THE FINTECHTIMES.COM

EDITION 32

THE FINTECH TIMES

THE WORLD'S FINTECH NEWSPAPER

BANKING
Why context changes everything by iGTB *page 9*

COVID-19
Fintechs under the spotlight during the coronavirus pandemic *page 20*

TECHNOLOGY
Why in today's digital age, personal data is never safe by Jumio *page 27*

JOBS IN FINTECH
***The Fintech Times* selection of top jobs this month** *page 32*

OPEN BANKING: ARE WE AT THE TIPPING POINT?

Why open banking just became economy critical

by **David Parker**, Founder and CEO of Polymath Consulting *page 3 & 6*

GUEST EDITORS

Catalysing fintech for sustainability

by **Ghela Boskovich**, Head of the Financial Data and Technology Association in Europe *page 3 & 4*

The challenge of compliance

by **Mathias Jonsson van Huuksloot**, CEO and Co-Founder of Bullet Capital AG *page 10*

What doesn't kill us makes us stronger

by **Thibault de Barsy**, Vice-Chairman & General Manager at Emerging Payments Association EU *page 18*

SME banking in times of uncertainty

How the coronavirus has accelerated the fintech-bank collaboration model

by **Form3** *page 24*

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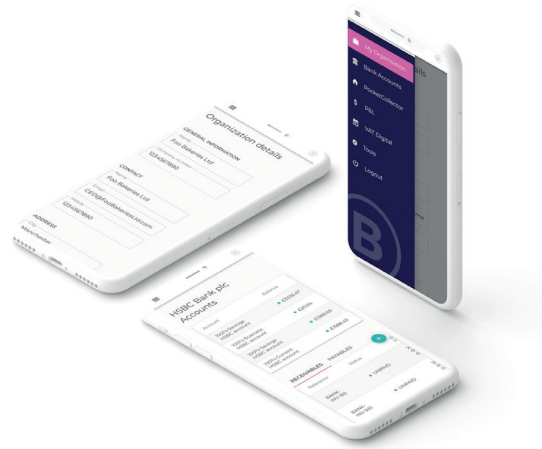

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Why open banking just became economy critical

The Covid-19 pandemic has demonstrated the clear need for driving bank-fintech collaboration and data sharing.

Neither David nor I thought that a global pandemic would literally make the case for better data access and mobility or financial inclusion when we were first asked to guest edit. But Covid-19 has underscored how crucial directed data is when we have to work, socialise and finance our lives virtually. It exposed just how vulnerable those living on the economic fringe are and how financial inclusion is critical to economic sustainability in troubled times.

Despite a legal obligation to deliver open banking, we've fallen short of making it a reality by the deadline. But lessons have been learned. We need tech standardisation, we need all actors to be compelled to be compliant – all of them, we need to put the human at the centre of the processes we design.

And now that we know better, we can do better. Open banking is just a harbinger of what is to come, especially as regulators around the globe are consulting on the next phase: open finance. It's a short jump from there to an open data economy. Delivering open banking paves the way for true digitisation that enables more flexibility for a remote workforce; better access to education irrespective of socio-economic status or geography; improved health spending for the most vulnerable by extending financial inclusion to the under and unserved; and reduced risk with more alternative financing and insurance coverage for SMEs under shock crisis, keeping our communities economically sound.

Open banking predicates this future. Open finance will be the test sandbox. Open data is what we need to minimise economic hardship by extending financial inclusion and empowering customers to maximise their value of their money. To do that, we must deliver open banking. TFT

Ghela Boskovich, head of Europe for the Financial Data and Technology Association (FDTA)

Ghela and myself were first asked to be guest editors of *The Fintech Times* in late 2019 and agreed the theme for the issue should be open banking and financial inclusion. We could not have realised then how important those two topics would become in 2020. As I write we are still in the midst of the Covid-19 pandemic, although hopefully by the time you read this, we may be coming out the back of it. We have been told two key things, first don't pay with cash and secondly work more remotely.

According to Rowlingson & McKay (2014), there are around 1.5million people not banked in the UK and even of those that do have a basic bank account the *Social Finance 2011* report found that more than half prefer to manage their lives in cash. This latter is hardly surprising given that Ellison, Whyley & Forster (2010) found that 50 per cent of newly banked people have incurred penalty fees and 26 per cent of the newly banked being 'net losers' i.e. incurring more penalty charges than they have gained in savings. Driving financial inclusion must be a key priority for everyone in fintech and we are pleased to feature an article from Anne Pieckielon, CEO of the Inclusion Foundation.

As we all work more remotely the importance of effective access to data becomes paramount. Payment Services Directive (PSD2) open banking was meant to ensure quick and easy access to our data held by account servicing payment service providers (ASPSPs). Officially it went live across Europe on 14 September 2019, the UK's Financial Conduct Authority (FCA) then compromised with a 'non enforcement' period of six months to 14 March 2020 and most other European national competent authorities (NCAs) followed suit.

The challenge, as I write this guest editor piece, is that other than the FCA virtually no other NCA has publicly talked about enforcement, we still have a huge number of ASPSPs not delivering on open banking access – even some big names. The coronavirus has demonstrated the requirement for efficient remote working, but this needs efficient access to data. The NCA regulators are not enforcing the regulations, despite José

Manuel Campa, chairperson of the European Banking Authority (EBA), stating that: "By the end of the first quarter all this transition should be finished. By March everybody should be able to comply and if they're not compliant I would say the honeymoon period is over." You will read in this issue about many great use cases of open banking, but all will fail unless regulators grasp the bull by the horns and start enforcing PSD2 open banking access. TFT

David Parker, founder and CEO of Polymath Consulting

Catalysing Fintech for Sustainability

*Financial inclusion is key to meeting the United Nations Sustainable Development Goals, says **Ghela Boskovich**, Head of the Financial Data and Technology Association in Europe*

Fintech. Digital. Data. Profitability. Open banking. Regulation. For those of us in the industry, these words are bandied about daily. We have become inoculated to them: they're part and parcel of our pitches, woven into our committee meetings, sprinkled into requirement gathering sessions. Our perspective on them has become skewed, we've become myopic to them.

We deserve to see the bigger picture, and that picture is about sustainability.

By now we all are familiar with the UN's Sustainable Development Goals (SDGs) as an action plan for people, planet and prosperity, that over the next 10 years aim to transform inequality and promote economic, social and environmental innovation.

Technology is in the spotlight as a means to achieve sustainability. The UN's recent formation of the Digital Financing Taskforce is aimed at finding a way to close the financing gap of $2.5trillion needed to deliver the SDGs by 2030.

Investment in fintech isn't just the realm of venture capitalists and financial institutions; the UN, the World Bank and the World Economic Forum have all put money into fintech, underpinning a

In 2019, the UK was named the world's top fintech hub, with startups raking in more than £4.5billion in just three years according to experts.

As well as this, the UK was named fourth in the world for scale-up investment, showing the UK's commitment to leading the global fintech movement.

About Ghela Boskovich

Ghela is a self-proclaimed fintech fanatic and founder of FemTechGlobal, a network dedicated to challenging the status quo and improving the inclusiveness and diversity in financial services. She is also head of Europe for the Financial Data and Technology Association (FDATA).

Frequent keynote speaker and editorial contributor, Ghela focuses on how to fast-track internal innovation, specifically on the practical application and commercialisation of fintech/bank collaboration. She is preoccupied with fostering an ethical data democracy, individual consumer empowerment over their data, data economy disruptive business models and facilitating banks' emerging technology consumption.

Ghela is an experienced solution design strategist, focused on proposition redesign for financial services and insurance. She has a successful track record in business development, revenue growth, and go-to-market strategy execution, underpinned by a sharp eye for new value propositions and a knack for translating those values into commercial reality for an executive level audience.

Ghela takes product, service, journey and business model redesign from initial concept to go-to-market delivery. Her strong regulatory economic background lends an ability to navigate compliance mandates with a commercial angle, as well as identify new commercial opportunities in a rapidly deregulated landscape. She is a confirmed evangelist for adopting technology to nurture customer lifetime value for both banks and those they serve, to transform financial services for the greater good.

The Financial Data and Technology Association is a global association for financial services companies operating in fintech. Its members provide innovative financial applications and services to empower customers to make better decisions and take fuller control of their financial lives across all their accounts, credit cards, loans and investments. It seeks to work with government, regulatory authorities and the financial services industry in our mission to open up the financial sector all over the world to the benefits of financial data and technology. It has chapters in Europe, North America, Australia/New Zealand and Asia.

conviction that it has potential to bolster the success of the SDGs. Digital finance initiatives around the world have potential of adding $3.7trillion to the gross domestic product of emerging economies in the next five years.

Key to meeting those goals is financial inclusion. And this is where fintech and the move towards open finance play a crucial role.

By bringing new value proposition and business models to market, fintech is lowering the barrier to access for unbanked and underserved; it is finding new ways to address financial challenges faced by low-income customers and working to reverse the poverty premium. People who can access financial services have greater security and control over their money.

From digital identity verification, to alternative lending models, to new credit risk models, as well as data portability and mobility – fintech and open banking is challenging how traditional financial services excludes people and small business from optimising the economic value of the money they do have. We're challenging traditional exclusion from fair access to credit and finding better ways for the millions of small business owners across the globe to finance their businesses and employ more of their local community.

We are myopic. We've lost sight of the bigger picture. M-PESA – the mobile money transfer service – is a perfect example of this. We talk about minutes as currency, we talk about widespread adoption and leapfrogging lack of infrastructure. But, what we don't talk about is the sustainability impact M-PESA has made. The results of a long-term impact study on M-PESA found that mobile money has lifted as many as 194,000 households – two per cent of the Kenyan population – out of poverty and has been effective in improving the economic lives of poor women and of members of female-headed households.

> The big picture is this: you need a bank account for everything. As fintech pushes us towards delivering open finance, we can reap the possibility of efficiency and expand the privilege of being banked to more and more people.

SDG number five focuses on gender equality and increasing account ownership promotes that. Poor women constitute most of the 1.6 billion financially excluded adults. Fintech changes that.

Access to savings accounts also has an impact on health spending, with people increasingly able to get health care if they have a basic bank account. In light of the Covid-19 pandemic, the need to increase the population with access to bank accounts becomes glaringly clear: the overall general health of our communities improves when people are fully banked. Out of pocket health care is one of the major reasons people are stuck in poverty. Good health and wellbeing, that's SDG number three.

Study after study confirms that financial inclusion can transform lives. Simple bank accounts can lead to significant increase in assets (16 per cent in some studies of first-time bank account holders); digital banking services in rural areas can help cut rural poverty by up to 17 per cent. For farmers in some regions, earnings deposited into new bank accounts lead to increased expenditures on farming equipment and increased the value of crop output by 21 per cent. Financial inclusion impacts food security positively. Food security, by the way, is SDG number two.

The fintech that underpins digital finance initiatives is transformative: the bigger picture is astounding. According to McKinsey's report on how digital finance can impact emerging economies, digital finance could provide access to 1.6 billion unbanked, more than half of them women. It could put an additional $2.1trillion in loans circulating into the economy for a wider pool of borrowers. Financial service providers can also benefit, by saving $400billion in operation costs. But if they expand their customer base, their revenue opportunities could sustainably increase their balance sheets by as much as $4.2trillion.

Evidence points to a strong case that financial inclusion will help bring many of the SDGs within reach. The big picture is this: you need a bank account for everything. As fintech pushes us towards delivering open finance, we can reap the possibility of efficiency and expand the privilege of being banked to more and more people. There is a moral obligation to look beyond our near-sighted task list and see how we affect the big picture. The big picture is about making life better for everyone, sustainably, peacefully, and hopefully graciously. It's time for us to check our vision. TFT

Are we at the tipping point?

*Do consumers need to know what opening banking is for open banking to be a success, writes **David Parker**, Founder and CEO of Polymath Consulting*

About David Parker

David Parker is the founder and CEO of Polymath Consulting, which works with the cards and payments industry. He advises and/or sits on the boards of Cybertonica, Trezeo, Pie People and Curve, among others and, most recently, co-founded the regtech Konsentus.

The first contactless cards were launched in the UK in 2007 and the technology itself dates back to 1973. But it was not really until 14 September 2014 when Transport for London (TfL) in London allowed contactless on the underground system that we really saw a huge take up in usage of contactless. It is now expected that 36 per cent of all payments will be made via contactless cards by 2027, up from 15 per cent in 2017 (see chart, below).

For seven years after the launch of contactless cards, and before the surge in use of them, many events used to talk about 'Is this the year of contactless?', for only the answer to often be 'Yes, we think so' and a year later to say 'Well, we hoped it would be but maybe next'.

Are we going to see the same fate one might ask with open banking as, at the time of writing, I am attending many events where a panel or talk discusses 'Is this the year for open banking to finally take off and become mainstream?'.

Many people point to the fact that with contactless there was a huge industry effort and cost put towards educating consumers and who is going do that for open banking? I would like to contend though that there are some major differences between contactless and open banking and how it will engage and take off.

A key point is that contactless is in itself the proposition, it is just a method to pay. For open banking it is just the underlying technology, the enabler. You could ask how many consumers have heard of radio-frequency identification (RFID) – I would contend in terms of relevance as to how many have heard about open banking; these are just technologies, the end user does not need to know about them.

With open banking, what it enables is a range of propositions and brands and it is these that consumers will interact with, not open banking per se. So, what are some of the use cases we are likely to see? Well, to date, most that have gone public are built on account information service provider (AISP), that is the ability to pull data and either analyse it and/or present it to the end user. Typical users have included: credit scoring using current account data either to offer credit scores or the full loan or mortgage; analysing data to support personal finance management whether as more a mass affluent proposition, to make offers or to support people in financial distress. A key part of this though is the analysis of real-time actual data as this means that those with unusual patterns of behaviour – at either end of the income scales – can be better assessed. After all, a consultant like myself who has no regular salary is a nightmare for the average mortgage lender. The box opposite shows some of the companies currently live with propositions:

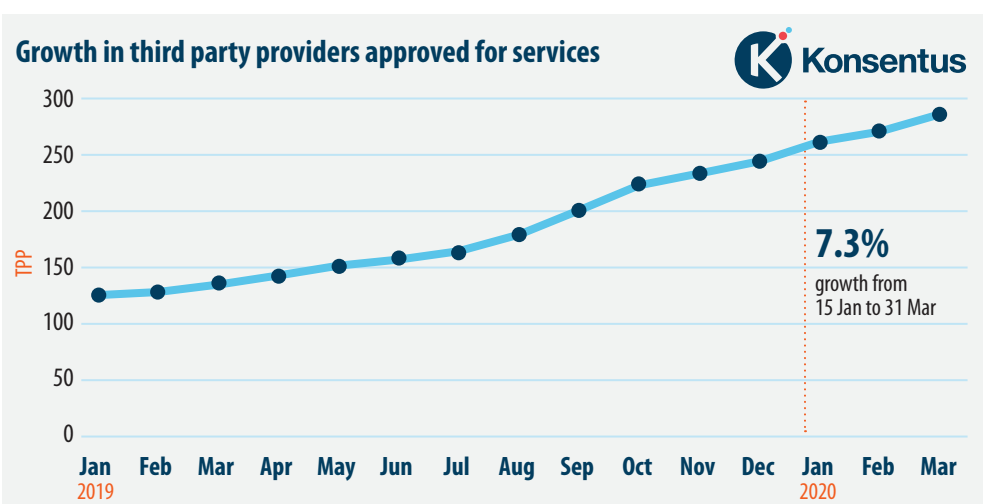
But is there a real opportunity for the other service, payment initiation service provider (PISP). If we consider iDEAL in the Netherlands, which is a very similar type of service, to a PISP, we find that around 75 per cent of all online transactions go through this network. This thus seems to imply that there is a strong likelihood of adoption. Accenture estimates in the UK that

COMPANIES CURRENTLY LIVE WITH PROPOSITIONS

AccountScore	Fronted	Trezeo
ApTap	Kalgera	trussle
bean	Mojo Mortgages	Toucan
Canopy	Moneybox	Tully
Cleo.	MoneyDashboard	Wagestream
Coconut	Plum Canopy	Xero
Creditspring	Portify	Yolt
Currensea	SaladMoney	
flux	Sustainably	

Source: Open Banking Excellence

CARDS	PISP
• £200 transaction	• £200 transaction
• 50 basis points (Interchange plus cost plus plus)	• £0.015 to receive a transaction into the account
• Gets paid one to three days later	• £0.15 for a PISP acquirer to enable
• May get chargebacks up to 13 months later	• Funds in minutes
	• No chargebacks, guaranteed funds
Total cost: £1	**Total cost £0.17**



PISPs will erode 33 per cent of online debit card transaction volume and 10 per cent of online credit card transaction volume resulting in a total market share of 16 per cent of online retail payment volume by 2020.

From a merchant's perspective though, especially those with relatively high value transactions, the potential savings of PISP vs traditional debit cards can be significant, in the example given in the two boxes (left) more than 80 per cent.

Challenges

There are challenges to overcome though if open banking is going to succeed.

Education

There is a lot of research around about how consumers both in the UK and elsewhere will not share data. For example, Accenture found in late 2017 that 69 per cent of consumers in the UK said that they would not share data with third-party service providers. And 53 per cent said they would never make use of open banking options. Mastercard also found the figure for sharing data was roughly the same in 2019 while EY in the Netherlands found that more than 80 per cent would not share data.

But I would contend most of the research is asking the wrong question – 'will you share data?' – as they're not giving the proposition to the user, the benefit on why they should share data. As I argued earlier, consumers do not need to understand what open banking is, but rather buy into the proposition that it makes their life easier by using open banking. I strongly believe, and have seen with companies I am involved with, that when presented with strong propositions with real value users will share banking data access. Education is thus not a challenge, but something that is circumvented by clear end user propositions of what the benefits are.

API stability and access

Without doubt the biggest issue open banking faces is stability and access. As the regulatory technical standards (RTS) published were neither a standard or technical we now have around nine open banking 'standards' in Europe and even then, account servicing payment service providers (ASPSPs) can choose to do something totally different. Putting aside though the aspects of standards many third party providers (TPPs) comment about the access to ASPSPs application program interfaces (APIs). Given the delay in the 'real' start date of open banking to 14 March 2020, it is only now that we will start to get a better picture of the real state of the market and challenge in this area.

The best benchmark on this though is the UK and that while only concerning the nine biggest banks it shows a strong improvement in API availability over recent months. This is a pattern I am sure we will see in Europe as regulators and ASPSPs start to implement and stabilise their API offerings.

Security and fraud

One of the main challenges facing open banking is security and liabilities. The majority of companies that are championing open banking are small fintech TPPs and all can connect to ASPSPs without the need for any contractual relationship; just the requisite regulatory status. This it is argued by inserting TPPs into the banking process it increases the risk of scammers gaining access to customer information and their finances.

User protection

A key challenge must be user protection. In many countries, users are protected when paying by card, both by local laws and to some extend through scheme administered dispute management process. While open banking does in theory make ASPSPs liable, the area of dispute management is not covered in the regulatory technical standards and there are some significant gaps in consumer protection. The simple question must be asked: is it morally and ethically right if retailers promote PISP payments when in many markets the consumer is not as well protected? Regulators tend to lag technology and apart from a number of initiatives in this area by third parties when the first major incident happens, which we all know will at some point, how the regulators react and if they then either, pan European or on a national basis, introduce additional regulation around this area.

> We have already seen across Europe strong growth both in the overall numbers of TPPs and number of markets they are passported to. The key enablers are strongly increasing in number and this will start driving open banking in 2020 and lead to a real surge in 2021

The future

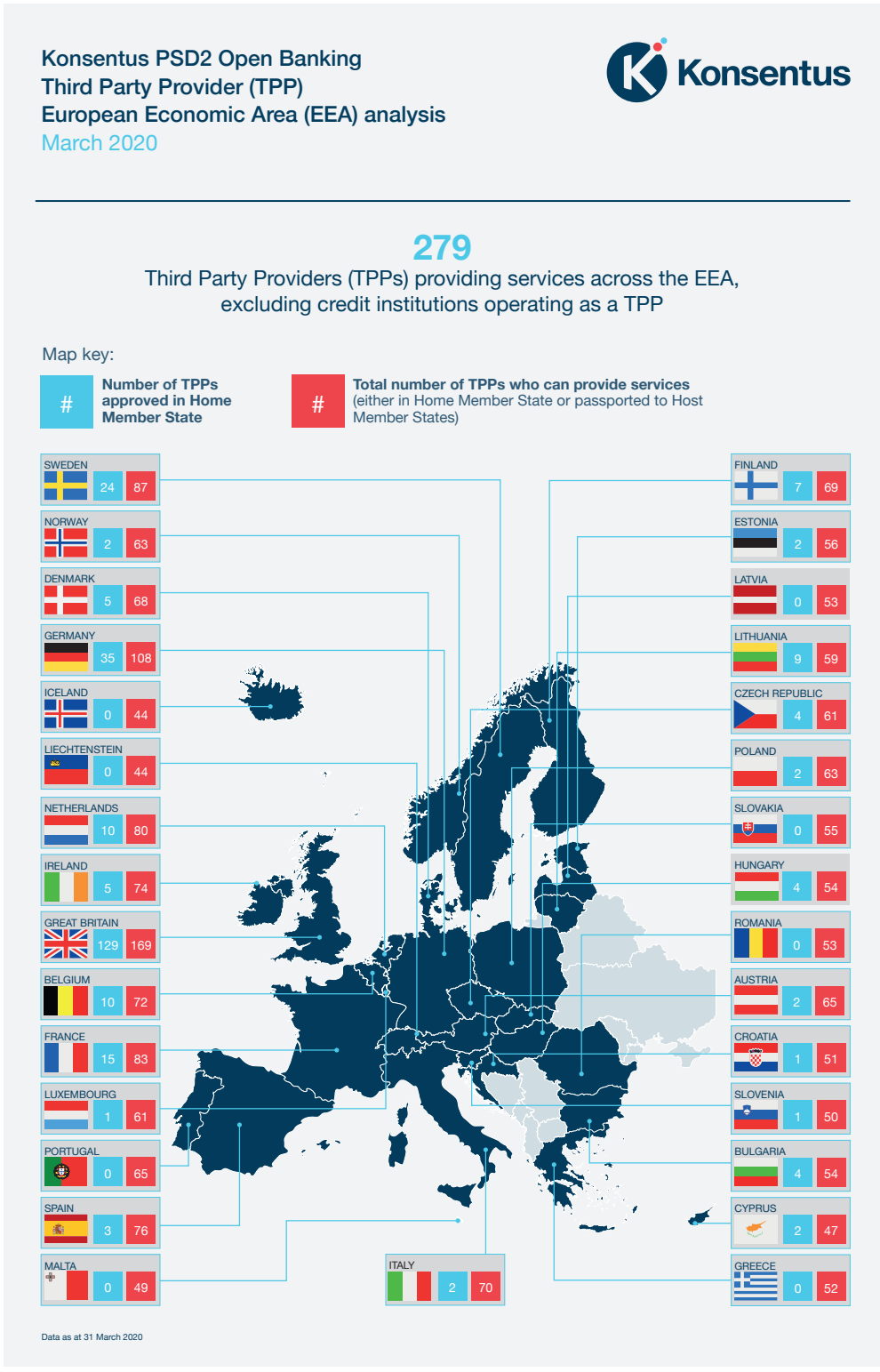
Those that hold financial transactional data have through the PSD2 open banking been forced in effect to open up the vaults and share that data with everyone who is appropriately regulated with the end users' permissions. So those companies that currently hold our behavioural data can now access with our permission the transactional data, and by combining the two know an awful lot about us. With this knowledge of course they can then sell us products. The question must therefore be asked should those that hold the behavioural data now be forced to open up their vaults. The EU has recently published a paper on this and it will be interesting to see where this leads, will the likes of Google and Facebook be forced to open up their behavioural data vaults?

In conclusion

So, are we at the tipping point for PSD2 open banking? 2020 I believe will be a year of building foundations and companies, particularly those offering AISP services, will launch and learn. 2021 is likely to be when we start to see a dramatic increase in usage. And, in reality, perhaps this is only fair given that although PSD2 open banking was meant to start on 14 September 2019, the Financial Conduct Authority formally announced a six month non enforcement period and most other national competent authorities (NCAs) followed suit. Thus, PSD2 open banking was not really launched until a few months back on 14 March 2020.

A key part of the roll out will, of course, be how NCAs enforce, but as José Manuel Campa, chairperson of the European Banking Authority (EBA), said to me in an interview in January 2020: "At the end of quarter one, the honeymoon period is over." If NCAs follow the lead that the EBA seems to be setting and start properly enforcing the regulations so that TPPs can access quality, stable APIs, then it can be expected we will start to see rapid growth.

We have already seen across Europe strong growth both in the overall numbers of TPPs and number of markets they are passported to. As the two charts show, while we may not be at the tipping point quite yet, the key enablers – those that are going to sell propositions to consumers – are strongly increasing in number and this will start driving open banking in 2020 and lead to a real surge in 2021, I would suggest. TFT



Power of Data

Leading the way to the pot of gold at the end of the digital banking rainbow

Shane O'Hara, CEO and Co-founder, Paymentology

The banking industry is being disrupted digitally. Now, more than ever, the organisations that can innovate and deliver real-time consumer experiences are winning. Market-leading banks understand that digital capabilities will drive their futures. But just how many of these banks are ready for their customers to define this destination? Paymentology provides the key – data.

It is tempting to believe that recent challenger banks should be credited for the rebirth of the banking industry. Whether true or not, the reality is that other crafty 'banks in disguise' have been stealing ground for several decades. Ask yourself a simple question: when you buy a car, why do you not buy on a debit card, with your bank immediately offering you an attractive loan facility, literally at point of purchase? Instead, a third party steps in and provides the credit. When you buy a piece of furniture, it is common for a credit company to offer you a credit facility. Would it not have been far more seamless for you, the consumer, to simply put that spend on your debit card in the confidence that your bank knows you and will ping your mobile with an immediate, attractive credit facility, or even insurance, on that purchase? You simply tick 'yes' or 'no' on your mobile and the rest is taken care of.

This is all about to change. Within the new world of digitising, savvy banks are realising that possession of quality data at point of spend opens the doors to huge profits through new products while at the same time delivering that loyalty-building seamless consumer experience.

At the heart of Paymentology's offering is data. This key differentiator is being used to empower banks to gain a far deeper understanding of its customers, as individuals. The analytical capabilities of the platform ensure the bank can anticipate their customers' requirements and make them feel valued. In the world where individuals are less patient and expect dynamic, seamless business experiences, the ability to be there in the real-time is a must. Ease and simplicity are good but lateral thinking and proactivity will be the special ingredient in the customer-centric world.

The provision of much enriched data determines the bank's ability to run an efficient card programme and the bank's ability to deliver an enhanced consumer experience. For example, when a customer spends on their card, the receipt typically arrives at the mobile device before it is printed out in the shop. The latest mobile banking apps allow consumers to use sliders and switches to adjust their spending controls, directly from the mobile app. Much of this relies on the processor feeding the entity with the detailed data at the precise time of spend.

The Paymentology platform is market leading, doing for the banks what Amazon has done for the retail sector by using the power of data to open new revenue channels. The provision and analysis of data is used to elevate banks' abilities to compete. If a bank is looking to digitise there are many players in the card processing arena but there are none that deliver the rich dataset that Paymentology provides to the bank at the instant of spend.

Paymentology wants banks to get to know the consumer and extract value from the data. The platform enables the bank to look at a consumer in the middle of spend and understand that this consumer likes travel, or this consumer likes sport or that they are suited to receiving a microloan or even a buy-now-pay-later offer from the bank. This is achieved by performing artificial intelligence-based (AI) rules engine analytics in the middle of the spend process so that before the transaction reaches the bank, a whole variety of analytics on that transaction have been undertaken. The bank gets a comprehensive packet of data where the customer credit worthiness and the customer rankings are all being delivered at spend time. When this detail is combined with knowledge of the specific purchase, it is easy to see that the bank is now in a powerful position to offer a host of benefits to the consumer. This is where excellence will be achieved – through the powerful use of data to open new revenue channels and build customer loyalty in a hyper-connected world.

Recognising that customers are individuals and one size does not fit all, the data can be used to serve each customer uniquely. There will be those that want an autonomous banking experience where they are time poor and trust the bank to those that want hands-on, dynamic involvement and information on-the-go. The ability to adapt and meet everyone's needs before being asked will be key.

Reaching the pot of gold at the end of the rainbow will mean banks harness the power of data beyond digital capability, put the customer in control and make the impossible possible. I believe that Paymentology is the most proactive payment processing partner for banks looking to offer a world class consumer experience. TFT

About Paymentology

Paymentology is a specialist issuer side card payment technology company, working across four continents with challenger and mainstream retail banks, as well as non-banking institutions.

Shane O'Hara, CEO at Paymentology, has more than 15 years' experience in managing design, build and operation of prepaid, debit and credit card payment processing systems in a fast-changing market. His passion for software innovation and data analytics is ahead of the curve. He has taken the global Paymentology platform forward to meet the growing demand from both challenger banks and traditional banks that need to digitise.

Shane is a specialist in how these systems work, from technical structure to business needs, and offers client banks flexible, bespoke and highly advanced card processing solutions.

Company: Paymentology
Founded: 2015
Category: Financial services
Key Personnel: Co-founders – Shane O'Hara (left) and Akshay Patel
Head Office: London
Active in: Europe, Middle East, Africa, and APAC
Website: www.paymentology.com
LinkedIn: www.linkedin.com/company/paymentology

paymentology

Context Changes Everything

No clicks needed – we offer a contextual banking experience, says ***iGTB***

Phil Cantor, CMO of iGTB

As a car emerges from a side street, a burly skinhead sees it and immediately starts running away from it. "An event," says the voiceover, "seen from one point of view, gives one impression." We now see him from behind. He is in fact sprinting towards a worried-looking old businessman clutching a briefcase. "Seen from another point of view, it gives quite a different impression." The sprinter puts his hands roughly on the frightened man. "But it's only when you get the whole picture, you can fully understand what's going on." The third camera angle shows the sprinter pushing the businessman brutally to one side – just in time to avoid a slipped pallet of bricks tumbling down that would surely have killed him.

This famous, award-winning TV advertisement for *The Guardian* newspaper illustrates why context changes everything. For too long our corporate banking has been context free. For too long, banks have offered generic services that might have been relevant – or not – to whatever the situation requires. At iGTB, we have built our success on bringing context to every situation (see IADT principle, top right).

A great example of this is in that most simple (really?) part of banking services: making a payment. My first comment is: nobody wants to make a payment. There are no 'clean' payments. After a payment you have less cash than beforehand. So a payment is always, always in some sort of context: the payer wants to receive goods, the payer wants to send something, the payer wants not to be fined for late tax payment – so making a payment is a necessary evil – in a larger process of desiring something else.

Some banks' systems still start by asking how the payment should be made. A bit like ordering online (which we're all now experts at) and being asked what make of truck should be used to do the delivery. The only way to know what payment rail is best is if the context is taken into account – the amount, the repudiability needed, and so on. The wrong starting place. Oh yes, I hear you say, you should instead ask first, who to pay. Most banks start here. (Usually someone who always seems to be called 'Benny'). This sparks off a sort of Spanish inquisition. How much? In what currency? What bank identifier? What account number? (That's the risky one to get wrong) What account name? What account to debit? When should we make the payment? What value date on the payment? What reference field? (sorry, not that many characters). Oh, and what payment rail? Are you sure? Are you really sure?

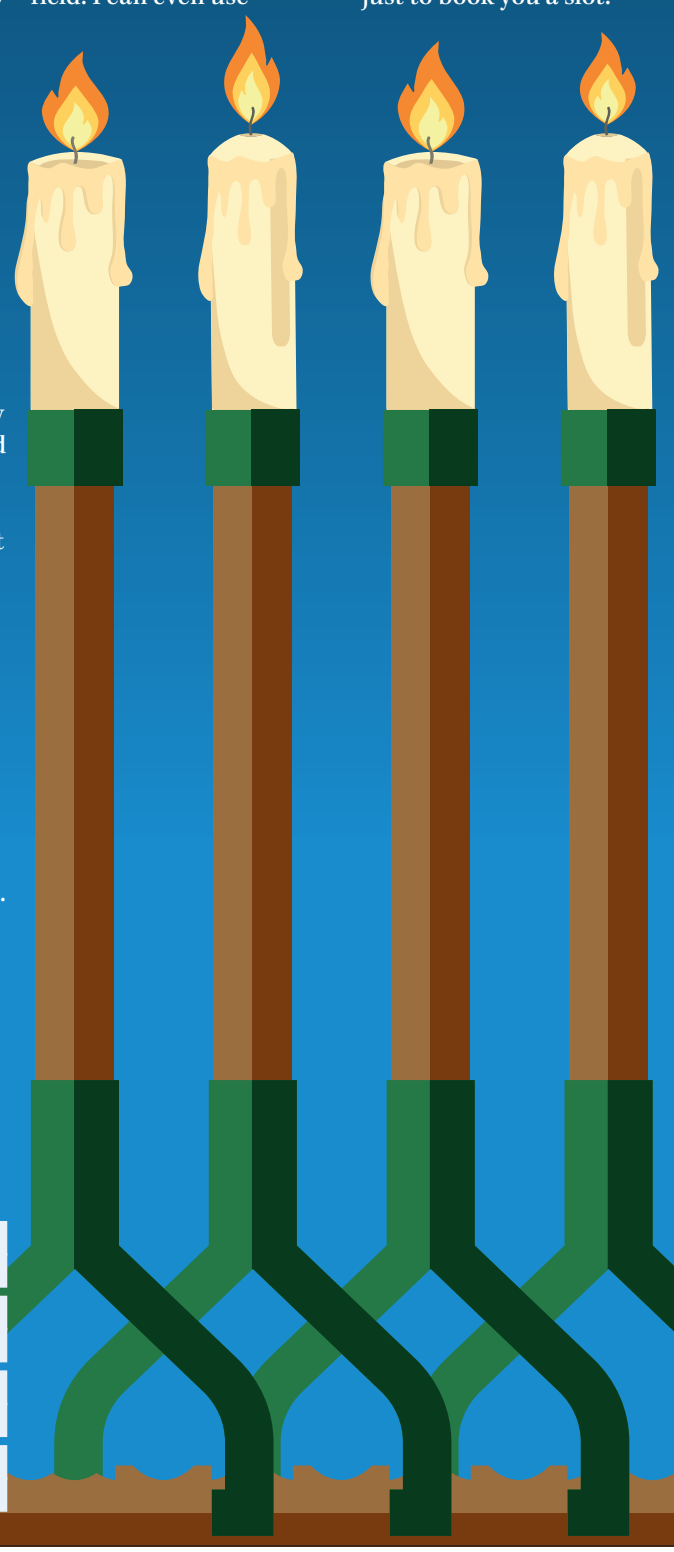
With context, you don't need any of this. Just ask 'what do you want to pay? Oh, this invoice. OK easy-peasy: from the invoice I know who to pay. I know the bank and I know the account. I know the amount. I know the date. I know the reference field. I can even use context – a different context, historical context – to know the account to debit (hint: it'll be the same one that was used last time)'. So, from the context, the bank can offer one-click payments. (And, of course, you give the user the chance to amend the action before committing).

But we can do better than that. Suppose you want to ship a box from Amsterdam to New York. The context-free approach would be for the shipper just to book you a slot. But if you have the context: the box contains rare, perishable tulips – then it has to be handled delicately, stored in a refrigerated unit and sent by air. A different context and a different solution: scrap steel – it can fill that awkwardly shaped hole in a slowly shipped container that's nearly full. So, the why is just as important.

Why make the payment? Why make it today? Why not yesterday, or tomorrow? Why do we need a user to tell the bank to make the payment? Why cannot the bank work out – from the context – that it needs to make the payment? Or doesn't? And why pay it from that account? Is that the best use of working capital? Why not pay it some from here and some from there, knowing the sweep structures involved, the balances, past behaviour and the expected transactions.

And one crucial bit of context: the treasurer's policy. What to do in this situation, what to do if this occurs, this account is for this, that account is for that, keep this much in this currency always...

Using context, the treasurer can set the policy. Let the bank execute it. No clicks. (Well, the treasurer might quite like a click to just confirm, but that his or her choice).



At iGTB we are longstanding users of 'design thinking'. One principle is called IADT:

- **I – Information** is vital but of no value unless I can also access...
- **A – Analysis** that highlights the important and urgent and so guides me to...
- **D – Decision** options where I need to consider the full list, with pros and cons but only...
- **T – Transactions** have an impact and actually do anything

Only if all four are provided can the business problem be solved fully. Information provides context, which drives and feeds off the analysis, selects the decision options and provides the default parameters for executing the right transaction.

Incidentally, if you want to see the best view of how 'context changes everything', search and watch the famous 'Four Candles sketch' from the BBC comedy show *The Two Ronnies.* TFT

Maturity level 1: Start by asking **'how do you want to pay?'** – offer up all the mechanisms that exist

Maturity level 2: Start by asking **'who do you want to pay?'** – ask all the right questions

Maturity level 3: Start by asking **'what do you want to pay?'** – contextually-driven one-click operation

Maturity level 4: Start by asking **'why do you want to pay?'** – Why now? – contextually-driven no-click operation

About iGTB

iGTB's Contextual Banking Experience Platform (CBX) is a white label digital banking platform and product processors to manage corporates' cash, liquidity and trade leveraging machine learning and predictive analytics, delivered through APIs and an omnichannel user experience.

COMPANY: iGTB, a division of Intellect Design Arena
FOUNDED: 1985
CATEGORY: Transaction banking
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iGTB®

The challenge of compliance

***Mathias Jonsson van Huuksloot**, CEO and Co-Founder of **Bullet Capital AG** has a message for unicorns*

The world might not yet be post-pandemic, but certain industries are certainly coming up for air. One that continues to move forward is investment in fintech. Indeed, for Switzerland-based specialist investment firm Bullet Capital, it is business as usual.

The company, founded in 2016, has current investments in seven fintechs, such as Stockholm-based Intergiro and Swedish publicly traded crypto broker Quickbit listed on the Nordic Growth Market.

The family-run business has been forged from decades of experience across banking and finance to marketing, and is now looking towards the UK for collaborations. The self-proclaimed 'rock and roll' investment firm is headed up by Mathias Jonsson van Huuksloot, and in this interview he talks to *The Fintech Times* about the exciting times ahead for the industry and the compliance dangers unicorns (private, venture capital-backed firms worth more than $1billion) are facing.

THE FINTECH TIMES: What was the vision behind starting Bullet Capital?

MATHIAS JONSSON VAN HUUKSLOOT: I've been in the financial markets for more than 25 years and started my first business when I was 23 in Gothenburg, Sweden. I'm one of those entrepreneurs who has probably tried most things in most markets but have always circled back to the world of finance, one way or the other, and my focus now is on the fintech market.

I'd previously been in a partnership but when we parted ways, I knew I wanted to make the decisions more or less on my own terms, and that the common denominator would be that we only go where we can add value.

We're a small firm but we are very hands on and would never invest unless we could be the lead investor. We love to look at companies that have a disruptive idea, but where the founders may have some difficulty or they're going down the wrong path.

TFT: Do you have a certain formula that you follow?

MJVH: The great thing about fintech is that it is always changing and that's why we decided to stay fast and agile. We are a deal making company. That doesn't mean we're brokers, as we wouldn't typically broker a deal. We prefer to go in as the lead investor.

We believe if we haven't done our job within three years, then we haven't done it correctly. So far, touch wood, it's gone well. And, we've had some substantial returns along the way.

TFT: Where do you see your next investments coming from?

MJVH: In our first few years we've been focused on the Nordic markets as a lot of things happening in the fintech industry are coming out of there. However, we are now looking at expanding outside of the Nordics, potentially into the UK and the rest of Europe.

We get sent decks to look at all the time, but interestingly, only two of the companies we work with have come to us this way. We like to keep our ears to the ground. We love problem solving and disruptive ideas. If we like what we see, we make our own enquiries.

Two of our current investments that we're most excited about include Intergiro, which is on a mission to provide the financial toolkit required for our customers to thrive in the digital age and Wirex contender Quickbit.

In the autumn, Quickbit plans to release an app that will simplify the use of crypto in people's everyday lives, and change over to a .com domain, this will help it to become the preferred crypto payment provider for various online merchants.

TFT: Has coronavirus scuppered any plans?

MJVH: Luckily little to none. It's business as usual for us although I will want to travel for face-to-face meetings as soon as possible.

I'm not a fan of meetings online, I think I come across as old fashioned compared to the millennials who run these businesses that I invest in. They find it very old fashioned when I request a physical meeting, it's almost like they don't know what to do. Having said that, we handle everything online, so the impact has been quite small.

TFT: Who do you think is struggling at the moment within fintech?

MJVH: I think the biggest challenges at the moment are for unicorns, such as Revolut. It has this insane valuation and it can be dangerous for them to be the first mover. It's hard to change and yet if you don't, then two months later you may have somebody else coming along who identified all their initial mistakes and has a better offering.

> In 10 years, traditional banks will still be here for their lending capabilities, mergers and acquisitions and as advisers but possibly not for retail. In as soon as five years, I see the adoption of cryptocurrency in the mainstream, with blockchain at the core of how we do business

The biggest difficulty ahead is compliance and, for a company like Revolut, it will be a struggle. It has received a lot of praise but has grown too quickly and will find it difficult to attract corporate accounts.

Actually, I think Revolut possibly offer the worst and most sub-standard compliance experience out there because it has grown so quickly. With terrible service it will lose corporate clients; it's not enough to be super cool or have the unicorn label if you haven't got the basics down.

TFT: What challenges do you foresee within the industry?

MJVH: If you look at today's world, I think the opportunity as much as the challenge is with compliance. You have to adhere to all the regulatory requirements and those are very burdensome today, but there is so much you are still able to do within the boundaries of the current regulatory framework. For these large companies, it's easier to say 'no' because they don't understand something. But then they lose out on corporate clients because they don't understand the compliance issues or the approach. I think that in the fintech world, it's not about the coolest UX (user experience) or about using the latest buzzwords, it's about understanding compliance and being efficient within the regulatory framework.

I predict that unicorns will struggle going forward, as both the opportunity and challenge is in compliance. If they grow too quickly then they will soon lose corporate clients as it becomes harder for them to adapt.

TFT: What are the benefits for the consumer when it comes to fintech adoption?

MJVH: In a nutshell: making their life easier. It's not about having the coolest product. In fact, this was the selling point of Revolut in their early days.

The consumer will get behind anything that's easy to adopt and saves them time. Winners in this industry are the ones who realise that it is all about the product. Right now, fintechs are charging huge set-up fees, this isn't the same experience as with a traditional bank so it can feel strange to the end user. This means that ultimately the fintech is living off high fees as a core model, but this will have to change when the market consolidates.

Essentially, fees will become a race to the bottom for user friendliness. This means that fees will have to go, the competition will once again be about the product which means the number of products in the marketplace won't be as many.

TFT: Do you see any other industry changes on the horizon?

MJVH: Compliance and the regulatory framework will continue to be challenges as the regulators themselves don't fully know how to apply their instructions. When these people are scratching their heads there are problems on the horizon. Europeans may be concerned about Brexit but there are too many discussions to have to be worried about it just yet.

In the meantime, countries, such as Estonia and Holland, look exciting due to their commitment to the fintech space, including political backing for cryptocurrencies and blockchain technologies. By having De Nederlandsche Bank (the Central Bank in the Netherlands) onboard,

fintech companies are finding acceptance in Holland. So, there is good news out there.

TFT: Can these challenges be aided by fintech?
MJVH: We are in a relationship where both the regulator and the industry need to learn from each other. That includes growing together and understanding lots of scenarios going forward. Essentially things will change, whether that's due to disruption, politics or the consumer demanding what they want.

TFT: Do you have any final thoughts?
MJVH: In 10 years, traditional banks will still be there for their lending capabilities, mergers and acquisitions (M&A) expertise and as advisers but possibly not for retail. In as soon as five years, I see the adoption of cryptocurrency in the mainstream, with blockchain at the core of how we do business. From issuing shares and contracts to selling a house, our data will be stored securely.

Of course, there is still the threat that one election can change everything. We have already had that happen and lost money in the process, but in an investment, you can mitigate your risks.

Looking forward, I am super excited. Of course, it is very challenging, with new startups everyone is competing in the same niche and with massive consolidation on the horizon, there can only be a few winners. After all, there are so many ways to apply the technology. But it's extremely interesting and there's a lot of sexy investments out there. The biggest change? Fees. They will have to drop as the market consolidates and many fintechs will lose out if they don't pivot their core model. TFT

AT A GLANCE

WHO WE ARE: Bullet Capital is a forward-thinking fintech specialist investment firm based in Switzerland and established by seasoned entrepreneurs in the space.

The Bullet Capital team has extensive entrepreneurial experience in the fields of banking, finance and marketing. We are highly qualified professionals with significant fintech entrepreneurial & capital markets experience – we know our stuff and add a touch of rock & roll to what we do.

Bullet is actively seeking startups that offer strong growth potential through the development of proprietary fintech and payment technology. As active partners on the growth curve, we are fully committed to the success of our investee companies.

Bullet provide strategic management support, a deep international network and venture funding on this path to success. We apply a lean, practical and analytical approach built on many years of experience and understand the international markets and the processes, both technical and financial.

We are always happy to actively engage with fintech entrepreneurs and other fintech investors to discuss ways of collaborating. We generally act as lead investor in venture funding.

Bullet was founded in 2016 with the aim of creating a dedicated strategic support and fintech funding platform within this specialist space. If you believe you could benefit from our expertise, get in touch – we want to hear from you.

COMPANY: Bullet Capital AG

FOUNDED: 2016

CATEGORY: Fintech specialist investment firm

KEY PERSONNEL: Mathias Jonsson van Huuksloot, CEO

HEAD OFFICE: Zug, Switzerland

ACTIVE IN: Global

CONTACT: info@bulletcapital.ch

WEBSITE: www.bulletcapital.ch

LINKEDIN: linkedin.com/company/bullet-capital-ag

BULLET CAPITAL

*Fintech firms and national regulators need to orchestrate a hierarchy of needs that puts customers first, writes **Gavin Littlejohn**, FDATA Chairman*

Extending open banking to open finance

Gavin Littlejohn, Chairman, Financial Data & Technology Association (FDATA Global)

Open finance began as a grassroots movement, campaigning for the legal rights of consumers and businesses to have control of their financial data and to share this data with businesses of their choice. It is part of a broader suite of open data initiatives aimed at empowering consumers and small businesses to access, change and benefit from the data held about them by governments and institutions.

The initiative has gathered notable momentum. In the EU, Canada, USA, Mexico, Brazil, India, Japan, Australia, Russia, New Zealand, South Korea, Singapore and many other significant markets open finance is already at varying stages of review, policy development, or implementation. There is a growing sentiment to extend this approach beyond financial services and into 'open life', whereby the consumer can utilise a wider array of data points, such as utilities and health.

Open banking will certainly evolve to become open finance encompassing other areas, such as pensions, investments and insurance, which in turn will lead to even more transformative societal and consumer innovation.

The open finance journey is just beginning and needs to be actively supported for the best chance of success.

Despite these positive market developments, there is still much to understand about the versatility of open finance to unlock economic potential and improve the financial wellbeing of customers. There are also risks and ethical considerations that will be key factors for governments and regulators in developing open finance policies moving forward.

At FDATA, we have actively led the open finance campaign across the globe. In doing so, we know an effective open finance framework considers seven core tenets:

1. The customer data right
2. Customer consent
3. Liability model
4. Legal & regulatory framework
5. Technology
6. Governance & funding
7. Implementation & monitoring

The core principle of open finance is reducing information asymmetries. Every account holder – individuals, small business and large businesses – should be able to direct that data be shared. The Canadian Consultation captured the essence when it renamed its open banking policy consultation as 'customer directed finance.'

Recognising the customer data right is the foundational first step to open finance. Customers can take paper statements and financial information to their advisers and accountants. Why should they be restricted from sharing digital information? Firms (and public policy) that stand in the way of this fundamental human right for customers to share and leverage their data for their economic benefit do so at their peril.

Explicit customer consent is crucial: for both the service offered and the data points required to perform the service. Consent should be well defined, written in plain language and be for a defined term and purpose. And, consent can always be revoked.

The open finance liability model is the most important artefact of the pillars and also the most nuanced. Establishing technology standards or the legal or regulatory framework is substantially easier if participants build from the liability model, rather than addressing this late in the process. The basic framework of the model requires three things:

1. A method to make the customer whole when, through no fault of their own, they suffer loss
2. A methodology between firms in allocating blame and cost, which is accurate, fair, and reasonable
3. A system to protect these regulated market actors from customers making fraudulent claims

The model requires suitable layers of protection for the customer and their data, as well as a number of market level layers that assign accountability to the providers along the value chain. Given that a number of parties may be handling customer directed data, each needs proper indemnity coverage.

Several key principles, enshrined in law, can facilitate delivering open finance. The customer's ability to enforce control of their financial data and how it might be used may need the fundamental protection of the law. The revised Payment Services Directive (PSD2) creates data mobility for payments data. The General Data Protection Regulation (GDPR) creates some right of universal portability. Creating clarity in the liability model and who would pay in certain situations, might make it easier for the regulatory interpretations to develop more easily. The law is not a great place to assert technical requirements nor develop lower level policy surrounding implementation. Outcomes and standard based regulation is superior to proscriptive regulation.

Many hard lessons were learned in delivering open banking, lessons that can be capitalised to deliver open finance. The importance of technical standards, their compulsory adoption across the industry and pass/fail testing of conformance to such standards, as well as tight regulation of technical performance, is one of those lessons.

Governance should be federated to enable it to move faster, with each financial vertical (savings, investment, pensions, mortgages and insurance) working on its own implementation, but orchestrated by a single conductor in charge of delivering open finance, an independent and objective trustee. As such the trustee is responsible for delivering the implementation of open finance and oversees the building of tools and processes that monitor performance of the entire system.

Open finance is well on its way to becoming a reality. We would do well to learn from the mishaps, foibles, challenges and successes of open banking as we push to open up financial services in a meaningful way that promotes competition, innovation, and the wellbeing of the customers we serve. TFT

About FDATA

FDATA is a global association for financial services companies operating in fintech. It has established chapters in Europe and North America, and is setting up more in Australasia and India.

fdata global
Financial Data and Technology Association

Revolutionising business banking

Big banks are leaving UK SMEs out in the cold; challengers must lead the open banking revolution on their own terms

It's no revelation that small businesses are the real driving force behind the UK's economy.

Our 5.8 million small and medium-sized enterprises (SMEs) turned over £2trillion last year and provided jobs for more than 16 million people – a staggering 95 per cent of the private sector workforce. On top of this, 660,000 new startups are registered every year in the UK, evidence of the abundant entrepreneurial spirit, talent and industry that exists throughout the country.

So, can we rest easy in knowledge that small business is in good shape? Not quite.

A huge amount of potential is being left on the table. Business closures outpaced startups last year in five UK regions and the overall 'business population' shrank. There are, of course, multiple factors, but one thing is certain. Small businesses are being let down by banks with more than 40 per cent of SMEs turned away when seeking credit.

Despite various extraordinary and well-meaning account-switching, competition schemes from UK and EU authorities, major high street banks continue to dominate market share of business banking.

Open banking is another well-intentioned initiative, designed to level the competitive landscape. But, it doesn't address a fundamental issue, which is that the big banks are dominant, but take a pick-and-choose attitude to the size and type of business they serve.

Open banking is often seen as a mechanism for digital challengers and innovators to provide disruptive new functionality and 'next generation' finance products. This is true but the fact is that digital challengers, like Cashplus, have, for many years, been using the technology behind open banking to offer innovative services without any outside encouragement or incentive.

> At Cashplus, we use our advanced data capabilities and decisioning systems to continually assess our customers, allowing us to offer simple services like automated account limit increases

Access to big bank data is of course an advantage, particularly for new firms offering an entirely new service. It also offers choice for 'banked' businesses who are stuck with a high street business account that doesn't offer the time-saving functionality that digital players can offer, like direct integration to accountancy platforms, spending categorisation and mobile tools. But, the issue of small and new businesses being locked out of banking services stubbornly remains.

This means that digital challengers, as well as offering new, disruptive products, are desperately needed to pick up the slack of offering core banking and lending products to the (large) portion of the market that's overlooked by the high street.

Happily, mature digital challengers, like Cashplus, are in a great position to do this by combining tech capability with banking and credit expertise. We're able to use open banking technology to not only offer rich business functionality, like direct accountancy platform integration and automated bulk payment tools, but also to onboard and offer credit to swathes of overlooked small businesses.

It might seem reasonable and responsible that banks don't extend credit to startups with no trading or credit history. But we know that many of those businesses are viable and run by people with excellent personal credit, and I think it's unfair that this burden is placed on small businesses when banks could do much more to assess and 'score' them for credit.

Last year, Cashplus carried out some research with a major credit agency and we found that there are more than two million businesses that currently have no way of being fairly and accurately assessed for credit.

At Cashplus, we already make it easier for new and small businesses to access the lending they need. We use our advanced data capabilities and decisioning systems to continually assess our customers, allowing us to offer simple services like automated account limit increases.

Open banking, and the existing technology that sits behind it, offers further opportunities to more accurately assess risk and affordability criteria, opening up credit for more overlooked businesses.

Big banks could have introduced similar initiatives years ago, but they haven't. Open banking can play an important role in revolutionising business banking, but the revolution must be led by credible challengers with the experience, the technological skill and, crucially, the will to better serve UK businesses. TFT

cashplus

Opening the door to inclusive finance for independent workers

Building a platform that offers a financial safety net for the self-employed

Garrett Cassidy,
Co-founder & CEO at Trezeo

As with the banking world, the world of work is changing. A dramatic surge in workers wanting greater flexibility, control and choice, is creating a growing economy of independent workers. Within the UK alone, five million are choosing to work independently and in 2019, independent workers in Europe and the US earned more than $2trillion.

While there are many rewards, opting to earn outside of a traditional employment model has its risks. Unlike those in full-time employment, independent workers rarely have access to holiday and sick pay or workplace insurance and pensions, and historically struggle to access affordable credit. Unpredictable earnings, and a lack of credit history, previously made it uneconomic to service these ever growing 'exceptions'.

Open banking is facilitating change. It allows trusted third party companies to safely and efficiently access and process bank data, meaning consumers can suddenly access a raft of specialist new products and services, including tools to help them manage their money more efficiently and access credit when they need it.

Enabling inclusive financial services

At Trezeo, open banking is a key enabler of our mission to deliver inclusive financial services for independent workers. Our unique range of financial services and protection are built on the foundation of enabling income stability through automated savings and access to credit based on a true financial picture that was simply not possible previously. Through open banking, our customers give access to their banking data which enables us to develop a deep understanding of their individual income and risk profile.

More specifically, we use open banking data to access our customers self-employed income sources, calculate their sustainable income to set their smoothed income payments and enable our models to project future income based on past seasonality/volatility along assessing their suitability for credit based on each individual's unique circumstances, in minutes, not weeks. Without open banking we would either have to collect and analyse pay slips and bank statements or make customers wait three to six months to build up sufficient history on our platform.

Open banking is an enabler, but an important one. Its objective was to facilitate 'a radical intervention that will allow consumers and SMEs to access a range of new and innovative products that better meet their needs'. At Trezeo, we are using open banking to do just that. TFT

trezeo

Open banking is an enabler, but an important one. Its objective was to facilitate 'a radical intervention that will allow consumers and SMEs to access a range of new and innovative products that better meet their needs'

Opening banking

*The global open banking movement will drive financial inclusion and help tackle poverty, says **Shefali Roy**, CCO & COO for TrueLayer – a leading provider of financial APIs*

Withdrawing money from an ATM, paying for something online, putting down your account details for a new job – for most of us, these are simple actions that we barely give a second thought. Unfortunately, for 1.5 million people in the UK, even the most basic financial services are out of bounds. These people are the 'unbanked'. A further 10 to 14 million are underbanked – with very limited access to financial services.

These are staggering figures. It means critical things, such as renting a house, getting a job, receiving a pension, buying insurance and paying utility bills, become next to impossible. Buying a home or car is out of the question. The result is a substantial group of people who are trapped in a cycle of poverty and disenfranchisement. As cash increasingly gives way to mobile, online and contactless payments, their predicament is getting worse. However, some salvation could be at hand in the form of open banking.

First, it's important to understand the core issues at play for the unbanked – namely, people are blacklisted or simply unknowable to traditional financial institutions. This can be for a combination of reasons – poor credit history, periods of unemployment, language, age or education barriers, very limited funds or, increasingly, they simply have no physical access to a bank branch. Any one of these factors can lead to a Catch-22. If they had a history of defaults or missed payments, they are cut off. If they subsequently improve their financial situation, it is incredibly difficult to regain access because they often cannot demonstrate that their financial situation has improved. As a result, their choices remain severely limited and, according to research firm Nesta, they end up paying around £1,300 per year in additional fees and commissions which pushes them further into poverty.

Open banking can tackle this issue in two ways. The first is by giving a leg up to people who are currently financially excluded to help them break the cycle, the second is by helping to stop people becoming underbanked or unbanked in the first place.

The fundamental purpose of open banking is to increase consumer choice – better products, better services, better prices. A key emerging trend is personalisation to tailor products based on individual circumstances. In practice, this means existing services, such as credit unions, can now get near instant access to financial data to make better informed decisions on providing loans, opening up the credit market to individuals with complex financial histories. It also means that it is much easier for charities and

up for everyone

businesses to provide financial services specifically tailored to the under and unbanked. For example, organisations that offer simple savings accounts to help people enter, or reenter the financial system.

The way open banking enables organisations to quickly fulfil know your customer (KYC) requirements also significantly reduces the burden on people having to prove their identity. This may seem minor, however, a lot of services require proof of identity, such as utility bills, getting a phone contract, opening a bank account. If people don't have this evidence, it can become a laborious or impossible process to gain access to these services. Open banking can short circuit this system, significantly increasing freedom for the under and unbanked.

We all know that prevention is the best cure. This is why the capacity for open banking to stop people falling out of the financial system is incredibly exciting. The Financial Inclusion Commission estimates that 60 to 67 per cent of the unbanked previously had a bank account. We've seen a number of financial management apps launch off the back of open banking with the ambition of giving people more control over their financial lives. Crucially, these apps are creating mechanisms that identify potential problems before they happen. They are able to make recommendations to customers about what actions they can take to protect their financial health. Using open banking, apps can also be developed to help people through financially difficult moments, such as unemployment, enabling them to better manage their outgoings by putting freezes or payment holidays on certain expenses. All of these apps have a few things in common: they are using open banking to help people to make better financial decisions and progress up the financial ladder.

I could write ad nauseum about the different innovative new services that can and will be developed but the core idea remains the same – open banking can open up the financial system to everyone. The societal implications could be profound. Giving millions more people access to finance will be a great spur to social mobility and help to tackle poverty. It will help to create a safety net and, from a purely commercial sense, it creates millions of new customers. This may sound like hyperbole, but the truth is that the financial system as it stands is failing many people in the UK and globally.

An astonishing 2.5 billion people are unbanked. It is not the case that traditional financial institutions do not care about these people. The reality is that the tools to help them on an individual basis have been historically limited and consequently the economics to do so have not stacked up. Open banking changes this equation. My belief is that in the next decade the biggest impact, and lasting legacy, of the global open banking movement will be financial inclusion. Everyone deserves access to banking, regardless of their net worth. TFT

> Unfortunately, for 1.5 million people in the UK, even the most basic financial services are out of bounds. These people are the 'unbanked'

Action for financial inclusion

A mission to give everyone access to financial services and lift people out of the poverty trap

Neil Harris, Chair and **Anne Pieckielon**, CEO of the Inclusion Foundation

Declining real wages, increased income volatility, the squeeze on benefit payments, along with the increasing cost of living, have made it harder for many people to make ends meet. And, as banks have pulled back from providing credit to less profitable individuals and businesses following the financial crisis, more and more people are struggling.

Without access to appropriate financial services, people pay more for goods and services and have less choice and less control over their spending and saving – known as the poverty premium. The Financial Inclusion Committee estimates that the poverty premium costs low income families around £1,300 per year. But the impact of such exclusion is not just financial. It also affects their prospects in education, employment, health, housing and overall wellbeing.

Financial exclusion affects one in four adults who will experience it at least once. Not having access to a bank account costs the poorest in society £500 per individual but as an industry we have the power to save vulnerable customers £1.3billion a year. It's time we did our bit to alleviate this social injustice together.

How people pay for products and services is at the heart of financial inclusion. If payment is simple, secure, convenient and value adding, people are more likely to become and remain part of mainstream society.

At the back end of 2019, a group of us from the Emerging Payments Association set up a movement for social good – The Inclusion Foundation. The Inclusion Foundation is now a dedicated not-for-profit community interest company (CIC) aiming to improve the lives of millions. Our purpose is to encourage the industry to play their part in giving every person in the UK access to financial services and lift those least fortunate in society out of the poverty trap. We will do this by providing better access to information on financial services that's more inclusive and signpost people to the right products.

Inclusion Foundation

We aim to achieve this as an industry through lobbying key stakeholders in government, commerce and consumer groups, as well as offering the banking world a wide range of vital services so they have the tools to get on board.

We are looking for pioneer companies and individuals to get behind our cause and benefit from the corporate social responsibility activities that your organisations can benefit from.

If you'd like more information about becoming a pioneer of The Inclusion Foundation to make a difference in the industry that matters, you can contact CEO Anne Pieckielon via email on anne@theinclusionfoundation.org. TFT

A BIG SHOUT OUT TO THE FOUNDING PIONEER MEMBERS INCLUDING:

- Mark Davison – Manifesto
- Joanne Dewer – GPS
- Andrea Dunlop – Chair of Emerging Payments Association and angel investor
- Aoife Hurley – PPS
- Mastercard
- David Parker – Polymath Consulting
- Angela Yore – SkyParlour

Innovating in times of crisis

*Why coronavirus has given organisations the opportunity to consider new possibilities, says **Charles Radclyffe**, Innovation Specialist, Digital Ethicist and TEDx speaker*

About Charles Radclyffe

After building and selling three tech companies and in between consulting to large financial services organisations on emerging technology, Charles is now an adviser to organisations on how to develop a strategy of ethical implementation of AI, automation and robotics. He speaks at events on this subject and writes a blog on the ethics and societal impact of emerging technology and has a passion about entrepreneurship to change to the world.

The spam in my inbox is occasionally punctuated by a newsletter from McKinsey & Company with one of its latest thought pieces on strategy, innovation, or advice on technological disruption.

Recently, I was drawn to a classic article originally authored in 1997 by Jane Kirkland, Hugh Courtney and Patrick Viguerie on *Strategy Under Uncertainty* or, as I think of it – 'how to innovate in a crisis'.

McKinsey put forward four levels of uncertainty and different strategies are recommended for each. At the most basic level, there is a clear view of the future – a single possibility and traditional consultant tools, such as Porter's five-forces framework can be used to make predictions and help back up decisions. At the next level, there are a number of scenarios and these can be modelled with tools, such as a decision tree. The example given was from 1995 when long-distance telephone providers were faced with legislative change and had to adapt strategy accordingly. For level three, however, there are a range of possible futures – a number of key variables and outcomes need to be modelled within a range of eventualities. Market entry strategies fall into this category. The fourth level? They call it 'true ambiguity', but I prefer to think of it as 'when the sh*t hits the fan'.

McKinsey's analysis offers two helpful tips for dealing with level four scenarios – firstly, look out for opportunities for a high-degree of leverage and secondly, don't lock yourself into a position through neglect. They offer the insight that 'paradoxically, although level four situations involve the greatest uncertainty, they may offer higher returns and lower risks for companies seeking to shape the market than situations in levels two or three'. This is McKinsey-speak broadly equivalent to Warren Buffett's famous quote: "Be greedy when others are fearful."

The concern the authors had of traditional executive responses to times of crises was that they felt the response was caught at one of two extremes, either relying too much on detailed analysis where models break down, or resorting to gut – which would be 'dangerous'.

Under normal circumstances, I'd tend to agree – but in times of crises, gut is possibly the greatest tool in the toolkit, but not any old gut – a specialist rare-breed of gut that has been tuned to existential threat since birth. That's right – the gut of the entrepreneur.

I was once interviewed on BBC Breakfast TV alongside Simon Woodroffe who was a bit of a hero of mine at the time (and still is). As a green-behind-the-ears entrepreneur on venture number one, I was dismayed when he answered a question on motivation with the line that it was the fear of failure that drove him forward. Having never experienced failure at the time, nor having come close to it – I didn't understand his perspective, nor did I find it particularly inspiring – only years later, with a well-tuned radar for failure, did I understand that the best entrepreneurs are those who don't just execute on strategy, or liberate investors from capital, but those who can navigate the tightrope of uncertainty and come safely to the other side and find firm ground.

I believe that innovators need to be focused on two things: Firstly, how to make their organisation every day a little bit better, or what I call 'incrementalisation'. This is table-stakes innovation. You should be looking at how to do things that are done today but one second faster, or $1 cheaper, one per cent more reliably. Such innovation capabilities should run a portfolio approach to their book of work and look at the value of every opportunity in front of them and discount each one by its level of maturity. Even ideas can be quantified in this way. All that is needed at a very early stage is an appreciation for the order of magnitude of the value of an idea. You need to tell the difference between those which have a $10,000 impact on the organisation to those which have a $1million impact. Nothing more is needed at the early stage, no business case, no analysis – just an assessment of value. With enough data,

you can see how many ideas make it to reality and apply a real discount – a one in 100 success rate would imply valuing ideas at just one per cent of their expected return. Similarly, if half the proof of concepts make it to production, then anything in this bucket would be valued at 50 per cent its value. Of course, by this stage you'd expect a little more rigour around the numbers, but I'd hold off writing the business case until things get really serious and you are anticipating the likelihood of going from lab to live.

An innovation portfolio is helpful in being able to quantify the return on an organisation's investment in innovation as a whole. It's a useful guard against being cut when the going gets bumpy. But what is needed in times of crises is a second form of innovation – that's where disruption comes from.

> 2020 was not the year that many of us would have forecast, but only innovators and entrepreneurs are those who will say it was a year of opportunity

Disruptive innovations are those which under ordinary circumstances would mobilise the anti-bodies against the organisation. I was recently consulting to a large pensions firm and put forward the idea that they consider offering pensions to gig-workers. I was attacked from all angles, from not understanding the core-business to not appreciating that there was no money to be made from such a customer group. What my colleagues failed to realise was that the only way to serve this market at break-even would be to automate every aspect of client servicing, and by doing so – we would probably have solved one of the problems that cost the firm the most money – how to onboard and offboard customers.

In truth, every business probably only has the ability to execute on one or two disruptive innovations at any time, and to do so effectively they need the following ingredients: senior stakeholder support (at least, and no less than from the CEO), a ring-fenced budget that is not being pinched from other business lines, and a team who have autonomy from the mothership to execute on it.

Whereas in ordinary circumstances the disruptive innovations would be looking at upside scenarios, such as how to win new markets, or new customer segments, or launch new products – in times of crisis, the disruptive innovations would look at existential possibilities. What if a regulator blocked us from this market? What if we faced a severe liquidity crises? What if we were temporarily shut down? Entrepreneurs, or at least certainly those of us who have run under-capitalised businesses, failed, or at least come damn close to it – are able to run with these scenarios and work through ideas to take the best of the firm's resources (often its data and human-capital) and put forward potential opportunities. This is what firms need in times of crisis – innovators and their gut, and not analysts and their PowerPoint.

History has shown time and time again that those firms who out-compete in the long term are the ones that out-innovate. Those that out-innovate in the long term, are those who, by definition, have learned to innovate in times of crisis. 2020 was not the year that many of us would have forecast, but only innovators and entrepreneurs are those who will say it was a year of opportunity. Find them, seek them out, and give them the tools to do what they do best. My bet is you'll look back and wonder why you waited for a crisis to hit before you did so! TFT

How fintech can improve creditworthiness

Open banking can enable people to prove their suitability when applying for financial products

Freddy Kelly, CEO and co-founder of Credit Kudos

Consumer champion Which? likens a person's credit report to a financial CV, which I think is a good analogy in general. But while you would ensure your CV contains accurate, relevant information and highlights before applying for a job, it's hard to do the same with your credit report before you apply for a loan.

The fact is the traditional credit report – the key measure of creditworthiness for decades – is not just hard for people to understand, but it's also a blunt instrument that's based on assumptions and can be up to 60 days out of date. It relies on historic borrowing data, address history and financial connections, which doesn't actually paint an accurate picture of someone's ability to repay a loan.

If someone rents their home, has just moved to the country, or hasn't taken out credit before, lenders may consider them high risk. It's antiquated. I found myself in this situation after having lived in America for a couple of years – without any credit history in the UK I was seen as too risky by lenders. I'm not alone. It's been estimated that nearly six million people in the UK are excluded from large parts of the credit market, either because they have limited credit history or because they have no credit file at all.

People in this situation are excluded or else charged exorbitant interest rates by high-cost loan providers because mainstream lenders don't have enough accurate and up-to-date information with which to make a decision. The Financial Conduct Authority has previously highlighted that three million people in the UK have turned to high-cost credit.

The market is crying out for a more robust and clearer method of assessing creditworthiness. Thankfully, open banking has ushered in an era of open data, which makes it possible to assess creditworthiness through transaction data, not just previous credit history. It's time to polish that financial CV.

The data you generate belongs to you and you should be able to use it for your own benefit. Before open banking, accessing the transactional data in someone's bank account was a clunky process, requiring a customer to trust a third party with their banking passwords in order to share data. But now, with a customer's consent, regulated firms can securely access this data directly.

I created Credit Kudos because of my own frustrations struggling with the existing system. We're now disrupting the monopolised credit market, dominated by the three major players, by harnessing financial data through open banking to help lenders, brokers and financial institutions make better and fairer credit decisions.

With consent, we can connect directly to a customer's bank data to look at their income and outgoings in real time. We then use machine learning to categorise and analyse this data to predict credit risk and affordability far more accurately than possible with just traditional credit bureau data. As a result, we have enabled our partners to accept up to 20 per cent more applications than they would have previously, whilst halving the number of defaults.

It is still early days for open banking, but we are beginning to see people becoming more and more comfortable with the idea of sharing their data – particularly the younger generations. Our research with Equiniti found three quarters of 25 to 34-year-olds would be happy to share data in exchange for convenience, while 60 per cent would be willing to share their bank transaction data to get a better rate for a loan.

> It is still early days for open banking, but we are beginning to see people becoming more and more comfortable with the idea of sharing their data – particularly the younger generations

As with any significant change in financial services, such as online banking or contactless cards, open banking will take time to fully bed in. But we're off to a good start and the potential is huge – in fact, it's been estimated that UK consumers stand to gain £12billion from open banking-enabled tools.

By using this data to make credit assessments fit for purpose, we can help millions of people across the UK – and around the world – who are currently excluded from mainstream financial services and make better credit more accessible for all. TFT

CREDIT KUDOS

Heaven or hell in continental Europe?

The payment industry succeeds because of the multiplicity of its players and the commercial collaboration that they maintain

Thibault de Barsy, Vice-Chairman & General Manager at Emerging Payments Association EU

You know this European joke, right? Heaven is where the cooks are French, the mechanics are German, the lovers are Italian and everything is organised by the Swiss. Hell is where the police are German, the mechanics are French, the lovers are Swiss and everything is organised by the Italians.

Well, in the world of payments, heaven is where instant payments is Swedish, account-to-account is Dutch (ideal), and P2P is Italian (Jiffy). I would not dare suggest which countries are closer to hell but it is quite obvious that continental Europe offers a very contrasting landscape with the survival of cheques in France, the low acceptance of credit cards in Germany and the slow pace of a simple transfer as soon as it crosses a border. Much hope has been placed in the expected consequences of the implementation of the PSD2 standard, but it must be noted that, until now, the interfacing of simple current accounts and the bogging down of the debate on the quality of application programming interfaces (APIs) has caused many people to be disenchanted.

Continental Europe, however, has nothing to be ashamed of in terms of the innovations brought by its most innovative fintechs – Klarna, N26 and Trustly are the best known to the British reader, but each European country has its own nuggets. Some major banks are not to be outdone, especially in corporate treasury services where they can stand out. We can expect that the two major trends, open banking on the one hand and the generalisation of instant payment on the other, will intermingle and generate a host of innovations that can be supported by the prospect of sitting on a market of 350 million potential 'payers' thanks to intra-EU passporting.

So, this is the prospect of paradise on earth (well, the European version, let's keep it modest). An infinite choice of payment methods mixing (at choice) instant or split payment, interfacing with the payment card of one's choice according to the best services offered, European – or even worldwide – acceptance of one's favourite electronic wallet, lower costs for consumers and merchants, better profits for the most innovative providers.

This European paradise is achievable provided that.. local regulators and legislators do not play the 'national' card by over-regulating not only the payment itself, such as the conditions of access to licences, but also the ancillary services that have made the success of the best paytechs in their country of origin. I am thinking, for example, of so-called consumer protection, a modest veil for a conservatism aimed at freezing shares in favour of traditional players. I am also thinking of the regulation on consumer credit, which could obviously block some deferred payment formulas. I am thinking of a misinterpretation of a healthy philosophy of competition that could nip in the bud the development of financial super-apps by accusing them of selling bundled services. I am thinking of insurance practices against payment fraud, which are far from being harmonised. Finally, while the Markets in Financial Instruments Directive's (MiFID's) intentions are laudable, it has to be said that being bound hand and foot by a 'purely declarative' form made at a given moment rather than basing oneself on actual observed financial behaviour does not encourage the proposal of innovative financial services. We are thinking of tailor-made credit or automated investment as imagined by open finance futurists.

So here is hell – a jigsaw puzzle of 27 local markets with its own rules, dominant players and particularities of all kinds. In short, a maze to the detriment of consumers and entrepreneurs, where the prospect that a Luxembourgish payment service provider (PSP) could one day offer a sophisticated payment service to a Romanian consumer becomes almost nil.

And, at this time when the industry is at the crossroads of a path that could lead to heaven or hell, the Emerging Payments Association EU

(EPA EU) was created. With the initial support of its English sister association and its 150 members, we believe that linking the interests of payment actors beyond their national borders is a lever expected not only by the actors themselves but also by the regulators. What could be better, to recall my introductory joke, than to highlight the best of what is being done in Europe in each of the payment professions?

How can we promote great ideas, whether they come from entrepreneurs – or from traditional banks – to thrive without constraints? What could be better than an open-air laboratory on a continental scale? We believe that the opportunity to shape the future of the industry lies first and foremost with the operators, not the men of the law. The success of a local operator in one of the European countries must be able to be amplified without constraints on the continent by putting them in immediate contact with customers and suppliers who are part of the payment value chain anywhere on the continent.

> Just as Covid-19 does not strike different parts of Europe with the same intensity at the same time, it is the strength and scope of a network of operators like our industrial partners across a whole continent that will make all the difference in post-crisis Europe

We are convinced that the best way to influence tomorrow's regulations is to set an example for the best among us, their commercial success but also the prosperity of their shareholders. What better than a killer app relying on open banking to demonstrate its benefits, or its limitations? What could demonstrate the need it fulfils better than a service instantly adopted by millions of Europeans? In the field of financial inclusion, who can do better than the 'Nickel card' in France? In the area of acceptance, what can be even easier than iZettle?

It is the promotion of our members' success and the consistency of our common ideas that will be our strength as an industry. This is our definition of paradise.

But here we are in mid 2020 and the least that can be said is that the devil and the four horsemen of the apocalypse – pandemic, decline, negative interest and liquidity crisis – are at our doorstep. Payment volumes are collapsing and the accelerated transition to digital means of payment is not offsetting the general depressive effect. Moreover, the financing of young companies or even the investments planned by operators who have the means to do so will decelerate the expected transformation of the sector. But we are not in 2008 where the worm was in the fruit of the financial world and killed the confidence that the public had in its financial institutions. When we have come through this bad patch, what a great opportunity to show that the payment industry has demonstrated its formidable resilience by continuing to keep the blood system of the entire European economy functioning. And, if what does not kill it makes it stronger, it will be because of the multiplicity of its players, the commercial collaboration that they maintain, the different channels that money can take, the interoperability between its operators. In short, what the EPA-EU is promoting.

Just as Covid-19 does not strike different parts of Europe with the same intensity at the same time, and just as medical cooperation makes it possible to transfer resources, it is the strength and scope of a network of operators like our industrial partners across a whole continent that will make all the difference in post-crisis Europe. TFT

EPA EU
EMERGING PAYMENTS ASSOCIATION

The real reason Caxton went live with open banking

*Reduced costs, instant payments and increased security; CEO **Rupert Lee-Browne** on why the veteran payment firm sees a bright future ahead*

Rupert Lee-Browne, Chairman & Chief Executive at Caxton FX

Open banking promises so much. What's not to like about being able to get a better mortgage from a few swipes on your smartphone, seeing all your accounts in one place or getting graphical format of your past month's spending with tips on how to be more financially savvy. Data-rich transactions will power a new breed of financial business. Exciting services will flood on to the market from startups and on the back of regulatory and technological change, consumers will radically change their approach and relationship to banking.

At least that's the theory. The reality is that two years on from launch, there is nothing more than a handful of services being provided to a smattering of early adopting consumers by some edge-case fintechs. The banks appear to have been unwilling participants in the 'Grand Projet' making it hard for consumers and third-party providers (TPP) alike. Part of the problem has been the difficulties with successful application programming interface (API) connection to the main UK banks. Nationwide, Santander and HSBC Business had more than 15 per cent failure rate on API calls in January 2020, according to Open Banking Implementation Entity (OBIE). The other major issue is that it is hard to make a robust business case for significant and expensive technical development on what is only really incremental customer satisfaction.

So why is Caxton, the veteran player in international payments and currency cards, a first-mover in this space? The simple answer is the cost of taking payments through the card schemes. As a business that turns over a billion pounds with a significant proportion of that coming from customers' debit cards, the cost of acquiring is significant – and a saving of even a few basis points on each payment means a significant cost efficiency.

And open banking can provide that efficiency. As an authorised account information service provider and payment initiation service provider for the past two years, the company has been providing pay-by-bank as an option to a test-audience when funding an account or settling a currency trade. The technology implementation has been reasonably straightforward, even if the provision from the high-street banks has been woefully lacking and their user experience patchy at best. Rather than build the open banking connection itself, the canny choice was made of partnering with expert specialists Konsentus and Token to act as interface with all other providers.

And what has Caxton learned so far? The online banking experience for customers using pay-by-bank is still variable at best but integrating with mobile banking apps now offers a smoother customer flow. That's the way forward.

The future for open banking is extraordinarily bright – the key driver will be from merchants, such as Caxton, that wish to reduce costs and wean customers off debit and credit cards while making it an easier and safer experience than paying by card. So Caxton will be rolling the service out to all its customers as well as improving the service – we should look forward to enhanced customer authentication as name and address confirmation becomes a reality (to cut fraud risk further) and the variable recurring payment option will remove some of the friction we currently see. It will certainly take time for businesses and consumers to adopt but undoubtedly be worth it. TFT

CAXTON

FINTECHS IN A COVID-19 WORLD

The coronavirus crisis has presented an unprecedented set of challenges with businesses globally facing job losses, declining sales and falling profits due to extensive lockdowns and social distancing measures

High levels of new demand for cash assistance and other services to mitigate the sudden economic downturn required quick-thinking and resilience with governments and financial institutions worldwide enacting sweeping monetary stimulus measures to counteract the disruption caused by Covid-19.

Early concerns focused on whether big banks and their legacy core systems were too slow and vulnerable to cope with demand, or whether fintechs could issue loans due to their lack of liquidity and dependency on the secondary market.

Many fintechs have used this opportunity to showcase their credentials, by providing funds to stricken businesses faster than traditional banks and leveraging innovative payment technology to make it easier for businesses to access funds, or by providing mission-critical software to banks.

The early signs were good for the fintech industry, with some fintech bosses talking of the government stimulus packages leading to thousands of new leads and businesses showing goodwill towards the fintech industry for giving them a lifeline in their dire situation.

But for many others, it has been a difficult and frustrating time, with lateness in getting approval to lend through the schemes despite larger financial institutions appearing to be unprepared for a locked-down economy.

An overriding consensus is that the current environment has accelerated the need and expectation for financial services to be delivered in digital environments, which could in turn lead to more mergers and acquisition activity.

According to a report from venture capitalist firm Finch Capital, legacy institutions will turn to tech companies – in particular fintech enablers in artificial intelligence and internet of things (IoT) – adopting their solutions rather than building something in house.

But a more sobering approach by institutional brokerage firm Rosenblatt Securities warns that fintech firms – struggling as funding sources diminish – may be forced to seek collaboration, investment, or acquisition by traditional financial institutions, private equity funds, or non-financial strategic buyers.

At *The Fintech Times* website, you will find regular webinars, video interviews and in-depth features with industry players and experts that delve into the current and future roles fintechs can play in this fast-evolving world. Visit ***www.thefintechtimes.com*** for the latest developments. TFT

US Government Stimulus Packages

PAYCHECK PROTECTION PROGRAMME (PPP)

- This loan programme provides loan forgiveness for retaining employees by temporarily expanding the traditional Small Business Adminstration's (SBA) 7(a) loan programme

ECONOMIC INJURY DISASTER LOAN (EIDL)

- The EIDL loan advance will provide up to $10,000 of economic relief to businesses that are currently experiencing temporary difficulties

SBA EXPRESS BRIDGE LOANS

- Enables small businesses who currently have a business relationship with an SBA express lender to access up to $25,000 quickly

SBA DEBT RELIEF

- The SBA is providing a financial reprieve to small businesses during the Covid-19 pandemic

In the US, alternative lenders Kabbage, QuickBooks Capital and Square, and tech payment specialists, such as Fattmerchant and Temenos, are helping businesses lend through the PPP – a $660billion lending scheme that offers businesses with 500 or fewer employees loans from a few thousand dollars to $10million. PPP loans can effectively become grants if businesses meet SBA guidelines by spending the loan within eight weeks and at least 75 per cent of the loan spent on payroll and 25 per cent on rent, utilities and other overheads.

"There are plenty of people who say 'these guys don't have the liquidity', but there is a larger recognition that [online lenders] serve the small businesses that are just not served by the rest of the system."
Sam Taussig, head of policy at Kabbage

"The banks and fintechs that helped small businesses secure loans have in turn secured customers for life – they were for the small business clients when they needed help the most. That won't be forgotten quickly."
Derek Corcoran, chief experience officer at Temenos

"Fintechs tend to have some unique advantages that are allowing many to both create new ways of providing value in the current environment and position themselves to thrive in the longer term." *Deloitte*

Fintechs in the UK approved to lend through the Coronavirus Business Interruption Loan Scheme include Starling Bank, Funding Circle and OakNorth, with lenders offering 80 per cent government-backed loans of up to £5million for companies with a turnover of less than £45million. Tide and Starling Bank are also accredited for the Bounc Back Loan (BBL) 100 per cent government-backed lending scheme with loans of up to £50,000 to all businesses.

"We have always priced loans so that if bad debt were to increase multiple times over, our loanbook would still be likely to deliver positive returns overall, once loans have been repaid and recoveries received. While the economic picture is still too uncertain to update how we expect our loanbook will perform in future, we are confident investors' portfolios are well-positioned to weather this period of uncertainty."
Jerome Le Luel, global chief risk officer at Funding Circle

"Going forward, I think we'll see a data driven approach and a much more forward-looking approach to lending. My hope is that this underserved segment of SMEs does not continue to be overlooked by banks and globally banks are able to offer them a better service because we feel really strongly that they're essential to the recovery post-crisis."
Sean Hunter, chief information officer at OakNorth

"We have a market where a lot of money has been spent to introduce competition; what the BBL programme is at risk of doing is inadvertently reducing that by forcing people to move their [primary banking] relationship to the big banks."
Oliver Prill, CEO of Tide

UK Government Stimulus Packages

PAYING TAX
- Deferral of VAT payments
- Deferral of self-assessment payments

BUSINESS RATES RELIEF
- Retail, hospitality, leisure businesses and nurseries eligible for business rates relief
- Business support grant funds
- Covid-19 small business grant fund
- Covid-19 retail, hospitality and leisure grant fund
- Covid-19 local authority discretionary grants fund

SUPPORT FOR SMALL AND MEDIUM-SIZED BUSINESSES (SME)
- Coronavirus Business Interruption Loan Scheme (CBILS)
- Coronavirus Future Fund
- Coronavirus Bounce Back Loan (BBL)
- Coronavirus Large Business Interruption Loan Scheme (CLBILS)
- Covid-19 corporate financing facility

Singapore Government Stimulus Packages

JOBS SUPPORT SCHEME
- Employers receive wage support of 25-75 per cent offset for first $4,600 of monthly wages for all workers up till August 2020 or a total of 10 months
- Higher wage support of 50-75 per cent offset for more firms in badly affected sectors, 25 per cent for others

SUPPORT FOR DIGITALISATION
- $300 per month over five months to encourage stallholders to adopt e-payment methods
- $5,000 payout for businesses that digitalise basic payment & invoicing
- Additional $5,000 payout for food & beverage and retail businesses that adopt advanced digital solutions
- $250million set aside to help businesses digitalise with platform solution providers

PROPERTY TAX DEFERMENT
- Deferment of income tax payments for three months
- Property tax rebate of 30-100 per cent
- Covid-19 (temporary measures) act allows individuals and businesses to defer contractual obligations, such as paying rent, repaying loans and completing work, for a period

IMPROVE BUSINESSES' ACCESS TO CREDIT
- Enhanced financing schemes, such as Temporary Bridging Loan Programme and Enterprise Financing Scheme

DEFER PAYMENT ON PRINCIPAL OF LOANS
- $585million financing support for startups in growth sectors

Asia-focused banks, including HSBC and DBS, have taken greater provisions against bad loans, but alternative online lenders are worse off than their traditional competitors.

The Monetary Authority of Singapore (MAS), Singapore FinTech Association (SFA), AMTD Group and AMTD Foundation (collectively, AMTD) launched a S$6million Fintech Solidarity Grant to support Singapore-based fintech firms amid the challenging business climate caused by Covid-19.

"There is a surge in demand in the financial services industry around the region for solutions to address the need for remote digital services amidst the Covid-19 pandemic. Fintech firms have a great opportunity to step up actively during this period to provide these solutions."
Sopnendu Mohanty, Chief FinTech Officer at MAS

"To truly improve financial health in Asia we must address the approximately 300 million people in our markets that remain underserved by existing banking and insurance services."
Adrian Chng, CEO at GoBear

"Digital banks will challenge the status quo and potentially make the conventional banks move faster in many areas – a win for consumers and businesses."
Li Jianggan, CEO at Momentum Works

Open banking: Building better

Ben Davey CEO, Barclays Ventures

As *The Economist* pointed out, the world's most valuable resource is no longer oil, but data. One of the most effective ways that fintechs can access the rich seam of consumer banking data is with Open banking, the application programming interface-driven (API) revolution that started in 2018 and continues to take shape around the world.

For some sectors, it's been more evolution than revolution, with progress slower than expected. However, fintechs have certainly played their part and continue to make great strides, developing a host of new, customer-centric financial products and shaping the way that data is used innovatively and, of course, securely – whether that's building new funding platforms, supplier payment services, credit checks or insurance products.

The number of calls to Open banking APIs is growing, allowing previously inaccessible customer data to be released, with consent, for useful and fascinating purposes. As fintechs and financial service incumbents alike provide ever-improving solutions to customers' problems, those customers are becoming more willing to share their data and aggregate their accounts. Even with the challenges that 2020 presents, technology organisations, including fintechs, banks and data aggregators, will need to keep collaborating on ways to enhance customer service and value propositions through new offerings. With regulators providing the framework in which to operate, we're sure to see innovators continue to join forces on Open banking in ground-breaking ways that will expand the possibilities of financial services. It's a global movement with genuine scope to disrupt the industry.

Through its Open banking APIs, Barclays is playing an active part in that movement and is creating services that are making customers' lives easier and helping them make the most of their finances. If you're interested in collaborating on APIs with Barclays, visit the Barclays API Exchange (**https://developer.barclays.com**).

Ashok Vaswani Global Head of Consumer Banking and Payments, Barclays

The industry's perspective on Open banking

Open banking is transformational. It's more than just regulation. Across the world, banks are publishing standardised APIs that offer customers the choice to share with, and extract information from, third party apps. Those apps can then offer additional value-add financial services to consumers as a result of the access to banking data. While conventional wisdom would suggest that regulation such as Open banking could be a threat to an incumbent bank like Barclays, we took a different approach and really embraced the initiative.

Before Open banking, we'd always required customers to come to us – in our branches, through our phone lines, to our website, with our mobile banking app. Open banking has enabled us, for the first time, to go to where the customer is. It's been an opportunity to accelerate the digital transformation of our bank and ensure we provide greater value to our customers. It was, and is, our belief that the customer will go to whomever they trust most and provides the best customer experience. We have our 328-year-old legacy and award-winning mobile banking app, a testament to both pillars of trust and customer experience.

By embracing Open banking, we were the first high-street bank in the UK to offer in-app aggregation. We figured that if customers already loved the app, why not empower them by consolidating all of their financial accounts in it? More recently, we enabled payments from aggregated accounts to be facilitated through our app. This is only the beginning of the Open banking journey for Barclays as we continue to drive innovation throughout the industry.

Ultimately, it's about the customer and offering them greater simplicity, more innovation, more data to more places and, most importantly, the highest level of trust and value. Read about the Open banking options available to Barclays customers at **www.barclays.co.uk/ways-to-bank**.

customer-centric propositions

Matthias Hauser Strategic Advisory, Barclays International

Origins and global reach

Historically, owning customer data gave banks a competitive advantage in pricing and risk scoring. The concept of Open banking was introduced by EU regulators so that new market entrants could access consumer data and payments more easily. The European Payment Services Directive (PSD, later revised as PSD2) and general data protection regulation (GDPR) have enabled third parties to develop new services that educate customers about their finances and help them make better financial decisions.

Open APIs are at the heart of Open banking. They provide safe, secure plug-and-play connectivity between companies and networks, and customers have transparency and control over what data a company uses. Since the first Open banking products and services pioneered in 2018 in the UK, new forms of collaboration between traditional banks, fintechs, consumer representatives and regulators have rapidly emerged.

Despite its early successes in the EU and UK, the adoption of open banking on a global scale is still limited. The level of local regulatory involvement, consumer sentiment and adoption, and climate of innovation will determine the speed of adoption in individual countries. Large banks, traditionally providers of uniform services globally, will face challenges in adapting to different regional requirements.

Benefits of Open banking

The expected benefits are substantial and extend beyond payments. The consumption of retail banking products through a marketplace will open up access to more transparent and customer-centric experiences.

A great example is how Barclays is using APIs to roll out itemised, digital receipts for customers and merchants in the UK, following a recent minority investment in the Barclays Accelerator, powered by Techstars, company Flux. Traditional and non-traditional providers are competing to close gaps in existing offerings and in anticipating future customer needs, for example by enabling underserved customers to access credit.

Open banking in the US

At the time of writing, there's no Open banking regulation in the United States. We see the implementation being largely driven by industry or customer demand. In particular, the younger generation of consumers, comprising millennials and Gen Z, appreciates Open banking for its flexibility and transparency.

Sharing data through open APIs can bear significant risks that challenge supporting processes, governance and infrastructure. But experiences from regulated markets in which Open banking operates support a standardised approach to developing and operating the APIs. For example, California's privacy law has recently been informed by GDPR legislation.

User adoption in the United States is likely to grow in 2020 with more banks beginning to publish APIs that allow consumers' financial data to be transferred in a secure and safe way to third party applications. TFT

SME banking in times of uncertainty

How the coronavirus has accelerated the fintech-bank collaboration model to become the new normal

In these uncertain times, it is no secret that small and medium-sized enterprises (SMEs) are some of the hardest hit by the economic impact of Covid-19. But help is at hand. Financial services providers are working to help SMEs navigate the current wave of uncertainty but are they doing enough and what can we expect as this new 'normal' plays out over the coming months?

SME banking has, until recently, been a bit overlooked by traditional banks, but as new technology developments emerge the landscape has become increasingly fragmented as challenger banks and alternative providers in the lending, foreign exchange (FX) and supply chain financing space have entered to compete. This is now reshaping how small businesses can access and manage their finances. And, depending on which side of the table you are at, fintechs and banks each bring their own strengths and weaknesses.

The SME experience

SMEs account for two thirds of UK employment and half of turnover in the UK private sector. Yet, they have been notably underserved by traditional banks in the past. SMEs often do not have the time to investigate all the options that are available to them as they are balancing administration, accounting and the day-to-day running of their businesses. As a result, they frequently keep using their existing bank.

Fintechs have become increasingly competitive and reliable as more investment has been placed on technology and compliance. Fintechs have been able to grasp the SME pain points and help businesses use technology in an accessible and transparent way.

The opportunity for fintechs to step up to the plate throughout the current global crisis is massive and will very much define the perception of the industry for years to come.

Shift to digital

Covid-19 has highlighted the need to accelerate towards digitalisation and the shift to digital has been huge over recent weeks. One thing is for sure, is that this operational crisis is causing major shakeups in the world of SMEs. Fintechs have demonstrated they are flexible and nimble enough to adapt to these fast-changing demands, mostly due to the digital nature of the services provided and leaner existing operations in the background.

On the other hand, banks have needed to migrate their SME banking customers through to new digital channels. Although it took time, they have adapted relatively well to the changes, having to rethink their operating model and proving that they can be agile when they need to.

It will be key for both sets of players in the market to be able to adapt to the further fundamental changes that will arise. Beyond the obvious changes in point of sale payments becoming more digital, they must think about all of the other services that will need to be digitised. In the current climate, SMEs will require seamless invoice factoring and supply chain financing solutions accessible online and in real time.

The key to surviving this crisis will be to be able to innovate at pace and manage pain points that were previously never envisioned.

Funding initiatives

One point of view that will be debated about the handling of the crisis by financial services is the implementation of government funding initiatives. Eighty-three per cent of the funds for the Bounce Back Loan Scheme (BBLS) were granted to UK's top four banks by 30 April 2020. The reason for this decision likely arose from legacy thinking and assumption that larger banks have the vastest share of customers. However, since May 2020 this has been opened up to a wider net, including alternative lenders.

Some issues with automated underwriting and process driven challenges have caused an initial difficulty with redistribution of the funds in the UK, resulting in some SMEs failing to get access to the funds in crucial time. On the other hand, various alternative lenders and fintechs are still waiting to get accreditation for government backed Coronavirus Business Interruption Loan Scheme (CBILS), Coronavirus Large Business Interruption Loan Scheme (CLBILS) or BBLS. Despite this, many have still been able to show that they are able to support customers in times of crisis with various initiatives, such as Tully launching a payment relief digital outsourcing service, or others launching a spare debit card feature to help those self-isolating.

Going forward, both sides of the market agree that one of the lessons learned throughout the current crisis is that fintechs should be included early on in the participation for liquidity issuance to SMEs allowing them to cope with the demand and promote healthy competition.

Pairing relationships and technology

Even when SMEs are entering into partnerships with fintechs, they still retain their relationships with their banks. The head start they have is that SMEs already trust them to deliver their financial services.

The current pandemic is likely to allow SMEs to uncover new opportunities in the fintech market, specifically in supply chain financing and alternative lending – but SMEs have shown that they will still favour assisted human interactions in times of uncertainty. Technology and automation are essential, but the relationship manager element continues to be a vital point of contact.

The right combination of relationship banking and good technology provided by fintechs should ensure SMEs have a variety of choices available to them.

The future of banking for SMEs

The rise of fintech challengers has refuelled the innovation agenda of incumbent players and in favour of their customers. It is vital that fintechs continue challenging the status quo and improve the solutions available for SMEs and the rest of society.

A lot of alternate providers excel at one piece of the puzzle. As a result, collaboration is truly the key to providing SMEs with the best options possible. Solution-oriented products, designed by combining the benefit of sophisticated services on one hand and efficient delivery on the other, requires partnerships between banks and fintechs.

The future of banking for SMEs is shifting from one that was once a battleground between banks and fintechs to one of collaboration. The question that remains is whether the fintechs and the banks who do not choose this route will be able to keep control of the SME market. TFT

Travel money is costing us a fortune but with open banking, Currensea is ready to change the game

The first travel money card in the UK to be linked directly to bank accounts aims to deliver convenience to UK holidaymakers

James Lynn, Co-Founder of Currensea

Figures from UK Finance show that Brits perform more than 1.5 billion debit card transactions outside the UK each year, equating to a total spend of more than £46billion. Based on the average charges across five major UK high street banks, this equates to a whopping £1.5billion per annum that we're paying to use our debit cards abroad.

To make this more tangible, for a $2,000 hotel checkout bill paid 80 per cent with a card and 20 per cent with cash withdrawn from an ATM, bank charges with the most popular high street banks could amount to between £49 and £59. Quite a dent in the holiday budget.

A clear gap in the market

Current account switching rates sit around two per cent, with high street banks still receiving more than 85 per cent of switches. So, the vast majority of people still use a high street bank account and their bank debit card abroad.

I'd tried using travel money products and found the hassle of topping up and keeping track of a separate account a painful business. Having a prepaid card declined after a long dinner abroad (with no mobile phone reception) being an especially unpleasant memory.

The main options here are prepaid cards and challenger banks. While both of these solutions offer improved pricing, they tend not to be used as primary accounts. Given that, they have one thing in common – inconvenience. Running a second account, pre-paying, keeping track of balances, topping up and so on.

We did a number of surveys in the UK and found that the majority of people simply don't want this inconvenience – and hence continue to use their debit bank cards. The specific reasons given were:

46 per cent don't want to open a new bank account

54 per cent value the convenience of using their existing bank

44 per cent think that alternatives are too much hassle

Regulatory landscape opportunities

Historically, Travelex had tried to solve this problem with its Supercard. A huge hit with customers, the economics sadly proved crippling and it was withdrawn within a year.

We wanted to create a product that not only married the convenience of a high street bank account with the pricing of a challenger bank but did so with sustainable unit economics.

Open banking was the key to enabling this for Currensea. This launched in January 2018, but it wasn't until September 2019 that the final elements we needed became mandatory under Payment Services Directive (PSD2). In early 2019, we were delighted to be awarded a place in the Financial Conduct Authority (FCA) sandbox. This enabled us to work closely with the regulator in developing a compliant approach to untested regulation and to launch as the UK's first card-based payment instrument issuer (CBPII). It's a completely new model which enables us to issue a separate debit card against an existing bank account.

We spent 12 months in the FCA sandbox to prove the concept, becoming the first and only solution like this in Europe. By leveraging open banking, Currensea provides an incredibly convenient experience for consumers. The same leverage also enables the platform to benefit from substantially lower costs than prepaid providers or challenger banks.

The result

The resulting product is the Currensea card. It's a Mastercard debit card, which can be used anywhere in the world, and it saves 85 per cent on charges when spending abroad.

The key differentiator is that it connects directly to a customer's existing bank account. No pre-paying, no topping up, no secondary account – just a convenient and hassle-free experience. Travellers can simply spend abroad as they do with their regular debit card but at compelling rates.

A strong start

We started our closed beta in late 2019, then launched in January 2020. Since then we've achieved some great results:

- Thousands have signed up, with amazing feedback
- Currensea has been used in more than half the countries in the world
- We were listed in the top three travel debit cards by MoneySavingExpert

Since our launch, we've added an additional feature that offers holidaymakers a way to offset the carbon from their travels. If you sign up using the code 'Currentree' or via **www.secure.currensea.com/referral/currentree**, we will plant two trees on your behalf, to help you offset yours. TFT

About Currensea

Currensea is one of the UK's most exciting new fintech startups. It has developed a new payments technology that will challenge incumbents and benefit consumers enormously. Currensea has an incredible team of executives, investors, advisors and partners, all working together to save more than 85 per cent on banking charges.

Website: www.currensea.com

LinkedIn: www.linkedin.com/company/currensea

Twitter: @Currensea

currensea

FCA launches digital sandbox pilot

The UK's Financial Conduct Authority (FCA) has accelerated its efforts to develop a digital testing environment that will allow regulated and unregulated firms to trial services and products and encourage collaboration between the financial services sector.

Prior to the Covid-19 pandemic, the FCA had outlined plans to commission a digital sandbox to support its existing regulatory sandbox, giving innovative firms the opportunity to test and develop proofs of concept in a protected digital environment as well as facilitate collaboration with key stakeholders to address industry-wide problems. The watchdog has now revealed it intends to pilot aspects of the digital sandbox on a modular basis to provide support to firms and their customers during the pandemic.

The FCA said: "We are swiftly progressing plans so that we can provide support to innovative firms looking to tackle coronavirus-related challenges facing firms and consumers. We will pilot these features and tools to support firms developing specific use cases, and will evaluate the effectiveness of the feature or tool through this pilot."

Karan Jain, chair of Founders Anonymous – the global support network for company co-founders – welcomed the FCA's announcement.

"This is very positive for the industry and will help break down the barriers to partnerships between the fintechs and banks, ultimately serving customers with better quality financial products and services," said Jain.

"The digital sandbox will assist the fintech taskforces that have been set up to test the products under regulatory guidance, the sandbox pilot will accelerate those efforts and keep the UK fintech sector at the top of its innovation game."

The core elements of the sandbox will include access to data, regulatory calls-to-action and access to regulatory support, as well as the ability for fintech and regtech firms to list their application programming interfaces (APIs) in a marketplace to encourage exchanges of information and prototyping.

"The ability for fintechs and regtechs to showcase their product and prove their technology in a digital environment will significantly reduce the barrier to innovation for fintechs. By supporting fast failing prototypes, we not only create an ecosystem that is cohesive to product innovation but also for fintech founders who can progressively iterate from the learnings," added Jain.

The FCA has acknowledged that data and financial technology startups have become increasingly important in the ways firms think about product development

for their customers. Knowing that access to high-quality standardised data has been a long-standing challenge for the sector, the FCA envisages providing data within the environment. This enables firms to work together on new projects using innovative technologies, addressing industry challenges.

Lawrence Wintermeyer, co-chair of Global Digital Finance (the industry body driving the acceleration and adoption of digital finance) and co-founder of digital finances firm Elipses, commented: "As industry and regulatory sandboxes evolve, I anticipate we are heading towards a world of greater integration and convergence between models. A focus on greater scaling of thematic applications that benefit consumers and the whole of the industry, sub-sector by sub-sector, will better enable solutions to today's complex industry problems. Greater integration and global solution scaling of our 'sandbox thinking' would benefit the whole of society and not just the financial services sector if regulators and industry come together to collaborate on complex problems such as digital identity, asset custody, leverage, derivatives, and settlement finality."

The FCA said it will welcome expressions of interest from regulated and unregulated firms, organisations, associations and individuals who would like to learn more, or discuss how they might contribute to developing the digital sandbox. TFT

New decade, new identity verification and authentication methods

Robert Prigge, CEO of Jumio addresses how in today's digital age, personal data is never safe

Cybercriminals are looking for every opportunity possible to acquire your user data. Ongoing data breaches continue to expose usernames, passwords, payment information, health records and other personal information on the dark web, enabling fraudsters to log into user accounts and commit account takeover fraud.

In 2020 and beyond, we'll continue to see enterprises realise that traditional authentication methods, such as SMS-based 2FA and knowledge-based authentication, can no longer be trusted to protect online accounts, because passwords and security questions can be easily bypassed or guessed with readily available information.

Increasingly, enterprises across all industries will move toward biometric authentication to ensure a user's digital identity matches their real world identity – keeping data secure and out of the hands of fraudsters. Next are five specific trends and predictions around identity verification.

1 Deepfakes will raise the bar even higher for online identity verification and security methods

With 50 per cent of consumers using the same credentials across multiple accounts, automated account takeover attacks will continue to run rampant in 2020. As organisations increasingly turn to more advanced, biometric-based authentication methods, the rise of deepfake technology will become a larger concern.

A deepfake superimposes existing video footage or photographs of a face onto a source head and body using advanced neural network powered AI – and is relatively easy to create. In 2020, we will see an increase in deepfake technology being weaponised for online fraud as biometric-based authentication solutions become more widely adopted. Even more concerning is that many digital identity verification solutions are unable to detect and prevent deepfakes, bots and sophisticated spoofing attacks.

In order to fight fraud, companies will need to make sure they are implementing an advanced biometric authentication solution equipped with a certified liveness detection. As criminals use more sophisticated attack methods, having the ability to detect when photos, videos, bots and realistic 3D masks are used instead of actual selfies to verify that the actual user is physically present during a transaction will be critical. It's becoming increasingly important to deploy certified 3D liveness detection methods. Uncertified methods rely on 'tells', such as blinks, nods and other verification prompts, which can be spoofed by deepfakes. Instead, modern enterprises need to adopt certified liveness detection methods that have been approved as global biometric standards.

2 Regulations must advance past addressing the authenticity of the online users to stop the growing fraud epidemic

In 2020 we will see the regulatory environment continue to shift to address aspects of the growing fraud and data breach epidemic. Specifically, taking aim at the ability to discern if someone is real and/or who they say they are when operating online in a variety of use cases, from shopping to tweeting and sharing videos. But these laws have significant shortcomings for protecting online digital identity.

Last year, California implemented the BOT Disclosure Law, making it illegal 'for any person to use a bot to communicate or interact with another person in California online with the intent to mislead the other person with its artificial identity'. In June 2019, Rep. Yvette Clark (D-NY) introduced the DEEPFAKES Accountability Act. If passed, it would require the creators of false videos to label them as such or face up to five years in prison.

While both the BOT Disclosure Law and DEEPFAKES Accountability Act acknowledge that bots and deepfakes pose serious threats to democracy, they don't acknowledge or penalise the other underlying fraud concerns. For example, the DEEPFAKES Accountability Act doesn't address scenarios where the cybercriminal is creating deepfakes to perpetrate identity theft or bypass traditional biometric authentication.

While regulations are continuing to move in the right direction, they are still behind the pace of innovation and aren't properly capturing how these emerging technologies can be used for online fraud.

3 Cybercriminals will target highly regulated industries with higher potential payouts

It has been widely reported that Social Security numbers are sold on the dark web for $1, but full medical records can command up to $1,000 because they're an identity thief's dream: date of birth, place of birth, credit card details, Social Security number, address and emails. Because of this, fraudsters will start targeting more lucrative industries like small and midsize business, healthcare, financial services, government agencies, higher education and energy. Many of these industries lack the IT resources and skills to adequately defend their organisations against sophisticated attacks and represent ripe targets in terms of the type of data that can be compromised and ultimately weaponised by cybercriminals to impersonate just about anyone.

4 Biometric-based identity proofing and authentication will continue to be adopted in highly regulated industries

Although we are still in the early stages of biometric-based identity proofing and authentication, its development will serve as a viable solution for the growing fraud epidemic. Previous methods of identity verification, like pinging credit bureaus, knowledge-based authentication, and even SMS-based two-factor authentication are no longer viable, reliable or secure means of authentication (and don't provide a high level of identity assurance). Biometric authentication, on the other hand, is significantly more secure, reliable and delivers much higher levels of assurance.

5 Facial authentication goes mainstream

There's been a healthy degree of confusion between facial recognition and facial authentication, but the underlying technologies and use cases are often very different. For consumers and businesses alike, facial authentication is a win-win. Unlike facial recognition systems which are often performed without the user's consent, facial authentication is permission-based and provides high levels of security and assurance to a user while letting them seamlessly access their own accounts or devices.

The elegance of facial authentication is that the user does not need to be subjected to the entire identity proofing process – they just need to take a new selfie when they log into their favourite app or perform a high-risk transaction like a wire transfer. In 2020, we anticipate that facial authentication will continue to grow in popularity and continue to be used as a trusted technology for identity verification. TFT

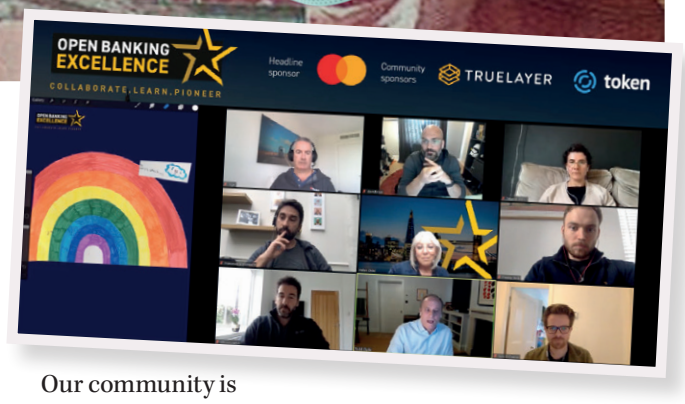
About Robert Prigge
Robert is responsible for all aspects of Jumio's business and strategy. Specialising in security and enterprise business, he's held C-level or senior management positions at Infrascale, Secure Computing, McAfee, Quest Software, Sterling Commerce and IBM.

jumio®

Has Covid-19 boosted open banking?

With the coronavirus shaking the world, the fintech sector has jumped into action and shown the advantage of being digitally native, writes ***Helen Child****, Co-Founder of Open Banking Excellence (OBE)*

OPEN BANKING EXCELLENCE
COLLABORATE.LEARN.PIONEER



I started 2020 with optimism, excited about what it might hold. As the leader of a fast-growing community of pioneers at the forefront of one of the biggest step changes in financial services history, I was full of anticipation. Now, in this truly digital age, I am even more excited to keep our community connected. Let me tell you why.

Covid-19 was not yet part of the common lexicon and my biggest challenge was finding a bigger home for our Open Banking Excellence (OBE) community. This was a nice problem to have and is testament to the importance of open banking, a new regulation that requires incumbent banks to let their customers share their financial data with other service providers safely and securely in order to encourage greater competition and innovation. It also signified our focus on building an industry community was the right approach.

A key part of our strategy at OBE is to provide a platform for community contribution through sharing stories and industry lessons. We believe when we get great people together, amazing things happen. We see that behind the scene every day. We think this is the best way to foster collaboration and accelerate the growth of this new dynamic sector.

And it has worked really well. Attendance at our monthly evenings has rocketed to the point where we needed a bigger place to call home.

Not only did we grow numerically, but also in the types of organisations attending: fintechs, big techs like Google and Microsoft, major banks including HSBC and Citigroup, as well as regulators from the UK and farther afield.

We spent many hours and walked many miles scoping out possible venues. But when coronavirus hit the UK and lockdown imposed, we had days to pivot and shift our industry campfire online.

The way we were able to quickly adapt to a rapidly changing landscape and gather record numbers in our audience – more than 1,000 people tuned in for our last live streamed conversation – underlined once again the power of community and the advantage of being digitally native.

OBE is a community

We've made a deliberate choice to eschew corporate jargon that makes us sound like a formal industry body (we call our evenings 'campfires' to evoke an image of open discussion), because we're not bound by formal ties but a common mission to make open banking come alive and facilitate a dynamic financial services sector with greater choice for consumers.

And, for me personally, when I co-founded OBE in 2018 in London, I saw in the world of open banking many parallels with the prepaid industry in the early 2000s when I set up the UK's first e-money licence issuer to be awarded licences by both Mastercard and Visa. Both share the pioneering spirit. Also, then, as now, I had an absolute privilege to work with an inspired team and help shape a new industry. Now, it's an absolute honour to be among a vibrant global community and make great things happen.

OBE serves as a hub for our community and those interested in joining us – people often call us the ecosystem orchestrator. Whether it's fielding questions from regulators in countries looking to learn from the UK experience on open banking or helping existing members connect with other experts, the power of community is always on display. And OBE has really come into its own over the past few months.

Instead of battening down the hatches, we have embraced the innovative spirit of open banking and fintech and have rolled with the punches and expect to come out of this crisis fighting fit.

Our community is brimming with fintechs that took the challenging circumstances of a global pandemic and lockdowns in their stride. These experienced entrepreneurs have been extremely agile, not missing a beat. Many of our pioneers raced to use their expertise in everything from providing credit to building online lending and money management platforms to serve society and help those most in need.

That's why in April we had a massive showcase of open banking in action as a force for good. The idea was simple: to shine a light on our 'OBE Heroes'. I truly believe in karma and passing the mic to others. And we didn't stop there: we have lobbied the government and wider fintech industry to amplify their efforts and share their powerful stories.

Nigel Verdon, co-founder and CEO of Railsbank, was one of our OBE Heroes for pioneering LightningAid, a safe and super-fast way to get money to those who need it most. The team achieved this in just eight days, from idea to launch in the Apple App Store, and it has already processed half a million pounds in donations, to be disbursed to self-employed workers in the music industry.

Nigel credited OBE for providing a platform to share how LightningAid could help, which directly led to meetings at the highest levels of government and the multiple charities who are now actively using it.

Simon Cureton, CEO of Funding Options, which offers business finance, says: "Being an OBE Hero not only raised our profile, but it also broadened my knowledge of the work of other fintechs."

Another OBE Hero, **Freddy Kelly, CEO and co-founder of Credit Kudos**, says: "Through OBE, we have been able to broaden our network, which is crucial both when recruiting a growing team and, more importantly, to engender industry collaboration. Collaboration is vital in a relatively new sector such as ours to ensure we stay innovative and agile, and continue to grow. One of the reasons Credit Kudos was highlighted as an OBE Hero was because we teamed up with other fintechs, including 11:FS and Fronted, to build a digital tool to help sole traders during the pandemic."

Francesco Simoneschi, founder at TrueLayer, credited OBE for helping his company create new relationships that have led to a number of projects in response to the pandemic, including an open banking platform for charities called Donate Direct, which enables them to receive 100 per cent of donations – completely cutting out platform costs and transaction fees.

TrueLayer also teamed up with fellow OBE Hero Coconut to launch a campaign to help self-employed people verify their income so that they can receive financial aid from the government.

"The OBE community is putting the spotlight on open banking, driving the discussion about how we will get the economy back on its feet," said **Todd Clyde, CEO of Token**. "It's our duty to be a positive force of change. Fintech collaboration and our partnership with organisations like OBE, will be critical in continuing this momentum into the rest of 2020."

It's my belief that fostering collaboration in the fintech community is not only key to helping alleviate some of the pressure points caused by the pandemic, but will also be crucial in helping the sector, and the wider finance industry, bounce back after the crisis.

If you've been inspired by the power of our community why not join our virtual campfire every third Thursday of each month or connect with us on LinkedIn (**www.linkedin.com/company/open-banking-excellence**) and Twitter (**@OBE_Global**). TFT

Funding Options Railsbank token TRUELAYER CREDIT KUDOS

The Matchmaker

*The Fintech Times chats to **Greg Watts**, CEO at **Findr**, as he prepares to launch a platform for automating the creation of commercial partnerships*

Greg Watts, CEO at Findr

Why did you establish Findr?

I was previously head of market acceleration at Visa Europe where I created commercial partnerships with global retailers, banks and other organisations. However, even with the Visa brand and significant budgets behind us, it was still a manual, resource-intensive process, often taking months – if not years – to finalise a partnership.

So, it's always been in my mind – how can you automate, simplify and accelerate the traditional partnership process?

Outside of Visa, I could see other companies – particularly fintechs and startups – struggling with the same thing. Reasons include not being able to articulate a product or service effectively, not knowing who to engage with, or running out of money before proper inroads could be made. I wasn't surprised when I learned 90 per cent of startups fail in their first year.

So, I decided to try to fix this problem with the aim to reduce the months or years it can take to form a commercial partnership down to minutes or hours, in just a few clicks.

Over Christmas 2019, I wrote a minimum viable product (MVP) and business plan, then pitched them to my technical co-founder who validated the idea, and Findr was born!

After that, things progressed quickly. We incorporated the business in March, onboarded Crunchbase as a strategic data partner, began our seed round, and signed up beta users. We plan to go live in September in the UK, and then launch into another vertical thereafter.

Our vision is to become a global partnership matching platform not just for fintechs, but for all startups and their partners – whatever the vertical.

How does it work?

With approximately 3,000 fintechs, 200,000 retailers, 1,200 financial institutions and 30,000 investors in the UK alone, determining which companies or individuals to partner with is daunting and time consuming. The Findr platform addresses this challenge by radically cutting down the time it takes to form partnerships.

After signing up to Findr, users create a profile with information about their company and the type of partnerships they're looking for. Then, they're presented with a list of partners that match that criteria. Users can click on partner profiles to access a rich, single view of the business. They can then request to be connected or 'matched' with prospects if there is common interest or appetite based on specified criteria. Findr users pay a fee for each accepted match, which is effectively a warm lead with a key decision-maker at the prospective partner.

By taking this approach, we're overcoming an age-old business challenge: cold prospecting. At Findr, we know what businesses are looking for, and who's who within their organisations. A successful 'match' will only ever made with a decision-maker who has expressed an interest in a particular product or service.

Our platform is fuelled by data from Crunchbase – we've signed a strategic partnership – and, over time, we'll enrich profiles with data from additional partners as well as Companies House and the Office for National Statistics.

Does it have a benefit in the Covid-19 era?

We obviously didn't expect to launch Findr in the middle of a global pandemic. However, our virtual partnership approach eliminates the requirement for face-to-face interactions, providing a safe solution for business continuity – and perhaps more importantly – one that supports the expected increase in digital collaboration once the pandemic subsides.

What's next for Findr?

We plan to close seed funding in June and build the technical platform with a focus on the matching algorithm. Over summer, we'll test user experience and interface design (UX, UI), with an expected launch in September.

findr

Taking a chance on third parties

A road banks cannot afford to follow

Should a bank have to verify whether a TPP is authorised? Gaps in the EBA Register leave worries over security

Nadja van der Veer, Co-founder of Payments Counsel

Despite seismic changes to the financial industries, banks retain a vital position in society. They remain consumers' most trusted financial service provider and, as such, any imprudent behaviour has significant consequences extending as far as the global economy.

Security is paramount to consumer faith in the banking system and with banks now required to open their doors to third party providers (TPPs), under PSD2, this has never been more important.

The launch of the EU-wide register in March 2019 was a central facet of the European Banking Authority's (EBA) drive towards increased transparency and greater levels of consumer protection. However, the intervening period has seen less reassurance and more questions asked about the register's effectiveness and potential issues it causes.

The most obvious problem is that the EBA has deemed it necessary to warn users that there could be 'a discrepancy between the information contained on the download and the information contained on the actual register', with accuracy depending on how recently the register has been updated. The only way to guarantee the veracity of the information is therefore to cross-reference results with the register of the relevant national competent authority (NCA), something which clearly calls into question the effectiveness of the register and the protection it offers.

Many within the industry hoped that the EBA register would allow account servicing payment service providers (ASPSPs) to automatically check the registration of TPPs. However, the EBA has confirmed that this falls outside the remit of the register as envisioned by PSD2, disappointing those that hoped it would maintain a broader scope.

While the industry had hoped for the register to be more comprehensive, the EBA's own disclaimer clearly acknowledges its limitation.

It says: "The present register has been set up by the EBA solely on the basis of information provided by national competent authorities of the EEA Member States. Therefore, unlike national registers under PSD2, this register has no legal significance and confers no rights in law. If an unauthorised institution is inadvertently included in the register, its legal status is in no way altered; similarly, if an institution has inadvertently been omitted from the register, the validity of its authorisation will not be affected."

Banks are expected to use electronic identification, authentication and trust services (eIDAS) certificates for identification and authentication when establishing a communications channel. The eIDAS certificates include the authorisation number of the TPP, its PSD2 roles, (at the time the certificate was issued) and the name of the NCA where the TPP is registered. However, the certificates only confirm regulatory status at time of issue. When an NCA withdraws authorisation from a TPP, this will not be reflected in the eIDAS certificate.

> It's vital that concerns with the public EBA and NCA registers are adequately addressed in order to uphold the industry's duty of care and to protect that all-important consumer trust

In addition, given the eIDAS certificates do not contain any information on passporting, the EBA has concluded that ASPSPs are not legally required to check any such information relating to the TPP requesting access to the online payment accounts.

The difficulties are exacerbated yet further by the fact that the NCA registers are also flawed, with information both inconsistent and often not machine-readable (registers in Liechtenstein and Ireland for example exist only in PDF format). Cross-referencing between the EBA register and the relevant national register is therefore unreliable. Frustratingly, the EBA register does not include banks that are performing TPP services; these are documented on a separate register. Checking a TPP's validity is therefore a convoluted, time-consuming process.

All of which begs the question of how a bank can verify whether a TPP is authorised, or even whether they should. Article 66 paragraph 3 sub (d) of PSD2 states that a payment initiation service provider (PISP) needs to 'identify itself towards the ASPSP'. In addition, according to paragraphs 2 and 4 of that article; ASPSPs also 'need to perform certain actions to ensure the payer's right to use the payment initiation service, even when explicit consent has been given'. Included here is the need to communicate security with the PISP, making information on payment transaction available to PISP and treating those payment orders without discrimination.

The logical reading of this is that while PSD2 mentions identification, the bank is not required to verify the PISP's registration or authorisations.

However, other PSD2 articles appear to contradict this advice. Article 68 paragraph 4 gives, for example, the ASPSP the right to deny a TPP access for reasons 'relating to unauthorised or fraudulent access to the payment account'.

No further context is provided, but it could certainly be inferred from this that banks are required to verify the TPP's authorisation.

The implications of TPP verification and precisely where responsibility lies, are significant for the banking industry. As previously mentioned, the entire reputation of banks is built on security. It is inconceivable therefore, that a bank would put itself in the difficult (and potentially legally liable) position of allowing access to a TPP without thorough verification of its authorisation.

Although there appears to be no explicit obligation under PSD2 for banks to verify the authorisation, the potential implications for them not doing so are grave. For example, if a bank was found to have relied solely on a TPP's qualified certificate to verify its authorisation and the TPP then engaged in fraudulent activity relating the misuse of customer data, it is likely that the customer would seek restitution from the bank for allowing it to happen rather than the TPP – particularly if in the interim the TPP had ceased operations.

The EBA's suggestion for how the industry can mitigate the lack of access to real-time, comprehensive information appear to treat the symptoms rather than the causes. It proposes a voluntary mechanism to enable NCAs to cooperate with qualified trust service providers (QTSPs) in relation to revocation of eIDAS certificates, in case of an authorisation withdrawal. But its voluntary nature means it cannot be counted on; indeed, several NCAs have already indicated they will not adopt the proposal.

The obvious solution to this serious issue is for banks to build in real-time and continuous status checking into their verification processes, so that they have access to a thorough and up-to-date picture of a TPP's status. This could involve either in-house or outsourced mechanisms; and indeed there are already private registers available, with some even providing insurance on the information they provide to further reduce the liability for the banks. Either way it is vital that concerns with the public EBA and NCA registers are adequately addressed in order to uphold the industry's duty of care and to protect that all-important consumer trust. TFT

About Nadja van der Veer

Nadja is a payments lawyer with more than 12 years' experience in the international payments industry and a legal expert in rules and regulations involving PSD, AML, CDD and card schemes. Co-founder of PaymentCounsel (www.paymentcounsel.com) and managing partner of Pytch Ventures (www.pytchventures.com), she consults merchant acquirers, payment services providers (PSPs/MSPs), other fintechs and merchants in their startup phases to expand their business internationally, while mitigating risk.

PAYMENTCOUNSEL

PSD2 open banking: allocation of liabilities

An approach that lays out a common liability framework would be an important step in enabling adoption

Kai Zhang, Associate Director, London at Bryan Cave Leighton Paisner LLP

The PSD2 open banking framework mandates that account servicing payment service providers (ASPSPs) must grant third party service providers (TPPs) direct access to certain payment accounts and that the TPP cannot be required to enter into a contract for such access. The only conditions on such access are the relevant customer having given consent to the TPP and the TPP being properly authorised. One of the practical challenges with the framework is the allocation of liabilities between the ASPSP and the TPP given the absence of contract, particularly with respect to the 'payment initiation service'.

The general principle is clear. Where a TPP-initiated payment was unauthorised or incorrectly executed, the ASPSP must in the first instance refund the customer; if the deficiency is attributable to the TPP, the TPP must compensate the ASPSP upon request. Further, the TPP is responsible for proving that payments initiated by it were authorised or correctly executed. Unfortunately, the clarity stops there.

For incorrectly executed payments, it seems (at least in the UK) that the ASPSP can actively request the initiating TPP to prove correct execution. However, the TPP only needs to do so within its 'sphere of influence'. The financial conduct authority explains that the TPP's sphere of influence covers any parts of the payment over which it has control. Yet that is the very question. Additionally, it is not clear what constitutes 'control' for these purposes. For unauthorised payments, it is not even clear whether the ASPSP can actively make similar requests. If it can, the same issues arise. If it cannot, then what should the ASPSP do? Should it ask the customer to ask the TPP to prove?

From the TPP's perspective, more questions arise. For example, how should the TPP conduct such proving? Who should bear the relevant costs? What is the evidential standard to be applied? When can the TPP be said to have discharged its obligations?

The complexity increases further where customers get implicated. Generally, a customer who acted fraudulently or with gross negligence is fully liable for all the losses. But the question is, which of the ASPSP or the TPP should investigate the customer's behaviour.

Given that the TPP must prove correct execution or proper authorisation, it seems logical that the TPP should investigate. However, the ASPSP is responsible for refund in the first instance and therefore could be (presumably more) interested in scrutinising the customer. If both decide to investigate, which investigation should prevail? What if one needs the other's cooperation? Can one refuse to cooperate? Which should bear the costs of such cooperation?

Moreover, there are different account access models (embedded, de-coupled or re-direction), which would appear to make these questions even harder to answer.

The obvious solution would be for the two sides to have a contract to manage their relationship. The PSD2 prohibition on access contract relates to the granting of the open banking access itself. A contract solely on liability allocation would thus be outside of that prohibition. However, the solution is not without its difficulties. For instance, why would a TPP wish to sign such a contract (which is arguably to help the ASPSP to attribute potential liabilities to the TPP)? From the ASPSP's perspective, it cannot force the TPP to do so because such a contract cannot function as a pre-condition on granting the TPP access. Additionally, the administrative burden and costs on both sides could be considerable for managing/monitoring multiple bilateral arrangements that could differ vastly from each other. This may be particularly so for the TPPs that are newly established (as the opening banking framework is new) which may have limited human and financial resources to do so.

To conclude, it seems a better proposition that the payments industry come together to agree on a common liability model. The dispute management system established by the UK Open Banking Implementation Entity seems a step in the right direction (although the system is currently stated as only a 'communication process'). The essence of the open banking initiative is arguably to encourage cooperation between the market participants. Such cooperation would inevitably require both the incumbent and the new entrants to think hard and fast. It may not be in anyone's interest for the potential regulatory intervention to impose a top-down solution (e.g. due to inertia in the industry). TFT

OPEN BANKING: INVISIBLE MAGIC

*Leveraging new payment standards is helping **Ordo** boost everyone's financial wellbeing*

Fliss Berridge, Director, Ordo

Imagine Jo Bloggs, small and medium-sized enterprise (SME) plumber: she has daily multiple customers paying by cash, cheque, card and Faster Payments. Every evening, once she's finally home, tired, she has to remember who she visited, the job, her quote, compile invoices and email them out (if the sofa and Netflix hasn't gotten to her first).

That's a lot of remembering and effort after a day's work. And, it's not always straightforward: Geoff, self-employed hairdresser and single parent, is a good repeat customer but, as he's not on a regular income and juggling childcare, he often needs longer to pay or instalment plans.

What's amazing about the potential of open banking isn't to do with banking, it's about what it means for people like Jo and Geoff, as well as businesses and how they manage their everyday lives. Greater flexibility in dealing with finances where and when they like, having choices about when, how and if to pay, having certainty and peace of mind money will always mean going to the right person for the right reason, breaking the ever present low (and not so low) level threat hanging over us all these days that we could be scammed. It's about being able to have all of this and managing it on-the-go, dynamically, like the rest of our lives.

With open application programme interfaces (APIs) and the biggest payment initiation service providers (PISPs) – and many smaller ones volunteering to join in – coming together under the Open Banking Implementation Entity (OBIE) umbrella to make the revised Payment Services Directive (PSD2) a reality, everyone can now have complete control and flexibility over choosing how they deal with finances and this goes beyond banking. It reaches into removing the hassle from invoicing and reconciling for example, a drain on big and small businesses.

Consider that impact alone – the time and pressure freed up in a small business that can now immediately reconcile payments instantly received, giving stretched small traders more time and head space for their core business; and for the large corporate, being able to re-deploy the teams of people spent reconciling wrongly referenced payments into growing parts of the business instead of on something that could and should be a single process.

Ordo is the UK's first interoperable request-for-payment service, using open banking, that makes requesting and making payments a single, joined up, end-to-end encrypted solution for businesses and consumers, enabling everyone to feel on top of their finances. Bills are sent across our secure platform, insulated from fraud, giving payers the information they need about who, what and how much they're being asked to pay and by when, at a glance. Using open banking, a payer is taken into their own bank's domain where they authorise the payment simply, swiftly and securely, all from a few clicks from their phone – delivering instant, secure and smart service for both the party requesting payment and the payer.

Ordo is here to increase everyone's financial wellbeing, be it SME, corporate, charity, club or consumer; together with open banking invisible magic, that's now a reality. TFT

Ordo

JOBS IN FINTECH

The Fintech Times selection of TOP fintech jobs this month

Compliance, Risk & Oversight Officer (CROO) at fire

fire.com is a growing fintech that helps businesses to manage payments with digital accounts and debit cards, supporting a range of payment services all accessible via a powerful API. We are now seeking a Compliance, Risk & Oversight Officer (CROO) for our UK company, Fire-UK. Fire-UK services our UK personal, business and corporate customers and the CROO position will be a primary control function for Fire-UK.

We are seeking an individual with at least three years' experience, who is highly organised, knowledgeable and with excellent inter-personal skills. Working closely with the fire.com leadership team, you will be responsible for implementing our compliance framework, ensuring all obligations are understood, and verifying our operational model is in constant compliance. Additionally, you will be responsible for management of outsourcing providers and Fire-UK regulatory reporting. The role will also have responsibility as the Money Laundering Reporting Officer (MLRO).

THE ROLE ENTAILS THE FOLLOWING DUTIES:

- Maintain the compliance framework in line with relevant legislation
- Establish, lead and manage projects to ensure ongoing compliance
- Participate in the Group Risk & Control Team in proactively assessing, mitigating and reporting on risk items
- Carry out training, such as data protection, AML training etc, for all Fire-UK staff
- Reviewing internal suspicions of money laundering and reporting to the NCA
- Point of contact with relevant regulators and authorities; FCA, NCA, ICO
- Providing compliance guidance to the firm
- Approving the onboarding of customers including those with complex ownership structures
- Meet FCA requirements as a 'fit and proper' individual to hold the role
- An excellent understanding of our product and the passion to be part of a scaling team

THE BENEFITS:

- Offices located at Rise London, Shoreditch – the home of fintech
- Modern offices with secure bike storage and showers
- Small, friendly team – all with a great passion for changing business payments
- Healthcare and life assurance/income protection benefits
- Performance-based share options scheme

Senior Devops Engineer at BANKIFI

BankiFi launched in January 2018 to offer financial institutions a consent centric platform with solutions that enables the banks to go 'beyond an open experience' promise to their business client base with relevant offerings in terms of time, location and context.

A fintech-style experience through the bank or PSP or any licensed financial services provider. Today we are more relevant than ever and on target on a clear path.

You enjoy participating in the full lifecycle of the software product – from idea and design, via implementation and user interface, to operational considerations. You are able to write clean code, take pride in your work and value simplicity, testing and productivity as part of your daily routine. You embrace new languages and frameworks, containers and cloud, and are not afraid to dig deep and learn new things all the time. You have an inquisitive mind, often exploring inner workings of the tools and libraries you use to understand how they work.

THE SKILLS YOU NEED TO HAVE:

- A solid understanding of the Linux user space
- Good knowledge of scripting using shell, Python or Ruby
- Docker – experience of deploying and managing of applications running in Docker containers
- Experience with container orchestration technologies, such as Kubernetes
- Strong knowledge of at least one continuous deployment tool: Jenkins, TravisCi, Bamboo, Drone
- Experience with at least one of the public cloud offerings, such as AWS, Azure, IBMCloud, GCP
- Experience with Terraform and other configuration management tools, such as Ansible, Chef, Puppet Experience setting up and/or managing deployment pipeline
- A keen interest in new technologies

WHAT WE OFFER YOU:

- A competitive salary
- A high-spec laptop on arrival (MacBook of course)
- Pension contribution
- 25 days' holiday plus public holidays
- A cool office in the city centre of Manchester and thus... never too far from the bustling Manchester bars

Senior Product Manager – Enterprise Lead at FORM3 FINANCIAL CLOUD

Form3 was born from the idea that moving money in real time is the new tomorrow and cloud-native payments services are the way forward. By utilising the latest cloud-native technologies together with our in-depth payments experience we find innovative solutions to problems that others would deem unsolvable.

Being a tech-first business, we place emphasis on thinking outside-the-box. We live and breathe open-source, prioritise best practice and automation while Slack is at the heart of everything we do.

We're looking for an experienced payments Senior Product Manager to work alongside our existing product managers looking at generic scope, orchestration and enterprise integration. This is a senior, functional and potentially client-facing role. The focus is going to be functional, supporting very large volume clients and on payment engine/payment hub type functionality – how we work with ledgers, manage payment flows, where we need to build functionality enhancements that are generic, etc. Having a good understanding of big bank legacy is therefore crucial as well as a fresh approach/thinking to how we solve this.

THE RESPONSIBILITIES:

- Product strategy (contributing to development of product strategy, including product level PNL targeting)
- Product design (definition of functional and operational product requirements)
- Development roadmap (generation of development roadmap for products and services offered to clients, including prioritisation of process, approach and decision)
- Product library (directory, documentation and ownership of product capabilities offered to clients including both functional and non-functional requirements)
- Product sales support (generation and management of sales supporting literature and client facing support as needed)
- Product performance (establishing and reporting on KPIs which best measure success of the proposition)

THE BENEFITS:

- Competitive salary
- Flexible working
- 30 days annual leave (plus Bank Holidays)
- Pension, cycle-to-work scheme and regular socials
- Continuous investment in the latest technology

Standing out from the crowd

Jamie Robinson, Head of People Operations at Storm2 recruitment agency shares his tips on how to get your CV noticed within the fintech sector

On average 250 people will apply for every corporate job, according to employer review platform Glassdoor, and out of those applications, only four to six people will be interviewed. That means your CV really needs to stand out in order to be considered to move forward for an interview.

Below we share tips and tricks of things you can do to give yourself the best chance of being invited for an interview. We know there is lots of information out there already on this, so we have tried to include some advice you may have not seen before.

THE FIRST HALF IS KEY

The recruiter will be looking at 250 CVs per position on average and they don't have time to read through every CV. They will therefore normally read through the first half of a page, and then scan read the rest.

In order to be considered, the first half of a page must really explain why you are the right person for the role. Therefore, make sure every single bit of space is used as effectively as possible.

It's a great idea to have a short summary right at the start with any headline technical skills. This way you can explain how your skills and experience meet the job requirements early in the CV.

Help show the recruiter how often you have used those skills in each recent position. Then make sure your current role is clear and demonstrates the experience that you need to be considered for the new role.

RESPONSIBILITIES AND ACHIEVEMENTS

Recruiters have a strong knowledge of what different people do in their respective jobs and will know a lot of your responsibilities based on your job title.

What they want to know is how good you were at the job and the impact you could have in their business. So, for every role you've worked, list your responsibilities and at least three achievements. Tailor these achievements to what the job description or advert says the client is looking for.

It's also really important to really think about what fintech companies are looking out for. While, each company is different (which we talk about later), we tend to see common trends in some of the language that fintech recruiters are looking for. These are:

- A 'growth mindset'- where you have the capability to scale a team and help the company grow
- Agile work style – as companies grow, things change, and you must demonstrate an ability to go with the change
- Innovation – the ability to create and implement new ideas
- Technical and people skills – to be able to lead groups while still carrying out your own role

REMOVE THE UNNECESSARY

You want the skills and experience that the organisation is looking for to really stand out on your CV. Therefore, anything that isn't is unnecessary and damaging your chances of being invited for interview.

Try and avoid generic terms such as 'hard-working' or 'enthusiastic'. They don't say much, and the company would hope you demonstrate those characteristics.

Something else that is common is "References available on request". That should really be a given, so either include the names and contact details of references, or don't write anything at all.

MAKE SURE IT LOOKS GOOD

Obvious traps to avoid here are spelling and grammar errors. You also need to make sure the CV looks simple and is easy to read. Avoid images, graphics and lots of colours.

The way your CV will stand out is if the experience matches what they are looking for and that is clearly presented. An easy-to-read font, headings in bold and everything in black and white will make your CV look crisp and clear.

EDIT FOR EVERY APPLICATION

The most common mistake is to use the same generic CV for every single position you apply for. We get why that is – you can spend a lot of time editing a CV only to not be invited for an interview and it be a complete waste of time.

However, if you use a summary at the start of your CV, you can edit this relatively simply before you apply for each position. Combine that with editing your achievements in your previous role descriptions, and this should be really help with making your CV stand out for every position.

Storm2 is a recruitment consultancy which connects fintech talent globally. We have a team of specialist consultants covering the full suite of key fintech skill sets, mirroring growth needs across CTO, CPO, COO, CFO, CRO, engineering, product, data science, devops, finance and sales. TFT

About Storm2

Launched in 2019 by executives from a hugely successful global recruitment company, the founding team achieved private equity investment of £1million to scale up their vision of connecting fintech talent, growing their operation within Europe and North America within the first six months.

We're able to connect the best talent in fintech by continually networking with both highly skilled professionals and innovative clients.

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Website: www.storm2.com

LinkedIn: www.linkedin.com/company/storm2

Storm2
Connecting FinTech Talent

5 BOOKS TO GET AHEAD IN FINTECH

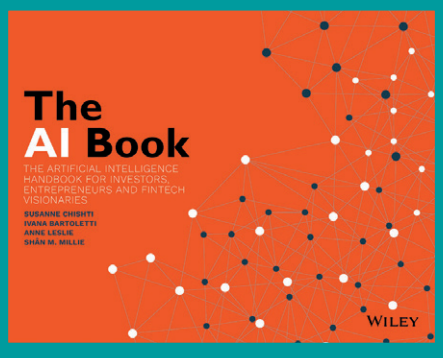
The Currency Cold War
by David Birch
Forthcoming in June 2020 is a special volume in London Publishing Partnership's Perspectives series.
Available: Kindle & Hardcover

FinTech, BigTech and Banks: Digitalisation and Its Impact on Banking Business Models *by Alessandra Tanda & Cristiana-Maria Schena*
Available: Kindle & Hardcover

The CTO ¦ CIO Bible: The Mission Objectives Strategies And Tactics Needed To Be A Super Successful CTO ¦ CIO
by Rorie Devine
Available: Kindle & Paperback

The Future of Finance: The Impact of FinTech, AI, and Crypto on Financial Services
by Henri Arslanian and Fabrice Fischer
Available: Kindle & Hardcover

The AI Book: The Artificial Intelligence Handbook for Investors, Entrepreneurs and FinTech Visionaries
by Susanne Chishti, Ivana Bartoletti, Anne Leslie and Shân M. Millie
Available: Kindle & Paperback



UNDERSTANDING FINTECH

By Nathan Gore, contributing reporter at *The Fintech Times*

Fintech has obviously been an exciting and rapidly evolving area of growth for many countries, companies, and entrepreneurs. Indeed, it's hardly recognisable from its humble beginnings. At some stage, the realisation came that fintech companies were going to have to transition from being disruptors to collaborators, and to become a more functional and integrated part of this industry.

This is where Devie Mohan's new book, *The Financial Services guide to Fintech* comes in. In it, Devie charts the complete journey of fintech companies within the financial service space. She explores this journey all the way from the early days, through their emergence during the 2008 financial crisis, and to the relatively mature market that we are currently witnessing.

Devie Mohan is an experienced fintech industry professional, the co-founder and CEO of Burnmark, a fintech research company, a contributor to the ING group Think Forward Initiative, and sits on the editorial board for the Journal of Digital Banking. Additionally, she has been named as a Fintech Power50 influencer for the last two years.

TRACKING THE FINTECH JOURNEY

Financial services are inexorably linked to banks and the banking system, and therefore it is no surprise that Devie spends a lot of time in this book focusing on the evolving relationship between the banking sector and their fintech counterparts. This book is definitely an interesting read, and the gripping narrative that is the evolution of fintech within the financial service sector, keeps you entertained throughout.

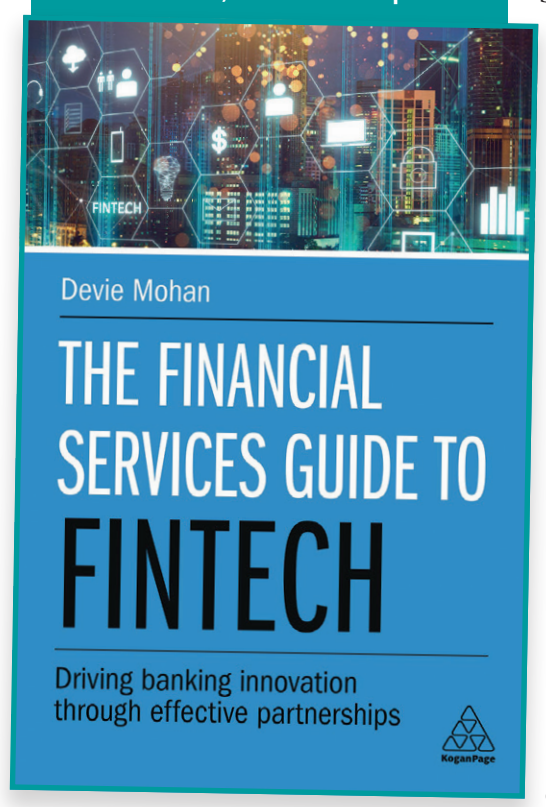
When it comes to the relationship between banks and fintech companies, Devie suggests that banks are concerned with profitability and customer service more than anything else – 'developing profitable products and customer satisfaction is the ultimate goal and a driver of success'. It is therefore through this lens, she argues, that a bank will judge their present and future relationship with any fintech company. For instance, banks would initially regard fintech companies as being a potential threat to their current and future profitability. Once fintechs started to grow and became a major player in the financial sector, banks viewed them as rivals, rather than either a) collaborators b) not on their radar.

She then goes onto illustrates how banks started to realise that, as fintechs grew and became more established, that they wouldn't be going anywhere in a hurry. Therefore, banks were going to need to figure out a way to co-exist with these new players – by collaborating. What's more, they began to notice that fintech companies offered a lot of things that they could not – due to legacy issues and their less-than-agile nature. This strengthened the will of banks to now change tack and to collaborate and partner up with these fintechs.

FINTECH CUSTOMER SERVICE – THE WAY FORWARD?

The second point that she tackles is the issue of customer service, something which many banks have been particularly struggling with in recent times. For banks, she explains, they have preferred to emphasise 'just how safe your money will be with these venerable institutions', rather than being known for having an excellent relationship with their customers.

The Financial Services Guide to Fintech: Driving Banking Innovation Through Effective Partnerships
by Devie Mohan, published by Kogan Page
Available: Kindle, Hardcover & Paperback



However, the financial crash shook that all up, and banks now find it 'much harder [...] to present themselves as watertight and utterly dependable'. This is where trendy, modern startups, with excellent communication skills, can come in. Banks are now 'getting involved with fintechs thanks to the outstanding customer experience that digital baking collaboration offers them'.

SUCCESS STORIES

In order to make her points about the fintech story more effective, she presents them alongside numerous case studies and business examples, of which there are, of course, plenty. She explores the effect that Plaid has had on the financial sector, with its scalable application programming interface (API) 'having a democratising effect' with regards to the technical infrastructure startup fintechs need to access and process customer's financial data. This approach has led it to getting many major clients, such as Chase, Stripe, Capital One and Coinbase.

Devie also delves into one of the most vibrant and exciting parts of this sector right now, mobile-first banking. Pepper is one such mobile bank that she looks into, which has recently 'established themselves in this niche'. As for innovative tech accelerators and incubators, she highlights Barclays', which launched in 2012 and now has accelerator programmes being run all around the globe, and works to deliver 'networking and mentorship from Barclays and offering up to $120,000 as an investment along with other corporate partner perks'.

FINTECH'S FUTURE

She also takes a moment to chart and explore what the next steps of this industry, such as utilising data analytics, machine learning, and artificial intelligence (AI). In this climate, AI will increasingly be contributing to decision-making, and big data will be invaluable. Another potential benefit she sees just on the horizon is the fintech revolution of access to finance, such as peer-to-peer loans, via a digital/mobile platform, that will 'pave the way for billions of people who currently have no access to banking services to circumnavigate the centralised banking system' and she makes particular reference to developing countries with this point. She also explores the future with reference to the replacement of the current banking systems, the power of big data, and the rise of robo-advisors as some of the major fintech events to watch out for down the line.

In short, this is a fascinating read, backed up by a mixture of professional observation, real-world examples, and major studies. From the origins of fintech in the financial crisis to the present situation today where they have a seat at the table with the major banking players, by way of the major factors that helped them to this position. She explores the development, current state, and future innovations that fintech is likely to experience sector by sector, from digital payments and financial solutions, to regtech, big data and machine learning. On top of this, she tries to identify the place that fintech now occupies, amongst the major banks, financial service providers, and governments. It could quite well become the definitive guide to fintech within the financial services industry. TFT