banking technology

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EXPANSION PLANS
How to achieve global growth efficiently

EXPLORING DORA
Creating a robust digital single market

SAME, SAME – BUT DIFFERENT
Solving banks' problems and unlocking their futures

Produced by FINTECH FUTURES

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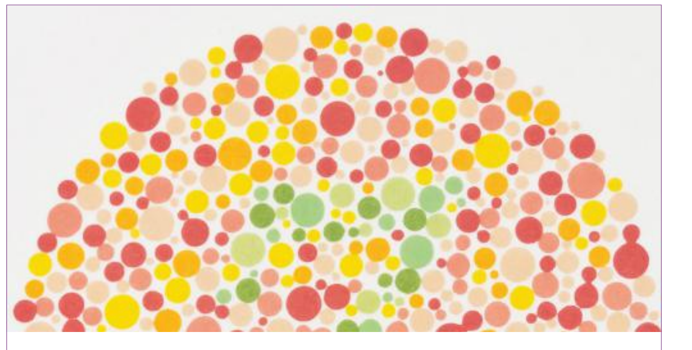

EDITOR'S NOTE

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

Do you love animals and wish there was a bank account for people like you? Or perhaps you are a musician and feel your banking needs are not met by the mainstream banks? Well, you are in luck! New fintechs keep popping up targeting niche audiences.

Sincere Financial, a Californian start-up, is offering debit cards for "pet parents". The card is wrapped in pet-related rewards, covering things like pet food, vet bills, and rescue shelters. Sincere's co-founder Robert Chi Yau had previously launched a dating website for pet owners.

Texas-based neobank Nerve, created specifically for English and Spanish-speaking musicians in the US, is gearing up for launch in mid-September. "The music business deserves music banking," its founders state. Nerve's mobile app "merges user experience and financial technologies to help artists build stronger communities and sustainable careers".

In New York, there's Maroo, a start-up on a missing to stop couples going into debt through trying to pay for their weddings. Users are offered a closed-end instalment loan product, provided by a Maroo banking partner, while wedding contractors are promised payment within a single business day.

Los Angeles-based Ensemble helps divorced parents co-manage their kids' finances. An expense tracking app as its bare bones, it secured $3 million in seed funding this spring. Ensemble estimates there are 50 million divorced parents in the US, all relying mainly on text messages and spreadsheets to track shared expenses for their children.

Will these fly or flop? Time will tell. London-based StorkCard went into liquidation in June this year "due to difficulties in the seed fundraising landscape". StorkCard launched in late 2019 with a debit card product to help parents "baby-proof" their savings. It offered a joint account called "StorkCard Village" for parents to coordinate child-related spending between them and child carers.

As always, there is lots more from the world of fintech on the pages of the magazine. And, as always, we hope you find this edition of Banking Technology interesting, informative and useful!

NEWS ROUND-UP

Solarisbank raises €190m in Series D, acquires Contis for UK foothold


Rolan Folz, CEO, Solarisbank

Banking-as-a-Service (BaaS) provider Solarisbank has raised €190 million in a Series D funding round, giving it a valuation of €1.4 billion. The round was led by Decisive Capital Management. Existing backers Yabeo Capital, BBVA, Vulcan Capital and HV Capital participated, alongside newcomers Pathway Capital Management, CNP and Ilavska Vuillermoz Capital.

Solarisbank provides digital accounts, payments cards and lending services to corporates and new banks on the block. Its customers, which cover some one million retail accounts, include Trade Republic, Bitwala, Penta and Kontist.

It also acquired UK competitor Contis, which CEO Rolan Folz calls a "fantastic business" that ticks the boxes from a "geographical perspective and licence perspective". The Contis purchase will furnish Solarisbank with new payment processing capabilities, and the combined group expects revenues of between €80 million and €100 million.

Solarisbank is understood to be looking to go public via a deal with a special purpose acquisition company (SPAC) in early 2022.

Teachers BS in core banking tech overhaul with Finastra

UK-based Teachers Building Society (Teachers BS) has selected Finastra's Fusion Essence Cloud core banking solution – the first UK building society to do so.

Simon Beresford, CEO of Teachers BS, says the building society went through a "rigorous global selection process" and Finastra stood out. He praises the firm's "commitment to responsible business and social innovation".

The new system will be delivered on a Software-as-a-Service (SaaS) basis, via Finastra's partnership with Microsoft Azure.

Teachers BS was founded in 1966 specifically to offer mortgages to teachers across England and Wales. It also offers personal and corporate savings accounts. It's based in Dorset and has about 11,300 members.

Objectway acquires German core vendor Die Software Peter Fitzon


Luigi Marciano, CEO, Objectway Group (*left*) and Klaus Friese, managing director, Die Software

Italian wealthtech vendor Objectway has acquired Die Software Peter Fitzon, a German core banking provider. A combined platform can offer an "open, modular, end-to-end banking suite", the two parties say.

Die Software has more than 35 years of market presence with its flagship OBS system, serving private, retail and central banks in Germany, Austria and Switzerland. Among its users are Sberbank Switzerland and Kleinwort Hambros.

The deal brings Objectway's client base above 200 companies in EMEA, and the firm expects to reach revenues in excess of €100 million. Its last acquisition was in January 2019, when it bought Algorfin, the software and services division of Milanese bank Unione Fiduciaria.

Climate First Bank launches with Finastra Phoenix at the core

Florida-based Climate First Bank has launched with a focus on lending for green initiatives and sustainable projects. Six founding directors make up the bank, chaired by Ken LaRoe. LaRoe has founded two other banks, Eustis-based First Green Bank and Florida Choice Bank.

It operates as a full-service community bank offering personal and commercial banking services, and claims to be carbon neutral from "day one". It also adheres to the UN Principles for Responsible Banking.

For its tech, the bank opted for Finastra's Fusion Phoenix core banking system, Fusion Digital Banking and Fusion Total Lending.

Razer shuts down Razer Pay service three years after launch

Multinational gaming company Razer has backed out of its experiment with digital payments, announcing an end to its Razer Pay service in September.

Razer Pay launched in Malaysia in 2018 and in Singapore in 2019. The gaming company also recently failed to win a digital banking licence in Singapore.

Meanwhile, Razer Fintech, the digital banking sister firm of Razer unveiled plans to expand abroad in September 2020 on the back of rising revenues.

Razer's banking play is through a consortium. This includes Sheng Siong Holdings, tech firm LinkSure Global, automotive marketplace Carro, insurer FWD and Insignia Ventures Partners. Razer is the biggest player, owning a majority 60% of the consortium.

New core banking tech wins for Mambu in Colombia and Vietnam

Colombia's Financiera Dann Regional picked Mambu's Software-as-a-Service (SaaS) core banking system to power the launch of IRIS, the lender's new digital bank for small and medium-sized enterprises (SMEs).

IRIS is set to be the first neobank of its kind for businesses in the country, and seeks to make waves in a sector CEO Loreno Garavito calls "traditionally neglected".

Mambu's Latin America director, Edgardo Torres-Caballero, says his firm is the "only true" SaaS cloud platform in the region.

In Vietnam, Mambu has won a deal with Timo, a new digital bank that claims to be breaking new ground in the country.

"We selected Mambu's cloud banking platform as we understand the value in leveraging a cloud-native, true SaaS core banking platform," says Henry Nguyen, CEO of Timo. "The fact that Mambu's platform utilises AWS' comprehensive suite of services also gave us an additional layer of confidence."

Australian challenger bank Alex live with Temenos tech

Alex, Australia's newest digital bank, has gone live on Temenos and its Banking Cloud product, which combines the Temenos Infinity onboarding and channels services and the Temenos Transact retail lending service.

The Brisbane-based challenger was granted a restricted banking licence by the Australian Prudential Regulation Authority (APRA) earlier this summer and is now looking to receive the full licence. Temenos says its Software-as-a-Service (SaaS) digital banking platform will allow Alex to simplify and automate its loan application processes and offer improved customer credit options.

With its new banking licence, Alex will now look to utilise Banking Cloud to expand the scope of its services from personal lending to deposits. Temenos adds its packaged banking services will also enable "the quick launch of Alex's savings business line".

New banking software deals for Oracle FS in Africa

Oracle Financial Services Software has signed Addis International Bank in Ethiopia for its core banking, payments, trade finance, treasury, branches and enterprise limits and collateral management software. On the way out is understood to be the Finairo (formerly known as OmniEnterprise) core system from InfrasoftTech.

In Ghana, the vendor has won a deal to supply its flagship Flexcube core banking system plus a host of other solutions to OmniBSIC Bank. It is understood Temenos and Infosys Finacle also vied for this deal.

A significant win for Oracle in North Africa is the Central Bank of Egypt, which is implementing a wide range of the vendor's offerings, including Flexcube. Among the legacy systems in place at the Central Bank of Egypt are FIS/Sungard for treasury management and ProgressSoft for payments.

FinTech Futures understands Oracle competed with Temenos and Intellect Design to land this contract.

Libya-based Arab Commercial Bank, which offers commercial and SME banking and Islamic finance, has also signed for Oracle's core and auxiliary solutions. *FinTech Futures* understands the vendor competed with Temenos and ITS for this deal.

FINTECH FEED

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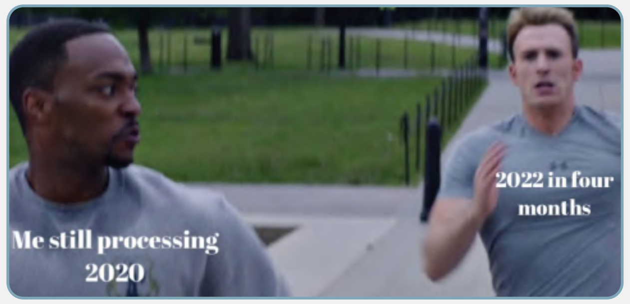
Srg
@goforsergei
look, I know that credit companies like @Zopa have loads of rules about eligibility and all that
but someone needs to communicate it better to customers
had 10/10 power for a year but not eligible for any loans
now have 8/10 power and am eligible
WTAF?
#fintech #cx #ux

Emily Binder
@emilybinder
Just paid a vendor with a wire from @BankMercury. It was free. It will be there within 1 business day.
It was free. #fintech

Theo Priestley
@tprstly
NFTs are 99% futility, 1% utility.
When that flips then we'll see something exciting emerge.

Nerd Girl Says
@Rachael_Conrad



THE NUMBER GAMES

$58 million
settlement agreed by Plaid to resolve complaints from consumers that it stored and used bank account information without consent

3 years
was the lifespan of Razor Pay, the experimental digital payments service of multinational gaming company Razer

$1.3bn
is the current valuation of Mercury, a digital banking start-up in San Francisco, following a $120 million Series B funding round led by investment firm Coatue

£115m
annual loss suffered by UK challenger bank Monzo, in addition to being investigated by the regulator over potential breaches of money laundering laws

£390m
agreed to be paid by Lloyds Banking Group for investment and retirement platform Embark Group

€200m
Written off by Commerzbank after scrapping the outsourcing project for securities settlement with HSBC Transaction Services GmbH

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

THEY SAID IT...

"I challenge fintechs and traditional banks to help marginalised communities by genuinely seeking products and services that can bring authentic change to make a material difference."

B.C. Silver, CEO, ChangeFi

TRENDING

Tulipsharing the ethic-love

Describing itself as the world's first "activist investment platform", Tulipshare has launched in the UK with campaigns demanding changes at Amazon, Coca-Cola and Apple.

Tulipshare says it endeavours to play a tangible role in promoting ethical change in the boardrooms of global companies by allowing individuals to "vote with their money". Through the Tulipshare platform, users can invest as little as £1 in selected US-listed companies. As activist investors, they can then influence the behaviour of a corporation by exercising their rights as shareholders.

The platform lists these businesses through curated socially responsible campaigns. Tulipshare seeks to unify individuals' investing power to make their voices heard. The platform's first causes include workers' rights at Amazon, a focus on Coca-Cola's contribution to climate change in the company's plastic consumption, and right to repair issues at Apple.

New causes will regularly be added to the platform. To date, Tulipshare has raised $1 million in pre-seed funding.

Circle aiming to go national

US fintech firm Circle wants to become a federally-chartered national commercial bank. Circle's products and services are aimed at marrying the existing financial system with digital currency technology within payments and finance.

It currently provides a blockchain-based payments platform, cryptocurrency trading services, and is the principal operator of the stablecoin USD Coin (USDC), of which there is currently more than $27 billion in circulation.

CEO Jeremy Allaire claims that full-reserve banking built on digital currency technology will lead to a "more efficient" financial system as customer deposits will be backed by USDC, enabling them to be withdrawn quickly when required.

Earlier this year, Circle announced plans to go public in a $4.5 billion merger deal with special-purpose acquisition company (SPAC) Concord Acquisition Corp.

UBS's compliance breaches

The Hong Kong Securities and Futures Commission (SFC) has fined Swiss bank UBS $1.5 million for failing to rectify a series of compliance breaches. According to the regulator, UBS failed to disclose its holdings in companies it covered in its research reports between 2004 and 2018.

The fine also applies to a handful of other compliance breaches, including the bank's failure to record 35 telephone lines between 2017 and 2019.

The SFC says more than 2,000 transactions involving over 400 clients were conducted over these unrecorded channels.

Another failure saw UBS unable to obtain authorisation from 91 clients not classified as professional investors in regards to 913 securities pooled lending transactions between 2012 and 2019.

Swift Go swoops in

Global cross-border payments network Swift has launched a new service for sending low-value payments between small businesses and consumers. The network says Swift Go can send "fast, predictable, highly secure and competitively priced" payments "anywhere in the world".

Seven major banks are already live with Swift Go, including BBVA, BNY Mellon, DNB, Sber, Société Générale and UniCredit. The system integrates with Swift's existing high-speed payment rail service gpi, and will cover the high-volume, low-value payments sent between businesses and their overseas suppliers.

Swift Go utilises a single payment format, as well as pre-validation methods to remove delays or friction in the process. It says both sender and recipient can track the payment in real time.

Processing fees are agreed between financial institutions upfront so they can provide their customers with "full transparency".

INSIGHT: EXPANSION

More countries, more opportunities?

By Toms Jurjevs, founder and CEO, Sun Finance

Growing internationally is an essential highlight of reference in the development of any company, but there are times when attempts to enter economic hotspots around the world prove to be a failure. Expanding into a new market can be a challenge, but it can also strengthen the company's positions, increase client networks and sales.

As the founder of the second fastest-growing company in Europe, Sun Finance, I've chosen a matrix strategy to diversify our business and achieve global growth as efficiently as possible. Here are a few important steps that are worth considering while looking to expand internationally, irrespective of the country that is involved.

DECENTRALISED CENTRALISATION

According to the Pareto Principle, roughly 80% of results are typically achieved by 20% of work. To a certain extent, this rule can be adapted to our approach of centralised decentralisation in fintech.

What is the point in trying to be competitive in a market in which there are already established local players that have market knowledge? It is important to understand that any market can basically be broken down into two categories, because 80% of all activities are centralised. This means that specific services will be one and the same across various markets. This approach is used across most of the businesses regardless of where their headquarters are located.

The other 20% relate to the decentralised aspects – local knowledge, habits and business practices. My experience suggests that the larger a company becomes, the more it forgets specifically about this aspect of decentralisation.

Company founders and CEOs feel that they will teach people in new markets to act in a specific way and adapt, but that is a sure way of failing. The 20% is the essential criterion for companies that stop listening to local people and ignore their habits and cultural specifics. Improved operations require local management teams with know-how about traditions and mentality. These differences are based on where people are in the world, as well as on cultural and other local specifics.

RED AND BLUISH OCEANS

What is the right way to launch? How do you find a new country in which to launch your business? It seems that every specific country in which a company decides to offer services represents a strategic choice that is based on scrupulous analysis. There is no one-size-fits-all approach when it comes to entering new markets.

If you have clearly defined goals and experience identifying the most appropriate country, knowledge about a market offers significant advantages in red ocean markets. This means that if the market is not particularly growing but is nevertheless competitive and has established players in it, then a company with the relevant experience should not necessarily avoid an attempt to launch business operations there.

Don't be afraid but acquire business confidence within different regions and local prospects for success before making the decision. In a new market, there is always a way to be smarter than local players by applying the international group-wide know-how and to take away a substantial market share from competitors.

An examination of potential in Vietnam or Mexico, where the culture is different than that in Europe, led us to recruit business development managers. Their job was to travel around the world and look for different business opportunities. These experts examined what could be achieved in each specific market, including looking at the legal and political environment and the existing level of competition in the country. This allowed us to pinpoint bluish oceans – countries in which there is a certain level of competition, but also market development and growth so that the matrix strategy can be implemented. This means Sun Finance expands both geographically and product-wise.

If you spot such low-hanging fruit, take advantage of it as quickly as possible.

BE SMART WHEN INVESTING IN TECHNOLOGIES

Companies with key focus on digital solutions ensure added value to internal processes. The same applies to consumers, because people are continuing to improve their skills in living a distanced life.

Since we are a fintech, technology plays a crucial role and gives companies a competitive edge. Investments in state-of-the-art solutions offer advantages in online lending. All of our software has been built top-notch in-house, and that makes it possible to adapt and scale it for various platforms in geographic locations and in relation to products.

> "Major investments that are not focused appropriately on the latest technologies mean simply burning money."
>
> **Toms Jurjevs, Sun Finance**

Major investments that are not focused appropriately on the latest technologies mean simply burning money.

Another backbone for microfinancing companies and online lending operators, moreover, is the presence of internal risk analysis tools. Every new market means a new culture with special consumer behaviour, and that means that data science is a key component in our business. During the first three or four months, it is crucially important to gather as much data as possible to form a foundation for risk models. The more data, the more precise the evaluation.

We have developed complex risk assessment models that take into account consumer behaviour and other local characteristics. Our local teams monitor these issues. So, information technologies and internal risk evaluation models that are based on data science play a major role in a company's ability to conquer new markets and ensure global growth.

What the hell happened to help?

By Dave Wallace

What is banking? At its most basic, it is the movement of numbers from one spreadsheet cell to another – done securely. Obviously, the spreadsheet is a ledger, and the numbers represent value and value exchange between parties, be they individuals, organisations or institutions.

From simple beginnings, banking has become more and more complex over time. From ancient Babylonia in 2000 BC, where interest was paid on gold deposits, to the emergence of modern banking in the 17th century when the Bank of England issued banknotes, to the "Big Bang" in London when retail banks started acquiring investment banks, to the wonderful world of crypto.

The mere mention of a spreadsheet suggests that banking has a mathematical underbelly, and we know that not everybody is good at math. So, sitting on top of these ledgers are people to help make sense of the complexity. Inventors of products and services and, importantly, the industry's human face – finding, nurturing and managing relationships. In good times and bad.

In personal banking, it was the bank manager who sat at the heart of this relationship. But the last 20 years has seen them slowly drop the mic and disappear.

Through digitisation, banks have shifted their customer strategy from relationship to transactional, with customers using desktop and mobile applications to manage their underlying spreadsheets. But it didn't need to be like that!

Many years ago, I worked with an incredible lady – Roberta Arena. Roberta was head of e-business at HSBC. Roberta was an unfathomably smart, straight-talking New Yorker. We worked with her and her team on developing the bank's first proper post-dotcom digital strategy.

Roberta had a framework she talked to us about which has stuck with me and acted as my spirit guide over the years. She spoke about digital in terms of "Do it Yourself" or "Do it With Me". The idea is that the two main facets of digital were self-service or guided activities, the "Me" being the bank.

The sad reality is that, in a rush for a cost-focused digital transformation, "Do it With Me" was never prioritised.

My "kitchen table" research suggests that many people don't know who to turn to for guidance or help to make sense of finance. They feel overwhelmed, lost and often stupid. They think they should know the answers. But usually they don't even know what questions they should be asking (opportunity klaxon).

Plus, there is a massive reluctance to talk about money in family units, which further compounds the issue.

And don't get me started on the lack of education in schools. One group we interviewed in their 20s told me the extent of their school-based finance education was how to write a cheque – useful! Helping fix basic financial education needs addressing, not only by the likes of St James's Place and NatWest, but also by governments.

This is a real problem. And an opportunity…

In the blue corner, plugging this knowledge gap, are the "finfluencers", who are gaining traction thanks to the reach of social media. Many of them are not qualified financial advisors, but they are great at packaging advice and promoting it online.

Take Patricia Bright as an example. Patricia has 2.88 million subscribers to her YouTube channel. She offers frank, practical advice across a range of personal finance topics. Or Ali Abdaal, who offers investment guidance. One of his recent videos on investment got 1.4 million views. And just a few weeks ago, my 20-something daughter asked me if she should invest in Cardano. I asked why – a TikTok influencer was promoting it, obvs!

Of course, some of this content is awful, and it's the awful and dangerous advice that is problematic. Just last week, TikTok clamped down and added financial services, including crypto and pyramid schemes, to the list of promotional content it has banned. They have also issued a warning to users against taking advice based on TikTok videos.

So, in the red corner, the opportunity is there for banks to step up and leverage their audience, infrastructure, platforms and qualified experts to provide financial education, guidance and advice that their customers and potential customers desperately need.

Social platforms have demonstrated the potential (and the pitfalls), banks now need to recognise social as a force for good and leverage it to deliver Roberta's "Do it With Me" experiences.

A great place to start is to look at what exists. Look at who is being successful and try to understand why. Look, learn and then use your imagination to make it happen.

Dave Wallace is a user experience and marketing professional who has spent the last 25 years helping financial services companies design, launch and evolve digital customer experiences.

He is a passionate customer advocate and champion and a successful entrepreneur.

Follow him on Twitter @davejvwallace.

Promoting resilience and innovation in the EU financial sector

By Emmanuel Le Marois, associate director, technology and operations, AFME

The pandemic has shown that the future will be digital and the pace of this evolution is accelerating. Innovation and new technology adoption promises to deliver efficiency gains to the economy, enabling businesses and clients to interact more quickly and at lower costs, all of which will support the economic recovery.

With the publication of the EU Digital Finance Strategy – a five-year plan by the European Commission to transform EU financial services into a truly integrated digital single market – in September 2020, the EU has set an ambitious roadmap to become a major player in the digital economy. This is underpinned by several initiatives and regulatory reforms such as the Digital Operational Resilience Act (DORA). DORA will lay the foundation for a harmonised, secure and resilient EU digital financial sector.

However, while the EU's ambitions and the rapid progress of the digital transformation of financial services is positive, it is important to ensure that the quality and implementation of regulatory reform remain a central component of the EU's work programme. Crucially, new regulatory frameworks should strike the appropriate balance between promoting security and resilience while fostering innovation.

THE IMPORTANCE OF DIGITAL OPERATIONAL RESILIENCE

Digital operational resilience is the ability to build, test and continuously improve the technological and operational integrity of an organisation. It aims to ensure that an organisation can guarantee the continuity and quality of its services in the face of operational disruptions impacting its information and communication technologies (ICT).

As identified in the DORA proposal, the existing EU regulatory framework for the management of ICT risks has been fragmented thus far. For instance, when financial entities have to report cyber incidents to regulatory authorities, they are subject to various frameworks that all have their own terminology and template (for example, NISd, PSD2 and GDPR). This fragmentation dramatically increases pressure on financial entities as, in parallel, they are in a race against time to safely recover and protect their business from a potentially major cyber-threat. DORA aims to harmonise these requirements and ensure that all stakeholders in the financial sector have the necessary security measures to prevent or mitigate ICT risks.

With the adoption of this new proposal, we see strong benefits for financial entities to have a harmonised and comprehensive framework for ICT risk management. Not only will DORA bring synergies at EU level, but it will also have the merit to contribute to the creation of a robust digital single market for financial services.

STRIKING A BALANCE BETWEEN RESILIENCE AND INNOVATION

DORA's scope is significant and covers many aspects of how financial entities should manage ICT risks. While DORA is principally focused on requirements for the EU financial sector, the direct oversight of ICT critical third parties (ICT CTPPs) has far-reaching consequences for technology companies such as Cloud Service Providers (CSPs). Indeed, the oversight framework introduced in DORA will determine which third parties are "critical" for the EU financial sector and establish a number of provisions to subject ICT CTPPs to EU financial supervisors. Supervisors could impose specific requirements on how ICT CTPPs service EU financial entities and in worst-case scenarios (when a risk from an ICT CTPP is deemed too great), requiring outright termination of contractual relationships with a financial entity.

So far, the European Parliament and Council of the EU are progressing discussions on DORA at a rapid pace. While this gives hope for a final text in Q1 2022, the financial services industry is yet to see amendments that account for the holistic nature of such an ambitious proposal.

Requirements in DORA could have significant impacts on the EU financial sector. For instance, the risk of immediate termination of contracts could make it more difficult for EU financial entities to use ICT CTPPs, which offer innovation and efficiency benefits. It may even deter some technology providers from servicing the EU due to the increased regulatory uncertainty.

> "DORA will have the merit to contribute to the creation of a robust digital single market for financial services."
>
> Emmanuel Le Marois, AFME

AN OPPORTUNITY FOR GLOBAL LEADERSHIP

It is crucial that EU policymakers continue to appreciate that the speed of regulatory development is not the only priority; the outcome must be a long-term fit-for-purpose framework that will reduce fragmentation in the EU single market, support innovation and technology adoption, while promoting robust standards for managing ICT risks. Achieving this goal will support EU competitiveness in a fast-growing digital market.

The EU also has an opportunity to set the tone globally on how ICT risks stemming from third-party technology providers should be managed and regulated. So far, despite progressive discussions, many of these providers have not fallen under the purview of a significant regulatory framework.

Crucially, in an increasingly interconnected global financial system, the EU must work in close cooperation with other jurisdictions and international bodies, setting an example on achieving economic recovery without compromising financial stability risks over the long run.

Experience-driven banking: experience owners

By Dharmesh Mistry, CEO, Askhomey

Experience owners are the customers for *experience enablers*, which I covered in the previous issue of the magazine (see p14-15 of the July/August 2021 edition). Of course, a bank can be both an experience enabler and experience owner. An experience owner need not necessarily be a bank though and, in fact, we have already seen a huge growth of non-bank experience owners.

So, what is an *experience owner*? The experience owner targets a niche customer segment and specialises in serving that segment fully.

Today, banks only serve the "banking" part of an experience. For example, if you are a landlord, your bank typically provides you with banking products and services only, and then for every other aspect of your business you'd find the appropriate support (a property listing provider, maintenance and repairs specialist and so on).

Experience owners seek to fulfil end-to-end customer journeys for these focused segments. For example, Hammock provides banking, rent collection and help with tax returns for landlords. Landlords also have the choice to aggregate existing accounts using open banking or open

their own Hammock account. This new account is then seamlessly integrated into their existing services, making it better and specific for the needs of the landlord. In the UK, this niche is not so small – more than 2.5 million landlords manage more than 4.5 million properties in the UK. Of these, 70% are deemed "amateur" landlords, who generally could do with all the help they can get.

However, as I have said before, an experience owner needs not provide banking themselves or, in fact, any products of their own. They simply can be an aggregator of products and services. Take a look at FirstHomeCoach, for instance. Its target segment is first-time buyers. In 2020, it helped 116,843 customers (164,800 in 2019), but these are net new customers each year.

FirstHomeCoach wants to own the home buying experience for first-time buyers and, as such, it recognises that this audience needs more advice and guidance than an experienced buyer. The site manages all their journeys – from saving up to buy a property, to buying and moving. It helps buyers understand what each journey is and aggregates products and services to fulfil the whole journey. Of course, buyers can do this themselves, but this would take a lot more effort.

There are three core competencies for experience owners:

- **Orchestration/aggregation** – managing end-to-end journeys;
- **Engagement** – regular customer interaction;
- **Personalisation** – driven by deep insights specific to that niche.

Orchestration and aggregation go hand in hand as managing an entire journey (orchestration) will likely involve third parties (aggregation). With aggregation, an experience owner needs to focus on reducing friction and hence should not just provide a set of links to third parties.

One of the big advantages to owning experiences is increased customer engagement. By owning end-to-end journeys, customers must come back to experience owners more often. In addition to this, experience owners will have better insights and data to feed back to customers and drive further engagement. Better engagement means higher loyalty and lower spend on advertising, a huge advantage on low-engagement business models.

> "There is the opportunity for geographic expansion, horizontal expansion into closely related markets and vertical expansion into broader and deeper journeys within the niche."
>
> Dharmesh Mistry

By targeting a specific customer niche, personalisation is inherent in the proposition. This does not mean further subsegments can't be identified. For example, in the case of landlords, there are those who own just a single property, those who are overseas investors, homes with multiple occupancy (HMO) owners, and so on. Beyond these, data that is specific to journeys and customers can drive personalisation to a segment of one. The key advantage for experience owners is the deep focus on their given market, which allows them to target analytics with much greater precision and depth. For example, Hammock could provide guidance to help landlords improve their profitability and buying decision because they have a strong base of comparables.

Experience owners have significant advantages to provide targeted embedded banking experiences that are truly differentiated. The challenge for them is to ensure they provide true value to their target segment while being able to monetise journeys through their own products and third-party referral fees.

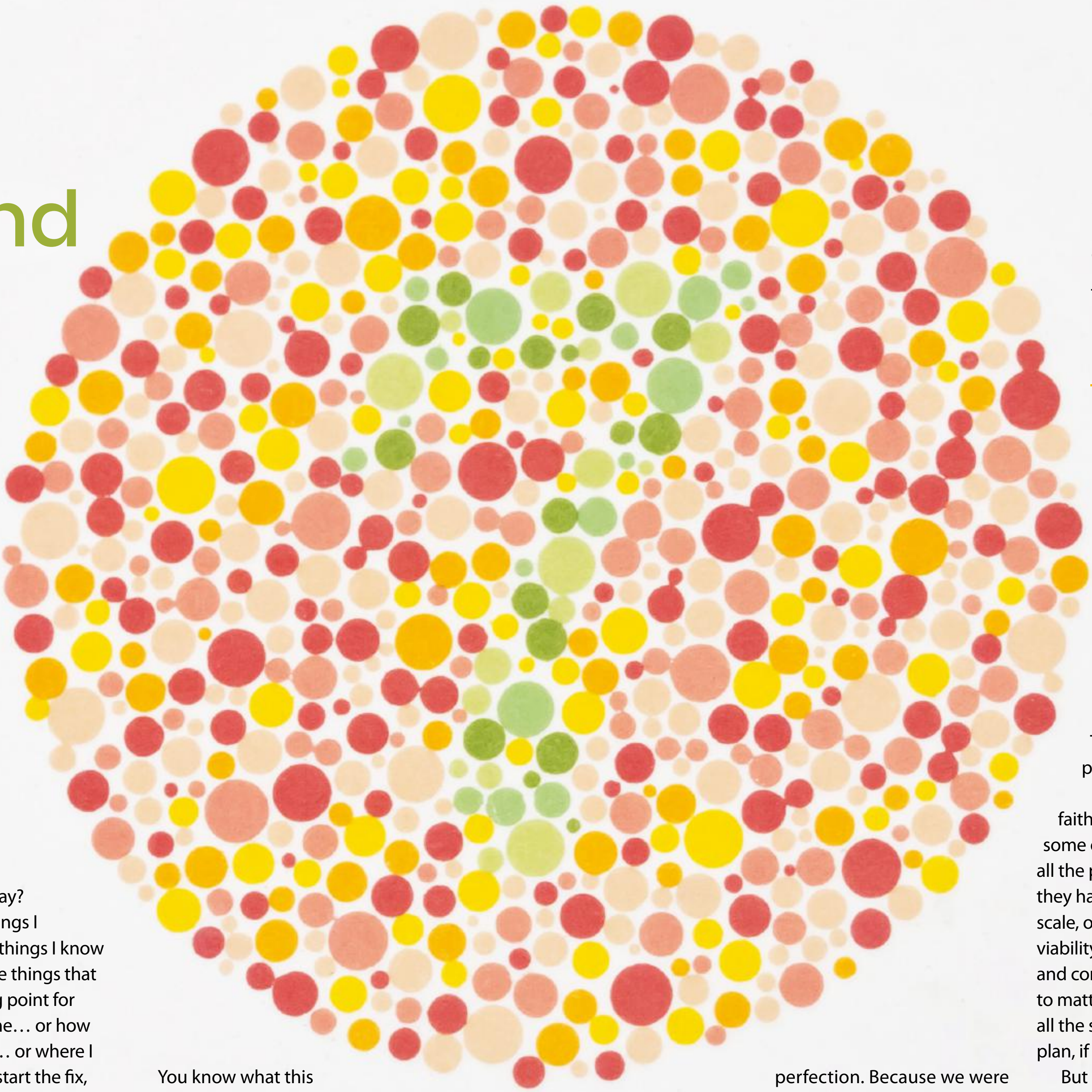
Another challenge could be that the niche does not offer enough opportunity; however, I would argue that depending on the proposition, there is the opportunity for geographic expansion, horizontal expansion into closely related markets and vertical expansion into broader and deeper journeys within the niche.

What is clear is that there are significant opportunities for both experience enablers and owners. The impact for end-customers will be increased "multi-banking" as they adopt multiple experience owners, but that is not too different from today and especially for those that shoebox their financial affairs. I'm just saying that we are starting to see banking shift from transactions and products towards experiences – and this shift will benefit customers (increased convenience and value) than banking alone.

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

The detail beyond the pattern

By Leda Glyptis



All banks are the same. For real. Fundamentally, painfully the same.

If you've seen one, you've seen 'em all.

And of course, there is a good reason for that.

They evolved and developed in similar ways, survived similar challenges, aligned to create markets under parallel circumstances.

They were regulated in the same ways.

Competed with each other. Emulated each other. Acquired each other.

Fundamentally, banks are all the same.

In the way they make money. In the way they capitalised on opportunities and leveraged technology as it became available. In the way they standardised, collaborated, pursued efficiency and negotiated best practices.

It stands to reason.

They do the same thing in the same environment, follow the same rules and largely fish in the same talent ponds. So you know. They are the same. Writ large.

And that means that when you go from one bank to another, as a banker or as a vendor, you recognise shapes. You recognise colours and hues and problems and narratives. It's very tempting to go, "ah yes, seen it all before". But you shouldn't.

Because you may see a pattern, but what you don't recognise is the detail beyond the pattern.

And there's a reason for that too: it is because all banks are the same, yes, but in profoundly different ways.

WHERE DID YOU GROW UP?

The first time someone asked me that, at BNY Mellon (the only place I still refer to as "we" six years and counting after leaving), I answered "Athens", and they laughed. Good-natured laughing, before you get upset on my behalf. They didn't laugh at me. The question was esoteric, and they explained.

What they meant was where did you learn your craft. Where did you get to know what you know so we don't assume the wrong things about each other.

It's a good question.

And the colleagues I served with answered it in two ways: they would say I grew up in operations, in IT, in sales. Or they would say, "I am legacy Mellon, legacy BNY, legacy JPM".

What do those two things say?

They say: these were the things I learned first and therefore the things I know most viscerally and they are the things that may inform my mental starting point for how big a problem seems to me… or how important a fix appears to me… or where I will probably think we should start the fix, for that matter. All the mental models I use may be coloured by those things I learned first, things you may not know much about.

The second identification declares the wider estate people learned their craft in. The systems, processes and administrative choices. The policies, rules and incentives. The culture. The tech. The products. The lot.

Banks grew by asset swap and acquisition.

We didn't all grow up in the same part of the map and there are parts we know better than others because, you got it, we grew up there. Be it the department, the geography or the business we did our learning in.

When I first heard people putting their credentials on the table like that I was a little confused. Is it a pissing contest? Is it a divisive act, aligning us more with our past than our desired shared future?

Turns out it was the opposite.

You know what this thing did for us?

It allowed us to be vocal and upfront about the differences in our vantage points. It allowed us to be active in finding ways to navigate the highly complex combined tech or human estate of a post-acquisition hangover. It allowed us to staff teams with enough background – by department or legacy and usually both – to ensure we minimised our blind spots. It allowed us to be smart about our own challenges so they wouldn't become dysfunctions.

It wasn't a strategy, by the way.

It was an organic thing people just did.

And it worked.

And, of course, people could get defensive and protective of their own way or overly keen to safeguard something that was known to work for them and their clients. And of course we didn't end up with a magical unicorn level of perfection. Because we were humans. But it helped those very humans navigate.

Why am I telling you all this?

Because if you read me, you are either a banker trying to solve some of the common problems our organisations have as we face into our digital future, or someone trying to help this journey from the outside in, as an advisor, vendor or partner.

And no matter where you sit, you know that strategies are devised at the plane of reality where all banks are the same. They all have legacy infrastructure and bloated hierarchies and paper-based solutions and workarounds and talent gaps. And they have business models that still mostly operate in a pre-digital economy. And they want to transition into the future in the least disruptive way possible.

Slap their logo on the front of your PowerPoint and tell them these are the areas that need to be addressed for a successful digital transformation and you will be right. For all of them.

And then you will get the job and on day one they will ask you where you grew up. What's your answer?

> "All banks are the same, but in profoundly different ways. And that's where you solve their problems and unlock their futures."
>
> **Leda Glyptis**

WE DON'T LIVE IN GENERALITIES

There is nothing wrong with your plan, before you get upset with me.

And you can sell that plan in good faith to every bank on the planet: even some of the digital ones. They don't all have all the problems on your laundry list, but they have enough of them as they balance scale, operational efficiency and business viability while maintaining capital adequacy and compliant services across the board as to matter very little. At that level, banks are all the same. And it helps, when drafting a plan, if you've seen it all before.

But plans are executed in the specifics. Plans are executed where banks are drastically, dramatically different. Where habits, weird choices, different strategies are layered upon each other like some tech version of the earth's own strata… where all the things that are very different by department, geography or organisation live. That's where you execute. That's where your work takes place. In the detail of how things are today. Because where you are today is where your journey starts, whatever else you may wish for.

And where you are today is a mess.

Decades – in some cases over a century – of layered policies, legacies, choices. Departments working in silo. Not exactly against each other. Not exactly together.

Everyone likes your strategy. Everyone wants you to succeed.

But if you go into that office thinking 'all banks are the same, how hard can this be?', I wouldn't even bother getting a coffee. You won't be there long.

Because yes.

All banks are the same, but in profoundly different ways. And that's where you solve their problems and unlock their futures.

So be prepared to ask your stakeholders where they grew up. Find the stories of how we all got here. To the specific "here" of this department and this bank. Not the generic here of being on the cusp of disruption.

Find the parts of the landscape that are not represented in the room you sit in. Ask why. Adjust accordingly.

You don't need to be from around here to navigate the way out. You just need to respect the landscape and pay attention to what you see.

Don't assume you've seen it all before. Because I can assure you, you haven't.

#LedaWrites

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

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

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

Self-service banking: The new key to customer acquisition and retention

You can't turn away a customer at the teller's desk, so why do it on the mobile screen?

FINTECH FUTURES | REPORTS

zendesk

The ways in which customers are interacting with their banks is undergoing a fundamental shift. Even prior to the COVID-19 pandemic providing an accelerant, consumers have drifted away from traditional banking touch points and towards more fluid digital channels.

While necessitated by the closing of branches and the reduction in contact, it has exposed an unprecedented number of users to the potential of alternative methods of self-service banking.

Consumers have become reluctant to visit branches, with Lightico data showing 26% want to avoid face-to-face banking entirely going forward.

The average user is moving from bank branches to 24/7 access to their accounts, which means they expect branch-level instant personalised support and seamless solving of issues. The truth of the matter is that oftentimes they are not finding it.

Financial institutions have had to pivot quickly to provide the levels of service their customers expect. They are experiencing unprecedented levels of interaction, and that scramble is evident in the figures: while Gartner data shows 70% of consumers are using self-service channels to report problems, only 9% of users are managing to fully resolve their issues without having to speak to an agent.

An enterprising financial institution may believe that adding as many interaction channels as possible will solve customer problems quickly.

The truth sits more with adding value to the customer with a true omnichannel experience, knitted together and operating as an ecosystem. Financial services companies with the happiest customers, according to a Zendesk study, are 2.6 times more likely to have invested in an omnichannel experience.

Firms should focus on adding customers' preferred communication channels that will ultimately help customer problems much quicker.

It's not only about where you are connecting with your customers, but also how. Good CX requires meeting customers where they are. But there are changes to "where" is: 64% of users say they have tried new channels in 2020.

An ability to solve financial problems effectively and quickly should be the cornerstone of a bank's customer retention strategy. Turning customers away at the teller's desk would have been unthinkable a few decades ago, so the same must apply when that customer is connecting via a digital channel.

FinTech Futures has launched its latest deep dive industry report, in collaboration with Zendesk, seeking to answer the question of where and how a self-service strategy can boost a bank's customer interactions across the business.

Featuring expert insight from executives at Modulr, Railsbank and TSB, it explores the technology and strategies that can build a platform for future innovation. Where does customer experience hit the bottom line? How can banks go beyond the chatbot? Is it better to partner or build? All these questions and more are answered.

Click here to download the report today!

Dear Luc: Waking up on the wrong side of embedded

By Luc Gueriane

In this column, *Dear Luc*, we answer the questions the industry's fintech founders are too afraid to ask, and solve the problems they don't want their VCs to know about.

From regulation readiness to technology teething troubles, our start-up agony uncle, Luc Gueriane, is here to help.

He has more than seven years' experience working with flagship fintechs like Revolut, Wise, Monzo and Curve.

His expertise and extensive work in the fintech ecosystem mean that Luc is able to offer unique insight into the building of a successful fintech company.

Dear Luc, everyone is talking about embedded finance and payments. What should I do?

Embedded finance has become one of the most discussed terms in the fintech and payments space. However, despite all the recent attention, the concept has in fact been around for quite a long time.

It can be explained in a number of

ways, but Simon Taylor at 11:FS describes it best: "When you create a user journey that addresses common pain points – whatever that may be – and you happen to incorporate a financial element, that's embedded finance. The end user shouldn't notice the finance if it's properly embedded."

When we talk about embedded finance, there are usually three actors involved: the fintech providing embedded financial services; the customer-facing organisation – which can be a financial or a non-financial services provider – that embeds the service in its customer journey; and the end customer who uses that financial service as part of the existing user journey.

After reading this, you may think, surely this is nothing new? You would be right – the only thing that has changed is the widespread awareness of the term and the variety of ways we may use it.

A recent report by Lightyear Capital estimates that embedded finance will grow to £164 billion in revenue by 2025, which is an incredible rise from £16 billion in 2020.

The pandemic has undoubtedly caused this growth and "turbocharged a change in people's financial needs and expectations". As Keith Grose, head of international at Plaid says, integrated experiences are now seen as a standard for customers.

Does this mean you need to get in on the game? As a fintech founder of either a business-to-business (B2B) or business-to-consumer (B2C) product, it's important to understand whether embedded finance is relevant for you. The rise in any new payment capability is always going to be intriguing but it must not be a distraction from original business plans or ambitions.

The first thing you should ask yourself is, who would be your competitors for this solution? Are they different from the competitors you already have with your existing B2B or B2C product, or is this an entirely different group?

Although I am a big believer in the fact that the fintech industry has room for every new idea, you must make sure you're not becoming a jack of all trades or re-inventing the wheel just for the sake of it.

Spend time researching the existing space and try to understand if there is a gap in the market that needs to be filled.

What is included within "embedded finance" is no doubt going to expand far beyond what it currently does, so don't rush into it straight away.

> "Are you prepared to take on the regulatory risks that comes with interacting with customers indirectly?"
>
> **Luc Gueriane**

Second, do you have potential clients who could benefit from an embedded finance solution to offer their customers?

With so many options already in the market, you might want to focus your attention on existing clients or contacts who would see value in reducing the friction in their customer payments journey.

After all, it's often quicker to scale a service by working with a brand that has an established customer base, than spend time and money growing your own.

For example, a customer making a purchase from a carpet company may buy it through Tapi, but they are not immediately aware that their financing option is provided by Hitachi Personal Finance. If Hitachi tried to tap into this market alone it would require a lot of marketing effort to acquire the same number of customers than simply partnering up with Tapi directly.

Similarly, if you have companies in mind who would be a natural fit to partner with, then this will make your journey into embedded finance much easier.

This distribution method does have drawbacks. In particular, the partner who is embedding your service will want a share of the revenues for providing access to its customer base.

Third, if you do collaborate, are you prepared and appropriately resourced for the potential headaches that could come with operating in the business-to-business-to-business (B2B2B) or business-to-business-to-consumer (B2B2C) space? As the fintech provider – if you're the regulated part of the equation – you are shouldering any regulation risks, despite being a layer removed from the end user.

The UK's Financial Conduct Authority (FCA) regularly publishes updated guidance to drive improvements in the way firms treat their customers, which aims to help minimise the risk of mis-selling.

If you are contracting with a number of customer-facing firms, you must ensure you don't use unclear or misleading language to speak to their customers (for example, best in market, cheapest, quickest) as this responsibility sits with you.

Despite these challenges, being able to embed fintech services in third-party offerings can rapidly deliver the scale many fintechs have been striving for. Incumbent banks and insurance companies continue to dominate in terms of customers and transactions, after all.

Customers are often more loyal to retailers or social media companies, and will be willing to use a financial service provided by them, especially if it is embedded into their existing user journey and provides a great experience.

Embedded finance may be the industry watchword but before jumping into the ring, you need to question whether such a dramatic shift in your business will work long term. You may want to reconsider this move if it means taking a detour from your original business plan and jeopardising what you've already been working towards.

If in any case, you do have a game plan in motion, you'll also need to consider whether it's better to embed into a third party or invest in establishing your own client base. And last but certainly not least, are you prepared to take on the regulatory risks that comes with interacting with customers indirectly?

Embedded finance is here to stay and the fintech industry will surely benefit from any new ideas. So take it slow, do your research and explore your options.

This is a marathon, not a sprint.

Do you have an embarrassing question you want answered, or a seemingly unsolvable problem you'd want help with? Email *FinTech Futures'* deputy editor, Alex Hamilton at alex.hamilton@fintechfutures.com in confidence.

FINTECH FUNDING ROUND-UP

San Francisco-based **Upgrade** has raised **$105 million** in a Series E funding round, valuing the firm at more than $3.3 billion.

It has now raised more than $300 million in total.

The latest round was led by Koch Disruptive Technologies (KDT) with participation from new and existing investors including BRV and Ventura Capital.

Upgrade offers credit to consumers through cards and loans as well as banking services such as a rewards checking account.

French entrepreneur and LendingClub founder Renaud Laplanche co-founded Upgrade in 2017 and serves as CEO.

FalconX, a digital assets and cryptocurrency trading start-up, has secured **$210 million** in new funding. The Series C investment round was led by Altimeter Capital, Sapphire Ventures and existing investors B Capital Group and Tiger Global, with participation from Mirae Asset and Amex Ventures.

The California-based firm, which also landed a $50 million investment in March, says the new funding values the company at $3.75 billion.

Founded in 2018, FalconX provides a digital assets platform that facilitates cryptocurrency trading, credit and clearing for institutions.

New York-based **Dataiku** has raised **$400 million** in a Series E funding round led by Tiger Global. The round also included participation from Insight Partners, Eurazeo and Lightrock as well as existing investors ICONIQ Growth, CapitalG and FirstMark Capital, among others.

Dataiku, which last raised $100 million in a Series D funding round in 2020, says the new investment takes its valuation up to $4.6 billion. It has now raised a total of $646 million across ten funding rounds.

Founded in 2013, the company provides an enterprise AI and machine learning platform that allows businesses to design, deploy and manage AI and analytics applications.

It claims more than 450 companies worldwide currently make use of its platform, citing use cases such as fraud detection, predictive maintenance and supply chain optimisation.

Malaysia-based **BigPay** has landed **$100 million** in new financing from South Korean firm SK Group, and has applied for a digital banking licence.

Founded in 2017, BigPay is part of the digital arm of Malaysian budget airline AirAsia Group.

It offers a number of financial products including pre-paid debit cards, e-money and international remittance, micro-insurance and budgeting tools.

BigPay has presence in Malaysia and Singapore, and is also plotting to expand into Thailand following AirAsia's $50 million acquisition of digital payments firm Gojek's Thai division earlier this summer.

Indian neobank **Jupiter** has raised **$45 million** in a Series B funding round led by Brazilian digital bank Nubank, Global Founders Capital, Sequoia Capital and Matrix Partners India.

Other investors in the round include Mirae Assets Venture as well as existing investors Addition Ventures, Tanglin VC, 3one4 Capital, Greyhound and Beenext.

The start-up has now raised around $71 million following a $24 million seed round in November 2019 and a $2 million Series A round last year.

The new funding values the company at more than $300 million.

Jupiter describes itself as India's first online banking solution dedicated to millennials.

London-based payments fintech **Rapyd** has secured **$300 million** in a Series E funding round led by Target Global. New investors including Fidelity Ventures, Altimeter Capital, Whale Rock Capital, BlackRock and Dragoneer all participated in the round, as well as a number of existing investors.

The latest funding takes the firm's total raised to around $770 million and follows hot on the heels of its $300 million Series D round in January this year.

The company describes itself as a "Fintech-as-a-Service (FaaS)" platform and offers cloud-based technology to integrate payments and fintech services into web and mobile applications.

Recently, Rapyd agreed a $100 million deal with Icelandic firm Arion Bank to acquire payments and card issuing company Valitor to "enhance its issuing portfolio". Last year, it bought another Icelandic company, payment card service provider Korta.

San Francisco-based **Eco** has raised **$60 million** in a fundraising round led by Activant Capital and L Catterton. The round also included participation from a16z Crypto, Lightspeed Venture Partners, LionTree Partners and Valor Equity Partners, among others.

It comes just four months after the company launched its digital wallet app following a $26 million fundraise in March led by a16z Crypto.

The new funding takes its total raised to around $94.5 million, including the firm's $8.5 million seed round led by Expa and Pantera Capital.

Eco provides a "Smart Money" digital wallet that rewards customers when they save, spend or send money.

London-based, Africa-focused challenger bank **Kuda** has raised **$55 million** in a Series B funding round that values the firm at $500 million. The funding round arrived from existing investors, co-led by Valar Ventures and Target Global.

It means Kuda has raised $91.5 million in total over five rounds since 2018.

Founded in 2017, Kuda calls itself "the bank of the free". It offers a no-fee virtual account and accompanying debit card.

It uses a core banking system dubbed "Nerve", which the bank built in-house.

Singapore fintech **Nium** has raised over **$200 million** in a Series D funding round led by US investment firm Riverwood Capital, with participation from Temasek, Visa and Vertex Ventures, among others.

The investment takes the company's valuation above $1 billion, which it says makes it the first B2B payments unicorn from Southeast Asia.

Nium has now raised a total of around $280 million in funding.

Nium's API-based platform allows banks, payment providers, travel companies and other businesses to collect and disburse funds in local currencies to more than 100 countries.

The company claims it has issued more than 30 million virtual cards to date and processes $8 billion in payments annually for "hundreds of enterprise clients". It adds its revenues have grown by more than 280% year-on-year.

South Africa-based **Yoco** has landed **$83 million** in a Series C funding round, claiming it to be the largest ever raise by a payments company in the country. It brings its total funds raised to $107 million over five rounds.

Among Yoco's new investors are Dragoneer Investment Group, which has previously invested in fintech firms Nubank, Square and Klarna. Existing investors Partech, Velocity Capital Fintech Ventures, Orange Ventures and Quona Capital also participated, along with Breyer Capital, HOF Capital and 4DX Ventures, among others.

Yoco's platform is designed to help small businesses facilitate online and in-store payments. Yoco has more than 150,000 small business clients across South Africa, processing more than $1 billion in card payments per year.

Dubai-based buy now, pay later (BNPL) provider **tabby** has raised **$50 million** in a Series B funding round, taking the company's valuation up to $300 million.

The round was led by Global Founders Capital and STV with participation from Delivery Hero, CCVA and existing investors.

Founded in 2019, the company has now raised a total of $132 million, with this latest funding following $50 million in debt financing in June and a $23 million Series A in December 2020.

It claims 2,000+ businesses in the region as partners, 400,000+ active users and 3,000 daily downloads.

MOVERS AND SHAKERS

(left-right) Uwe Sandner, Katja Hunstock and Ignacio Garcia

European open banking platform **finleap connect** has reshuffled its management team. **Uwe Sandner** has been named the firm's new chief technology officer (CTO), with **Katja Hunstock** and **Ignacio Garcia** named as chief product officer (CPO) and chief strategy officer, respectively.

Sandner joined finleap connect in 2020 as general manager customer interactions following stints at McKinsey & Company and Ströer Mobile.

Hunstock was previously finleap connect's head of business unit open banking, where she worked to develop the firm's core product line.

Garcia previously held roles at iZettle, Holvi, BBVA and Zurich Santander before joining finleap as head of Spain in March 2019. He moved to finleap connect upon its founding in August 2019 as general manager Spain.

The company also announced chief financial officer and managing director **Patrick Dittmer** and general manager financial transactions and insights **Empre Impraimoglu** have left their roles.

Dutch challenger bank **Bunq** has appointed a new chief operating officer (COO), as **Jon Fath** joins from logistics automation company Transmetrics. Fath was at Transmetrics for just six months. Before that he spent two years at German equipment rental and sharing platform Equivvy.

Bunq is undergoing a period of aggressive hiring, Fath says. It raised $228 million in a Series A round in July, giving it a valuation of $1.9 billion. Part of the raise also saw it acquire Irish firm Capitalflow Group.

National Australia Bank (NAB) has hired a new group chief security officer in former Absa executive **Sandro Bucchianeri**. Bucchianeri spent four years at the South African banking group in various roles in technology security. Prior to Absa, he worked at National Bank of Abu Dhabi, Investec and AT&T.

Credit Suisse has hired HSBC's **Orazio Tarda** as its global co-head of fintech. Tarda will share his new position with Brian Gudofsky in New York, who also operates as the Swiss bank's global head of technology.

Tarda first joined HSBC in 2005 as managing director of its investment banking business in Italy, a position he held for 13 years. He then moved on to take up positions as head of fintech for EMEA and then global head of fintech.

His arrival follows the hiring of **Joanne Hannaford** as Credit Suisse's new chief technology and operations officer, and of former Lloyds chief executive, **António Horta-Osório**, as chairman.

UK-based fintech **Deko** has appointed **Tom Myles** as its new CTO. The 20-year payments and banking veteran previously served as CTO of Barclays Payment Gateway, where he led the development and delivery of the bank's enterprise payment services.

Deko also announced the arrival of **Rob Fernandes** as CPO. He previously founded management consultancy Pay2Z, which advised clients including Tink, Pollinate, Vocalink and Paysafe on payments product strategy.

Cheri McGuire

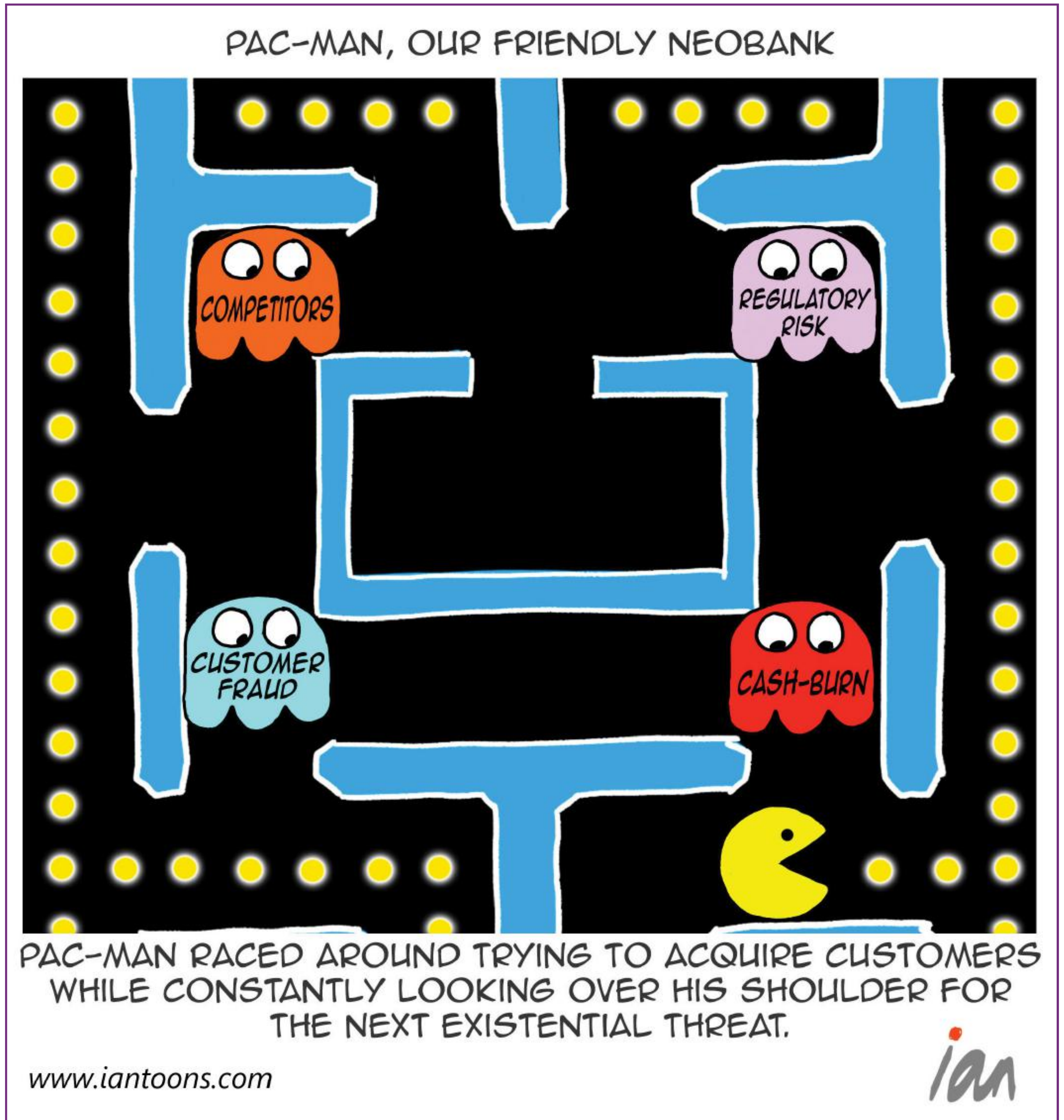
Swift has appointed its new CTO, **Cheri McGuire**. McGuire previously worked as group chief information security officer at Standard Chartered bank for three years. Before that she led cybersecurity policy and programmes at Microsoft and security vendor Symantec.

McGuire also worked as a director of the National Cybersecurity Division and US Computer Emergency Readiness Team (US-CERT) within the US Department of Homeland Security.

New core banking provider on the block, **SaaScada**, has appointed **Paul Payne** as its CTO. Payne joins from hospitality platform provider IRIS Software Systems, where he spent five and a half years as joint CTO and COO. Prior to this he worked at Calino Consulting as a managing consultant for seven years. He also worked at LexisNexis, TD Waterhouse and Direct Line.

FinTech Australia chief executive officer **Rebecca Schot-Guppy** has stepped down from her role after almost three years at the company. She is set to leave her post in October, after which she will join insurer IAG's venture capital fund, Firemark Ventures.

While at FinTech Australia, which represents around 300 start-ups in the country, Schot-Guppy saw the rise of several new ventures, including Afterpay, a buy now, pay later (BNPL) firm recently acquired by Square for $29 billion.



SOME OF THE DAILY THREATS FACED BY NEOBANKS

Cartoon by Ian Foley

The acquisition of customers alone is expensive due to consumer inertia, high price of digital marketing channels due to competition and compliance onboarding costs.

Research firm GLG estimates a typical neobank loses about $11 to $15 per consumer, which means finding new high-margin products and obtaining customer scale is an absolute must.

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ISSN 0266-0865