



# banking technology

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Banking must follow a more sustainable path

## **THE TRILLION-DOLLAR PRIZE**

The complexities of embedded finance

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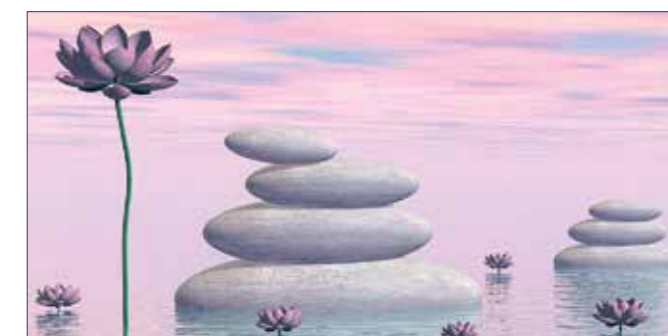
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**BANKING  
TECHAWARDS  
2024**

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# Nominations are now open!

Nominations for the **Banking Tech Awards** are open to banks, financial institutions, software providers, teams and individuals from across the world

This year will be our biggest awards to-date as we are excited to be celebrating our 25th anniversary!

The awards ceremony is set to take place on **4 December 2024** and will be held at the fabulous **Royal Lancaster Hotel** in London.

To learn more about the awards and see the full list of categories, visit [bankingtechawards.com](https://bankingtechawards.com)

[Submit nomination](#)



WELCOME

## EDITOR'S NOTE



Tanya Andreasyan  
Editor

Welcome to the May issue of *Banking Technology*. With plenty of ups and downs in the fintech space over the last month, our editorial team has been busy.

In the US, Banking-as-a-Service (BaaS) continues to find itself in the hot seat. BaaS platform Synapse has been sold to payment processor TabaPay (see p4 for more details). The deal follows a turbulent year for Synapse that included client departures, vast layoffs and filing a Chapter 11 voluntary bankruptcy petition.

Ten-year-old Synapse is among the growing number of fellow BaaS and embedded finance providers to face similar circumstances and undergo a distressed acquisition. Last year, Bond was picked up by FIS, a banking and payment technology heavyweight in the US, while Rize Money went to Fifth Third Bancorp, a financial institution whose history dates back to mid-1800s.

California-based Treasury Prime has recently made a strategic pivot – from selling to fintechs

to selling directly to banks – which led to the layoffs of around half of its roughly 100 employees.

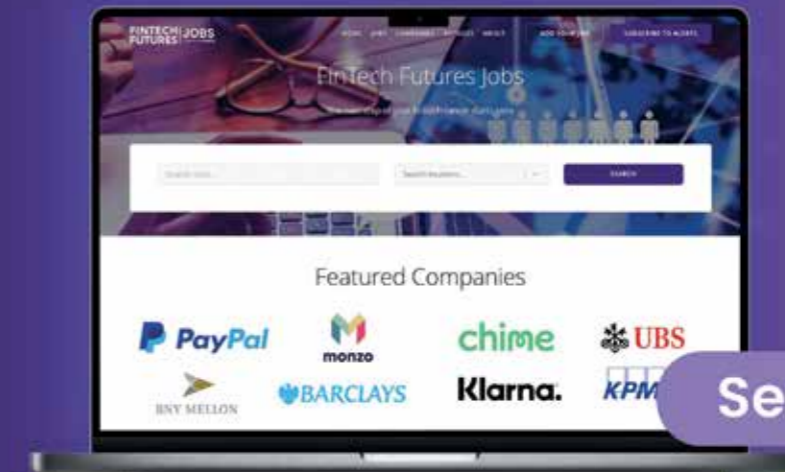
Meanwhile, fellow Californian BaaS vendor Solid is understood to be buying back the full stake from its investor FTV Capital, at a 56% discount, as a result of an agreed settlement. The two firms were embroiled in a dispute following the latter's \$61 million contribution to Solid's Series B funding round in 2022.

FTV took Solid to court the following year, accusing it of invoicing and recording revenue from "customers that were not actually using its services or lacked the ability or intention to pay". Solid rejected the allegations and promptly countersued, claiming that FTV had carried out a comprehensive due diligence and was "resorting to made-up claims of fraud, threats and strong-armed tactics to try to get its money back".

Watch this space. For more BaaS news stories in the US and around the world, head over to the [FinTech Futures website](#).

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# NEWS ROUND-UP

## AI Etihad Payments and Core42 launch open finance across UAE



The Central Bank of the UAE (CBUAE) has inked a deal with infrastructure and IT solutions provider Core42, through its subsidiary AI Etihad Payments, to roll out open finance across the country.

The project falls under the CBUAE's Financial Infrastructure Transformation (FIT) programme and will be rolled out in a phased manner. Starting with open banking followed by open insurance, the services are expected to be available to most customers this year.

UK-based open banking technology providers Ozone API and Raidiam have also been drawn in to the deal to assist with the central bank's plans, working as part of a consortium of providers led by Core42.

Fatma Al Jabri, assistant governor for financial crime, market conduct and consumer protection at the CBUAE, describes the initiative as "a significant advancement" set to "accelerate the adoption of digital financial services".

## Monese to split business in two as funding acquired



Monese is splitting its business in two – a consumer-facing money app and business-facing, Platform-as-a-Service (PaaS) unit XYB – and has secured fresh funding for both entities. It says money for XYB came from both existing and new investors.

The two entities will operate separately. Current CEO Norris Koppel will continue to lead Monese, whilst XYB will have a new chief executive.

Monese was founded by Koppel in 2015 to offer digital banking services to expats in the UK and Europe. Last year, it launched XYB and touted the entity as a "coreless" banking platform, sporting microservices architecture, eight "foundational engines" and a partner ecosystem to extend 172 possible services to banks.

XYB underpins Zing, an international payments app launched earlier this year by HSBC (an investor in Monese).

Until the latest funding, Monese received around \$210 million in total investment but has struggled to make a profit. It posted a \$37.6 million loss for 2022, which it largely attributed to its rising direct costs. At the time, Koppel commented the company was "reliant on access to sufficient amounts of new funding to finance its current operations and growth plans". Without it, "the ability of the group to conduct its operations in their current form will be adversely and potentially severely affected".

Recently, Swedish investment group Kinnevik – which had owned a 21% stake since 2018 – announced it had written off "the entire carrying value" in the fintech.

## TabaPay to acquire assets of struggling BaaS fintech Synapse

Payment processor TabaPay is to acquire the assets and affiliates of BaaS platform Synapse Financial Technologies. The deal, the terms of which have not been disclosed, follows a turbulent year for California-based Synapse in which it filed a Chapter 11 voluntary bankruptcy petition.

Furthermore, the ten-year-old fintech laid off over half of its workforce in 2023, namely through restructuring efforts instigated in June which impacted 18% of its workforce, followed by a further 40% cut in October which axed 86 positions.

TabaPay, a fellow Californian, is understood to be acquiring Synapse's brokerage, lending, credit and debit card issuing platforms, with Sankaet Pathak, CEO and founder of Synapse, due to join the firm as part of the deal.

## Salt Bank makes digital debut in Romania powered by Starling



Salt Bank has become Romania's newest digital challenger for consumers with the launch of its app-based offering in April. Operating as a subsidiary of an established domestic bank, Banca Transilvania, the bank introduced a founder programme, rewarding customers for early enrolment with "founder points", which can either be redeemed against a monetary value or exchanged for shares in the start-up, if it lists on the stock exchange in the future.

Salt Bank offers current and savings accounts, deposits and a multicurrency card supporting 16 different currencies.

Its tech is provided by Engine, the Banking-as-a-Service (BaaS) technology platform of UK-based Starling Bank and supports digital customer onboarding, payments, lending and financial crime monitoring at Salt Bank.

Sam Everington, CEO of Engine, says the team was able to build and launch Salt Bank "in just under 12 months".

## Goldman Sachs sells Marcus Invest's digital investing accounts

Goldman Sachs has agreed to sell its digital investment advisory unit, Marcus Invest, to robo-advisor Betterment for an undisclosed sum.

Launched in October 2016, Marcus functions as Goldman Sachs' digital consumer banking and lending platform with an offering including deposits, credit cards and savings accounts. Marcus was folded into Goldman Sachs' asset and wealth management division in 2022, as part of the bank's ongoing attempt to transition its remit away from retail banking.

Marcos Rosenberg, global head of Goldman Sachs Marcus, explains that the sale of the unit's investment accounts to Betterment follows its decision to "transition away from our digital investment advisor offering".

The bank's focus will now be further concentrated on the Marcus Deposits platform, which serves over three million customers globally and holds over \$100 billion in consumer deposits.

Currently serving more than 850,000 customers with \$45 billion in assets under management, Betterment will offer transitioned account holders access to automated investing, tax and planning tools and a range of account types.

## Project Agorá to explore tokenisation of cross-border payments



The Bank for International Settlements (BIS) has unveiled plans for a partnership between several central banks and the private financial sector to explore the potential benefits of tokenising cross-border payments, labelled Project Agorá.

Project Agorá will see seven central banks from around the world – Bank of England, Bank of France, Bank of Japan, Bank of Korea, Bank of Mexico, Federal Reserve Bank of New York, and the Swiss National Bank – work together in partnership with several private sector participants, with the Institute of International Finance (IIF) acting as the convener and intermediary of these enterprises.

Cecilia Skingsley, head of the BIS Innovation Hub, explains: "Today, numerous payment systems, accounting ledgers and data registries require other complex systems to integrate them.

"In Project Agorá, we want to explore a new common payment infrastructure that could bring all these elements together and might make the system work more efficiently together on a digital core financial infrastructure."

The announcement follows the successful conclusion of BIS' Project Mariana last year, which explored the cross-border settlement capabilities of wholesale central bank digital currencies.



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

# Have you seen our new FinTech Founders video series?

Our FinTech Founders series explores various aspects of funding and investment, featuring first-hand insights from fintech entrepreneurs and founders.

Recent speakers include:

- Chase Neinken, Chimney
- Karan Jain, NayaOne
- Kathleen Craig, Plinqit
- Michael Duncan, Bankjoy



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## FINTECH FEED

### THE NUMBER GAMES

To read more about any of these stories, visit [www.fintechfutures.com/type/news](http://www.fintechfutures.com/type/news)

#### £780 million

to be paid by UK's Coventry Building Society for the acquisition of rival financial institution, The Co-operative Bank, according to the non-binding heads of terms agreed recently between the two firms

#### \$700 million

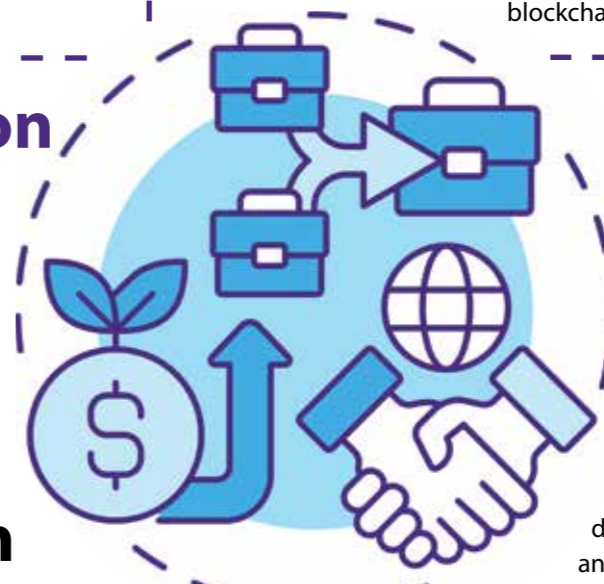
SPAC merger is on the cards for US digital investment platform Linqto as it plans to go public via a business combination deal with Nasdaq-listed special purpose acquisition company Blockchain Coinvestors Acquisition Corporation 1 (BCSA); founded in 2020, Linqto enables liquid investments in mid-to-late stage tech companies in the fintech, blockchain and auto sectors

#### \$550 million

to be paid by Grupo Financiero Galicia for HSBC's business in Argentina, including asset management, insurance and banking; the sale will result in HSBC's pre-tax loss of \$1 billion

#### £147 million

to be paid for Gresham Technologies by Alliance Bidco, a limited company indirectly owned by US-based private equity firm STG Partners. Gresham supplies automation and data reconciliation solutions for financial services firms – its flagship offering is the Clareti software platform, which provides data governance, regulatory compliance and risk management services



#### \$6.3 billion

To be paid by US private equity firm Advent International for the acquisition of Canadian paytech Nuvei; founded in 2003, Nuvei provides businesses with payment processing technology, card issuing, and risk and fraud management services

#### \$785 million

is the price tag of Institutional Cash Distributors (ICD), a US-based provider of investment technology for corporate treasury organisations trading short-term investments, to be acquired by trading platform Tradeweb

#### 40%

Global headcount increase is planned by fintech Revolut this year, to around 11,500 staff by the end of 2024; at present it has 70+ live job listings online for roles mainly across its sales, customer support and financial crime teams



#### THEY SAID IT...

*"Now we've actually already proved how much of an impact fintech has and we're having discussions about not just supporting early-stage companies, but about taking them to that next level and supporting the high-growth companies that are already impacting so many consumers across the entire UK."*

Janine Hirt, CEO of Innovate Finance, speaking at the recent IFGS event on putting the UK's fintech industry at the centre of the global stage

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## TRENDING

### Bank can see Clearly now the loss has gone

ClearBank, a UK-based clearing bank and embedded banking platform, achieved its first full year of profitability since its 2015 inception. According to its latest financial statement, it accumulated an annual pre-tax profit of £18.4 million in 2023, after recording a £7.1 million loss the year before. It also boosted its total income by 91% to £111.3 million.

Some of the primary drivers behind this success were its 54% YoY increase in payment volumes, which totalled 108 million for 2023, alongside a 103% increase in its deposits, which now stand at £6.1 billion and are held with the Bank of England.

Its deposit-taking endeavours have benefitted heavily from the UK's current high-interest environment, which it says has resulted in more clients "looking to increase protection and provide better returns".

CEO Charles McManus says that ClearBank is now serving 221 live clients and has "moved up the curve in relation to larger and larger institutional clients". He says that a key part of this growth was derived from its client base's ability to offer financial services to their own customers through its embedded banking model, a function he claims has risen 93% YoY.

The bank made 330 new hires throughout last year, having named Mark Fairless as its new chief financial officer, Megan Cooper as chief product officer and Jonny Fry as group head of digital asset strategy. It also made four new appointments to its board.

ClearBank is currently in pursuit of a European banking licence and plans a full EU launch later this year.

### Zopa into the black

UK challenger bank Zopa has a recorded £15.8 million pre-tax profit for FY 2023. According to its latest financial statement, the bank logged a total revenue of £226 million last year, making a 29.7% climb "despite the challenging macroeconomic environment" it adds.

The results indicate a positive shift in Zopa's financial standing after it previously generated a £26 million loss in 2022.

It attributes the turn in its latest performance to a 14.9% increase in deposits to £3.4 billion against a promising 27.3% rise in loans on balance, currently standing at £2.7 billion.

Zopa says it experienced a 38.7% drop in its cost-to-income ratio as a result of its technology, while its products grew by just under a third to now serve in excess of one million customers.

The results reflect a positive year for the unicorn challenger, which raised £150 million in 2023, bringing its total funding to £530 million.

It also made its first acquisition – an e-commerce credit solutions provider, DivideBuy – as well as appointed ex-Leeds Building Society director Kate Erb to chief operating officer and Peter Donlon, a former Moonpig chief, to chief technology officer.

Zopa is an online bank that offers deposit accounts, personal loans and credit cards. It began as the world's first peer-to-peer (P2P) lending company in 2005 and gained a full banking licence in 2020. The following year, it closed its P2P business.

### Lend and mend for Allica

Allica Bank has achieved its first full year of profitability as a result of its increased lending activity, according to its latest annual report.

The bank, which has been lending to UK-based SMEs since 2020, reports that its revenues increased 141% in the 12 months up to 31 December, standing now at £191 million.

Filing a 75% increase in customer deposits to £2.6 billion, alongside a 47% boost in SME lending to £2 billion, the challenger now says to be levelling £16.1 million in pre-tax profit, marking the first time it has achieved this feat since launching in 2017.

Speaking on the results, Richard Davies, Allica Bank's CEO of four years, attributes its latest financial success to "significant growth in revenue, lending and deposits", a growth he says shows that "our proposition for SMEs is starting to really cut through".

The bank hopes to capture over 10% of the market "in the coming years".

To date, it has raised around £385 million across multiple funding rounds, including its most recent £100 million Series C of December 2022. Among its backers are Warwick Capital Partners, Atalaya Capital Management and TCV.



# Driving AI transformation in banking and payments

Praveen TM, CEO of Opus Technologies, talks to FinTech Futures about how the industry is evolving and how Opus is contributing to the adoption of new trends

In an era where technology is reshaping the world of banking and payments, Opus Technologies is making waves through innovation. The company has launched a host of platforms and solutions to democratise artificial intelligence (AI) adoption among banks and credit unions.

In a recent interview with *FinTech Futures*, [Opus CEO Praveen TM](#) shared his insights on how the financial industry is evolving and how Opus is enabling banks, payment service providers, merchants and fintechs to build innovative solutions through an open collaboration platform.

**The financial services industry is changing at a rapid pace. It seems like there's an innovation around the corner all the time. Where do you see this trend going?**

You are absolutely right about this! Research has shown that the financial services industry has been the leader in adopting the latest technologies. From going digital to [cloud-first](#) and now moving to an AI-first approach, the financial industry has constantly evolved to keep pace with customer expectations.

We have to give due credit to fintechs for upping the ante for service delivery in the industry. They showed the customer what's possible with technology upgrades, and traditional banks are being forced to follow suit.

We believe this trend is going to continue in the future. Now, the core banking and payments infrastructure has been upgraded to support the latest innovations in AI and data. The management teams at financial institutions are actively looking at AI for revenue generation, efficiency and delivering customer-centric products and services. The foundation is laid, and we will start



witnessing the fruits of AI innovation in the foreseeable future.

**How does Opus, as a technology services provider, fit into this larger picture of digital and AI transformation in the industry?**

For the last 26 years, Opus has been a technology enabler for the banking and

payments industry. From cards to ATMs to digital transformation, Opus has been the pioneer in supporting financial services to ride the latest technology wave.

The story remains the same for AI. Through constant interactions with customers, our technology experts identified that financial institutions are facing challenges with AI adoption. Lack of

tech talent, need for massive investments, and lack of transparency in terms of return on investment (ROI) expectations are among the key reasons for a slow adoption.

To solve these challenges, Opus launched [FinGeniusAI Solutions](#). It's an open innovation platform that aims to bring together multiple stakeholders – clients, partners, and technology experts – to build along with Opus. The idea is to understand unique problems faced by our clients, provide an actionable roadmap, build successful proof of concepts (POCs) with limited budgets and showcase potential ROI.

By bringing all the stakeholders together and answering the ROI question with a successful POC, we are removing the bottlenecks for AI adoption for banks and financial institutions in all segments.

**What are some of the AI use cases that your team is working on?**

Since its launch in January this year, the FinGeniusAI team has been actively working with multiple banks and credit unions to build POCs. Some of the use cases are very niche to the banking industry, such as intelligent payment routing, AI-enabled payment enrichment with auto-repair and ATM cash forecasting.

We are bringing the capabilities of generative AI into banking with use cases such as document analysis and contextual search for information libraries.

**Beyond AI, what are the other trends that are going to change the banking and payments landscape?**

AI is definitely the most exciting trend right now for any industry. Other trends that will make a significant impact on how businesses or customers pay and receive money are open banking and embedded finance. [Real-time payments](#) have been a major success. With FedNow, we are witnessing higher adoption rates.

Also, there are small shifts that are going to make big waves in the industry, such as ISO 20022. The last date for migrating to the ISO 20022 standard is fast approaching. This shift is going to improve data exchange between entities and make domestic and [cross-border transactions](#) faster and more convenient.

**“Innovation is the only way to survive in this competitive market. Since our inception, innovation has been our way of approaching a problem and suggesting a tangible solution to our clients.”**

Praveen TM, Opus Technologies

**How is Opus contributing to the adoption of these other trends?**

With our deep understanding of the industry and the challenges that banks and financial institutions face, [Opus has launched the Paysemble platform](#). It's a suite of accelerators that aim to simplify technology adoption, migration and integration. With Paysemble, our aim is to offer a simplified set of workflows, data models and user interfaces that ensure rapid development and deployment.

We have achieved this by integrating three different layers into the Paysemble platform – message translator, workflow

orchestrator and interface module. These layers are configurable to support a multitude of use cases, such as integration of real-time payments, retail payments, cross-border transactions and [ISO 20022 migration](#).

The preset workflows are configured to ensure smooth data exchange, compliance and security for a given use case. Built on cloud and microservices architecture, Paysemble can be easily plugged into the existing IT infrastructure for faster solution delivery.

**How do you ensure that your team is ready to take on innovation in an ever-evolving financial landscape?**

Technology is evolving at a fast pace, and the industry is moving along with it. Innovation is the only way to survive in this competitive market. Since our inception, innovation has been our way of approaching a problem and suggesting a tangible solution to our clients.

We continue to learn and grow. A lot of learning comes from our constant and in-depth interactions with customers. As their strategic technology partner, we brainstorm with them and leverage our expertise to formulate a solution.

We also collaborate with industry leaders in emerging technologies. These collaborations give us a deep understanding of the underlying frameworks that could be translated into solutions for the banking and payments industry.

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# What you're really embedding when you embed financial products

By Leda Glyptis



Embedded finance has been 'de rigueur' as a topic for a few years now.

Or so I thought...

Because I have been speaking at industry events and in boardrooms about it 'by popular demand' for the last... let's call it three to four years.

Talking about how open finance regulation meets BaaS aspirations... how regulatory directional shifts and accelerating technology maturity and adoption mean a whole new world is opening up before us...

It has been exciting, heady stuff... talking about this. And doing this, actually. Building a BaaS platform was part of the day job not so long ago.

It is really exciting stuff... *for me.*

But the reality is, it's been all the rage for a very small group... fintech and banking geeks have been the only ones excited about this until recently.

When I tried explaining all this to my sister, her reaction was, "What? Like Uber? We've had that for a while, how is that new?"

"What's the big deal? Who cares?"

Talk about bursting my bubble.

She's not wrong, though. From a consumer perspective, the excitement we experience on our side of the fence is just not there.

From an industry perspective, though... it's a different story. Especially if you take the reports that every consulting firm is throwing our way these days, businesses care too. Especially as, apparently, the embedded finance opportunity was sized at \$58 billion in 2022 and is expected to exceed \$730 billion by 2032.

Some reports put that number above \$1 trillion for the same timeframe.

If those numbers sound made up, by the way, it's because they are. They take things happening today and size them... stretch them... add a sprinkle of optimism for steady growth and hey presto. We have a trillion-dollar prize on our hands.

The reality behind the figures is more complicated, of course.

The embedded finance opportunity is huge, don't get me wrong, but it's not all net new money. So, if you are going after this market because the prize seems worth the effort... working out who you are stealing market share from is not insignificant. Because it may be yourself.

"The opportunity is to stop talking to ourselves and do what firms are increasingly doing: reach out to the real world and say, 'Hey... wanna play?'"

Leda Glyptis

That number looks very different if you are a new player coming into the fray than if you are an existing provider trying to defend your position from yet another drastic change.

So how real is this opportunity space? How big? And for whom?

Because while us banking and payment geeks have been getting super excited speaking largely to ourselves, we have awkwardly danced around not one but two elephants in the room.

The first is that although this opportunity is huge – and very much here – to paraphrase William Gibson, it isn't evenly distributed.

So, who is this a huge opportunity for? And who is it a headache for?

Because my personal view is that, for a legacy organisation, one that has been happily offering all the services that are currently in the process of being embedded – be it payments, revolving credit, unsecured loans, FX or insurance – for that organisation, embedding services is an overhead.

It's a fractional business opportunity requiring considerable capital expenditure and operating cost increases.

That cost will vary depending on the age of your existing tech estate and the size of the uplift needed to participate.

Whatever it is, whether it's whopping migrate-away-from-your-mainframe strategies or slight extensions to your open banking compliance, if you were in business before this became possible, you need to do some work to be ready... and

more importantly, some of that juicy multi-billion dollar 'opportunity' the consultants are flagging is your existing customer base. That's your current business they are declaring open season on.

So, the opportunity for you, in this case, is defensive.

Valuable.

Yet.

Not quite as exciting.

If you are a provider designed for the unevenly distributed future – for instance, the present – then the uplift is not a concern. This cannibalisation is not a concern. And the opportunity is huge.

And the opportunity is to stop talking to ourselves and do what firms are increasingly doing: reach out to the real world and say, "Hey... wanna play?"

Because there is some potentially very exciting stuff here for non-financial services providers to play with. Stuff that gives value to their shareholders and the customers.

And the advantage is that you don't need to understand card issuing to offer a branded, blended loyalty credit card to your customers loaded with offerings that go beyond a competitive APR.

You need to know your customers and find a partner who is good at the geeky stuff. I would suggest that the embedded finance capability currently available in the market is way more mature than the available use cases suggest.

The use cases are *boring*.

Remember the first time you heard about Uber or Klarna and went, "Wait... What?" The use cases we have seen since embedded finance became possible are the opposite of that.

They are dull.

They have lacked creativity.

So, getting the real economy engaged in thinking through the art of the possible is a case of 'about time'.

But make no mistake: although the opportunity is universal, the playing field is *not* even, because the ability to execute is not equal among all players. A combination of legacy constraints, leadership constraints and imagination deficits makes it all a rather unfair race.

So, if you are entering this space bursting with ideas, you should double down on the unfair advantage of picking a partner that is sea-worthy and ready.

# FinTech Futures Banking Tech Insights

Panel discussion & networking event  
11 July 2024  
London

Join us for an exclusive half-day event revolving around building a modern tech stack at a financial institution.

Explore crucial components such as back-office core banking systems, the growing importance of composability and other core modernisation innovations, and the evolving landscape of Banking-as-a-Service (BaaS) and embedded finance.

Register your interest here

Incumbent banks don't have that option, by the way, because for better or worse, they are lumbered with *themselves*, so they need to make some hard decisions about opportunity size, opportunity cost and speed of execution constraints. It is possible. But it is harder.

For consumer brands entering this arena, it's a different story. They can pick partners that don't slow them down. And it's an almighty advantage to leave untapped.

If you can avoid the people talking to themselves, dodging the proverbial elephant in the room we just discussed... why wouldn't you?

Plus... there was a second elephant in that room. And we all need to be mindful of that.

If the first elephant is the fact that this shiny toy isn't equally accessible to all when it comes to service providers, the second elephant is that this shiny toy may be dangerously accessible to all when it comes to consumers.

Everyone knows that when you get into an Uber you will pay a fare.

Many have learned the hard way that your express checkout for Amazon is exactly that, and although you thought you had a bit more time to make up your mind fully, you are now the proud owner of 12 flamingo-shaped martini glasses. Next time, you will know.

But about half (46%) of the young people (aged between 18 and 34) in the UK are unaware that they can get into debt using BNPL products... and they are further unaware that a BNPL instrument is very, very similar to an unsecured loan, albeit not regulated the same way.

This research was quoted in *This is Money* in March 2024 by the way, in case you were hoping you could ignore it as 'early teething problems'.

Now, for the avoidance of doubt, I don't think this is a BNPL problem. It is a financial literacy problem. Which is an everyone problem, because if we are embedding financial products, we are essentially embedding financial choice.

Are the triggers for that choice clearly understood? Are the options and implications clearly understood?

If we are going to go down the inevitable embedded route, what

"An embedded world is one of high levels of cooperation and trust. Between providers and their partners... and between providers and their customers."

Leda Glyptis

assumptions are we making about people's financial literacy? About what people know about the products and choices we are now making frictionless?

And knowing that nobody read the terms and conditions of their loan before embedded finance made it fast and easy to click 'agree' without a second thought, what is our ability and responsibility to educate? And *how* do we do that?

Is it increased friction? Making the moment of choice clearer? Or is it more sweeping financial education?

People learn fast in the digital era, by the way.

When it first launched, US POS financing company Affirm found that people were freaked out by how quickly it would approve financing. So used were consumers to their bank mulling decisions over for months that an instant decision on a loan for that surfboard you always wanted felt too good to be true.

So, the Affirm team added an egg timer and a pop-up window that said 'processing

your application' or whatever. It didn't do anything. It was a total placebo.

But it worked.

It gave comfort.

But – and this is the important thing here – within a few months it was no longer needed. The learning and trust curve of the consumers for the new service had been completed. They could absolutely believe it was real and quick. The egg timer was scrapped.

The lesson here is that people learn fast.

So, teaching them *is* a realistic option.

And I would argue, if we are going to embed choices of some complexity, teaching them as to what those options are... what the choices they are making are and the alternatives available to them... is a duty.

An embedded world is one of high levels of cooperation and trust. Between providers and their partners... and between providers and their customers.

We have the tech to work wonders.

An embedded world is an interconnected and interdependent world. It is a world where trust is essential and needs to be constantly renewed. And as we go through working through the exciting new use cases and the art of the possible... as we try to take the likes of my sister away from the space of 'this isn't new to me' to a space of 'hey, that's cool', we have a duty to keep the conversation ever-widening, sparing the folks who don't care about the excruciating detail but never assuming that the foundational trust of our partners or consumers can ever be glossed over in the small print.

Because in embedded finance, trust is not just a parameter... it is the whole ball game.

Because in embedded finance, trust is not just a parameter... it is the whole ball game.

#LedaWrites



Leda Glyptis is *FinTech Futures'* resident thought provocateur – she leads, writes on, lives and breathes transformation and digital disruption. She is a recovering banker, lapsed academic and long-term resident of the banking ecosystem. She is also a published author – her first book, *Bankers Like Us: Dispatches from an Industry in Transition*, is available to order now.

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

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

# The Asian CBDC is ready to bloom

By Cameron Emanuel-Burns, reporter, FinTech Futures

As some parts of the world continue to deliberate the feasibility and consequences of adopting central bank digital currencies (CBDCs), 2023 witnessed Asia surge ahead of the pack in terms of development and implementation. What has motivated Asian nations to take the lead in the global pursuit of CBDCs and how is the region accomplishing its goals?

## GLOBAL CBDC SUMMARY

CBDCs fall into two categories: retail and wholesale. Retail CBDCs are accessible by members of the public, whereas wholesale CBDCs are only accessible for use by a select group of financial institutions, primarily for the settlement of interbank and securities transactions.

In recent years, the CBDC landscape has shifted rapidly, with the Bank for International Settlements (BIS) reporting that 93% of central banks are actively involved in CBDC development. Countries are launching pilots and forging partnerships to determine the viability and potential impacts of adopting this new form of currency.

But we are still in the infancy of CBDC adoption. At the time of writing, only the Bahamas, Jamaica and Nigeria have a fully live CBDC in operation, all of which are retail.

Nations such as the US and UK are lagging in the CBDC race. Just last month, Jerome Powell, chairman of the US Federal Reserve, was quoted as saying that the Fed is “nowhere near recommending, let alone adopting” a CBDC, while the Bank of England and HM Treasury say “no final decision has been made to pursue a digital pound” in the UK, adding that “work will continue during the design phase exploring its feasibility and potential design choices”.

Meanwhile, it’s in Asia where we’re seeing some of the most significant leaps forward in CBDC development.

Described as resembling “100 flowers blooming” by Nicholas Soo, head of payment products, global payments solutions, Asia Pacific at HSBC in comments made to *FinTech Futures*, the Asian CBDC sector is poised to flourish.

Let’s examine some notable instances of CBDC advancements in Asia.

## Hong Kong

Hong Kong is leading the way in the wholesale CBDC sector, ranking first in PwC’s global wholesale CBDC index for 2023. Currently, Hong Kong is engaged in several pilot projects, including mBridge, Ensemble and Sela. Most notable is Project mBridge, which is exploring a multi-CBDC common platform for cross-border payments. This initiative has facilitated over 160 payment and foreign exchange transactions totalling around \$22 million.

The project stands as one of the first pilots to effectively settle real-value cross-border transactions for corporate entities and is evidence of regulators across the region collaborating – with 20 banks across four jurisdictions participating in the scheme.

## Singapore

Singapore, one of eight nations to state it started a CBDC pilot in 2023, is ranked third in both PwC’s wholesale and retail CBDC indexes.

The Monetary Authority of Singapore (MAS) has previously said that there is “no pressing need” for a retail CBDC in the country. This is in line with the interpretation of HSBC’s Nicholas Soo, who says the “use case for a retail CBDC is not as apparent” as its wholesale counterpart.

However, in 2022, MAS launched *Project Orchid*, which delved into the potential applications of a purpose-bound digital Singapore dollar (SGD) and the necessary supporting tech. While not a CBDC trial per se, it represents MAS’s exploration into the infrastructure required to facilitate digital currency transactions in the future.

MAS’s chief fintech officer, Sopnendu Mohanty, notes that “wholesale digital currencies offer efficiency gains across a broad spectrum of cross-border use cases”, underscoring the extensive exploration by the Singapore central bank in this area.

In late 2022, the financial institution unveiled its Ubin+ project, which builds upon the foundations established with the original scheme (Project Ubin 2016-2020), aimed at enhancing the country’s capacity to utilise digital currency-based infrastructure for cross-border transactions.

## India

According to PwC, India leads the way in CBDC adoption thanks to its work on the digital rupee. In contrast to the preceding examples, which have primarily focused on wholesale projects, India has taken a different approach.

While also implementing a wholesale scheme of its own, the country has made significant strides with its pilot for a retail CBDC, known as the digital rupee (or e₹), launched by the Reserve Bank of India (RBI) in December 2022. India’s government believes that a retail CBDC will foster financial inclusion and advance the nation towards a cashless economy.

Throughout 2023, the RBI expanded its retail CBDC initiatives, uncovering numerous relevant use cases such as interoperability with UPI and offline capabilities. There is an anticipation that the country will issue a fully operational retail CBDC in 2024.

## WHY IS CBDC ADOPTION A PRIORITY FOR ASIAN COUNTRIES?

Asian nations are emerging at the top of the most recent indexes for CBDC development, so what factors could be driving the push for CBDC usage in the continent?

### Promoting financial inclusion

For developing nations in Asia, such as Cambodia, Laos and Myanmar, CBDCs serve as a “beacon of hope” for enhancing financial inclusion, according to the authors of the paper Asian CBDCs on the rise: An in-depth analysis of developments and implications in the *Journal for Quantitative Finance and Economics*.

This is a result of new digital currencies enabling peer-to-peer transactions among individuals without requiring traditional bank accounts or internet connectivity.

Additionally, the paper suggests that a retail CBDC in the region could help promote inclusion by offering affordable payment alternatives.

### Combating US dollar hegemony

Asian markets are recognising the potential of CBDCs to reduce reliance on the US dollar in bilateral transactions. As outlined in *The Diplomat*, numerous emerging markets in Asia struggle with weak currencies, particularly when it comes to engaging in international trade or obtaining corporate or government debt.

Typically, these markets are compelled to conduct trade and borrowing transactions in US dollars, which can be detrimental when repaying debts in dollars with a depreciated currency. CBDCs offer these countries the ability to settle debts by directly transferring digital currencies, therefore circumventing the use of dollars.

### Safeguarding financial integrity

For emerging Asian economies, CBDCs offer the potential to decrease expenses linked

with physical cash and coin management.

By reducing dependence on paper currency, CBDCs will save states from costs related to distribution, issuance, printing, and storage. Furthermore, they present the opportunity to mitigate financial crime and counterfeiting risks, thereby safeguarding the financial integrity of these developing economies.

India serves as a prime example of this, as in 2016, the government demonetised two banknotes, which accounted for 86% of all currency in circulation, as part of an initiative to combat financial crime and undeclared wealth.

## CONCLUDING THOUGHTS

It’s clear that the adoption of a CBDC, whether retail or wholesale, holds many advantages for countries in the region. These include fostering financial inclusion and innovating cross-border payments.

However, the quick implementation of any new digital currency carries inherent risks, including cybersecurity threats, the growing need to enhance public digital literacy and the intrinsic vulnerabilities of technological infrastructures.

Moreover, as Soo warns: “While interest in CBDCs is growing, so is the risk of fragmentation.” Although banks and regulators have been seen to work together in various pilot schemes, they each have different motives for experimenting with this new form of cash.

Soo says the race we are witnessing in Asia is creating a “widening range of technologies and standards”, adding that countries and financial institutions must continue to cooperate while keeping “interoperability in mind”.

When attempting to forecast the future of CBDCs in Asia, only time will tell. If executed successfully, both the established and burgeoning economies within the region stand to gain from the advantages ushered in by tokenisation and CBDCs.

# Plastic and dollars

By Dave Wallace

The theme of this year's Earth Day, which took place on 22 April, was 'planet vs plastics', with Earthday.org, the NGO behind Earth Day, demanding a 60% reduction in the production of all plastics by 2040 and advocating for widespread awareness of the health risks they pose.

I am a strong supporter of this movement. When I was a child, I lived in Fiji, which was a beautiful place for a ten-year-old. It felt like paradise to me. We used to spend most of our free time snorkelling on the magnificent virgin reefs that surround the islands. I vividly remember that there was no plastic pollution at all. The coral reefs were unspoiled by plastic water bottles, bags or straws.

Now, 40 years later, you would be hard-pressed to visit anywhere untaunted by plastic.

Plastic's impact goes beyond an aesthetic problem. It also hurts nature through entanglement, ingestion and chemical pollution. The long-term effects of the latter are poorly understood, but plastics often contain harmful chemicals that can leach into the water and can be absorbed by marine organisms. Over time, these chemicals accumulate in the food chain, a process known as

bioaccumulation, affecting not just individual species but

entire ecosystems. They can even find their way into humans when we eat seafood.

So how in one generation have we got ourselves into a situation where very soon there will be more plastic in the ocean than fish?

Let's start at the beginning.

In 1855, Alexander Parkes invented Parkesine (later known as celluloid), the first semi-synthetic plastic derived from cellulose. In 1907, Leo Baekeland invented Bakelite, the first fully synthetic plastic made from phenol and formaldehyde. Bakelite was revolutionary: durable, heat-resistant and perfect for mass production. During the Second World War, plastic production soared due to wartime needs. But it wasn't until the 1950s that production kicked up a gear, and plastics became an integral component of mass consumerisation.

Plastic is integral to our lives, touching almost every aspect.

## CAN YOU IMAGINE A PLASTIC-FREE WORLD?

Plastic is essential to modern society. In many ways, it is a force for good, with whole societies developing and transforming because of its incredible properties. But like many things in life, its strengths are also its weaknesses.

It is a primary driver of consumerism, with corporations profiting and creating shareholder value because of what it has enabled. This has come at a cost. It is tough to get rid of it, so nature is being devastated by plastic pollution.

Sure, there have been emergent trends, such as recycling and the ability to trade in plastic waste.

We recycle in our house, but as I read the packaging of our food, I am beginning to realise just how little plastic is truly recyclable. Only around 9% of all plastics ever produced have been recycled. Much of our plastic waste ends up in far-flung places worldwide, leading to catastrophic environmental degradation on an incredible scale.

According to Tony Worby, chief scientist for the Minderoo Foundation (which campaigns for plastic-free oceans), we

are far from peak plastic. In fact, the forecasted growth in plastic is alarming, with projections indicating plastic waste is on track to almost triple by 2060.

So, the cynic in me sometimes wonders if recycling is a classic case of sand-throwing, and we're all too busy blinking to see how little difference recycling makes. I urge you to read the packaging of the products you buy and see what it says. Sadly, you will realise just how little is genuinely recyclable.

Plastic has developed its own life and narrative, and the punchline could be better. We will face a plastic future until companies limit or even abandon

its use for consumer activities. But that means enormous sacrifices for all of us. But it also requires regulation.

## SOUND FAMILIAR?

The need for regulation is one of the many similarities the plastics industry shares with the world of finance. There are many more. Both have brought about significant changes that have fast-tracked us through societal transformation. While plastics have enabled and driven consumerism, they have also

enabled global trade, longer shelf lives and so on. Banking technology has brought us closer to our money, providing more choice and globalising our connection to money – bigger, faster, better.

And like plastics, banks have the potential to pollute. Banks and the technology platforms they rely on are massive users of energy and water. As technology gets more embedded and intelligent, so will the energy requirements for both. Now is the time to make every effort to minimise the environmental impact. Now is the time for the industry to ensure it does not become a significant environmental threat.

The planet has to have a seat. Now is a great time to educate yourself about the effect technology choices can have on the world and make changes.

[Eric Zie](#), in his book *Decarbonise Digital: Facts, Methods, Actions*, has a decarbonisation framework that includes everything from sustainable software engineering to green design, rationalising the amount of hardware and using only the people needed. Following this framework can make a real difference in energy and water consumption and help businesses lower their carbon footprint.

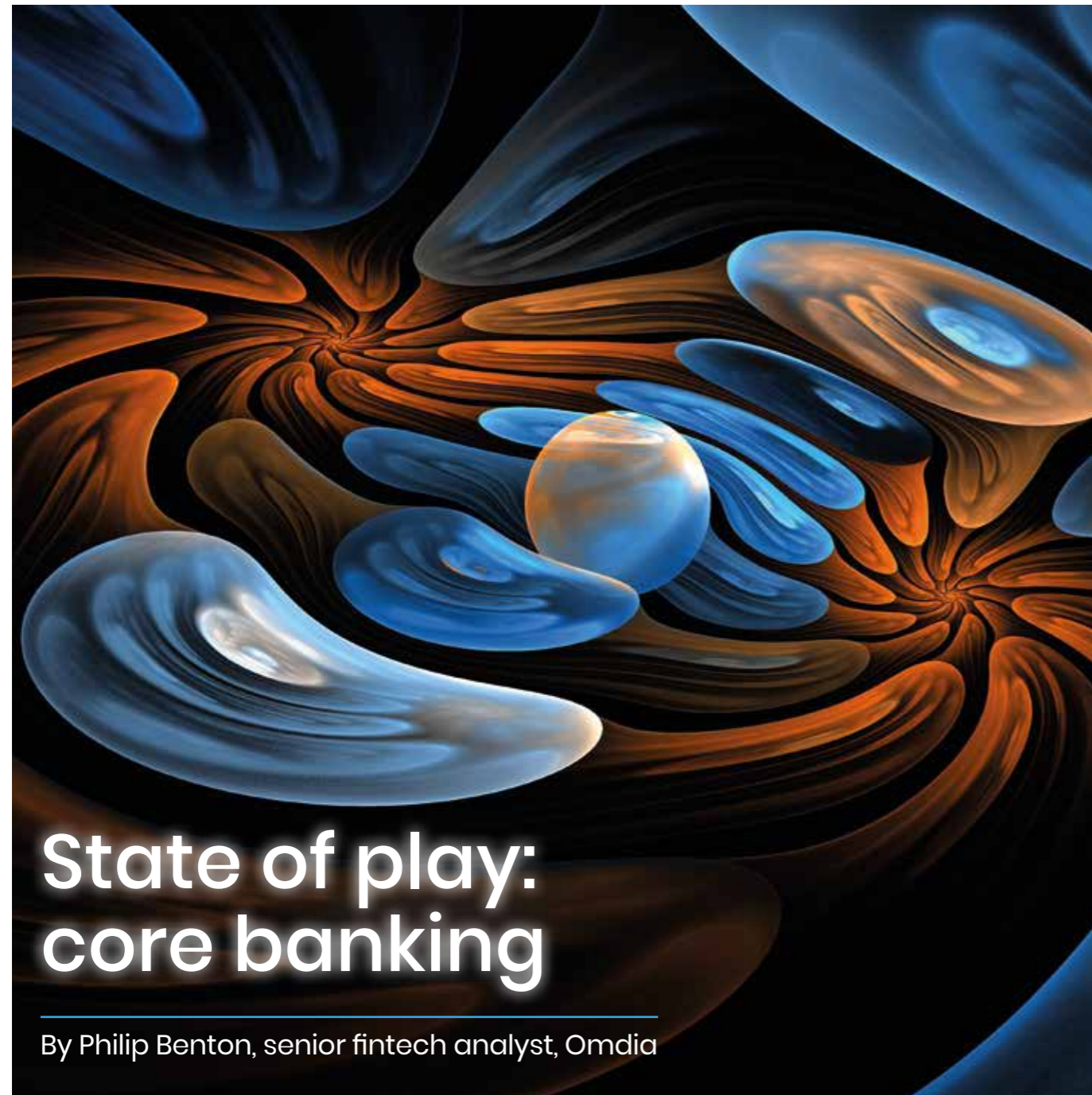
Banking technology has the scale to make a real difference should it choose to. And it must.

We must ensure that banking technology follows a more planet-friendly path than plastic.



**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 [X @davejwallace](#) and listen to the [Demystify](#) podcast he co-hosts.



# State of play: core banking

By Philip Benton, senior fintech analyst, Omdia

This issue, I'm stepping on the toes of fellow *FinTech Futures* columnist Dharmesh Mistry, who covers core banking in detail for his column and podcast.

To define core banking, Dharmesh uses Acronym Finder's definition of "centralised online real-time exchange" and explains core banking technology as "Software that manages accounts – be that your current account, deposit or loans. Each time money is taken out, core banking debits

your account, and when money is put in, a credit is applied."

I would go one step further and add that core banking is a backend system that financial institutions use to fully manage customers' operations by centralising all required components and is the fundamental system of record for customer information.

Core banking systems are often described as the 'single source of truth' for

banks, but the problem is that banks have ended up, over time, with multiple core systems across their product lines (deposits, loans, mortgages and so on), and there is no longer a 'single' source of truth.

## LEGACY CORE BANKING SYSTEMS ARE NO LONGER FIT FOR PURPOSE

Many banks have been reluctant to modernise their core banking infrastructure because of complexity, cost

and risk. When they've had to comply with new regulatory changes or support some enhancement of their existing services, they have usually just updated and patched their existing system, making sacrifices, taking shortcuts or using workarounds to meet delivery deadlines and budget constraints.

These sacrifices eventually mount up and cause a technical debt within their core banking infrastructure, hampering their ability not only to innovate and respond to dynamic market requirements, but also to efficiently deliver services and accommodate volume increases because of their aging technology.

According to Omdia's Retail Banking Survey, more than 64% of banks' global technology budget is spent on maintaining existing legacy technology and just 36% is allocated to either growing or transforming their technology. In the same survey, banks indicated they are most worried about 'customer management', with 45% listing it as one of their top three business concerns.

However, there is a desire among banks to invest in core banking infrastructure, with 38% of respondents indicating that the leading factor in their decision to upgrade their core banking system is to 'create a consolidated customer view'. This is highlighted in the chart below.

## CLOUD INFRASTRUCTURE IS A BIG FACTOR IN BANKS RECOGNISING THE URGENT NEED TO UPGRADE

The shift to cloud-based applications across financial services has been swift, especially in core banking. These upgraded core systems have seen a number of new cloud-native digital banks emerge. This has forced incumbent banks to accelerate plans to upgrade their core banking systems. According to Omdia's

Banking Software Contract Analytics (BSCA), core banking was the most common primary system selected for upgrade during 2023, accounting for 187 deals, representing 28% of overall banking contract activity.

The first generation of core banking systems was generally only used by incumbent financial institutions with complex needs, whereas today, core banking systems need to cater to both the simpler needs of neobanks and the more complex requirements of larger institutions.

Over the past five years, we have seen a new generation of core banking systems emerge, which have been built leveraging cloud-native functionality, open-source languages and modern coding standards to enable continuous integration and continuous deployment and, ultimately, accelerate the ease and speed of bringing new products to the market.

The architecture of these platforms is microservices-led and event-driven to enable financial institutions to embrace a

"The industry is shifting to SaaS and cloud-native models, which can facilitate innovation while simultaneously removing obstacles to integration with the wider fintech ecosystem."

Philip Benton, Omdia

new world of composable banking. Composable banking is about giving the bank the freedom to deploy modules independently, without vendor lock-in, and easily integrate multiple external systems driven through APIs.

## 'BIG BANG' MIGRATIONS ARE NO LONGER THE NORM, LOWERING MARKET ENTRY FOR NEW VENDORS

Last year, Omdia published a [comprehensive report](#) that evaluates both the new and legacy vendors that provide cloud-based core banking platforms. Our research findings show that the "big bang" approach of migrating completely to a new platform is no longer the norm, with many banks opting to adopt a phased "side car" migration by moving specific products or locations. This latter approach can take longer, requiring ongoing testing and rollout of new capabilities, but is considered less risky.

Some of the newer vendors to enter the cloud-based core banking market (Thought Machine, 10x, Pismo and so on) have taken the approach of enabling composable banking through a "thin core", whereby they provide a narrower set of functionalities but make it easier to integrate broader capabilities through a wider partner ecosystem of niche solution providers.

This approach is viable as long as the vendor is able to provide a "golden" source of truth whereby data is easily shareable across the banking group, and the core banking solution can provide real-time transaction processing, settlement and performance at scale.

The vendor landscape is constantly evolving, with providers aiming to strengthen their position through M&A activity, fundraising or partnerships to capitalise on the expected growth in demand for modern core banking

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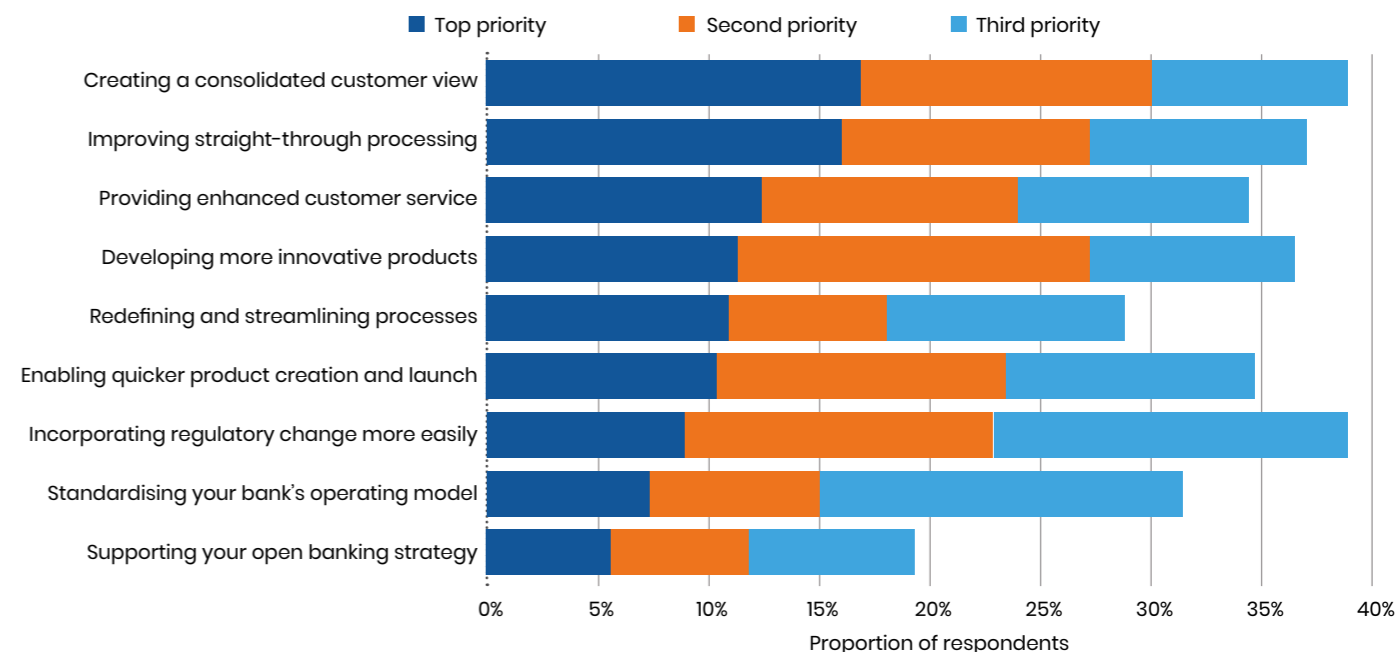


To find out more, talk to:

Sam Hutton  
 Head of Sales  
 sam.hutton@fintechfutures.com  
 +44 208 052 0434

Kate Stevenson  
 Business Development Manager  
 kate.stevenson@fintechfutures.com  
 +44 782 593 0099

### Top three drivers for IT investment in core banking



Sample size: 337  
 Question: What are the top three drivers for IT investment in core banking systems in your organisation? Vertical: Retail banking. Primary business line: All. Country: All. Enterprise size: All. Source: Omdia

platforms. [Fiserv acquired Finxact](#) in 2022 in order to accelerate the modernisation efforts of its clients and prospects and appeal to a broader client base. In January 2024, Visa completed its [acquisition of Pismo](#), which will expand the vendor's global footprint.

A growing number of banks are also investing in core banking vendors as they look to shape the overall direction of core banking software and innovation. Some banks have even spun out their core banking technology as a new division to sell to other banks, including Engine by Starling and XYB by Monese.

#### CORE BANKING REQUIRES CONTINUAL UPGRADES WITH SAAS INCREASINGLY IN DEMAND

Demanding customer expectations, growing competition from fintechs and increasing regulatory pressures (stemming from areas such as data privacy and open banking) will continue to play a part in the transformation of financial services. Despite macroeconomic

uncertainty and cost-cutting pressures, investment in technology will continue to be the utmost priority for the industry, with banks looking to increase their IT spending with a focus on core banking systems. As such, the industry is now shifting to Software-as-a-Service (SaaS) and cloud-native models, which can facilitate innovation while simultaneously removing obstacles to integration with the wider fintech ecosystem.

Many banks remain wary of embarking on transforming their core banking system due to fear of the significant time and investment required before generating a return. However, many vendors look to overcome this obstacle by supporting a "side car" approach, thereby enabling the new core to run parallel to the existing core by migrating certain products, locations, customers or lines of business.

However, every bank's needs are different, and so a one-size-fits-all approach will not be suitable for all. Banks should assess their existing capabilities,

customer needs and operational risk and, in relation to market trends, select the vendor and platform most relevant to their business and technical goals.

For all financial institutions, one of the biggest challenges is keeping pace with constant change. To capitalise on new opportunities and be ready for the unexpected, banks need to have systems in place to support a flexible and agile approach to product development that allows for speed-to-market, with core banking being 'core' to it all.



Philip Benton is a principal fintech analyst at Omdia and writes analysis on the issues driving technological change in financial services. Follow him on [LinkedIn](#) and X ([@bentonfintech](#))

# The real cost of cloud banking

By Dharmesh Mistry

In theory, economies of scale mean lower cost. This is the theory behind cloud adoption, too.

However, lower costs in the cloud are not realised by simply moving existing software to the cloud, as too many banks are finding out. Some are now even looking to move back on premise.

As I have mentioned [in previous articles](#), you have to design your products for the cloud. Simply putting your old software in a container and deploying to the cloud will not yield huge savings unless you are closing down data centres at the same time. And even then, the gains will be marginalised.

However, cloud platform providers are after all, like any other business, here to sell you as much as possible. First, they make it really easy and inexpensive for you to play with new technology. A click of some options and a few lines of code and hey presto, your solution now has AI built in. And all it cost you was the developers' time, maybe half a day, right?

Wrong. The cost is in using this software, not developing with it. For each service, there are a number of parameters. From a developer's standpoint, they are simply tasked to get something working. Billing is somebody else's issue, right? Wrong again. When it comes to costs based on resources, processors, memory and storage, this has to be a combination of technical and business/finance. However, as I have previously found out, these decisions are not easy for either side.

I remember when I worked at a bank developing Windows applications to run on 286/386 Intel PCs with 2MB of memory. We could still run five to six applications. Then along came Visual Basic, which

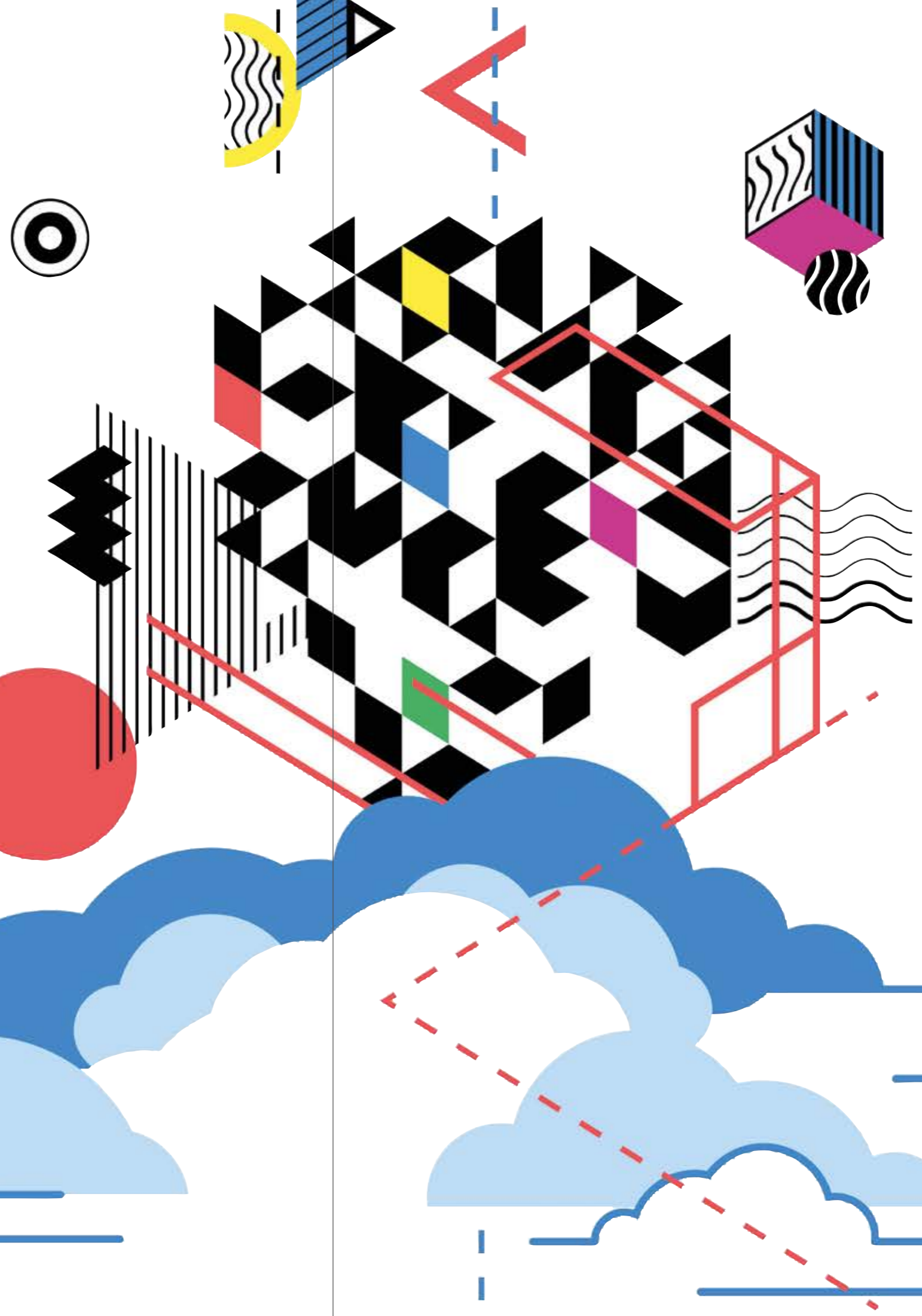
made it much faster to write our Windows apps but required us to upgrade all our 40,000 PCs with more memory.

Although compute and memory costs have come down and capacities have gone up over the years, the fact is an inefficient piece of software will still cost you more today than a well-designed, optimised one. Before it was a simple case of running your software and checking how much memory you were using. With cloud, the pricing may be transparent, but the options available and cost calculation are much more complex.

Such is the complexity involved with cloud costs that many banks bring in specialists to help them optimise their spend. In fact, it's not only banks, but banking software providers too. Cloud cost optimisation is a fine art that requires time and expertise to fully understand.

It would be easy to blame developers, but I've never seen business requirements that state that applications should minimise their memory use or use the least expensive type of storage.

I've been in the position of 'the business' needing to make decisions



on requirements for storage options, and these decisions aren't easy, even for someone with a technical background. In defence of cloud providers, their pricing is transparent. However, it could be argued that some provide too many options and encourage developers to utilise too many components. All of this has led to the creation of 'FinOps', which essentially is the combination of financial management and cloud engineering/operations teams to reduce costs.

This issue, I'm just saying that simply moving old software to the cloud will not necessarily save you much money. Even writing software for the cloud may not save you money, unless you make smart decisions upfront and really design for optimum cost efficiency as well as other technical requirements (scale, security, performance and so on).

In the meantime, it's worth getting cloud cost optimisation experts in who can tell you how many millions your company could save.



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

From the very first internet and mobile banking apps to artificial intelligence (AI) and virtual reality (VR). He has been on both sides of the fence and he's not afraid to share his opinions.

He is an entrepreneur, investor and mentor in proptech and fintech. Follow Dharmesh on [X @dharmeshmistry](#) and listen to the [Demystify](#) podcast he co-hosts with [Dave Wallace](#).

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## FINTECH FUNDING ROUND-UP

UK fintech **Wagestream** has landed a fresh **£17.5 million** investment as it looks to build out its financial benefits platform for low and middle-income earners.

The round includes funding from the fintech's existing investor Northzone – which also contributed to its \$175 million Series C in 2022 – as well as new investors Lombard Odier Investment Managers and British Business Bank subsidiary British Patient Capital.

Wagestream's platform allows employers to offer their workforce access to an interactive payslip, enabling employees to "choose when they get paid, save directly from their pay, save money on bills and get free debt advice".

Currently live across 1,000 employers in the US, UK and Spain – including Asda, Burger King, Bupa, Hilton and the NHS – the start-up claims a penetration rate of three million employees, with a primary demographic of shift and frontline workers.

With its latest round of funding, Wagestream says it will now seek to expand its offering to create a "complete financial platform". It will add new services in the course of this year, such as a credit-builder card for those with unfavourable credit scores, shopping discounts to counter inflationary pressures, loans and an AI-powered financial advice coach.

Last year, it acquired Keebo, a London-based credit card fintech.



Wealthtech start-up **Midas** has secured **\$45 million** in equity funding to expand its product portfolio. The Series A was led by Toronto-based VC Portage, with participation from Earlybird Digital East Fund, International Finance Corporation, Spark Capital and Revo Capital (which previously participated in Midas' \$11 million seed round in 2022).

The new funding will enable Midas, which hit profitability for the first time last year, to introduce three new product offerings: mutual funds, savings accounts and crypto trading.

Established in 2020, Midas endeavours to fill a perceived gap in the market for first-time investors in Turkey who are interested in investing in US stocks, with its stock brokerage app currently serving two million users.

**Ramp** has raised **\$150 million** in a Series D-2 funding round at an increased valuation of \$7.65 billion.

The funding round was co-led by Founders Fund and Khosla Ventures with additional backing from new investors Greylock, Sequoia Capital and 8VC.

Additionally, the Series D-2 also featured participation from Ramp's existing investors, including Contrary Capital, Definition Capital, D1 Capital Partners, Iconiq Capital, Thrive Capital, General Catalyst, Sands Capital, Lux Capital and more.

The fintech says the new investment, which adds to the \$300 million it raised in its Series D round in August 2023 at a valuation of \$5.8 billion, will be used to "triple down" on product development.

Founded in 2019 and headquartered in New York, US, Ramp provides a finance automation platform for businesses that combines corporate cards, bill payments, accounting automation, expense and vendor management, and more.

Earlier this year, it acquired Venue, a US-based procurement fintech.

**Pomelo** has raised **\$35 million** in a Series A equity funding round while also securing an additional \$75 million for its warehouse facility. The round was supported by Vy Capital and existing backers A\* Capital and Founders Fund.

This latest cash injection brings the San Francisco-based start-up's total funds raised to date to \$55 million in equity capital and \$125 million for its warehouse facility, adding to the \$70 million raised as part of a seed funding round in 2022, which comprised of \$20 million in venture capital and a \$50 million credit facility.

Founded in 2020, Pomelo claims to be the "first consumer fintech to enable international money movement with consumer credit", with its platform offering a remittance service that allows immigrants to send money instantly with either a secured or unsecured credit line.

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**Fortis Digital Solutions** has secured **\$20 million** in a Series A round led by Opportunity Venture (Asia), to be used for international expansion across the MENA region.

Founded in 2022, Fortis provides a POS and CRM solution that helps SMEs to manage their order processing and implement loyalty programmes. The start-up claims to serve over eight million customers.



**Flatpay**, a Copenhagen-based paytech, has secured **€45 million** in a Series B funding round. This adds to last year's €15 million Series A.

The investment round was led by Dawn Capital, which claims to be Europe's largest specialist B2B software investor, alongside participation from Seed Capital Denmark and other backers.

The paytech, which is now valued at over €100 million and operates in Denmark, Finland and Germany, plans to expand into new markets across Europe.

Since 2022, Flatpay has sought to simplify card payments for SMEs by offering POS and card terminal hardware with no subscription or set-up fees.

**Finmid** has emerged from stealth backed by **€35 million** in early-stage equity funding. The round was led by VC Blossom Capital and was supported by existing investors Earlybird and N26 founder Max Tayenthal.

Founded in 2021, Berlin-based Finmid provides financial infrastructure to enable B2B platforms to offer their SME customers, such as restaurants or retailers, access to tailored financing support.

It positions itself as "a much-needed alternative to banks for European SMBs looking for financing support".

Fintech heavyweight **Stripe** has raised **\$694.2 million** in the tender offer. Earlier this year, the company revealed it had "signed agreements with investors to provide liquidity to current and former Stripe employees through a tender offer", with the deal valuing the company at \$65 billion.

This marked a 30% increase on the \$50 billion valuation it achieved last year when the firm raised more than \$6.5 billion in funding from investors. Stripe also acquired fellow San Francisco-headquartered fintech Okay last year.

The news comes as speculation continues to swirl about the possibility of a Stripe IPO in the near future, but the company has yet to confirm any plans for potentially going public.



Canadian 'Credit-Card-as-a-Service' fintech **Brim Financial** has bagged **\$85 million** in a Series C funding round led by EDC Investments.

The round also featured participation from Vistara Growth alongside returning investors Epic Ventures, Zions Bank and White Owl Group.

Founded in 2015, Toronto-based Brim Financial provides embedded banking and finance solutions, personal and business credit cards, payment solutions and customer engagement and analytics tools.

The company plans to use the money for its US expansion as well as forging new "strategic alliances" and hiring more staff.

Brim raised \$25 million in a Series B round in 2021.



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!](#)



# Tune in to the Dave & Dharm Demystify podcast

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## MOVERS AND SHAKERS



Jean-Pierre Brulard

**Temenos**, a core banking software heavyweight, has concluded its extended search for a new CEO with the appointment of **Jean-Pierre Brulard**.

Brulard moves from VMware, where he spent 14 years in various leadership roles, most recently as EVP, worldwide sales. VMware was acquired by Broadcom last year.

Prior to VMware, Brulard was SVP and general manager, EMEA at Business Objects (a European software company acquired by SAP in 2007) for eight years. He also previously held roles at Sun Microsystems and IBM and served as a board member of TalentSoft in France.

**Andreas Andreades**, a long-standing executive at Temenos, will retire after 25 years of service, including 11 years as executive chairman and taking on the role of CEO in January 2023 following the resignation of Max Chuard – a 20-year Temenos veteran and its CEO for four years – while the permanent replacement search was underway.

**Zafin**, a Canada-based provider of SaaS core modernisation solutions for banks and credit unions, has appointed **Charbel Safadi** as its new CEO, following his five-month stint as Zafin's group president (and a year before that as president).

Company founder **Al Karim Somji** has stepped down from his CEO role after more than two decades. He will remain a member of Zafin's board of directors.

Prior to Zafin, Safadi ascended through the ranks at tech giant IBM, where he most recently held the role of senior partner and business transformation services leader for IBM Canada. He was also chief technology officer (CTO) for IBM iX, a digital experience consultancy and design studio.

The leadership transition follows Zafin's acquisition by Swedish private equity firm Nordic Capital earlier this year.

B2B payments platform **Nium** has named former Bank of America exec **Alexandra Johnson** as its first chief payments officer (CPO).

Johnson previously served as the head of new product development and innovation at Bank of America. Prior to that, she held the position of executive director at JP Morgan Chase,

overseeing global FX product go-to-market, commercialisation and partnerships.

Launched in 2016, with HQs in Singapore and San Francisco, US, Nium provides global payment and card issuance solutions to financial institutions worldwide.

**Thomas Beck**, co-CEO of Swiss core banking software provider **Avaloq**, has stepped down following a three-year tenure in the role and twelve years with the company.

The vendor's other co-CEO, Martin Greweldinger, has assumed the position of sole group CEO. He's been at Avaloq since 2019.

The pair became co-CEOs of the company in April 2021 following the departure of former CEO Juerg Hunziker. Before their promotions, Greweldinger acted as CPO, while Beck was Avaloq's CTO and group chief service delivery officer.

US-based **Santander Bank** has appointed former Goldman Sachs exec **Swati Bhatia** as its new head of retail banking and transformation. At Goldman Sachs, before her most recent role as advisory director, Bhatia led the bank's digital offering Marcus during its merger into Goldman Sachs' wider asset and wealth management division in 2022.

She also counts business payments giant Stripe, PayPal and US-based bank Capital One among her previous employers.

**Gigs**, a Telecom-as-a-Service (TaaS) platform in the US, has named **Rishi Sachdeva** as its new head of fintech, overseeing the start-up's fintech strategy and expansion, with a focus on "key partnerships". He succeeds the role from Rafael Plantier, who will now act as Gigs' head of go-to-market.

Sachdeva was previously head of GTM partnerships and business development for six years at paytech heavyweight Stripe. He also acted as head of developer partnerships and platform product at Betable.

Founded in 2020, California-based Gigs enables financial institutions to offer mobile and data plans alongside credit or debit cards, claiming to be the world's first TaaS platform.

UK-based **myPOS** has appointed **Mario Shiliashki** as its new CEO and a member of the board of directors. Shiliashki brings nearly three decades of industry expertise, having held roles at industry giants such as Goldman Sachs, PayPal and Mastercard. He was also CEO of Dutch paytech PayU Global Payments and served as an independent director at Swedish biometrics firm Fingerprint Cards and UK-based Crown Agents Bank.

Founded in 2012, myPOS offers merchants payment processing solutions. It has 500 employees and serves more than 200,000 enterprises across 30 European countries.

For more news on appointments in the industry, head to the [Movers and Shakers](#) section of the [FinTech Futures](#) website.



**“SPRING FEVER”**

Cartoon by Ian Foley

In the last couple of months, we have seen Sam Altman on a trip to the Middle East trying to raise \$7 trillion to reshape the computer chip industry to support AI applications, while Saudi Arabia is planning to launch a \$40 billion venture fund focused on AI.

Meanwhile, Y Combinator, the Palo Alto-based accelerator, saw over-subscribed interest from VCs in their latest cohort, of which 50% of the start-ups were working with AI.

The question is, how much of this capital will see return from the billions invested? A useful guide is to review other

technology waves and see what was successful during their evolutionary journey.

While the application layer (for example, ChatGPT) dominates the spotlight, the picks and shovels are critical aspects of infrastructure investments that have consistently delivered higher overall returns.

These are the enablers that support and facilitate the growth of applications, which in other technology waves were cloud infrastructure providers, cybersecurity firms and data analytics companies.

Perhaps this time the laws of gravity will change and over-investment will match rising demand – but don’t bet on it.

**EDITORIAL**  
 Managing Director & Editor-in-Chief  
**Tanya.Andreasyan@fintechfutures.com**  
 Editor  
**Paul.Hindle@fintechfutures.com**  
 Reporters  
**Tyler.Pathe@fintechfutures.com**  
**Cameron.Emanuel-Burns@fintechfutures.com**

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

**MARKETING**  
 Head of Marketing  
**Rebecca.Nolan@fintechfutures.com**  
 Marketing Manager  
**Robert.Mitchell@fintechfutures.com**

**PRINTER**  
 Hobbs the Printers Ltd, Hampshire, UK

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

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Get in touch with our team:

Sam Hutton  
 Head of Sales  
 sam.hutton@fintechfutures.com  
 +44 208 052 0434

Kate Stevenson  
 Business Development Manager  
 kate.stevenson@fintechfutures.com  
 +44 782 593 0099



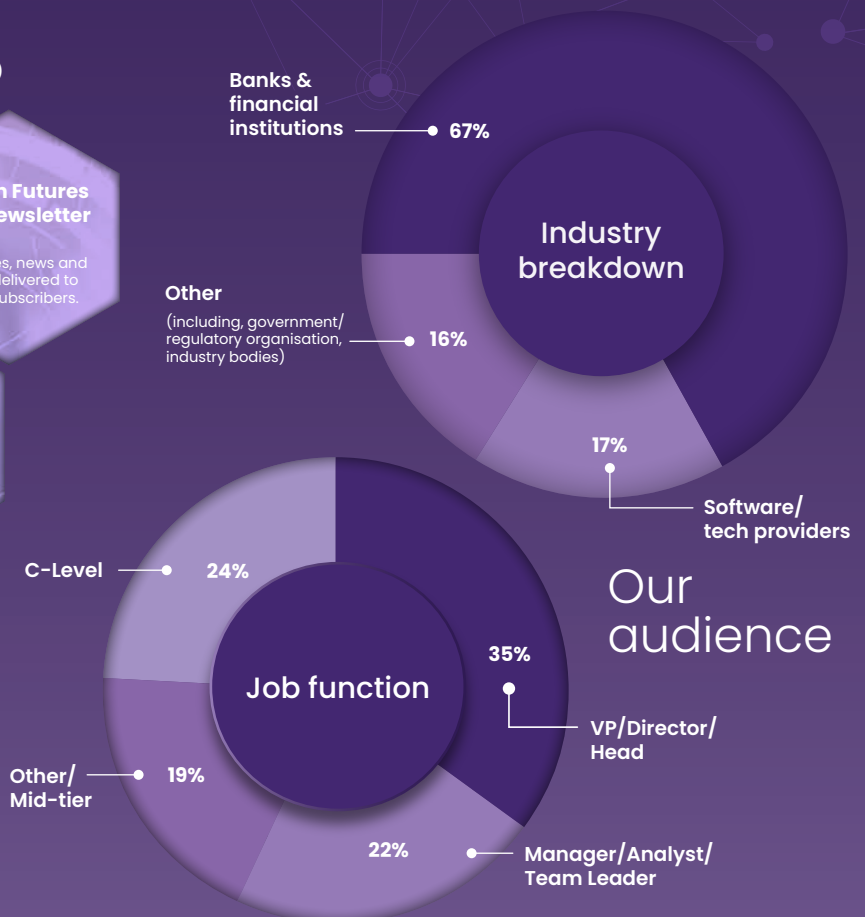
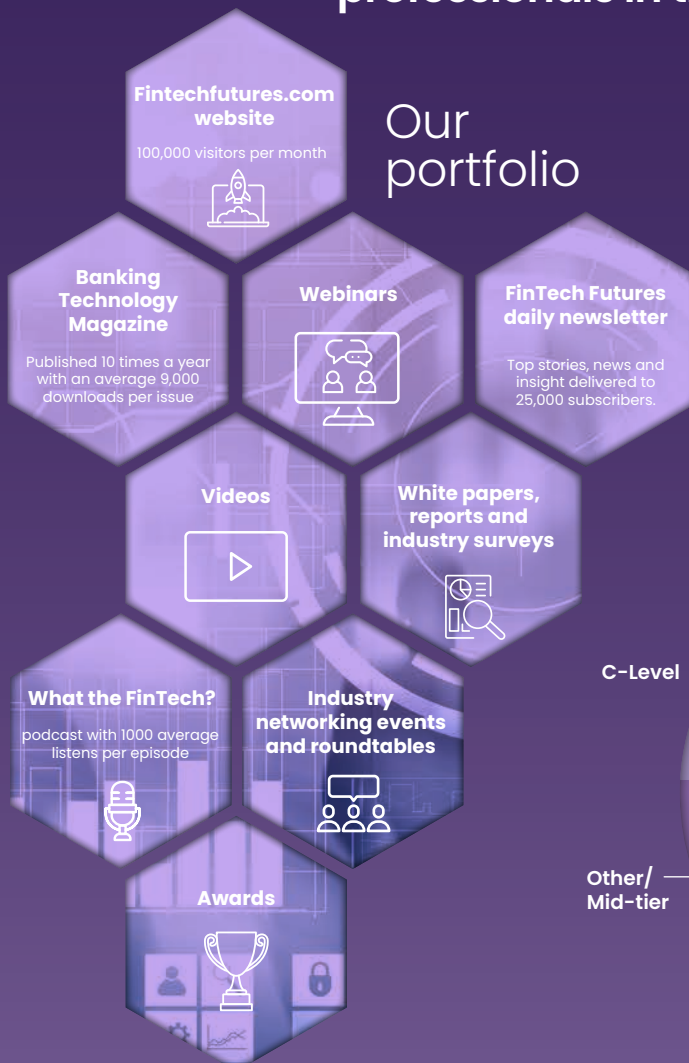
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Sam Hutton  
Head of Sales  
sam.hutton@fintechfutures.com  
+44 208 052 0434

Kate Stevenson  
Business Development Manager  
kate.stevenson@fintechfutures.com  
+44 782 593 0099