



banking technology

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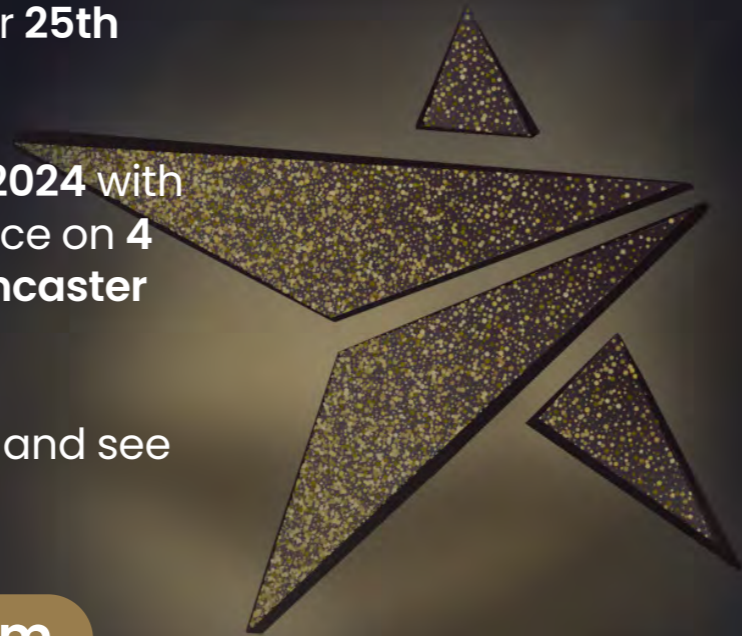
We're excited to announce that the **Banking Tech Awards** will return for 2024.

This year will be our biggest awards ever as we will be celebrating our **25th anniversary!**

Nominations will open in **spring 2024** with the awards ceremony taking place on **4 December, 2024** at the **Royal Lancaster Hotel, London.**

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

bankingtechawards.com



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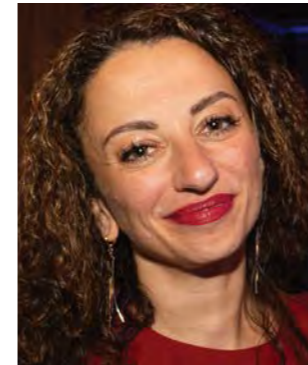
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EDITOR'S NOTE



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

Welcome to the February edition of *Banking Technology*, now in its 41st year of existence and going from strength to strength!

The same, it seems, cannot be said for the banking and fintech industry at the moment – as 2024 has started with mass layoff announcements. From the incumbents like Citigroup to the challengers like Brex the workforce trim is in thousands of people (see p7 for more details).

There have also been news of tech firms throwing in the towel. UK-based Paysme, a financial services app for small businesses founded in 2010, has closed down. Founder and CEO Derek Stewart attributed it to the challenges during and post Covid.

It is joined by another UK hopeful, Kikapay. Established in 2018, it operated an open banking payments platform.

In Ireland, PFS Card Services Ireland Ltd (PCSIL) is being liquidated as its business is “no

longer commercially viable and sustainable”. Its parent, Australian paytech EML Payments, claims PCSIL, the pre-paid card provider it acquired in 2019, would burn a \$13.1 million hole in its pocket during FY24 if the business continued to operate in its current form.

In India, buy now, pay later (BNPL) start-up ZestMoney has gone to DMI Group in a fire sale. Once valued at \$450 million, with backers such as Goldman Sachs and Ribbit Capital, it was reported to be on the brink of collapse in December. Reports suggested the potential buyer, Indian payments giant PhonePe, abandoned the deal after due diligence checks. This was followed by the departure of all three original founders of the company.

And the year has just begun... Be sure to check our [online news](#) (and sign up for our [free daily newsletter](#)) for the latest trials and tribulations – but also success stories! – of the fintech sector.

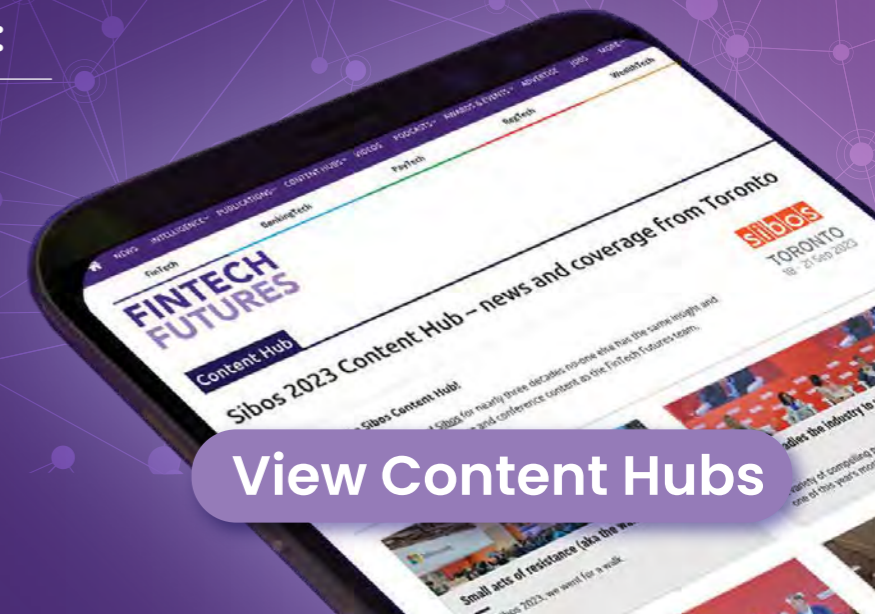
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NEWS ROUND-UP

Société Générale seeks new buyer for neobank Shine



Société Générale is reportedly considering selling Shine, the neobank for freelancers and small businesses it acquired in mid-2020.

Launched in 2018, Shine initially provided business accounts and debit cards to freelancers, sole traders and small businesses, powered by Société Générale's Banking-as-a-Service (BaaS) subsidiary Treezor.

Société Générale described the acquisition as a "step further in our open banking strategy". Since then, it claims to have doubled Shine's customer and employee headcount while also tripling its revenues.

However, it seems it's now looking to shed Shine in a bid to cut costs following a wider downturn in France's retail and online banking market.

Last year, French telecommunications giant Orange Group announced plans to offload its retail banking arm, Orange Bank, and was in negotiations with BNP Paribas to this effect. And La Banque Postale said it would shutter its mobile bank offering, Ma French Bank, having "not attained profitability nor achieved financial success".

Commerzbank and Global Payments in SME paytech joint venture

Commerzbank has partnered with US paytech firm Global Payments to launch a new joint venture to provide digital payment solutions to SMEs in Germany.

Ownership of the joint venture will be split 51% to 49% between the paytech and bank respectively, with the new entity, Commerz Globalpay, expected to launch in H1 2024 based out of Frankfurt.

Commerz Globalpay's solutions will include mobile-based payment acceptance, card terminals, e-commerce tools, cloud-based point of sale (POS) software, customer loyalty programmes and a customer engagement and analytics platform.

Objectway enters North American wealthtech market

Italian banking, asset and wealth management software provider Objectway has acquired Toronto-based wealthtech provider Nest Wealth, for an undisclosed sum. The acquisition will see Objectway take ownership of Nest Wealth's onboarding, account opening and financial planning offerings built for banks, custodians and asset managers.

It will also take charge of the wealthtech's client portfolio, which includes wealth management firms Raymond James and Manulife Securities, and half of Canada's six largest banks, including National Bank of Canada and National Bank Independent Network.

JP Morgan Chase-owned WePay offboards business clients

JP Morgan Chase-owned online payment service provider WePay has reportedly offboarded a number of long-standing business clients.

The US banking heavyweight bought WePay back in October 2017 in a \$400 million deal, with the company set to serve as its payments innovation incubator in Silicon Valley.

In the years since, it has worked to integrate the paytech's capabilities into its payments suite, including its digital onboarding and progressive onboarding features, with the latter enabling the bank to evaluate the risk of individual payment transactions at scale.

However, the reports suggest that although JP Morgan Chase made the acquisition to enhance its chances of competing with the likes of Stripe in the business payments processing space, it has more recently shown a stronger interest in cutting costs at the paytech, and that some of the business clients it has now offboarded have ended up switching to its biggest competitors.

A JP Morgan Chase spokesperson tells *FinTech Futures* that the bank is currently supporting two acquiring platforms in market, including WePay, with the goal of eventually migrating to a single platform: "But that hasn't happened and won't anytime soon."

US largest credit union, NFCU, taps Oracle for tech overhaul



Navy Federal Credit Union (NFCU), the largest retail credit union in the US, has tapped Oracle for its cloud and account servicing technology. As part of the agreement, the credit union will leverage four different Oracle solutions to further enhance automation and operational efficiency.

Among the solutions to be provided is Oracle Banking Account Cloud, which the vendor touts as a "hyperscale accounts platform" capable of optimising account management and operation with the ability to process more than 300 transactions per second.

The credit union is also adopting Oracle's enterprise resource planning and human capital management systems, hosted on the Oracle cloud. NFCU says the new technology will enable it to "deliver secure, real-time account servicing to

members and increase efficiency to manage its significant growth".

Established in 1933, NFCU provides banking, loan, mortgage and financial wellness services to personnel of the US Department of Defense and Coast Guard, including their families, contractors and veterans. It has over 13 million members and \$168 billion in assets (its total assets are nearly three times that of the second-largest US credit union, State Employees' Credit Union).

Social media platform X to launch P2P payments this year

As part of its master plan to become an "everything app", X has announced its intention to launch peer-to-peer (P2P) payments this year. The launch of the payments service for its business partners will generate "more user utility and new opportunities for commerce", it says.

Elon Musk, who notably co-founded US payments giant PayPal in 1999, previously revealed his ambitions for the platform to venture into the payments space shortly after his acquisition of the company in 2022, including the eventual facilitation of P2P transactions, savings accounts and debit cards.

Since then, its payments subsidiary, X Payments, appears to be actively laying the groundwork for this. It has obtained a money transmitter licence in 14 US states so far, including Arizona, Mississippi, Georgia, Wyoming and Arkansas. The licences enable the platform to process payments and move money within the appointed state.

It also partnered with Israeli social investing platform eToro last year to offer its users access to stocks, cryptocurrencies and other forms of financial assets.

In a post on X, Musk says the platform would add "comprehensive communications and the ability to conduct your entire financial world... in the months to come".

ECB calls for component providers for digital euro

The European Central Bank (ECB) is preparing to spend up to €1.1 billion on outsourcing vendors to help develop its digital euro and has issued five single contract tenders and procurement opportunities for the project.

It is seeking companies that can establish a general fraud detection and prevention mechanism; an app and software development kit (SDK) for payment service providers (PSPs); an offline bearer payment instrument; a secure exchange of payment information (SEPI) component; and an alias look-up component.

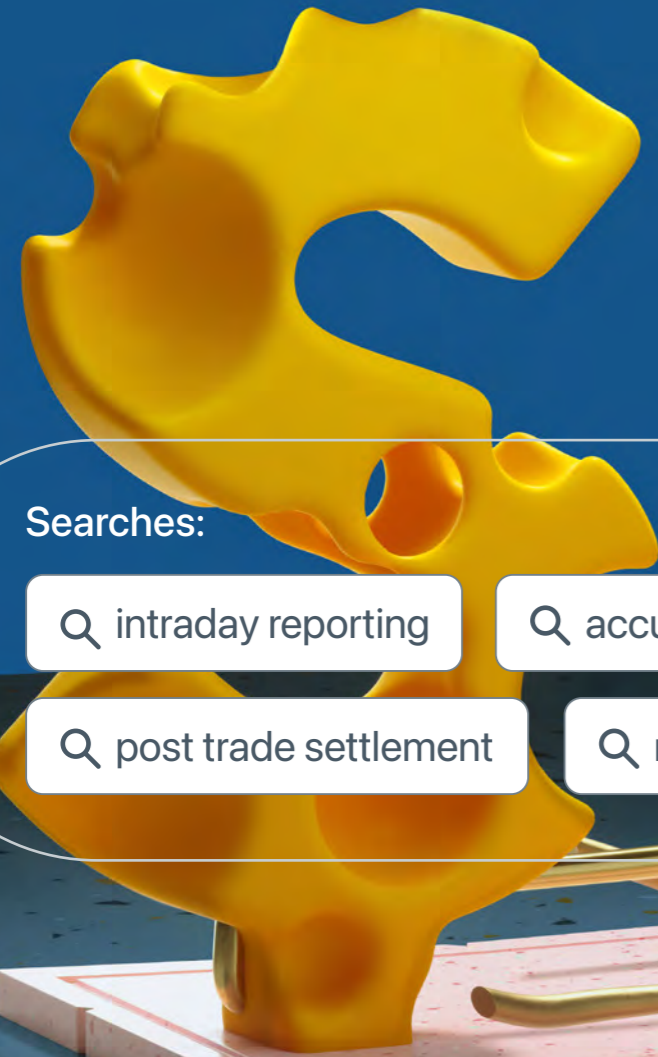
The largest of these framework agreements is that of the offline services component, which carries a maximum value of €662.1 million, while the two smallest contracts pertain to the SEPI and alias look-up components, which both carry a maximum value of €55 million. Each contract is based on a four-year term and is due to begin in early 2025.

In its call for applications, the ECB says: "At this stage, the ECB is not making a commitment to launch any of the development work listed in the calls for applications. The purpose of the selection process is to establish framework agreements with the most suitable external providers to ensure that the Eurosystem is prepared to start developing a digital euro in the future if warranted. No decision to issue a digital euro will be taken until the European Union's legislative process has been completed."



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

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FINTECH FEED

THE NUMBER GAMES

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20,000

jobs to go at Citigroup across some of its business lines by 2026 in a sweeping attempt to streamline its operations following a "disappointing" fourth quarter of 2023, in which the firm reported a \$1.8 billion net loss on revenues of \$17.4 billion

1,000

jobs reportedly on the chopping block – around 10% of the workforce – at Jack Dorsey's payment solutions company, Block, across its Cash App, Square and foundational teams

2,500

jobs to go at PayPal over 2024 – around 9% of its workforce – as the payments firm aims to "right-size the business", with the announcement coming almost exactly a year after it laid off about 2,000 employees

282

jobs to be axed at US-based expense management platform Brex – around 20% of its total headcount – in its latest round of job cuts as part of a company restructure; its founder and co-CEO Pedro Franceschi says that the cuts are as a result of the organisation growing too quickly

500

jobs to be shed by UK asset management firm Abrdn as part of its new "transformation programme" in a bid to streamline operations and bring down costs by "at least £150 million" by the end of 2025

1,600

jobs to be cut by UK's Lloyds Banking Group from its branches – the group claims that more than 21 million of its customers prefer to bank via online or mobile channels, with just 8% exclusively opting for branch-based banking

5,000

jobs axed by Barclays globally over 2023 as part of its "ongoing efficiency programme" that aims to "simplify and reshape the business, improve service, and deliver higher returns"; the most impacted were the support function, Barclays Execution Services 'BX' and the Barclays UK Chief Operating Officer function

€53.1m

net profit in 2023 reported by Dutch digital challenger bank Bunq – its first full year of profitability; it has also applied for an electronic money institution (EMI) licence in the UK

£30.5m

loss over 2022 reported by the UK and European banking service provider Monese; it hopes to secure fresh funding

£57.4m

fine issued by the UK's Prudential Regulation Authority (PRA) to HSBC for historic consumer deposit protection failures



THEY SAID IT...

"In a world that often clings to the familiar, the courage to be authentically radical becomes the catalyst for meaningful and sustainable transformation."

Richard Jeffreys, founder of CX ALL

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

TRENDING

Crypto investment leads the decline as fintech funding continues to drop

By Tyler Pathe and Shruti Khairnar, reporters, FinTech Futures

Despite being home to nearly 10% of the world's fintech community, the UK has experienced a significant drop in fintech funding activity for the second year in a row, according to two new reports.

Although it accommodates a healthy start-up ecosystem for fintechs in terms of talent, service concentration and forward-thinking legislation, a new geo annual report from Tracxn says the UK nonetheless endured a 63% decline in the total amount of funding raised by fintechs in 2023, with latest figures standing at \$4.2 billion.

It is a far cry from the \$11.2 billion raised in 2022, and marks a 70% drop in the amount of funds raised in 2021.

The report attributes this downturn to decreased activity in both late-stage and early-stage investments. Late-stage funding accounted for \$2.7 billion of the total raised last year, down 60% YoY, while early-stage funding tumbled 68% to \$1.2 billion.

Despite the drop in funding however, the report still identifies the UK as the second most-funded market behind the US.

ROUND QUANTITY DECREASES

Having evaluated the decrease in funding round totals, Tracxn also addresses how the quantity of these

rounds has taken a similar downturn. The report indicates that between 2022 and 2023, the number of funding rounds for UK fintechs decreased 42%, from 418 to 241 respectively.

Furthermore, only nine rounds throughout the entire year managed to raise \$100 million or more, compared with 25 such rounds the year previous.

Those to achieve this feat include lender Abound's \$602 million raise in March and data and analytics software company Quantexa's \$129 million raise the following month.

TOP SEGMENTS FOR FUNDING

The report identifies banking technology, cryptocurrencies and alternative lending as the three top performing industry segments last year by way of funding.

Yet despite their industry prominence, all three segments failed to attract the same level of funding as experienced in previous years.

According to the data, the largest YoY decrease was met by the cryptocurrency sector, with the \$1.9 billion investment it was able to attract in 2022 tumbling 54% to \$866 million last year.

Banking technology's poor

performance trails closely behind, with a 53% YoY drop from \$1.9 billion to \$880 million, while the alternative lending sector endures a slightly shallower decline of 42% from \$1.5 billion to \$865 million.

THE PLACE TO BE

The report also analyses where most of this investment landed. Perhaps unsurprisingly, London-based fintechs managed to attract the largest investments for the fifth year in a row.

With 81% of the country's total funding to its name, London enjoyed fintech investments totalling \$3.5 billion in 2023, followed by the \$150 million received by Colchester in Essex, and the \$122 million received by Blyth in Northumberland.

The English capital's consistency in being able to attract high levels of investment makes it now the second-largest globally funded city in this industry, after San Francisco in the US.

This status as been accelerated by the efforts of the UK government

to better accommodate the needs of the fintech sector, most notably through its FinTech for Gov initiative set out in March, which encourages the use of the technology within its own financial departments.

Elsewhere, it has also worked to establish a centre of excellence in a bid to cultivate sector-wide collaboration, opportunities and public awareness.

GLOBAL OUTLOOK

Meanwhile, data from UK industry body Innovate Finance suggests the total global investment flowing into fintech reached \$51.2 billion in 2023, a 48% drop from the previous year's figure of \$99 billion.

The number of funding deals also considerably shrank, with capital being spread across a total of 3,973 deals compared to 6,397 deals seen in 2022.

The US retains the top spot for the most fintech funding received by a huge margin, bringing in \$24 billion across 1,530 deals, followed by the UK in second place at \$5.1 billion and India in third with \$2.5 billion.

The UK's \$5.1 billion worth of funding in 2023 was spread across 409 deals, compared to \$14.6 billion across 592 deals the previous year, reflecting a 65% drop from 2022.

Innovate Finance notes that this decrease in funding was in line with many other top fintech markets, including the US, which saw a 44% drop from 2022. One exception to this trend was the UAE, which recorded a whopping 92% rise in investments compared to 2022.

In the UK, female-led fintech companies attracted \$536 million in 2023 across 59 deals, Innovate Finance says, representing 10.5% of the country's total funding.

The industry body also notes that "the UK received more investment in fintech than the next 28 European countries combined" over the year.

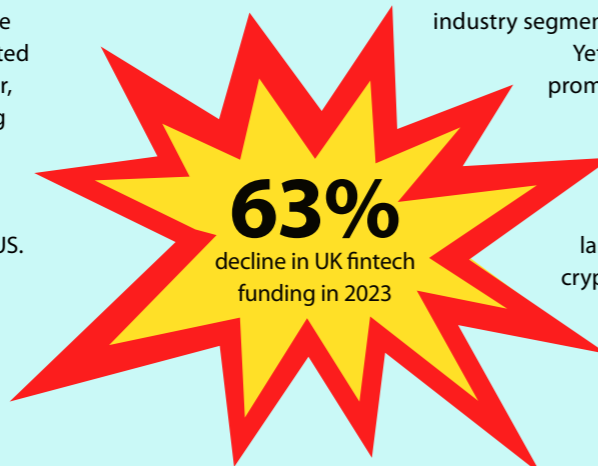
"While economic headwinds presented a significant challenge for fintechs globally in 2023, it is encouraging to see how the UK fintech sector has shown great resilience by maintaining its position as a global hub for investment, second in the world behind only the US, and maintaining the leading position in Europe," comments Janine Hirt, CEO of Innovate Finance.

Hirt adds that the data shows a "clear opportunity" for UK fintechs to strengthen their foothold in Asia markets – which notably saw "more combined investment than their European counterparts".

"We remain confident the momentum of high-profile deals we saw in Q4 will continue well into 2024, as we anticipate a boost to the wider market," Hirt adds.

Innovate Finance compiled and summarised its report using data from PitchBook as of 31 December 2023.

Turn to page 27 for more fintech funding news



The world in unions

By Leda Glyptis

I have historically worked with very large banks. Some of the largest banks in the world were my employers. The rest (or near enough) were my clients. If I had a bingo card featuring every huge bank, ticking off the ones I have worked for or with, I would be winning.

Exactly *what* I would be winning is a moot point, but the point I am trying to make is: I know big banks. I understand their challenges and I know their habits.

What I hadn't realised is how conditioned I have become to thinking of the world in sizes that suit those challenges and habits.

Budgets. Costs. Employee base. Shares of wallet and market penetration.

What success or failure looks like for those organisations is... big. A few thousand or even tens of thousands of dollars here and there is a rounding error for these places. One that, from an accounting perspective, you need to log, but I recall my boss once determining that delayed interest claims of under a couple of thousand dollars were not worth sending a collections team after. These were institutional clients making us millions elsewhere. The cost of the team ringing around to settle a missed interest payment of a few hundred bucks? Not worth it, he said.

It was worth it to the collections team, incidentally.

The team were all like, "If he doesn't want the money, can I go after it and, if I get it, keep it? Because \$2,000 is nothing to this bank, but it's a lot to me, thank you very much."

If you have worked with a big bank, you will recognise this.

And you will also understand what I mean when I say that, the first time I spoke to a credit union serving 500 members, my brain didn't know what to do with that information.

It had never occurred to me that, when we speak of community-centred service,

we actually meant it to such an extent.

Credit unions are not all small, and if you live in Canada, the US or Ireland, you are used to credit unions that rival mid-sized banks in size and reach. They are still community-centred. They still service specific communities such as firemen or service personnel, police or nurses. Or local communities.

Regardless of their size, they will most probably know your name when you walk in and ask after your parents or your child.

And some of them, in the UK at least, can occasionally be very, very small. But no less effective for it.

So... you have 500 members... I asked the CEO of one such credit union trying to wrap my head around the mechanics of it... the mathematics of it, frankly.

500 members... that's not a lot, considering that credit unions aren't really deposit-takers from a balance sheet perspective. They take deposits, of course, that's how you become a member. But they don't give interest, and although you can get dividends (and do... so go join a credit union), they don't work their balance sheet the way a traditional bank does.

As a result, they operate lean and close to the wire pretty often.

So you have 500 members... and you lend to folks who need to make it to the end of the month. Lost shifts...

an unexpected repair... family trouble.

Many mundane things can push you over the edge if you are operating close to it.

So what do you do, I asked, if someone walks in through your door who needs your help and, given your size, you can't help because you have leveraged all your capital already: you have lent it all out to other people who needed it as much?

We borrow from each other, came the answer, without missing a beat.

That is normal to them.

It is not normal to me. Not in the way they do it. Because this isn't a big corporate syndicated loan at an exorbitant interest rate. This is a 'help a brother out' mindset between organisations who share a mission.

And it is common. Very common. For credit unions to help each other help their members.

I had to do a vigorous throat-clearing, *something in my eye, oh it's hot in here routine.*

But I had a tear in my eye, make no mistake.

They borrow

from each other, the credit unions do. To look after those who need help. To protect them from payday lenders and loan sharks. And buy now, pay later (BNPL).

I have been thinking about this conversation a lot during the Christmas period as the airwaves were filled with adverts offering BNPL payment schemes for gifts and festive food, for drinks and toys. Advertising effectively unregulated, unsecured loans like they were free money.

And although the airwaves were also replete with reports on the creeping levels of debt the BNPL epidemic has brought in its wake the world over, somehow the two didn't balance out.

Citizens Advice in the UK has found that more than one in four UK adults (the equivalent of more than 15 million people) are likely to use BNPL to help with festive spending. That rises to 56% if you are a parent of primary school-aged children.

The charity's research also found people are struggling to cover the cost of essentials (such as groceries and bills) and resorting to BNPL to cope with the cost-of-living crisis. Some 11% of

BNPL users in the UK use the product to buy groceries.

Although the government made noises about regulating BNPL in 2021, efforts have stalled, and while life is getting more and more expensive, BNPL becomes the last resort of the desperate, as it does not require affordability checks unlike all other credit options.

The implications are exactly what you are thinking.

One in five users in the UK have missed a payment or incurred late fees in the last 12 months. One in 10 of those were visited by an enforcement agent.

Almost a third of all users borrowed money from elsewhere to meet their payments. So they incurred debt to pay their debt.

In the US, all of the above patterns apply, and yet the situation is even more pressing, as the number of users who carry debt from BNPL usage is more than double the UK number at a whopping 41%.

So, as the new year dawns, I ask you this: What good are our innovations and creative business models if they lock people into debt? What good are our digital riches if we fail to protect those we allegedly do things for?

Another year has started. And as all the predictions said, we will spend a lot of it speaking about GenAI. And that is fine. But we should spend a lot of it speaking about debt, too. And what we are doing with all our knowledge and all our insight to help people for whom the days are hard, even though they are holding down a job and doing everything within their gift to keep their head above water.

We are uniquely placed, my tribe, to influence the application of technology and maturation of regulation. Let's remember that influence and reach and not just speak of the shiny things. Let's support those who need us and the businesses and organisations who support them.

Happy new year, my tribe.

Go out there and do good.

#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.

Time in the slammer

Listeners of our flagship podcast *What the FinTech?* will be all too familiar with our game, "Fintech Jail", where guests submit an industry buzzword to be locked away and banished from the sector.

Below is a list of all of the fintech buzzwords cast into our financial Folsom in season four of the show, as well as those set free by the benevolence of our guests.

Head to our website for a list of season three's jailed terms and to listen to all episodes of the *What the FinTech?* podcast.

EPISODE 1: BANKERS LIKE US

Guest: Leda Glyptis, NED, author and *FinTech Futures* columnist
Buzzword: CHANNELS

EPISODE 2: SPACE BANK AND FINANCIAL INCLUSION

Guest: Nika Kurdiani, deputy CEO at TBC Bank and CEO of Space International
Buzzword: PHYGITAL

EPISODE 3: GENERATIVE AI IN BANKING

Guest: Miguel Navarro, patented inventor and AI/AR specialist
Buzzword: META (as shorthand for metaverse)

EPISODE 7: BANKING TECH AWARDS USA 2023 SPECIAL

Guest: Keith Costello, co-founder, president and CEO of Locality Bank
Buzzword: MACHINE LEARNING

EPISODE 8: THE FUTURE OF OPEN BANKING IN THE UK

Guest: Marion King, chair and trustee of the Open Banking Implementation Entity (OBIE) and non-executive director at Cashflows
Buzzword: UNICORN

EPISODE 14: FINANCIAL VULNERABILITY AND THE CONSUMER DUTY

Guest: Helene Panzarino, director of the Centre of Digital Banking and Finance at the London Institute of Banking and Finance (LIBF)
Buzzword: DISRUPTIVE

EPISODE 15: HOW SCOTLAND IS AIMING TO BECOME A GLOBAL FINTECH HUB

Guest: Nicola Anderson, CEO of FinTech Scotland
Buzzword: COLLABORATION

EPISODE 16: MEETING CUSTOMER NEEDS IN A COST-OF-LIVING CRISIS

Guest: Andrea De Gottardo, CEO of Kroo
Buzzword: TEASER DEAL

EPISODE 17: OPEN BANKING INNOVATION

Guest: Arthur Ribakovs, director of financial partnerships at Ecommpay
Buzzword: STABLECOIN

EPISODE 21: MANAGING CHARGEBACKS AND PAYMENT DISPUTES

Guest: Monica Eaton, founder and CEO of Chargebacks911
Buzzword: CHARGEBACK COMPLIANCE

EPISODE 22: PERSONALISATION IN DIGITAL BANKING

Guest: Olivier Berthier, CEO of Moneythor
Buzzword: HYPER-GROWTH

EPISODE 23: 2023 IN REVIEW

Guest: Dharmesh Mistry, writer, podcaster and banking technology consultant
Buzzword: WALLETS



EPISODE 6: FINTECH FUNDING TRENDS AND THE VC INVESTMENT LANDSCAPE

Guest: Sarah Hinkfuss, partner at Bain Capital Ventures
Buzzword: EMBEDDED FINANCE

EPISODE 9: THE RISE OF BANK PAYMENTS

Guest: Ben Morfoot, director of product management at GoCardless
Buzzword: ALTERNATIVE PAYMENT METHODS

EPISODE 12: BUSINESS BANKING AND THE UK'S 'MISSING MIDDLE'

Guest: Rajesh Gupta, CFO at OakNorth
Buzzword: TRANSFORMATION

EPISODE 13: AI SIMULATION TRAINING IN FINANCIAL SERVICES

Guest: Casey Denby, VP of sales at Zenarate
Buzzword: MACHINE LEARNING

EPISODE 18: POWERING THE FUTURE OF CROSS-BORDER PAYMENTS

Guest: Teresa Cameron, finance director at Clear Junction
Buzzword: CRYPTO

EPISODE 20: SPAC TO THE FUTURE

Guests: Betsy and Daniel Cohen, co-founders of Cohen Circle
Buzzword: EMBEDDED FINANCE



EPISODE 5: LEVELLING UP UK FINTECH

Guest: Charlotte Crosswell, chair of the Centre for Finance, Innovation and Technology (CFIT)
Buzzword: FINTECH

EPISODE 4: THE RISE OF CBDCS

Guest: Nicholas Soo, regional head of payments products Asia at HSBC
Buzzword: NFT

EPISODE 10: COLLABORATION AND TRANSFORMATION

Guest: Simon Boonen, fintech partnership lead at ING
Buzzword: ESG

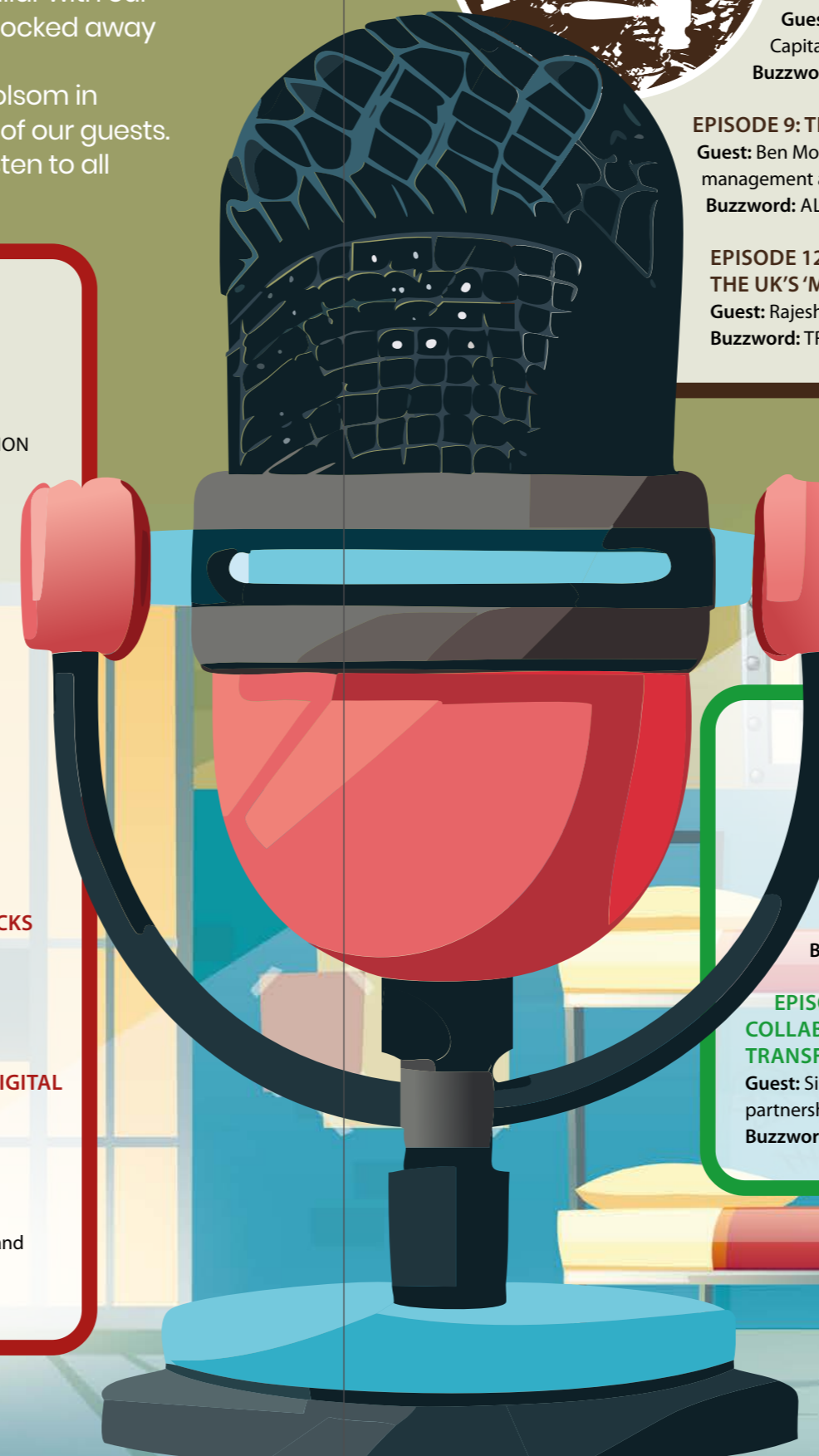
EPISODE 11: BLOCKCHAIN AND THE FUTURE OF CORPORATE ACTIONS PROCESSING

Guest: Whikie Liu, strategy director, capital markets at Swift
Buzzword: FRICTIONLESS



FEATURING A SPECIAL END-OF-YEAR AMNESTY FOR THE FINAL EPISODE OF THE SEASON

Buzzwords: FUNDING and CRYPTO



Finger on the pulse

By Dave Wallace

2023 went by in a flash. So much occurred in those 12 months. And throughout it all, a constant has been how much I have enjoyed writing my thoughts on what has been going on.

Rather than repeat myself and talk about my fintech highlights – which would have included the obvious dominance of generative AI in the news agenda, the loyalty opportunity of embedded banking, the emergence of the ‘core wars’ as new coreless providers enter the BaaS market, and of course Moloch – I thought I would pick two things that have piqued my interest in the last few weeks.

One is pretty standard, and the other is entirely out there, so hold onto your hats. My tongue will be firmly in my cheek!

Let’s start with the standard one. I had the good fortune to visit a data centre last week in a place called Slough. I have wanted to see one first-hand for ages.

Slough is famous for two things: appearing in a poem by John Betjeman (*Come friendly bombs and fall on Slough! It isn’t fit for humans now, there isn’t grass to graze a cow. Swarm over, Death!*) and being the setting for Ricky Gervais’s *The Office*.

Thank goodness the bombs never found their way there, as Slough is now home to a clutch (my idea for the collective noun) of data centres that enable the UK to function.

Data centres are the factories of the 21st century, processing, storing and moving data. Sitting in anonymous business parks in unknown places, they are the underpinning infrastructure of our digital lives. They fascinate me. They represent the human quandary of how we live our lives vs their impact on our planet. We can only function as a modern society with them, yet they are massive energy and water consumers.

I will use a few adjectives to describe what I saw: vast, secure, spotlessly clean, warm, and noisy. The scale I encountered was incredible but apparently, the one I visited was moderately sized.

My tour of the facility enabled me to fully appreciate what happens every time I do something digitally, such as banking on my mobile, watching a movie on Netflix, or taking a photo and storing it on the cloud. A data centre somewhere in the world receives a command, routes it through a mix of public and private networks, sometimes within the data centre or between others (locally, nationally or globally), processes and executes the command, and then shoots a response back to my device. And that’s only part of what is going on.

This requires big and small wires and lots of computers. These computers need electricity to work and water to keep them cool. Most data centre companies are committed to net zero, with many striving for negative carbon footprints. They are now waking up to the cost of water and its impact on geographies, including the UK, which has a water scarcity problem.

I was very impressed with the efforts to minimise both. Data centres are here to stay. But those that own and run them seem determined to do all they can to minimise their impact. I mentioned that the centre I visited was hot. Previously, the whole building would have been cooled. Now they have instigated (in line with best practice) hot and cold aisles, so computers face the cold aisle and suck in cold air, and back onto the warm aisles where the hot air is expelled.

This change has massively reduced the energy usage and, very importantly, the water requirements. I also saw efforts to harness wind for cooling and peered into AC units that recycle the water they use to minimise the requirement for more. Excess heat is a problem, but it is being turned into an opportunity. For instance, the excess heat from several data centres is heating the Paris 2024 Olympic pool.

My challenge to the industry is to think creatively about other sources of water. A big one is sewage treatment outflow water, which is grey and needs

cleaning, but could be a massive source of water, and would help remove water that is currently polluting waterways and impacting river and sea health.

There will be lots more to come from me on data centres in 2024. These factories are not going away. The reality is that we will need more of them as we head into our collective digital future. At the visit, quantum computing, which will require even more water and energy, was mentioned.

“I love the idea that plants intercommunicate and that they use quantum methods to do so. So, could they be trying to communicate with or even control us?”

Dave Wallace

Quantum computing is genuinely fascinating to me, but I find it baffling.

Whenever I try to understand concepts such as superposition, I picture myself as my Labrador who, when I talk to her, looks at me as if to say if only my brain were a bit bigger, I would understand what you are trying to tell me, but I can’t quite grasp it! I have the equivalent of a Labrador brain when it comes to all things quantum.

QUICKENING PULSES

The editorial team at *FinTech Futures* has been so good at letting me write about some bold ideas, and my second thought is genuinely out there and, as I say, my tongue is firmly in my cheek!

Are we being controlled by lentils?

Bear with me!

COP28 is over, and with many people patting each other on the back, I still feel like we are doomed. The signed document calling for the transition away from carbon has more holes in it than Swiss cheese. I was despondent.

That is until I read an interesting article

in the *New Scientist* magazine in which researchers think that lentils communicate with each other using quantum methods. According to the article, there is incontrovertible proof that plants constantly emit “an extremely weak dribble of photons or particles of light”. Some respectable scientists believe they are a subtle form of “lentil communication”. One such scientist is Catalina Curceanu, who is researching the hypothesis that the “pulses between the pulses” may contain quantum signals in the form of communication. This is not quite as outlandish as it may sound.

As far back as 1923, biologist Alexander Gurwitsch found evidence that germinating plants could communicate with each other. The closer the roots of the plants were, the more cell division occurred, demonstrating some form of communication.

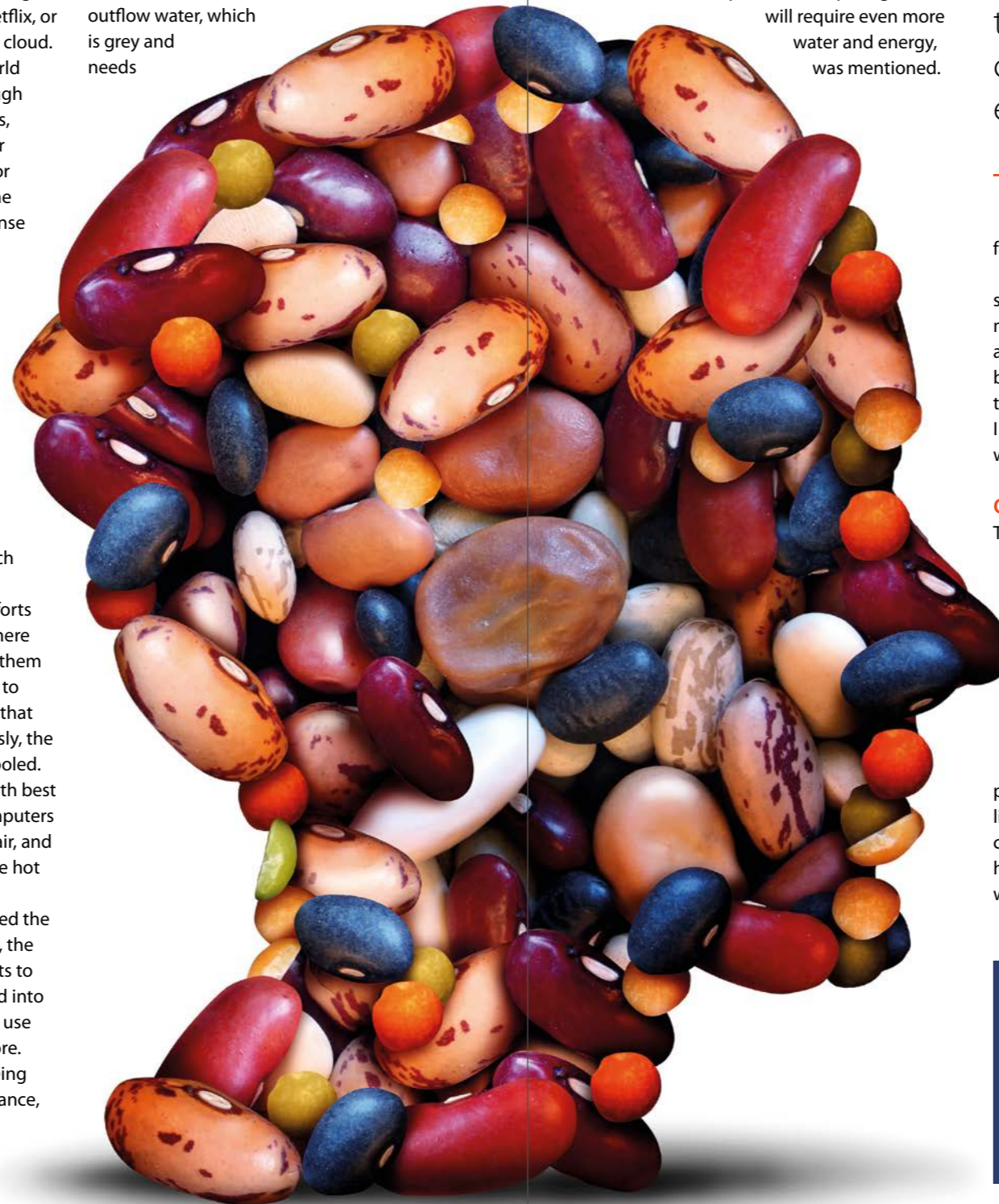
I love the idea that plants intercommunicate and that they use quantum methods to do so. So, could they be trying to communicate with or even control us?

Connecting this back to COP28 and whether lentils control us, here is the big idea. What do plants need to grow? CO₂. Maybe our burning fossil fuels is all part of a dastardly plan by the lentils to get loads of CO₂ into the atmosphere, which, through climate change, will eliminate us as a species, leaving them to inherit a CO₂-enriched world in which to thrive and prosper. Perhaps the COP28 talks were being masterminded by them all along?

Outlandish, I know, but is it any more absurd than the idea that legumes are chatting?

Quantum computing will be a theme for 2024, so again, it is one I will return to because its impact on financial services will be profound.

If only someone could explain it to me in layman’s terms... Hey, ChatGPT!



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.

A 360-DEGREE SOLUTION COVERING THE PRIVATE BANKING AND WEALTH MANAGEMENT VALUE CHAIN



Relationship management
Digital experiences
Multi-asset class investments

The wealth management sector is rapidly evolving; the pace of change in terms of client expectations, service delivery, product offering, breadth of services and digitisation is breathtaking. Covid-19 was transformative for the industry, accelerating changes that were already in play, such as a digitised offering to allow for an omni-opti channel approach.

It accelerated the need to provide a tailored and personalised offering to meet individual customer needs and exceed expectations. Add to that thematic trends such as the 'Great Wealth Transfer', move to ESG and private markets, and against a backdrop of economic and geopolitical

uncertainty, and wealth managers certainly have plenty to think about.

The role of technology in this mix cannot be underestimated – it serves to underpin and enhance wealth management offerings from any number of angles; is crucial in delivering the service customers expect; and in delivering insights to shape the strategic agenda.

Accordingly, our survey of wealth management executives revealed a host of priorities and focus points. The aim was to get a feel for what wealth managers are experiencing in terms of their technology situation, current limitations, priority areas and how the need to provide a better

service level for the client and optimising the wealth manager's time rely on solid technology tools.

The report reveals not only the survey responses but also puts them into context, thinking also about the impact of broader or underlying industry issues, competing priorities, budget, expertise and culture – now and in the future. Indeed, the overall impression was that all respondents are keenly aware of the need to provide high-quality and differentiated customer experience in terms of the actual service and investment proposition and the way that it is delivered.

To deliver on that, wealth managers need to have robust technology in terms of both the architecture and the software.

It is no surprise then that technology strategy centres around software to support the wealth manager's front end and operations experience through enhancing data management and analytics capabilities. In terms of what wealth managers want to offer to the client themselves, digital channels, collaboration tools, rich UX, digital and hybrid offerings along with front office tooling are deemed essential and in high demand. If a customer cannot easily connect with the wealth manager, they are highly likely to go elsewhere. Indeed, collaboration tools and co-browsing capabilities are now a central part of the delivery of an enhanced client experience.

Underneath the delivery mechanisms, the investment requirements of wealth individuals are broad – they want to have access to the full spectrum of investment vehicles and expect to have regular communications as well as digital reporting in place. ESG in particular was discussed as something that all firms now need to offer, given its importance to the next generation of investors.

To that end, meeting not just the needs of today's investors but also staying relevant into the future, wealth managers know that they need to invest in a robust architecture that will allow them to be flexible and deliver on product, service and delivery – now and in the future.

[Download the free report from the FinTech Futures website here!](#)

Brussels flexes its muscles over VAT-based fraud

By Tyler Pathe, reporter, FinTech Futures

The European Commission (EC) has clamped down on VAT-based fraud by introducing a new set of rules for EU member states, effective 1 January.

The rules seek to harness the power of aggregated payment information from the e-commerce sector specifically as a means to patch up the holes created in tax revenues as a result of VAT fraud.

In Europe, the difference between the amount of VAT that could be collected and the amount that is actually collected is referred to as the 'VAT gap'. This gap can grow for any number of reasons, such as malpractice and fraudulent behaviour, less than optimal systems, administrative errors, bankruptcies and financial insolvencies.

According to the EC's latest EU VAT Gap report, which was published in October

2023 and is based on figures from 2021, €61 billion in VAT was lost by EU member states in 2021, 5.3% of the expected VAT Total Tax Liability (VTTL).

However, data both from 2020, which recorded a €99 billion loss, and the preceding years, which experienced highs of €140 billion in losses, indicates that this gap is slowly showing signs of convergence, aided by the evolution of digital tax and invoicing systems.

The biggest movers in closing this gap, as highlighted by 2021's figures, were Italy with a year-on-year decrease of -10.7% and Poland with a decrease of -7.8%. Meanwhile, Finland, Spain, Estonia and the Netherlands were all among the countries with the narrowest gaps.

Despite the positive movement, VAT

fraud still remains a prevalent and costly issue for the continent's regulators. Latest efforts to tackle the problem include Operation Admiral which, led by the European Public Prosecutor's Office (EPPO), filed charges against 12 individuals and 15 companies in December.

The EPPO says in a release: "The defendants – ten Portuguese and two French nationals – are accused of setting up and operating a criminal organisation, based on the sale of electronic goods, which is understood to have committed several crimes of aggravated tax fraud, money laundering and active and passive corruption in the private sector, between 2016 and November 2022."

It adds: "The defendants are alleged to have used a network of companies

to evade the payment of VAT while trading in electronic devices, by using fraudulent invoices and tax declarations. The fraudulent scheme took advantage of EU rules on cross-border transactions between its Member States – as these are exempt from value-added tax – by using a chain of traders that did not fulfil their tax obligations."

Prosecutors estimate that the amount of damage to Portugal alone totals over €80 million. However, it's thought that the wider impact on the EU and the national budgets of affected countries could top €2.2 billion.

While the EPPO continues with Operation Admiral, regulatory forces in Europe have been eagerly implementing new measures to combat the VAT gap, namely the Central Electronic System of Payment information (CESOP).

BORDERLESS CRIME MEETS BORDERLESS DATA

"A problem shared is a problem halved" has become an increasingly common mantra in the world of fighting financial fraud, and appears to be a central theme in the EC's latest initiative.

Mirroring the collaborative approach to tackling fraud that's actively being explored by some of the continent's largest financial institutions, including the Banco Santander, BBVA and CaixaBank alliance in Spain, the arrival of CESOP hopes to unite transactional data to catch those evading VAT.

The latest regulatory amendment to the EU VAT directive will create a centralised database with a focus on cross-border e-commerce transactions made by online sellers with no physical presence in a member state specifically.

As of 1 January, payment service providers (PSPs), as defined by the Payment Services Directive 2 (PSD2), across all member states were ordered to begin monitoring payees of cross-border payments.

This will be followed by the implementation of a reporting deadline on 30 April, at which point PSPs will have to start transmitting data on payees who receive 25 or more cross-border transactions per quarter, submitted via their national tax authorities to CESOP.

Mirroring the collaborative approach to tackling fraud that's actively being explored by some of the continent's largest financial institutions, the arrival of CESOP hopes to unite transactional data to catch those evading VAT.

The information will include the locations and identities of the payer and payee, the VAT and transactional IDs, and payee PSP bank identifier code (BIC), among other insights.

The database is designed to aggregate and analyse this information, and will distribute it through the Eurofisc network to aid the efforts of network liaisons actively fighting fraud.

Paolo Gentiloni, commissioner for economy at the EC, anticipates CESOP playing "a crucial role in the fight against VAT fraud", using the data harvested by PSPs to "more easily and accurately pinpoint and crack down on fraudulent behaviour in the e-commerce sector".

Reacting to the new legislation, the Federal Central Tax Office (BZSt) in Germany tells *FinTech Futures* that it will provide tax authorities with "information that was previously not accessible", and says that it will help fraud fighters "to identify fraudulent businesses and to determine where goods and services have been supplied or rendered".

Speaking with *FinTech Futures*, Lex Neijtzell de Wilde, director of the indirect tax team at Deloitte, identifies cross-border commercial transactions as "the main source of the VAT gap", and explains that CESOP will "limit the additional investment and efforts for involved PSPs".

Neijtzell de Wilde says that the initiative "fits within a trend to collect and exchange data from third parties to lower the VAT gap", citing the DAC7 reporting directive instated on digital platforms last year as an example.

He adds that reporting the specific data requirements outlined by CESOP could become "more complex" if the affected PSP operates in multiple countries. "Depending

on these complexities, PSPs will either try to build an in-house solution or choose to outsource CESOP reporting to a third-party provider," he says.

One such provider with a CESOP reporting solution is Luxembourg-based fintech LuxHub, an open banking API platform founded by banks BCEE, BGL BNP Paribas, Banque Raiffeisen and Post Luxembourg in 2018.

Speaking with *FinTech Futures*, Ramzi Dziri, head of product at LuxHub, recognises time as one of the main, immediate hurdles being faced by PSPs.

"All the reports that will be submitted by PSPs will be centralised on a European level," Dziri explains. "If some countries' reports are missing, then it doesn't make sense because you're missing part of the picture. It seems in this case, it's quite strict, so there will be no delaying, there will be no postponing."

One of the most unique elements of CESOP's style of compliance reporting is that it requires PSPs to report on multiple jurisdictions, another element of complexity highlighted by Dziri.

"You're not supposed to report to your own country, but to other countries where you're providing your payment services," he says. "And therefore we have a lot of our customers for the solution that will need to report in 20-plus jurisdictions."

The EC, like many active crime fighters in the financial industry, has championed the power of data aggregation with its new CESOP legislation. Although it will provide efforts to mitigate VAT fraud with a more holistic view of market-wide activity, efforts will also have to ensure that once the data arrives in April, it has the technology, expertise and know-how to produce effective results.



One core to rule them all

By Dharmesh Mistry

I was recently asked the following question by a friend: "Given you have now interviewed many of the new core banking players, who do you think has the best product in the market?"

Well, that is an interesting question, but my answer was indirect: "They all have their strengths and weaknesses. Some are stronger by design, some by implementation and some commercially. To me, what is more interesting is what would the ultimate core look like? The one core to rule them all."

To answer my own question, the requirements for this mythical core as always are split into technical and business requirements. Putting this all together would probably result in a large whitepaper, so this time I'm just focusing on the business requirements. Even then, the topic is huge, so I'm only taking a very high-level view.

My first take on the business requirements (and I'm sure I've missed a few, but to keep this article brief) are:

UNLIMITED PRODUCTS

I'm not aware of a single bank that runs just a single core. I've written about [why this is the case before](#) but essentially, banks typically have different cores for accounts, mortgages and credit cards.

Our mythical core would not only need to support all products but be super flexible to define any product. For example, the ledger should not be limited to money. Could a house be tokenised and sold or traded using it? Could I earn interest on my money with gas or electricity credits rather than money?

Essentially, our core should support existing product flexibility and allow for rapid innovation. There are deeper implications of this, like making it easier to address compliance and regulations as you create new products, but as I said above, I'm just focusing on the very top-level requirements here.

ANY GEOGRAPHY

Our super-core must be able to support the needs and requirements of any jurisdiction or country. This is harder than it seems at first as each country will have a broad range of regulations, reporting and compliance requirements that need to be addressed, as well as things like localisation and tax.

Deeper requirements would need to include where the platform can be run from and where certain data can reside. It's for this reason many incumbent core software providers will/have offered a good deal to the first bank(s) they partner with in a new country and why new core players are country specific initially.

EAMAYL (EAT AS MUCH AS YOU LIKE)

Most people have a different view on exactly what a core banking system encompasses. At a simple level, most large banks have split customer management (distribution) from product management (manufacturing) already.

However, most incumbent core vendors sell this as one solution, while modern core vendors are split: those that provide everything on a new tech stack like Mambu and those that focus purely on product management like Thought Machine.

Then take things like credit risk, KYC, AML and so on. Are they part of the core? For me, the key is that the solution is componentised so that a bank or fintech can pick and mix what they need or want. Some banks may expect everything while others just want the basic product.

For banks going down the route of BaaS (Banking-as-a-Service), this is especially important as their embedded finance partners may want to embed products (accounts, loans and so on) or processes (credit scoring and debt collection, for example).

HEADLESS

This might surprise some of you, and some of you may even disagree. I'm not saying the core shouldn't ship with an interface for branch, call centre and mobile/internet. What I am saying is that they should be optional. What is important is that a bank could build their own user interfaces if they wanted to. The core should be agnostic to how products are distributed, so it is a digital layer outside that manages omni-channel user interfaces and capabilities.

ALWAYS ON

Most of us know that legacy mainframe solutions were not designed to run 24x7. Typically, they were shut down so that ledgers could be balanced by a separate batch program. Our new core must be able to run for 99.999% of the time, which is less than five minutes of downtime in a year! This means that even software upgrades need to minimise downtime.

INTELLIGENT

Wherever possible and sensible, AI should be embedded to drive dynamic decision-making using data rather than parameters or coded business logic. This will help streamline checks like AML, KYC and credit risk. This forces a rethink of banking in general, too. For

example, think how product design could be driven by data rather than product owners.

CONCLUSION

Nobody can be certain what the future holds for banks, but we can be sure that things are going to be very different. Just as with many other industries, this change is not a slow evolution but a fundamental rethink/redesign.

Take a look at transportation, for example. Each shift from steam to petrol to electric is fundamentally different, although the result of transportation is the same.

Legacy banking technology can no longer evolve or be migrated to other new technology, especially when the business requirements are fundamentally different to the past. But even the technology requirements are different with new capabilities.

Yes, we could argue that the requirements and implementation are separate, but when things weren't fundamentally possible with the old technology, there was no point in having requirements that couldn't be delivered.

I'm just saying that technology and business requirements have fundamentally changed the world of banking. It is time to rethink our banks and their technology. The best way to do this is with a blank sheet of paper as the past will only hold back their thinking.



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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Expanding the borders of financial inclusion

By Shruti Khairnar, reporter, FinTech Futures

Fintech start-ups in recent years have managed to solve a number of pressing issues in the financial services industry, be it for businesses or consumers. Many fintech firms have also emerged to cater to the vast number of unbanked and underbanked people across the world.

However, while many firms seek to provide accessibility to basic financial

services to the masses, not quite so many have sharpened their focus and risen to the challenge of making financial services more accessible and easier to use for disabled or vulnerable people who may be in need of more specialised products and services.

A quick Google search will tell you that while there are some start-ups serving this segment exclusively, the number of such

organisations is far from satisfactory.

This lack of options, coupled with lived experiences, has driven some founders towards building their own solutions, while other larger financial services firms have also been taking more action. *FinTech Futures* speaks to some of them.

SIBSTAR – A FINTECH FOR PEOPLE WITH DEMENTIA

Jayne Sibley, co-founder of Sibstar, had the idea to launch her fintech start-up based on her own experience of caring for her parents, both of whom have dementia.

After her parents began mismanaging their hard-earned money due to their condition and fell victim to scams over the phone, Sibley had to take away their access to their own money.

“The minute you take away someone’s access to their money, you take away their financial independence,” Sibley remarks. “Just because you have dementia doesn’t mean that life should stop.”

On trying out a number of solutions, none of which worked, Sibley and her family decided to build one themselves, which is how Sibstar was founded. It operates a mobile app that sits on a caregiver’s phone and provides a debit card that can be loaded with a chosen amount of money. Features include daily and monthly spend limits, the option to ‘instantly’ freeze and unfreeze the card, and real-time notifications of transactions on the caregiver’s phone.

The app has been built in partnership with Mastercard and the Alzheimer’s Society, with Sibley stating they are only at the beginning of their journey.

“We are enabling people living with dementia to remain financially included in the world, so they can go about and live their lives the way they want and remain independent for longer,” she says.

Launched in March 2023, Sibstar has big plans for the new year. Sibley says it is already in discussions about partnerships with two high-street UK banks, a lifestyle brand and a society in the UK.

Commenting on Sibstar’s offering, Sibley says: “We do know two banks who have tried and failed [to build such an offering].

“We’ve built it based on our lived experience, our deep insight of the challenges that families face, stuck to that

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Businesses need to harness data, leverage technology, and deploy expertise to manage an increasingly complex supply chain risk landscape.



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and have delivered against the true need that is unmet in this marketplace at the moment.

“I think the future of fintech is delivering services for these underserved audiences through the collaboration of fintech, private and public sector.”

MASTERCARD'S EFFORTS

Payments giant Mastercard has not only helped a start-up like Sibstar bloom, but has itself emerged as a strong supporter of such start-ups in the space, leading a number of initiatives and partnerships, writing reports and making investments towards improving financial inclusion among disabled people over the last few years.

A notable invention from the payments giant was the launch of its Touch Card in October 2021. As new card designs remove the embossing of names and card numbers, Mastercard launched its Touch Card for the visually impaired to help them identify and use the right cards.

The Touch Card initiative features a round notch for debit cards, a square notch for credit cards and a triangular notch for prepaid cards. It has been co-designed with Idemia, a global identity and biometric solutions provider, and has been vetted by the Royal National Institute of Blind People in the UK.

“What many don’t realise is that it can be a real struggle for the billions of people who are blind and low vision to identify and use their payment cards. That’s why we created Touch Card,” says Raja Rajamannar, chief marketing and communications officer and president, healthcare at Mastercard.

“The idea for Touch Card sparked in a very organic way. A colleague attended an inclusion talk at SXSW, where they spoke about shampoo bottles that were designed with the blind and partially sighted in mind. That idea made us think, why not payment cards?”

“To bring this idea to life, we worked cross-functionally within our team, agencies and outside partners like The Royal National Institute of Blind People, who provided invaluable insights and feedback.

“They helped us understand the true difficulties people who are blind and low vision face when turning for their payment cards and helped us develop a product that will have lasting societal impact. Their

“A colleague attended an inclusion talk, where they spoke about shampoo bottles that were designed with the blind and partially sighted in mind. That made us think, why not payment cards?”

Raja Rajamannar, Mastercard



guidance also allowed us to build trust with the community and communicate with them in a way that felt authentic.”

Rajamannar adds that since its launch, the Touch Card has received an “overwhelmingly positive” response from customers. Last year, it rolled out the card in the US and the feature is now available with financial institutions around the world.

Commenting on what can be done better to address this segment, Rajamannar says: “While some progress has been made, there’s a tremendous opportunity to better address the needs of the differently abled.

“Approximately 16% of the world’s population experience significant disability [according to data from the World Health Organisation] – that’s 1 in 6 of us. This is a growing market segment that businesses should not ignore.

“Catering to the unique needs of consumers offers immense potential for businesses to create impactful solutions that make people’s lives easier and better while building loyalty and trust for the brand. This is not just philanthropy. There is a sound business case.”

US START-UPS TAKE THE LEAD

Over in the US, Florida-based challenger Purple is gearing up for launch to serve the country’s disabled community. On its website, Purple says it offers “mobile banking for people with disabilities”,

offering an ABL account (tax-advantaged savings account), automated Qualified Disability Expense (QDE) spends, a debit card that can be frozen at any time and the option to access Social Security benefits up to two days early. As of January 2024, Purple was inviting customers to sign up to its waitlist.

Another US-based fintech firm, True Link, offers investment accounts and debit cards for America’s most vulnerable. Founded in 2013, True Link’s mission is to increase the independence and well-being of vulnerable ageing citizens, people with disabilities, those recovering from addiction and the people who care for them.

The service allows a family member, professional or other trusted party to set up a safe way for an individual to make day-to-day purchases. The company last raised \$35 million in a Series B funding round. As of August last year, it claims to have helped more than 250,000 families and manages more than \$1.1 billion in assets.

It’s encouraging to see a number of fintech start-ups launching in this space focusing on helping underserved audiences. However, the relatively small number of such start-ups compared with the size of the industry leaves much to be desired, and fintech and financial services as a whole could be doing much more to help the most vulnerable in society, using the initiatives listed above as inspiration.

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FINTECH FUNDING ROUND-UP

Employee financial wellness fintech **Kashable** has secured **\$25.6 million** in a Series B funding round.

Led by venture capital firms Revolution Ventures and Moneta Ventures, the round also saw participation from EJV Capital and Krillion Ventures.

New York-based Kashable specialises in providing “socially responsible credit” as a voluntary benefit to employers and their staff. Its platform can be connected directly to a company’s payroll system to enable employers to issue credit based on the employee’s employment and income data, while the loan is paid back through payroll deductions.

Since its inception in 2013, the platform claims to have connected over 2.5 million employees to “low-cost” loans, with the average size of loan being between \$3,500 and \$4,000.



Swiss crypto neobank **Sygnum** has raised around **\$40 million** through an oversubscribed “strategic growth round” at a valuation of \$900 million.

The round was led by asset management group Azimut Holding with participation from new and existing investors, including some of Sygnum’s 250 team members, who acted as personal investors.

The new capital follows the \$90 million Series B funding it secured in early 2022.

Sygnum is regulated in the UAE and Luxembourg and licensed in Switzerland and Singapore to provide digital asset banking, asset management, tokenisation and bank-to-bank services to professional and institutional investors, banks, corporates and DLT foundations. It claims \$4 billion in assets under administration and a client base of more than 1,700, including PostFinance, the financial arm of Switzerland’s postal service.

New York-based **Bilt Rewards’** valuation has now topped \$3.1 billion following the receipt of a **\$200 million** equity investment.

The investment was led by US venture capital firm General Catalyst, which has installed its chairman and managing director Ken Chenault – former CEO and chairman of American Express – as chairman of Bilt’s board of directors. NFL commissioner Roger Goodell is also due to join the board as independent director.

Joining General Catalyst in the raise was new investor Eldridge and existing investors Left Lane Capital, Camber Creek and Prosus Ventures, which previously helped Bilt secure \$150 million in funding in October 2022.

Founded in April 2022, Bilt offers a Mastercard-issued credit card and loyalty programme that together are designed to help renters in the US land a foot on the property ladder. This service is backed by the start-up’s rewards alliance with residential real estate companies including Greystar, Brookfield and The Moinian Group.

The company claims to have achieved profitability last year through annualised member spending of around \$20 billion.

Kore.ai, a US-based conversational and generative AI platform, has secured a **\$150 million** investment to fuel its growth.

The funding round was led by FTV Capital with additional participation from Nvidia, Vistara Growth, Sweetwater PE, NextEquity, Nicola and Beedie. This latest investment brings the company’s total capital raised to date to \$223 million.

The company claims to automate 450 million interactions for approximately 200 million end users worldwide and currently has a customer base that includes major brands such as AT&T, Coca-Cola and Airbus. US-based PNC Bank is also its client.

ModernFi, a New York-based fintech providing deposit management and growth services to community and regional banks, has raised **\$18.7 million** through a Series A funding round.

The round was led by Canapi Ventures with participation from Andreessen Horowitz, Remarkable Ventures, Huntington National Bank, First Horizon and Regions Bank. It builds on the fintech’s earlier seed round last February, when it bagged \$4.5 million, and brings its total funding raised to over \$23 million.

Dutch paytech **Billink** has landed a **\$32.1 million** investment from Germany’s Varengold Bank.

It says it will apply the funding to further the uptake of its buy now, pay later (BNPL) solution among web-based sellers in the Netherlands, Luxembourg and Belgium, as well as lay the groundwork for its eventual entry into the German market.

From its inception in 2011, Billink has sought to differentiate its offering from those of its competitors by only processing a payment once the correlating purchase has landed in the hands of the consumer.

It now claims three million consumers and over 3,000 online shops among its active user base.

Nominations are now open!

The seventh annual **PayTech Awards** will be returning in 2024 on **28 June** at the **Merchant Taylors' Hall** in London.

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

Nomination deadline is **15 March 2024**.

To submit your nomination visit paytechawards.com

Submit nomination



New York-based paytech **DailyPay** has raised **\$75 million** in equity financing from new and existing investors led by Carrick Capital Partners and secured a \$100 million expansion of its credit facility. The additional credit capacity has been provided by Citi and builds on an existing \$500 million commitment by Barclays and a \$60 million commitment by the newly-merged TPG Angelo Gordon.

DailyPay provides an on-demand pay solution for corporates including BMO and Santander. It says latest equity raise valued the company at \$1.75 billion on a pre-money basis – a 75% increase.

US-based enterprise revenue lifecycle management firm **BillingPlatform** has bagged a **\$90 million** growth equity investment from FTV Capital. This follows the company's Series B round in December 2019, when it secured a \$10 million investment from venture capital firm Columbia Capital. It has now raised \$104 million since its fundraising efforts first commenced in 2017.

BillingPlatform was founded in 2012. It says to have now achieved a three-year revenue growth rate of 296% and partnered with the likes of the treasury services and trade finance businesses of JP Morgan Payments, investment management platform Juniper Square and accounting software solution Dext.

10x Banking, a UK-based core banking solution provider, has raised **\$45 million**, led by existing backers BlackRock and JP Morgan Chase. The latter uses the company's flagship Software-as-a-Service (SaaS) system for its UK retail banking operations.

It marks 10x's first funding round since its Series C in mid-2021, when it raised \$187 million in a round co-led by funds managed by BlackRock and Canada Pension Plan Investment Board (CPP Investments). Nationwide, Westpac and China's Ping An Group also participated.

Brazilian fintech **Conta Simples** has raised **\$41.5 million** in a Series B funding round, led by existing investor Base10 Partners. The new cash injection follows a \$24 million Series A in December 2021, which was co-led by Jam Fund and Valor Capital with additional participation from Big Bets and Y Combinator. All four of these firms contributed to the Series B round as well, this time joined by new participants Broadhaven and DOMO.

Specialist start-up bank **Panacea Financial** has raised **\$24.5 million** in a Series B funding from Valar Ventures, the sole institutional investor for the round. It says it will use the capital to further develop its suite of loan, banking and insurance services for medical practitioners in the US, and to build out its team with a focus on technology, financial services and healthcare.

Panacea Financial was launched in 2020, with its HQ in Arkansas.

Indian paytech firm **MobiKwik** has refiled draft papers for an initial public offering (IPO) with the Securities and Exchange Board of India (SEBI).

The company had initially planned to go public through an IPO in 2021, with a target at the time to raise up to \$255 million. However, those plans were later scrapped due to weakening market conditions.

MobiKwik is now looking to raise a smaller sum of up to \$84 million through a fresh issue of shares. The company is also considering a pre-IPO placement of up to \$16.8 million which, if implemented, could reduce the size of the IPO.

Founded in 2009 and headquartered in Gurugram, Haryana, MobiKwik offers payments, credit and investment products to both consumers and merchants.

Latin American fintech **Pomelo** has bagged **\$40 million** in Series B funding. The round was led by regional venture capital firm Kaszek while also attracting international investors including Monashees, Index Ventures, Insight Partners, Endeavor Catalyst, S32, TQ Ventures and Alter Global. It has now raised \$103 million to date, including a \$35 million Series A led by Tiger Global Management in 2021.

Founded in Buenos Aires, Argentina in 2021, Pomelo's payment technology enables fintechs and embedded finance firms to launch their own virtual accounts and credit, debit and prepaid card programmes across multiple jurisdictions worldwide. It claims to do this through "a single technology integration" at "a fraction of the cost" of traditional systems.

The start-up reported a sevenfold increase in its daily processing capacity to 55 million transactions by the end of 2023, aided by its receipt of a payment institution licence from the Central Bank of Brazil and "strategic alliances" with Visa and Mastercard.



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](https://fintechfutures.com) website!

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MOVERS AND SHAKERS



Allegra Driscoll

US-based fintech **Bread Financial**, formerly Alliance Data, has named **Allegra Driscoll** as its new executive vice president and chief technology officer.

Driscoll says she will work with the team to “advance enterprise technology priorities” as the fintech looks to grow its private-label credit card offering and payment, lending and saving solutions for e-commerce merchants.

She joins directly from American Express where, most recently, she led its global commercial services unit as senior vice president and chief information officer.

Prior to joining American Express in 2020, Driscoll also worked for Goldman Sachs for nine years and Credit Suisse during another nine-year tenure.

UK-based **ClearBank** has appointed **Paul Staples** as its new group head of embedded banking as the challenger looks to expand into Europe.

Staples brings two decades of banking and technology expertise to his new role. Previously, he worked as a Banking-as-a-Service (BaaS) and embedded banking advisor for various private equity and venture capital firms, and held a number of senior roles at HSBC, most recently serving as global head of BaaS and embedded finance.

He has also co-founded several technology start-ups.

Glenn Murray has left his post as vice president of strategic growth at Sutton Bank to join emerging financial advocacy platform **Evolution 2100** as chief strategy officer.

Founded through a joint venture between Business Funding Group and Ben Crump Enterprise, the start-up plans to provide a suite of financial services, including banking, insurance and lending, for underserved communities and businesses in the US.

The venture is currently in stealth mode.

Murray has 30 years of experience in financial services. At Sutton Bank, a community bank based in Ohio, US, he held a variety of executive roles during a tenure of over three years. He also worked at PayPal, Mastercard and Capital One, as well as two stints with Discover Financial Services.

DirectID founder **James Varga** has announced his departure from the Scottish open banking platform after 13 years at the helm. He says he’s made “the pivotal decision to move on” from the risk and decisioning platform provider he founded in 2010.

Varga served as the company’s CEO since its inception until July 2023, when he passed the torch to former L&C Mortgages exec Chris Mills. Earlier that year, DirectID raised €9 million in minority stake funding from Ingka Investments.

Investnet has announced that its co-founder **Bill Crager** is to step down from his role as CEO, effective 31 March 2024. He will take on the role of senior advisor.

Crager co-founded the company with the late Jud Bergman in 1999 and has closely attended its helm in the 24 years since, generating \$5.4 trillion in client assets as of Q3 2023.

Board chair James Fox will become interim CEO.

Headquartered in Berwyn, Pennsylvania, Investnet offers a range of wealth management, financial planning and data and analytics solutions that it claims have been adopted by 16 of the 20 largest US banks, 48 of the 50 largest wealth management and brokerage firms and more than 500 of the largest RIAs.

Wealth and asset management solutions provider **InvestCloud** has appointed **Jeff Yabuki** as its new chairman and CEO. Yabuki currently serves as chairman and founding partner of Motive Partners, a specialist private equity firm for fintech and tech-led business services companies based in North America and Europe.

He brings nearly four decades of financial services experience to his new role, including a long-standing tenure at Fiserv, a US banking and payments tech heavyweight, as CEO from 2005 to 2020 and chairman in 2019-20.

He is also a board member for Royal Bank of Canada, Nasdaq and chairman of the board for Sportradar Group.

Founded in 2011 and headquartered in New York, InvestCloud supports more than \$6 trillion in assets with over 550 clients. The company is backed by Motive Capital Management and Clearlake Capital Group, which together recapitalised the business in 2021.

UK-based BaaS provider and licenced bank **Griffin** is on the hunt for a new chief operating officer (COO) as the incumbent **Maria Campbell** is set to depart this quarter.

Campbell joined Griffin in 2021 as vice president of people and became COO the following year.

The bank is particularly interested in candidates with experience in “scaling operations in technology-driven companies” and “operational payments and cash management”. The successful applicant with leading its internal operations, vendor management infrastructure and operational resilience framework.

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



FEELING THE WEIGHT

Cartoon by Ian Foley
 This new cartoon illustrates how the cohort of start-ups that enjoyed high valuations in the last bull cycle are now finding it hard to get acquired.

With the second year of decline in IPOs from the highs of 2021, most start-ups are dependent on a merger or acquisition for an exit. However, data from Dealogic shows that venture-backed start-ups saw a 19% drop in the number of M&A transactions over 2023.

One of the main reasons for these continued declines is

that seller expectations remain stubbornly high. The boards of start-ups are reluctant to accept that they are not going to grow into the sky-high valuations of 2021. This is despite the precipitous drop in valuation of vested employee stock in the secondary market.

In the summer, Tom Callahan, CEO of Nasdaq Private Market, said: "What we've heard from some investors [is] that buying private secondaries in 2023 is like buying real estate in 2009."

It seems that the boards at these start-ups need to go through the five stages of grief before their valuations can get to a realistic expectation for potential buyers.

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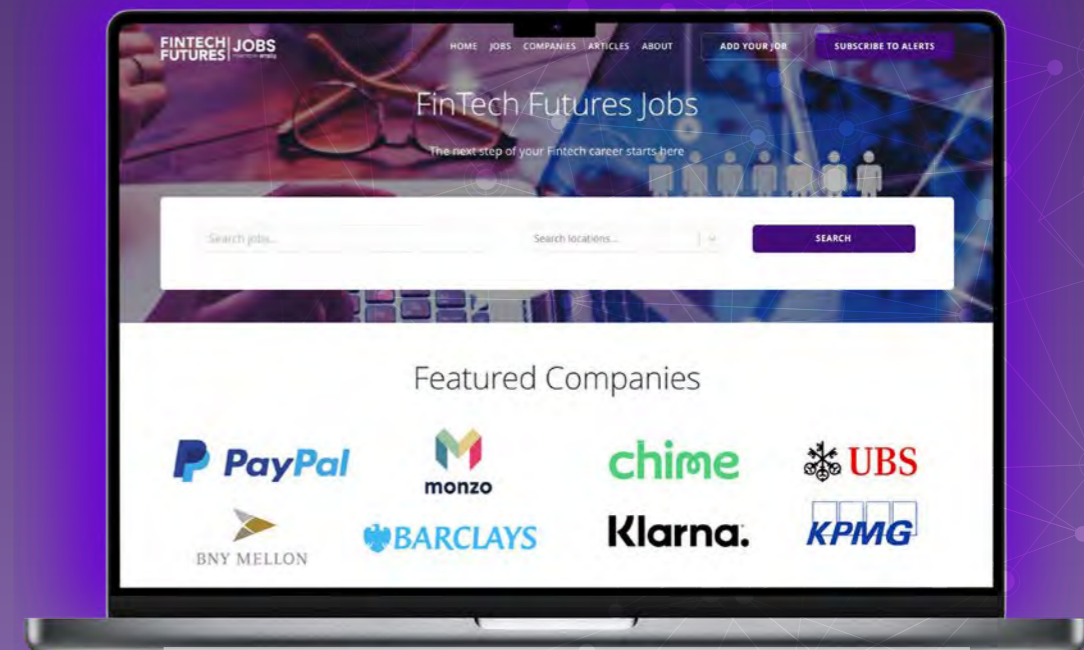
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