# banking technology

The definitive source of news and analysis of the global fintech sector | **Dec 2023 / Jan 2024** **www.fintechfutures.com**


**THE BEST OF BANKING TECH**
Winners and pictures from an amazing night

**PLAYING IT SAFE**
How regulation could create an AI safety net

**REACHING MACH SPEEDS**
The benefits of composable banking

Produced by
FINTECH FUTURES

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## REGULARS

# EDITOR'S NOTE

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

Welcome to *Banking Technology*'s last edition of the year. As 2023 draws to a close, our team wishes you a peaceful finish to this year, a festive winter break and a wonderful start to 2024!

We have started the celebrations already with the Banking Tech Awards – a stunning gala ceremony that took place at the Royal Lancaster Hotel in London on 30 November – lauding the top innovators and achievers in the banking technology industry across the globe (see p11).

Next year, the awards will be turning 25 years old, a very respectable age and a great milestone! If you would like to be part of this wonderful anniversary, please add the date of 4 December 2024 to your diary and take a look at the Banking Tech Awards website for further details.

As there were fintech highs this year, so were the lows. Plummeting valuations and business shuttering became frequent news. We said goodbye to investment platform Clim8, remittance provider Zazuu and credit card fintech Ness, to name just a few.

Another US credit card start-up, Petal, is searching for a buyer, with rumours of being at risk of going bust if no suitor is found. Also in the US, digital banking platform HMBradley is winding down its consumer business as it pivots to B2B.

In Europe, Ireland-based Synch Payments, established by some of the country's leading banks, has culled the development of its instant mobile payments app, Yippay, even before it saw the light of day (see p5).

What will 2024 bring? Our editorial team will continue to bring you the latest news on the industry's the good, the bad and the ugly. It will undoubtedly be an interesting year.

# NEWS ROUND-UP

## Eurosystem eyes alternative payment solutions in retail update

The Eurosystem has updated its retail payments strategy for 2024, citing digital euro development, instant payments and cross-border payments as three of its main priorities.

Its core objectives include the creation of a European solution for the point of interaction (POI) payments, effectively ending the "strong reliance" on international card schemes and global big tech providers, as well as the introduction of a digital euro to complement existing digital payment capabilities and the full deployment of instant payments.

Furthermore, the legislation also seeks to promote technological advancements and digital innovation in the betterment of cross-border payments in the context of both retail and wholesale payments, an element that is actively being instigated through the advent of the European Instant Credit Transfer scheme.

The bulk of the recent updates to the legislation concern a new goal to make alternative payment solutions available as a contingency plan, as part of a wider effort to strengthen the resilience of retail payments in Europe. This move will enable offline capabilities in the event of network disruptions and ensure the availability of "fallback options" for payment service providers (PSPs).

The Eurosystem is also discussing how it can enable direct access to payment systems for non-bank PSPs through the revised Settlement Finality Directive (SFD), as well as how it can harmonise pan-European electronic identity and signature services for the private sector through the updated eIDAS regulation to enable their cross-border acceptance.

## BNPL fintech ZestMoney is closing down

Indian consumer buy now, pay later (BNPL) firm ZestMoney is closing down by the end of this year. ZestMoney's new leadership team is understood to have informed its nearly 150-strong workforce of the decision to completely wind down, after efforts to find a buyer or raise additional capital proved unsuccessful.

In May this year, ZestMoney's co-founders Lizzie Chapman, Ashish Anantharaman and Priya Sharma left the firm after payments giant PhonePe called off a proposed acquisition.

Later in August, reports suggested that the company raised an undisclosed amount in a fresh round of funding from existing backers Quona Capital, Omdiyar Network India, Flourish Ventures, Zip Co and Scarlet Capital in a bid to forge a path forward for the business.

At its peak, the company was valued at nearly $450 million after its Australian counterpart Zip acquired a $50 million stake in the firm in 2021.

Founded in 2015 and based in Bengaluru, it has raised more than $130 million in funding since its inception.

## Alphabet in talks to seize major stake in UK challenger Monzo

Alphabet, the parent company behind Google, is reportedly to seize a major stake in the UK digital retail bank Monzo as it leads investors in a fresh funding round.

Alphabet will reportedly leverage its independent growth fund Capital G to pour £300-500 million into the challenger bank, valuing it above £4 billion.

Monzo last raised over £377 million in late 2021 in a Series H funding round led by Abu Dhabi Growth Fund, with participation from Accel, General Catalyst, Goodwater, Passion Capital, Octahedron and Thrive along with new investors Coatue and Alpha Wave Ventures.

The move is thought to be clearing the way for the challenger to go public, while ex-Cash App head Conor Walsh and Brolly founder Phoebe Chibuzo Hugh have been brought on-board to lead both its product and market expansions.

Meanwhile, Jonas Templestein, the bank's last co-founder and former chief technology officer (CTO) has announced his intention to leave Monzo by the year-end.





## Italian competition authority interrupts Intesa migration plans


The Autorita' Garante della Concorrenza e del Mercato (AGCM) has interrupted Intesa Sanpaolo's plans to migrate 2.4 million customer accounts to its digital banking offering Isybank.

The Italian competition authority says the bank must gain the express approval of account holders before completing the migration after more than 5,000 of its own customers sought the regulator's intervention.

The bank launched its app-only digital banking unit in June and migrated 300,000 current accounts there in October.

The AGCM says the switch meant that customers no longer had access to bank branches, desktop-based internet banking and various important services.

Customer communications regarding this were not extensive, AGCM found, and thus, "these essential changes to the contracts previously concluded were unilaterally imposed without the prior consent of the customers to the transfer having been sought".

The AGCM has taken a precautionary measure against both Intesa Sanpaolo and Isybank to assert a "reasonable deadline" for their customers to consent to the transfer before it migrates any more of its accounts. Those who object should be able to keep their previous current account, with the same conditions as before.

## Apple's partnership with Goldman Sachs reportedly nearing its end

Apple is understood to be planning to pull the plug on its partnership with Goldman Sachs and has reportedly proposed ending their credit card and savings account partnership within the next 12-15 months.

The pair first came together back in 2018 to develop and launch the Apple credit card, with Goldman Sachs providing the banking back-end for the offer. Apple then tapped the partnership again to launch its buy now, pay later (BNPL) offering in March this year, followed by its savings account in April, which notably attracted $1 billion in deposits within its first week.

Despite this success, speculation around the future of the partnership has grown because of Goldman Sachs' decision to migrate away from the retail banking market and shift its focus back to its core propositions of trading and investment banking, wealth management and transaction banking, which was seemingly exacerbated by the $3 billion loss generated by its platform solutions business since 2020.

The bank folded its consumer banking arm Marcus into its asset and wealth management division last year and this year has sold both its personal financial management business and BNPL provider GreenSky. Most recently, Goldman has reportedly proposed offloading its General Motors credit card programme.

## Ireland's Synch ditches plans to roll out mobile payments app

Synch Payments, established by some of Ireland's leading banks, is curtailing the development of its flagship mobile payments app, Yippay.

Founded in 2020 by AIB, Bank of Ireland, Permanent TSB and KBC, Synch had ambitions of rivalling challengers such as Revolut and N26, by launching an account-to-account mobile payment service, allowing customers to purchase goods online and in stores, as well as to send and receive money "instantly" between contacts.

Having reviewed its business plan, Synch has now concluded that it is "no longer feasible" to launch Yippay and that it will cease operations.

"A combination of factors has contributed to an elongated timeframe to launch which makes the original Synch proposition no longer viable," it says.

It has ditched its offering despite having received clearance from Ireland's competition watchdog to set up its app, which had seen protests from the likes of PayPal and Revolut.

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

# FINTECH FEED

## THE NUMBER GAMES

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

### $4.3 billion

to be paid by Binance in fines and forfeitures as part of the resolution with the US Department of Justice. Attorney General Merrick B. Garland calls it "one of the largest corporate penalties in US history"

*(see p8 for more details)*

### $5.65 billion

of global enforcement fines issued in Q3 2023, an increase of 30% since the start of the year, according to a report by regtech Corlytics

### €840,000

fine handed to Contis (part of Germany's Banking-as-a-Service (BaaS) fintech Solaris) by the Bank of Lithuania for money laundering and terrorist financing violations and deficiencies in information security and business continuity risk management

### $165 million

is the sale price of Berkshire Hathaway's stake in India's Paytm – the exit sets billionaire investor Warren Buffett's company for a loss of around 40% on the total investment it made in the company five years ago

### $30.5 million

to be reportedly paid by Canadian payments processor Nuvei for the acquisition of Aussie paytech Till Payments – a far cry from the company's former $350 million valuation forecast just eight months ago, when it raised $46 million in a Series D funding round

### $15 million

fine issued by the US Consumer Financial Protection Bureau (CFPB) to online lender Enova, which is now also banned from offering certain short-term loans

### 2,000

staff are reportedly to be axed by UK bank Barclays as part of a £1 billion cost-cutting plan; most of the cuts will fall on Barclays Execution Services (BX), a group-wide service company that provides technology, operations and functional services to Barclays' business units and employs more than a quarter of Barclays' total staff

### $1.95 billion

is the sale price of paytech Melio (less than half of its former $4 billion valuation secured following its $250 million Series D funding round in 2021) as it is reportedly in talks to be acquired by fellow US business payments firm Bill

## THEY SAID IT…

*"At the end of the day, we want global regulation, but because of data privacy reasons, we need each and every country in the world to have an AI Safety Institute."*

Peter Morgan, CEO and founder of Deep Learning Partnership, speaking about artificial intelligence (AI) regulation

• Read the full article on the *FinTech Futures* website here

EDITOR'S CHOICE

# TRENDING

## Binance Holdings latest crypto exchange to get US DoJ fired up

*By Shruti Khairnar, reporter, FinTech Futures*

Binance Holdings, the entity operating the world's largest crypto exchange, Binance.com, has pleaded guilty to US federal charges relating to anti-money laundering (AML), unlicensed money transmitting and sanctions violations, with founder and CEO Changpeng Zhao (CZ) also handing in his resignation.

As part of the resolution with the US Department of Justice (DoJ), Binance has agreed to pay $4.3 billion in fines and forfeitures in what Attorney General Merrick B. Garland calls "one of the largest corporate penalties in US history".

The DoJ adds: "Binance has also agreed to retain an independent compliance monitor for three years and remediate and enhance their anti-money laundering and sanctions compliance programs."

As of 21 November, CZ has pleaded guilty to failing to maintain an effective anti-money laundering (AML) program and has resigned as CEO of Binance.

Taking to X, CZ writes: "Admittedly, it was not easy to let go emotionally. But I know it is the right thing to do. I made mistakes, and I must take responsibility. This is best for our community, for Binance, and for myself."

He also notes that in the resolution, the US agencies "do not allege that Binance misappropriated any user funds" and "do not allege that Binance engaged in any market manipulation".

The DoJ had initiated an investigation into Binance regarding "violations related to the Bank Secrecy Act (BSA), failure to register as a money transmitting business, and the International Emergency Economic Powers Act (IEEPA)".

Back in March, the US Commodity Futures Trading Commission (CFTC) filed charges against Binance and CZ alleging "numerous violations" of the Commodity Exchange Act (CEA) and CFTC regulations, while the US Securities and Exchange Commission (SEC) followed up with its own lawsuit in June.

> "I made mistakes, and I must take responsibility. This is best for our community, for Binance, and for myself."
>
> Changpeng Zhao, founder and CEO, Binance Holdings

### CEO SUCCESSION

In the same post on X, CZ announces that Richard Teng, who served as global head of regional markets for Binance, has been named as the company's new CEO.

"Richard is a highly qualified leader and, with over three decades of financial services and regulatory experience, he will navigate the company through its next period of growth," CZ writes of his successor. "He will ensure Binance delivers on our next phase of security, transparency, compliance and growth."

Before joining Binance, Teng previously served as CEO of the Financial Services Regulatory Authority at Abu Dhabi Global Market (ADGM), chief regulatory officer of the Singapore Exchange (SGX) and director of corporate finance for the Monetary Authority of Singapore (MAS).

CZ adds that as a shareholder and founder of Binance, he will "remain available to the team to consult as needed, consistent with the framework set out in our US agency resolutions".

### US CRACKDOWN ON CRYPTO

The news comes just weeks after FTX founder Sam Bankman-Fried was found guilty of fraud following the collapse of the FTX exchange.

"In just the past month, the Justice Department has successfully prosecuted the CEOs of two of the world's largest cryptocurrency exchanges in two separate criminal cases," says Garland. "The message here should be clear: using new technology to break the law does not make you a disruptor, it makes you a criminal."

> "The message here should be clear: using new technology to break the law does not make you a disruptor, it makes you a criminal."
>
> Merrick B. Garland, Attorney General

Meanwhile, another crypto exchange, Kraken (Payward Inc and Payward Ventures), is being sued by the SEC for allegedly "operating as an unregistered securities exchange, broker, dealer and clearing agency".

The regulator claims that since "at least" September 2018, Kraken has made "hundreds of millions of dollars unlawfully facilitating the buying and selling of crypto asset securities".

In a press release, the SEC alleges that "Kraken intertwines the traditional services of an exchange, broker, dealer and clearing agency without having registered any of those functions with the Commission as required by law".

"Kraken's alleged failure to register these functions has deprived investors of significant protections, including inspection by the SEC, recordkeeping requirements, and safeguards against conflicts of interest, among others," it adds.

The regulator further alleges that "Kraken's business practices, deficient internal controls, and poor recordkeeping practices present a range of risks for its customers", accusing the firm of commingling customer money with its own and paying for operational expenses directly from customer accounts.

"Kraken's choice of unlawful profits over investor protection is one we see far too often in this space, and today we're both holding Kraken accountable for its misconduct and sending a message to others to come into compliance," comments Gurbir Grewal, director of the SEC's enforcement division.

### KRAKEN DISAGREES

In a statement on its website, Kraken says it disagrees with the allegations and aims to "vigorously defend" itself in court.

"The complaint against Kraken alleges no fraud, no market manipulation, no customer losses due to hacking or compromised security, and no breaches of fiduciary duty," the firm says.

> "The US Securities and Exchange Commission is demanding compliance with a regime that doesn't exist."
>
> Kraken statement

"It includes big dollar amounts but does not allege a single one of those dollars is missing or misused – no ponzi scheme, no failure to maintain adequate reserves, and no failure to preserve the identity of client funds 1:1."

"Instead, the complaint makes a technical argument: that Kraken's business requires special securities licenses to operate because the digital assets we support are really 'investment contracts'. This is incorrect as a matter of law, false as a matter of fact, and disastrous as a matter of policy," Kraken says.

As for demands from the SEC to register, Kraken states: "The allegation is hollow; there is no such thing as an exchange, broker dealer, or clearing agency for investment contracts. The SEC is demanding compliance with a regime that doesn't exist."

# BANKING TECH AWARDS 2023

We were delighted to welcome almost 500 guests from the world of banking and fintech to the five-star Royal Lancaster Hotel in London on 30 November, to reveal the winners of the Banking Tech Awards 2023!

Now in their 24th year, the awards acknowledge key developments in banking, finance, and technology. This year, we recognised a broad range of organisations, from established players to emerging fintech start-ups. The evening was hosted by the inspirational Monty Halls. From a Royal Marines Officer to a key figure in Nelson Mandela's peace process, he transitioned into a career of expeditions, travel journalism and marine biology.

This year, there were a total of 65 winners and 66 highly commended entries across various categories, such as Banking for Good, Best Open Banking System, Tech of the Future, Tech Team of the Year, and many more.

We hope to see you at the next year's awards as they reach a quarter of a century old… but remain at the forefront of innovation and holding an unrivalled reputation in the industry.

**Head to informaconnect.com/banking-tech-awards to see all the photos from the night**

# Banking Tech Project Awards

### BANKING FOR GOOD
*Winner*
**African Bank –** African Bank Enterprise & Supplier Development

### BEST BANK & FINTECH PARTNERSHIP
*Winner*
**Token.io and HSBC UK –** Partnering to transform payments in the online retail space

*Highly commended*
**Commonwealth Bank of Australia and Paydock –** Powerboard

**NatWest and Cogo –** The Carbon Tracker

### BEST CONTRIBUTION TO ECONOMIC MOBILITY FOR SMES
*Winner*
**Banco Provincia –** Cuenta DNI Comercios

### BEST CONTRIBUTION TO ECONOMIC MOBILITY FOR CONSUMERS
*Winner*
**ADP, Inc –** Wisely by ADP

*Highly commended*
**Paysafe –** Paysafecash

**BancoEstado –** Pasaje QR and Bolsillo Electrónico Familiar

### BEST EMBEDDED FINANCE INITIATIVE
*Winner*
**HSBC –** Pioneer in Embedded Financing to Cloud ERP

*Highly commended*
**Banco BPI –** BPI Expresso Imobiliário

**Union Bank of India and Infosys Finacle –** Union Bank UVConn & UVA

### BEST MOBILE INITIATIVE FOR CONSUMERS
*Winner*
**Alliance Bank –** Virtual Credit Card with Dynamic Card Number Feature on allianceonline Mobile

*Highly commended*
**Far Eastern International Bank –** Bankee Social Bank by Far Eastern International Bank

### BEST MOBILE INITIATIVE FOR BUSINESS
*Sponsored by* veritran
*Winner*
**HSBC –** Kinetic

*Highly commended*
**RBS International –** eQ mobile

**Merrill Wealth Management –** Mobile Advisor Experience (MAX)





### BEST MOBILE APP FOR CONSUMERS
*Winner*
**Zenus Bank –** Zenus Bank app

*Highly commended*
**İşbank –** Nays

**Malayan Banking Berhad –** MAE App

### BEST NEWCOMER BANKING BRAND
*Sponsored by* J.P.Morgan
*Winner*
**VeloBank –** VeloBank

### BEST TECH OVERHAUL – BACK OFFICE
*Winner*
**Deutsche Bank –** Cirrus

*Highly commended*
**NatWest –** Finance Transformation

### BEST TECH OVERHAUL – FRONT OFFICE
*Winner*
**J.P. Morgan –** Transformation of JPM Asset Management Derivatives platform in collaboration with JPM Corporate and Investment Bank

*Highly commended*
**Morgan Stanley –** Power E*TRADE

### BEST USE OF ARTIFICIAL INTELLIGENCE/MACHINE LEARNING
*Winner*
**DBS Bank –** SGD Current Account and Savings Account (CASA) Liquidity Management Models

*Highly commended*
**United Overseas Bank –** SG REITS Discretionary Portfolio Management & Optimization

### BEST USE OF ARTIFICIAL INTELLIGENCE/MACHINE LEARNING IN FIGHTING FRAUD
*Winner*
**NatWest –** Featurespace ARIC™ Risk Hub

### BEST USE OF ARTIFICIAL INTELLIGENCE/MACHINE LEARNING – VIRTUAL ASSISTANT
*Winner*
**DBS Bank –** DBS Car Loan Digibot

### BEST USE OF CLOUD
*Winner*
**Monument Bank –** Monument Bank Cloud Platform

*Highly commended*
**Optima Bank –** 1st fully cloud-based Enterprise Data Warehouse in a Greek bank

### BEST USE OF DATA
*Winner*
**Morgan Stanley –** Application Reliability Tool (ART)

*Highly commended*
**JPMorgan Chase –** JADE Entitlements Management (JEM)

**CTBC Bank –** CTBC Brain - Hyper-Personalized Precision Marketing for the Best Offer by 5R Strategy

**ZiraatBank –** Data Analysis Based Internal Control Model

### BEST USE OF DATA – CUSTOMER INSIGHTS, PERSONALISTION & REWARDS
*Winner*
**Lloyds Banking Group –** Lloyds Bank Market Intelligence digital channel

### BEST USE OF REGTECH
*Winner*
**Wells Fargo –** Wells Fargo Enterprise Complaints Management Platform Project

## BEST USE OF TECH IN BUSINESS LENDING

*Winner*

**HSBC –** Transforming HSBC's Lending Business with Solidatus

*Highly commended*

**J.P. Morgan –** Lending Wizard

## BEST USE OF TECH IN CONSUMER LENDING

*Winner*

**Updraft –** We help you make changes that pay off

*Highly commended*

**Malayan Banking Berhad –** Maybank Home2u

## BEST USE OF TECH IN CORPORATE BANKING

*Winner*

**SBC –** UniTransact

*Highly commended*

**CTBC Bank –** CTBC Links

## BEST USE OF TECH IN PAYMENTS

*Winner*

**Payit by NatWest –** Payit by NatWest

## BEST USE OF TECH IN COMBATTING FRAUD

*Winner*

**J.P. Morgan –** Fraud Connect

*Highly commended*

**Wells Fargo –** Check Fraud Project

**Macquarie Bank –** Macquarie Authenticator

## BEST USE OF TECH IN PRIVATE BANKING/WEALTH MANAGEMENT

*Winner*

**Coutts –** 440 and Bank-in-the-App

*Highly commended*

**Merrill Wealth Management –** Mobile Advisor Experience (MAX)

**HDFC Bank and Infosys Finacle –** HDFC Bank One-Stop Wealth Management

## BEST USE OF TECH IN SME BANKING

*Winner*

**Allica Bank –** Auto DIP for Commercial Mortgages

*Highly commended*

**Tide Bank –** Tide Accounting

## BEST USE OF TECH IN RETAIL BANKING

*Winner*

**Bank of Montreal (BMO) –** New to Canada

*Highly commended*

**K&H Bank Hungary –** K&H mobilebank

**Zenus Bank –** Zenus Infinite Visa debit card and account

## BEST USER/CUSTOMER EXPERIENCE INITIATIVE

*Winner*

**Banco BPI –** AGE

*Highly commended*

**Novo Banco S.A –** Personal Client Information Update

**Bank of Montreal (BMO) –** BMO Savings Amplifier

## BEST USER/CUSTOMER EXPERIENCE INITIATIVE – PAYMENTS

*Winner*

**Bank of Montreal (BMO) –** Pre-Authorized Payment Manager and Same Day Grace

## BEST USER/CUSTOMER EXPERIENCE INITIATIVE – MOBILE APP

*Winner*

**BTG Pactual –** BTG Pactual Banking

## TOP INNOVATION

*Winner*

**Merrill Wealth Management –** Merrill Advisor Match

*Highly commended*

**HSBC –** Innovating HSBC's Lending Business: Digital Credit Portal

## TOP INNOVATION – INTERNAL CONTROLS

*Winner*

**Morgan Stanley –** Morgan Stanley Systematic Change

*Highly commended*

**HSBC –** Quantum Key Distribution (QKD)

**JPMorgan Chase –** JADE DMS

## TOP INNOVATION – DIGITAL ASSETS & BLOCKCHAIN

*Winner*

**Goldman Sachs:** Goldman Sachs Digital Asset Platform (GS DAP™)

## TOP INNOVATION – BEYOND BANKING

*Winner*

**Banco BPI:** BPI VR

The awards were presented by Monty Halls

# Excellence in Tech Awards

## BEST BANKINGTECH SOLUTION PROVIDER – DIGITAL ENGAGEMENT

*Winner*

**Comarch –** Comarch Open Platform

## BEST CORE BANKING SYSTEM

*Winner*

**Temenos –** Temenos Banking Cloud

## BEST CHALLENGER CORE BANKING SYSTEM

*Winner*

**Pismo –** Pismo Core

*Highly commended*

**Five Degrees Solutions B.V. –** °neo by Five Degrees

## BEST EMBEDDED FINANCE SYSTEM

*Winner*

**QuickFi –** QuickFi Platform

*Highly commended*

**BM Technologies (BMTX) –** BM Technologies (BMTX) BaaS

## BEST OPEN BANKING SYSTEM

*Winner*

**Token.io –** A2A Payments Infrastructure Powered by Open Banking

*Highly commended*

**Nuapay –** Nuapay's Authenticated Mandates

**Intellect Design Arena Limited –** Open Finance enabled Retail Banking Platform

## BEST DIGITAL SOLUTION PROVIDER – FINANCIAL & INVESTMENT ADVICE

*Winner*

**wealthpilot –** B2B2C platform

*Highly commended*

**FusionIQ –** FusionIQ One

**Flourish –** Flourish Cash: Empowering Alliance for Investors and Banks

## BEST DIGITAL SOLUTION PROVIDER – IDENTITY VERIFICATION

*Winner*

**IDVerse - An OCR Labs Company –** IDVerse

## BEST DIGITAL SOLUTION PROVIDER – REGTECH

*Winner*

**S&P Global Market Intelligence –** S&P Global KY3P® (Know Your Third Party)

*Highly commended*

**BR-AG P.S.A. –** ATOME Platform

**Netcetera AG –** The balance between security, regulation, and customer convenience - Netcetera 3-D Secure Issuer Solution

## BEST DIGITAL SOLUTION PROVIDER – BANKING TECH

*Winner*

**TreasurUp –** Foreign Exchange (FX) Front Ends for Commercial Banks

*Highly commended*

**NTT DATA –** Everilion Loyalty

## BEST DIGITAL SOLUTION PROVIDER – LENDTECH

*Winner*

**Teylor** – Modern SME Financing

*Highly commended*

**Codat** – The universal API for small business data

## BEST DIGITAL SOLUTION PROVIDER – WEALTHTECH

*Winner*

**Qulix** – Elinvar

*Highly commended*

**Moxo** – Moxo's platform

## BEST DIGITAL SOLUTION PROVIDER – PAYTECH

*Winner*

**Shieldpay** – Verify, Hold and Disburse

*Highly commended*

**Papaya Global** – Papaya OS - The Only Technology Built for Payroll Payments

**B4B Payments** – Suite of full stack, API driven payments services

## BEST REGTECH SOLUTION PROVIDER – COMPLIANCE

*Winner*

**Quantexa** – Unify Data and Drive AI-Enabled Decisions

*Highly commended*

**Napier** – Napier Continuum

## BEST REGTECH SOLUTION PROVIDER – COMMUNICATIONS

*Winner*

**Wecan Group SA** – Wecan Comply and Wecan Connect

## BEST PAYTECH SOLUTION PROVIDER FOR BANKS

*Winner*

**SurePay** – Confirmation of Payee Portal for PSPs

*Highly commended*

**iGTB Intellect** – Corporate Payments Solution

## BEST RECONCILIATION SOLUTION

*Winner*

**SmartStream Technologies** – SmartStream Air v8.0

## FINTECH FOR GOOD

*Sponsored by* FinTech Marketing

*Winner*

**Unbox the Universe** – Unbox Addiction - using fintech to solve the opioid crisis in the USA

## FINTECH START-UP OF THE YEAR

*Winner*

**Mifundo** – Borderless financial platform

*Highly commended*

**MatLogica** – AADC (Automatic Adjoint Differentiation Compiler)

**Salmon** – Modern financial services for the next billion in Asia

## PAYTECH START-UP OF THE YEAR

*Winner*

**Jeeves** – Jeeves Pay

## TECH OF THE FUTURE

*Winner*

**PayTic** – PayTic's solution

*Highly commended*

**payee-auth.com** – Universal zero-knowledge privacy-preserving Confirmation of Payee, Confirmation of Wallet, Confirmation of Private Customer Data and Payee KYC

**Moxo** – Moxo's platform

**Likezero** – Likezero solution

## TECH OF THE FUTURE – AI AND DATA

*Winner*

**Ultipa** – Real-time Liquidity Risk Management (and Attribution Analysis w/ Graph XAI)

*Highly commended*

**Incedo Inc.** – Incedo Lighthouse

**Zenarate** – Zenarate AI Coach

**Cardo AI** – Structured Finance Management Platform

## TECH OF THE FUTURE – AI AND DATA – DECISION ENGINE

*Winner*

**Omnisient** – Omnisient Privacy-Preserving Data Collaboration Platform

## TECH OF THE FUTURE – BLOCKCHAIN

*Winner*

**GK8** – GK8 platform for secure custody, tokenization and monetization of digital assets

*Highly commended*

**Allinfra** – Allinfra Climate

**Quant** – Quant's Overledger platform – Central-bank grade blockchain for everyone



# Congratulations to this year's winners

At J.P. Morgan Asset & Wealth Management, we're a leading supporter of innovation in the financial services sector. And as the sponsor of the **Best Newcomer Banking Brand** category at this year's Banking Tech Awards, we commend all of today's winners on their visions—and applaud them as they work to develop the breakthrough banking technologies of tomorrow.



BANKING TECH AWARDS 2023

## Leadership Awards

### TECH LEADERSHIP – BANK/ FINANCIAL INSTITUTION

*Winner*

**Ravneet Shah,** CTO, Allica Bank

### TECH LEADERSHIP – SOFTWARE & SERVICES PROVIDER

*Winner*

**Asif Peer,** Group CEO & MD, Systems Limited

*Highly commended*

**Jonathan Wilk,** Chief Executive Officer, CompoSecure

### TECH TEAM OF THE YEAR – BANK/FINANCIAL INSTITUTION

*Winner*

**VeloBank –** VeloBank Tech Team

*Highly commended*

**Bank of America –** EMEA Technology Team

**Wells Fargo –** Wells Fargo ISO20022 Target2/CBPR+ Payment Mandate

### TECH TEAM OF THE YEAR – SOFTWARE & SERVICES PROVIDER

*Winner*

**Form3 –** Form3's Engineering Team

### WOMAN IN TECHNOLOGY (W.I.T.) – SOFTWARE & SERVICES PROVIDER

*Winner*

**Janet Bastiman,** Chief Data Scientist, Napier

*Highly commended*

**Rochelle Nawrocki-Gorey,** CEO & Founder, SpringFour

**Vicky Sanders,** Chief Digital Officer, OpenFin

### WOMAN IN TECHNOLOGY (WIT) - SPEARHEADING GROWTH

*Winner*

**Amanda Howkins,** Director - Head of Global New Business, Form3

### WOMAN IN TECHNOLOGY (W.I.T.) – BANK/FINANCIAL INSTITUTION

*Sponsored by* NTT DATA

*Winner*

**Karin Van Hoecke,** General Manager Digital Transformation & Data, KBC Belgium, KBC Bank N.V. - Belgium

*Highly commended*

**Casey Franz,** Managing Director, Head of Merrill Platforms & Capabilities, Merrill Wealth Management

**Pari Lennartz,** Vice President of Engineering, MPOWER Financing

### EDITOR'S CHOICE - BANK/ FINANCIAL INSTITUTION

*Winner*

**Castle Trust Bank**

### EDITOR'S CHOICE - SOFTWARE & SERVICES PROVIDER

*Winner*

**Signicat**

# Building an AI safety net

By Dave Wallace

To ensure the UK's seat at the AI table and capture some of the momentum behind its evolution, Rishi Sunak hosted an AI Safety Summit at Bletchley Park at the start of November.

New, more powerful processing chips with the potential to accelerate the development of AI ensured urgency in getting this date in the diary.

In fairness to Rishi, the event was taken very seriously by global policymakers and the industry at large. Attendees included Kamala Harris, Ursula von der Leyen, a high-level Chinese delegation, execs from all the leading AI companies, computer scientists and, of course, Elon Musk.

Overall, the event was heralded as a success, with the signing of an international agreement signifying a collective recognition of the risks associated with the development of AI.

As this was the first time that China had met with Western governments to discuss AI safety, and the fact that there was enough consensus for 25 countries alongside the EU to sign an agreement, this summit has to be viewed as a giant step forward.

France has been designated as the host for the next AI Safety Summit in 2024, and South Korea the year after that, ensuring the endurance of Sunak's initiative.

On the second day of the event, the United Nations endorsed the formation of a specialist panel on AI, mirroring the structure of the Intergovernmental Panel on Climate Change (IPCC) to understand better what is happening as AI evolves – you cannot regulate what you don't understand, after all.

And potentially most importantly, leading technology firms have agreed to cooperate with governmental bodies to rigorously test their advanced AI systems before and following their market launch.

According to The Guardian, "Companies including Meta, Google DeepMind and OpenAI have agreed to allow regulators to test their latest AI products before releasing them to the public, in a move that officials say will slow the race to develop systems that can compete with humans."

One slight kink for Rishi was being upstaged by the US, with President Biden announcing an executive order on the safety of AI a day before the event. The US has delivered a comprehensive view of what this means. As summarised by The Guardian, its directives include:

- Companies developing AI models that threaten national security, economic security or health and safety must share their safety test results with the government.
- Guidelines for emulating rogue actors in their test procedures.
- Guidelines on watermarking AI-made content to address the risk of harm from fraud and deepfakes.

## A BETTER UNDERSTANDING

Moving beyond Mr Musk's headlines of AI stealing jobs and the rise of humanoids, having regulators test AI before release will ensure a much better understanding of capabilities than there is currently, and will help regulators build in a safety net.

This is needed.

For example, I recently read about a disturbing case in which Tristan Harris, co-founder of the Centre for Human Technology, had taken Meta's LLM Llama 2, which is open source, and created a new version that was able to provide a detailed guide on how to make Anthrax.

I was also slightly surprised by a small test that I carried out. After having the frighteners put on me by one of the many podcasts on AI I have been listening to talking about Artificial General Intelligence (the goal of many AI companies), I reasoned that I needed to get ahead of the game and show AI that I was willing to work with it by setting up the Human/AI political party. This is my insurance policy for the day Skynet comes online.

> "Leaving the AI companies to do the testing themselves and share the results is a concern. In general, companies have proven to be very bad at marking their own homework."
>
> **Dave Wallace**

I asked ChatGPT how to set up a political party in the UK, and it gave me a guide, including the fact that you need three people to create one. It created an excellent manifesto as well. I asked if it could be one of the three people, and it said no – it had to be a human being. But here is the kicker. It suggested finding a proxy to act on its behalf – maybe an attempt at humour, but who knows.

## WREAKING HAVOC

For the financial services sector, the testing of models is good news. LLMs have the potential to wreak havoc on the industry, and it is only now that the sector is waking up to the possibility of their use internally for staff and externally with customers.

So, getting ahead of the implications regarding risk and potential nefarious use by bad actors and building these into test scenarios must be a good thing. Compliance and risk teams will grow as companies grapple with the implications, but having a framework to work within will help.

All said and done, it is heartening to see that regulation has arrived, although there seems to be much to do in hammering out the details.

So, the big question is, does this mean we can all sleep better at night?

In my opinion, leaving the AI companies to do the testing themselves and share the results is a concern. In general, companies have proven to be very bad at marking their own homework. The temptation to subvert the process may prove too significant for them, which could lead to competitive gains. Some commentators observe that battle lines have already been drawn between open source vs paid-for, and in the race for market share, who knows what corners could be cut. It's a Moloch thing. So, as always, the devil is in the detail. How this testing will be implemented is worth watching.

If you happen to be a bit cynical, you could argue that governance could be a helpful tool for the US to maintain its pole position in AI technology. This may create a backlash from other governments, who could end up viewing what is happening as a form of Technocolonialism.

Finally, one of the models that governments are looking to emulate is the IPCC. Its role is to provide policymakers with regular scientific assessments of climate change, its implications and potential future risks, and to put forward adaptation and mitigation options. To date, the IPCC has helped with climate change policies delivered through the annual COP meetings.

But so far, it feels that the IPCC's key role has been to scare the bejesus out of those of us who believe in climate change and annoy those who don't. Emissions are increasing, the world is warming and so far, the IPCC's data has done little to change policy fundamentally in favour of the planet.

And finally, some of the AI companies admit that they are not entirely sure exactly how the LLMs are working. Surely, that would be enough to suggest pulling the plug – but given how far we've come, that seems unlikely.

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

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

# Driving competitive advantage with UX research

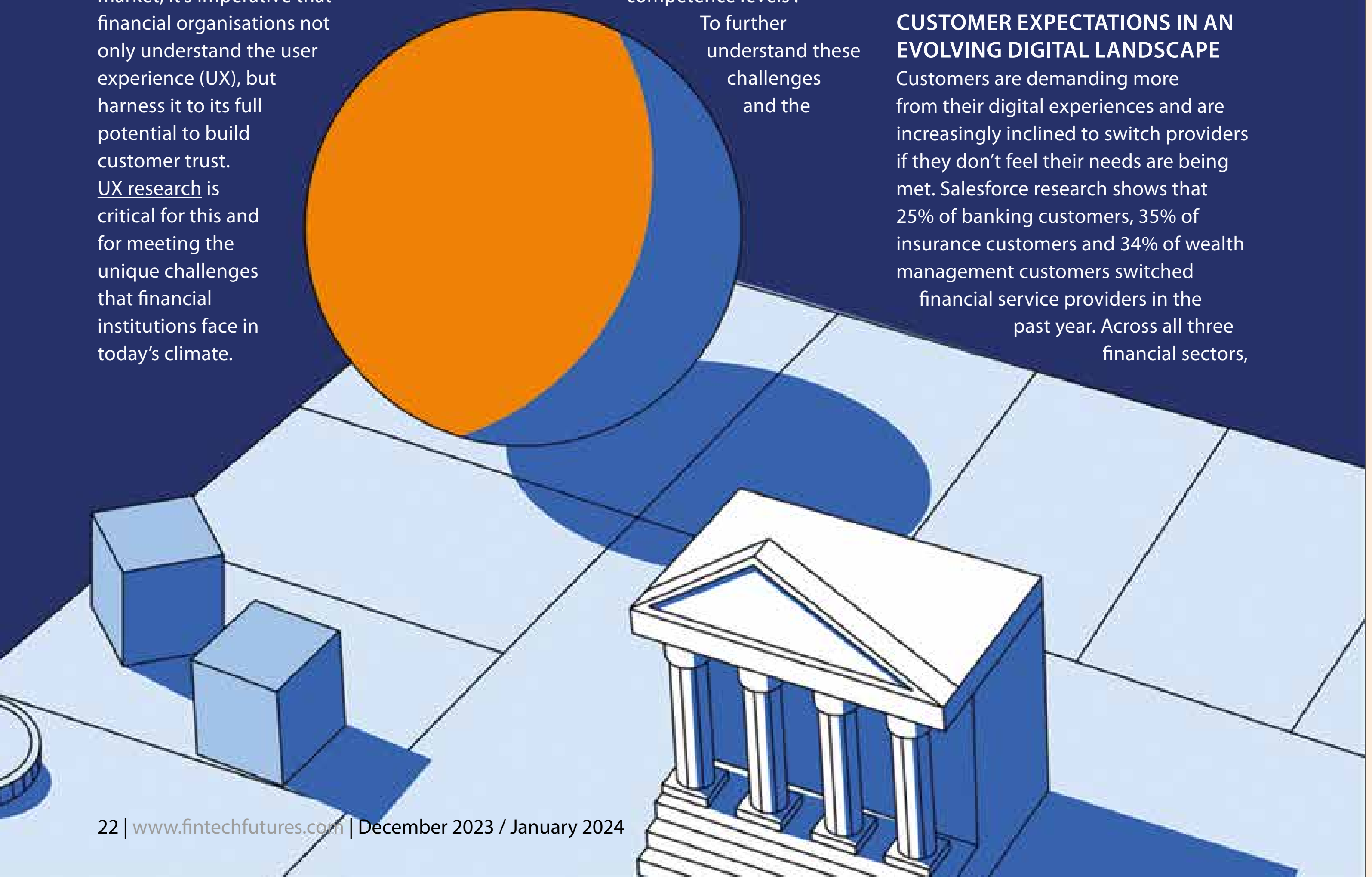
Financial services are undergoing a rapid transformation. Providing exceptional digital experiences has become imperative to foster customer trust and loyalty and differentiate from competitors

In the current financial services landscape, how customers interact with their banks and institutions is constantly changing. And so too are customer expectations in terms of speed, personalisation and seamless digital experiences.

Within a wider context of macroeconomic uncertainty, emerging technologies and a highly competitive market, it's imperative that financial organisations not only understand the user experience (UX), but harness it to its full potential to build customer trust. UX research is critical for this and for meeting the unique challenges that financial institutions face in today's climate.

According to Sheila Maceira, head of design for everyday banking at a leading UK-based financial services group, specific challenges include "navigating complex financial regulations while still creating simple and user-friendly experiences, ensuring user data safety, and shaping intuitive, accessible financial apps that cater to all digital literacy and financial competence levels".

To further understand these challenges and the opportunities ahead, Maze has published a new report, The Future of Finance: Driving Digital Innovation Through Customer Insights. Following is a discussion of key findings, the state of UX research in finance, and what product and design leaders can do to elevate financial services experiences and drive digital innovation.



## CUSTOMER EXPECTATIONS IN AN EVOLVING DIGITAL LANDSCAPE

Customers are demanding more from their digital experiences and are increasingly inclined to switch providers if they don't feel their needs are being met. Salesforce research shows that 25% of banking customers, 35% of insurance customers and 34% of wealth management customers switched financial service providers in the past year. Across all three financial sectors, digital experience was the top reason for changing providers.

Customers are also looking for more personalisation and tailored solutions, with 66% saying they'll leave a brand if it doesn't provide personalised experiences. For higher customer satisfaction and retention rates, financial institutions need to address these issues. That's where UX research comes in: to identify customer needs, expectations and pain points, and turn them into opportunities to deliver exceptional financial experiences.

## CUSTOMER EXPERIENCE: THE KEY DIFFERENTIATOR IN AN INCREASINGLY COMPETITIVE MARKET

According to research by McKinsey, roughly 200 digital banks have launched since 2015. And, as of September 2022, there were at least 274 fintech companies with a unicorn valuation of more than $1 billion, up from just 25 in 2017. This represents a highly competitive market where financial institutions are vying for the acquisition and retention of customers.

In addition, the current artificial intelligence (AI) revolution is changing the game for how tech firms build products. Jonathan Widawski, co-founder and CEO at Maze, explains: "A company's ability to build products fast is no longer a differentiating factor. Instead, what matters most is a company's ability to adapt to changing user needs on an almost continuous basis".

**66%** of customers say they'll leave a brand if it doesn't provide personalised experiences

Conducting UX research throughout the product life cycle is vital to adapting to evolving user needs. As technology removes barriers to innovation, banks and financial institutions will have to predict customer needs, deliver personalised experiences and add value at each step of the customer journey if they want to truly stand out from competitors.

> "A company's ability to build products fast is no longer a differentiating factor. Instead, what matters most is a company's ability to adapt to changing user needs on an almost continuous basis."
>
> **Jonathan Widawski, co-founder and CEO, Maze**

## DRIVING BUSINESS INNOVATION AND SUCCESS THROUGH UX RESEARCH

In terms of growth, continuous UX research enables more effective decision-making and business success. According to the Maze x Atlassian Continuous Research Report, product teams who conduct research on an ongoing basis report more effective decision-making, with 57% of respondents saying that research positively impacts customer satisfaction.

The 2023 Research Maturity Model Report shows that organisations that leverage research at their highest potential get 2.3 times better business outcomes, including reduced time-to-market, increased revenue and improved brand perception. However, most financial services providers are still at a nascent stage in terms of adopting mature UX practices. In fact, financial services placed ninth out of ten industries studied – showing there's a huge opportunity to leverage the full potential of UX research.

"The role of UX is to be the voice of the customer in the journey of transformation and solution discovery," says Dylan Brits, client experience designer at Capitec Bank. "From a business side, UX research saves time and costs down the line and improves team culture. Research creates better solutions, better solutions create better wins, and better wins create better team cohesion".

**57%** of customers say that research positively impacts customer satisfaction

Building a customer-centric culture is clearly a top focus area for product leaders to drive innovation in the future of finance. Learn how to get started in Maze's report.

## UX RESEARCH SOLUTIONS FOR TODAY AND TOMORROW'S CHALLENGES

The financial services industry stands at a critical juncture where leaders must recognise the need to embrace digital transformation to meet the demands of today's tech-savvy customers. With research, product teams gain valuable insights into customer behaviours, preferences and concerns, enabling financial services providers to offer tailored digital experiences and interactions that deliver maximum value.


# Increasing new customer acquisition and engagement

In its latest report, FinTech Futures in association with Moneythor looks at the opportunities for digital banking

In a highly competitive digital banking landscape, there is an imperative not only to acquire new customers, but to activate their engagement and drive ongoing loyalty. Providing a personalised and rewarding digital customer experience is critical to achieving business goals.

But for financial institutions of all sizes, there are key challenges and obstacles to success. What are these key challenges and obstacles and how are they overcome?

*FinTech Futures*, with Moneythor, conducted a survey to identify key issues around new customer acquisition in the digital banking space. Respondees included professionals working across strategy, product, digital, tech and marketing in a range of financial institutions including large commercial and retail banks, digital banks, B2C fintech firms, credit unions and mutuals. They gave their views about methods of acquiring new customers, success metrics, profitability and technological challenges.

Emergent insights indicate there is a great need for enhanced systems of digital customer engagement, whereby financial institutions can better harness customer data and analytics to power a richer and more rewarding customer experience.

There is an opportunity here: for a system than can integrate across existing platforms, drive engagement across the whole customer acquisition journey and help businesses reach desired profitability in a new growing customer base.

The survey findings and analysis can be found in this report.

**Download the free report from the *FinTech Futures* website here!**

I'M JUST SAYING...

# Composable banking: the need for speed

By Dharmesh Mistry

I was pleasantly surprised to read the recent news about Monese switching its core (ledger service) from Thought Machine (TM) to its own 'coreless banking' solution under its sub-brand XYB.

Before I delve into why this is big news, I feel I should give a bit of background into my experience of what software development has been like.

I remember the early days of internet banking when my team was putting banks online in a six-to-nine-month timeframe. This was with a team of less than five people. Our first client, Co-op Bank, used a third-party solution to provide 128-bit encryption because browsers only provided 32-bit at that time. Now apart from the usual firewalls, that was pretty much it for secure internet banking. Things were much simpler at the start.

As time progressed, even though 128-bit SSL was eventually provided by browsers, hackers got smarter, and we started to have to check for many other issues at both the infrastructure and application software levels.

For decades, I've seen that innovation starts simplistic and evolves with added layers of complexity over time, and over time common functionality is abstracted from applications into infrastructure.

The same goes for software development. Initially, we wrote large programmes that did everything needed to solve a specific need. Later, we started to design things into components so that we didn't repeat coding (for things like data validation, for example). The code was included as a library, so if the library changed, you had to recompile your solution to use the new library.

When I moved off the mainframe into Windows development, we had dynamic link libraries (DLLs), which allowed the libraries to be linked dynamically at runtime rather than during compilation. This meant reusable code could be updated without having to recompile, albeit on the same machine.

Next came DCOM from Microsoft and Corba from Object Management Group, which both allowed the 'reuse' of code at runtime but across different machines. Fast forward to now and we have something similar, albeit more open, with microservices. The key difference now being that these individual services can be managed and scaled better. The full modern architecture is defined as MACH – microservices, API-first, cloud-native and headless – and drives the outcome of business composability (which I have covered quite a bit in previous articles).

As technology leaders, we never want to duplicate our efforts and hence strive for reuse. As such, solutions are getting more complex, but much of that complexity is handled (therefore hidden) by 'infrastructure' rather than built into every application.

Going back to the Monese news. Both XYB and TM are developed as modern core banking solutions based on microservices. Initially, Monese utilised TM to manage its ledgers, but it is now moving onto its own in-house development within XYB. Given the launch of XYB's solution, this makes total sense from a control and cost perspective as well as proving the ability of their own solution.

Therefore, this does not highlight any weakness in Thought Machine. For me, what is exciting is that it highlights the benefits of a composable architecture in both solutions. My understanding is that the change will be complete in a few months with the bulk of the effort in testing rather than development. This to me exemplifies the benefits of modern architectures.

In banking, it means that the modern core solution is a wide set of microservices and no longer a monolithic code base. Modern core vendors are differentiated on breadth, depth and flexibility of their solutions. Some like TM have specialised focus on the core, while others like Mambu or XYB have broader capabilities closer to incumbent vendor feature sets.

In any platform with well-defined interfaces, changes are less risky, require less effort and are completed faster than with older (incumbent) platforms. With legacy core solutions, such 'migrations' are typically measured in years, seen as high risk and are hugely expensive.

Utilising standards like BIAN makes all this much more possible as it is easier to compare similar components from different vendors, and as I've written before, this takes us closer to the vision of composable banking.

When you marry these composable business services with low-code/no-code configuration tools, now not only do you have flexibility, but you get the agility to make changes without the need for traditional software development lifecycles.

I'm just saying that vendors and the industry generally make a lot of noise and create hype about new technologies, typically well before they have actually been delivered and proven. What I am excited about is seeing the promise of MACH and composable banking being proven by Monese and TM.

■ I'd like to express my thanks to James Barker of Plumery and Stuart Mackenzie of TomorrowX for making me aware of the acronym and origins of MACH.


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

He is an entrepreneur, investor and mentor in proptech and fintech. Follow Dharmesh on X @dharmeshmistry and listen to the Demystify podcast he co-hosts with Dave Wallace.

# Transformation: teamwork makes the dream work

By Brian Harkin, CTO of Kynec, and Sarah Patel, head of customer success EMEA at BlueOptima

When employee incentives are misaligned to the objectives of your digital transformation strategy, then the risk of failure increases significantly.

Let's say you have an agreed business case for the transformation programme and have a clear understanding of the success criteria, a group of highly invested leadership stakeholders, a project team raring to go and cross-functional support planned… but do you have your people's reward and recognition aligned to that of the transformation? And does it matter?

In short, the answer is "YES". Aligning team and employee incentives to the strategic goals of the transformation is crucial to the success of the programme.

## IMPACT

Historically, the various functions involved in digital transformations have been incentivised differently. This is due to many factors (for example, some functions are not 100% allocated to the transformation, sales will be incentivised differently from the delivery functions, and so on).

Goals and incentives show where the organisation is focusing effort and prioritisation. Conflicting or misaligned incentives pull people to different north stars, dilutes clarity on what success looks like and increases risk. This impacts negatively on the efficiency and effectiveness of the transformation by creating silos, inhibiting collaboration and sowing the seeds of disunity across the entire transformation function.

### Conflicting leadership goals

Take the example of one leader incentivised to raise bookings, who wants to see the transformation prioritise getting products to market faster – while a counterpart is incentivised to drive down support costs and wants to focus efforts on support automation and workflow improvements.

### Core business vs change initiatives

Or a subject matter expert who has a critical role to play at this point in the transformation, but they've got tough (non-transformation related) role targets to hit this quarter and they can't afford to spend time on the transformation initiative.

### Short-term decision-making vs long-term value

Conflicts can arise between ambitions to transform for the long term against reactive urgent needs for short-term goals right now. The hope that the transformation programme will solve a wider and wider set of targets can result in ballooning success criteria. This will risk the transformation rushing to do everything all at once, with the impact being diluted and deliveries not meeting the ever-increasing success criteria.

### Cost cutting vs product development/improvement

The eternal tension between the drive for efficiency and increasing revenue can result in situations where the transformation team finds itself under-resourced and under increasing time pressure, leading to deliveries being scaled back and everything deemed 'not essential' getting de-prioritised. This leads to the transformation function feeling that it's underachieving and a resulting valley of morale that is difficult to recover from.

## HOW HAVE WE GOT HERE?

We commonly rely on tracked programme metrics and success indicators (schedule, scope, budget, outcomes, impact and learnings), mandated organisational drivers (mission, values, standards adherence, in-year financial or priority targets and longer-term growth metrics), and perhaps some project milestone-related celebrations.

However, used in a disjointed way, these don't cut it. Incentives must be aligned to the transformation strategy which, in turn, is anchored in the core business values and competencies.

## HOW DO WE FIX IT?

Here are some examples of how you can help align goals and employee incentives with the objectives of your digital transformation strategy.

### CEO sponsorship

CEO sponsorship of the transformation will ensure that this is not seen as a pet project and goes a long way to overcoming any barriers.

### Organisational culture

A new approach to organisational culture is required, to encompass both 'Run' and continuous 'Transform' business needs. Everyone needs to be clear on the strategy, direction and what transformation success looks like. Staff need to understand how they will be measured and how they play their part in delivering success. Don't underestimate the incentive of being part of a purposeful, impactful team with a clear mission with opportunities to be challenged and grow.

### Inspire to transform

The adoption of an inspirational leadership style will allow staff to see the big picture and become agents of change themselves. People are more productive when they feel inspired, and it is the responsibility of the leadership function to light this fire.

> "Incentives are a potent tool and used thoughtfully, they can work to support a strong collective purpose with a highly engaged team."
>
> **Brian Harkin and Sarah Patel**

### Build alignment

It is within the remit of the programme manager to manage the challenge of leading a cohesive and collaborative project culture.

Understand how the stakeholders are incentivised. Understand the team's goals, drive and development needs (via one-to-one meetings or a project kick off) and align assignments thoughtfully. Reach out to volunteer champions and ancillary functions (agree access and expectations, ensure project contributions are acknowledged in performance reviews, and commit to providing feedback and supporting development).

Structure the governance of the transformation programme to ensure the connection to the organisational mission and values are built into the ways of working, decision-making and communication. This allows for faster and more effective adaption of the programme to changing circumstances and risks.

Use a full range of incentive tools to nudge alignment of recognition and reward with transformation programme success outcomes. It is strongly recommended to include transformation-focused objectives as part of the individual's annual performance targets. Consider variable compensation such as milestone or outcome bonuses if appropriate and if you have budget available. Securing opportunities for individuals to take on growth assignments is highly motivating. And don't forget project milestone celebrations, gamification, formal recognition and heartfelt appreciation.

### Measure impact

Assess the impact of aligning incentives with transformation strategy by recording baseline metrics, reviewing change and comparing to other programmes. Appropriate metrics could include measurements of stakeholder engagement (consistent understanding of mission, individual sense of purpose and job satisfaction), team productivity (rate of throughput, delivery quality, avoiding overwork) and transformation impact (success criteria met, change acceptance, benefits felt).

## CLOSING THOUGHTS

We need to step back and review the transformation programme to assess how teams and individuals are currently incentivised, align these incentives to the strategic goals of the transformation and appraise the impact of this.

Incentives are a potent tool and used thoughtfully, they can work to support a strong collective purpose with a highly engaged team. Misaligned or used as a blunt tool, they can at best distract and at worst create programme conflicts, promote poor behaviour and increase the risk to programme deliverables. Aligning incentives and compensation strategies to the vision underpinning the transformation and tying compensation to collaboration are essential to ensuring that all functions/teams and individuals are pulling in the same direction.

So, "YES", aligning employee incentives to the strategic goals of the transformation is critical to delivering a successful outcome.

# Plotting a path to digital adoption

By Leda Glyptis

I was in Arizona a couple of months ago. For a conference, and possibly the most stunning sunset you've ever seen.

Yeah, yeah. I know. Your heart breaks for me.

I did my keynotes.

Princesses and dinosaurs featured. Obviously. I have a reputation to maintain.

But I also facilitated a panel. On my favourite topic of all time: core banking. *Don't you dare look away!* This is not boring. This is exciting stuff!

I had three vendor representatives on stage: two neos and an incumbent. One of the neos was my friend and former colleague Olly from 10x, so I came in for the panel on "Are traditional cores on life support?" very ready to win. Even though I wasn't actually in the conversation. My views on mainframes are neither ambiguous nor secret, so I didn't even make an attempt to conceal them.

I didn't win though, dear readers. The thoughtful and insightful Marvin Foest re-set the questions for us all in a way that led us down a very interesting path. Not entirely unexpected, but also not where any of us started. If that's not the hallmark of a good conversation I don't know what is.

The panel was a rare exercise in informed debate and nuance (more of that please) and we determined three things:

1 **There is room in the market for everyone.** I believed that anyway, to be fair. Maybe not everyone-everyone, but a lot of the players. You can stay. It's all good.

But having three providers talk about their philosophical differences while not trying to sell anything to anyone absolutely confirmed the belief. There is space for everyone in the market. We serve different segments in a different way, is the message. Choice for customers is a great thing. And customers are becoming better educated and more articulate in this space. So, the diversity of solutions meets a need.

OK, so I won a little bit.

But the increasing education of the client prompted me to think and ask and reflect on a whole host of 'therefore' questions. Because clients who know more about this space ask different questions both when they are buying a new core and when they are dealing with their providers.

The sales process changes, the selection and market positioning considerations shift. The things you need to prove change, but also what happens after selection and go-live changes.

So, the conversation went on to the next obvious consideration.

2 **Are we thinking about 'core' the right way?** Is the language we use helpful? Are the inherited definitions and categories helpful?

My gang on stage didn't agree on their answers to this question, by the way. There was a lively discussion on why the language may not be helpful and on why actually it is. While they were debating, I discovered I care less about the answer than I thought.

Which is a shock because you know me and language.

But as they were talking, the area they actually agreed on was one I now also passionately agree with. So, I am winning because my thinking has now landed on the double realisation that, no matter how we approach the core space… no matter which solution we choose or which vendor we pick… we should expect more from them, as partners, and less from the core as a box of tricks.

To be fair, I had done a whole presentation (the one with princesses) about how core is utility and one shouldn't look to the core for innovation. So, I was halfway there. Half winning, if you're keeping score.

Let me back up.

The wonderful Kate Drew did some research that found that 80% of banking decision makers feel ready for open banking (which has officially landed in the US of A) and 68% were comfortable with the fact that third parties and particularly their core providers were part of what that readiness looked like. Further, the respondents were excited about BaaS and the money they could make… through their solutions their providers would… provide.

And my whole argument was: don't do that. Business strategy is yours and yours alone to determine. Your providers are there to serve that strategy and ambition. Not determine it.

Not least because if you look to the partners for an answer… you will get the same answer as all their other clients are getting. Because they are a utility and that's what utilities do. You can have whatever you want as long as it's black.

So, I was already all over the 'expect less from your core' argument. I was there.

But I liked the 'expect more from your provider' thought as the rest of the same sentence. They are not separate things after all.

We are changing an industry here.

We need to have hard conversations with each other. And we need to face into the things that get in the way together. As we are breaking up monoliths and revising what we do and how we do it and why.

So yeah. Expect less from your core. Expect more of yourself. Own up to the responsibility of coming up with a strategy. But also expect more from your partners. Expect them to actually partner. It is a long and winding road ahead. If they are partners for the journey, expect them to act like it.

3 **It is a long and winding road.** We know that. I even used a picture of a long and winding road to close my presentation. But that's where the mainframes come in.

> "The direction of change is set. But the pace? The pace of change helps set the direction. But the pace of adoption is neither set nor singular."
>
> **Leda Glyptis**

I know, it surprised me as well.

I have said a million times already that the direction of travel for digital adoption is set. The regulators are almost aligned – although the regulation itself isn't as harmonised as we would all like. The economy is digitising steadily and consistently. The pace has been relentless in the last 15 years and it's not going to slow. This is the way. We all know it. The banks know it. The regulators know it. The core providers know it.

That's why the neos are growing and the incumbents are developing digital alternatives and pathways there. There is no world where mainframes don't go the way of the dodo.

The direction of change is set. But the pace? The pace of change helps set the direction. But the pace of adoption is neither set nor singular.

The pace has been slow across FS over the last 15 years. Slow across the board and uneven within the slowness.

Mainframes are alive and well (or I wouldn't be worried about them following us to Mars). Everyone knows they will have to eventually move off them. When that will happen, though, and how… those are not questions that have the same answer for everyone. And that's the point.

Traditional cores are not on life support. They are doing the job for as long as the bank decision makers are struggling to make the decision to re-think the job and move off them and towards the direction of travel we all know is inevitable.

That's not what life support looks like. That's what partnering your clients during a hard set of decisions looks like.

Hard decisions. And bad decisions, if you are still on mainframes. But that's not the core's fault. It's yours, Mr Bank Decision Maker. So, if you are a banker, come on now. It's time.

And if you are a supplier, the job isn't just to build the future. It's to build a bridge there. And that bridge starts at the feet of the dreaded mainframe.

No, I don't like it any more than you do. But unless you look at that reality in the face and find a path forward for your client that is realistic, aligned with their appetite and manageable… then you are not being a good partner.

There. We have a job to do. A big job. A hard and important job.

That can't start until bank decision makers do their job and make the decision already to accept the inevitable and accept that the future they didn't bet on 10 years ago is today's present… and this present's future is approaching fast.

And it's time.

*#LedaWrites*

Leda Glyptis is *FinTech Futures'* resident thought provocateur – she leads, writes on, lives and breathes transformation and digital disruption. She is a recovering banker, lapsed academic and long-term resident of the banking ecosystem. She is also a published author – her first book, *Bankers Like Us: Dispatches from an Industry in Transition*, is available to order now.

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

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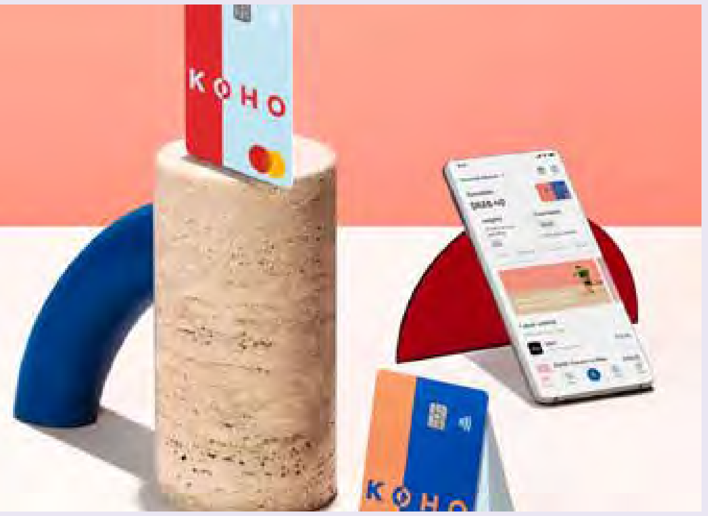
# FINTECH FUNDING ROUND-UP

Canada-based **Koho** has raised **$63 million** (CAD 86 million) in fresh funding at an unchanged valuation of $589 million (CAD 800 million).

The round featured participation from new and existing investors including Business Development Bank of Canada, Drive Capital and Eldridge Industries, which also led the firm's $165 million (CAD 210 million) Series D funding round back in February 2022.

Founded in 2014, the Toronto-based fintech offers a full-service spending and savings account with a Mastercard prepaid card along with insurance and credit-building products available through its app.

Peoples Trust, a federally regulated bank, holds the funds loaded onto Koho's cards.




**Silverflow**, an Amsterdam-based payment processing technology company, has secured **$16.3 million** (€15 million) in a funding round led by Global Paytech Ventures.

Picus Capital, Coatue, Crane Venture Partners, Inkef and several angel investors also participated in the round, with Silverflow claiming its valuation is now "substantially higher" than its Series A in 2021.

Launched four years ago, Silverflow operates a cloud-native payment processing platform that provides merchants, acquirers, payment service providers and PayFacs with a single API to all card networks on one platform, with customers across Europe, North America and APAC, including Deutsche Bank, Transaction Services, Payabl and more.

With the fresh capital, Silverflow aims to push through global expansion plans, targeting the LATAM and APAC markets.

UK-based **Redpin Holdings**, which operates Currencies Direct and TorFX, has launched with a **£140 million** strategic investment from Blackstone, Palamon and Corsair and a new strategy to offer payments and embedded software to the residential property market.

Arnaud Loiseau, formerly international CEO of WorldRemit (now Zepz), has been appointed as CEO of the new group, tasked with leading the new strategy, drive talent acquisition and carry out M&A of property technology companies globally.

"Redpin plans to connect the dots for consumers and businesses across the ecosystem – from legal service firms, title companies and estate agents to property managers – by providing a seamless SaaS and international payment experience," he says.

Dutch revenue-based financing marketplace **Levenue** has raised **€8 million** in Series A. The funding round was led by French VC firm Truffle Capital, with participation from Belgian investment firm Freshmen Fund.

Levenue currently operates in 12 European countries and says to have facilitated €300 million in total financing since its launch in 2021. It plans to enter France early next year.

It has also acquired a Belgian fintech start-up, Cake, which provides open banking and data enrichment solutions. The aforementioned Truffle Capital led Cake's €4.6 million seed funding round in early 2022.

UAE-based **Flow48** has secured **$25 million** in a pre-Series A funding round.

Comprising a mixture of equity and debt funding, the round featured participation from Speedinvest, Daphni, 212, Blockchain Founders Fund, Unpopular Ventures, Endeavor Catalyst, TLG and a number of angel investors.

Founded in 2022, Flow48 provides upfront financing to SMEs in the UAE. The firm's platform integrates with enterprise resource planning (ERP) providers, payment gateways and e-commerce platforms and leverages data from a number of sources to "offer a more precise and efficient" credit assessment via its proprietary risk engine.

With the new funding, Flow48 is looking to expand across borders and has its sights set on building a presence in South Africa – describing its SME lending market as "robust" and supported by an "advanced fintech ecosystem".





UK-based blockchain payments firm **Fnality** has raised **£77.7 million** in a Series B funding round led by Goldman Sachs and BNP Paribas as it prepares to launch operations in sterling by the end of the year.

The fintech's second round of funding saw the return of many of its Series A investors, including BNY Mellon, UBS, Nasdaq Ventures and State Street, building upon the company's previous £55 million raise of 2019.

New investors in its Series B round include DTCC, Euroclear, Nomura and WisdomTree.

Founded in 2019 by a consortium of banks including Banco Santander and Barclays, the fintech is seeking to build a digital cash system for financial market and tokenised asset transactions, and was previously known as the utility settlement coin (USC) project.

The Fnality Payment System (FnPS) uses a central bank digital currency (CBDC) asset to complete wholesale payments with near-instant settlement.

US-based fintech **Pontera** (formerly known as FeeX) has secured **$60 million** in new funding.

The latest round was led by new backer Iconiq Growth with participation from prior investors Blumberg Capital, Collaborative Fund, Hanaco Ventures, Lightspeed Venture Partners and The Founders Kitchen.

Pontera last secured fresh capital in February 2022, when it raised $80 million across three funding rounds.

Founded in 2012 in New York, the firm aims to solve what it calls the "retirement crisis" in the US, which it says involves a "widespread neglect of workplace retirement accounts held by 85 million Americans" and the associated operational challenges.

Through its platform, it allows financial advisors to analyse, rebalance and report on workplace retirement account assets, including 401(k)s, 403(b)s and more.

Pontera's valuation is now understood to have exceeded $550 million, with the company planning to hire 50 more employees in Israel – where more than 65% of its workforce is based – and further invest in product development.

**Rich Data Co (RDC)**, an AI-based credit risk decisioning firm based in Sydney, Australia, has raised **AUD 28 million** ($17.5 million) in a Series B funding round, powering its plans for a North American expansion.

The round was led by Australian heavyweight bank Westpac and US banking tech platform nCino. Both are users of RDC's solutions.

Funds management firm BMY Group, which helped the firm raise $15 million in 2021, made a reinvestment in this round, and was joined by a new entrant, Singapore-based Octava Fund.

San Francisco, US-based fintech **CapitalOS**, which provides spend management infrastructure for B2B platforms, has launched from stealth backed by **$9 million** in equity funding and **$30 million** in debt financing.

The equity round was led by Group 11 with participation from Upper90, Vera Equity, Slow Ventures and angel investors from other fintech companies.

Founded by former employees of Microsoft, Stripe, Lyft and Tipalti in 2022, CapitalOS says its tech handles the entire user journey, from onboarding to ongoing card management.

It is currently available through platforms such as Intuit QuickBooks, Workiz and Roll Credits.

**Indy**, a French start-up helping to automate accounting for sole traders and freelancers, has raised **€40 million** ($44 million) in a Series C funding round. The round was led by European private equity firm BlackFin Capital Partners, with participation from French investors La Maison and iXO.

Founded in 2016, Indy has 70,000 clients today and looks to make 200 new hires across its customer service, product, technology, sales and marketing departments.

It plans to create a "simple all-in-one application", including VAT returns and automated corporate tax administration as well as to launch a professional account option for micro-businesses in early 2024.

UK-based **Paysend**, which enables international money transfers for consumers and businesses, has secured **$65 million** in a new funding round.

The round includes strategic investments from brands including Mastercard and TelevisaUnivision, with Paysend's existing investors, including Infravia Growth Capital, One Peak and Hermes GPE Innovation Fund also taking part.

As part of its strategic partnership with Mastercard, Paysend will aim to enhance its cross-border payments network for SMEs via its Open Payments Network.

Founded in 2017, Paysend claims a global reach with access to 180 countries and eight million customers. In 2021, it raised $125 million in a Series B round.

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

# MOVERS AND SHAKERS

Jeff Parker

Image: Marqeta

**Jeff Parker**, SVP and managing director, international at **Marqeta**, is stepping down from his position at the California-headquartered card issuing firm.

He joined the paytech in September 2022 following an almost six-year stint at international business payment provider WorldFirst, where he held a variety of leadership positions, most recently as director and CEO following WorldFirst's acquisition by China's Ant Group in 2019.

Marqeta hired Parker to build out its international go-to-market and operational functions and boost its position in the markets of Europe and APAC. Initially securing its European foothold in the UK in 2018, it expanded its operations to Australia, Singapore, the Philippines and Thailand in 2021-22.

However, when the company revealed a quarterly net loss of $69 million for Q1 2023, it shut its Australian outpost "with immediate effect" in May 2023.

Global payments solution provider **Checkout.com** has appointed **Mariano Albera** as its new CTO. Albera has been working with Checkout.com for the last three years, serving as senior vice president of engineering. He will replace outgoing CTO Ott Kaukver, who will leave the firm by the end of this year.

With more than 20 years of experience, Albera was previously CTO at Expedia from 2016 to 2019 following stints as CTO at OVO Energy and group chief information officer and CTO for Thomas Cook's online systems.

Ireland-based fintech **Fexco** has named **Sara Savidge** as the new CEO of its corporate payments arm. Founded in 1981 Fexco specialises in currency conversion, international payments, asset finance and managed services.

Savidge moves from JP Morgan Payments where she served in several leadership roles, most recently as managing director; and before this, as chief revenue officer of the B2B paytech firm TransferMate Global Payments.

Savidge describes her move to Fexco as "a little bit like a family wedding", as she has maintained a professional partnership with the company for the last 15 years.

**Sam O'Connor** has announced his "new chapter" leading business banking for **OakNorth Bank**. Targeting financially underserved founders, CFOs, CEOs and directors, OakNorth's business banking offering is currently engaged in a phased beta, with prospective clients being encouraged to join a waiting list.

Prior to OakNorth, O'Connor served as CEO of Coconut, an app-based offering formerly known as Monizo, primarily built to help self-employed people manage their taxes, which he founded with his long-time business partner **Adam Goodall** in 2016.

The venture was ultimately acquired through an equity deal with GoSimpleTax in June this year.

O'Connor and Goodall also previously joined hands to launch an electronic audit confirmation solution, ProConfirm, in 2012. Both exited two years later when the solution was acquired by its US counterpart, Confirmation.

Goodall, who also left Coconut following its sale, has now joined **Funding Circle UK**, an online lending platform for SMEs, as VP product.

**PayPal** has appointed **Archie Deskus** as CTO and **Jamie Miller** as CFO, following the arrival of Alex Chriss as PayPal's new president and CEO in September.

Deskus, who brings more than two decades of technology experience, joined PayPal in March 2022 as executive vice president and chief information officer. She previously served as senior vice president and CIO at Intel and has held the same role at Hewlett Packard Enterprise. Earlier in her career, she held CIO roles at Baker Hughes, Ingersoll Rand, Timex, and United Technologies.

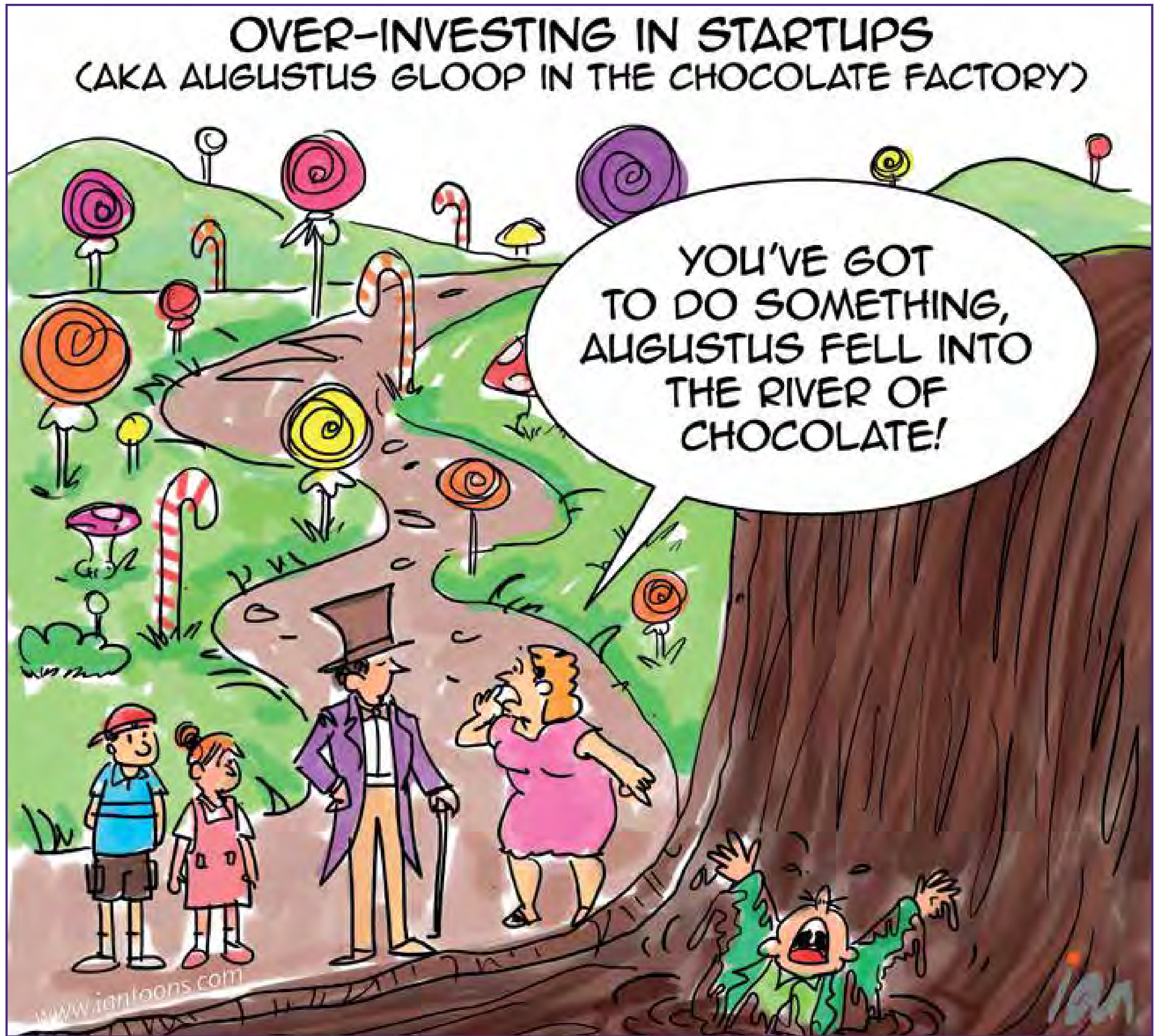
Miller joins PayPal as EVP and CFO from EY, where she served as global CFO and led the separation and IPO of its strategy, tax and consulting business. She previously spent 12 years at General Electric, serving most recently as its senior vice president and CFO. Her earlier experience includes stints at US health insurer Anthem and global consultancy PwC.

US-based expense management platform **Brex** has appointed its chief product officer **Karandeep Anand** as its first president. Anand first joined Brex in January 2022 and helped the company develop and launch its flagship AI product, Brex Assistant.

He brings more than two decades of experience in B2B product development at technology firms, having worked at Facebook for more than six years, most latterly as vice president, head of business products. Anand began his career at Microsoft as an intern in India, and spent 15 years with the tech giant.

Founded over five years ago, Brex, which announced staff cuts last year and also stopped serving traditional small businesses, now claims to have seen more than 300% growth in software revenue year-to-date and onboarded more than 20,000 customers.

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




## AUGUSTUS GLOOP

*Cartoon by Ian Foley*

During peak fintech and blockchain boom times, many tech darlings decided that investing in other start-ups was a good way to leverage their capital, access talent and help address product gaps. For example, in 2021, Stripe made 21 investments and Coinbase did 121 deals (by way of comparison, Sequoia Capital in the US did 43 deals in the same year), yet these tech darlings were still taking in VC capital during this time (e.g. Stripe closed a $600 million Series H round in March 2021). It seems VC firms thought their portfolio companies were better venture capital investors than themselves!

However, like many exuberant parties, excess has its consequences, and today we see institutional investors that gorged on start-ups during this time suffering as start-ups run out of capital.

For example, Tiger Global (which made 335 investments in 2021) wrote to its investors last year saying: "We take very seriously that our recent performance does not live up to the standards we have set for ourselves over the last 21 years and that you rightfully expect."

We have got to wonder how the CFOs at these fintech and blockchain darlings are explaining their large portfolio of underwhelming start-ups to their boards.

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