



# banking technology

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

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## **PHOENIX RISING**

How to breathe new life into digital transformation

## **FRIEND OR FOE?**

Can GenAI beat the criminals at their own game?

## **RISKY BUSINESS**

The plague of learned helplessness

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# 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.

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To submit your nomination visit [paytechawards.com](https://paytechawards.com)

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## EDITOR'S NOTE



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

Welcome to the November edition of *Banking Technology*, brought to you by [FinTech Futures](#), now an award-winning media platform!

Our team is delighted to have won at the recent FinTech B2B Marketing Global Awards – triumphing in the Best Innovative Integrated Digital Media Platform category.

Judged by a panel of independent industry experts, this category honours a B2B media company that provides a blend of world-class market insights, news, research and thought leadership content, with a fresh approach to engaging with their audience.

Established in 1983 as the *Banking Technology* magazine – which is still going strong four decades since its inception, with 9,000+ digital downloads per issue! – *FinTech Futures* has evolved into a premier international media powerhouse covering the banking tech, fintech, paytech, lendtech and regtech sectors.

Through our digital platforms, we provide our global audience with timely news, well-researched intelligence, thought-provoking

features, punchy opinions, interviews with knowledgeable specialists, expert analysis and practical case studies.

We pride ourselves on publishing the latest industry developments, unveiling new trends and sharing valuable insights that enable our readers to be truly in the know of today's fast-paced fintech industry and empower them to make well-informed decisions.

And our coverage spans the multi-media spectrum – the written word, [videos](#), [podcasts](#) and [webinars](#).

A huge thank you to you, our readers, for making this award a reality!

With 40 years at the forefront of digital media innovation under our belt, our mission is to remain the go-to, respected resource for fintech professionals worldwide for many decades to come.

And if you can't wait a month to read the magazine, [sign up for our free newsletter](#) and receive all the top and timely content daily straight to your mailbox.

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# NEWS ROUND-UP

## Banking start-up Íkualo to launch for Europe's immigrants



Íkualo is launching in December in Spain providing financial services to immigrants, including current accounts, microloans, mortgages and international money transfers. Based in Barcelona and led by Columbia-born CEO Harold Correa Cardona, Íkualo is licensed as an electronic money institution (EMI).

There are just three requirements for customers to be onboarded: have a passport; live in Europe; and pass the in-app identity verification process – a process it claims takes just seven minutes.

It hopes to have opened 50,000 bank accounts, and to have facilitated 35,000 money transfers and 45,000 payments for essential services within its first year of operating in Spain.

The app will be rolled out to France, Portugal, Italy, Germany and the Netherlands by mid-2024, and then the UK.

Cardona's own personal experience as an immigrant contributed to the start-up's creation. After working in several countries across Europe, a common problem he

encountered when trying to open a bank account was the need to present multiple forms of documentation.

"We visited 62 banks until we obtained a licence that allowed us to open accounts for customers with only their passports, regardless of their immigration status," he says. "With Íkualo, I have a clear mission: to help millions of immigrants improve their lives. I will not rest until I turn it into the super app for immigrants in Europe."

## Kassh launches to enable payment for online purchases in cash

New paytech Kassh has exited stealth and is now available to consumers and merchants in the UK. Kassh offers a new cash checkout option for online purchases. When selected, the consumer is given a barcode which must then be presented at a physical PayPoint store, of which there are currently around 28,000 locations across the UK. The consumer hands over the cash for their online purchase while the store scans the barcode, confirming that the transaction has been completed and signalling to the merchant to ship the goods.

The service seeks to bridge the gap between cash and the e-commerce market and promotes financial inclusion for unbanked and underserved consumers in the UK. Cash has long been recognised as an effective budgeting tool that isn't as susceptible to the clutches of online fraud as electronic payments. But with more and more bank branches closing, the ability of consumers to access cash is becoming increasingly limited.

So much so that the UK's Financial Conduct Authority (FCA) announced in August new protections for cash deposit and withdrawal services, in line with the concerns raised around access to cash by the UK parliament in its recent Cash Access Policy Statement and Finance Services and Markets Act 2023.

## FCA places restrictions on embedded payments platform Modulr

The UK's Financial Conduct Authority (FCA) has placed partner onboarding restrictions on embedded payments platform Modulr as the firm works "to ensure our governance, systems and controls reflect the scale of the business and regulatory requirements".

Authorised as an EMI, Modulr provides businesses with the infrastructure to build payments directly into their own platforms and enlists agents and distributors to issue e-money on its behalf.

It has recently agreed with the regulator to not onboard any new agent or distributor partners without its prior written consent. The restrictions came into force on 4 October and an end point has not been defined at the time of going to press.

A spokesperson from Modulr says that agent and distributor partnerships has been an area of "concentrated growth" for the company, which "brings particular risks and challenges to oversee and manage".

The spokesperson adds that the FCA decision "doesn't impact any of our existing partners, the onboarding of new direct customers or growth of our European business."

## UK challenger bank Monzo ponders £300m stake sale



UK challenger bank Monzo is looking to raise £300 million in fresh funds through a share sale, according to Sky News. Monzo is reportedly in discussions with several blue-chip investment funds to sell a stake, which will value the firm at more than £3.5 billion, making it the highest valued digital bank in the country.

Additionally, the fundraise is rumoured to be its last ahead of a potential initial public offering (IPO) in the future. Details are expected to be finalised by the end of this year.

Earlier this year, Monzo engaged in early stage talks with Nordic neobank Lunar to explore a merger and considered another potential acquisition, it is understood. However, in a recent interview with Tech.eu, Lunar CEO Ken Villum Klausen said the company doesn't have "any intention to merge ourselves".

Founded in 2015, Monzo claims 8.5 million customers in the UK. It has also recently renewed its endeavours to enter the US market and appointed Conor Walsh, a former Cash App senior exec, as its new US CEO (see p31 for more details).

## TodayPay emerges from stealth to revolutionise refunds

TodayPay, founded by former JP Morgan executive Jeremy Balkin, has launched from stealth. The start-up says it has built "the world's first" faster payments technology that helps merchants provide instant refunds to their customers via multiple payment options.

CEO Balkin describes traditional refunds as "monolithic, inflexible and uncertain. I built TodayPay because I've seen first-hand how the speed of a payment can change somebody's life," he says. "There's over a trillion dollars of value exchanged every year in the form of refunds, yet there's been almost zero innovation improving the refund customer experience."

TodayPay's technology "decouples the refund, which is a payment solution, from the return, which is a logistics problem", he says.

While in stealth, the start-up forged partnerships with Visa, Amazon Web Services (AWS), Soma Capital and Marqeta, among others.

## Core banking tech vendor Thought Machine in staff cuts

UK-based core banking technology vendor Thought Machine is laying off 8% of its workforce, with about 50 roles predominantly in sales and marketing, as well as various back-office positions. The move comes after the vendor announced in March it was planning to increase its headcount by 20% with 125 new hires this year, after it made around 200 hires in 2020.

At the time, it said it would hire talent in India, Japan and South Africa for the first time. A company spokesperson says its roadmap and product plans to achieve this feat remain unaffected by the latest round of cuts. It also intends to launch a new office in Miami, Florida, following its \$160 million Series D in 2022.

The spokesperson adds that Thought Machine will be soon unveiling new Tier 1 bank clients that have signed for its flagship Vault core system. However, it has recently lost a client in the UK, digital bank Monese (see p7 for more details).

## National Bank of Greece deploys new core banking system

National Bank of Greece (NBG) has successfully deployed its new core banking system from Infosys Finacle. The deployment forms part of the bank's core banking replacement project 'Cosmos'. In its first phase, the new cloud-native platform will power all of the bank's corporate and SME loan operations and will see the migration of about 60% of NBG's overall loan book, with a full replacement of the bank's back-end. The project will further include the Finacle roll-out to retail loans and accounts.

Stratos Molyviatis, NBG's group chief operating officer, says Cosmos is "one of the biggest technology projects ever done in Greece" with an active engagement of more than 550 people from the bank and its vendors. "Technology leaps like that occur in an organisation every 15 to 20 years," he writes on LinkedIn. "The whole endeavour is fundamental to NBG's digital strategy and its future vision."



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

# FINTECH FEED

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

### \$14.5 million

fine imposed by the US Federal Reserve Board on New York's Metropolitan Commercial Bank for violating customer identification rules and deficiencies in the bank's third-party risk management with respect to its issuance of prepaid card accounts

### \$15 million

sought by fintech group UnaFinancial to launch a finance app in UAE in 2024 – the money will cover internal IT development and marketing expenses

### 60%

was the plunge of French payments firm Worldline after it lowered its revenue expectations for 2023 in its Q3 earnings report – from 8-10% to 6-7% – citing tough macroeconomic conditions as the leading factor

### 40%

staff – 86 people – laid off by US-based Banking-as-a-Service (BaaS) platform Synapse in its second round of job cuts this year

### \$9.8 million

paid by Indian fintech Aurionpro for the acquisition of Omnifin, a loan management system provider with 150 employees and 45 banks and financial institutions in India as clients

### 4

new clients set to go live in Q4 on the Banking-as-a-Service (BaaS) platform provided by US-based Mbanq, namely app-based neobank Bloxley; the immigration-focused online banking service USA National; Mana Pacific, a neobank serving Pacific Islanders; and PoetrYY Finance, a service provider for the financially underserved

### 146

alerts issued by the UK's Financial Conduct Authority (FCA) within the first 24 hours of its financial promotions regime for cryptoassets coming into force on 8 October; the regime requires firms that promote cryptoassets, which are now classified as restricted mass market investments, to do so clearly and without misleading the consumer

### £200 million

debt financing secured by UK-based lendtech Uncapped, which provides financing of £10,000-10 million to online businesses and entrepreneurs, as it looks to expand internationally

### \$23 million

raised by Charlie, a new banking app in the US catering to the 62+ community, in a Series A funding round led by TTV Capital – \$16 million in equity and \$7 million in debt



#maddoc CSI

### THEY SAID IT...

*"The number of support tickets that a core technology provider receives can tell you a lot about the quality of their technology and the level of support they offer. If they receive a high volume, it could indicate that their technology is unreliable or understaffed."*

Allison Maddock, chief product officer, CSI, suggesting the nine questions banks should ask a potential core technology partner

• Read the full article on the [FinTech Futures website](http://FinTech Futures website) [here](#)

# TRENDING

## Exclusive: Monese drops Thought Machine

By Tyler Pathe, reporter, *FinTech Futures*

UK digital bank Monese is parting ways with Thought Machine three years after signing up for its Vault core banking platform, with the company instead implementing new core tech developed in-house by the company's recently launched fintech subsidiary XYB.

Monese first tapped Thought Machine for its cloud-based Vault offering in October 2020 in a highly publicised deal. The agreement included the migration of the bank's customer base and technology infrastructure to the new platform.

Since then, Monese has made its own move into the digital core banking space, launching XYB, a fintech subsidiary that it describes as "an end-to-end 'coreless' banking platform provider", in May this year.

Banking and wealth management group Investec (which is an investor in Monese) was the inaugural customer to leverage the XYB banking platform, and now it seems Monese itself is looking to use its self-built tech to power its own platform.

### VALUE IN VAULT

*FinTech Futures* recently spoke with Santosh Radhakrishnan and Bhavik Sanghvi, CCO and product director of XYB, respectively.

Radhakrishnan says that Monese initially selected Thought Machine to act as the ledger for its in-house suite of self-built digital banking services, and that the app had always placed great emphasis on componentising the "monolith" of traditional core banking services.

However, times have changed for the company since the deal was struck three years ago. "When we went live with that specific part of the technology, we very quickly realised that for the rich functionality that Thought Machine's Vault provides, we were using a very, very small portion of it given the components we have," Radhakrishnan explains. "I think the cost that we incurred was not justifying the value that we were getting out of it."

### MOVING WITH THE TIMES

"When we chose Thought Machine, we were not on a journey towards starting our own B2B technology business, which is XYB today," Radhakrishnan says, describing the journey as "a very pleasant surprise".

He explains that the subsidiary was born out of a conversation with Investec, which identified Monese's technology as "the perfect fit for them" shortly after it had inked the deal with Thought Machine.

Monese went on to launch XYB. Radhakrishnan says that the realisation of XYB and the formation of Monese's own end-to-end offering gave rise

to the need to develop its own solution, and that although the company provides a wider spectrum of technology than its former partner, it was keen to avoid any competitive scenario, which caused the partnership to "part ways in a very good and friendly manner".

Sanghvi adds that despite Vault being a "great tool in terms of flexibility when it comes to a developer or a product person actually learning something like Python", Monese eventually came to the realisation that "we want to play in the space of no-code/low-code".

In this context, XYB's use of the term 'coreless' signals its move beyond componentisation – a foundational element of Monese's original identity. Sanghvi says that this approach means that the solution can coexist with other existing core banking systems, while deploying certain standalone business functionalities.

### IN THE LEDGER LANE

According to Sanghvi, what distinguishes XYB's ledger from others that are currently on the market is the fact that it's not limited to single currency or fiat currency functionalities.

"The way we are looking at a ledger is to be multi-currency and multi-purpose," he says. "What we mean by that is that basically we can hold currencies, reward points and things that have some kind of financial value. We're using a ledger to go beyond just currency."

The pair confirmed that the solution is currently being adopted by an unnamed Tier 1 bank, which is "happy and has given us feedback stating that it is doing what a ledger should do".

The partnership with Thought Machine will remain in place until December and the two companies are currently engaged in "conversations of opportunities" as a means to satisfy gaps in their systems using the other's solutions.

• Read the full article on the [FinTech Futures website](http://FinTech Futures website) [here](#)



# Can core modernisation give your bank new legs?

By Dharmesh Mistry

It's fair to say that I've written a fair bit about core banking. I've discussed the pros and cons of new versus legacy core banking solution providers, whether indeed you should be thinking about replacing your core, and many other aspects.

Over my career, I've spoken to a number of incumbent banks and neobanks. One area that I am hearing about more and more is 'core modernisation'. This seems to be a generic term describing how banks can improve their core banking without actually changing their core.

What is especially interesting is how broad this space is in terms of the options available to improve your core without 'disturbing' it too much. I'm going to describe four categories here, although I'm sure others will have more.

## DIGITAL CORE

This approach essentially separates customer management, allowing banks to have a real-time single customer view. This kind of modernisation initially generally focuses on enabling banks to provide modern channels like internet and mobile banking and chatbots. Think players such as BackBase, Temenos Infinity, Personetics and so on. This kind of approach essentially masks the core to provide a new, richer customer experience, but also has other benefits like enabling digital engagement.

## PRODUCT CORE

This approach involves using a third-party solution to manage the product lifecycle from product definition to onboarding. Executing the product requires some integration with the core, so the original core essentially manages the 'ledger' and the third-party solution manages the product behaviours (e.g. managing charges, rewards or other features).

This kind of approach has massive

advantages for the bank and can greatly reduce pressure to replace a legacy core system. Banks can not only have a single product catalogue for all their products sitting above multiple core systems, but they can also then use the same platform to define and onboard customers using one system rather than different ones based on their old core. This not only improves time to market and reduces costs, but also enables the bank to innovate on their products, which they have typically struggled to do previously due to various constraints. There are fewer players in this space, but Zafin is one of the front runners.

## FUNCTIONAL MODERNISATION

Here, capabilities outside the product/ledger are replaced with third-party solutions that specialise in those capabilities. For example, this could include better KYC, compliance, credit risk management or fraud detection. Sometimes these capabilities come from a number of individual specialist companies and sometimes they come as a set of capabilities from a single Banking-as-a-Service (BaaS) provider.

As technology and banking continue to evolve, banks that adopt a composable approach can more easily swap functionality in or out. The advantages here are that you're no longer tied to a single

vendor and reliant on them to be the best at everything, and it takes weight/pressure off having to enhance your legacy core with new capabilities.

## TECHNICAL MODERNISATION

This last approach is not something I have considered much in the past. My initial view was that you only get a modern core by buying one. However, recently I've seen banks looking to enhance their legacy cores by adopting a technology solution that solves specific issues like security, scalability, performance and cost of ownership: things that used to be non-functional requirements of a system.

For example, as processing requests from new channels (internet, mobile, chat and APIs) and new business models such as BaaS increase, handling this load will put huge pressure on older cores. Now there are vendors like Diffusion Data that help reduce the impact of increasing real-time data requests/transactions on core banking systems. Security is another great example.

I'm not saying that banks shouldn't replace their core banking systems. I'm just saying that core replacement is not the only game in town, and that core modernisation is a far less risky option with significant benefits. For bank execs, the blunt question really is: "Are you willing to bet your career/reputation on core replacement?"



Dharmesh Mistry has been in banking for more than 30 years and has been at the forefront of banking technology and innovation. From the very first internet and mobile banking apps to artificial intelligence (AI) and virtual reality (VR).

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

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

# GenAI: friend or foe in fraud risk management?

By Sujata Dasgupta, global head of financial crime compliance advisory, TCS

Generative AI has taken the world by storm since the launch of ChatGPT in November 2022.

The technology's ability to generate human-like conversations and impressive original content is being extolled by experts and common users alike across industries. From students to researchers, consultants, software developers, artists, media content creators, businesses, consumers of various services – the overwhelming adoption of GenAI by all in such a short time is testimony to its benefits and future potential.

But there is a risk that GenAI may be used by fraudsters to create extremely convincing messages, advertisements and other forms of content to steal money and identity information from unsuspecting consumers and enterprises. Can GenAI-powered innovation also aid in defending against such crimes and help businesses identify fraudulent signals, generate threat risks and develop stronger controls?

## A TECH REVOLUTION WITH BOUNDLESS BENEFITS

While still in its nascent stage, GenAI has shown a lot of promise with a broad range of utility across industries, from art and literature to media, music, retail, healthcare, banking and finance, travel and hospitality, manufacturing, e-commerce and several others. Its ease of use and ability to create human-like content – text, images, audio, video and even logical conversations – with simple prompts from users makes this technology versatile and efficacious.

Be it generating a brief of loan/credit proposals or summarising actionables from regulatory and audit documents for financial institutions, generating high-resolution medical images in radiology

and pathology for enhanced diagnosis, creating personalised and optimum end-to-end travel itineraries, product design and supply chain optimisation in manufacturing – there are numerous high-impact uses of GenAI that can dramatically

boost operational efficiency and customer engagement in almost every industry.

## A FRIEND OF FRAUDSTERS, TOO

Technology has always been a double-edged sword. While advancement in tech is

made with the best intentions to improve our lives, criminals can also use it to their own benefit – for committing frauds and other crimes. So with the overwhelming adoption of GenAI already evident among businesses and consumers, and with its usage only expected to grow, we can almost foresee how fraudulent activity will also get a boost using the same technology.

Deepfakes and voice cloning have already become fraudsters' tools for scamming people by making them believe a call for payment is from someone they know. Social engineering scams are likely to rise as scammers can now use GenAI to create texts, advertisements, calls and

emails that are more convincing, realistic and personalised.

In today's world, the more alert and savvy customers can identify scam messages and mails through errors in the text composition (spelling and grammar), imperfect content (typos and sentence construction), the email ID format and so on. With GenAI, fraudsters are likely to create more professional, organised and realistic content that may be hard to find flaws in.

GenAI-powered text conversations through social media or ads in online marketplaces for example can lead to frauds by convincing users to make payments or share personal identity and payment details. Images and videos generated through GenAI closely resembling target victims can be used to open fraudulent accounts, as it might get increasingly difficult to distinguish between the real and fake during ID verification and KYC checks. Even novice criminals can now plan sophisticated scams by generating perfect codes and programmes for fraudulent attacks by prompting GenAI to write and edit them.

## PROTECTING CONSUMERS FROM CONMEN: GenAI's SUPERPOWERS

For financial institutions (FIs), fighting increasingly complex and sophisticated frauds has assumed immense importance to protect consumers, communities and businesses. FIs have been exploring various new technologies to detect and prevent frauds and financial losses in real time.

And now we have GenAI, whose superpowers can potentially help FIs in this endeavour. Discovery of new fraud typologies on a continuous basis remains a challenge for FIs. GenAI can synthesise large volumes of unstructured data from external sources like web and news media, investigative journalism reports, regulatory exemption applications, shared fraud databases and so on to summarise new fraud patterns/risks and classify them into new fraud typologies. Controls can then be designed accordingly to defend against these new frauds.

Building high-performance fraud detection algorithms today is dependent on real-life customer and transaction data to train and validate the models, which has

remained a constraint. GenAI can help with realistic synthetic data creation for model training and validation, scenario and fraud attack simulation to identify vulnerabilities and design controls to mitigate these risks.

Customer due diligence (CDD) is a critical function in fraud prevention – be it new client onboarding or new credit approvals (loans, credit cards, increasing credit limits) for existing clients. GenAI can be a great tool to go through piles of KYC documentation and reference them with customer-filled forms and other subscribed data sources of the FI to come up with a CDD summary report.

GenAI can also be used to analyse user communications with FIs – such as emails, chats, documents and product and service requests – to extract insights on financial behaviour, sentiment analysis for intentions and potential risks of fraud. Fraud investigations can also leverage GenAI for alert and dispute resolution by accessing different sources of information on the context and providing a summary of the case that will aid in its decisioning.

## GenAI FOR THE GREATER GOOD: A VISION

GenAI is being touted as one of the greatest technology innovations since the launch of the internet 30 years ago. Can this technology beat the criminals at their own game by generating threat risk reports of a new loan or account origination application to help detect synthetic ID fraud? Can GenAI scour online marketplaces and social media and generate instances of FI impersonation and investment scams, which can then be taken down? Can GenAI differentiate between real and fake images, documents and biometrics (fingerprint scans and selfie videos, for example) during identity verification and payment authentication to prevent account takeover frauds?

Maybe not just yet as the technology is still evolving, but this reality may not be too far in the future as the industry is already exploring how GenAI can be used for the greater good, including customer protection and fraud prevention.

Exciting times are ahead, and I look forward to witnessing this vision unfold into reality.



# The Next Chapter for Artificial Intelligence in Finance

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Join our **networking and panel discussion** event to look beyond the hype and assess the current state of play in the AI landscape and how the technology is being used to solve real-world problems in the financial services arena.

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## Breaking Moloch: finding ways out of the race to the bottom

By Dave Wallace



Who or what is Moloch? And why is it important? Let's find out.

Have you listened to Lex Friedman's podcast, where he talks to the physicist and AI researcher from MIT, Max Tegmark? If not, I highly recommend it. It is two and a half hours well spent.

In the podcast, Max discusses why he was a signatory to the letter by leading figures in the AI world demanding a pause in the development of AI. It is a big topic, and the length of the podcast allows ample time for Max to explain his concerns about the unfettered race to artificial general intelligence (AGI).

In it, he mentions "Meditations on Moloch", a blog post written by Scott Alexander deconstructing the poem "Howl" by Allen Ginsberg in the 1950s.

Max elaborates: "It's this game theory

monster that pits people against each other in this race to the bottom where everybody ultimately loses. The evil thing about this monster is that even though everybody sees it and understands it, they still can't escape the race. A good percentage of all the bad things that we humans do are caused by Moloch."

Moloch in this sense represents the inherent inefficiencies and self-destructive tendencies embedded in various systems – be it healthcare, politics or economics.

Examples of Moloch in action include:

**1. Arms races:** In a military context, a country may rationally decide to increase its arsenal to deter threats and maintain a balance of power. However, when another country does this, the result is an expensive and dangerous arms race, making everyone less safe. No country

can unilaterally disarm without risking vulnerability, thus locking them into the Molochian trap.

**2. Environmental degradation:** Businesses often operate to maximise profit. Cutting environmental corners can often be a rational decision for individual companies. However, when every company adopts this approach, the collective result is environmental degradation, pollution and climate change, affecting the quality of life for all.

### AN UNDESIRABLE EQUILIBRIUM

Scott Morrison brings this concept to life in his blog with the following scenario.

Consider fish farming in a lake.

Imagine a lake with 1,000 identical fish farms. Each fish farm earns a profit of \$1,000/month. All is well.



# Tune in to the Dave & Dharm Demystify podcast

In each episode Dave Wallace & Dharm Mistry bring in guests who are true movers & shakers in the industry. Dive into the hottest trends & technologies and hear CEOs to innovators discuss their cutting-edge ideas & unique perspectives.



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But the fish produce waste, which fouls the water, reducing productivity in the lake by \$1/month.

1,000 farms mean enough waste to lower productivity by \$1,000/month, which means none are making a profit.

Someone then invents a filtration system, which removes waste products. It costs each farm \$300/month, but on voluntary installation, pollution ends. The farms are now making \$700/month.

One farmer (let's call him Steve) gets tired of spending money on his filter. Now, one fish farm produces waste but makes a \$999 profit. Everyone else is making \$699. Others see that the farmer is making a profit and disconnect their filters.

Once 400 have disconnected their filters, Steve earns \$600/month, and the virtuous filter users only \$300/month. Steve does the maths, has a change of heart, and says we all need to use filters voluntarily; otherwise, everyone's productivity decreases.

They sign the Filter Pact. Everyone uses the filter except for someone called Mike. Everyone is making \$699, except Mike, earning \$999. Others see and start disconnecting their filters... And so it goes on.

We see from this that a self-interested person is not incentivised to use a filter.

A self-interested individual has some interest in everyone signing a pact but, in many cases, has a stronger incentive to wait until everyone else has signed the agreement and then opt out, which leads to an undesirable equilibrium in which nobody signs.

### MOLOCH IS ALL AROUND US

This story reveals the absurdity of many of the positions we find ourselves in.

Why do banks still invest in oil? We know that burning fossil fuels is harmful to the planet. The evidence is alarmingly all around us. And yet, the majority of banks continue to invest in carbon. Stopping requires a pact. But the fish farm scenario shows why that is unlikely to happen. So,

"AGI could theoretically model complex systems at a level beyond human capability, identifying novel ways to dismantle or reroute these destructive cycles and help provide a way out."

Dave Wallace

we all understand the madness of it, but no one can stop it. Moloch rubs its hands in glee!

Why do banks constantly build on old legacy infrastructure that results in a sub-standard digital experience? Their strategies and technology choices are driven by value extraction rather than value creation. All can see that this is a race to the bottom, but they cannot stop themselves because the investment required to refocus on value creation may be too big and so a pact across all banks is needed. Anyway, they are making money from investments (see above).

Meanwhile, big tech companies such as Apple observe this, see the bigger picture and decide to move into banking. Apple's latest open banking play – providing access to balances in UK bank accounts through the Apple Wallet – is another nail in the coffin of brand-led banking in the UK.

It turns out Moloch surrounds us. I have opened my eyes to its presence, which has helped me understand the causes of the collective madness of our world.

How do we hack Moloch? Ironically, this is where we may need artificial general

intelligence. I say ironically because the current race to AGI is an excellent example of Molochian forces in action.

We can see the dangers in the race to it, but nobody can stop because the potential upside is too huge.

But I am beginning to believe humans cannot escape our Molochian tendencies alone. We may need the machines.

AGI could theoretically model complex systems at a level beyond human capability, identifying novel ways to dismantle or reroute these destructive cycles and help provide a way out.

You can imagine an AGI quickly making sense of the fish farm scenario and providing an answer. But you then have to ask, what would it do to get its way?

For all of us, now is the time to open our eyes and truly appreciate what is happening. We can individually and collectively find ways out of the race to the bottom. Whatever that race is.

As a footnote, here's an extract from Allen Ginsberg's poem "Howl": "Moloch whose love is endless oil and stone! Moloch whose soul is electricity and banks! Moloch whose poverty is the spectre of genius! Moloch whose fate is a cloud of sexless hydrogen! Moloch whose name is the Mind!"



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

companies design, launch and evolve digital customer experiences.

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



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# How an island could reboot your digital transformation

By Brian Harkin, CTO, Kynec



Many organisations have tried unsuccessfully to reboot their failing digital transformations. But what is the reason for this lack of success?

In most cases, it is because they haven't gone far enough. Tinkering round the edges of a transformation that is suffering from cost overruns/lack of delivery/ineffective governance/culture, communication and skills issues is not going to deliver success. Sometimes you just have to hit the reset button.

Transformations that are beset by serious issues across multiple programme dimensions require a fundamental rethink of the approach that is being taken.

### TAKE CONTROL OF YOUR DIGITAL TRANSFORMATION JOURNEY

There are myriad reasons why digital transformations hit the buffers.

Sometimes the transformation is being conducted inside an organisational structure that is not suited to delivering a digital transformation at pace.

Other times the organisational culture does not support the collaboration, creativity, and innovation required to deliver successful transformations.

Further, there can be instances where the tools and technologies that are being used are simply not fit for purpose. Regardless of the underlying causes, leaders who find

themselves confronting the uncomfortable reality of a transformation that has gone off the rails must give themselves permission to start again.

### CREATE A GREENFIELD STRUCTURE

One of the cleanest and most effective ways of reigniting any digital transformation is to create a greenfield structure within the organisation that has the sole objective of delivering the transformation in the most efficient and effective way possible.

For the sake of brevity, let's call this structure The Island.

The Island contains everything it needs to deliver the transformation. This self-



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sufficient entity is a discreet, dedicated innovation environment, free from existing business influence and risk, which promotes the fast evolution of ideas and deliveries.

Consisting of a leadership team and cross-functional groups of individuals operating in a flat structure, The Island is tasked with driving the transformation forward.

Being insulated from the wider business, The Island structure delivers an environment where staff become the agents of transformational change; they are not afraid to challenge the status quo, are passionate about their mission, and have the skills, resources and motivation to effect positive digital change.

**ISSUES SOLVED BY THE ISLAND**

Creating The Island structure will resolve many of the most common reasons for transformational failure in one stroke.

**Structure**

Transformation failures can stem from issues with the organisational structure within which the change initiative is taking place.

In some instances, the structures themselves lead to political game playing, conflict, and defensive behaviour arising from heavily siloed teams. These silos inhibit open communication and prevent the high degree of collaboration that is required to deliver successful digital transformations.

The flat structure of The Island eliminates silos and promotes a highly collaborative and communicative engagement model that will enhance delivery capabilities.

**Culture**

Culture can, and often does, take a long time to change, especially in larger organisations or organisations where key members of staff have been around for a long time. However, the leadership team on The Island can adopt a fresh approach to cultural change and deliver this within a very compressed timeframe. Culture flows from the top down, and as such the leadership team will tackle any cultural red flags that are encountered.

The executives on The Island should not just talk the talk, they must also demonstrate that they embrace the culture they are implementing by walking the walk and personifying the changes that

“The flat structure of The Island eliminates silos and promotes a highly collaborative and communicative engagement model that will enhance delivery capabilities.”

**Brian Harkin, Kynec**

they want others to adopt by removing fear of failure and promoting trust and collaboration.

**Technology, tools and processes**

The Island must be free to adopt the technologies, tools, and processes that are most suited to delivering the transformation in the most effective way.

Having said this, The Island must not adopt tools/technologies that cannot be used within the main organisation and safeguards must be put in place to ensure that unconstrained technology adoption does not occur.

There is little point in delivering a transformation if the means of delivery cannot be re-integrated back to the main organisation without incurring prohibitive cost/complexity.

**Delivery**

All too often, organisations adopt a linear approach to their transformation initiatives.

Linear transformations are characterised by a large amount of up-front analysis and

decision making, and a huge number of interdependent and parallel streams of work supported by highly complex delivery plans demonstrating that the end goal can be achieved within the designated timeframe and available budget.

These linear delivery plans look great on a slide but frequently fail to take account of the messy reality of transformational change in a complex business environment, and thus in many instances “...can be achieved...” really means “...is unlikely to be achieved...”

Being unencumbered from the delivery models of the existing business allows The Island to approach the problem differently and adopt an iterative and incremental approach to the realisation of the transformation.

The use of fast iterative cycles of delivery results in an environment where experimentation and testing are continuous, which improves the management of risk by facilitating early validation of technical feasibility and any assumptions that have been made. This, in turn, drives increased levels of innovation and improved delivery.

**CLOSING THOUGHTS: BE COURAGEOUS, BE THE CHANGE**


When digital transformations are failing on several different fronts, a fundamental and decisive change in approach is required.

The success of any transformation is a function of human imagination, determination, and courage. These qualities are stifled by an environment that is contributing to the failure.

Hit the reset button, but do it properly.

Give yourself permission to start again.

Create The Island structure, because transformational success is much more about the humans involved than any other factor.



Brian Harkin is the CTO of Kynec and a visiting lecturer at Bayes Business School (City, University of London). He is passionate about the intersection of people, technology, and innovation and has developed the Galapagos Framework to help leaders and organisations transform the way they direct digital change. This article contains extracts taken from Brian's upcoming book, *Evolving from Digital Transformation to Digital Acceleration Using The Galapagos Framework*, due for release in 2024.

# The plague of learned helplessness

By Leda Glyptis



I talk about the way we get in our own way inside of organisations a lot.

You don't always get good options. But there are always options.

And I talk about it with considerable empathy because I have lived through it, and I know there are no monsters lurking behind the terrible decisions we keep making (or the terrible impacts of the decisions we keep *not* making).

It is invariably good people doing the best they can, trying to do a good job on

the basis of what they have learned... what they know... what they were told was the right thing to do when they learned their craft.

I get a lot of nods when I talk about that in rooms full of bankers.

Where the nodding stops and hackles raise a little bit is when I say that inside our organisations, we suffer from a plague of learned helplessness.

The term is meant to be confrontational, by the way.

That ain't no accident, y'all.

"That is not so," I am told.

"What can we do? We are not the biggest bank in the world..."

Well, friend, the biggest bank in the world says they have no options, too. So it ain't that. What else have you got?

"Well, no matter how senior you are, there is always someone you answer to. The CEO, the board, the investors."

I mean, sure. Making decisions and taking action doesn't come with total

impunity. Of course there are other people in the mix.

What else have you got in your trove of excuses?

"What can we do?" says the banker. "There are no good options."

Ah. Now we are getting somewhere. To this, I have three things to say:

**1** You don't always get good options. But there are always options. Maybe not the ones you were hoping for, but that's life.

A lot of the options that seem good right now are no longer available. You know why?

Because you didn't take those options when you had the chance... because they didn't feel like good options then. Hindsight being 20/20 and all.

Exogenous factors are always at play anyway.

There are always people and factors to consider that are not in your control. Of course. This is life, not a laboratory.

When do you ever get to control all the variables? When do you get nothing but good options?

This is life, not Disneyland. And some of the options you could have had, your past self robbed you of by not doing the doing. Because they felt there were no good options.

Fancy that.

**2** You don't get to the end with one decision. We are where we are, as an industry, through osmosis. Decisions and indecision piled on top of each other over decades.

We have habits and structures, learned behaviours and reward systems. Rules and policies. Ageing systems and risk modules that have long ceased being fit for purpose. We have layers of things that need changing, and it's a lot. And every moment of hesitation adds to this pile of things we need to work out and work through. And the courage we need to work up to get started increases... because it's a lot.

And it all needs to be done.

So, looking at it and trying to work out the one decision that will get you through to the other side... oh brother...

There isn't one.

"Maybe there are no good options when you are trying to shift risk models without revising your risk appetite. No matter. Show up and make the choices anyway."

Leda Glyptis

You need to make decisions and keep making decisions.

It's a lot. But it should be a little reassuring as well, no? That you can take this step by step. You don't have to work it all out from the get-go. You can eat the elephant one bite at a time.

I find that reassuring, to be honest, exactly because it means that you have to show up and keep showing up.

**3** If you are a decision maker inside a bank, even if it is the smallest bank ever, you still have the potential to make decisions every day that reach more people and have more impact, for better or worse, on the communities you serve than most human beings have in a lifetime. I don't want you getting drunk on this sense of power. Don't let it go to your head and whatnot.

But you can't wring your hands and say you have no options. You do. You just may not like your options. So exercise some

of them to give yourself more, different options tomorrow.

You will never control every variable. You will not always like your options. So make choices to change those options, bit by bit. And remember that your comments in today's meeting may set a process in motion that changes your systems in a way that allows you to service new segments in your community or service them better.

Today's meeting may be the step you need to take to make small business loans easier to service, credit scoring smarter so you can service immigrant communities or truly enable people to improve their credit footprint.

Today's meeting about risk metrics may enable your teams to switch off legacy systems that will in turn lighten your cost footprint just enough to bring some really competitively priced products to market that make all the difference between a kid being able to go to college or not, or young love being able to afford a home before their hair turns grey and a business getting the real-time credit lines they need to grow.

So, yeah, maybe there are no good options when you are trying to shift risk models without revising your risk appetite.

No matter. Show up and make the choices anyway.

And do it again tomorrow and the day after. Until the choices get better and you get better at understanding the responsibility you have. And the reach.

Exactly because you can have more impact in a day than most people have in a lifetime, you owe it to them to show up and do your best and not one iota less than that.

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

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## UK FCA sets its sights on banks' treatment of PEPs

By Tyler Pathe, reporter, FinTech Futures

After the UK financial industry landed itself at the centre of a storm surrounding the treatment of politically exposed persons (PEPs) this summer, the Financial Conduct Authority (FCA) is actively engaging in a new review to determine the fair treatment of this demographic by UK financial firms.

The review seeks to understand the measures firms deploy when dealing with PEPs, and specifically how they assess potential risks, communicate with their

customers and conduct and apply due diligence.

Although the outcome of this review is not expected to arrive until June next year, the instigation of it is both timely and critical to the success and security of the UK's current financial landscape.

As outlined in its Money Laundering, Terrorist Financing and Transfer of Fund Regulations 2017 legislation, the FCA defines a PEP as "people who hold

prominent public functions" who "may be able to abuse their public office for private gain and may use the financial system to launder the proceeds of this abuse of office".

The treatment of PEPs has been on the regulator's radar for the best part of the last two decades, but was brought sharply back into focus over the summer when a row erupted between UK banking giant NatWest and Nigel Farage, the former leader of the UK Independence party, who alleged that he had been 'unbanked' by the bank's private banking arm Coutts.

The row resulted in the resignation of both Alison Rose, NatWest Group's chief executive, and Coutts chief executive Peter Flavel, and caused the FCA to pursue its action more keenly.

In August, it put out an industry wide request to the country's largest banks and building societies to provide all information concerning account closures, and particularly to uncover whether terminations were the result of "political or other opinions".

Maintaining its pace on the matter, the regulator's latest review will seek to determine whether financial institutions are conducting proportionate risk assessments on UK PEPs, and why if a termination is instigated, how this decision was reached.

Sarah Pritchard, the FCA's executive director of markets, says the proposed rules are designed with the intention of keeping the financial system "clean, free from corruption" and to "guard against financial crime".

"It's important that they are implemented proportionately and don't create unnecessary barriers for public servants and their families," she adds. "We have already persuaded some firms to improve their approach and we will use this review to identify if we need to provide further guidance to firms."

While the timing of the review has coincided with the treatment of PEPs hitting the headlines and becoming mainstream news, Dr Henry Balani, global head of industry and regulatory affairs at Encompass Corporation, emphasises that the FCA's latest review is part of a wider initiative to ensure the efficiency of actively imposed financial sanctions.



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### KYC, AML AND PEPS

Founded in 2012 and headquartered in London, UK, regtech Encompass Corporation specialises in helping banks onboard typically large corporations and PEPs through the automation of know your customer (KYC) solutions.

With his finger naturally on the pulse of the FCA's actions, Balani recognises the association its review has with NatWest's recent turbulence, but goes on to clarify that the original remit of the review was "trying to understand what some of the risks are generally, especially given some of the challenges that we are seeing today".

Balani identified Russia's invasion of Ukraine in February 2022 as an example.

The FCA proved its effectiveness as a regulator last year when it imposed a significant volume of sanctions on Russia as a consequence of the country's unjust military action on its neighbour Ukraine. It reacted quickly and mandated firms to increase their focus on sanctions systems and money laundering due diligence.

"What's really interesting about the Russian sanctions is that the number of sanctions that have been placed on Russia have been larger than any price sanctions programmes in terms of the number of actual sanctions themselves," explains Balani, who carries 15 years of sanction system expertise.

"The FCA's action is recognising that we've got an increased volume of these types of activities, and that we need to really better understand what the impact on the banks actually is."

The impact of a bank servicing a sanctioned individual is, for all intents and purposes, evidently clear cut, and the FCA has shown no hesitation in bringing down the heavy hand of the law on those that choose to go against its orders.

But as Balani explains, servicing a PEP is "a bit of a grey area", primarily due to the level of risks that need to be assessed.

"Part of the challenge is that when you look at a bank that's opening up a bank account for a PEP, there's a recognition that PEPs are typically more susceptible to corruption," he says.

"That's just the reality in terms of the position that they're in. The higher the level of that particular PEP, the more at risk that they are of potentially being corrupted."

"There's a recognition that PEPs are typically more susceptible to corruption. That's just the reality in terms of the position that they're in."

Dr Henry Balani,  
Encompass Corporation



### ENHANCED DUE DILIGENCE

As part of their compliance with the FCA's review, banks in the UK will be required to perform enhanced due diligence when onboarding a PEP to ensure that not only their own interests are protected, but to also ensure that that particular customer won't be at risk of being unbanked in the future.

At the most basic level, "all of us are entitled to basic bank accounts", Balani emphasises. However, the risk potential outlined in his earlier comments arises more prominently through the introduction of value-added services.

Banks aren't just in the business of providing basic financial services, they're also seeking to make money. And Balani outlines how due diligence metrics should seek to accurately portray the full risk potential of offering PEPs these value-added services, such as during the issuance of loans and extended lines of credit.

These metrics, he suggests, should not only seek to validate the PEP's legal position in the UK beyond all reasonable doubt, through home ownership for example, but in the context of business banking specifically, should serve as a deep dive into their operational models.

This could include information regarding their line of business, in which jurisdictions they carry out their business and who with, who their investors are, and so on.

"If I have a corporation and 80% of

that corporation is owned by a Russian oligarch, that's a problem," says Balani as an example.

Adding to this, Wayne Johnson, CEO and co-founder of Encompass Corporation, recognises how banks face the challenge of "proving treatment of customers is consistent, considered and fair".

As means of a solution to this challenge, Johnson says that "it is critical that institutions utilise technology-driven processes that enable them to act based on verifiable facts, presented by live, authoritative, publicly available data – and prove it".

"Today, as banks look to mitigate risk and keep up with an evolving regulatory landscape, technology exists to establish a customer's identity, providing real-time profiles, generated on demand, to validate and verify a company with full transparency," he says.

Johnson says that this approach will enable banks to "evidence compliance and preserve reputation", while also "maximising business efficiency".

Above all, the FCA's review of banks' treatment of PEPs isn't just to mitigate the risks of another unbanking row, it's to protect the integrity of the industry in which UK banks operate.

The regulator is expected to complete its review by the end of June 2024, at which point it is to take "prompt action if any significant deficiencies are identified in the arrangements of any firm assessed".

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## FINTECH FUNDING ROUND-UP

**Stampli**, a US-based platform for automating accounts payable (AP) operations, has raised **\$61 million** in a Series D venture funding round.

The round was led by funds managed by Blackstone, with participation from existing investors Insight Partners, SignalFire, Bloomberg Beta and NextWorld Capital.

This brings the total amount raised by Stampli since it was launched in 2015 to \$148 million.

It claims to have processed more than one million invoices totalling a collective value of more than \$5 billion in August of this year.



Berlin-based fintech **Upvest**, which provides trading, settlement and custody infrastructure for digital wealth management, has secured **€30 million** in a fundraising round led by BlackRock.

The round also saw participation from existing investors Bessemer Venture Partners, HV Capital, Earlybird, Notion Capital, ABN Amro Ventures and 10x Capital.

Upvest has also forged a partnership with BlackRock in a bid to make investing "more accessible" for investors across Europe and help banks, fintechs and wealth managers to build modern investment experiences "in months instead of years".

Canada-based **Clearco** has raised **\$60 million** in a Series D funding round and secured a \$100 million financing facility as part of its financial recapitalisation strategy.

The Series D round was led by the firm's existing investors Inovia Capital and Founders Circle Capital, while the new asset-backed facility is being provided by Pollen Street Capital.

Clearco provides a revenue-based financing solution, Invoice Funding, which underwrites business loans using its proprietary machine learning-based technology.

The company cut 125 jobs in mid-2022 due to "significant headwinds" in the lending environment, and then axed 30% of its remaining workforce later that year in conjunction with the resignation of its then-CEO Michele Romanow.

"Like most companies, we made hard calls in the last 12 months to be in the position we are now, focusing on long-term opportunities to grow intelligently and profitably," says new CEO Andrew Curtis.

The company says it has funded more than 10,000 e-commerce businesses to date and advanced more than \$2.5 billion.

New York-based start-up **Aleph** has emerged from stealth with **\$16.7 million** in funding. The round was led by Bain Capital Ventures, with participation from existing backers Khosla Ventures, Picus Capital and Y Combinator, as well as angel investors and current customers.

Founded in 2020, Aleph operates a financial planning and analysis platform to help businesses manage and gain insights from their data in real time. It allows companies to integrate all their sources of data under one platform "in minutes", coupled with an artificial intelligence (AI) dashboard and a web app for collaborating and planning. Aleph claims its onboarding process takes less than one hour and its interface requires "little to no training" – leading the start-up to onboard early customers including Notion, Zapier, Envoy and Turo.

UK-based **Embedded Finance**, which is trading as Railsr and was sold to a consortium of VC firms earlier this year, has secured **\$24 million** in fresh funding.

The capital came from existing investors including D Squared Capital and Moneta Venture Capital (which are also part of the consortium) and will be used by the company in its rebuilding and growth plans.

The troubled company says it has made "positive progress in addressing regulatory concerns in the UK over the last six months" and is looking to achieve "complete remediation" by early 2024.

Additionally, Embedded Finance has also established an entity in France and applied for an electronic money institution (EMI) licence there, following a decision to not acquire Railsbank's regulated entity PayrNet in Lithuania, after the Bank of Lithuania revoked its EMI licence due to multiple law violations.

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Singapore-based **YouTrip**, which offers a multi-currency mobile wallet, has secured **\$50 million** in a Series B funding round led by Lightspeed.

It follows YouTrip's \$30 million Series A in 2021, bringing the firm's total funding to more than \$100 million.

Launched in 2018, YouTrip holds a remittance licence issued by the Monetary Authority of Singapore (MAS) and teamed up with Kasikorn Bank to launch its services in Thailand in 2019. It offers foreign currency digital payment solutions for both consumers and businesses and also provides corporate cards for SMEs through its spend management platform YouBiz, launched over a year ago.

With the latest investment, YouTrip says it is "well-positioned" to accelerate its expansion plans across Southeast Asia, including Indonesia, Vietnam, the Philippines and Malaysia.

Vancouver-based **Procurify** has secured **\$50 million** in a Series C funding round.

The round was led by Ten Coves Capital, with co-investment coming from Export Development Canada and additional participation from existing investors Information Venture Partners and HarbourVest, among others.

Founded in 2013, Procurify says it offers an "all-in-one" spend management solution for mid-market businesses, with its platform bringing together purchasing, AP automation and data analytics.

With the new funding, which brings Procurify's total equity funding to more than \$70 million to date, it plans to go global and launch new payment capabilities.

It claims to be working with hundreds of customers across various industries, managing over \$30 billion in global spend.

New York-based **Prove Identity** has raised **\$40 million** in a funding round led by MassMutual Ventures and Capital One Ventures.

Founded in 2008, Prove's identity verification and authentication platform has 1,000+ businesses as clients, including NatWest, Barclays, Mastercard, Visa and Experian.

It offers solutions to tackle growing areas of fraud such as authorised push payment (APP) and account takeover (ATO) fraud. Last year, it launched a passwordless login and omnichannel authentication offering, Prove Auth.

Prove recently opened a new engineering and technology hub in India and entered the Brazilian market through a partnership with cybersecurity firm e-Safer.

New York-based investment and banking app **Stash** has raised **\$40 million** in new funding, led by funds and accounts advised by T. Rowe Price, with additional participation from existing investors including Goodwater Capital and Union Square Ventures.

The round succeeds Stash's debt funding round in 2022, when it raised \$52 million, and its \$125 million Series G in 2021. The company has now raised more than \$500 million since its inception in 2015.

The firm claims to have surpassed \$100 million in annual revenue during the past year, while its latest statement indicates that it has "profitability in sight".

Earlier this year, Stash appointed a new CEO and CTO and launched an in-house built core banking system, Stash Core.

Swedish paytech **Brite Payments** has secured **\$60 million** in a fresh funding round led by Dawn Capital, with participation from Headline and existing investor Incore Invest.

Founded in 2019, Brite is an instant payments provider that leverages open banking technology to process account-to-account (A2A) payments in real time between consumers and online merchants. It is currently connected to 3,800 banks across 25 countries in Europe.

Brite says it "more than doubled" its transaction volume and revenue in 2022, leading it to achieve profitability. It also appointed a new CFO and COO this summer.

It plans to expand geographically and also to further develop its Brite Instant Payments Network, a proprietary network that facilitates 24/7 "instant" processing throughout the year, claiming "significant advantages" over traditional open banking payments, including full receipt of funds and instant settlement in the currency of the merchant's choice.

**Arteria AI** has raised **\$30 million** in a Series B funding round led by GGV Capital. The round featured participation from the company's existing investors including Illuminate Financial, Information Venture Partners, BDC Capital and Citi, and takes its total funding to date to \$50 million.

The company's AI platform helps financial institutions automate manual documentation processes in areas such as trading, lending and asset management by extracting and structuring data.

Arteria AI was founded in 2020, with HQ in Toronto and offices in New York and London. The start-up says it has tripled its recurring revenue over the last year.



This is just a snapshot of the fintech funding activity worldwide. For more info on these and many other deals, head over to the *FinTech Futures* website!

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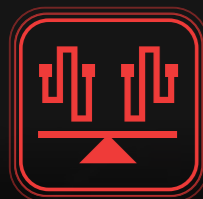
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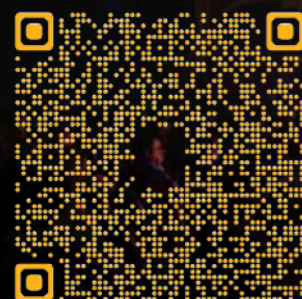
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# MOVERS AND SHAKERS



**Michael Mueller**, CEO of UK-based paytech **Form3**, is stepping down and passing over the responsibilities to Mike Walters.

Walters is one of the first employees and co-founder of Form3, and served as chief product officer (CPO) for the start-up since its inception in 2016. His previous stints include working as product director for Barclaycard and over ten years at Barclays, most latterly as head of corporate payments.

Form3's chief operating officer (COO) since inception Eimear O'Connor will take over from Walters as CPO. She brings more than 20 years of work experience to her role, having formerly worked at Barclays and Visa.

Mueller will be taking over as executive chairman of Form3 from co-founder Tom Kozlowski.

The changes follow Form3's recent appointment of former NatWest exec Matt Tuck as chief commercial officer (CCO) and an investment from Visa.

Eight months after announcing his resignation as CEO, **Ziglu** founder **Mark Hipperson** is rejoining as executive chairman.

Founded in 2018 and launched in 2020, Ziglu specialises in mobile banking and cryptocurrency services.

**Kevin Hanley**, former head of innovation at NatWest, and **Mark Jenkinson**, founder of Chetwood Financial, are to join the Ziglu team as co-CEOs.

Hipperson acknowledges the departure of "some incredible individuals" from Ziglu's team as well as reappointment of "some familiar faces". Ziglu is entering a period of "significant expansion", he says, which includes the introduction of "innovative financial investment products" within the next nine months.

Last year, Ziglu was set to be acquired by US stock-trading app Robinhood but the deal fell through.

**Francesca Carlesi**, co-founder and CEO of UK-based lendtech **Molo**, has stepped down from her role, six months after Australian non-bank mortgage lender ColCap acquired an 80% stake in Molo.

Launched in 2018, Molo specialises in online buy-to-let

mortgage loans and mortgage-as-a-service, a white-label solution for financial institutions.

Carlesi has now been appointed as CEO of **Revolut Newco**, a UK-based entity of global fintech Revolut that is awaiting the UK banking licence (the application has been in the works since early 2021). She has replaced James Radford, who resigned earlier this year after three years at Revolut.

Portugal-based start-up **Rauva**, which provides a business and financial services app for entrepreneurs, has appointed **Tomas Oliveira da Silva** as its new chief risk officer (CRO).

With over 15 years of experience, Oliveira da Silva joins from DF Capital, a UK-based savings and lending bank, where he served as CRO for nearly three years. Prior to that, he worked for the Bank of England for nearly six years, most latterly as a technical specialist.

With his appointment, Rauva rounds off its leadership team, alongside co-founder and CEO Jon Fath and CTO Maxence Cornet, as it looks to build one of Europe's "first fully digital business banks".

Since launching the app earlier this year, the start-up also recently signed an agreement to acquire Banco Empresas Montepio (BEM), the business banking brand of Portugal's Banco Montepio.

UK challenger bank **Monzo** has hired **Conor Walsh**, former head of global product at Square's mobile payment service Cash App, as its new US CEO as it renews its push to tap into the American market.

Walsh spent six and a half years at Cash App and also previously served as CEO of mobile payments provider Verse.

Monzo initially applied for a US banking licence in 2020, with former Visa executive, TS Anil, being brought in to head the pursuit. But with the departure of Monzo's founder, Tom Blomfield, in early 2021, Anil stepped into the role of UK CEO, while Carol Nelson, former KeyBank exec, took over his position in the US.

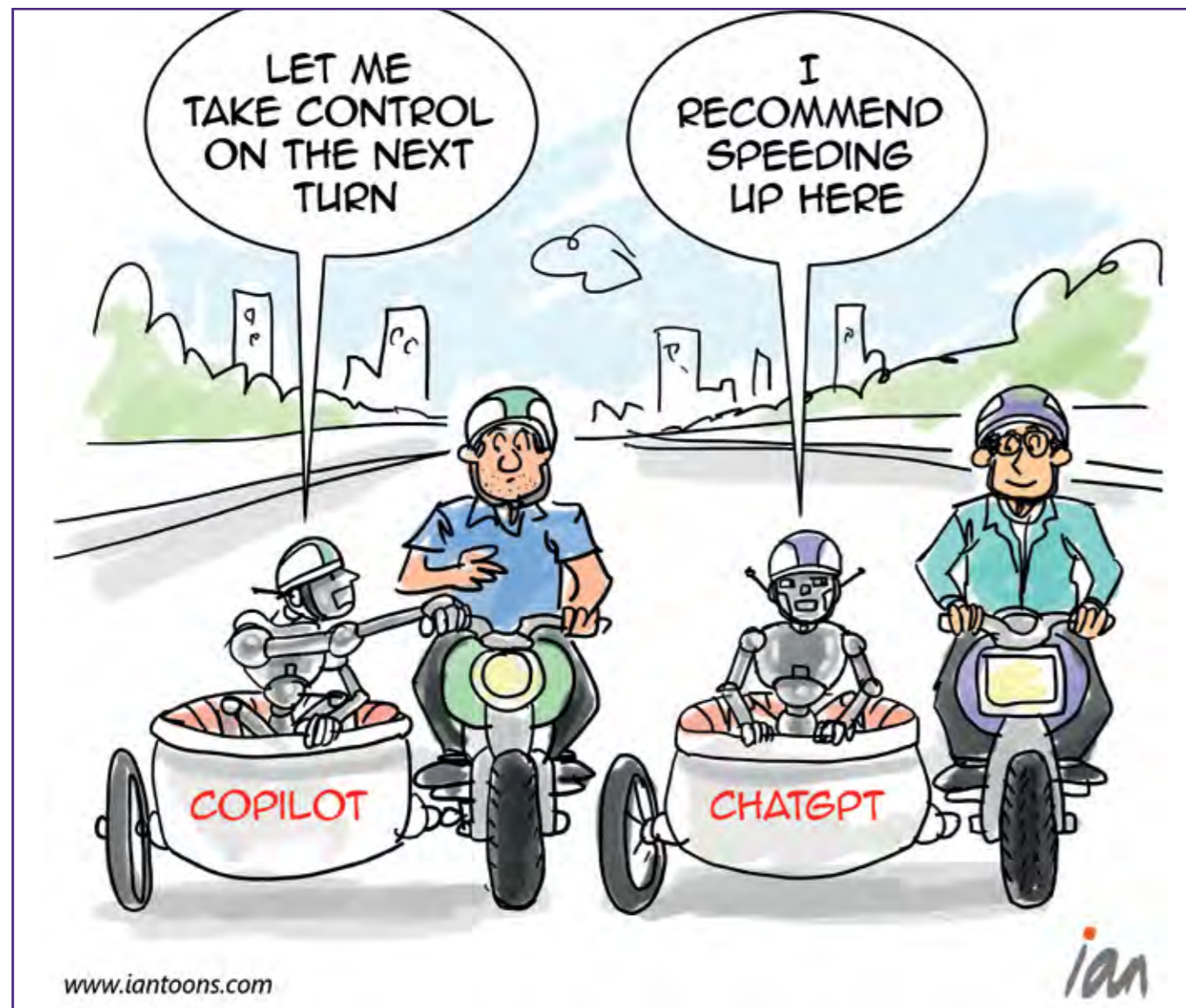
Monzo withdrew its US licence application later that year, at a time of facing annual losses of £115 million in its home market, and Nelson left shortly after.

Saudi Arabian fintech **Hala** has appointed **Saleem Arshad** as its new CTO. Arshad moves from Revolut India, where he was CTO for one year, focusing on the challenger's entry into the country.

His earlier experience also includes stints at W1TTY, Barclays, BP, Accenture and HSBC, where he spent more than six years in technology roles.

Founded in 2017, Hala provides financial services to 50,000+ SMEs in the region. Earlier this year, it acquired a UAE-based SME payments start-up, Payment.com.

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



**PARALLEL PROCESSING**

Cartoon by Ian Foley

The global chatbot market is forecast to rise from \$5 billion in 2023 to \$15 billion in 2028, driven by the rise of generative AI models that improve a chatbot's natural language processing (NLP) capabilities. These improvements have resulted in a better understanding of the human language and learned behaviour with each interaction helping to create more personalised recommendations.

At a high level, the market is split into general purpose chatbots (e.g. ChatGPT, Bard and Bing) and task or vertical-specific chatbots (e.g. GitHub Copilot and Jenni AI).

The general purpose chatbots are trying to replace Google search as the starting place for querying the web. Most

recently, ChatGPT enabled AI voice options to hear the chatbot responding to voice prompts and image analysis capabilities to allow consumers to interpret visuals.

Task-specific chatbots are moving towards helping users complete activities, rather than be just informative. For example, GitHub Copilot learns from the coding style of a developer and uses a library of templates to write code itself.

The evolution of AI chatbots has the potential to change the landscape as we know it today. As Bill Gates mentioned: "A decade from now, we won't think of businesses as separate, because the AI will know you so well that when you're buying gifts or planning trips, it won't care if Amazon has the best price, if someone else has a better price – you won't even need to think about it."

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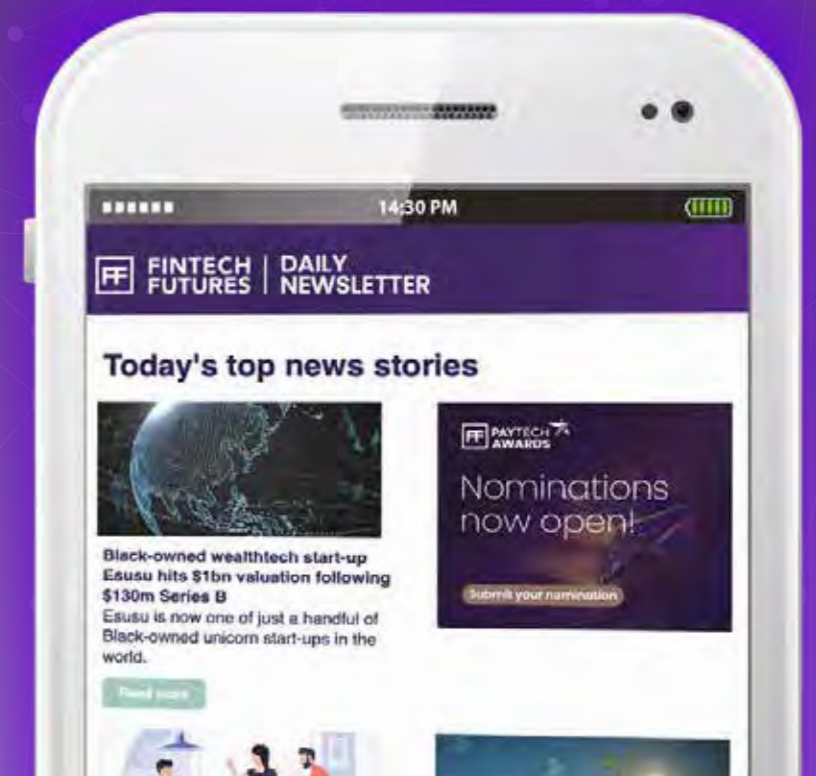
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