banking technology

The definitive source of news and analysis of the global fintech sector | **October 2021** www.fintechfutures.com

MULTI-TUSKING
How do you eat an elephant?

PUSH THE BUTTON
Creating a more equitable future

IN THE FIRING LINE
How Russia's biggest bank is fighting cyber crime

Produced by FINTECH FUTURES

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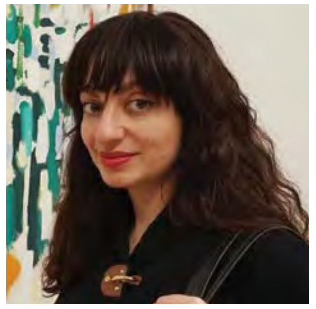


Tanya Andreasyan
Managing Director & Editor-in-Chief, *FinTech Futures*

Are we finally entering the season of face-to-face events? Is there a glimmer of hope that we can finally network in a real, physical environment?

The recent Money2020 Europe conference in Amsterdam and the FinovateFall one in New York seem to suggest so! There is still lots of caution and uncertainty, and the exhibition halls are much quieter than in pre-pandemic times, but it's a start. The feedback so far has been overwhelmingly positive about the experience.

FinTech Futures will be hosting our annual Banking Tech Awards – fingers crossed! – later this year on 24 November at the gorgeous Royal Lancaster in London. On the same day, also at the Royal Lancaster, we'll be hosting a series of roundtables, called Dock, at which attendees will get to have confidential conversations with the most senior digital transformation decision-makers in banking and finance and develop practical, real-world solutions to shared challenges. Free VIP passes are available – join us for quality discussions and coffee! For those who prefer a virtual gathering, Dock Digital will be held on 26 October.

Our sister brand **IM|Power**, which focuses on the investment and wealth management sector, will hold a physical conference on 20-22 October in Monaco. Another sister brand, **SuperReturn** (focused on the private capital community), is coming to Berlin on 9-12 November. And one more sister brand, **RiskMinds**, will be bringing all things risk management to Barcelona on 6-9 December.

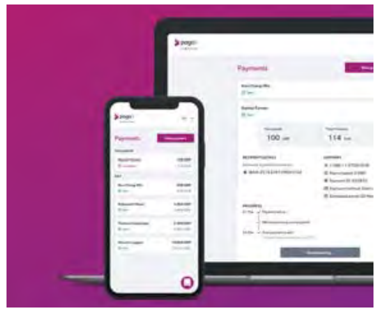
These events will have a digital element, of course, offering a hybrid option for their attendees.

Not everyone is feeling the face-to-face vibe, though. Sibos – one of the largest banking tech events – remains firmly in the digital camp this year (11-14 October). *FinTech Futures* will be reporting from the event as well as producing its flagship Daily News at Sibos publication. You can find our Sibos coverage in the Sibos 2021 Content Hub online.

In the meantime, we hope you enjoy the October edition of the *Banking Technology* magazine, which is, as always, full of fintech and banking tech goodness, including the top news, punchy opinions, food for thought, expert analysis and lots more. We hope you find it interesting, informative and useful!

NEWS ROUND-UP

PagoNxt to discontinue PagoFX app to refocus on trade services



PagoNxt, the payments fintech run by Banco Santander, will discontinue its international money transfer app PagoFX as of 30 November. The company will continue to provide customer support and maintain the operational flows of payments originated before this date to ensure they are processed before the app is shut down and disconnected.

PagoFX was launched just last year in the UK, Belgium and Spain and provides cross-border payments services for individuals to send money across the globe.

A PagoNxt spokesperson says: "We have ambitious plans to grow PagoNxt and expect to more than double revenues in the medium term, with an immediate focus on high growth segments such as merchant and trade services. To help support this growth, we have decided to integrate the PagoFX technology into our trade services business."

Neobank Vergo aims to serve US architecture SMEs

The US construction and interior design industry is set to get a dedicated banking service in the form of New York-based neobank Vergo. The digital bank will cater to small and medium-sized enterprises in the AEC (architectural, engineering and construction) community, which constitutes one of the largest business communities in the world, with more than $1 trillion in payment flows every year in the US alone.

Vergo will offer a debit account, cashback card and invoice management software with no annual fees or credit checks. The firm received $100,000 in pre-Seed funding in August and claims 2,000 people on its waitlist.

Vergo CEO and co-founder Rich Kane says the genesis of the bank can be traced back to various "pain points" he experienced managing project transactions and cash flow running his invoice-based "side hustles". While working at JP Morgan, Kane built up several businesses in the AEC industry including a custom furniture store, office furniture marketplace and an interior design studio.

BancoEstado picks Mambu for digital core revamp

BancoEstado, Chile's only public bank and the largest mortgage lender, has selected Mambu and its cloud-based core banking system to deliver new digital services. The vendor says it will digitise BancoEstado's transactional services for 13 million customers via a complete transformation. It hailed the bank's choice during a tender process "plagued by legacy systems".

BancoEstado is an existing customer of Argentine vendor Technisys and its Cyberbank Omnichannel system, which it signed for around a decade ago. Mambu's implementation is not replacing the existing platform.

Mambu has signed several new deals in South America in recent months. The vendor's Latin America director, Edgardo Torres-Caballero, says his firm is the "only true" SaaS cloud platform in the region.

Julius Baer to revamp front-end services with Crealogix

Julius Baer has selected Crealogix and its Digital Hub solution, becoming the latter's first Swiss private banking client.

The main features of the hub involve a revamp of digital banking functions such as document management, push notifications, securities and payments. Crealogix adds its system can create a harmonisation between middle and front office technologies and create "digital leaders". Oliver Weber, the vendor's CEO, says the Digital Hub can "create a bridge" between Julius Baer's existing infrastructure and its new applications.

NEWS

UAE challenger bank Zand prepares for launch

Zand, a new challenger in the retail and corporate banking space, claims to be the first of its kind in the UAE. Olivier Crespin, Zand's CEO, tells *FinTech Futures* that only "a few administrative tasks" remain before the bank opens for business.

Until recently, the UAE has only seen digital banking disruptors launched by established banks. Zand plans to offer competitive interest rates of around 2%.

The name "Zand" is inspired by both the individuality of grains of sand, and by its collective power to change shape over time. Crespin says the name also derives from the Arabic word for strength. The new bank's technology is a mixture of buy and build. Among its partners are personal finance management tech company MoneyThor and smart token firm V-Key.

Crespin says about 30,000 people have already signed up for the Zand waiting list.

Nigeria's Zenith Bank picks Oracle for worldwide tech overhaul

Nigeria's Zenith Bank has signed a landmark deal with OracleFS to overhaul its core banking systems and trade finance operations.

Zenith is one of the largest lenders in Anglophone West Africa, with $16.1 billion in assets. It currently operates on Finastra's Fusionbanking Essence platform, installed when the tech company was known as Misys. Zenith embarked on an operations-wide standardisation project in 2017, having signed a deal with then-Misys in 2015. This was a major milestone for Misys at the time, worth an estimated $38 million. It covered Nigeria, Ghana, Sierra Leone, Gambia and the UK.

Now the Nigerian bank is retracing its steps. Oracle is set to replace the previously installed Finastra systems and services. It beat competition from Infosys Finacle to win the deal.

Oracle has won a handful of major new deals so far this year. It signed a lending deal with AT&T, an implementation of several systems at Central Bank of Egypt, and a front-to-back deal with one of Kuwait's largest lenders, Gulf Bank.

Yolt shuts down app to focus on open banking technology services

Yolt is closing down its consumer-facing smart money app to focus on its technology business. Its parent bank, ING, says the business will focus on proprietary open banking solutions due to a "growing demand" for business-to-business" systems.

Yolt launched in the UK in June 2016, and has since spread to Italy and France. It made its first steps into the payments and wallet space in 2019 with the launch of Yolt Pay. It signed a deal with Mastercard in October 2020 to lay the groundwork for a card roll-out. The app has since ranked up more than 1.6 million downloads.

Yolt Technology Services (YTS), the technology arm of the fintech, launched in 2019. It claims to have facilitated more than two billion API calls, and cover 20% of all calls in the UK.

It secured a PSD2 licence in the UK earlier this year. It had previously operated on the back of ING's permissions, but nabbed its own licence from the FCA.

Thought Machine wins core banking deal with JP Morgan Chase

Thought Machine has secured a deal with JP Morgan Chase for the deployment of its flagship core banking system, Vault.

The deal is another major step for the UK-based vendor in its quest to break into the US as a market. Recently, it signed another US client in Arkansas-based Arvest Bank.

Thought Machine says it will be taking on the running of more than 57 million active customers for the retail banking business. Chase reportedly tested the Vault core system through the simulation of large traffic volumes.

"JP Morgan Chase represents one of the most ambitious, powerful financial institutions in the world," says Paul Taylor, Thought Machine's CEO. He adds their joint deal shows that cloud-native core banking systems are "the future for financial services". Thought Machine is also expected to announce a new funding round worth $150 million, which would push its valuation into unicorn territory.

FINTECH FEED

TWEET DECK Follow us @FinTech_Futures

Theo Priestley
@tprstly
Someone's been spying on me again.

Alexander Hamilton
@ADHamilton91
Tier 3 banks when their vendor comes calling for software maintenance fees.

Greg Caplan
@gdcaplan
Slack is just an all-day meeting with no agenda.

THE NUMBER GAMES

$150 million
fundraise by e-wallet firm Ascend Money has given it the valuation of $1.5 billion and the status of Thailand's first fintech unicorn

$4bn
is the latest valuation of Australian cross-border platform Airwallex following its recent $200m Series E funding round

$2.2bn
is the price tag of US-based buy now, pay later (BNPL) firm GreenSky as it prepares to be sold to Goldman Sachs

1.29%
is the new fee to be introduced by PayPal in November for transactions between the UK and the European Economic Area (EEA), a rise from the usual 0.5% currently paid

€25m
agreed to be paid by JP Morgan as a settlement over charges of aiding tax fraud in France. The US heavyweight was charged with setting up a profit-sharing enterprise that enabled all involved to avoid taxes on €315m of investment gains between 2007 and 2008

400 people to be hired by State Street for its new cybersecurity unit at IDA Ireland Business and Technology Park in Kilkenny, Ireland, that will provide services and tech infrastructure to the company's global operations

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

THEY SAID IT...

"How often do you have the opportunity to build a modern digital business inside a 150-year-old pre-eminent investment bank? We had the audacity to think big, and it's safe to say we proved the sceptics wrong."

Harit Talwar, ex-chairman of consumer business at Goldman Sachs, the first employee and leader of challenger banking platform Marcus

TRENDING

JP Morgan cuts to the Chase

JP Morgan has launched its new digital retail bank in the UK, part of its planned international consumer expansion.

Named "Chase", the offering has launched with just current accounts at first. JP Morgan acquired UK fintech Nutmeg in June, suggesting it could also outfit Chase with aspects of the digital wealth manager.

Chase has around 600 JP Morgan employees behind it, with 500 of them being new hires to the bank. Based in London's Canary Wharf, Chase also operates a call centre in Edinburgh, Scotland.

"The UK has a vibrant and highly competitive consumer banking marketplace," said Gordon Smith, the bank's CEO for consumer and community banking. "This is why we've designed the bank from scratch to specifically meet the needs of customers here."

Chase isn't JP Morgan's first time dipping its toes in the challenger waters. In 2017, it rolled out digital bank Finn in the US. But a year later, it shuttered the challenger.

Coventry calling for a CDO

The UK's second-largest building society, Coventry Building Society, is seeking a chief data officer (CDO) to help modernise the business. The 137-year-old savings and mortgage lender wants its first CDO to deliver and embed "a new data capability" at the firm to drive new data products and services.

Coventry has more than 2,700 employees and 1.8 million members. The lender has embarked on a tech modernisation project in recent years and selected Temenos' T24 core banking system as part of its digital revamp in 2018. It opted for a front-to-back revamp using T24, Temenos Channels, Financial Crime Mitigation and Temenos Payments Hub solutions.

Nice to be Recognised

UK challenger bank Recognise has been given approval from the Prudential Regulation Authority (PRA) to start offering its products.

Recognise, which launched to target small and medium-sized enterprises (SMEs), also offers a range of personal banking services, commercial mortgages and bridging loans.

The bank is the brainchild of the City of London Investment Group, which completed a £14 million fundraise to secure capital requirements for its new venture. It is led by Jason Oakley, former managing director of Metro Bank's commercial and mortgage lending business.

It claims to have received more than £750 million in loan enquiries, and has targeted £1.3 billion of total lending by 2026.

Nationwide duo take flight

UK's largest building society, Nationwide Building Society, has revealed chief executive Joe Garner and chairman David Roberts are leaving. Kevin Parry, senior independent director and deputy chair, will step into Roberts' role but it may take more time to replace Garner.

Arriving in 2015, Garner has overseen the growth of Nationwide's member numbers to 16 million, accounting for a tenth of all UK current accounts.

He joined the lender from BT Group where he was CEO of Openreach. Prior to BT he also held roles at HSBC, Marks & Spencer Bank and First Direct.

According to the Evening Standard, he has no new role to step into. "I am not thinking of life after Nationwide yet," he says.

The search for Garner's successor is already underway, with the process reportedly almost entirely internal. Chief product officer Sara Bennison and mission leader Paul Riseborough are among likely candidates.

In sweet harmony

By Alex Hamilton, deputy editor, FinTech Futures

According to the CEOs of Artesian Solutions and DueDil, the two companies combined have well over 600 clients and customers.

A majority of those are in the financial services sector, where the firms ply their trade as sales intelligence (Artesian) and onboarding services (DueDil) vendors.

Despite this, when Andrew Yates and Justin Fitzpatrick sat down to discuss the possibilities of a merger between Artesian and DueDil, they found a client overlap of only eight firms and a "unique opportunity".

Rumours swirled about the deal, then billed as a partnership, in early August. Now the two companies have confirmed they will be combining.

Artesian CEO Yates tells *FinTech Futures* that DueDil was "motoring" under the leadership of Fitzpatrick. He says when he looked at the potential of a combination between their two companies, he was "overwhelmed" by what he saw.

"When you combine our two firms together you get a fabulous architecture sitting at the bottom, with data served by APIs and a rules engine calling the APIs," he says.

Yates adds that foundation can equip "any UK financial institution, commercial corporate bank or fintech".

NATURAL STEPS

In August it was reported that DueDil was seeking a merger due to a "lack of funding". DueDil has raised a combined $53.4 million in funding across 11 rounds.

It last filed accounts with Companies House in December 2018, when records showed the company made a loss of £5.5 million. Fitzpatrick doesn't shy away from addressing the rumours.

"We looked at the options for taking DueDil to the next level," he says. "From funding to trade sale to merger. We had offers on all of those options.

"As Andrew and I continued to speak about this opportunity there was a growing sense of excitement. This feels like a natural next step."

Data insights firm Artesian, founded in 2006, has raised $15.9 million in funding across five rounds between 2012 and 2020.

It last secured backing in March 2020, when Shawbrook Bank provided an undisclosed sum of debt financing.

"[As we spoke], there was a growing sense of excitement. This feels like a natural next step."

Justin Fitzpatrick, DueDil

"We've done this merger out of choice," says Yates. "The largest investors in both our firms are right behind this deal. We've got customers saying great things about it.

"We've made this decision, it's our choice, and everybody is right behind it. It's not going to appeal to everybody, but the majority are thrilled."

INTEGRATION PRIORITIES

As the two companies come together, they'll end the year with about 70 employees split 50/50 between DueDil and Artesian. The finalisation of a new London HQ is also in the works.

Systems integration is next on the list. Fitzpatrick says work has already started on integrating product and technology stacks, customer bases and systems.

"These things run at slightly different rates depending on the level of complexity involved," he says. "A core focus has to be ensuring customers understand the benefits they now have access to as a result of the merger."

Yates pauses to try and silence his phone, as the news of the merger goes out to his company's wider network during our interview, and the notifications come flying in.

"There are some immediate short-term benefits in integrating the rules engine from Artesian with the powerful capabilities in the DueDil API," he says.

"We've performed extensive gap analysis and there are really neat things both organisations do uniquely in terms of frontline services. There's no wasting of time, and we've had dual track running from before the merger announcement we've been formulating and finalising.

"We've got a team of more than 30 engineers working in the background. Things are going to move fast."

Will we see a portmanteau brand emerging from the merger?

For Yates, there's an opportunity for a rebrand, but things are moving purposefully carefully so that any name reflects the strengths of both companies.

"We need to make sure the new company has the best start and makes it really clear to the marketplace what we do. It's an exciting event, so watch this space in the coming months."

"When you combine our two firms together you get a fabulous architecture sitting at the bottom, with data served by APIs and a rules engine calling the APIs."

Andrew Yates, Artesian

There are few financial products as personal as a mortgage, so providers always feel they must provide a perfectly personalised service.

This need for a personalised approach makes data an essential part of the mortgage process. Whether in the form of stacks of paper or an organised database, data is not only a key part of day-to-day origination and processing, but also a fundamental building block for the initial and ongoing relationship between loan originator and customer.

This personalised touch used to come in the form of a heart-to-heart conversation in the branch. Yet times have changed in both the way customers expect to interact with their lenders, and the availability of technology for servicing those customers in a more efficient way.

60% of the industry says their ability to offer personalised services is "average at best" or needing improvement.

It is easy for mortgage providers to focus on the personal touch, the face-to-face meeting and assume that this means back-office systems, strategies and processes that may be out of touch or creaking under the demands of a new world can be ignored.

That line of thinking needs to be brushed away, and with an urgency demanded by the rapid adoption of digital services which has occurred since the start of the COVID-19 pandemic.

The digital "new normal" has highlighted where financial institutions are falling behind or relying on outdated systems and methods of operation.

42% of mortgage providers believe that bringing legacy technology up to speed will be a major focus for the future.

The new normal doesn't just mean granular updates, nor does it mean shifting years-old technology into the cloud. It means adapting to serve clients who wish to interact with you over multiple channels and with a higher expectation of service.

How mortgage providers react to the new normal, and where areas of investment are made, will be crucial in securing market share in the coming years. Already moves are being made and new strategies are evolving.

FinTech Futures, in collaboration with MongoDB, went to the market in search of the technological and strategic priorities for leaders and executives in the lending space as we drive into a digital future.

In this research report, you will discover:

- Whether mortgage providers really know their customers
- What the digital differentiator market leaders believe will change the game
- Why cost and interest rates are no longer the be-all and end-all for attracting new business

Download the report today from the *FinTech Futures* website!

ANALYSIS: ECOSYSTEMS

Push the button on an equitable future

By Theo Lau, founder, Unconventional Ventures

Having access to employment, being able to buy and sell goods and services, creating and leveraging savings over time – along with the ability to move money, store money, access credit and invest – these are all modern-day financial activities that many of us come to expect and often take for granted.

However, access to banking services remains uneven, with nearly 1.7 billion people unbanked globally and many more who are underbanked. And the challenge is not limited to developing countries alone.

- More than 5% of US households (about 12 million adults) are unbanked. A further 11% of US households (about 24 million adults) are underbanked and still relying on some fringe financial services, such as cheque cashing facilities.
- Approximately 2.3% of the UK adult population (1.2 million adults) are unbanked, according to the FCA.

Having a bank account is only the beginning of a long journey fraught with additional challenges, from the ability to continue higher education or receive and transfer funds locally and abroad, to starting a new business, buying a home or saving for the future.

Access to financial services is a crucial tool to help our most marginalised citizens escape poverty and move up the economic ladder, and for women in particular.

Through loans and grants for women entrepreneurs, along with vocational training, more women can participate in the innovation economy, gain financial security and boost the economy.

According to the World Economic Forum's latest Global Gender Gap Report, it is estimated that it will take another 267.6 years to close the gender gap in economic participation and opportunity for women.

That is a gap that is not only unacceptable – it is a human-made problem that is avoidable.

ECONOMIC EQUALITY IS A RIGHT, NOT A PRIVILEGE

From the US, UK, Africa, China, India, Southeast Asia and beyond, new global fintech business models have emerged over the past two decades, upended the world of financial services, changed consumer expectations of what can be done and challenged incumbents to move beyond the status quo.

The innovative use of basic telecom services by m-Pesa to facilitate movement of money between consumers and businesses, for example, has been credited for lifting 2% of Kenyan households out of poverty.

Elsewhere, the India Stack, which includes the Aadhaar identity platform as one of the key pillars, is considered to be the most important innovation to formalise India's domestic economy through digital services.

From Ant Group, Paytm, Grab and GoJek, to Robinhood, SoFi, Wise and Nubank, thousands of fintech start-ups around the world have made great strides in building new digital products and experiences from lending, payments, investing and beyond.

OPPORTUNITIES WITH CHANGING DEMOGRAPHICS

As our world continues to experience demographic changes, it is now more urgent than ever to challenge the status quo and serve more of our diverse society.

The recent uptick in "speciality" fintechs is a great example. Far from serving purely a market segment, community-focused fintech start-ups are showing us how technology can help connect us through commonalities, with financial services as a vehicle.

Banking is an essential and crucial service, not only for individuals but also for a country's economic development. As an industry and as a society, we need a renewed focus on the basic needs of those who are not served by our current system.

It is time to re-imagine financial services beyond products and buzzwords, or yet another budgeting app with a shiny new user interface. We have the know-how and the technology to create something truly meaningful – to impact the wellbeing of not only one, but multiple generations.

> "It is estimated that it will take another 267.6 years to close the gender gap in economic participation and opportunity for women."
>
> **Theo Lau, Unconventional Ventures**

And as we have learned from our collective experiences in the past year, women are the backbone of our economies. As we slowly emerge from the health and economic crisis, we must put women and marginalised communities in the centre of economic recovery. And we have the responsibility to do so in a useful, trustworthy, affordable and sustainable manner.

Together, we can re-imagine a different future, one where people of all ages, genders, sexual orientation, ethnicities and backgrounds can thrive; one where their collective wisdom and lived experiences are vital to our society at large.

Together, we thrive.

It is time to put our heart back into our ecosystem – and build what matters.

We have seen tremendous innovation and wealth creation in the past two decades, much of which is not equally distributed. Economic inequality is a human-made problem that can be solved.

A purposeful application of technology can become the catalyst for greater social responsibility beyond shareholder value. Let's create a more equitable future for all.

How do you eat an elephant?

By Leda Glyptis

I had a t-shirt many years ago. Not sure what became of it.

It said, "How do you get an elephant out of the fridge?" on the front, and "Just ask nicely" on the back.

The joke worked only in countries where 'Elephant' was a familiar beer brand. Everywhere else it was confusing because… why is the elephant in the fridge in the first place? It just doesn't work.

That also applies to the truism "How do you eat an elephant?". It's not on a t-shirt, but it might as well be.

It doesn't work in all situations.

And yet we see it and hear it all the time. Those engaged in transformation programmes, long-drawn-out strategic pieces of work, we hear it a lot.

Those of us working on core replacement programmes, data migrations and system changes, we hear it a lot.

It's a phrase that carries with it the recognition that the work you are doing is complex. Big.

It won't be finished fast or easily, and you just need to parcel it up in smaller chunks. Because nobody can swallow an elephant whole, but if you put in the time, you can eat your elephant one bite at a time.

So when doing a big and complex bit of work, the saying suggests, take it one step at a time. And it's good advice.

The work we do can often look daunting. Being prepared for a marathon with all its reversals is key.

The problem with the phrase is not its relevance. It works. That part is fine.

The only way to do a big thing is to work out the small things that make it up. That's not the hard part. The hard part is that, when you are eating an elephant, you sort of know when you are done.

If there is no more elephant left to eat, you are done. And you can see your progress against, you know – not to be too gruesome here – the amount of elephant still on your plate.

Not so with your transformation work.

Say you decide to replace a system.

You need to choose the new system, integrate it, test it, migrate data and users from the old system, test for edge-cases and exceptions. You realise that you had a lot of manual overrides and user-defined macros in the old system that somehow nobody knew about and now you need to find a way to get those things done in the new system. And work out why nobody knew about them. And then you discover a governance gap. Which leads you to a compliance gap. Which leads you to a new operating model as if your original undertaking wasn't big enough.

And while you are in your meeting with compliance and risk and legal and the business to work out what to do with all the rules that people were managing in Excel for crying out loud, thinking this is a whole new elephant I have to eat… you meet Joel from the department next door.

And Joel is also tearing his hair out because while he was eating his elephant, rolling out a new enterprise-level identity management discipline, working across products and business lines, fully compliant as well, working within data retention and GDPR specifications and allowing the bank to give seamless experiences to clients without letting its own silos get in the way… while Joel was doing that and doing great and progressing with eating his elephant, someone said, "What about customers on witness protection?".

I mean.

What about them?

Turns out the way we propose to manage identity in the new system, the new system that is about 70% implemented at this point and the elephant almost consumed, that way can't manage users whose identity needs to be concealed.

"How many people are on witness protection?", wonders a distraught Joel as he faces into a brand-new elephant and realises he is nowhere near done.

Joel isn't real. This actually happened to me. The struggle is what's real. Exactly because the advice is right. The only way to do big things is to break them up into their constituent parts and do those methodically, in sequence, one by one.

The problem is that when you are doing big and complex work, you don't actually know how big your elephant will turn out to be. And whether it is an elephant you are eating, a whale, a mammoth, a T-rex or an as-yet-undefined creature of monumental size.

And if you know you have to eat the elephant but don't know how big the elephant is, knowing you have to do it one piece at a time isn't hugely helpful. I mean. It is. But you don't know when you are done if you don't know how big the thing is. So how long do you keep going for? You will always find the next thing. You will always arrive at a dependency. You will always, always find that when you fix something the thing next to it looks broken by comparison or stands in the way of your thing really working. So your elephant keeps getting bigger.

HOW DO YOU EAT AN ELEPHANT IF YOU DON'T KNOW HOW BIG IT IS?

The answer, sadly, remains the same.

One bite at a time.

The question that becomes interesting however is why would you eat an elephant in the first place? They are not the most obvious snack. You don't expect them to lurk in your fridge and, despite my t-shirt, asking nicely doesn't sound nearly enough as plans go.

So why would you?

Why would you engage in transformation, migration, replacements, redesigns?

You may have ambition, vision and strategic gumption. That's a good reason why. You may have no choice because the regulator or the market – or both – are putting pressure on you. That's also a good reason why.

It almost doesn't matter which is your reason.

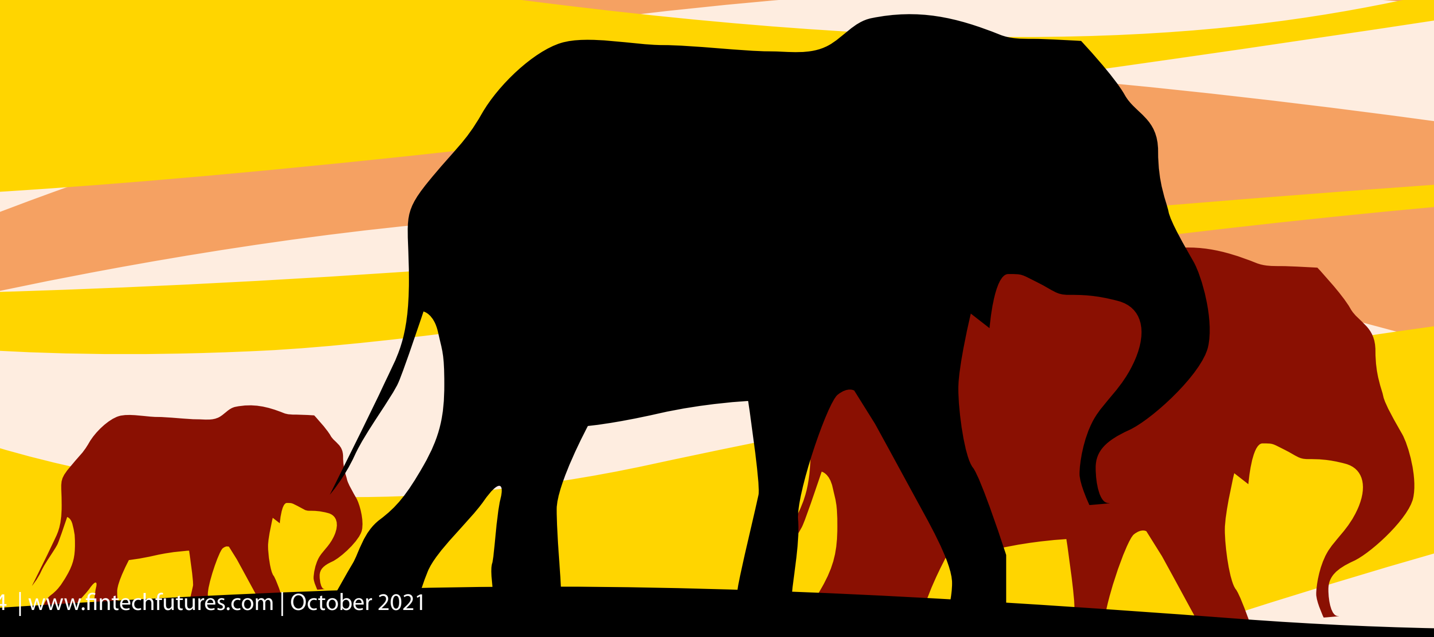
Whether you set out to eat your elephant because you have vision and want to transform your organisation and market, because you are burning with a desire to build something meaningful and different and therefore know that you need to take a lot of steps to get there…

Or whether you set out to fix a problem, to comply with a new regulation, to catch up with your market, to manage a risk (be it security, cost footprints or the fact that your technology is so old the engineers you keep getting out of retirement to fix it are dying, leaving you with no choice but to make change)…

Whatever your reason for eating the elephant, it makes no difference to how you go about doing it. It's one step at a time. One bite at a time. Big programmes of work are always made up of smaller projects and milestones, tasks and activities all pointing in one direction. All making up your elephant.

Why you are doing this doesn't change how you go about doing it. It doesn't matter if it's strategic choice or utter lack of choice. It matters that you know.

How you do complex work is the same no matter what you are trying to achieve. But why you do it is the only way for you to work out when you are done. Why you are eating the elephant in the first place is the only way to work out how big the beast is and when you are done eating.



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.

The path to personalisation

By Dave Wallace

I love mobile banking. It has been a game changer for me. I love its simplicity – I can log in with my face or scroll through transactions using my thumb and the way it validates payees' bank details is almost like magic.

I love the notifications that ping me on my watch every time money enters or leaves my account, and those that tell me I have just gone overdrawn. So much to love.

I look at mobile banking a lot, at least daily, and internet banking at least monthly (to do things the mobile app still cannot do).

This seems to be the case for the rest of you as well. Banks' mobile activity runs into the millions and tens of millions of MAUs (bank speak for monthly active users).

IF FACEBOOK DID BANKING…

If Facebook owned a bank, I think Mark Zuckerberg would look at every one of these interactions as an impression and say to advertisers, "Roll up, roll up and buy my lovely inventory. These are extra special because we know lots and lots about each and every one!"

But the banking industry is not a social media platform. There are regulations in place and therefore to date, commercialising traffic within internet banking has not happened. Some like Revolut and American Express have in-app offers, but this is still untargeted and unsophisticated in approach.

Historically, digital infrastructure has been seen as a cost (or liability), but there is no doubt a bank's mobile app has tremendous potential as a sales "asset".

In fact, I would argue that the mobile screen is probably the most valuable real estate that any bank owns. Without getting all Zuckerberg on y'all, if I were a bank, I would move my mobile app from the liability line in the balance sheet and make it (at least) a billion-dollar asset.

Why? Because the attitude towards liabilities and assets is opposing:

- Cost is about efficiency and reduction. Asset is investment and potential.
- Cost is sucking the air out of the room. Asset is breathing new life into what is there.
- Cost is defensive. Asset is growth.

THE ROUTE TO ENRICHMENT

For the last 20 years, banks have used digital channels to drive costs out of their businesses in the great move to customer **self-service.** Branches have disappeared and call centres optimised through off-shoring and technology. This mission has largely been achieved, and the deep well of costs is starting to run dry.

The industry needs to change tack and adopt the "asset" mindset hinted at above. The next five years should be about building digital banking as a genuine customer **relationship** platform.

So what's the big idea? How is this going to be achieved? In my view, enrichment through content and personalisation (let's call it hyper-personalisation).

> "Every bank needs to have a personalisation champion. Someone who can drive the agenda and build bridges across the business."
>
> Dave Wallace

Current digital banking experiences tend to be limited to transactional functionality. But people need more than this.

Finance is a complex topic that confuses many. Mary Harper from Aviva mentions one small example in a LinkedIn post: "Just 27% of people are confident they know what a 'good' amount is to have in their pension for someone their age."

That's a pretty **wow** stat! 73% of people have a pension knowledge gap.

Therefore, using the place where your money is most visible and visited (the mobile app) as a platform and enriching it with educational content doesn't seem like a terrible idea, from podcasts to hints and tips, to tools and guides and even mentorship.

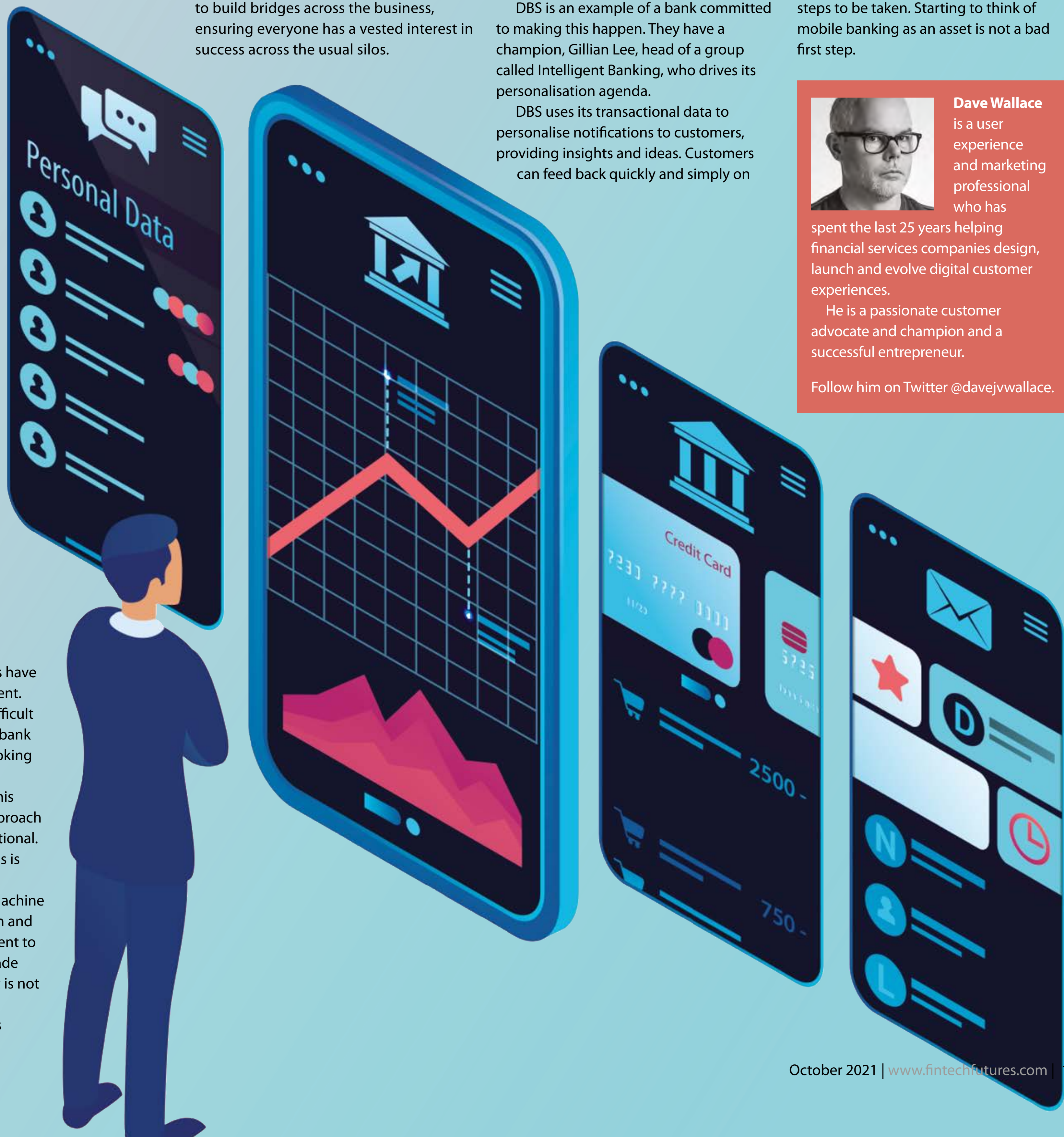
CONTENT ENGAGEMENT

So, does this mean more content? Absolutely. A cursory look at what is currently available shows that banks have not been shy about producing content. They have lots of it. But it is often difficult to find and written in impenetrable bank speak, and customers have to go looking for it – it never comes to them.

Getting people to engage with this content is critical. The functional approach has trained customers to be transactional. Some re-training is required, and this is where personalisation comes in.

Data and insight-driven AI and machine learning can be used to sort through and bring relevant and meaningful content to the customer. And it needs to be made visible to the customer in a way that is not too jarring.

To get started, every bank needs to have a personalisation champion. Someone who can drive the agenda, understanding what is required to achieve the best customer outcome. They need to build bridges across the business, ensuring everyone has a vested interest in success across the usual silos.



DRIVING THE AGENDA

To be clear, this is not a job for IT. Technology is obviously needed, but this must be about customer **relationships**.

DBS is an example of a bank committed to making this happen. They have a champion, Gillian Lee, head of a group called Intelligent Banking, who drives its personalisation agenda.

DBS uses its transactional data to personalise notifications to customers, providing insights and ideas. Customers can feed back quickly and simply on the value of the information. What has DBS found? Customers love it.

The path to personalisation is apparent. But like every journey, it needs those first steps to be taken. Starting to think of mobile banking as an asset is not a bad first step.

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.

I'M JUST SAYING...

Open banking: myth busting

By Dharmesh Mistry, CEO, Askhomey

Guilty. I'm one of the folks that said open banking will dislodge the customer relationship from the banks to neobanks and fintechs. This is kind of true, but not really the whole truth, and not much has been said about the whole truth.

The truth is that when I was running digital for Temenos, our internet/mobile banking solutions had in excess of 250 functions. That includes everything from logging in and changing your password to setting up payees, initiating transfers or sending money overseas.

It also includes opening new accounts, although that was counted as a single function per product.

For business banking, it was more than 400 functions. Open banking provides less than a dozen functions, and the original PSD2 dictate was only two (account information and payment initiation).

So, while I love using Emma on a day-to-day basis to see a summary of my accounts, balances and transactions, anytime I need to do an actual transaction, bank a cheque (yes, people still send them) or query a transaction/charge, I'm back to my main bank – a traditional so-called "legacy" bank.

For my business, I did try using one of the new digital providers, and although it was one of the most recommended it was so seriously limited I had to revert to a traditional bank.

For example, I was unable to have more than one person operate the account (which also meant I couldn't set limits for another person) and they didn't provide international payments. As such, I believe that many people will remain multi-banked for some time, even after the profound changes that Covid has stirred.

This is not all good news to banks, as it is clear that neobanks will mature and flesh out their services over time (that is, if they can remain profitable and continue to fund their growth from investors).

INNOVATION AND COLLABORATION

Another open banking myth is that having an API strategy will enable banks to drive innovation through fintech collaboration.

As per my last article, few banks have gone beyond the basic open banking APIs and even fewer have created more than a handful of fintech collaborations.

With more than three billion open banking API calls last year, this does not mean that open banking has failed, it just means we have not seen its full impact yet. The iPhone was a huge success in 2006, but it didn't make mobile banking a huge success straight away.

> "I believe that many people will remain multi-banked for some time, even after the profound changes that Covid has stirred."
>
> Dharmesh Mistry

The key driver for open banking was to drive innovation and competition for banking, and I do believe this is happening.

However, of the 200+ new companies focused on banking services (there's a few with a licence but most without), the key theme seems to be a "better experience at lower cost".

It remains to be seen how many of these will survive the long term, especially when investor patience for growth runs out.

An additional pain is the monthly renewal of banking connections. I for one started with four apps I used quite regularly and now I'm "connection fatigued", so I only have one app that I use to renew my banking connections regularly.

So, while I am using Emma to manage and gain quick access to all my accounts, balances and transactions on a daily basis, when it comes to actually doing any banking I am back to my traditional bank.

My traditional bank's app has improved and serves **all** my needs. My traditional bank also has a fraud guarantee, and having been the victim of fraud I am glad that I didn't move for a "better experience".

My traditional bank has a large call centre, so when I did need to call there were real people fully trained to help with my issues, and a branch with a friendly face when I needed one most. I can see myself using both apps for some time.

Therefore, while open banking has taken away my day-to-day interaction with my traditional bank, it hasn't yet compelled me to move accounts.

AT THE START OF THE JOURNEY

I do believe open banking and Covid have made banks pay more attention to their digital channels, and we are still going to see the number of branches being reduced.

I also believe for specific customer journeys some fintechs have shown banks what a great experience should look like and could carve out a nice niche.

It took 20 years for banks to get more than 50% of their customers using online banking, and more than 10 years to reach the same in mobile banking.

We are clearly still at the start of the journey with open banking and we have yet to see experience changes combined with broader open data initiatives like those in utilities, property and healthcare. Even in financial services, we have open finance on the horizon.

I'm just saying that we are early in the cycle with open banking. In Gartner's hype cycle terminology, we have passed the "peak of inflated expectations" and we're now descending towards the "trough of disillusionment".

However, there is no doubt we will return to a "plateau of productivity" where open banking has enabled easier, faster and better experiences.

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.

Fintech vs Fintech?

In its latest report, FinTech Futures looks at the rise of digitalisation in banking

The fintech market is a completely different beast than it was even five years ago.

In the wake of the financial crisis, when financial technology companies, founded by disgruntled bankers or bright-eyed graduates, sought to solve what they saw as fundamental issues in the system, few could have predicted the equally fundamental shift occurring around us today.

Fintech has gone from a sector revolving around finding innovative solutions to specific problems into its own thriving mass market.

Where once people saw the plucky underdog of fintech taking on the Ivan Drago-esque figure of the banking sector, now fintech stands next to traditional banking, with eye-watering market capitalisations and funding figures to rival all but the largest institutions.

As the sector takes its seat at the table, with one leg planted firmly in the financial system and another brushing against the most innovative of Silicon Valley luminaries, the definition of what it means to be a "fintech" has changed.

The fintechs of 2021 and beyond share little in common with those who broke into the scene as little as three or four years ago.

Digitisation has gone from a "nice to have" to an imperative for many in the banking sector, and nothing has added fuel to the flames quite like the COVID-19 pandemic.

As customers diversify not just the way they interact with their financial institutions but also the ways they live their daily lives, so must an innovative company pivot – strategically and technologically – to meet these changes.

Yet now the fintech sector is awash with popularity, mass-market adoption and VC funding. Challenger banks that once counted users in the thousands now count them in the millions. Others wrestle with regulatory frameworks with the same gusto their banking contemporaries do.

Where once fintechs looked on the banks as competition, and now see them as collaborators – or slow-moving contemporaries – what do budding new firms think of those that came before them, the legacy fintechs?

In this deep dive industry report, produced in collaboration with Incat, *FinTech Futures* investigates whether a new market can emerge, a new competitive scene where fintech battles fintech for the scraps.

Download the report today from the *FinTech Futures* website!

INTERVIEW

In the firing line

As the largest bank in Russia, Central and Eastern Europe, it is no surprise that Stanislav Kuznetsov, deputy chairman of the executive board of Sberbank, believes it is "the number one target for hackers around the globe". FinTech Futures editor Paul Hindle finds out why

The threat of cybercrime is a constant for all businesses, with banks and financial institutions being no exception.

Research by Accenture predicts that between 2019 and 2023, the banking sector is at risk of losing $347 billion as a result of direct and indirect cyberattacks.

The issue has further been exacerbated by COVID-19. Bank of America's CTO, Cathy Bessant, said that cyberattacks have increased "dramatically" over the pandemic. VMware notes a 38% increase in cyberattacks against financial institutions in the first few months of the pandemic alone.

Whether it is attempted hacks and viruses targeting a bank directly, or social engineering and phishing attacks intended to dupe individuals, financial institutions need to be vigilant in the face of a rising wave of cybercrime to protect customers and core systems.

It's no surprise then that Sberbank, the largest bank in Russia, Central and Eastern Europe and one of the leading financial institutions worldwide according to Forbes, finds itself on the frontline of the battle against cybercrime.

Stanislav Kuznetsov, deputy chairman of the executive board of Sberbank, tells *FinTech Futures*: "We are the number one target for hackers around the globe."

THE RISE OF CYBERCRIME

Kuznetsov has been at Sberbank for 13 years; his current role includes supervising and coordinating the work of Sberbank's cybersecurity department.

"I'm responsible for three big areas of security: general security – which includes technical security and physical security – internal security and cybersecurity," he says.

With 110 million customers and 15,000 offices, the task of keeping Sberbank and its users safe from cybercrime is not a small one.

And with the constant development of new technology and criminals always looking to find new ways to exploit victims, banks need to be on the front foot when it comes to technical development.

> "Our cybersecurity centre uses AI algorithms to analyse 130 billion risk events daily. Since the beginning of this year, it has repelled over 100 DDoS attacks."
>
> **Stanislav Kuznetsov, Sberbank**

"Everyone is focusing on cybersecurity, and the reason is cybercrime rises together with the rise of technology. Over the past seven years the number of cybercrimes in Russia is up 46x and people have lost hundreds of billions of rubles," says Kuznetsov.

"Criminals are using tools such as DDoS attacks, viruses, phishing attacks and ransomware as well as complex attacks being implemented directly on companies' infrastructure.

"They're trying to steal personal data, clients' and banks' money, and they're using different vulnerabilities in order to attack companies in a sophisticated way."

A CYBERSECURITY JOURNEY

With the development of the internet and the ensuing shift to digital, Sberbank, like all businesses, had to adapt.

In the early days of Kuznetsov's tenure, the bank replaced half of its tech team and started a complete cybersecurity transformation.

"We realised that threats are changing," says Kuznetsov. "That is why we needed a completely new tool set in order to protect our customers and our core business to increase the security level and be able to repel threats.

"The old model wasn't working efficiently enough, and that is why our team had to implement global changes in order to increase the level of security and be capable of deflecting threats."

Kuznetsov says that this "paradigm shift" was the most challenging aspect of the bank's cyber evolution, and he is quick to highlight the importance of collaboration between financial institutions when it comes to tackling what is a common issue.

"We decided to change everything," he says. "We decided to talk to our partners and our colleagues, we went to different corporations, to other banks, financial institutions and technology companies. We went to different countries including the US, Germany and Israel. So we shared experience with the most advanced stakeholders.

"We executed a very strong audit process in order to understand how our processes were looking and in order to change our cybersecurity completely.

"We had to build a brand-new set of processes and IBM was the company that helped us with that."

Since then, the bank has gone on to develop its own suite of cybersecurity technology, with all of its security operations now handled by native products built in house.

"From the very beginning, our goal was to build our own platforms and our own products," says Kuznetsov.

"Now our cybersecurity centre uses AI algorithms to analyse 130 billion risk events daily. Since the beginning of this year, it has repelled over 100 DDoS attacks."

He adds that the bank's fraud monitoring system can identify 99% of all fraud attempts and has saved 66 billion rubles of clients' funds over 2021 so far.

STAYING AHEAD OF THE GAME

With the banking sector continuing to grow and more cyberthreats arising each day, Kuznetsov knows the firm cannot afford to rest on its laurels. He underlines the importance of knowledge and attempting to stay at the bleeding edge of new cybercrime developments.

"The task of our employees is to be the first to learn about any threats that can

"We are monitoring the dark net very accurately to identify platforms and people who sell personal data."

Stanislav Kuznetsov, Sberbank

be seen in the financial sector," he says. "We need to protect our infrastructure, digital services and our customers from cybercrimes.

"We are monitoring the dark net very accurately to identify platforms and people who sell personal data."

Kuznetsov says the most common threat facing the bank's clients currently is phone criminals using social engineering techniques to trick customers into revealing sensitive information or transferring money to their accounts.

When facing these attacks, it is important for banks and financial services companies to keep on top of their customer communications to keep them updated of new threats and how they can best avoid them.

Kuznetsov explains that Sberbank's efforts in this area, including using AI to track suspicious transactions and warn clients and an incoming call verification service, has helped the firm "prevent around two billion rubles per week from being stolen by criminals using social engineering methods". But he admits: "The issue of poor cyber-literacy remains, which we are working to solve."

He also emphasises the danger of ransomware attacks, such as those seen recently impacting the Colonial Pipeline Company and Kaseya.

Ransomware attacks look to infect systems with software that locks the owners out of their data and demands payment to hand back control.

"Russia is not an exception. Russian businesses are being attacked by ransomware, too," Kuznetsov says, stressing the importance of having a robust tool set to identify and repel such attacks.

LOOKING TO THE FUTURE

With cybercrime being a global concern, Kuznetsov is keen to highlight the importance of international collaboration when it comes to tackling the issue.

"Around the globe we have subscribed to all relevant references about virus analytics," he says. "We stay in touch with the biggest alliances and are members of those alliances."

He argues that firms should foster direct relations with Interpol and Europol to give and receive information about potential threats.

Sberbank has also developed its own subsidiary, BI.ZONE, which develops products and automated solutions in the cybersecurity domain, investigates cybercrimes and analyses the IT infrastructure protection level of companies around the world.

Heading into the future, Kuznetsov is optimistic that banks and financial institutions are gaining ground in the battle against cybercriminals.

"Criminals have always been one step ahead," he says. "But the last couple of years have shown us that the gap is now closing.

"We know much more about cybercriminals than they think."

Dear Luc: Should I use influencers to target Gen Z?

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.

Luc has over seven years' experience working with flagship fintechs like Revolut, Wise (formerly TransferWise), 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, we're looking to target Gen Z, how can we utilise our spend on marketing and influencers?

'Gen Z' is the name given to anyone born between 1997 to 2012. This group are some of the youngest in the workplace and are now at an age where finances have begun to play a big role in their lives.

Getting the attention of Gen Z might seem like a harder task than it was to reach the generations before them, but it certainly isn't as mean a feat as some may think, even in an age where marketing messages are increasingly lost or ignored.

In 2020, fintech marketers invested £2.13 billion in user acquisition, indicating that aggressive acquisition campaigns are essential in order to stand out in the competitive landscape, much of which is vying for the eyeballs of Gen Z.

When understanding the appropriate amount to allocate for marketing, most businesses recommend anywhere between 7% and 12% of revenue, depending on size of business.

When it comes to fintechs marketing to the Gen Z generation, I'd say the priority has to be on where you focus rather than the specific amount you should spend on doing so.

So, who are they?

GEN Z ARE HABITUAL SAVERS

Although it might surprise you, 'Zoomers' – as this group are also known – are habitual savers, despite their youth and the stereotypical expectations around being frivolous with money.

Some 21% of Gen Zs opened a savings account well before turning 10 years old, and mounting research suggests that their thoughts on money are linked directly to the economic era they were raised in.

This has meant that Gen Z is the most money-conscious generation so far! Their goals are to avoid the financial instability they are witnessing the Western world go through, so they only invest in a product or service if they feel that they can justify it.

With retail banking products in particular known for being more transparent and easy to use than those historically offered by incumbent institutions, Gen Z is the ideal audience to make the most out of features such as budgeting and money 'pots', spend breakdowns, split bills, investing and multi-currency spending, to name just a few. But are these benefits alone enough to convert them to customers?

SELL EXPERIENCES, NOT PRODUCTS

Gen Zs are immune to obvious marketing campaigns. They have grown up being exposed to more than 5,000 adverts per day, according to a study by We Are Social, and are tired of the constant noise. Instead, they want to hear about how a product or service will benefit them, and more specifically what experience the product will bring to their lives.

Although Gen Zs aren't looking to bring back the traditional banking branch, they prefer brand experiences delivered across a blend of digital and physical channels with the opportunity to have time offline or within a community. Unlike Millennials, who have constantly adapted to technological changes and made use of them in various aspects of their lives, Gen Zs have never seen a world without the internet and recognise the benefit of hybrid marketing.

THERE'S NO ROOM FOR 'DO AS I SAY, NOT AS I DO'

A recent Salesforce report found that only 63% of Gen Zs trust large companies, and feel that many do not behave with integrity or take a truly customer-centric approach. Instead, they are eager to take recommendations from friends, family members and trusted influencers to help make their decisions rather than listening to marketing messages.

This generation also has high expectations when it comes to brands taking a stance on social topics – they want to see them walking the walk as well as talking the talk. They will actively champion brands that reflect their values, but equally vocally challenge those that don't.

This has meant that openly amplifying your brand's beliefs and values has become increasingly important when targeting this market. Whether those beliefs and values champion diversity or raise awareness for societal and environmental issues, Gen Zs believe a brand's purpose is more than just their core business.

> "This generation has high expectations when it comes to brands taking a stance on social topics – they want to see them walking the walk as well as talking the talk."
>
> **Luc Gueriane**

THE POWER OF INFLUENCE

Over-edited content will be overlooked by the younger generation as they are regularly engaging with short-form video content platforms such as Instagram and TikTok, which allows videos to be recorded and uploaded in minutes, not hours.

The appetite for raw, honest story telling is growing, and real and authentic people are being used to take over from flashy ad campaigns.

Some 70% of Gen Zers claim to follow at least one influencer, and 44% have actively made a purchase decision based on a recommendation from one. Working with carefully selected influencers who can reflect your brand's image, and whose audience matches a relevant segment of your own, can generate significant awareness of your brand or product.

However, you must be especially discerning when making that choice as some fintechs have come under scrutiny in the last year for questionable mass influencer campaigns.

When it comes to utilising influencers, make sure you adhere to the FCA guidance on social media promotion and the Advertising Standards Authority to make sure your influencers are clear, fair and not misleading in the content they are producing on your behalf.

BOOST FINANCIAL AWARENESS

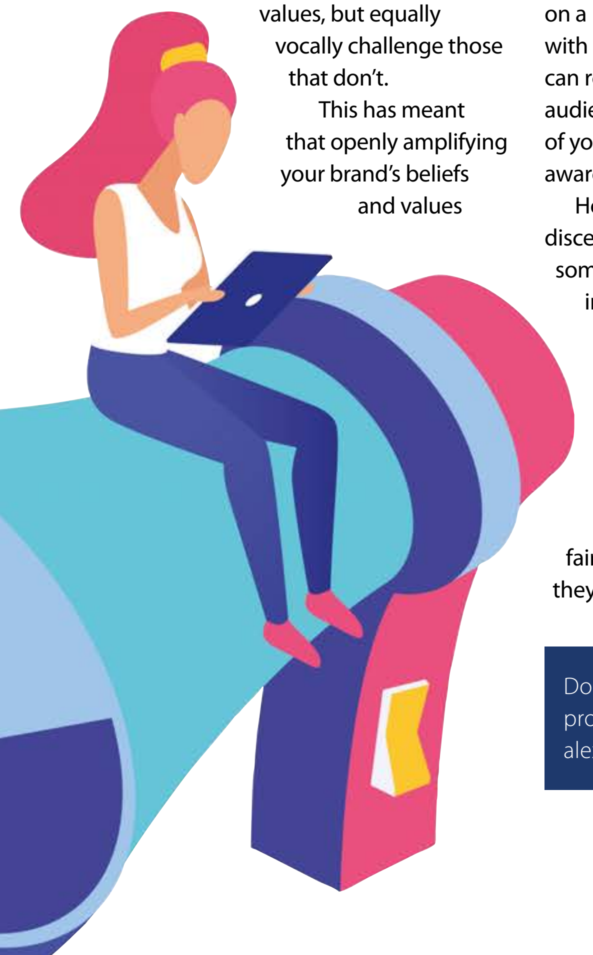
Gen Zs seek more financial security and stability than generations before them, and they often research to understand all the options that are available to them. With answers available at a click of a button, they value brands that can educate them about financial management and products. In providing these answers, many brands fill a gap, as these skills are often not learnt at school or in the home.

Many successful fintech brands have invested in efforts to provide their young customers with advice, guidance and education – and not just on how to use their products. These companies address real questions and provide valuable knowledge, which can position their products as the perfect solution or next step. The language is simple, and the topics are tailored to a specific audience.

Targeting Gen Z is less complicated than it may seem. The only key difference between Gen Z campaign design and ones aimed at other generations is that Gen Zs are generally immune to flashy ads and over-marketed content.

This generation is drawn to experience and knowledge; they want to see the true value of your product or service from people they trust but equally want to know that your brand's stance on important world affairs is similar to their own. Bearing this in mind, you can drown out the noise and make their purchasing choice easier.

By focusing on adding value and educating your customers in areas of interest, you can bridge the gap between interest and action when it comes to marketing your product or service.



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.

INVESTMENT & FUNDING

FINTECH FUNDING ROUND-UP

Paytech start-up **Recharge.com** has closed a **$35 million** Series B funding round. New investor SmartFin and existing investors Prime Ventures and Kreos Capital led the round, which culminated in one of the largest investments into a Dutch start-up in 2021.

The Recharge platform incorporates digital vouchers and branded prepaid money and serves more than three million customers with sales of over $500 million. The company expects to reach over $1 billion in sales within the next two years.

Singapore-based **Aspire** has raised **$158 million** in a Series B funding round. The round was led by an undisclosed growth equity firm with participation from DST Global Partners, CE Innovation Fund, B Capital Partners and global hedge fund Fasanara Capital. Existing investors including Hummingbird Ventures, Mass Mutual Ventures, Picus Capital and AFG also took part in the fundraise.

Founded in 2018, Aspire offers "all-in-one" digital banking services and financing options for entrepreneurs and emerging businesses.

US-based e-commerce fintech **SellersFunding** has secured **$166.5 million** in a combination of equity and a new credit facility from a Series A funding round led by Northzone, with participation from Endeavor Catalyst and Fasanara.

The SellersFunding digital platform provides a suite of financial solutions to streamline global commerce for marketplaces. The suite includes solutions for working capital, cross-border cash management, tax management and business valuations.

Cross-border student loans company **Prodigy Finance** has secured a **$500 million** funding deal with global investor CPP Investments.

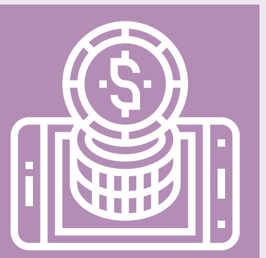
Prodigy Finance offers loans to international students who may not be able to afford or pursue postgraduate qualifications due to current circumstances. It has provided over $1 billion worth of loans to more than 20,000 students from more than 100 countries to date.

The fintech has seen applications from postgraduate international students increase 50% year-on-year.

Crypto platform **Cobo** has completed a Series B fundraise, securing **$40 million**. The round, led by DST Global, A&T Capital and IMO Ventures, follows a $13 million Series A fundraising round in October 2018.

The Singaporean fintech will use the cash to develop the first DeFi-as-a-Service infrastructure, which will allow users to access DeFi protocols via an accessible interface, without having to master the ins and outs of decentralised finance.

Digital trade finance platform **MODIFI** has closed a Series B funding round worth **€20 million**. The fundraise, led by investor Heliad Equity Partners, brings the fintech's valuation to more than €100 million. Italian banking group Intesa San Paolo also participated via its VC investment arm Neva SGR, alongside existing investors Global Founders Capital, Maersk Growth and Picus Capital.



Calgary-based **Neo Financial** has raised **$50 million** in a Series B funding round led by Valar Ventures.

The round also included participation from new investors including Greenoaks Capital and Altos Ventures and existing investors including Golden Ventures and Afore Capital, among others.

Neo was founded in 2019 and offers spending, savings and rewards programmes and has partnered with more than 4,000 retail and e-commerce companies across Canada.

US-based **Melio**, a B2B payments platform provider for small businesses, has raised **$250 million**, tripling its valuation to $4 billion since January 2021.

The company says the capital will accelerate its expansion through partnerships with financial institutions, software providers and marketplaces.

The latest Series D round was co-led by new investor Thrive Capital and existing investor General Catalyst. US investment firm Tiger Global also participated in the round, along with existing investors Accel, Bessemer, Coatue, Corner Ventures and Latitude.

Toronto-based start-up **Nuula** has raised **$120 million** in new funding to scale its financial services mobile app for small and medium-sized enterprises (SMEs).

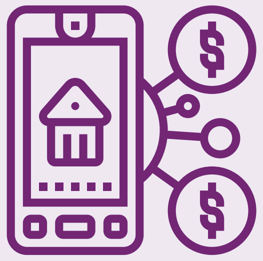
The investment consists of $20 million in equity led by Edison Partners and a $100 million credit facility provided by funds managed by the Credit Group of Ares Management Corporation.

Nuula provides real-time data and analytics into business metrics and access to financial tools including cash flow forecasting, personal and business credit score monitoring and customer sentiment tracking.

San Francisco-based digital bank **Varo** has raised **$510 million** in a Series E funding round led by Lone Pine Capital.

Existing backers including Warburg Pincus, The Rise Fund and Gallatin Point Capital also participated alongside new investors such as Declaration Partners and Eldridge, among others.

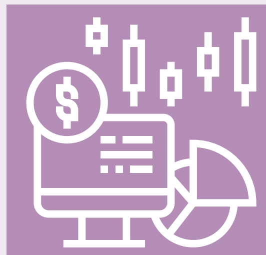
Launched in 2017, Varo offers current accounts with no monthly fees, savings accounts, and wealth management features aimed at advancing financial inclusion.



US-based **Point** has raised **$46.5 million** in a Series B funding round to boost the development of its premium debit card.

Point offers a card membership programme that looks to provide the rewards and extras that often come with credit card ownership in the US.

Membership with Point costs $49 a year, and includes a rewards system which offers points multiplied by the type of payment.



Stock brokerage platform **Alpaca** has closed a **$50 million** Series B funding round.

Alpaca also offers fractional shares through its app partners, allowing investors in any country to buy into the US stock market for as little as $1.

The funding round was led by California-based venture capital firm Tribe Capital, with participation from Horizons Ventures, Eldridge and Positive Sum, along with existing investors Portage Ventures, Spark Capital and Social Leverage.

Alpaca also announced a new crypto offering and a partnership with data network Plaid.

Flink has raised **$57 million** in a Series B funding round as it looks to scale its consumer trading platform.

The round was led by Lightspeed Venture Partners with participation from existing investors Clocktower, ALLVP and US firm Accel, who led the company's $12 million Series A round in February.

Mantis Venture Capital, founded by American electronic DJ and production duo The Chainsmokers, also joined the funding round.

Flink was founded in 2017 in Mexico City with the goal of "offering access to financial services for all".

New York-based start-up **Ocrolus** has landed **$80 million** in a Series C funding round as it looks to scale its automated financial services-focused document analysis solution.

The round was led by Fin VC with participation from the likes of Thomvest Ventures, Mubadala Capital, FinTech Collective and QED Investors, among others.

The company says the new funding takes its valuation above $500 million.

SME-focused embedded payments platform **Highnote** has emerged from stealth with **$54 million** of combined Seed and Series A funding. The Series A funding round was led by healthcare and fintech-focused investor Oak HC/FT and the Seed round was co-led by Oak and Costanoa Ventures. Early-stage VC firm XYZ, growth equity firm WestCap and healthcare and SVB Capital also participated.

Google's president of commerce and payments, Bill Ready, and the CEO of US neobank Upgrade, Renaud Laplanche, also participated as angel investors.

Highnote was founded by John MacIlwaine, a former general manager at PayPal's mobile payments subsidiary Braintree, and Kin Kee, former director of architecture at Braintree.

MOVERS AND SHAKERS


Barbaros Uygun

Hong Kong-based **Mox Bank** has appointed digital banking veteran **Barbaros Uygun** as its new CEO and executive director of its board.

Uygun brings more than 24 years of banking experience to the role, and replaces **Deniz Güven**, who has moved on to serve as a special advisor to Standard Chartered (the bank owns the majority shareholding in digital banking start-up Mox) on a range of digital initiatives.

Uygun previously served as the CEO of ING Bank Austria. Prior to this he held various leadership positions at ING Bank and Garanti Bank BBVA.

Barclays has appointed payments veteran **Antony Stephen** as CEO of its POS finance business. Stephen joins the bank from Amazon, leveraging his 25 years of payments and financial services experience to scale up Barclays' point-of-sale (POS) finance business in the UK, Barclays Partner Finance.

He will also provide senior leadership to the team working on Barclays' new data-led digital commerce platform Barclays Cubed.

At Amazon, Stephen headed up the e-commerce giant's payments division in Europe, leading a suite of payment products worth more than $50 billion.

Goldman Sachs' chairman of consumer business, **Harit Talwar**, has left the bank. Talwar was the first employee and leader of Goldman's Marcus consumer business, which has since accrued more than eight million customers and $100 billion in deposits.

He joined Goldman in 2015 to lead the Marcus project, having spent 11 years at Discover Financial Services.

Talwar's departure comes shortly after Goldman's announcement to acquire a buy now, pay later (BNPL) firm, GreekSky, in a $2.2 billion deal. The purchase will go towards furnishing Marcus with extra payment options.

Payments infrastructure firm **Currencycloud** has announced the arrival of a new chief operations officer (COO), **Mark Ledsham**, and chief technology officer (CTO), **Neil Drennan**.

Ledsham joins Currencycloud from exchange company xe.com, where he had held the position of CEO since January 2019. Prior to that, he held senior roles at international payment fintech OFX and financial services conglomerate Macquarie Group.

Drennan joins from 10x Future Technologies, where he spent three and a half years.

Currencycloud's current CTO, **Stuart Bailey**, has shifted across to become the firm's chief product officer.

AffiniPay, the online payments platform for professionals, has appointed **Bryan Thompson** as CTO.

Previously, Thompson led the launch of in-person, online and mobile payment solutions as CTO of Beyond, a provider of business services for small and mid-sized merchants in the US.

Prior to that, he served as CTO at Heartland Payment Systems, leading a team of more than 400 tech professionals developing and operating the company's core payment products.

Investment platform **PrimaryBid** has announced the appointment of **Sir Donald Brydon CBE** as its first chair.

Brydon was previously chairman of financial software company Sage. He also had been chair of the London Stock Exchange, Royal Mail and the London Metal Exchange, and held senior positions at Barclays and AXA.

The PrimaryBid digital platform enables public companies to include private individuals in capital raises through IPOs or funding rounds. Brydon's appointment follows a $50 million Series B fundraise for the fintech in October 2020. The firm also ran the community IPOs for Deliveroo and PensionBee in 2021.


Christer Holloman

Divido founder and CEO, **Christer Holloman**, has left the firm after seven years at the head of the company.

His departure comes just months after the UK-based buy now, pay later (BNPL) firm raised $30 million from backers including HSBC and ING. Founded in 2014, Divido claims to have more than 1,000 clients across ten markets.

Holloman says his move gives him more time to spend with banks he plans on including in a new book, as well as work with "charitable initiatives".

Other movers: Curve CTO **Matt Collinge** is set to leave the payments fintech after almost four years; Banking-as-a-Service (BaaS) fintech **Railsbank** has hired **Stuart Gregory** as its new chief product officer (CPO); and **Swift** has announced the appointment of **John Hunter** as its new CEO for Americas and the UK.

WHAT LURKS BENEATH

Cartoon by Ian Foley

Many new venture firms have set themselves up with the sole strategy of trying to get into the same deals as Tier 1 venture funds. Characteristic of this behaviour is the mad rush to get into a 'hot' new start-up's investment round when the likes of Andreessen Horowitz or Sequoia are known to be involved.

This behaviour can result in dumb capital getting into a start-up, which over time has an impact on board decision-making and getting consensus on restructuring/exits from the investors.

As an analogy, ships that spend most of their time in the water have to contend with plants and animals attaching themselves to the hull. Not only does this slow down a vessel's speed, but over time organisms can penetrate the hull and damage it.

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ISSN 0266-0865