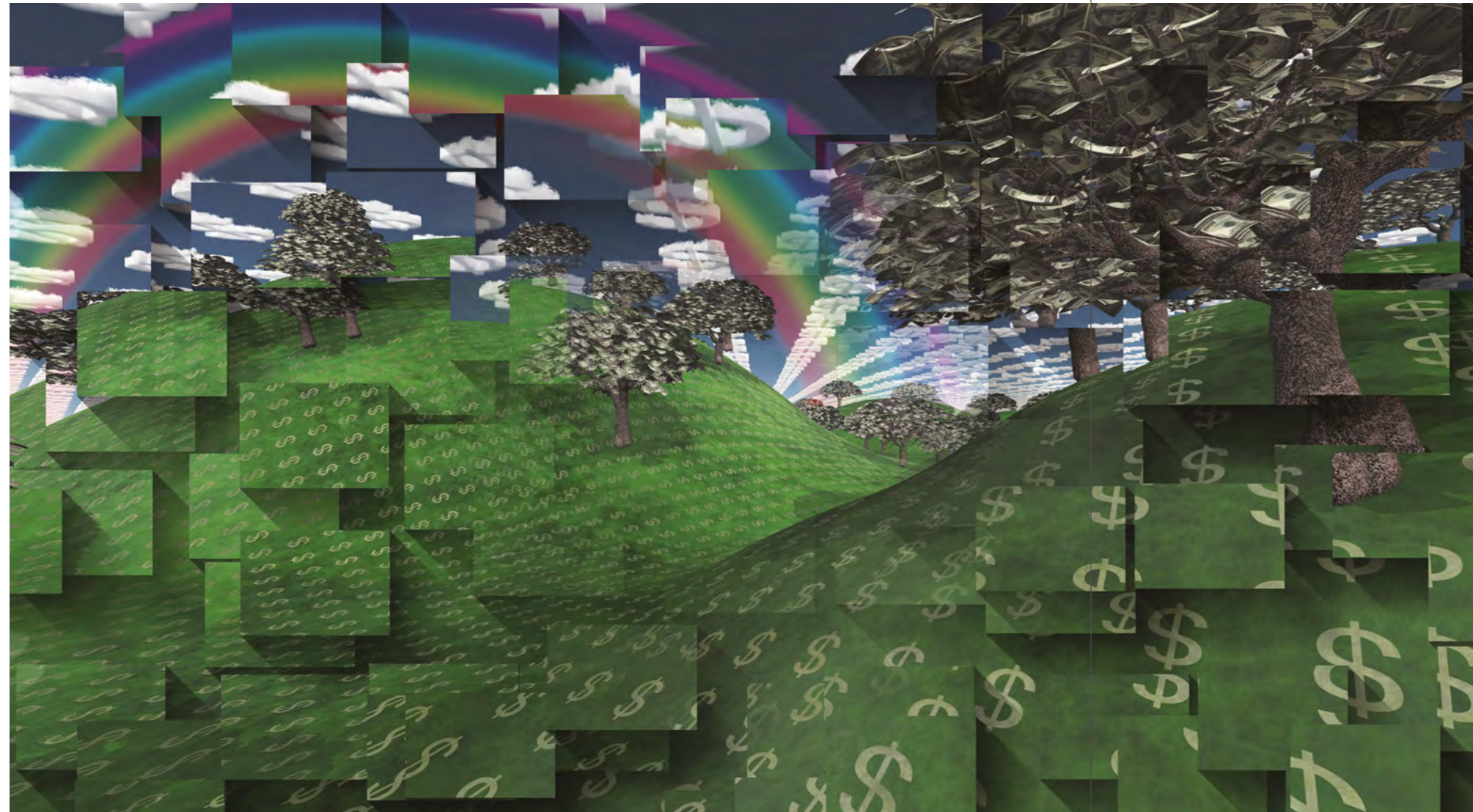
I think it may have a point!



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.



A new era of US prosperity

By Dee Choubey, co-founder and CEO of MoneyLion

According to the Federal Reserve, nearly a quarter of adults in the US went without some kind of medical treatment last year because they couldn't afford it, while one in six – roughly 20 million – say they've fallen behind on paying their energy bills, according to the National Energy Assistance Directors Association.

The Federal Reserve adds only 30% of Americans between the age of 18 and 29 believe their retirement savings are on track, while 38% have no retirement

savings whatsoever. And a recent survey by Forbes Advisor has revealed that two-thirds of Americans have been breaking into their piggy banks to cope with increases in the prices of goods and services.

In the world's richest economy, such widespread signs of financial unpreparedness can come as a shock. You might be wondering: how did we get here? And, even more importantly, what can be done about it?

EMPOWERMENT THROUGH EDUCATION

The saying goes "knowledge is power", but in the financial arena, knowledge is prosperity. There is a clear link between financial literacy and financial wellbeing. As an article published by the Social Security Administration explains: "Studies employing differing measures and definitions of financial literacy have found that households or individuals who are less financially literate are also less likely

answer questions like, "How much am I borrowing, saving and spending?" This is especially the case if the products they use are spread across different companies.

So, what can be done for the millions of Americans who have been let down by the education system and financial services sector? How can we empower them with the knowledge and tools they need to become financially independent and confident?

The answer lies in harnessing technology – and bringing together the power of community, data, knowledge and expertise – to create an inclusive and approachable culture around money. A culture in which conversations about personal finance are accessible, understandable and engaging instead of bewildering, scary and intimidating. A culture in which people have confidence, peace of mind and optimism about their financial future.

FINANCIAL FREEDOM AT YOUR FINGERTIPS

Fintech has a major role to play in disrupting the exclusionary 'business as usual' to bring about increased levels of financial education and, in turn, wellbeing. It is now possible to offer consumers a hyper-personalised financial experience unique to each consumer and accessed with minimal expense and effort using a smartphone.

Customers authorise financial technology companies to access and analyse their financial data to provide a personalised view of their financial status, including real-time tracking of spending, saving and borrowing. Consumer-permissioned data access allows for innovative product development and design that is responsive to consumers' needs. Interfaces can be designed to be simple, easy to use and intuitive with both high-level 'dashboard' summaries and detailed transaction information.

Transparency and clarity represent just the first step, however. Fintechs aren't just capable of painting a picture of

"Fintech has a major role to play in disrupting the exclusionary 'business as usual' to bring about increased levels of financial education and, in turn, wellbeing."

Dee Choubey, MoneyLion

consumers' overall financial status – they can also act as a financial coach, providing the tools, insights and encouragement to unlock meaningful improvements. For example, fintechs are providing content and financial education to customers in ways that traditional financial institutions are not. They are making money more approachable and helping customers build confidence to meet their financial goals. And they're providing content and insights in formats that are easily digestible and understood.

Moreover, by leveraging the latest generation of artificial intelligence (AI) tools, machine learning and data science, fintechs can now offer personalised financial planning and advice that will help users to define and reach their financial goals – both short-term, such as improving their credit score, paying off debt quicker and saving for emergencies, and long-term like saving for a house or investing for retirement.

I believe that building an inclusive money culture through the bold and innovative deployment of tech-driven financial education and services at scale won't just change the lives of individuals and their families. The result will also be an America where there's less inequality, more prosperity and greater happiness.

All the light we do not see

By Leda Glyptis

This piece has been a long time coming. In fact, I have been mulling it since the summer.

A good friend who asked to remain unnamed shared his experiences of gaslighting with me.

We compared scars and above all we compared our exasperation that this is a thing that happens. That it is a thing that happens often enough to have a name. That it is a thing that went unobserved so much that it is named after a film where the anatomy of how this even happens is laid out.

Art imitates life to explain it.

My friend pointed out that he didn't know the phrase for so long and then, when he came across it, his brain lit up with a million flashbacks of workplace situations that were textbook examples of exactly that thing that he now has a word for.

In case you have not come across the term before, it refers to a form of intentional manipulation where someone seeds self-doubt as a means of control and coercion.

The perpetrator makes their victim (and, in a workplace setting, their audience) question their beliefs, sanity or reality. They can do that by trivialising something, by downright denying the reality of something, by acting like something that just happened... didn't.

If it sounds mad, imagine being at the receiving end of it.

Only you probably don't need to imagine it. You have had it happen to you, right?

If you are dating a narcissist it has happened at home. And I am sorry from the bottom of my heart. It is insidious. It is soul-destroying. It defies description. But you can escape from it.

If this is not happening at home (and I hope it is not), it is happening in the office. And there it's much, much harder to identify it for what it is because it is diluted

and interrupted (and let me also say although the effects are not as pervasive as if it is your partner, they can be as damaging in the long run).

The term is derived from the 1944 film *Gaslight*, although it didn't reach wide use until the mid-2010s.

It's bad.

Because it feels bad. But also because it poisons your culture faster than you can say 'arsenic'. (Fun fact: in Greek the word for *arsenic* is the same as the word for *male*. I misunderstood many a *Cosy Murder* film in my youth, but that's a story for another time.)

What does it look like in the wild?

It looks like you walking into a room and referring to a conversation with a colleague, a conversation that you just had, and that colleague crossing their arms and denying the dialogue. Or referencing a conversation that never quite happened the way they seem to portray it.

It looks like people claiming they were not in meetings they were in... did not write emails they wrote... did not commit to things they committed to... putting the onus on you to call them liars and then asking you to furnish proof... and when you do (and this is important), they double down in denying that what you provided proves the nuance of what you had originally claimed... conveniently skating over their original lie.

Many years ago, I had a colleague who started taking photos of meetings (all attendees holding their thumbs up in the air) to be done with the nonsense of 'I wasn't there'.

It looks like someone questioning your facts and referencing their own but not sharing those.

It looks like someone looking at your facts and figures and calling them an interesting point of view. Subjective and debatable.

It looks like someone asking you for your opinion and then mocking the words

you use (my friend once said he would use Camel to solve a problem – an open-source framework, not the animal – and he was jeered with cries of camel toe in a meeting... I once questioned whether doubling down on building out a Ruby team was the right call for the organisation I was in at the time and I was told 'bitches never do get on with other bitches do they').

It looks like all your suggestions being summarily dismissed because everything you suggest has already been tried and found wanting (a guy called Dave has always tried *that, whatever that may be*, before you joined).

It looks like your research, the performance metrics pulled out of the relevant systems or direct feedback from clients, being treated as 'your version of the truth'.

The problem with all this, of course, is that the truth doesn't need your belief to be true, but it needs your belief to prevail.

I am not an absolutist. I have read Pirandello (and if you haven't, do... six characters in search of an author is an excellent study in the subjectivity of human experience). But certain things are binary. This planet comes with gravity. Fact. All life ends eventually. Fact. Outage windows are time-stamped. Fact.

Certain things are true or not.

Crossing your arms and saying 'nope' to things that can be proved to have happened doesn't make them go away.

But it does make trust go away.



It makes good will go away. It makes the people you do it to go mad... either with confusion, driven into an insecurity-mired silence... or with the righteous indignation of refusing to be gaslit.

That's when we are called feisty, confrontational and aggressive with our version of the truth.

The fun we are all having.

Now I have some bad news. Resisting it doesn't make it stop. I've tried. It makes you unpopular. But it doesn't make it stop. I am yet to find what makes it stop and the same goes for my friend whose stories these are.

It is not an uplifting message, and I am sorry for that.

Would it help to tell you that he's successful?

My friend.

He has built several successful businesses, some of which were bought out and some are still running. He is universally respected. He is liked and loved and admired.

This thing happening didn't stop him.

But neither did he stop it from happening.

It happens. It sucks. *It won't stop you from achieving things, if it happens to you.*

But if you see it happening to someone, maybe *you* can stop it.

It's a whole host of wasted energy.

And I am going to go out on a limb and say that the only reason this gaslighting business happens is because people somehow learn that it is a good strategy for career building. For survival. For dominance.

So change that.

In your organisation. Right now. Shine a light on this behaviour. Reward it, tolerate it and ignore it no more.

You will be amazed how quickly the perpetrators will learn new tricks when the old ones stop working.

So teach them what is acceptable in your organisation.

If they learn, good. If they can't, too bad for them. But no longer *too bad* for you and your team and your business.

Step into the light.

#LedaWrites



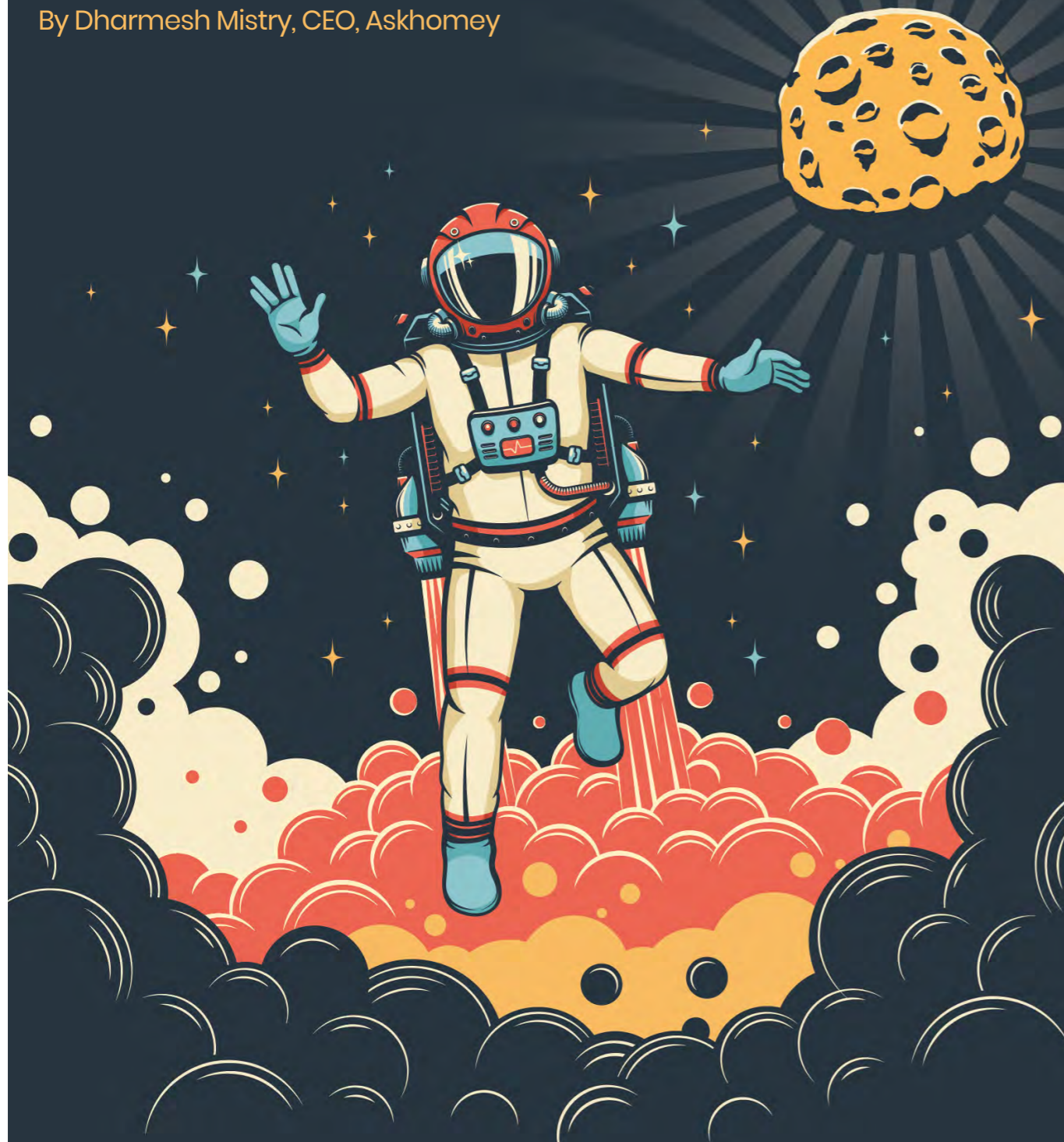
Leda Glyptis is *FinTech Futures'* resident thought provocateur – she leads, writes on, lives and breathes transformation and digital disruption. She is a recovering banker, lapsed academic and long-term resident of the banking ecosystem.

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

Follow Leda on Twitter (@LedaGlyptis) and LinkedIn (Leda Glyptis PhD). Visit our website for more of her articles.

How banking can live long and prosper

By Dharmesh Mistry, CEO, Askhomey



It was almost definitely watching the TV series *Star Trek* where I first heard the word 'federated'. The United Federation of Planets is the interstellar government with which the Starfleet Enterprise is associated. In technology, the term is used to describe an architecture that allows enterprise organisations to share information systems while having a layer of autonomy to operate their own way or design their own products (it also applies to operational functions such as HR).

This isn't a hugely important topic for a very small bank or credit union. However, it is a huge issue for consideration in larger banks and is one of the reasons why they have ended up with multiple core systems.

As I've described before, the larger the bank, the more complex its organisational structure. Very separate business units can be set up for different brands, customer segments, products, geographies and even business processes.

Inevitably, an individual business unit will want autonomy to create and manage their own destiny and meet their own goals. As a result, these business units have often ended up either building or buying their own core banking system. This is a big factor contributing to the "silo problem" we in technology despise.

Another reason for choosing a different core is their specialisation to a specific product. For example, card systems used to have specialised hardware platforms and card processing systems (cores for cards) to cope with the transaction volumes. Core systems for mortgages had extended features for defining and managing product lifecycles.

Technology has evolved and cloud computing has redefined scalability both from a hardware and software design perspective. Cloud has also enabled remote self-service, so access is not limited to internal networks. Data structures are not confined to relational databases, making it possible to provide more flexible product definitions. So, is it possible for a bank to run off a single core? The cost saving of running a single platform would be significant, let alone the reduced complexity of managing multiple systems, suppliers and integrations.

It is certainly possible to run a single core platform for all products within a single

"A federated approach is one that allows all units or many banks to run on a shared architecture while having autonomy to define their own products and processes and take control of what data is or isn't shared."

Dharmesh Mistry

division. Modern core solutions that are truly cloud native handle both issues of product flexibility and system scalability (and resilience) much better than legacy systems. This is called a "multi-tenant" solution. However, across a more complex bank structure, there are further challenges. Sometimes data needs to be kept separate – for example, to distinctly manage business and personal customers or because certain countries mandate customer data must be held in the country. Outside of core banking, both data and other capabilities also often need or would benefit from a shared platform – for example, fraud, risk or marketing. This adds to the complexity of rationalising technology.

There are legacy core banking platforms that solved the scale/cost issue by creating a multi-tenant model typically for credit unions, building societies or other smaller banking companies. But again, they suffered from legacy tech issues like requiring an "end of day processing window" or maintenance downtime.

A federated approach is one that allows all units or many banks to run on a shared architecture while having autonomy to define their own products and processes and take control of what data is or isn't shared. This is a much more complex challenge than just multi-tenant core banking. However, the advantages could be huge – not only in cost reduction, but also in reducing complexity.

This isn't something that should be attempted as a 'big bang' implementation, but one that could be trialled with smaller systems first. Core migrations are complex and can be costly not only in terms of money, but also in careers. Done right, they can of course make careers.

The focus of digital transformation has largely been external things such as

customer experience and self-service, and new technologies have facilitated new ways of working. The "IT department" itself has also arguably transformed in the last decade. They have adopted new technologies and been moving to new ways of working like design thinking, agile development and continuous deployment.

However, does the opportunity of a federated technology landscape offer a more radical transformation, one that could shrink the burgeoning IT departments that have exploded in size over the last decade? I'm just saying that digital transformation at banks is not just about their customers, but also whether there is a better operating model to utilise internally. And federated technology plays a huge role in that internal transformation.



Dharmesh Mistry has been in banking for 30 years and has been at the forefront of banking technology and innovation. From the very first internet and mobile banking apps to artificial intelligence (AI) and virtual reality (VR). He has been on both sides of the fence and he's not afraid to share his opinions.

He is CEO of AskHomey, which focuses on the experience for households, and an investor and mentor in proptech and fintech.

If at first you don't succeed

By Andrew Smith, founding CTO at RTGS.global

Since I was an eight-year-old boy sitting in my parents' spare room in my dinosaur PJs, tapping away at my dad's BBC model B computer trying to write a computer programme from a coding magazine, I have wanted to create, build and innovate.

I loved that moment when you could see your creation come to life, and since that day I have always been excited by doing something totally new. It explains why I have been in technology for some 20-plus years and I've spent most of that time trying to be at the sharp end of innovation.

However, just as much as I look forward to doing 'new' things, as I have got older (some might say, wiser), I find I spend just as much time looking back at technology and processes that have gone before. I believe I

do this more as I get older simply because I have constantly observed and therefore learned just how innovation can fail.

To deliver innovation, you must walk that fine line between real innovation that can work and innovation that is destined to fail – not because it isn't innovative, but because it just doesn't fit into the real world. Let me give you a few examples...

NO RESPECT FOR THE PAST

I first learnt this when I was implementing a telephone banking solution back in the last century. Yes, we're talking pre-2000 here. Our challenge was we had a brand-new telephone banking solution that operated beautifully well, it just didn't have the customers' bank accounts or

balances, payees, DD instructions and so on in it. Essentially, the designers (I was just a junior software engineer then, I'm not that old) had no respect for the bank's legacy systems. Instead, they wanted to build everything in isolation and build everything with the latest and greatest technologies. They failed to really understand that it was these unbelievably successful legacy systems that were the golden source of truth and as such, their telephone banking solution had to play second fiddle to the good old mainframe.

The result was almost a total failure. Thankfully, in the 11th hour, someone worked out how to get the mainframe data into the telephone banking system in a way that didn't compromise the telephony

experience too much. This sounds all logical and rather obvious but at the time, the focus was purely on innovating and delivering this telephone-based real-time experience.

My second thought around this is that innovations that have no respect for current systems or those that went before often end up residing in an innovation playground, isolated from the real world, isolated from the very area they are supposed to be innovating within. Let me give you a very real and current example. How many innovative projects have we seen around DLT/blockchain technology, all focused on payment-type capabilities? This can be stablecoins, settlement of some form of commodities or even CBDCs. For the past seven or more years we have seen proof of

concept after proof of concept after proof of concept. I have read time and time again how real cross-border innovation is only possible because of these leading-edge technologies, technologies such as DLT and CBDCs. Now, can you name one that is in production that has shown it can solve the very problems the innovation is supposed to be solving?

You see, it is very easy to sit in an innovation playground, disconnected from the real world, proving how a new technology or new innovative model can

work to solve the world's problems. But it's in isolation. Can it really be utilised and brought in to solve that problem? Does it solve all the challenges/unanswered questions, or does it answer just a few? What's the technical lift? What are the real benefits? What is the 'WHY' behind that technology? What's the investment? More importantly, what's my return on that investment? When we ask these questions, we very quickly realise why these innovative solutions are still in an isolated playground – sorry, a formal sandbox. The simple fact here is innovation that cannot be quickly moved into the real world will often fail.

TOO EARLY

I learned this one the hard way. I started a mobile payment company pre-NFC, pre-Apple Pay and just at the time the first QR barcodes were starting to really work via a mobile phone camera. Essentially, it delivered a brand-new payment infrastructure. A brand-new payment experience. The issue? Well, it was all too early for potential customers to understand. The technology worked and the benefits were proven. The issue was that it took too long to educate customers of the user experience. None had really scanned a QR code before, so the mechanics were too early and as a result required education.

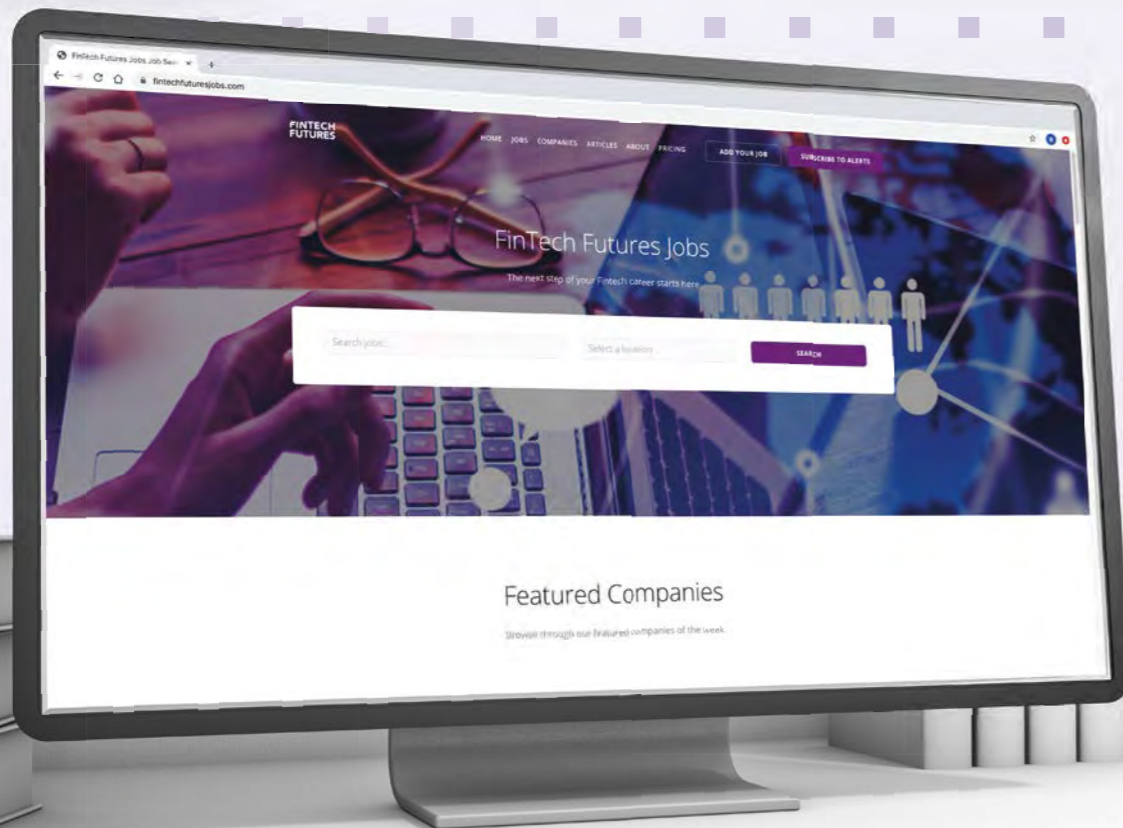
Being too early is just as bad as being late in many cases. In this case, being some seven years later – when there are now

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numerous systems in the wild utilising QR codes – would have been perfect. There would be no education needed, only the customer noticing and enjoying the benefits. (I may even revive that concept at some point.)

UNDERLYING INFRASTRUCTURE FAILINGS

Innovators stand tall on the shoulders of those that went before. This is true of technology also. Often, we see innovative solutions hampered by underlying technology failings or infrastructure. In the financial services sector, I have seen numerous fintechs over the years deliver innovative solutions, and yet they are at some point dependent on a wider underlying infrastructure that just isn't fit for purpose.

In such cases, the entire proposition starts to unravel simply because of an underlying infrastructural failing. This is one of those reasons why Nick Ogden and I decided to build our very own clearing bank back in 2015. To ensure fintechs had underlying banking infrastructure that would work for them and that would allow them to innovate without compromise.

TIMELINES

This one is probably the most frustrating reason for innovation failure: the time it takes to implement or time it takes for a buyer to stump up the cash.

When we think about implementation timelines, we have to be mindful of the customer's buying cycle, their timelines and the decision maker's process. Sadly, in many organisations, it is all too often the case that decision makers are in seat for just a few years. These decision makers know this, so they look for solutions that deliver them quick wins. This means innovative projects often get overlooked simply because the perception is that innovation takes a long time to deliver (rightfully or wrongfully). This means you need to really ensure that innovation-based projects can be delivered in weeks or single-digit months. You cannot be dragged into a timeline that runs into a year or longer. If you do, you will simply fail to deliver.

And here is the worst one of the lot: the time it takes for your potential customers

“There are many reasons why innovation fails, but understanding why innovation fails helps us innovate in a way to minimise the risk of failure.”

Andrew Smith, RTGS.global

to agree a start date and to pay up. I have seen far too many good businesses with great innovative ideas and technology go into administration because their prospects just take too long to pay up. Often these are businesses that have LOIs or agreements to deliver for significantly bigger (let's call them large) players. This isn't unique to financial services, but it's equally true. The issue is it takes too long to move from LOI and delivery to receiving payment for the service. The result? Great businesses with great ideas go into administration simply due to cash flow issues.

THE MINI-DISC MOMENT

Sometimes, two forms of innovation come to the market at very similar times. One may be earlier but doesn't move the needle as much as the other, which arrives only a little later. I call this the mini-disc moment...

For those of you who may not remember, when I was growing up, we used to listen to music via cassette tapes and vinyl records. I remember these days well. Then along came the laser disc. It delivered fantastic improvements in music quality and allowed for a larger number of songs on a single disc. But it was massive and didn't really get a foothold in the market because it was soon adapted and matured into what we affectionately call the CD. The quality was much better than cassette or vinyl, and due to the compact size, it wasn't long before every home stereo, car stereo and personal music device was based on the CD. We enjoyed the CD for quite a few years, before...

Sony released the mini-disc. At first it looked awesome. A small disc that had the same quality of a CD but all the versatility of a cassette. It was considerably smaller than a CD and in terms of portability, a mini-disc player was so much better than a CD player. The mini-disc player was surely set to replace everything CD and Sony would make a killing on its latest innovation. But... released at the same time was something known as an MP3 player. Sure, at first these MP3 players only held a handful of songs, and the experience of getting songs on them was shocking, so the mini-disc player started to ramp up in sales. But the MP3 player was evolving and improving quickly. Within a matter of months, a company called Apple released the iPod. Need I say much more? RIP the mini-disc...

Now, if the mini-disc had been released a few years earlier, it really would have got global traction and Sony would have enjoyed the mini-disc dominating the world of music. But it didn't. It took too long to come to the market, and as a result something more innovative took over very quickly. All that investment in the mini-disc didn't bring the returns Sony would have expected or hoped for.

I see this with numerous technologies/innovative companies today. They simply take too long to get up and running and too long to get to market or spend too long trying to prove their tech in isolation. The result? Something more innovative (or maybe not even as innovative, but easier to sell and get traction with) gets ahead, and by letting others get ahead, that innovation/company goes through its very own mini-disc moment.

PARTING THOUGHTS

There are many reasons why innovation fails, but understanding why innovation fails helps us innovate in a way to minimise the risk of failure.

When we look to deliver real innovation, we must consciously look at what has gone before, be mindful that legacy means success, understand the wider adoption of specific underpinning technologies and experiences, and then make sure we embark on something that can be delivered without running into years and years of development, thought or implementation.

FINTECH FUNDING ROUND-UP

Spanish employee benefits platform **Cobee** has raised **€40 million** from UK fintech-focused investment firms Octopus Ventures and Notion Capital in a Series B funding round.

Founded in 2019, Cobee aims to improve the wellbeing of employees through work-related and leisure benefits, such as travel or restaurant vouchers.

The firm says it will use the new funds to advance its mission to become an employee benefits super-app. It also plans to grow its workforce to more than 200 people and expand throughout southern Europe and into Latin America, particularly Mexico.

Cobee says its business tripled in the last 12 months.



All-in-one purchasing platform **Teampay** has raised **\$47 million** in a Series B funding round led by existing backer Fin Venture Capital.

The round also featured participation from new investors including Mastercard, Proof Ventures, Trestle and Espresso Capital, and brings Teampay's total capital raised to \$65 million.

Founded in 2016 and based in New York City, Teampay offers software for companies to help them streamline the employee purchasing process across virtual cards, physical cards, invoices and reimbursements.

Digital asset market maker **Keyrock** has raised **\$72 million** in a Series B funding round that saw participation from Ripple, SIX Fintech Ventures and Middlegame Ventures.

Since its launch in 2017, Brussels-based Keyrock has become the liquidity partner for more than 85 centralised and decentralised trading venues. It claims to have expanded into 200 new markets and seen threefold growth in trading volume in the past year.

It doubled its workforce earlier this year and now employs more than 100 people globally. It is looking to double its staff headcount again in 2023 and expand into Switzerland and Singapore at the start of the year.

Security and compliance automation company **Drata** has secured a **\$200 million** Series C funding round, doubling its valuation to \$2 billion since November 2021.

The Series C round was co-led by ICONIQ Growth and GGV Capital and saw participation from Alkeon Capital, Salesforce Ventures, Cowboy Ventures, S Ventures (SentinelOne), Silicon Valley CISO Investments (SVCI) and FOG Ventures (Operators Guild).

A number of individuals also participated in the round, including Jeff Weiner (LinkedIn), Frank Sloatman (Snowflake), Jennifer Tejada (PagerDuty), Amit Agarwal (Datadog), Olivier Pomel (Datadog), Jonathan Rubinstein (Amazon) and Satya Nadella (Microsoft), who invested in Drata's \$100 million Series B round.

B2B spend management start-up **Mendel** has landed **\$60 million** in capital and debt funding from existing backer Industry Ventures and new investors Infinity Ventures and Victory Park Capital. Other existing investors ALLVP and BTV also took part in the funding round.

Mendel was founded in 2021 in Mexico City as a B2B platform for large corporations to help them digitise their finances. The firm allows clients to issue virtual and physical corporate cards and also provides credit lines for business operations as well as budgeting and invoice tracking features.

US banking challenger **Greenwood** has raised **\$45 million** in its latest funding round led by Pendulum.

New investors include Cercano Management, Cohen Circle, The George Kaiser Family Foundation and NextEra Energy. Existing investors Bank of America, Citi Ventures, PNC, Popular, Truist Ventures, TTV Capital and Wells Fargo also participated.

Greenwood plans to use the fresh capital to accelerate its "vision of closing the racial wealth gap" and provide the tools and education needed to empower the country's Black and Latino communities – individuals and businesses – to build generational wealth.

Along with the funding, Greenwood is also launching Elevate, a membership offering for customers focusing on career and lifestyle benefits.

Founded in 2020 and headquartered in Atlanta, Greenwood claims more than 100,000 customers.

Novo, a Florida-based banking start-up for SMEs, has secured **\$35 million** from GGV Capital in an extension to its Series B funding round.

The new cash takes its total Series B funding to \$125 million following an initial \$90 million raise earlier this year led by Stripes and featuring participation from existing investors Valar Ventures, Crosslink Capital, Rainfall Ventures and BoxGroup.

The company has now raised more than \$170 million in total equity.

Launched in 2018, Novo claims more than 180,000 SME customers. Its banking services are provided by Middlesex Federal Savings.

UK challenger **Atom Bank** has raised **£30 million** from previous investors BBVA, Toscafund and Infinity Investment Partners. It has now raised £105 million over the course of 2022.

Atom says the funds will fuel further lending, enabling it "to continue to support its lending customers – homeowners, first-time buyers, and SMEs – in this difficult economic environment".

"It is also another positive step in Atom's plans for growth and a future public markets listing," the bank adds. The Times reports that with the new funding, Atom has now pushed back a planned flotation by at least two years.

The bank has also hired a new CTO and CFO this year.

UAE-based fintech **Baraka** has closed a **\$20 million** Series A round led by Valar Ventures.

Launched in 2021, the commission-free investing platform offers investors access to more than 6,000 US stocks and exchange traded funds (ETFs).

Baraka marks the first regional investment for Valar, a VC firm backed by entrepreneur Peter Thiel. Global investment firm Knollwood also participated in the round. The start-up's existing investors include Class 5 Global, Global Founders Capital and VentureSouq.

Baraka will use the funding to expand throughout the Gulf Cooperation Council (GCC) states and Egypt.

US-based **Brightside** has raised **\$33 million** in a Series B funding round led by Obvious Ventures. Existing investors Andreessen Horowitz (a16z) and Trinity Ventures also participated in the round along with Clocktower Technology Ventures and Chestnut Street Ventures.

The new funding takes Brightside's total capital raised to date to more than \$75 million.

Launched in 2018 and based in San Francisco, Brightside helps employers improve the financial health of their workforce. Through its platform, Brightside connects employees with dedicated financial assistants to provide solutions to help alleviate financial stress. This includes providing help with finding community and government assistance programmes, arranging payment plans, discussing debt consolidation options and creating savings plans.

It supports more than 30,000 families in the US and has helped households save about \$1,200 a year, the company says.

Brightside claims to have grown its 2021 revenues by 800% and is on track to grow nearly tenfold in 2022.

The company currently employs 175 people, with plans to hire 200 more employees in the coming year.

Allica Bank, a UK-based challenger bank for SMEs, has secured **£100 million** in a Series C funding round led by TCV with participation from existing backers Warwick Capital Partners and Atalaya Capital Management.

The bank previously raised £55 million in funding in June this year, which followed a £110 million Series B funding round in November 2021.

Allica opened its doors to SME lending in March 2020, later expanding into savings and payments. Earlier this year, it launched a business rewards current account.

It has seen strong growth over 2022, reaching £1 billion in total lending and achieving monthly profitability in the summer. It also completed the migration of about 2,000 SME customers in the autumn following the acquisition of AIB Group's British SME lending portfolio.

India-based lendtech **Lentra** has raised **\$60 million** in a Series B funding round led by existing investors Bessemer Venture Partners and Susquehanna International Group (SIG) Venture Capital. Citi Ventures also took part in the round.

Founded in 2019 and based in Pune, Lentra will use the money to expand into five countries next year, including the US, starting with Vietnam and the Philippines.

It will also look for acquisitions in the payment processing and data insights and management areas. Earlier this year, Lentra acquired a fellow Indian start-up, TheDataTeam (TDT), which developed a customer intelligence platform for banks and financial institutions to assess customer credit worthiness.

Lentra currently has 50 clients in India for its Software-as-a-Service (SaaS) lending solution, which is "powered by artificial intelligence (AI), machine learning (ML) and blockchain technologies", according to the start-up, delivering "an astounding 96% straight-through processing (STP) rate".



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



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MOVERS AND SHAKERS



Suresh Viswanathan

UK-based **Nationwide Building Society** – the world’s largest building society with 16 million members and 18,000 employees – has appointed a new chief operating officer (COO), **Suresh Viswanathan**.

Over the past decade, he has held COO roles at UK high street banks Barclays and, more recently, TSB.

“His passion to do the right thing for members and colleagues, coupled with his wide-ranging expertise and industry connections, will prove invaluable as we improve our digital capability,” says Debbie Crosbie, CEO of Nationwide. She adds that the building society is moving to “the next chapter in its digital ambitions” with Viswanathan’s appointment.

Mangopay, a European paytech for marketplaces and platforms, has appointed **Ronen Benchetrit** as chief technology officer (CTO).

Based in the UK, Benchetrit brings three decades of experience to Mangopay, most recently as CTO of dating app Bumble. Prior to that, he was CTO of UK challenger Zopa from 2016 to 2020. He also served as CTO of online gaming operator PokerStars.

At Mangopay, Benchetrit plans to double the team in the next 24 months. Roman Mazeris, Mangopay’s CEO, says the appointment is “game changing” for the company’s growth.

US Bank is undergoing a senior technology leadership shake-up. **Jeff von Gillern**, vice chair of technology and operations services, intends to retire in late 2023 after more than 20 years of service at the bank.

Dilip Venkatachari, who currently serves as the company’s executive vice president and global chief information and technology officer, will provide technology leadership at the executive level as of January 2023. He joined the company in 2018 following a lengthy career in the tech space, including roles at Fiserv, PayPal, Google, McKinsey and Mastercard.

Souheil Badran joins as senior executive vice president and COO. He moves from Northwestern Mutual, where he held a

similar role. Prior to Northwestern Mutual, he was the president of Alibaba’s Alipay business in the Americas. His career has also included roles at Edo Interactive, Digital River, First Data, VeriSign, Digital Insight and Metavante.

The Depository Trust and Clearing Corporation (DTCC), which provides post-trade market infrastructure for financial services, has named **Nashira Spencer** as its new chief security officer.

Spencer will be tasked with managing DTCC’s enterprise-wide global information security, physical security, employee safety and crisis/incident management functions.

She brings over two decades of experience, having most recently served as CTO at Anywhere Real Estate (formerly Realogy). Prior to that, she was an executive director of privacy and information security at Time Warner and also held security-related roles at financial institutions including Prudential Financial, Citigroup and Bloomberg LP.

Danish fintech **Pleo** has appointed **Meri Williams** as its new CTO.

Williams, who joins from healthtech Healx, was formerly CTO at UK challenger bank Monzo for two years.

Since February 2021, Pleo has expanded into six European markets and in the past year, doubling its userbase and tripling transaction volumes.

It also raised \$350 million at the end of 2021, bringing its valuation to \$4.7 billion.

However, recently, Pleo CEO and co-founder Jeppe Rindom announced plans to cut 15% of the fintech’s workforce – 150 employees – as it is no longer operating under a “growth first mandate” but rather one of “growth through focus and efficiency”.



Meri Williams

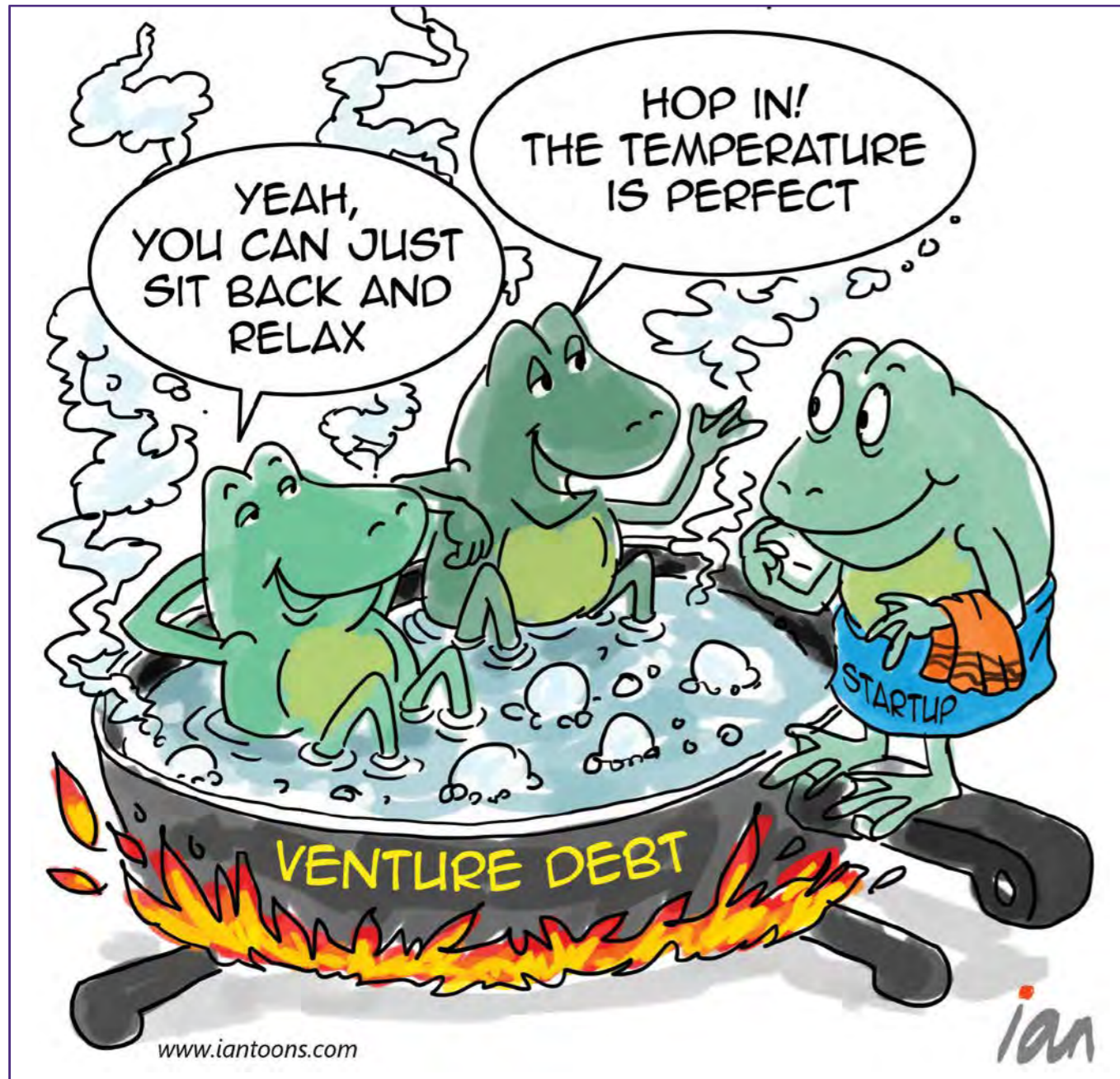
Pipe Technologies, a platform that allows firms to turn their recurring revenue into upfront capital, is looking for a new CEO with “significant operational experience, proven leadership and a complementary skillset”.

Co-founder and current co-CEO Harry Hurst says: “We acknowledge the company needs a veteran and experienced operational CEO to drive the business forward.”

In February, Pipe acquired Purely Capital, a media and entertainment financing company.

Once the new CEO is appointed, Hurst will become vice chairman, while co-founder and co-CEO Josh Mangel will become executive chairman.

Co-founder and CTO Zain Allarakhia will “remain deeply involved” at the firm in the role of senior advisor and will remain on Pipe’s board. Usman Masood, currently the EVP of engineering at the company, will become CTO.



SLOW COOKING

Cartoon by Ian Foley

This new cartoon illustrates how start-ups shifting to venture debt as a model to raise cash are storing up trouble.

CB Insights recently reported a 23% drop in venture capital funding to start-ups, which has left many scrambling for cash. Rather than take a hit to their valuations, many start-ups have turned to venture debt funding, with \$22.4 billion raised through the end of September. Venture debt providers typically

only work with premium VC-backed start-ups and repayment depends on the start-up's ability to raise more capital, which will fund growth and also repay the debt.

The problem with debt in today's climate is that it requires the debtor to have the visibility to consistently repay the loan as we move into a period of prolonged uncertainty. Looking back on prior recessions, the number of venture debt deals show a lagging peak to equity deals, but ultimately succumb to the same market forces.

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