banking technology

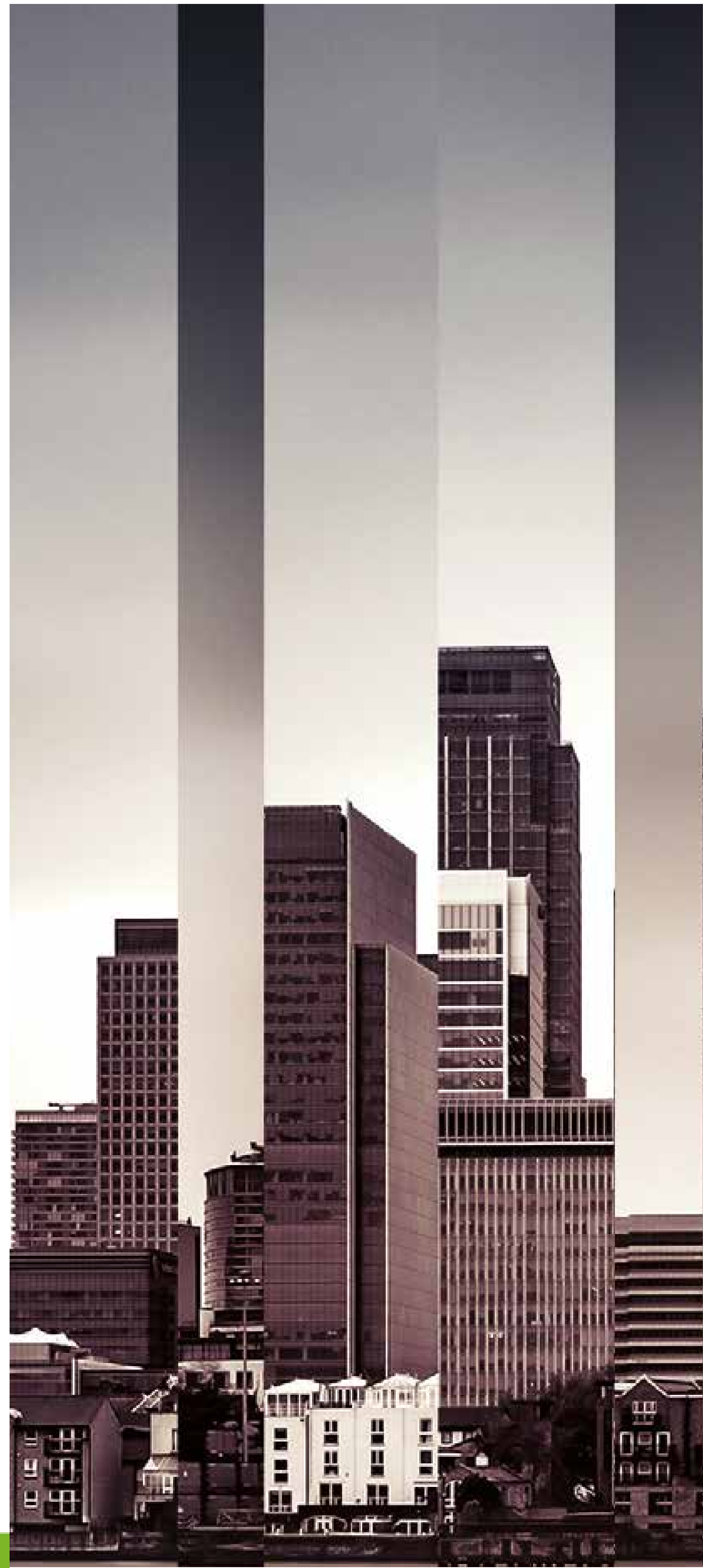
The definitive source of news and analysis of the global fintech sector | **February 2018** **www.bankingtech.com**

VISION DREAMS OF PASSION
And all the while I think of fintech

CASE STUDY: SBERBANK
Mega size, mega tech ambitions

FINTECH TOUR AMSTERDAM
Global village calls for contact

FINTECH FUTURES



Contents

FINTECH FUTURES

Managing Director & Editor-in-Chief
Tanya Andreasyan
+44 207 551 9010
tanya.andreasyan@knect365.com

Deputy Editor
Antony Peyton
+44 207 551 9010
antony.peyton@knect365.com

Reporter
Calum Parry
+44 207 017 5709
calum.parry@knect365.com

Design & Production Manager
Kosh Naran
kaushik.naran@knect365.com

Head of Sales & Business Development
Judith McInerney
+44 203 377 3506
judith.mcinerney@knect365.com

Business Development Executive
Alec Gost
+44 207 017 6122
alec.gost@knect365.com

Marketing Manager
Irena Andrisevic
+44 207 017 5379
irena.andrisevic@knect365.com

Subscriptions and Renewals
Tel: +44 207 017 5533
Email: telecoms.enquiries@informa.com

Subscription for one year:
- £495
- €625
- $795

Subscription for two years:
- £800
- €880
- $1,000

Onalytica's
TOP 100 Fintech Influencer and Brand

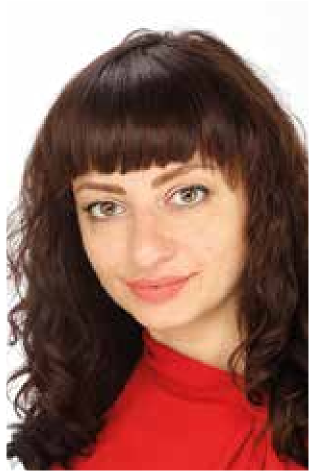
Banking Technology is published ten times a year

Address
Maple House
149 Tottenham Court Road
London W1T 7AD
UK

Printer
Hobbs the Printers Ltd
Hampshire, UK

ISSN 0266-0865
www.bankingtech.com

KNect 365
an informa business



Editor's note

With the fintech industry being all the rage, European firms are spoilt for choice about where to set up their operations.

France and its capital Paris are putting a stake in the ground with the annual Paris Fintech Forum, which is said to gather over 2,000 delegates from 45 countries – with English (!) as the main language of communication.

French president Emmanuel Macron "shocked" the world, according to some media outlets, by addressing a European Union conference in English and switching between French and English at the recent World Economic Forum in Davos.

French and UK governments are also planning to host a joint digital conference later this year to promote deeper integration in the digital economy. France has made "big strides in creating new tech businesses and encouraging entrepreneurs", the two parties say, with Paris' newly built Station F, a former railway station hosting start-ups, multinationals and investors.

As a testament to France's flourishing tech scene, SAP has pledged €2 billion investment into its operations there for its digital and innovation ambitions (see p11).

If you prefer a hub on a smaller scale, there's Amsterdam – "a global village", in the words of the city's deputy mayor for finance, Udo Kock.

"We don't deny that we're competing with other cities – such as Barcelona, Berlin, London and Paris. But you have to be realistic and say that London and Paris are global cities. Amsterdam is not a global city. It's a metropolitan city. It's a global village," says Kock (see p28 for a full interview).

Or how about Lithuania and its capital Vilnius? The country's central bank and regulator, Bank of Lithuania, has recently launched a regulatory and technological sandbox platform, LBChain, for blockchain testing (see p9).

It has also taken a number of practical steps to encourage fintech firms to set up shop in the country, including a three-month application process for an e-money or payment institution licence, direct access to the payment infrastructure of Bank of Lithuania, favourable visa regime and initial capital requirements. **bt**

Tanya Andreasyan
Editor-in-Chief
Banking Technology

Failed fundraiser closes the folio on Folio

Folio, a banking app that automates small amounts of savings for specific goals, closed in January after it failed to meet its fundraising target.

According to a report by AltFi, UK-based Folio planned to raise £320,000 as the first savings app to launch on the Crowdcube platform in July last year.

Folio previously raised funds from investors including Kapital Bank, which was to be used for marketing, expanding its partner programme and driving user acquisition.

Folio currently maintains savings accounts for around 10,000 users, backed by Barclays. It is not known how much it currently holds for its users, though Folio has reported to be holding over £180,000 for 4,000 users at the time of its fundraising attempt.

As of 1 January 2018, the Folio app has been removed from UK app stores with new deposits ceasing two days later. Folio has stated that all funds will be manually transferred back to owners by 10 January.

Folio's co-founder and CEO, Marvyn Halfon, says in a final statement: "I wanted to inform you that Folio will be shutting down UK operations in the coming weeks. It was an incredibly hard decision as you and 10,000 other people have trusted us to make saving more achievable and fun".

When it came to customer's funds, Halfon states: "Rest assured, all funds remain held in protected saving accounts with our partner, Barclays, and are available for withdrawal at any time. The safety of your money has always been an absolute priority, and it will remain one until our last day of operations."

Calum Parry

New challenger bank on UK scene, Chetwood Financial

UK's challenger bank scene has got a new entrant – Chetwood Financial. The regulator granted it a banking licence at the end of last year.

The company was set up in January 2016 and is based in Wales, at Wrexham Technology Park. It announced plans to create 90 jobs locally. The Welsh government supported the move with £750,000 funding.

Chetwood launched its first product – "a new type of loan" – under the LiveLend brand last year. LiveLend aims to provide "fair and flexible" digital lending.

"At Chetwood, we use technology to make people better off, through the design and manufacture of digital products across financial services," the company says on its website.

"We are focused on serving distinct customer segments that are currently underserved by the market, with products designed specifically for their needs.

"We use modern technology, and an ecosystem of partners, to take the cost out of manufacturing banking products, so we can make our customers better off."

Chetwood emphasises that unlike traditional banking models, it is "not obsessed with customer ownership and cross-selling other products". Rather, it focuses on the products being right for its customers and stand-alone. "Our multi-brand strategy and our capability to create white labelled products, enable this approach," Chetwood states.

THE FOUNDERS

Chetwood's founders are Andy Mielczarek (CEO) and Mark Jenkinson (COO).

Most recently, Mielczarek was deputy head of the retail operations of HSBC UK. Prior to that, he was commercial director and head of retail products for HSBC Europe. Prior to his time at HSBC, he was CFO at M&S Bank, head of commercial finance at MBNA, and brokerage operations director at Charles Schwab.

Jenkinson comes with nearly 25 years' experience working at Temenos, TCA Consulting and Capco/FIS. He was a lead partner at Capco in retail banking and wealth management before leaving to start Chetwood.

Tanya Andreasyan

Mambu banking engine powers Kreditech's lending leap to India

Kreditech has selected Mambu's Software-as-a-Service (SaaS) banking engine for its push into India's lending market.

The firm currently operates in Europe and Latin America and says it will expand into the sub-continent in early 2018, together with its partner PayU, a payments provider and a Mambu client in Latin America.

The engine will let Kreditech launch a short-term lending product tailored to local consumer and regulatory needs.

Alexander Graubner-Müller, CEO of Kreditech, says by using "alternative data and self-learning algorithms, we are able to evaluate consumers whose credit history is difficult for banks to gauge" – and it offers them "access to loans and thereby help them to gain economic independence".

He adds that Mambu's cloud-native solution "easily integrates into our architecture, allowing us to quickly scale and adapt to market and consumer demands".

The loan product is expected to go live in the first quarter of 2018, all data will be hosted by Amazon Web Services (AWS) India.

Founded in 2012 and headquartered in Hamburg, Germany, Kreditech covers more than five markets, including Russia, Mexico, Spain and Poland. Up until now, the company says it has processed more than five million loan applications through its subsidiaries.

Antony Peyton

NEWS

Alfa-Bank and HashCash unleash blockchain-powered payments

Russia's largest commercial bank, Alfa-Bank, is working with HashCash, a private, permissionless, digital cash system.

Through the partnership, HashCash will create a payment router and clearing house where all transactions are sent to Alfa-Bank on the blockchain.

Alfa-Bank will clear transactions, forward them to the receiving bank in real-time, and log supporting documents. The transfers will operate on the open source blockchain, HC NET, which uses fiat currencies for settlement.

Raj Chowdhury, MD of HashCash Consultants, says the implementation "creates a clearing house solution that combines the liquidity efficiency of a netting system and the intra-day finality of a real time gross settlement system" and the result is a "safe, secure, reliable, fast and final payment system for all transacting parties".

This isn't Alfa-Bank's first foray into the blockchain. Last year, the bank partnered with S7 Airlines for blockchain-based ticket payments. It also collaborated with Sberbank on Russia's first blockchain payment.

Julie Muhn, Finovate

Challenger BankiFi launches with open banking battle cry

BankiFi has entered the crowded market with its multi-bank aggregator platform as it looks for a place among the new open banking world order.

It says it aims to equip financial services providers with a "consent centric platform" that enables them to open up their business to external (fintech) partners to use, monitor and monetise.

Mark Hartley, founding partner at BankiFi, says "interest income is coming down" and "banks recognise value add is the only way to build out the trust and relevance with their customers".

The platform's launching customer is Nordea's open banking developer portal – and the first solution is called "Pocket Treasurer". This combines aspects of cash management with lending and "pushes advice out to customers".

Claus Richter, head of CM customer solutions at Nordea, says the deal with BankiFi has "proven that co-creation with third parties on the open banking platform will turbo charge our development of new products".

BankiFi says it is self-funded with additional resources from thestartupfactory.tech, a firm located in Manchester (UK) that builds software applications. The latter also selects, trains and coaches IT staff for the BankiFi team

Source: BankiFi

and RedCompass, a London-based advisory firm.

BankiFi operates out of the UK and the Netherlands.

Hartley has held a range of management, sales, innovation and strategy roles in the tech industry for the financial services segment in the APAC region and Europe, most recently at Clear2Pay and FIS. He currently serves as an advisor on PSD2 and open banking to Nordea and is advisor to the board of Nationwide Building Society.

Conny Dorrestijn is the other co-founder and has worked in the fintech industry in a range of marketing and business development roles (Nixdorf, ACT, Clear2Pay, FIS). She is also an advisory board member to Holland FinTech and AdviceRobo.

Antony Peyton

DOS & Co to launch digital private bank

UK-based advisory firm DOS & Co is the latest name in challenger banking as it plans to launch London's first digital private bank.

It will rely on a Banking-as-a-Service (BaaS) back-end, and *Banking Technology* understands DOS & Co is talking to a number of BaaS suppliers at present.

The new bank will focus on private banking and wealth management, leveraging relevant APIs to build a private bank suitable for family offices and "complicated domestic" arrangements.

The bank says it will also support individual accounts for different properties, projects, yachts and domestic staff. It aims to have its FX as close to 0% as possible (depending on its platform and eventual model).

DOS & Co also plans to provide its customers a personal banker and won't be utilising artificial intelligence (AI) or chatbots as it describes itself as "real" private banking, but "digital first".

The target market is:

- Wealthy millennials, including "alternative" modern income and wealth sources (e.g. influencing, vlogging, tech entrepreneurs).
- Sports, music and entertainment stars.
- Family offices and entrepreneurs with domestic staff and multiple properties.
- "The other 99% of the top 1%".

DOS & Co is currently gathering market information to build its platform. When launched, membership will be by invitation only initially, to ensure that it has the right number of private banking managers to be able to service its customers.

DOS & Co was set up in 2011. It describes itself as "an advisory firm catering exclusively for family offices and private clients, established to cater to the needs of London's (ultra) high net-worth community and its diverse and exacting range of requirements".

Calum Parry

NEWS

Curve card comes a-calling in UK

Curve, an app that connects debit and credit cards to one Curve Mastercard, has launched in the UK.

The payments start-up says it had over 50,000 people on the waitlist ahead of launch, and it aims to simplify money management by connecting accounts, cards and services to one card and one mobile app.

Shachar Bialick, founder and CEO of Curve, says it's like having a "'mission control for money', in your pocket".

It works like a normal bank card that accepts Mastercard cards – for contactless, chip and PIN, magstripe and ATM withdrawals.

New customers can download the app, add their existing cards and start spending. The company says more than 100,000 people signed up during its beta phase, spending over £100 million in more than 100 countries.

Users can also switch payments between cards, up to two weeks after a purchase, with the "go back in time" feature.

It is currently free for new users. Curve Premium, which offers additional benefits, is a one-off £50 cost. It will begin shipping cards to consumers this week.

Some of the firm's investors include Santander InnoVentures, and individuals from companies such as Deutsche Bank, Credit Suisse, Lloyds and Google Wallet.

Antony Peyton

New mobile bank Countingup brings heart to sole traders

UK-based challenger bank Countingup has launched a mobile-based business current account for sole traders.

Countingup says it is "the first UK challenger bank to focus on the 4.5 million sole traders, freelancers and contractors; and the first to promise plug and play accounting built in".

The account comes with a UK sort code, account number and a contactless Mastercard, and takes just five minutes to open on a smartphone.

Tim Fouracre, the company's chief executive and founder, feels "sole traders have been neglected by the mainstream banks who focus on larger businesses". He describes the process of setting up a business account with legacy banks as "arduous, slow and expensive", and as a result, sole traders often resort to using personal accounts.

Also, the 31 January self-assessment tax deadline has just passed. In 2017, nearly five million tax returns were filed at the last minute, he notes. "Add to this the government's Making Tax Digital plans to increase the number of tax filings to five per year from April 2020 and the size of the burden on business owners becomes apparent," he adds. "Countingup will change all this with automated bookkeeping and tax returns."

According to Fouracre, Countingup is "the fastest challenger bank to launch in the UK" – it has taken just over four months from inception to launch of the business current account.

There are plans to roll out the accounting functionality in 2018. The vast majority of small businesses in the UK do not use accounting software, he explains, so they miss opportunities to improve business profitability, as their only engagement with their business finances is usually at the end of the tax year.

Countingup aims to be "accounting and banking in one place for sole traders". It was founded in 2017 by Fouracre, who is a chartered accountant. Previously, he founded and ran Clear Books, a cloud-based accounting software company.

Countingup is backed by venture capital. Last year, it raised $750,000 in funding from Frontline Ventures, Will Neale (founder of Fonix and Grabyo), Ben Grol (partner at Atomico), Ben Heald (chair of Sift, Edo, eFiling and Bristol Pound), Andy Chung (AngelList) and other private investors.

Tanya Andreasyan

Yes Bank and Nearby Tech bring cardless ATM services to India

Yes Bank has teamed with fintech start-up Nearby Technologies to provide Aadhaar cardless and pinless ATM services in India.

Aadhaar is a 12 digit unique-identity number issued to all Indian residents based on their biometric and demographic data.

According to the bank, by using the PayNearby service mobile app from Nearby, a retailer can become an Aadhaar ATM/Aadhaar bank branch for cash withdrawals and deposits.

The service will be available through Yes Bank itself alongside a business correspondent agent network comprising 40,000 touch points.

By using their Aadhaar number and fingerprint, customers can withdraw cash or perform any other transaction from these locations.

Nearby says it also teamed with the Retailers Association of India (RAI) to "spread relevance and create popularity" of Aadhaar services, educating customers and enabling the service "even in the remotest parts of India".

Nearby Technologies' founder, Anand Kumar Bajaj, says: "With the launch of this service, our aim is to become the payments enabler for India."

Yes Bank and Nearby worked closely with the National Payments Corporation of India (NPCI) to launch the service.

Calum Parry

Wall Street Systems takes ECB to court over tech deal with rival

Wall Street Systems, a long-standing supplier of its Wallstreet Suite treasury management software (TMS) to the European Central Bank (ECB), filed a lawsuit in response to the bank's decision to sign a new deal with another TMS provider, Openlink.

ECB issued a tender last year for a new system for its treasury management operations. All major TMS suppliers took part in the tender, *Banking Technology* understands, including Calypso, Murex, the aforementioned Openlink and the incumbent Wall Street Systems.

It is understood from the court document that ECB opted for Openlink's Findur solution in summer 2017, which meant Wall Street Systems would be losing a major client. Wall Street Systems went to court to protest the decision, but the application was dismissed.

The vendor then promptly lodged another application for interim measures, in an attempt to prevent the ECB from entering into the framework agreement with Openlink, "the successful tenderer in the call for tenders", pending a final decision of the court on the appeal.

Wall Street Systems was also seeking to arrange a hearing and to get the ECB to pay the costs of the proceedings for interim measures.

The outcome of this appeal is yet to be made public.

Tanya Andreasyan

Conister Bank in core banking tech revamp with TCS

Conister Bank, a community bank in the Isle of Man, is modernising its core banking platform, *Banking Technology* understands.

The bank is replacing its legacy Bankmaster system, supplied by Finastra (formerly Misys). It is understood the new system is TCS Bancs from India-based TCS Financial Solutions.

It is understood Temenos and Sword Apak were among the contenders for the deal, but the incumbent supplier, Finastra, was not.

The deal has recently been signed and the project is now underway.

Conister Bank was established in 1935. It offers savings and lending products to Isle of Man businesses and individuals. It is owned by Manx Financial Group (formerly Conister Financial Group).

TCS already has a number of clients in the UK's community banking space, including Capital Credit Union and Scotwest Credit Union, London Mutual Credit Union and Community Savings Bank Association (CSBA).

Tanya Andreasyan

EBL launches Bangladesh's first AI-based banking chatbot

Eastern Bank Ltd (EBL) has become the first bank in Bangladesh to launch an artificial intelligence (AI) based chatbot.

EBL's Digital Interactive Agent (DIA) will communicate with customers via Facebook Messenger, providing information about their accounts, credit and prepaid cards, and general information about EBL's products and services.

EBL says the chatbot will also soon be available on Twitter and Viber.

The bank describes the development as a "major leap" in its digitalisation efforts. Ali Reza Iftekhar, EBL's managing director, says the bank "always strives to innovate" and is on a mission "to make everyone's banking transaction simple".

EBL was established in 1992. It has around 60 branches across Bangladesh and 3,000 employees. It offers retail and corporate banking, asset management and equity brokerage.

Tanya Andreasyan

Pay-per-day with Revolut's new travel insurance

Payments start-up Revolut has unveiled its "Pay-per-Day" travel insurance service, a product which uses a customer's geolocation to provide medical and dental cover.

Pay-per-Day, which can start at less than £1 per day, uses Revolut's app to pinpoint a customer's location and automatically turns on coverage when it's needed.

Users can customise their insurance from their phone while on the move, "with the option of adding winter sports cover as well as including friends and family on their policy".

The insurance policies will be underwritten in partnership with Thomas Cook Money, the financial services arm of the Thomas Cook Group. Policies will be issued under their White Horse Insurance brand.

Anth Mooney, CEO of Thomas Cook Money, says: "You need strong alliances to start a revolution, and Revolut are making great strides in disrupting the traditional finance industry."

According to Revolut, an average Revolut customer spends 13 days abroad per year, which will cost a Pay-per-Day user £11.76 a year. Policyholders can also adjust their coverage, after they have landed for their holiday.

The firm says to avoid frequent travellers racking up large insurance bills, there will be a cap on the total costs per year or the option to pay a fixed amount for a standard annual travel insurance policy.

Revolut launched in July 2015. It also offers a current account, currency exchange and international transfers. It has raised a total of $90 million in funding – including from Index Ventures and Ribbit Capital.

Antony Peyton

UK Open Banking crew call on Contego to verify you

Contego, a regtech and compliance firm, has been chosen by the Open Banking Implementation Entity (OBIE) to verify its users and support open banking development in the UK.

As reported in December, OBIE, the body created by personal and small business current account providers, confirmed that the UK will be the first nation to launch open banking. That happened on 13 January – although some people are late to the show.

Via open banking, customers can, if they choose, use services from a range of different types of regulated companies without the need to share credentials with any third parties.

Contego will support OBIE's identity proofing and verification processes, and ensure security and customer needs are "embedded at its core". Regulated parties will be able to access the data.

Nigel Spencer, head of support services at OBIE, says Contego delivered a "bespoke solution that combines automated identity checks with the added security of face-to-face verification" and this made the firm "the obvious choice".

Contego's platform can be customised and is delivered in real-time via a single API. According to the firm, the process, in-line with government standards, includes online application, ID verification and mobile ID document capture.

Launched in 2011, Contego says it combines data from a range of commercial, open source and law enforcement sources with a proprietary risk scoring system.

Antony Peyton

Sumo, new mobile banking app for holidays

Thomas Cook Money, a newly launched financial services division of travel agent Thomas Cook, and Ferratum Group, a digital consumer and SME lender, have teamed up to launch "the first ever mobile banking app designed for holidays".

Dubbed Sumo, the app "is designed to simplify the way that holidaymakers plan and save for their travels and manage their spending when overseas", according to Thomas Cook.

The app is now available in Sweden, and will be rolled out to more markets, including the UK, in the course of 2018.

With Sumo, customers can set up a fee-free multi-currency account that comes with an "intelligent" contactless debit card.

"This can automatically identify the local currency, thus enabling them to pay at point of sale (POS) at home and overseas without incurring transaction charges and withdraw cash without incurring additional fees," Thomas Cook explains.

The app currently supports seven currencies (including SEK, GBP and EUR) and allows customers to make four fee-free ATM withdrawals at home and abroad per month.

In addition, Sumo offers regular and fixed-term savings accounts to "help people take a year-round approach to planning for their holiday, which remains one of the biggest annual household spends".

The app's in-built savings tool enables users to set up a weekly or monthly savings plan to reach their target goal. Once the goal is reached, users just click through to the Thomas Cook holiday booking engine to book their holiday.

Thomas Cook emphasises that Sumo "has been developed with ease at its core", making it simple and quick to use. Customers can be set up in under ten minutes, it says.

As part of the sign-up process, eligible customers in Sweden can apply for an overdraft facility up to a maximum of SEK 20,000 ($2,500) – "to dip into additional funds via the app".

Sumo also allows customers to send money to friends and family via SMS to cover shared holiday expenses.

"Ferratum's international reach is a great fit for our biggest markets," says Anth Mooney, MD of Thomas Cook Money. Working with Ferratum has given the company "an established, ground breaking platform for mobile banking services", she adds.

Ferratum was set up in 2005 and is headquartered in Helsinki, Finland. It operates in 25 countries across Europe, Africa, the Americas and Asia Pacific, and claims 1.8 million customers.

Ferratum Mobile Bank was launched in 2016 and is currently available in five European markets.

Ferratum uses Mambu's core banking solution to support its SME lending services in Finland and Sweden. The system is provided on a hosted basis. The group also uses Finastra's Fusionbanking core system at its subsidiary bank in Malta.

Tanya Andreasyan

Jordan Ahli Bank launches chatbot service, ahli bot

Jordan Ahli Bank has become the first bank in Jordan to introduce a chatbot service, ahli bot. It is currently in beta version.

Rami Al-Karmi, chief innovation officer at the bank and CEO of Ahli FinTech (and also "Master Jedi", according to his LinkedIn profile), is inviting users to test the bot and provide feedback.

Jordan Ahli Bank, the oldest bank in the country, has been renovating its tech over the last few years, including the replacement of a number of legacy back office systems with Temenos' T24 core banking platform.

The bank is Jordan's third largest by assets. It has a network of 50+ branches nationwide and a presence in Lebanon, Cyprus and Palestine.

Tanya Andreasyan

Lithuania's central bank to launch blockchain sandbox

The Bank of Lithuania, the nation's central bank, will unveil a regulatory and technological sandbox platform, called LBChain, for blockchain testing.

As reported last year, the bank said fintech firms will be able to test their products in the country by creating customised regulatory sandboxes under its supervision.

In this latest development, Marius Jurgilas, member of the board of the Bank of Lithuania, says: "Giving businesses room for the regulated development of this technology will make our country increasingly attractive for investment and help us attract the best talent, as well as make Lithuania a home for innovations."

Jurgilas adds that blockchain could prove useful in areas where high data transmission security and credibility is required, e.g. "financial operations or electronic voting".

The LBChain service being developed will enable Lithuanian and international companies to "gain new knowledge, carry out blockchain technology research, and adapt and test services that use this technology within the activities of financial institutions".

The Bank of Lithuania will also provide participants consultations on applicable regulations.

Upon confirmation of the project's co-financing with EU funds, and the completion of initial preparations, LBChain "could be ready to launch" in 2019.

In another recent development the Bank of Lithuania selected SIA to access RT1, the pan-European instant payments infrastructure that went in November last year.

Antony Peyton

Visa pilots new biometric payment card

Visa has initiated pilots with Mountain America Credit Union and Bank of Cyprus of a new EMV dual-interface (chip- and contactless-enabled) payment card.

The pilots will test the use of fingerprint recognition as alternatives to PIN or signature to authenticate the cardholder.

Both pilots are being managed through the Visa Ready for Biometrics programme.

Jack Forestell, head of global merchant solutions, Visa, says: "The world is quickly moving toward a future that will be free of passwords, as consumers realise how biometric technologies can make their lives easier."

When a cardholder places their finger on the sensor, a comparison is performed between the fingerprint and the previously enrolled fingerprint template stored in the card to authenticate the transaction. Green and red lights are integrated into the card to indicate a successful or unsuccessful match.

The Bank of Cyprus and Mountain America Credit Union pilots will begin in early 2018 to "assess the cardholder experience and the technology of the biometric cards in different retail environments".

The bank uses technology from Gemalto, and the credit union pilot is being supported by technology from Fingerprint Cards and Kona-I.

As reported in January, biometric tech firm Zwipe partnered with Gemalto to pilot the first battery-less dual-interface fingerprint activated payment card with the Bank of Cyprus.

Antony Peyton

SS&C to acquire DST Systems for $5.4bn

SS&C Technologies will acquire DST Systems for $5.4 billion as it hunts out more market opportunities for outsourcing in financial services.

Headquartered in Kansas City, Missouri, DST, a provider of information processing and servicing solutions, has more than 14,400 employees worldwide. SS&C says DST generated pro forma revenue of $2.3 billion for the 12 months ended 30 September 2017.

The transaction "significantly increases" SS&C's scale, with approximately $3.9 billion in combined pro forma revenue and 13,000 clients.

On top of this, SS&C says it can move into the US retirement and wealth management markets. The plan is to use SS&C's software platform for asset managers across wealth management account servicing.

SS&C expects $150 million of run-rate cost savings annually, achieved by 2020. In addition, it anticipates mid-teens earnings growth in 2019.

SS&C plans to fund the acquisition and refinance existing debt with a combination of debt and equity. For the twelve months ended 30 September 2017, consolidated EBITDA for the combined pro forma entity is expected to be approximately $1.3 billion, including "synergies".

Both SS&C's and DST's board of directors have approved the transaction, and it is expected to close by the third quarter of this year. The transaction is subject to DST's stockholder approval, clearances by the relevant regulatory authorities and other customary closing conditions.

Antony Peyton

NEWS

Mastercard eyes biometric totality by 2019

Mastercard says all consumers will be able to identify themselves with biometrics such as fingerprints or facial recognition, when they shop and pay with Mastercard by April next year.

It says in practice this means that banks issuing Mastercard-branded cards will have to be able to offer biometric authentication for remote transactions, alongside existing PIN and password verification. It will also apply to all contactless transactions made at terminals with a mobile device.

So, consider yourself told.

Mastercard is clearly in a masterful mood and says the increased availability of biometric capabilities on tablets and smart phones – "consumers' clear preference for these kind of solutions" – and the EU's new regulatory requirements (i.e. PSD2) for strong authentication "suggest that the time is ripe for enabling biometric validation solutions for digital payments".

It says 93% of consumers prefer biometrics over passwords for validating payments and according to a recent research paper conducted by Oxford University in collaboration with Mastercard, 92% of banking professionals want to adopt biometric solutions.

Mark Barnett, president, Mastercard UK and Ireland, says: "It will make the purchase much smoother, and instead of having to remember passwords to authenticate, shoppers will have the chance to use a fingerprint or a picture of themselves."

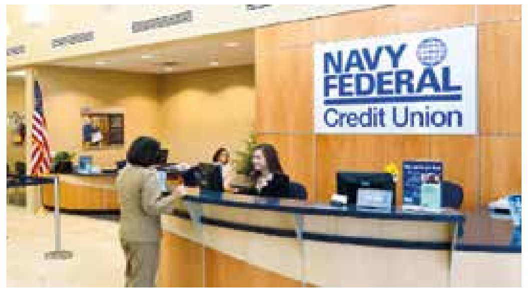
In its spirit of self-promotion, the firm reminds people of its Mastercard Identity Check, available in 37 countries around the world. This is an authentication solution that enables individuals to use biometric identifiers, such as fingerprint, iris and facial recognition to verify their identity using a mobile device during online shopping and banking activities.

How do banks feel about facing all this? Well, we'll keep an eye out for their activities.

Antony Peyton

nCino brings its Bank Operating System to world's largest credit union

With more than $87 billion in assets, more than seven million members and 300 branches, Navy Federal Credit Union (NFCU) is known as the largest credit union in the world. So it is a pretty big deal for the team at nCino to announce that NFCU has selected its Bank Operating System.



"With nCino, our employees can service members with key insights gained on the digital banking platform," explains Dave Ledwell, SVP for consumer and business lending, NFCU. "We want to provide an experience that is quick, effortless and enjoyable, and we see nCino as being the tool to provide these things and more."

Ledwell describes NFCU's military-based membership – including veterans and their families – as "some of the best borrowers of any financial institution".

nCino says its cloud-based platform will enable NFCU's staff to facilitate the full process of business lending from application to funding faster and more accurately. The technology also gives financial institutions an edge in customer engagement by providing what nCino's SVP of community and regional financial institutions, Paul Clarkson, calls "a clearer view of members' needs".

The company was founded in 2012 and is headquartered in the US state of North Carolina.

Last month, New York's CFCU Community Credit Union ($1 billion in assets) signed to deploy nCino's Bank Operating System to better serve its 70,000 members. Other recent customers in the US include Iberiabank and ConnectOne Bank.

The firm has raised more than $81 million in funding – most recently a $17 million private equity round in August 2017 – and includes Insight Venture Partners among its investors. Pierre Naudé is CEO.

David Penn, Finovate

Challenger bank Ummah Finance seeks CTO

Ummah Finance, a start-up Islamic bank in the UK, is looking for a CTO and other senior execs to join its team.

"Join us on a wonderful journey in building the worlds first digital Islamic bank," the company says on its website. "We are a bunch of innovators, technologists, entrepreneurs and futurists all geared to one common goal: to build the greatest bank on the planet."

Ummah Finance is looking for a CTO, CMO, senior compliance officer and head of customer operations. The positions are not salaried, but offer a stake in the venture and the co-founder status.

Ummah Finance says its ambition is "to transform the way Muslims in the UK bank". The UK Muslim community comprises three million people, or 5.4% of the total UK population.

Its founder is Hassan Wakar. The parent company is HWK Group, which also has the National Association of Pakistani Entrepreneurs under its umbrella. Wakar is HWK Group's director.

Tanya Andreasyan

ING makes 75% incision in Payvision

ING has bought a 75% stake in Payvision as it looks for growth and to broaden its payment product portfolio.

Payvision is valued at €360 million and was founded in 2002 in Amsterdam. ING reckons it's onto a winner as it says the firm registered 66% volume growth in 2017. Payvision also offers a processing platform, 150+ transaction currencies, a reporting interface and a risk management solution.

The firm's founding management team will hold a 25% minority stake and will continue to lead the company, backed-up by ING's "retail market share".

Ralph Hamers, CEO of ING, says to stay a step ahead it has to "constantly innovate" by starting up its own ventures and by "strategically taking minority or majority stakes".

Payvision also cites the launch of Acapture in 2015 – its data-driven payment solution – which completed its "omnichannel package" for supporting merchants.

Payvision has customers in over 40 countries, and has offices in New York, Utah, Madrid, London, Toronto, Singapore, Tokyo, Hong Kong and Macau.

For this deal, Payvision was advised by Jefferies, the global investment banking firm. The transaction is expected to close in Q1 2018.

Antony Peyton

Widiba homes in on Artificial Solutions for VR banking launch

Italian online bank Widiba has turned to Artificial Solutions' Teneo platform to offer Widiba Home, a new virtual reality (VR) banking system for its customers.

Users can download the Widiba app and by wearing a pair of VR glasses, they can enter a virtual branch to carry out transactions or talk to an advisor.

To navigate around the branch, customers can ask for what they want, "just as if they were talking to a live agent or look at the relevant virtual monitors within the bank". Account holders can consult balances and transactions on their account and cards, check securities and portfolio information and carry out other banking operations.

Daniela Pivato, CTO of Widiba, says Widiba Home takes the "banking relationship back to the customer while meeting the needs of busy lifestyles by delivering the personal touch of a physical branch in a modern setting".

Teneo lets customers talk to the app using their own words and phrases for the desired result. The platform takes this information, interprets the customer's intention, delivers the "expected result" and then continues the conversation, like a human bank teller.

Artificial Solutions says Teneo can also bring the user "back on track to the goal of the interaction when the customer veers off to ask another question". So, it's bossy as well as clever.

Widiba was founded in 2014 and is based in Milan.

Barcelona-based Artificial Solutions says Teneo is a natural language interaction (NLI) application that runs across 35 languages, various platforms and channels. The company was founded in 2001.

Antony Peyton

SAP invests €2bn for French fintech innovation ASAP

SAP will invest €2 billion in its operations in France over the next five years for its digital and innovation ambitions.

Its areas of interest include cloud, machine learning (ML), blockchain, the internet of things (IoT) and Software-as-a-Service (SaaS). It says all of this will be fuelled by the SAP Leonardo digital innovation system – which was launched last year.

In a glorious and outrageous name dropping exercise, Bill McDermott, CEO, SAP, says after a meeting with French President Emmanuel Macron, that his "bold embrace of the digital world will help France rise to an enviable position as a global innovation leader".

Other grand ideas include opening the second SAP.iO Foundry location in Europe to provide more than 50 start-ups with mentorship, technology and access to its ecosystem.

The SAP.iO Fund will invest in French start-ups in the seed or Series A round. SAP will also provide €150 million in research and development annually over the next five years.

In addition, SAP will acquire Recast.AI to help develop its Leonardo machine learning capabilities. Financial details were not disclosed.

Recast.AI works with banks, insurance and tech companies. It provides an ML-based technical architecture and owns proprietary algorithms that understand natural language.

Recast.AI was founded in 2015, emerging from French coding school "42" – and is currently located at the incubator "Station F".

The intention is to have applications speak to SAP software users in natural language. SAP created the SAP CoPilot digital assistant, a web application, and an in-house platform to build conversational applications. SAP intends to use this platform across its portfolio.

Antony Peyton

NEWS

Standard Chartered creates fintech investment unit

Standard Chartered has established a new business unit, SC Ventures, to invest in fintechs and other start-ups.

SC Ventures will be led by Alex Manson, most recently the bank's global head of transaction banking, and will work with businesses and functions across the group in three key areas.

The first, called "catalysts", will involve internal consultants helping the rest of the group in problem-solving. The eXellerator innovation lab will be part of this group.

Next up is "investments" – to manage the group's minority investments in companies and to seek further investments in "promising technologies". Standard Chartered points out that it has previously invested in Ripple and Paxata, an enterprise information management company.

Last is "ventures", which will sponsor and oversee new disruptive technology ventures that are wholly or partially owned by Standard Chartered.

Michael Gorriz, group chief information officer of Standard Chartered, says as new technology "continues to play an ever more important role in banking, there is a huge opportunity for us to promote more innovation".

Under Manson's leadership, the bank says he has been responsible for the SC Innovate platform for "employee-driven innovations and numerous proofs of concepts in collaboration with fintech companies, in areas such as distributed ledger technology (DLT), data analytics and mobile platforms".

As further evidence, the bank reminds people that in 2015 it announced it was investing about $3 billion over three years in technology and systems.

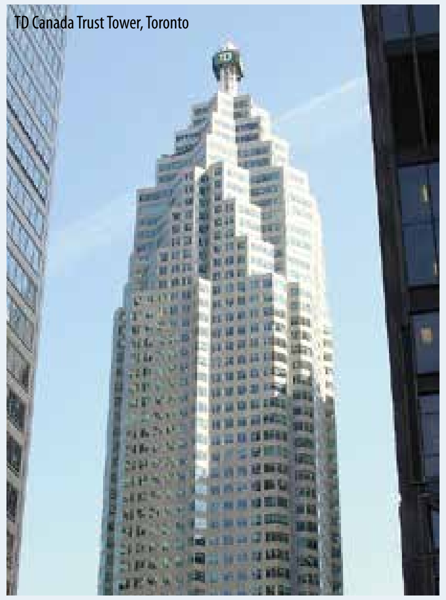
Antony Peyton

TD Bank deeper in AI mix with purchase of Layer 6

Ta-da! TD Bank is making its intentions clear with the acquisition of Toronto-based artificial intelligence (AI) company Layer 6.

Layer 6 provides an AI-powered prediction engine for enterprise data. Its founders Tomi Poutanen and Jordan Jacobs are also co-founders of the Vector Institute, an AI research and education firm that TD also supports. Vector launched last year with $230 million of backing from over 30 companies including the governments of Canada and Ontario.

Michael Rhodes, group head, innovation, technology and shared services, TD Bank, says AI has the "potential to power a new generation of data-driven applications from personalised and real-time advice to predictive analytics that will shape the future of banking for millions of individuals".



TD Canada Trust Tower, Toronto

Financial details were not disclosed, but TD says the acquisition is "not expected to have a meaningful impact" on its common equity tier 1 capital ratio.

TD points out its other activities in AI.

It announced an agreement with conversational AI provider Kasisto to integrate the company's KAI banking platform into its mobile app.

TD collaborated with Amazon to introduce new voice banking skills on Alexa.

It also says it was the first financial institution in Canada to offer a chatbot on Twitter to offer instant help on select general inquiries.

Antony Peyton

Nationwide goes live on Murex treasury and capital markets tech

Nationwide Building Society has gone live on Murex's MX.3 front-to-back-to-risk platform for its treasury business.

The project replaced its legacy system with an enterprise-wide treasury platform for its capital markets teams in the UK. MX.3 will be used for liquidity management, risk monitoring and operational risk management.

Mark Rennison, CFO at Nationwide, says its existing architecture was "increasingly limiting our options for future activity as well as being inefficient for our day-to-day business activities" and the "rationalisation of operational processes would also remove unnecessary reconciliations between front office, back office and risk functions".

Once it selected Murex, Nationwide then engaged Sapient Global Markets, a Murex "alliance partner", to perform an assurance assessment and implement the MX.3 for Treasury solution.

Last month, and in a separate development, Nationwide missed the deadline for the launch of the UK's opening banking system despite a last-minute extension.

Antony Peyton

Bricks and clicks mix with Metro Bank online current account launch

UK-based Metro Bank has launched online current account opening – and says they can be opened in less than ten minutes, including setting up internet banking.

The bank says customers from across the UK can join the bank "from the comfort of their own home, office, coffee shops, sheds, hot tubs…"

Craig Donaldson, CEO at Metro Bank, adds: "When it comes to physical versus digital, it's not either or, customers should be able to benefit from the best of both worlds."

Account details are provided "immediately at the end of a successful application". The bank says cards are delivered by first class post, "normally arriving within two working days", but customers can go to a store and have their Mastercard debit card printed on-the-spot.

Identification documents, along with a selfie, are uploaded directly onto the application. Verification and authentication take place in real-time.

By the way, the bank says it expects its store numbers to reach 110 by 2020.

Antony Peyton

Hypothekarbank Lenzburg unveils virtual ATMs

Switzerland's Sonect and Hypothekarbank Lenzburg have teamed up to offer bank customers the option to withdraw cash from virtual ATMs with their smartphone.

These are withdrawal symptoms of a good kind. The bank makes it work by adding Sonect's financial app to its core banking system Finstar – and so extending its existing network of 25 ATMs via shops.

Marianne Wildi, CEO of Hypothekarbank Lenzburg, says the co-operation with Sonect "shows that meaningful synergies can arise between fintech and classic banking" and its digital money-matching system "fills a gap, especially in areas where traditional ATMs are lacking and thus a need for cash services exists".

The first benchmarks will be activated until the end of the first quarter. Thereafter, the network will be expanded continuously. The new service is free for the bank's customers.

The data transfer takes place via a "secure" interface, which Hypothekarbank Lenzburg had put into the test run as part of its open API initiative last summer.

Over the past few months, the bank says selected fintech companies have tested the technology for their practical suitability. With the commissioning of this new function, the test phase is "successfully completed and the open interface is activated in the operational Finstar system". In the coming months, Finstar will be supplemented with further unspecified "offers".

After activation of the service, "Hypi" customers can withdraw cash in Dornach, Füllinsdorf, Kaiseraugst, Oberentendorf and Unterentfelden, Rupperswil, Schöftland and Suhr until the end of the first quarter of 2018 in the Lindenapotheken branches.

Sandipan Chakraborty, CEO of Sonect, says customers should be able to withdraw money in Lenzburg, Aarau or Zurich with the app without having to search for ATMs.

It will continue to expand the network in Aargau with new businesses; and Chakraborty is "convinced" that it can more than double the existing network of 25 Hypi ATMs in the coming months. In addition, more than 100 other ATMs in Switzerland can be used free of charge.

In the Banking Technology Awards 2017 (see p30), Sonect was highly commended in the judged awards for Best Consumer Payments Initiative category.

Antony Peyton

The suspense is wearable with ABN Amro payments pilot

ABN Amro is taking the next step in testing new wearables as a payment method with 500 of its clients.

After prior internal tests in 2017, the Dutch bank says clients can now experience what it's like to make contactless payments with a ring, watch, bracelet or keyring.

Payments are linked to a current account and as from this week, sign-ups are open for clients to participate in a four-month pilot. In exchange for providing the wearables, the bank requests feedback through an app.

Source: ABN Amro

Yvonne Duits, ABN Amro product owner payments, says: "As much as 50% of all payments in the Netherlands are contactless. But the rise of contactless payment doesn't stop at bank cards and mobile phones. More and more products have payment through near field communication (NFC) enabled, so naturally we're eager to test this method with our clients."

The bank adds that it worked closely with Mastercard and London-based paytech firm Digiseq, to get the products to "meet all requirements for reliable and safe payments".

Antony Peyton

PAYMENTS COMMENTARY

The ups and downs of cryptocurrencies

It's been a heady few months for cryptocurrencies globally, with one of the original currencies, Bitcoin, soaring in value and governments announcing various plans to try to tame the phenomenon. Predicting what will happen to Bitcoin and other cryptocurrencies has become a cottage industry.

Early in January, mainstream media outlets reported that the North American Bitcoin Conference, which was held in Miami, was not accepting Bitcoins for ticket payments. The conference organisers had imposed a 14-day pre-conference deadline for accepting Bitcoin payments. Despite the digital nature of the currency, the organisers had to manually input the Bitcoin payment data into their ticketing platform and they argued this prevented them accepting "last minute" cryptocurrency purchases.

Despite the embarrassing ticketing issue, the event went ahead and as bitcoin.com reported, attracted thousands of delegates. During the event, 31 companies pitched their initial coin offerings.

Bitcoin's value soared during 2017, hitting a high of $19,850 in mid-December before falling back to $12,000 within a few days. The price has been fluctuating ever since. Many commentators point to this as evidence of a Bitcoin bubble that will soon burst and warn investors away from the currency as a store of value.

One of the delegates at the Bitcoin Conference, Max Gulker, a senior research fellow at the American Institute for Economic Research, says the resemblance to the dotcom "mania" of the late 1990s is undeniable. "But when people call Bitcoin and the crypto space a bubble, their implication usually is that it doesn't matter and will go away soon," he says. "I don't think that's an accurate characterisation."

If the cryptocurrency landscape suffered the same type of downturn that occurred during the dotcom crash, investor value would be lost, he says. But pre-dotcom crash, the 280 stocks deemed to be dotcoms peaked at $3 trillion in market capitalisation; during the crash more than $1.7 trillion in value was lost. However, the market cap of cryptocurrencies (Bitcoin and the many other coins in the market) amounts to about $500 billion at present.

"The amount of investor money at stake is considerably less than it was during the dotcom crash, but not out of the realm of comparison. A crash would cost investors at least a few hundred billion dollars. Would that be enough to spill over into the wider economy and cause an overall downturn? It's hard to say."

Comparing an asset or currency like Bitcoin to stocks is fraught with pitfalls, says Gulker. However, pre-crash, Amazon's initial public offering (IPO) price was $18, which climbed to more than $100, before dropping below $10 during the crash.

> "Service for cryptocurrency trading is strictly prohibited."
>
> **People's Bank of China**

Today it trades at more than $100 per share. Similar stories can be told about eBay and Facebook. Even if the most well-known cryptocurrencies endured seemingly catastrophic drops in price, it does not mean they would cease to be relevant or wouldn't recover value with time, he adds.

As a payment instrument, Bitcoin has some way to go before it becomes as ubiquitous as cash or cards. Its fluctuating value and an increase in transaction fees has rendered small transactions uneconomic. By the time a payment goes through, the price of Bitcoin may have fallen dramatically, causing companies to lose money from the transaction. Users may also have to make repeated payments to complete the transactions, each time incurring a new fee that can easily run to more than $20.

When Bitcoin was launched about nine years ago, some of the initial excitement was about its potential to disintermediate banks from payments. It was described by its creator as a new electronic cash system that was fully peer-to-peer, with no trusted third party. So, from the outset banks and financial authorities didn't take to the idea of the cryptocurrency.

But you can't keep a bank down for long (as the fintech companies that aspired to eat the banks' lunch have also discovered). In January, Japan's Mitsubishi UFJ Financial Group (MUFG, the fourth largest bank in the world), announced it would launch its own digital currency, MUFG coin, during 2018.

Based on blockchain technology, MUFG coin will allow users to conduct instant person-to-person transactions as well as shop, with lower fees. MUFG will process all the transactions from its cryptocurrency's network, which it hopes will help to stabilise the coin and avoid the problems Bitcoin is experiencing. The bank also plans to peg one MUFG coin to one Japanese yen to maintain users' confidence in the cryptocurrency.

> "The amount of investor money at stake is considerably less than it was during the dotcom crash, but not out of the realm of comparison."
>
> **Max Gulker, American Institute for Economic Research**

Japan's government has adopted a lenient approach to cryptocurrency regulation while neighbours China and South Korea have taken an opposite stance. Last year, Chinese regulators banned initial coin offerings, shut down local cryptocurrency trading exchanges and limited Bitcoin mining. South China Morning Post reported on 19 January that the People's Bank of China (PBOC) had ordered financial institutions to stop providing banking or funding to any activity related to cryptocurrencies. According to the newspaper, a document circulated by the PBOC stated: "Service for cryptocurrency trading is strictly prohibited. Effective measures should be adopted to prevent payment channels from being used for cryptocurrency settlement." China's moves have been attributed to a desire to curb capital outflows.

In South Korea, which accounts for 20% of global Bitcoin transactions, the government is considering banning the trading of cryptocurrencies on local exchanges. The country has more than a dozen cryptocurrency exchanges, some of which were recently raided as part of an investigation into alleged tax evasion. The South Korean Government plans to scrutinise Bitcoin exchanges more closely and to curb anonymous trading.

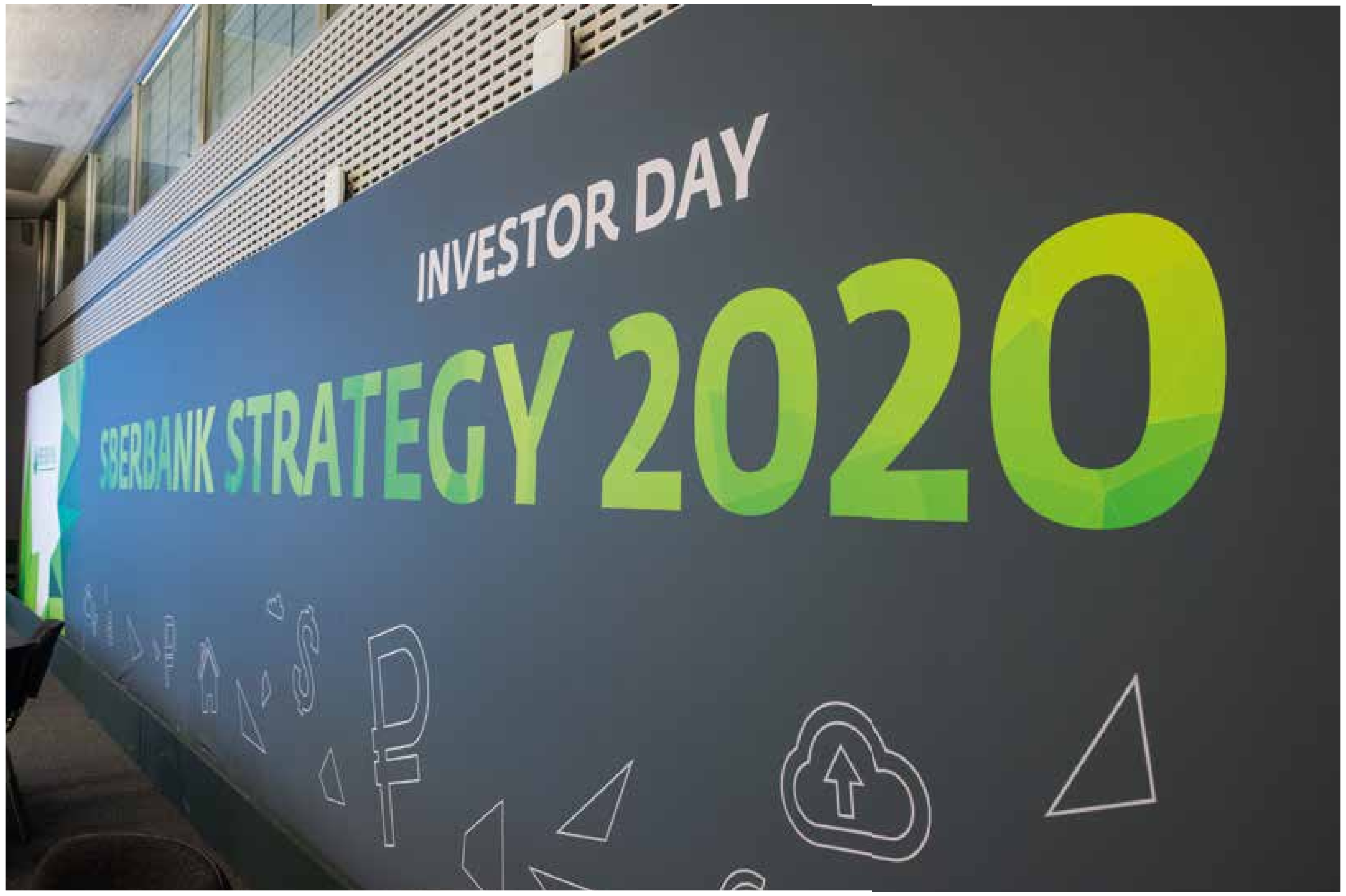
Countries that have already banned, or are planning to ban, Bitcoin include Nigeria, Colombia, Taiwan, Bangladesh, Kyrgyzstan, Bolivia, Vietnam, Russia, and Thailand. Others are planning to introduce their own digital currencies, including Ecuador, Venezuela, Estonia, Sweden, Senegal, and Tunisia.

The cryptocurrency story is far from over and the battle for control over digital currencies is one of the more interesting aspects of a rapidly evolving payments arena. **bt**

Heather McKenzie

CASE STUDY: SBERBANK

Sberbank now benchmarks its performance against technology companies not other banks. Despite massive market share, it sees plenty of threats and it is seeking to respond at speed and scale.



Tech them on

Everything about Sberbank is big. It dominates its domestic Russian market, as reflected in a host of metrics, such as more than 110 million retail customers, 60 million visits per month to its 14,500 branches (which span eleven time-zones) and 13 million visits per day via its digital channels. It also has massive resources (including 11,500 developers among its 311,000 employees) and, at its investor day in London at the end of last year at which it unveiled its Strategy 2020, it was promising 20.8% return on earnings for 2017, with a target of at least 50% dividends by 2020.

In a market that is hard for non-domestic banks to penetrate and with, to date, no sign of any government plans to break its stranglehold, you'd think it might be sitting back and basking in a comfort-zone that most other banks can only dream about.

In fact, it has major ambitions for technology and for building an ecosystem outside of its core banking activities. Its comfort-zone looks less cosy when evaluating the potential threat from technology companies and, indeed, the main stated goal of its Strategy 2020 is "to push Sberbank to the next level and ensure our ability to compete with global technology companies, while remaining the best bank for customers and businesses".

Lev Khasis, Sberbank

FROM BANK TO TECHNOLOGY COMPANY

For all the talk of innovation, the bank still has at its heart a lot of legacy systems that it has been struggling to overhaul and replace. The attributes of its new core platform tick the right boxes – cloud-based, open source, a group-level common data source and in-memory computing – and it has a massive ongoing implementation of SAP ERP, having also implemented Wolters Kluwer's Riskpro for risk management. Nevertheless, the core project is running late and most of the innovation that has happened to date has been around the edges.

Despite the legacy and piecemeal core, its cost-to-income ratio has just edged below 40% with the ambitious target of having this below 30% by 2020. "Is there a single bank of our size at 30%?" asked CEO, Herman Gref, at the investor day. "Unless we have this, we won't be around because I know society will not pay for our inefficiencies." If there is an opportunity to buy a service cheaper, customers will always take it, he said.

Gref has identified three stages in the bank's evolution. Ten years ago, "a different life", it had long queues, no automation and customer service was from behind bullet-proof windows. From here, it set about becoming leaner without impacting customer value and seeking to remove barriers, both physical but also those "in people's minds".

The second phase saw technology applied to serve customers but Gref admits it wasn't a straightforward story, with much outsourcing to vendors and often long delays. However, in parallel it started to lay the foundations to break down the walls between the business and technology and move to an in-house development model.

This has paved the way for the current third phase. It is seeking radical change in four key areas, Gref says: the client relationship, the quality of its products, its channels (including social media) and efficiency.

SberTech, which has housed the bank's development resources since 2011, has 46 centres and has more than 550 active projects, with around 17,000 implementations per year.

"We have less and less dependence on external vendors," says the bank's COO, Lev Khasis. "We are creating a completely different time-to-market." This includes adopting Agile on a massive scale, with 1,300 teams and with all development staff due to have completed training by 2020. It is described as the "largest Agile transition project in banking".

Recruiting and retaining staff is a challenge. It works closely with Russian universities and also has its own internal academy. While its overall headcount declines, it will have more than doubled its number of IT, data and risk management staff between 2008 and 2020. In addition, all 35,000 Sberbank managers are going through IT and data training to acquire these skills. Also aiding the "cross-fertilisation", every business unit now has at least one chief data scientist.

The bank expects to apply artificial intelligence (AI) to recruitment, including shortlisting, and to staff management, moving to a single cloud-based HR platform. Its IT budget as a proportion of overall costs is expected to be 15% by 2020, compared with 12% at present, with overall bank-wide staff costs falling from »

> "Our role is to become the orchestrator of the ecosystem."
>
> **Lev Khasis, Sberbank**

Sberbank, Moscow

Herman Gref, Sberbank

59% to 55% in the same period.

Gref claims Sberbank delivered on its previous three-year strategy in only two years, driven on by a sense of urgency. Technology companies are its main concern. Sberbank today compares its results not with its peer group of banks, says Gref, but with technology companies. "They are our main competition" so the bank must be brave enough to use them as the benchmark. "Silicon Valley eats banks' breakfasts every day," he says. Sberbank in turn wants to eat other banks' breakfasts. "We can definitely say Sberbank isn't just a bank any more, to an extent it is a technology company."

> "We want the flexibility, speed and client focus of the kind that technology companies and start-ups exhibit already today."
>
> **Herman Gref, Sberbank**

So for all the rhetoric, how far has it come? It admits that the overhaul of the core, which started in 2014, has proved to be harder than expected. Gref describes it as a "gigantic evolution" that the bank couldn't truly comprehend at the outset. He admits there is also still work to do in terms of its speed and agility to develop and deliver new products.

The revised timetable for the core, according to Khasis, is now for all coding and hardware to be in place during 2018, followed by test migrations in 2019 and full-scale launch in 2020.

This will facilitate on-going efforts to reduce its back office. Where it had 58,000 back office staff in 2008, it now claims 10,000 across seven centres, with the aim of fewer than 6,000 staff and a single shared service centre to coincide with the "complete departure" from the legacy systems.

For digitalisation, Gref claims "enormous steps at great speed" but admits to being a relative newcomer, so with work still to do. Similarly for data analytics, four years of effort have made it one of the leading entities in the Russian market, he claims, but this is also still work in progress. Overall improved productivity is, in Gref's words, "a limitless journey".

BUILDING THE "ECOSYSTEM"

If you can't beat them, join them, seems to be the ethos when it comes to technology companies. Gref envisages the likes of Facebook, Amazon and Google making major plays in the financial services space in the next year. "Everything we have seen before has been a warm-up."

Part of the bank's response has been the build-up of an ecosystem to facilitate a rapid move into broader financial services, allowing the bank to diversify as others come for its traditional core business. "We want an attack strategy," says Gref, moving the other way as new competitors come onto its turf.

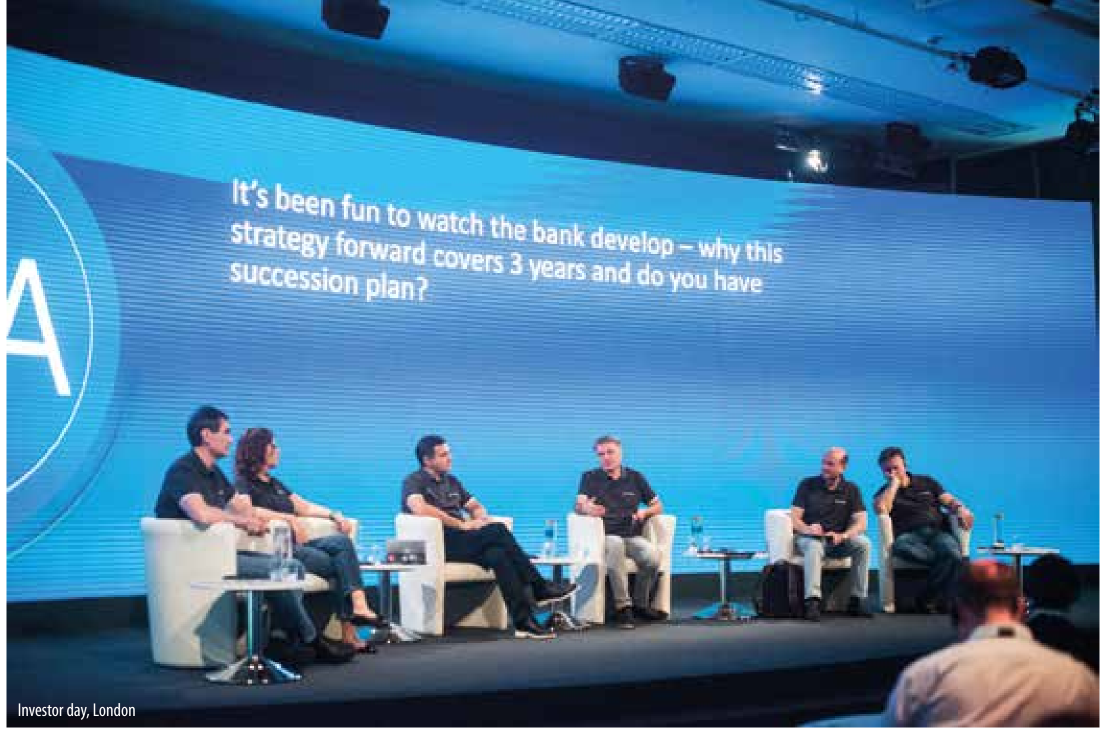
One area of focus has been real estate, with the launch in January 2017 of Domclick.ru, which is meant to support all aspects of buying or renting a property, including associated documents, electronic registration and insurance, through to renovation and furniture. It claims a share of new mortgages of more than 10% in its first year (50,000+).

There are seven stages to buying a flat, says deputy chairman, Maxim Poletaev, but banks traditionally only cover two of these – the mortgage and payments. "We need to cover the whole chain."

It bought into the healthcare sector, in the form of DocDoc, an app-based aggregator that links customers with 28,000 doctors and 1,000+ clinics. It claims a 60% share of online health services in Russia. Sberbank also has more traditional subsidiaries for pensions, insurance, asset management and depository services.

It also invested in biometrics specialist, VisionLabs, and a year or so back created its own cybersecurity company, branded as BI.Zone. The latter is providing commercial services so that only around10% of its business is with the bank itself. It has gained accreditation from Swift and has an agreement with Interpol to share intelligence data.

>>



Investor day, London

Khasis points out that the bank does not always need to be the provider of services. "Our role is to become the orchestrator of the ecosystem." An example is a recently inked joint venture with Yandex, for e-commerce, with expectations that other partnerships will follow. It is known to have held talks with the Chinese mega-company, Alibaba, but with no tangible outcome to date – "sometimes two elephants find it difficult to dance a tango", says Gref.

Khasis sees a lot of potential for growth of e-commerce in Russia, as it only currently accounts for around 4% of commerce, versus over 20% in, for instance, China. The aim is to turn Yandex's current shopping comparison site into a fully-fledged e-commerce platform.

OTHER AREAS OF INNOVATION

"Mass personalisation" is one rallying cry, moving from the traditional segmentation of customers by groups, typically based on the balance in their accounts, to much more nuanced analysis, that includes data about their habits, hobbies and social behaviour, and allowing real-time offers based on triggers. It claims to have made more than 500 million personal offers to clients in 2017, with this intended to be more than one billon by 2020.

Poletaev describes the change as moving from financial profiles to social profiles, built up through customers' interactions with the call centre, branch and channels as well as social media. By 2020, it wants to have "fully-filled profiles" of 95% of its customers and to have 90% of its sales consultations based on these. Often it has made the wrong offers, via the wrong channels to the wrong customers. Among new approaches, it is placing a lot of emphasis on targeted two-minute video campaigns.

For credit cards, it has more than one million point-of-sale terminals and now takes one to three days to install new software, such as for AndroidPay and ApplePay. It is diversifying here, with a transportation app to support public transport payments and with others to support university campus cards. It also foresees a shift away from physical cards, ultimately to facial, fingerprint and voice activated payments.

Account opening is also an area of emphasis. Sberbank's number of corporate account openings started to fall steeply as it was slow, expensive and paper-centric, compared with its competitors. Now it claims 150,000 account openings per month, taking five minutes online, with no charges.

Similarly, for lending, a seven-page loan application document and twelve-day approval process has been reduced to within 60 minutes for SMEs, with 20% of these pre-approved, and with the aim of moving this to 100%. And now half of its FX trading is algorithmic, with a 90% target for 2020.

To underpin the advances, the bank has had to develop what it calls an "execution factory", an intelligent management system that spans its 30+ banking systems, 200+ products, and 100,000+ front office employees and 2,000 managers.

It now has 250+ real-time prompts for "deviations". An example of a deviation, given by Poletaev, is if a customer hasn't used a new card for three months, thereby triggering an attempt to incentivise them to do so. He claims 50% of front office time has been liberated for customer interaction and there has been a 40% improvement in staff performance.

Sberbank also has a venture fund to nurture start-ups, with internal and external accelerator programmes for new products and technologies. "We want to make sure we've access to cutting edge technology," says Khasis. He gives the example of applying robotics for areas such as cash handling and document storage and plans for a pilot this year to do cash delivery using drones.

Meanwhile, the bank is starting to use chatbots for call centre and online advice, including for corporate customers within its Sberbank for Business Facebook group and of late applying the technology to the Russian VKontakte social network to target younger customers. Some of the ventures, including the Yandex joint venture, could end up as IPOs, the bank has stated.

AI is a particular focus and in 2018 it expects to have 250 related initiatives. This will typically be for much quicker decision-making, moving this to real-time across what chief risk officer, Alexander Vedyakhin, calls "an ocean of data" that needs to be "triple A" – accurate, actual and accessible, real-time". Reflecting the challenge, he points to 14-15,000 events per second by Sberbank customers and more than 2,500 fields of data per customer.

> "We have less and less dependence on external vendors. We are creating a completely different time-to-market."
>
> **Lev Khasis, Sberbank**

An example area for applying AI is asset liability management but Gref admits that "grey bankers" can find it difficult to accept, that AI "is telling them they are not as great as they think". It is less difficult to interest IT staff. "Everyone would like to be involved," says Vedyakhin, and Sberbank has gained the "best brains from the market".

AI is also central to cybersecurity. "Hackers have gone into AI and the viruses have become much more dangerous and much better at self-learning," says Gref. As banks have to be one step ahead, they too need to harness AI.

It will also be applied to manage the bank's ever more complex IT, as it moves from mainframes to grid computing. As usual, it isn't doing things by halves, with what Vedyakhin believes will be "the biggest grid cluster in Russia for sure and maybe one of the biggest in the world". Smart algorithms will control the thousands of CPUs. VisionLabs also has a lot of AI expertise, which it is applying to face recognition, he adds.

What about blockchain? On the one hand, Sberbank is kicking the technology around as are other banks. It has joined the open source blockchain Enterprise Ethereum Alliance, has done some proof-of-concepts in the areas of trade finance and money transfer, and testing blockchain technology was a large part of the memorandum of understanding that it announced with Swift at the Sibos show last October, within the latter's global payments innovation (gpi) initiative.

On the other hand, in almost three hours of presentations and one hour of Q&A at the investor day, blockchain had only one passing mention and, when quizzed by *Banking Technology*, Vedyakhin said only "I don't like to mention hype".

> "We need to cover the whole chain."
>
> **Maxim Poletaev, Sberbank**

Maxim Poletaev, Sberbank

CONCLUSION

It could be argued that the size of Sberbank's ego matches its other colossal attributes and it is a bank that can be somewhat hard to warm to. Its entire investor event – at the prestigious Queen Elizabeth Conference Centre in central London, a stone's throw from the Houses of Parliament, with Sberbank flags flapping outside – saw not one mention of social responsibility or reducing its carbon footprint.

It boasted about the average age – 34 – and gender (75% female) of its branch "girls" as opposed to the average age of 37 and 75% male demographic in head office and IT.

All of its senior managers took to the stage for the investor day wearing t-shirts and jeans but at times the illusion of coolness was undone when they opened their mouths.

When Gref cited the fact that 30% of millenials don't believe they will need a bank, it was tempting to hope that they might at least shun this one. However, it has huge resources to bring to bear to try to win new business and it also holds a pretty strong hand.

Among the key risks identified by the bank is a possible underestimation of client behaviour, based on ever less loyalty. As such, the emphasis is on changing faster than their requirements, says Gref.

The unprecedented complexity of the bank's IT platforms is another risk, as it is for traditional IT vendors, such as Oracle, he adds. The reliability requirements are unprecedented and "it is a battle for milliseconds" because of the need to move to dynamic pricing across all activities. Intermediaries, in part via AI, will allow customers to select the cheapest offers, so the bank needs to meet this demand but without reducing its margin.

For all the talk of threats, Sberbank's position still looks less assailable than most. Trust in banks in Russia, at more than 60%, is higher than in many others and there is still plenty of scope for expanding despite the fact that it counts 70% of the population as customers. Internet penetration is currently 76%, with this predicted to be 90% by 2020, with smartphone ownership expected to go from 55% to 75% over the same period.

The two products flagged as likely to be the most important for growth are mortgages and credit cards, so with retail lending as a key driver, but also with important contributions from growth in corporate lending.

Gref concluded: "We want the flexibility, speed and client focus of the kind that technology companies and start-ups exhibit already today." That means technical leadership and people with new skills working in effective teams. "We will do our best to develop and evolve even faster because we don't see any other way." **bt**

COMMENT

Faure to fintech

By *Caroline Page*, director, Chilli Communication

What can music teach us about communicating the benefits of tech?

On the surface Handel or Shostakovich seem a world away from the world of finance. Yet, strange as it may seem, the similarities are there. This is because both the mechanics behind music and the technology underpinning the digital transformation are – unless you've had first-hand experience of either – pretty abstract concepts to understand.

For 15 years I predominantly produced classical music documentaries for the BBC. Now, working in the world of communications, I'm amazed at how well the same techniques for communicating and promoting Beethoven or Shostakovich on prime-time TV can equally be applied to the world of fintech.

As we sit at the cusp of a digital transformation, communicating not just the tech but the benefits it brings is of paramount importance not just in encouraging successful adoption of emerging technologies across the financial sector, but explaining these developments to the wider world.

Relaying and explaining abstract ideas is something classical music has achieved well. Complex musical concepts such as the cycle of fifths, equal temperament, the Tristan chord (arguably music's finest), have all recently had good air time on BBC 2.

This is because hours, sometimes days, are put in behind the scenes to come up with the right wording, analogy or context to bring out the fascinating in the seemingly mundane. When it comes to a broader subject matter, for example Handel's Messiah or Verdi's Traviata, audiences were hooked on stories of philanthropy and prostitution but as the credits rolled they raved about oratorio or opera. Result!

Whether communicating with customers, current or potential new clients or the broader public, I believe that's the trick fintech can pull.

Because we are living through fascinating times with technology profoundly changing the ways we live and work with fintech sitting at the cusp of much of that change. Under the fintech umbrella a wealth of technologies are fast emerging. One such, regulation technology (regtech), may lack a catchy title but in terms of the tech it employs, its future potential, and its place in the fight against financial crime it's a fascinating area to explore.

Fintech itself dominates consumer facing banking, but some argue other areas of the financial sector are a little slower on the uptake. Sparking interest is a key way to engage others, opening doors to further discussion of the benefits a digital transformation can bring.

When it comes to inspiration, it always pays to look beyond the world of finance: Richard Dawkins' explanation of how bats use echolocation via the analogy of human sight is nothing short of inspired, making the phenomenally complex simple to understand.

As the capabilities of tech power ahead, so the challenge of explaining its function to a broader audience grows as well. Whether conversing with existing customers, stakeholders, partners or potential clients – analogy is a powerful tool. I previously used a prism of light to explain equal temperament. One particularly good analogy for regtech involves a hosepipe and a waterfall.

The real purpose of a concise analogy is that once the basics are grasped, it frees you up to explore the technology in question in considerably more depth. And if the analogy you use can be expanded on, that helps your case all the more.

"When it comes to inspiration, it always pays to look beyond the world of finance."

Caroline Page, Chilli Communication


Caroline Page, Chilli Communication

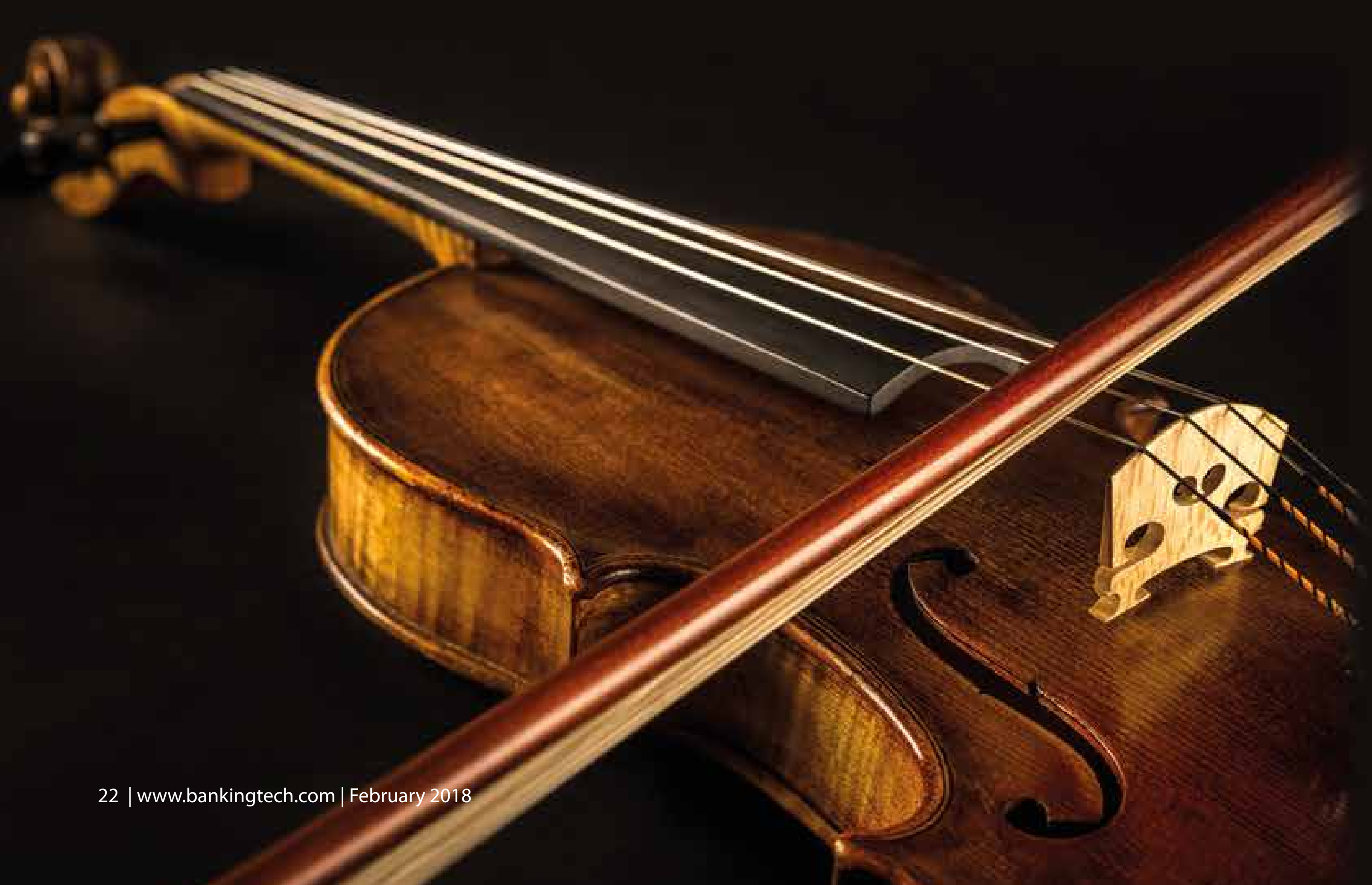
When it comes to fintech, too often, in my opinion, the conversation opens with an explanation of how a certain technology can save time and money. Yet all technologies under the fintech umbrella sit within a broader framework that is in itself fascinating and perhaps offers a better route to engaging initial interest.

We are undergoing one of the biggest changes to working practices since the industrial revolution, and in many ways fintech sits at the cusp of that. The story of money is one of the most interesting stories in history – and here we are living through perhaps the most profound change of all.

Whether a specific technology is framed in the context of hundreds of years, or one year alone, zooming out to the bigger picture is a useful tool when looking to unearth an interesting "hook" to draw your audiences in. A hook that can, more often than not, be used in your headline – and as we all seek engagement on our blogs, LinkedIn, Twitter, Facebook and beyond – that's invariably the most important sentence of all. Those that are doing this already I suspect have the competitive edge. **b**t

"Whether a specific technology is framed in the context of hundreds of years, or one year alone, zooming out to the bigger picture is a useful tool when looking to unearth an interesting 'hook' to draw your audiences in."

Caroline Page, Chilli Communication



FINTECH TOUR: AMSTERDAM

Zuidas: Amsterdam's financial district

Photography: Eric Dix

The best of three worlds

"We are the most western of German provinces; the most Anglo-Saxon of countries due to our English language skills and our nearness to London; and the most southern of Nordic countries in terms of similar mentality to Danes and Swedes."

This is one memorable way of describing the Netherlands' abilities according to Don Ginsel, founder and CEO of advisory organisation Holland Fintech.

Fast-talking Ginsel was one of several people *Banking Technology* met as the local government invited us for a one-day fintech tour of Amsterdam in late December.

Within the city proper, it has a population of about 850,000 – with a healthy multicultural mix. On my tour, I saw the financial district, Zuidas – literally the "southern axis", for a walkabout first and then a chance to meet four firms who view the city very much as their home and a great place for fintech.

The elongated Zuidas is about three kilometres in length, and was first developed in the 1960s. It grew steadily, and the World Trade Centre opened a base there in the 1980s. In 1998, the city government got involved to promote it further. A year after that, ABN Amro put its HQ in the area. Other big names – such as Google, Deloitte and EY also have offices. As a bonus it's about eight minutes from Schiphol airport by taxi.

As you'd expect for a financial district, it's clean, functional and modern. But what you may not know is that it's also a place to live. This means housing blocks and plans to develop 7,000 apartments. Not expensive homes for bankers, but places for anyone. In general, the area will have a ratio of 80% office space to 20% for homes.

Zuidas has two railway stations and one university. Near to that university is a "knowledge quarter". A place for innovation and to tap into young talent. As an incentive for people working in that quarter, 30% of their income is not taxed. Let's face it, Zuidas is making the right noises and doing the right things to promote itself.

Of course, it's not all fintech. 50% of the firms are involved in law and finance. But Zuidas' message is that "tech is coming".

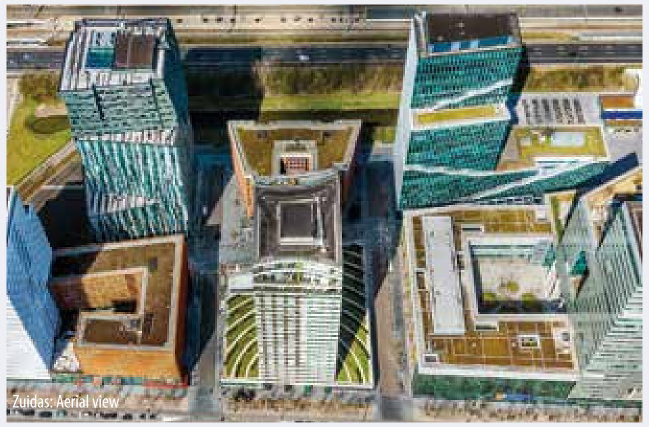
With Brexit looming, the place reckons it can take some of London's glory. You may recall that the European Medicines Agency (EMA) will move to Zuidas from London. Although that decision did come down to a coin toss with Milan. I kid you not.

Zuidas

Photography: Marc Dorleijn

"Berlin is a good place for start-ups and Frankfurt for banks, but Amsterdam is compact."

Jihed Hannachi, Axe Finance



Zuidas: Aerial view

Photography: Mirande Phernambucq

What was good about meeting the PR staff for Zuidas, was their pragmatic nature. They said they don't want everyone as "we don't have the infrastructure". They answered questions directly and jargon was nowhere to be found.

AT HOME

The first firm I met was independent Dutch broker BinckBank. It offers financial services in the areas of trading, investing and savings. It also has branches in Belgium, France, Italy and Spain.

Steven Clausing, chief operating officer and Jeroen van Hooijdonk, product owner digital wealth management solutions, explained how they "disrupt" the big players like ING and ABN Amro.

"I would hope to see one start-up bank attack the corporate lending space to digitise it and shake it up."

Jihed Hannachi, Axe Finance

They wanted to highlight the firm's international nature and diversity – with most teams inside the bank having three or four different nationalities. And the language of choice for all business is unsurprisingly English.

In terms of its plans, it is "looking" at blockchain as believes there could be a "huge impact" on central counterparties (CCPs). But Clausing, like many others (such as the Dutch regulator), did warn about the use of Bitcoin – "it's a gamble due to the number of hacks".

On a more positive note, its new strategy will head towards automated asset management and the use of social media data for decision making. Robo-advice is popular in many places it seems.

THE SEPTEMBER STORY

Over at Axe Finance, it has a development centre in Tunisia, but opened its European HQ in Amsterdam in September.

It provides credit digitisation solutions for banking software and risk management sectors. Clients include Société Générale and Banque Internationale à Luxembourg.

Jihed Hannachi, head of business development Europe, was very clear about why the city was its destination of choice: "It's because of the ease of finding new talent."

He adds: "Berlin is a good place for start-ups and Frankfurt for banks, but Amsterdam is compact."

Axe Finance is also planning to open an office in H1 2018 in Singapore. Hannachi strongly believes that "banks are investing again in the corporate SME lending space".

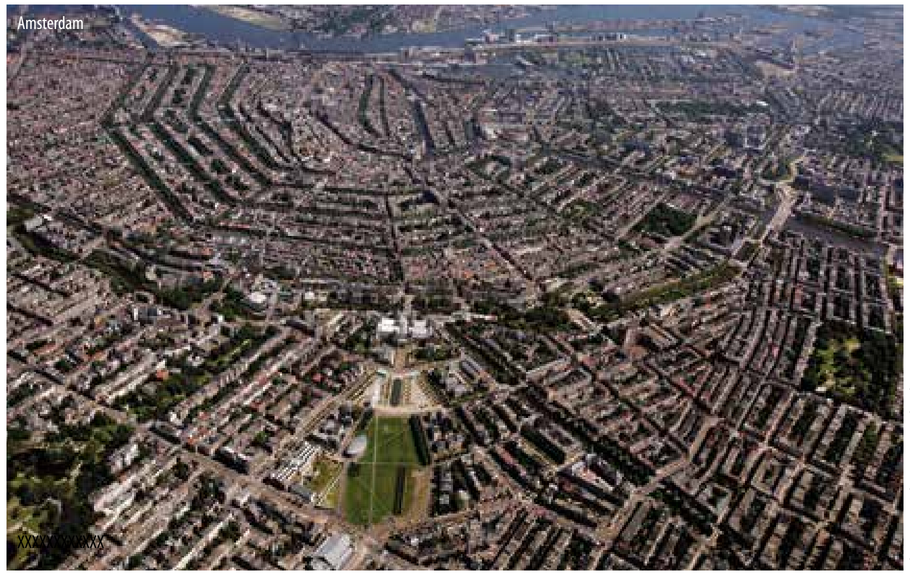
In fact, he called for some action for next year – "I would hope to see one start-up bank attack the corporate lending space to digitise it and shake it up".

STAYING FOCUSED

Ginsel grabbed the glory with the opening quote, and his Holland Fintech is also doing pretty well.

It was started in 2014 with four members. It now has 25 staff and 350 members – and despite the name, 75% of the firms are from the Netherlands. The organisation is revenue funded and acts as a "guide", such as offering advice and helping people make connections. He calls it a "value chain game".

>>


Amsterdam

Photography: Peter Elenbaas

Because he spoke so very quickly, we covered a lot of ground, and a lot of interesting stuff. Too much to mention unfortunately.

Ginsel notes: "Fintech has become very broad and it's like saying you're an internet company." Holland Fintech uses subcommunities – like wealthtech and regtech (hey, those sound familiar).

Other points of note included regulators could do more to help fintech and personal finance is a "major trend".

"People don't want to go to the factory – they want to go to a supermarket." (This kind of financial supermarket opinion also came up in an April feature when *Banking Technology* interviewed Oliver Hughes, CEO of Russia's Tinkoff Bank.)

PSD2 and Brexit are a "vacuum" – "the former because you can adopt it later – while the latter creates uncertainty".

Bitcoin is a "bubble" and initial coin offerings (ICOs) are being drawn into the regulatory space. But blockchain is "separate" – and he stresses this – as "some people blur the two".

Ginsel's job is to keep his members (who can be traditional banks and law firms) "focused". The idea is not to get complacent, and with his knowledge of the fintech scene I doubt that's going to happen.

STAYING PUT

Last year, KYCnet was acquired by the UK financial services provider Equiniti and was renamed Equiniti KYC Solutions. It now has a team of more than 150, from 36 different nationalities, and plans to expand its staff to 300 people by 2019. Its customers include Bank of Ireland and Rabobank.

Equiniti KYC considered a move to the UK after its acquisition, but, post Brexit, decided to stay in its home of Amsterdam. That tells you enough I think.

For Martijn Hartman, Equiniti KYC's finance director, he thinks Frankfurt and Dublin can compete with London for finance and fintech. However, Amsterdam can "attract young talent". It's a good point as I noticed on my travels in Zuidas the incredible number of young people.

It offers "Know your customer (KYC)-as-a-Service" – and its next step is to automate its offerings more. Next year it plans to launch "KYC in a box".

> "People don't want to go to the factory – they want to go to a supermarket."
>
> **Don Ginsel, Holland Fintech**

Equiniti KYC sees "digital identity at the core of long term KYC" – with banks "behind in procedures" and they need to make use of blockchain. However, Hartman and his colleagues think KYC in blockchain is some way off – i.e. ten to 20 years away.

In comparison to Ginsel above, they do see the Dutch regulator as "up to speed". In fact, a few weeks ago, the regulator invited them in for a meeting to discuss their plans.

While Equiniti KYC perceive Amsterdam and Berlin as doing well – that opinion did not extend to London. It was interesting to note they didn't seem that impressed. The company cites how it feels close to the banks in Amsterdam due to its "compact size".

However, you could argue that in London – such as around the City and Canary Wharf – you can get within touching distance. (Back in July, *Banking Technology* published an interview with Ben Brabyn, head of London tech hub Level39, which is right on the banks' doorstep.)

CONCLUSION

I've been to Amsterdam quite a few times and a lot of our readers will know it well too.

It would be a good place to live – plenty of shops, bars, cafes and cultural things to do – and there are no language barriers for English speakers. It's a short flight or train ride from many European cities.

Compared to London, there is not so much traffic in terms of cars. And it's all helped by Amsterdam's love of cycling and a handy tram system. I spent the day being driven around, and we didn't sit still for long.

Talking to the Dutch business people was very easy. They are quick, clever and refreshingly direct. That's what we want in fintech – so we can all make money.

The Dutch have adopted a clever strategy to promote their finance and fintech scene. The idea is not to take everything from London, but for it to be shared with other rivals – such as Paris, Dublin, Berlin and Frankfurt.

Smart move. Let's see if it pays off. **bt**

Antony Peyton

Statecraft

Following the fintech tour of Amsterdam, *Banking Technology* had an exclusive interview with Udo Kock, the city's deputy mayor for finance, to talk about expat centres, space and two trends for the future.

2vidas

Photography: Marc Dorleijn

Any politician is going to bring a positive spin to what is on offer, but Kock is realistic and gracious about what makes the famous Dutch city attractive to those inside and outside the Netherlands.

In his eyes, it's an "easy place" to hire new people due to the economic and cultural environment.

He says: "I can't take credit – I'd like to but I can't – but the city has been like that for a while. Amsterdam is a magnet for talent and businesses."

To back up this, he turns to stats. As a city of 850,000 people it has six universities in a 50-mile radius – so young talent is on tap.

There is also the issue of "physical connectivity". From Schiphol airport, he says there are 48 flights daily to London. And staying connected to this theme, Kock adds that the city provides "digital connectivity" and is the second fastest in Europe.

"You have to be realistic and say that London and Paris are global cities. Amsterdam is not a global city. It's a metropolitan city. It's a global village."

Udo Kock, deputy mayor, Amsterdam

THE BIG EASY

Kock didn't go into specifics on his daily role to improve the fintech scene, but he did highlight the work of his predecessor Kajsa Ollongren – who is now deputy prime minister.

"She initiated StartupAmsterdam. This is a collection of 35 to 40 initiatives to boost the ecosystem – especially fintech."

This organisation looks to develop talent and attract capital. It also works with events; and as many of you will know, Money 20/20 will be in Amsterdam this year.

Kock adds: "On a bigger scale – and partially related to fintech – we do make it easier for international businesses to come to Amsterdam.

"I benefitted myself when I came to Amsterdam three years ago. I spent 15 years abroad and used IN Amsterdam [a centre for expats]. This is a one-stop shop where you can take care of your visa, registration, bank account etc. It can take 45 minutes to an hour to get things done."

SPACE QUESTIONS

Kock is a member of Democrats 66. A social-liberal political party formed in 1966. Politicians are always up to something, so it was interesting to see if the party had specific plans for Zuidas – the city's financial district. (Having walked and been driven around Zuidas, I know space is limited. But you can build up and down.)

He points out that "it's not full yet and we have plenty of space in the years to come to build in that area. And you can of course go up".

When, or if, Zuidas becomes full, he mentions there is an area with "lots of free space" between the airport and Zuidas, known as the Schiphol corridor.

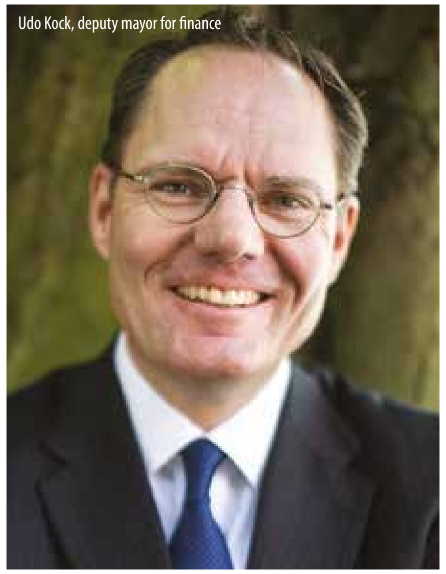
"To illustrate this, Worldpay is there and Ayden is near to the central train station. There are other areas attractive to firms. Zuidas is pretty expensive for a start-up to be honest."

Naturally he can't discuss specific names of companies that may move to Amsterdam, but Kock says it's talking to 100 firms and in "various stages of discussions".

However, he is happy to reveal that the total number of fintech companies in the Netherlands has increased by 25% over the last six months. These include big and small, and homegrown ones.

"Amsterdam is a magnet for talent and businesses."

Udo Kock, deputy mayor, Amsterdam



Udo Kock, deputy mayor for finance

THE VILLAGE

Our readers may be sick of hearing about Brexit, but is Amsterdam trying to grab a slice of London's market?

Kock is very clear: "We don't deny that we're competing with other cities – such as Barcelona, Berlin, London and Paris. But you have to be realistic and say that London and Paris are global cities. Amsterdam is not a global city. It's a metropolitan city. It's a global village.

"London has a very good proposition and it's silly to think following Brexit – and assuming it will be a mild Brexit – that thousands of companies will flee London and cross the channel to Amsterdam and Berlin. I don't think that will happen. But it's a fact that some companies will move to continental Europe."

This didn't come up in our interview, but a devil's advocate could argue that an opportunity for London lies in divide and conquer. If all these European cities are fighting it out, it can still stay in its prime position.

HEADS UP

While Kock's remit is not just about fintech, he was prepared to look ahead at our lively sector over the next five to ten years. Predictions can be difficult, and even open to satire, but as throughout the interview he was lucid and concise.

"I think there will be two major trends. On the regulation front, pressure will increase for fintech, banks and other financial services providers. That's a sign of the times.

"It's tough for me to exactly predict where it will go, but for the role of traditional banks some people may eventually think they won't exist five to ten years down the line. I don't know.

"But what I do know is the financial sector, especially on the consumer side, such as payments, consumer loans and personal finance service, will change dramatically.

"I don't know where I will have my bank account in five years. Will it be with the traditional bank or Amazon?"

It's probably wise to say I don't know in such instances. But judging by Amsterdam's attention to fintech, its incentives and right noises, it seems to know what it's doing to stay competitive. **bt**

Antony Peyton

banking technology AWARDS 2017



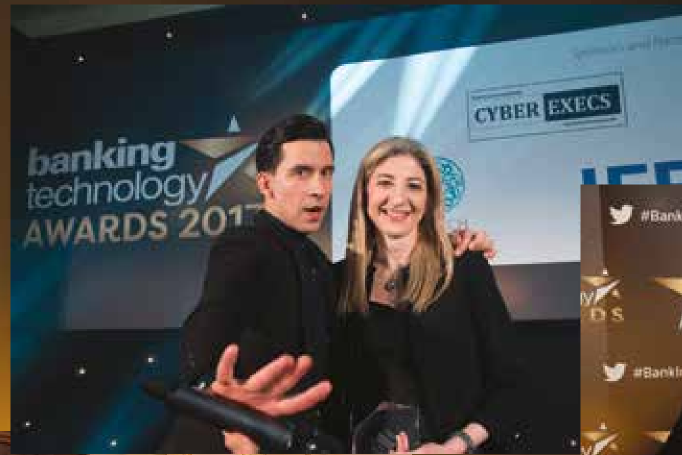
The glamorous Banking Technology Awards 2017 took place on 13 December at the elegant Millennium Mayfair hotel in London. The event was hosted by stand-up comedian Russell Kane and it was a night to remember!

Gathering over 400 professionals from across the world, the annual show once again awarded the best of the best and recognised excellence and innovation in the use of IT in financial services, and the people who make it happen. See p32 for the complete list of winners!

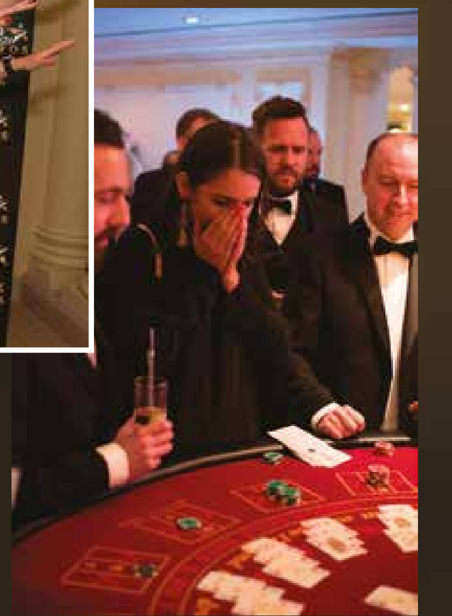
We would like to thank everyone who attended and celebrated with us, as well as our judges for their major contribution.

A big thank you also to our sponsors and partners: CyberExecs, Femtech Global, Ovum, IFF and IBM.

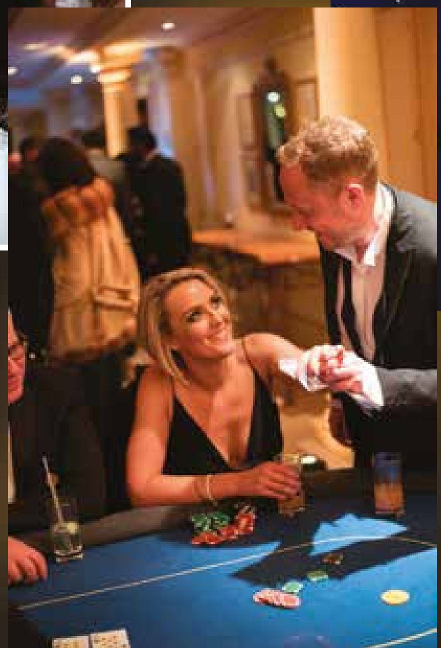
Be part of the 2018 celebrations – visit www.bankingtech.com/awards and sign up for Banking Technology Awards updates! **b**t












JUDGED AWARDS

BEST USE OF EMERGING OR INNOVATIVE TECHNOLOGY

Winner:
J.P. Morgan Asset & Wealth Management – Global Research Technology (GRT): Machine Learning based News Filter

Highly Commended:
Emirates NBD & ICICI Bank – EdgeVerve blockchain framework

BEST MOBILE INITIATIVE

Winner:
Oakam – Oakam Grow

Highly Commended:
Sberbank – Tips in Sberbank Online

BEST DIGITAL INITIATIVE

Winner:
Hellenic Bank – Open banking project

Highly Commended:
Munnypot – Five Degrees

TOP DIGITAL INNOVATION

Winner:
Nordea Bank – Open banking portal

Highly Commended:
J.P. Morgan Asset & Wealth Management – Global Research Technology (GRT): Portfolio Insights (PI)

Payment Cloud Technologies and Change Account - bank.VISION

BEST FINTECH PARTNERSHIP

Winner:
Payment Cloud Technologies and Change Account – bank.VISION

Highly Commended:
Digibank and Kasisto, Inc. – KAI Banking

BEST USE OF IT IN RETAIL BANKING

Winner:
DBS Bank – Video teller machine

Highly Commended:
Piraeus Bank – Remote cashier

BEST USE OF IT IN CORPORATE BANKING

Winner:
HSBC – Coredocs: customer onboarding commercial banking

Highly Commended:
National Australia Bank & Fraedom – FlexiPurchase

BEST USE OF IT IN PRIVATE BANKING/ WEALTH MANAGEMENT

Winner:
UBS and EPAM – UBS SmartWealth

Highly Commended:
Pilatus Bank – ARX

Nordea Bank – Open banking portal

BEST USE OF IT IN TREASURY AND CAPITAL MARKETS

Winner:
Deutsche Bank – dbPalace

Highly Commended:
Tacirler – Intellect OneMARKETS

BEST USE OF IT FOR LENDING

Winner:
Alior Bank – M-installments

Highly Commended:
OTR Company – Qiwi Group: Sovest loan origination factory

BEST TECH OVERHAUL PROJECT

Winner:
India Post – World's largest core banking transformation at India Post

Highly Commended:
Allied Irish Bank – Payments transformation programme

BEST USE OF BIOMETRICS

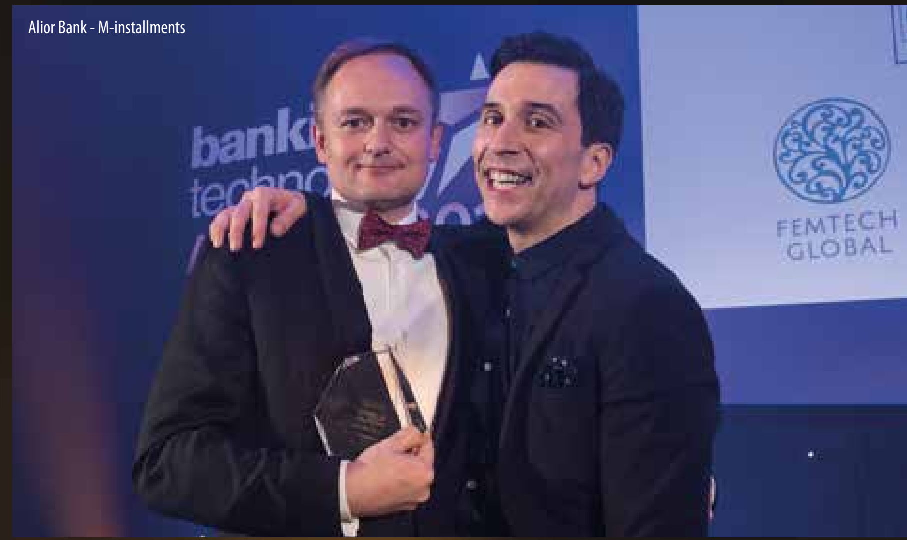
Winner:
TSB – Iris recognition technology

Highly Commended:
CTBC Bank – Cardless solution via finger-vein

BEST USE OF DATA

Winner:
Morgan Stanley – MSET TCE

Highly Commended:
J.P. Morgan Asset & Wealth Management – DynaPipe



Alior Bank - M-installments

BEST USE OF CLOUD

Winner:
Morgan Stanley – Treadmill

Highly Commended:
OakNorth – OakNorth's migration to the cloud

BEST USE OF REGTECH

Winner:
VTB24 – Diasoft Flextera

Highly Commended:
Santander Consumer Bank – Deployment of ABACUS/ Transactions for MMSR compliance

BEST CONSUMER PAYMENTS INITIATIVE

Winner:
Barclays Africa Group – DebiCheck

Highly Commended:
SONECT – Virtual ATM

BEST CORPORATE PAYMENTS INITIATIVE

Winner:
Saxo Payments – Saxo Payments Banking Circle Virtual IBAN

Highly Commended:
Banco BPI – BPI confirming: digital supply chain finance

Barclays Africa Group - DebiCheck

EDITOR'S CHOICE AWARDS


Temenos

BEST CORE BANKING SYSTEM PROVIDER

Winner:
Temenos


Crealogix

BEST DIGITAL CHANNELS BANKING SYSTEM PROVIDER

Winner:
Crealogix


SmartStream Technologies

BEST BANKING TECH VENDOR OF THE YEAR

Winner:
SmartStream Technologies

LEADERSHIP AWARDS


Jo Edwards, Virgin Money

WOMAN IN TECHNOLOGY (W.I.T.) AWARD

Winner:
Jo Edwards,
Senior IT Leader, Virgin Money

Highly Commended:
Anna Doherty, Technology Managing Director, J.P. Morgan Asset & Wealth Management


Nick Ogden, ClearBank *(middle)*

TECH LEADERSHIP AWARD

Winner:
Nick Ogden, Founder and Executive Chairman, ClearBank

Highly Commended:
Sigga Sigurdardottir, Chief Customer and Innovation Officer, Santander UK


Global Research Technology
J.P. Morgan Asset & Wealth Management

IT TEAM OF THE YEAR

Winner:
Global Research Technology (GRT). J.P. Morgan Asset & Wealth Management

Highly Commended:
Transitional Service Agreement (TSA) Exit Project, Latitude Financial Services

A conscious endeavour

Slovenian bank NLB has become one of the first live sites of the R17 version of Temenos' T24 core banking system. The bank states it's keen to attract top talent as part of its digital transformation strategy.

NLB moved from R12 to R17 of UniversalSuite (the T24 branding for universal banking), which took almost six months to complete. The bank says the upgrade is an important milestone of its digital revamp.

The work was carried out "on a tight schedule" by NLB with the assistance of external specialists, and concluded at the end of last year. NLB flags "great cooperation" between its IT team, user acceptance testing (UAT) business users, Temenos' product analysis and customer support (PACS) and a local vendor.

NLB says it has been regularly upgrading its core system – "a conscious endeavour to remain close to the core product" – starting from G9 on WIN NT server to G12 when migration to the AIX platform was adopted.

In 2009, it moved to the R8 version of T24, which included migration from the jBase to DB2 platform.

In 2013, it completed the upgrade to R12 and migrated from desktop to web browser.

NLB hopes the latest upgrade will help it improve customer experience, take advantage of new product enhancements, improve compliance and risk management, increase operational efficiencies. As part of the project, T24 Non-Stop was also implemented to ready the bank for the upcoming instant payment functionality and approve corporate customer loans 24×7 via mobile devices and using cloud-based digital signature.

As core banking system upgrades often take unforeseen turns, this project, too, had some challenges. Project manager Jurij Tihelj and the team had to deal with some extra complexities. "The bank was running on a very tight deadline. Parallel to the upgrade we have also included the configuration of IFRS9 implementation, several initiatives to improve the loan origination process and did some preparation work for the instant payments initiative," Tihelj explains.

"However, we have also consciously decided to implement the latest technology, which meant we needed to take into account the late start of the project until the release was available and we also had to bear with some of the bugs that inevitably come with every new version release."

The stabilisation and bug fixing required some extra efforts by the Temenos PACS team and some of the workarounds had to be developed by NLB and local support. The project timeline has nevertheless been kept, with only a slight delay of a few weeks.

NLB Group is the largest banking and financial services group in Slovenia and south-eastern Europe. Within its digital transformation initiative, it has already introduced a number of innovative digital solutions, such as the NLB Klikpro mobile app – it provides entrepreneurs and SMEs with simple "check – pay – order" services across mobile devices.

> "Introducing some world class technologies should also come with attracting top talent to join NLB on the journey towards digital transformation."
>
> **Mitja Učakar, NLB**

The bank also says its Klikin mobile banking platform for consumers is "constantly being upgraded with user-friendly functionalities".

Last year, NLB became the first bank in Slovenia to introduce a 24×7 video call functionality, accessible from various devices to assist customers with advice and processing of transactions.

According to NLB, more than 90% of its daily domestic transactions are initiated through electronic channels today.

NLB's innovation director, Mitja Učakar, anticipates a vibrant 2018. "To keep pace with customer expectations, we are kicking off several exciting projects to enhance our advanced customer analytics, integration management and digital engagement platforms," he says.

"Introducing some world class technologies should also come with attracting top talent to join NLB on the journey towards digital transformation," he states. **bt**

Tanya Andreasyan


Success!

Immigration & banking tech: a positive story

By *Naomi Hanrahan-Soar*, senior associate at law firm Lewis Silkin

Like all parts of the tech sector, banking technology suffers from skills shortages and relies heavily on foreign nationals to provide the technical skills required in the workforce. Accordingly, Brexit, and the potential to restrict access to that talent pool, brings additional concerns for employers.

Representatives from some of the leading companies across the tech industry joined forces to host a Migration Advisory Committee (MAC) roundtable in September 2017, coordinated by Lewis Silkin and techUK.

The MAC have been commissioned to advise the Government on the contribution of EEA nationals in the UK to the existing UK resident population and businesses as well as how the post-Brexit immigration system might be aligned with the modern industrial strategy. The tech industry is front and centre to the modern industrial strategy and the largest user of the Tier 2 skilled worker visa to the UK.

The good news is, there is so much positivity about migration in tech and this was reflected in the MAC roundtable. Fintech firms, which often require the most highly and uniquely skilled and well-paid workers in the sector, frequently espouse such views and the role these businesses play in the UK economy should not be underestimated.

It is almost impossible now to think of a business in the UK which does not rely on banking technology support. From the local corner store that needs to accept card payments, to online fashion, grocery delivery apps, and online banking and investment. Banking tech now underpins the growth, or at least management, of almost everything.

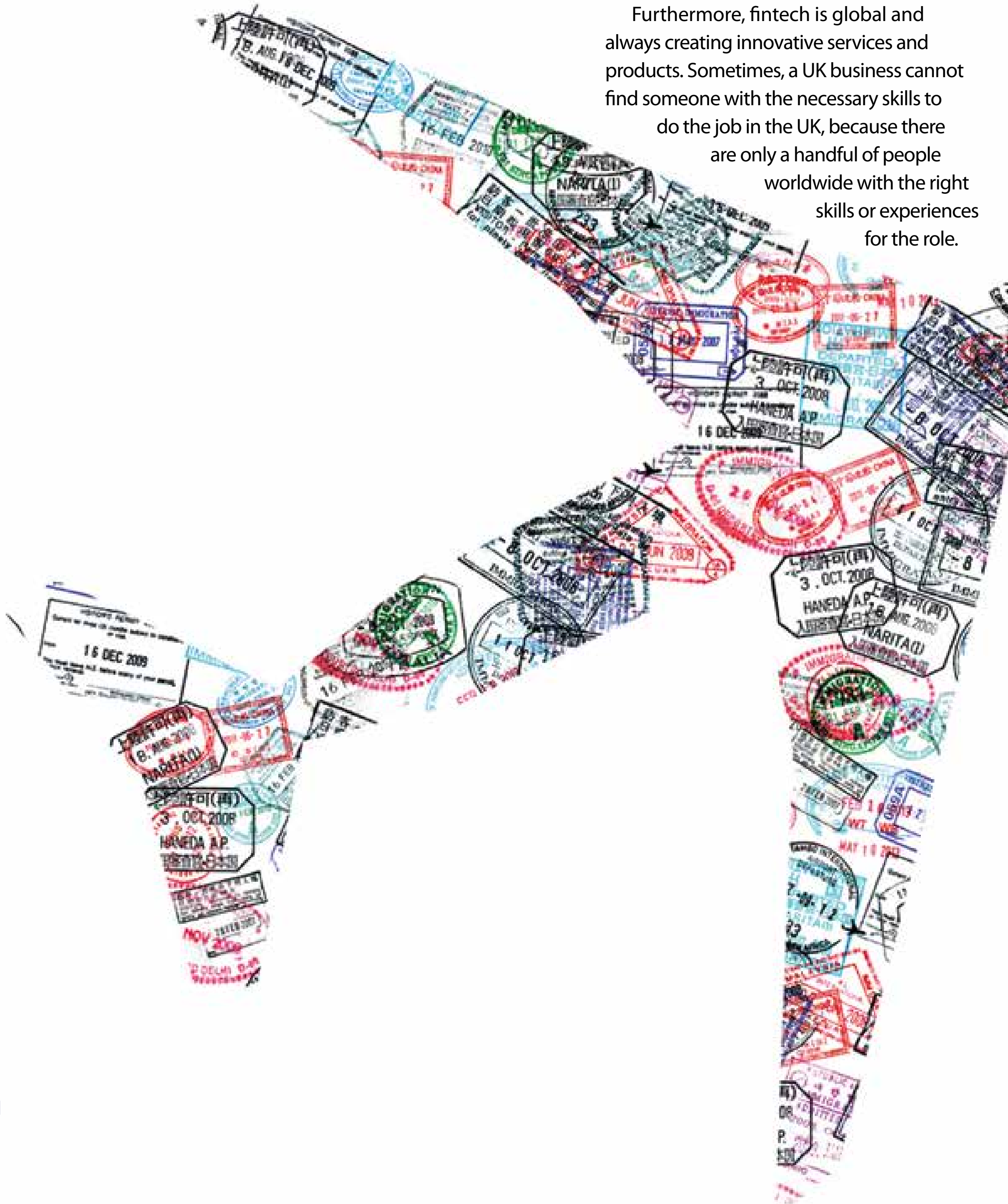
As a result, the Government's industrial strategy is focussed on enabling tech growth through encouraging business activity and developing the appropriate infrastructure and STEAM skills (science, technology, engineering and maths – STEM – with the addition of arts).

Enabling the fintech industry is therefore important to us all. This has most recently been recognised by the doubling of quotas for the Tier 1 Exceptional Talent visa, which is very popular for leaders in tech. Banking technology as an employment market uses almost no low skilled migration.

Migrant workers are predominantly highly skilled and research papers published over previous years agree that highly skilled migration tends to slightly raise the salaries of settled workers. Essentially, if a fintech company want to bring a star technician to London to work, they are going to have to pay her highly for the move. That then raises the bar for the salaries of her co-workers in similar positions.

The tech industry in the UK is dynamic, global-minded, creative and keenly aware

> "The tech industry in the UK is dynamic, global-minded, creative and keenly aware of how important diversity is to problem solving and creativity."
>
> **Naomi Hanrahan-Soar, Lewis Silkin**



of how important diversity is to problem solving and creativity. This also goes for fintech firms and it's a commonly held position in the industry to think that hiring the best people from around the world raises the game of everyone in a business.

In the US, the majority of tech unicorns have been founded by immigrants and in the UK one in five tech start-ups are founded by immigrants. Whilst we do not completely understand why this is the case, one migration expert has written about how migrants are exceptionally motivated people, having already taken a leap out of their comfortable home zone.

Furthermore, fintech skills is global and always creating innovative services and products. Sometimes, a UK business cannot find someone with the necessary skills to do the job in the UK, because there are only a handful of people worldwide with the right skills or experiences for the role.

> "Fintech and banking technology firms rely heavily on skilled workers from all around the world, including the EU, and preventing a firm from hiring a migrant worker (or making it prohibitively expensive) will not mean an unemployed British graduate will be available to take the job."
>
> **Naomi Hanrahan-Soar, Lewis Silkin**


Naomi Hanrahan-Soar, Lewis Silkin

It would be unfortunate for the UK to miss out on innovation and potential for growth because we do not want too many migrants.

Tech companies know they face a skills shortage and they are doing everything they can to attract more home grown talent to the industry. Too few UK graduates study maths to A Level, let alone attain computing qualifications. Many forecasters say that the skills shortage is going to increase year on year, and as a result, tech companies are trying to encourage students to see their potential careers in tech.

London, as a capital for both finance and technology, offers a unique setting for fintech companies and careers to flourish. In an effort to demonstrate the attractiveness of such careers, fintech companies are encouraging schemes such as flexible working so that more women return to work and are consciously upskilling and re-skilling employees. Despite such efforts, fintech and banking technology firms rely heavily on skilled workers from all around the world, including the EU, and preventing a firm from hiring a migrant worker (or making it prohibitively expensive) will not mean an unemployed British graduate will be available to take the job.

There is a long list of reasons why migration in the fintech sector is good for UK business, UK residents and the UK generally. We should support fintech and banking technology businesses and their need for brainy, motivated migrants, because their industry supports all of us. **bt**

It takes two to tango

The global correspondent banking network is under pressure in several countries as some financial institutions close relationships. While financial inclusion continues to climb the agenda of regulatory authorities and financial institutions pledge their support, the de-risking taking place in correspondent banking threatens to scupper inclusion.

In a March 2017 report, Recent Trends in Correspondent Banking Relationships – Further Considerations, the International Monetary Fund (IMF) said to date, cross-border payments have remained stable and economic activity has been largely unaffected, despite a recent slight decrease in the number of correspondent banking relationships (CBRs).

"However, in a limited number of countries, financial fragilities have been accentuated as their cross-border flows are concentrated through fewer CBRs or maintained through alternative arrangements," stated the report.

"These fragilities could undermine affected countries' long-run growth and financial inclusion prospects by increasing costs of financial services and negatively affecting bank ratings."

The factors leading to global banks' withdrawal from relationships are varied, but generally reflect correspondent banks' assessment of the profitability and risk of the relationships. Decisions to terminate CBRs often relate to the correspondent bank's lack of confidence in the respondent bank's capacity to effectively manage risk, said the IMF.

Recent changes in the regulatory and enforcement landscape have contributed to this phenomenon, notably with respect to more rigorous prudential requirements, economic and trade sanctions, anti-money laundering (AML) and combating the financing of terrorism and tax transparency standards.

Addressing the withdrawal of CBRs will take time and will require strengthened, coordinated and collective action on the part of public and private stakeholders.

"The first port of call for all countries concerned with the withdrawal of CBRs includes measures to enhance respondent banks' capacity to manage risks, improve communication between correspondent and respondent banks, strengthen and effectively implement regulatory and supervisory frameworks in line with international standards, particularly for AML/CTF [counter-terrorist financing] and remove impediments to information sharing," said the report.

"Other initiatives to address the underlying drivers of CBR withdrawal, particularly those related to correspondent banks' profitability and risk assessment concerns, should be considered, though they tend to have more limited impact. In the event of a complete loss of CBRs by all commercial banks in a country, the public sector should also consider the feasibility of temporary mechanisms, including public-backed vehicles, to provide payment clearing services."

The IMF is helping affected countries to improve their monitoring of CBRs and strengthen their legal, regulatory and supervisory frameworks. It is working with the Financial Stability Board (FSB), World Bank, G20, Financial Action Task Force (FATF), Arab Monetary Fund, Committee on Payments and Market Infrastructures and other stakeholders.

John Campbell, head of transaction banking international and financial institutions at ANZ, says large international banks have an important role to play in connecting smaller banks in emerging markets to the global correspondent banking network. "In many cases, this access is critical for a country's foreign-currency inflows and a lack of access can have serious humanitarian consequences.

"However, as part of facilitating cross-border flows, banks have an obligation to prevent financial crime – such as money laundering or breaching sanctions – and hence need certainty of the source of funds being processed."

John Campbell, ANZ

"To meet all the requirements under a well-managed agenda, cross-border banking has become an expensive activity, particularly in emerging markets, and ultimately banks have to decide if they want to play in the international cross-border payments space or not."

John Campbell, ANZ

"In a limited number of countries, financial fragilities have been accentuated as their cross-border flows are concentrated through fewer CBRs or maintained through alternative arrangements."

International Monetary Fund

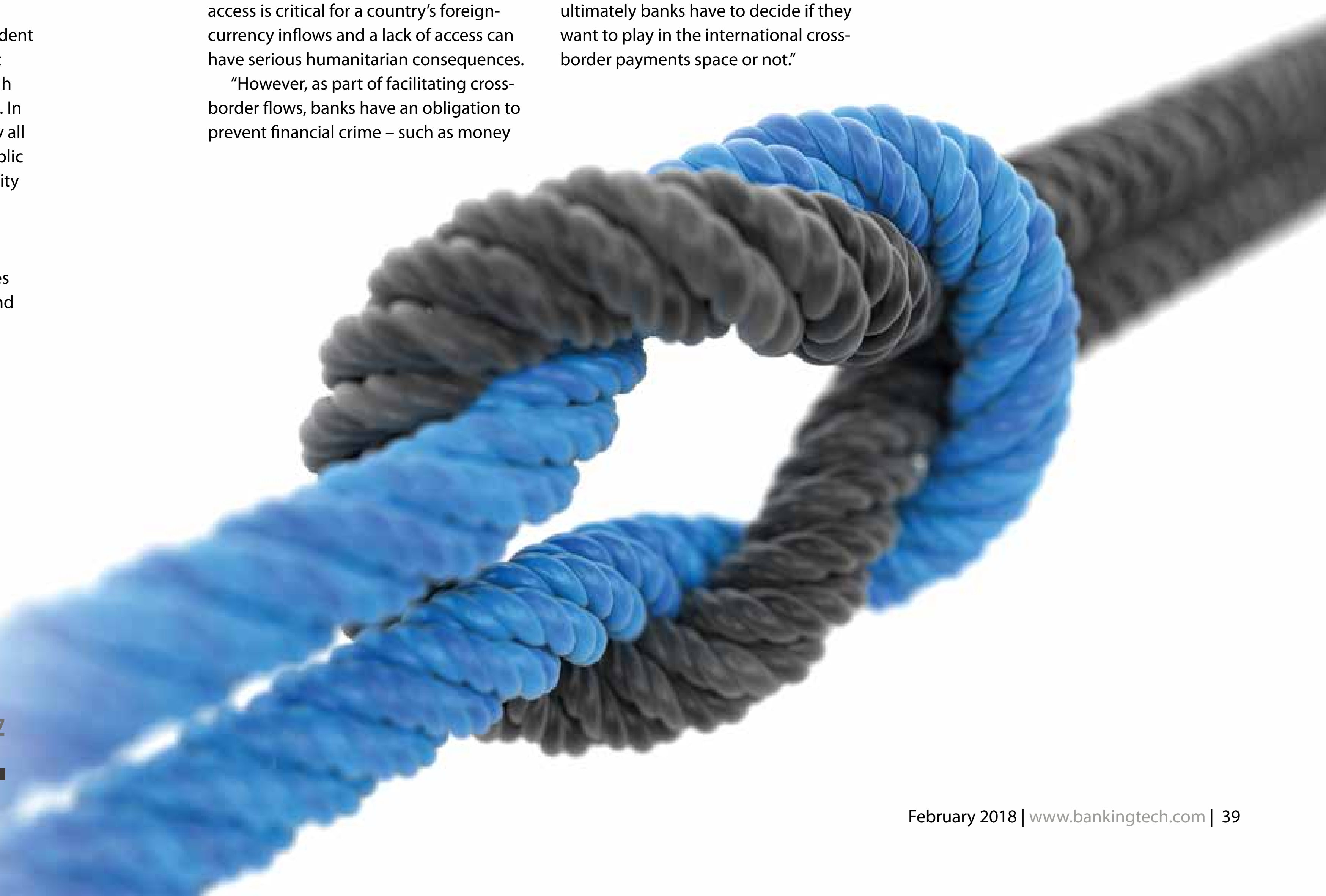
TIGHT CORNER

International banks are therefore left with something of a dilemma, he says. On the one hand, they don't want to fall foul of regulators, but on the other there is a desire to aid financial inclusion.

"To meet all the requirements under a well-managed agenda, cross-border banking has become an expensive activity, particularly in emerging markets, and ultimately banks have to decide if they want to play in the international cross-border payments space or not."

Rob Cleasby, global head of bank coverage, financial institutions group, CIB, Standard Bank of South Africa, says CBRs that enable the provision of cross-border USD/EUR payments have been terminated in certain jurisdictions in the past 18 months. "This undermines economic stability and growth of the exited country by increasing the cost of trade transactions in particular, whilst also hindering diaspora flows."

From a Standard Bank Group perspective, in the lower end of the higher risk jurisdictions, correspondent banking >>



services are mostly fungible between the correspondent banking institutions. For example, in Kenya, the exit of one European institution was fully mitigated by another institution, however in Angola, the exit resulted in Standard Bank Group having to replace the USD clearing services through a bespoke solution which also mitigated some of the higher risk regulatory concerns.

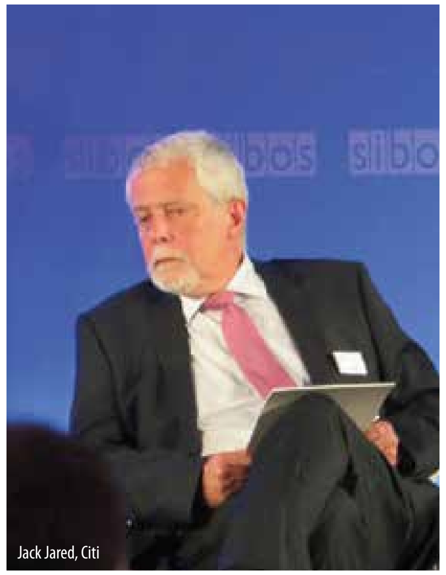
Other mitigating solutions such as changing the underlying currency of the transaction have had limited success in sub-Saharan African markets.

Campbell says several areas can be improved to make it easier for cross-border players. "There could be better communication between financial institutions and regulators to ensure a level playing field between international banks and domestic banks.

"Secondly, there is a mismatch of standards and regulations across the various markets. With higher standards in some emerging markets, cross-border banks would have greater comfort about the local standards to which domestic institutions are held.

"And thirdly, more could be done to ensure that emerging market banks are carrying out know your customer (KYC) and AML checks to the same standards as international banks – this would give cross-border players greater comfort about the control environment, especially around source of funds."

Cleasby agrees better communication is required: "Global correspondent banks must engage with the local respondent banks with whom they are clearing to ensure that their internal controls, from an AML and CTF perspective are adequate and equate to the standards of that global correspondent bank.



Jack Jared, Citi

"Furthermore, the global correspondent bank must, in partnership with the respondent banks, provide a platform of engagement between the two respective authorities to discuss and resolve, and formulate a plan to bridge the gap."

To date, most lost correspondent banking relationships have simply been replaced by an alternative provider, says Cleasby, as his institution has been proactive in ensuring it has mitigated this risk to the best of its ability. "Critical to ensuring this success is the relationship between the correspondent and the respondent, the partnership and the understanding of the primary clearing business between these organisations."

DRIVEN

De-risking has also been driven by the global correspondent banks realigning and refocusing their business back into their core markets to comply with increased regulatory and capital requirements. Therefore, it is important, adds Cleasby, that local regulators clarify their regulatory expectations, strengthen regulation and supervision in line with international standards, promote industry initiatives to proactively address the concerns of the host market, and develop contingency plans to mitigate the risk of a loss of correspondent banking relationships in certain jurisdictions.

For several years, the industry has experienced a continuous decline in the number of correspondent banks worldwide, says Jack Jared, head of compliance, correspondent banking group at Citi treasury and trade solutions. "Some banks and some jurisdictions are finding it hard to access services in major currencies, especially USD. The most frequent explanation is 'increased regulatory requirements' or words to that effect."

Correspondent banking is a high-risk business from an AML and CTF perspective, he says, and clearing banks are required to mitigate that risk by performing enhanced due diligence, as required by regulations and their own AML risk management policies. Banks have addressed this at a jurisdictional and a portfolio level.

> "Banks have decided that certain jurisdictions may no longer fit their risk appetite, or due to distance or other factors, cannot maintain an adequate KYC process. Some correspondents have exited jurisdictions completely."
>
> **Jack Jared, Citi**

> "Regulators must move beyond paying lip service to the 'risk-based approach' to clarify expectations and to provide clear rules and guidelines, especially with regards to enhanced requirements for high risk clients."
>
> **Gene Neyer, Icon Solutions**

"Banks have decided that certain jurisdictions may no longer fit their risk appetite, or due to distance or other factors, cannot maintain an adequate KYC process. Some correspondents have exited jurisdictions completely," Jared says.

At the portfolio level, it is virtually impossible, he notes, to apply a risk-based approach to the quantity or quality of the due diligence carried out. The only respite is the frequency at which due diligence is conducted. "Without completing the entire KYC process, it is not possible to ascertain the potential AML/CTF risk originating from a correspondent relationship," he says.

Regulators and banks need to work together, says Jared, to find solutions to the duplicative work and cost incurred by the industry. "For example, more than 99% of payments globally do not produce sanctions 'hits' yet the most basic cross-border payment will be screened four times. With a globally acceptable certification process for sanction-screening engines, the payment could be certified as 'good' by the first bank in the chain with the remaining banks eliminating their own work."

WATCHING THE SELECTIVE

Gene Neyer, executive advisor to the board at Icon Solutions, identifies two types of de-risking; wholesale and selective. Wholesale de-risking involves complete withdrawal from countries, markets and/or customer segments, while selective de-risking is done where profitability is assessed on prudential requirements, legal enforcements, fines and reputational risk.

"This has created a number of unintended consequences – including high costs to compensate for the regulatory burden and the abandonment of service altogether, most injurious to the vulnerable and needy population," he says. "It also makes it harder for the legitimate customers to get access to the banking system, forcing them to use darker channels, thus making it much harder to detect and control illicit fund flows."

The good news, says Neyer, is that all stakeholders see the need for reform. "Regulators must move beyond paying lip service to the 'risk-based approach' to clarify expectations and to provide clear rules and guidelines, especially with regards to enhanced requirements for high risk clients. Financial institutions should educate and influence governments and regulators to harmonise international compliance standards, and to foster transparency and information sharing."

Gene Neyer, Icon Solutions

An example is the interplay between data protection and KYC. While KYC requirements are escalating because countries have varying and sometimes conflicting, data protection laws, the information that can be shared is limited. This prevents the creation of effective KYC processes on an industry level. Another option would be globally agreed standards on what data is to be collected, and how the integrity of data will be validated and maintained.

The above developments will enable a more effective use of industry information utilities, he adds, be they a KYC registry from Swift or a blockchain solution from Tradle, as well as processing utilities, such as a user group of all the banks and the central bank in the Dominican Republic, which has been extended to a user group of six central American central banks. "Regulators should encourage shared solutions in the cooperative space as well as providing incentives for servicing high-risk jurisdictions and segments, thus balancing the penalties such as fines, with the rewards," he says.

The cooperative approach needs to be supplemented with individual efforts to improve effectiveness of existing procedures, for example using emerging artificial intelligence (AI) techniques, such as machine learning to eliminate false positives and to improve identification of cases of misuse of the financial system, he adds.

Heather McKenzie

Movers and shakers

Intelligent Environments (IE), a UK-based digital banking tech vendor, has named **Jeremy Young** as its new CEO.

Young moves from Fiserv, where he was responsible for sales and marketing in EMEA. He brings 20+ years of industry experience, having worked for Oracle and Adeptra (now part of FICO).

Meanwhile, **Jerry Mulle** left IE after 17+ years with the firm, most recently as sales and marketing director. He is now proposition development director at **Sopra Banking Software**.

Anthony Thomson has resigned as chair of UK-based challenger bank **Atom**. Thomson founded the bank in 2014 and guided it through the process of gaining a banking licence, raising over £250 million, attracting over £1 billion of deposits and lending over £1 billion to UK SMEs and households.

"I am an entrepreneur and champion of the customer first and foremost. I specialise in disrupting, creating and building," he says. "I have loved doing this with Atom but, as the bank moves into a new phase of development, I feel the time is right for me to step down from the role of chairman."

The bank's new chair is **Bridget Rosewell**, an economist and government adviser. She is also a non-executive director of the UK's Network Rail.

Stuart Stoyan, founder and CEO of Australia-based fintech MoneyPlace, has become **FinTech Australia**'s new chair after the association's founding chair **Simon Cant** decided to step down.

Cant says his growing workload overseeing an increasing number of portfolio companies at venture capital firm Reinventure does not leave him sufficient time for the chair role. However, he will continue to be a board member.

Stoyan will be FinTech Australia's acting chair until June 2018, when new board elections will be held in line with constitutional requirements. Stoyan was a member of FinTech Australia's founding committee in 2015 and is currently a member of the Federal Treasurer's Fintech Advisory Group. He also founded Fintech Census.

Anthony Noto, ex-COO of Twitter, has become CEO of **SoFi**, a US-based lending and wealth management firm. Noto came to Twitter after 15 years at Goldman Sachs' global investment banking unit.

Meanwhile, SoFi's ex-CEO founder **Mike Cagney** is plotting a comeback with a new fintech start-up amidst allegations of sexual harassment.

En route to its launch of a UK challenger bank later this year, P2P lender **Zopa** is staffing up its executive ranks.

Steve Hulme comes to Zopa as CFO following a stint as CFO at Tandem. Prior to that, Hulme was CFO of PayPal's global credit business and CFO of Capital One's business in the UK and Canada.

Taking the helm as chief risk officer is **Phillip Dransfield**. He held executive positions at TSB Bank and Lloyds Banking Group.

Zopa's new chief customer officer is **Clare Gambardella**, who previously worked in a number of capacities for Virgin Active (most recently as chief marketing officer) and was also a consultant at the Boston Consulting Group (BCG).

Core banking tech provider **Ohpen** has appointed **Traci Pham** as its head of legal and compliance, UK.

Pham brings over 12 years of industry experience having worked in Sydney, Hong Kong and London with firms such as Deloitte and JP Morgan Chase.

Richard Amafonye has left Skye Bank in Nigeria after a 12-year tenure there, most recently as CIO. He is now CIO at rival **Wema Bank**.

iMeta Technologies has appointed **Steve Piper** as COO. Piper had previously worked for iMeta as a principal consultant. Before re-joining the company, he was operations director in Capita's financial software business. **bt**

EVENTS CALENDAR

February 2018

26-27: Finovate Middle East, Dubai
finance.knect365.com/finovate-middle-east/

March

6-9: Finovate Europe, London
finance.knect365.com/finovateeurope/

12-14: MoneyLIVE: Cards and Payments, Amsterdam
new.marketforce.eu.com/money-live/

13-15: Money20/20 Asia, Singapore
asia.money2020.com/

14-15: European Payment Summit, the Hague
europeanpaymentsummit.com/

19-20: Innovate Finance Global Summit, London
ifgs.innovatefinance.com/

22: TechNOVA: Blockchain Summit, London
new.marketforce.eu.com/technova/

April

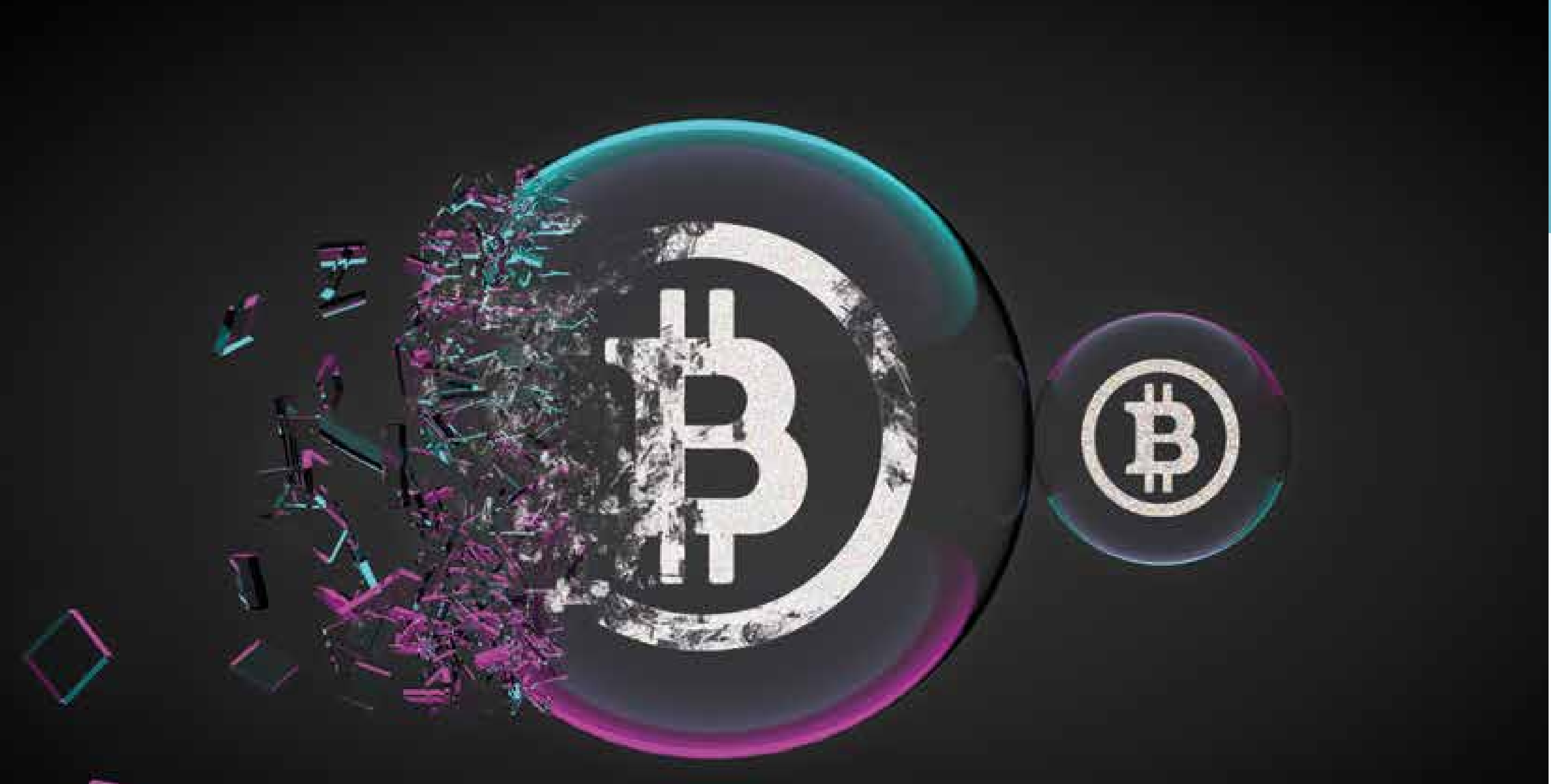
18: Instant Payments Summit, Amsterdam
instantpaysummit.com/

19: The Africa Fintech Summit, Washington DC
africafintechsummit.com/

26: TSAM, Toronto
www.tsamtoronto.com/

Banking Technology is a prominent media partner of many financial services and banking technology industry events worldwide. If you are interested in a media partnership with us and marketing opportunities, please contact:

Irena Andrisevic, Marketing Manager
Tel: +44 (0) 207 017 5379
Email: irena.andrisevic@knect365.com



Out of office

Fintech journalist shares pointless predictions for 2018

Despite not being asked and no one being interested, a fintech journalist has decided to share his predictions for the year ahead.

Antony Peyton, *Banking Technology's* deputy editor – aka "the ancient one", took time out of his busy schedule of complaining about London's transport network to compile a list that contains more fatuous futuristic nonsense than a science fiction novel by L. Ron Hubbard.

If you're still here, the catastrophic catalogue of conjectures is as follows:

1. Blockchain pushes further into the mainstream. It becomes so ubiquitous cyclists ride blockchain-powered bicycles whilst listening to music created by blockchain-fuelled algorithms. On radio stations, cerebrally-challenged DJs will play remixed tracks such as "Blockchain Rockin' Beats" by the Chemical Brothers while screaming "ledger-end!" in an unsubtle play on the word "legend".

2. The price of Bitcoin soars past $50,000. The fintech world will explode in excitement (or rage for some). Some early investors get so rich they can afford to build a Death Star. In addition, the number of "Bitcoin is a bubble" stories simply get out of hand. Ironically, the only bubble bursting pertains to these news reports on bubbles.

3. The rivalry between Swift and Ripple escalates to a new level. Journalists will look on in mock shock (secretly delighted in reality) as well-dressed business people tool up and confront each other in a car park. Both parties exchange words – such as "You want some?" and "You shoot me in a dream, you better wake up and apologise". And other lines which may or may not have come from the movies.

4. The payments space is further enveloped by gimmicks as companies attempt to stand out. One firm will unleash a "Pay and Toe" app. This is to encourage health conscious payments via martial arts and is targeted at millennials (naturally). A user needs to pay with the sole of his/her foot – which entails adopting a Jeet Kune Do stance comprising a foot pointed high in the air that only the late Bruce Lee would have truly attained. Lazy people will probably just place the phone on the floor and hover their foot over it.

5. In a bid to make fintech conferences more exciting (good luck with that), organisers decide to employ ridiculously hyperactive presenters. At one event, attendees will be bemused to see an individual cartwheel onto the stage while carrying two flags emblazoned with the words "Woo!" and "Yeah!". To get the audience pumped up, he then runs up and down the stage shouting "Developers! Developers! Developers!" for five minutes. Rather like ex-Microsoft CEO Steve Ballmer but minus the copious amount of sweat.

6. Staying with the wonderful world of conferences, 2018 will see diversity make more advances. More women will be invited to panels and to speak – and men will no longer mansplain.

LOL at the last one. Like men are going to stop mansplaining. **bt**

Antony Peyton

> "Some early investors get so rich they can afford to build a Death Star."
>
> **Antony Peyton, Banking Technology**