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writes **Ron Shevlin**, MD of Fintech Research at Cornerstone Advisors

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18-19 January 2021



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2018 Nobel Laureate

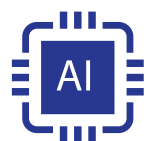


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editor@thefintechtimes.com

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Jason Williams

Editorial Director
Mark Walker

Business Development
Deepakk Chandiramani
Sally Gensberg
Steven Jones

Terry Ng
Ania del Rosario

Editor
Claire Woffenden

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Gina Clarke

Art Director
Chris Swales

Digital
Manisha Patel

Junior Journalist
Polly Jean Harrison

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BEYOND COVID-19

2020

has been a politically and economically volatile year with increasing US China trade tensions, an impending Brexit and the global pandemic, now in a second wave and locking down society again in the UK, Europe and many parts of the world.

Two Covid-19 vaccines claiming a more than 90 per cent efficacy rate are seeking to expedite approval for public distribution; the US election is now over and subject to a final count, President-elect Biden appears to be the winner; and, whatever the final outcome of Brexit, UK fintech is positioned for growth in a changing global, social and financial landscape.

In this final edition of the year for *The Fintech Times*, Brett King takes a look at the impact that Covid-19 has had on all of us, as well as the global fintech sector, what this means to us moving

into 2021, and some of the more permanent changes we may see to our work habits into the future.

While, Lawrence Wintermeyer covers how the UK fintech sector is positioning for growth in the crypto and digital assets sector, as well as the sustainable finance sector – two major areas poised for great future success following the UK Fintech Strategic Review, aka the 'Kalifa Report', and the UK Chancellor Rishi Sunak's recent statements concerning innovation in these two areas.

We'll also have a look at a number of other exciting

The economic impact has been difficult for many citizens and the first half of 2021 appears to pose further challenges, however, there is a light at the end of the tunnel



areas in the edition: Seamus Donoghue, vice president of sales and business development at Metaco, the technology infrastructure provider, talks about how digital assets are now making their way onto institutional agendas.

Patrick Campos, chief strategy officer, and Jackson Mueller, director of policy and government relations, at digital regtech provider Securrency discuss how regulation technology solutions can help tame the emerging decentralised finance (DeFi) space to meet policymaker and regulator expectations.

Graham Rodford, the CEO of digital assets



exchange Archax, talks about why digital securities are about to disrupt the market and change the access to, and efficiency of, the securities markets forever.

While, chairman Abdul Haseeb Basit and investment analyst Jake Figg at ethical finance based peer to peer property investment platform Yielders speak on the important rise of Islamic fintech.

We hope you enjoy this jam-packed year-end edition of *The Fintech Times* and bid you seasonal greetings and best wishes into the New Year. **TFT**

Brett King and Lawrence Wintermeyer



Fintech in the post-Covid world

It's time for banks to plan for both digital acquisition and digital engagement,
by **Brett King**

When *The Fintech Times* asked me to join the team as an editor this month, I thought the most obvious direction to take was a discussion on the future of fintech post-Covid.

However, the other theme that emerged, as I discussed the brief with the contributors who joined me this month, was more around how fintech could help the average person on the street recover from the far-reaching economic effects of the pandemic.

As the impact of the pandemic and the 'tech' of fintech collide, more and more players are looking at the use of algorithms, artificial intelligence (AI), data science, open banking, aggregation, predictive analytics, peer group analysis and interaction design, to help create greater awareness of financial health for banking users, both retail and commercial. As banks, tech giants and fintechs deploy more AI in their front-end experiences, it's only natural that 'smart' bank accounts will look to differentiate themselves based on embedded

advice and bank utility. The ability to provide you or your business with context for a financial decision will become a strong differentiator as banks move from trying to be your primary financial institution, to your primary financial advisor embedded in your world.

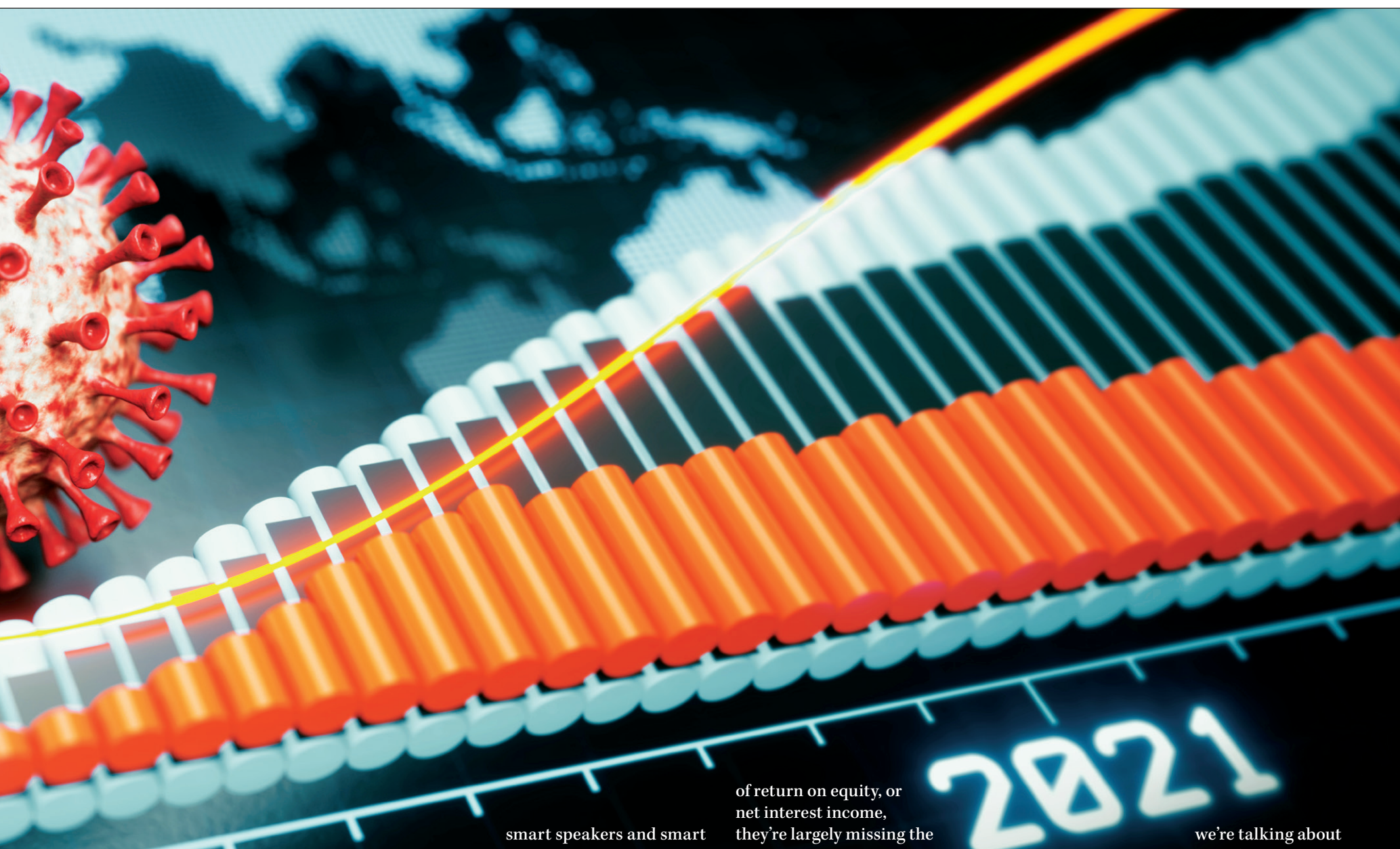
We are not talking about advice in the classical definition of capital markets or regulators either, we're talking about day-to-day tactical interactions with your bank account providing solutions when and where you need them, in real time. For individuals this is more akin to a financial coach, whereas for businesses it is like having an AI-powered

accountant coaching the business on cashflow and credit strategies.

Digital transformation Covid-19 has obviously accelerated the push to digital. However, as one of our contributors, Ron Shevlin, wrote in *Forbes* earlier in the year – *Digital Account Openings Surged Long Before The Pandemic* – for markets like the US, digital was already dominating basic elements of banking like account opening long before the pandemic. In fact, in 2019 fully 66 per cent of all new bank accounts opened in the US were done so digitally and not through a bank branch. While fintech challenger banks,

such as Varo, Chime, Monzo, Revolut and Starling, all benefited from this trend, so did the majors who had already invested in digital transformation around customer onboarding and acquisition. Hence, as the pandemic raged across the US and Europe, we saw small to mid-size players, community banks and credit unions growth coming to a halt as digital acquisition and engagement became material to the business of banking.

While some may have hoped for a return to the old days of branch-led banking, the new normal



has clearly established itself around digital first. Customers of challenger banks generally report much higher levels of customer satisfaction in respect to day-to-day interactions, due to the design focus of challengers on their digital ease-of-use and transparency. Top tier incumbents have felt the need to improve their digital capabilities based on these benchmarks too. While mid-range to smaller players were largely caught unprepared for the demands Covid-19 placed on their digital readiness.

Historically speaking, pandemics have always presented a step-change in behaviours and attitudes, and Covid-19 is no different. Customers who have adapted to digital banking, e-commerce and digital payments during

the pandemic have formed habits that are unlikely to be reversed quickly, if at all after this is all over. We can expect continued consolidation of the space with leaders based on digital competencies and dependency on physical networks and signing forms being questioned by the market as outmoded traditions.

The rise of tech players

The bigger contextual shift emerging is with technology giants who are increasingly incorporating day-to-day banking into their platforms. Google announced in November the development of a bank account experience incorporating aggregation (through Plaid) and a PFM-light interface to help people understand their relationship with their money. Days later, Apple announced a web portal for Apple Card users, attempting to do similar. As we rely more and more on our smartphones,

smart speakers and smart glasses for day-to-day personal computing interactions, we can expect finances to be a big part of this embedded technology infrastructure.

Covid-19 has simply accelerated a four-decade

Covid-19 has simply accelerated a four-decade long evolution away from physical human-led services and interactions to real-time, low-latency, low-friction experiences through technology

long evolution away from physical human-led services and interactions to real-time, low-latency, low-friction experiences through technology. Customers are rapidly evolving to expect immediacy in all that is banking and payments, and fintechs have made an art out of differentiating around this core expectation. When incumbents are arguing about challenger banks and their deposit base, lack

of return on equity, or net interest income, they're largely missing the point. You can argue about horsepower all you want; people are still moving to automobiles and not riding horses anymore.

In the middle of all this, we have the Ant Group (previously Ant Financial)

IPO that stalled when Jack Ma dared to criticise the old guard incumbents. Prior to the Chinese regulators halting the IPO, Ant was trading at a valuation that would have made them the third largest financial institution in the world. That is not an error or an anomaly. Covid-19 has shown us that the most resilient financial institutions in the world, the fastest growing and the most trusted players in the space are digitally

embedded with their customers everyday through their devices.

If you're a banker your competition is the FAANGs (Facebook, Amazon, Apple, Netflix and Google's parent, Alphabet) on one side and the BATXs (Baidu, Alibaba, Tencent and Xioami), fintechs and transformed incumbents. Your board of directors, your executive committee and management team will all need to be technologists or highly technically competent. Your products will disappear into the ether as experiences embedded in the technology layer deliver banking utility more efficiently and more capably than a person in a branch ever could. Branches won't disappear, but if you're dependent on branch revenue or a signature on a piece of paper to survive, you will disappear. When we talk about digital transformation in this world, we're not talking about technology innovation or investments,

we're talking about transforming the heart of your organisation to embrace the change.

Welcome to the new normal. Banking everywhere, never at a bank. **TFT**

About Brett King
Brett King is a futurist, an Amazon best-selling author, award-winning speaker, hosts a globally recognised radio show and is the CEO of challenger bank Moven. He focuses on how technology is disrupting business, changing behaviour and influencing society.
Website: brettking.com
LinkedIn: [linkedin.com/in/brettking](https://www.linkedin.com/in/brettking)
Twitter: @BrettKing





UK fintech is positioning for post-Brexit growth

*Rebooting
the financial
services sector*

2020

has been a politically and economically volatile year with increasing US China trade tensions, an impending Brexit and the global pandemic, now in a second wave and locking down society again in the UK, Europe and many parts of the world.

**By Lawrence Wintermeyer,
Digital Finance Advocate**

The economic impact has been difficult for many citizens and the first half of 2021 appears to pose further challenges, however, there is a light at the end of the tunnel.

Two Covid-19 vaccines claiming an over 90 per cent efficacy rate are seeking to expedite approval for public distribution; the US election is now over and subject to a final count, President-elect Biden

appears to be the winner; and, whatever the final outcome of Brexit, UK fintech is positioned for growth in a changing global, social and financial landscape.

The big sticking point for the financial services sector with Brexit is 'equivalence', where the same standards for regulation are applied in your home country as they are to other countries across European members states. This enables the 'passporting' of many categories of financial

services across country borders. With the transition period coming to an end on 31 December 2020, it is difficult to see how the UK will maintain its equivalence and many are expecting to be treated as a third-country regime, a less favourable treatment.

Regardless of what Brexit deal is agreed in the final hours of negotiations, the offer of a new financial services regulatory landscape, free of European restrictions, has many politicians and

polymakers burning the midnight oil to enable the next great era of transformation of the UK financial services sector, and fintech is at the heart of this.

The UK Fintech Strategic Review, aka the 'Kalifa Report', has seen many roundtables and inputs from across the country's fintech community. Global Digital Finance (GDF), the not-for-profit digital standards and advocacy association I co-chair had the honour of hosting two roundtables: crypto and

digital assets, and sustainable finance, as part of the review's policy and regulation stream co-chaired by Kay Swinburne, vice chair of financial services at KPMG UK and form member of the European Parliament (MEP) for Wales, and Rachel Kent, partner and head of financial institutions group at Hogan Lovells UK.

Crypto and digital assets
The clear message from the community at the roundtable is that fintech,



especially crypto and digital assets, are global in nature, with many players operating across borders around the world – if the UK wants a place at the global table, it needs to be competitive. There were calls for a regime even more progressive than the European Union's Markets in Crypto-assets (MiCA) regulatory proposals which are all-encompassing and will bring crypto and digital markets in line across Europe for citizens and businesses.

While welcomed as a moment of clarity for the cryptoasset industry, MiCA still has a way to go to provide true clarity. At

present MiCA acts as a subsidiary piece of legislation which applies to cryptoassets that do not already fall under the remit of existing EU financial services legislation. This means that a cryptoasset issuer will still have to do the regulatory analysis of whether to offer a security token or not before they can start applying the rules of MiCA.

This presents an opportunity for the UK to streamline its process and offer a regime that requires just the one rulebook, and to put a more comprehensive crypto and digital assets regulatory framework in

place in a short timeframe. This will be critical to attracting global investment and liquidity in this rapidly growing sector.

The UK Chancellor Rishi Sunak recently announced that the government will propose a regulatory approach for relevant stablecoin initiatives that ensures they meet the same minimum standards we expect of other payment methods, to harness the potential benefits of stablecoins, while managing risks to consumers and financial stability. This is a solid start.

The Chancellor also announced that HM Treasury and the Bank of England will continue their investigations into central bank digital currency (CBDC), noting that this will be a complement to cash. This decision reaffirms that the UK will be looking at retail CBDCs and work in this area will only strengthen the resilience of the payment network and given the unprecedented events of this year has only further justified the need for an additional payments rail.

With the growth of DCEP in China and a proposed digital yuan for global trade, and a US digital dollar gaining great momentum, the UK will likely look to a wholesale CBDC to better enable trade across the Commonwealth. Home to 2.4 billion citizens and 54 countries, this is where central bank digital liquidity will really lubricate the wheels of foreign direct investment and trade finance.

Sustainable finance

Few need an explanation as to the importance and compelling case for sustainable finance, an overarching term used to describe environment, social and governance (ESG) investment, impact investing, ethical and faith based finance, and the UN goals/sustainable development goals (SDGs).

Often there appears to be almost a singular focus on the 'E' – environment,

especially in light of climate data. Whether you believe the climate data or not, there is no excuse for dumping more than 40 billion tons of carbon into the atmosphere every year or eight million tons of plastic into the ocean – behaviours and habits really need to change.

There is much more to sustainable finance and 2020 has revealed a number of areas where development is greatly required in many Western societies with issues like Black Lives Matter (BLM), gender and diversity, the overall responsibility governments and companies must demonstrate, and the transparency of measures in their day-to-day practices.

The clear message from the community at the roundtable was that the

With no constraints around state-aid rules following Brexit, the UK has a freer rein to look at how to best incentivise foreign capital and direct investment

government needs to start issuing sovereign bonds in partnership with industry and, on the basis of transparent and measurable performance, to start to address head on the most important issues threatening society. With the proliferation of different ESG and sustainable finance measurement standards, the community also recommended a standard taxonomy be developed to help harmonise the disparate data measurement sources.

The UK chancellor, in his most recent statement, also announced that the government will issue its first sovereign green bond in 2021 subject to market conditions to help finance projects that will tackle climate change, finance much-needed infrastructure investment and create green jobs

across the country. He also announced the introduction of more robust environmental disclosure standards for investors and implementation of a green taxonomy common framework for determining which activities can be defined as environmentally sustainable.

In this instance, the UK government might be wise to adopt the EU Sustainable Finance Taxonomy and Emissions Trading System (ETS), which is well advanced and mature, and not get bogged down with the reinvention of a better mouse trap by bureaucratic boffins. The immediate development of an agile taxonomy for carbon reduction and the implementation of distributed ledger technologies, an area playing to the fintech sector's strengths, will help to expedite the issue of sovereign-backed green debt and let the market accurately price risk and scale rapidly without undue friction.

Talent and capital

While new and innovative policy and regulation helps give a needed repolish of the UK's fintech crown, it is still talent and capital that remain the two vital ingredients to sustaining a healthy fintech and innovative digital community.

With the loss of the free movement of European talent in Brexit, the UK will need to look to scale up its Global Talent and Tier 2 visa regimes to specifically focus on STEAM (Science, Technology, Engineering, Arts and Match) skills, especially where related to fintech, data sciences, artificial intelligence, blockchain, cryptography and cyber.

Key feedback from the community in the GDF roundtables called to see many of these skills delivered in the UK in the earliest school curriculum with incentives for a diverse range of students to participate. It was also

suggested that the UK double down on its retraining schemes to focus on the workforce transitioning out of sunset industries or for sectors hit hard by Covid-19.

With no constraints around state-aid rules following Brexit, the UK has a freer rein to look at how to best incentivise foreign capital and direct investment. With roundtable calls to carry on the current enterprise investment scheme (EIS) and seed enterprise investment scheme (SEIS) the question of how far the government will choose to go the help incentivise for example, early stage green developments, in the way that Scandinavian governments approaching this area.

Moving forward

Clearly the UK fintech community is delighted with the chancellor's recent announcements and are expecting more. The final draft of the Kalifa Report will be publicly released in the New Year.

Let us all make sure we continue to work together and help each other and our community through the early, and possibly very challenging months of 2021, to get to the other, brighter side. **TFT**

About Lawrence Wintermeyer

Lawrence Wintermeyer is a globally recognised digital finance advocate, working in alternative investment. For more than 20 years he has been running or advising businesses from startups to global brands.
LinkedIn: [linkedin.com/in/lawrencewintermeyer](https://www.linkedin.com/in/lawrencewintermeyer)
Twitter: @lwintermeyer



MAKING FINANCE FAIR

SwissBorg co-founders Anthony Lesoismier and Cyrus Fazel outline their vision of decentralising finance and making wealth management accessible to everyone

After years of working in traditional banking and asset management, Cyrus Fazel and Anthony Lesoismier were ready for a change. In 2017, they established SwissBorg with a mission to revolutionise personal finance by building products that would allow individuals – from novices to seasoned investors – to easily manage crypto assets wherever they are in the world.

SwissBorg, with its headquarters in Switzerland and offices in Tallinn, Toronto and London, is not just another trading platform, but rather a unique community-centric financial ecosystem that ultimately allows individuals to control their own wealth.

“When we look back at our time in banking, we were making good money, we had beautiful business cards with titles, but what we were and what we were doing didn’t feel like real life and there was a lack of alignment for us,” explains Anthony Lesoismier, chief security officer and co-founder of SwissBorg. “We’re not saying that the financial world itself is bad as there are many things that are extremely good. But we wanted to create something different with much more life, and what we are doing now is all about improving the financial world. We try and enthuse and encapsulate every innovation that is out there and make it available for adoption.”

In 2018, the company successfully ran one of the first decentralised referendums on the Ethereum blockchain, allowing its growing community to vote on the team’s projects. A second referendum allowed community members to vote on the sector they would first like to engage in an initial coin offerings (ICO) mentoring programme. This led to one of the 12 most successful ICOs in Switzerland in 2018.

- **The Multi-Utility SwissBorg Token (CHSB):** The CHSB token is a multi-utility Ethereum token (ERC20) that can be used in various ways within the SwissBorg ecosystem, including voting rights, rewards and staking for zero percent commission.



- **The SwissBorg Community App**
A way to introduce people to crypto assets, this educational gaming app lets members predict the price of Bitcoin, and earn it, without taking any risks. The more points earned, the higher the rank and chance to win tokens. The app provides the players with a daily Bitcoin analysis, educational articles and videos, as well as the latest trends and news of the crypto market.
- **The Wealth App:** SwissBorg’s crypto wealth management app lets users securely exchange digital assets and invest with fiat currencies, with the protection of multi-party computation (MPC) keyless technology.

When we look back at our time in banking, we were making good money, we had beautiful business cards with titles, but what we were and what we were doing didn’t feel like real life and there was a lack of alignment for us

November 2020 proved to be a particularly successful month for SwissBorg with several milestones reached. It now has more than 62,000 people using its Wealth App and \$80 million assets under management. Meanwhile, its Community App has entertained more than 150,000 users with tips on Bitcoin investing.

“While many companies claim to be community-centric, this can often just be a marketing ploy,” says Lesoismier, who suggests that buying Bitcoin from a

company, such as Coinbase, that has a centralised corporate structure and charges high fees, is not really a commitment to an alternative financial system. For SwissBorg, the future of finance is about collaboration and a space where people come together to solve problems.

“If you are building electric cars because you believe the planet deserves better and you want to use sustainable energy, then the manufacturer you choose and the way they build the car should be aligned with that,” says Lesoismier. “If you’re using all the non-renewable energy to do that, then there is a misalignment. For us, we are more than just a marketing claim, we want to do better. In finance, we want to help anyone get access to deals that are offered in the crypto world and achieve a more equitable future.”

Introducing Smart Yield

Next to come from SwissBorg is the Smart Yield account, which uses artificial intelligence to provide the best investment opportunities on a daily basis. Because the decentralised finance (DeFi) world is complex, risky and often costly, the aim is to simplify this by automatically connecting to reliable projects with the highest yield, mitigating risk.

Cyrus Fazel, co-founder and CEO of SwissBorg, explains: “The next big thing we are going to provide very soon is a robo adviser that enables you to have yields and interest rates on different cryptos. For us that is really a massive move. When you buy Bitcoins you need to have a certain amount of risk appetite, as it is a very volatile instrument. However, the yielding process is for anyone.”

“In the new DeFi role, there are essentially different lending and borrowing platforms where you could lend, or you could borrow and by doing that you get different yields. Our robo advisor manages to get the best out of this – it looks at all

these platforms to do a kind of credit rating like Moody’s, but by looking at all the different blockchain decentralised financial applications that exist today.

“It’s actually a really tough job, probably even harder than Moody’s, because here what we’re looking at in terms of risk is not only the corporate risk that you have or the liabilities of the company, but also the technical side of it, how is it being run, if there’s any loopholes or if auditing has been done well or not. We have an investment universe with different counterparties that we update on a weekly basis and we scan this investment universe for different options of yielding.”

In that respect, SwissBorg sees itself as a bridge between DeFi and centralised finance (CeFi) – both DeFi and CeFi have valid places in the cryptocurrency movement as they offer attractive yields, faster transactions and infrastructure that promotes more open finance.

Fazel says: “We have moved from trading assistance, which was our first model and was built on buying low and selling high with our Smart Engine. Data enables you to build your confidence of buying or selling. Now we are offering a semi-automatic experience – you don’t need to know how to drive the car as we will drive it for you and hopefully provide a better investment experience.” **TFI**

About SwissBorg

SwissBorg is a cryptocurrencies wealth management platform based on blockchain technology. The fintech startup, headquartered in Switzerland, with offices in Tallinn, Toronto and London, wanted to create an easy and accessible option for investing in crypto.

Website: www.swissborg.com

LinkedIn: www.linkedin.com/company/swissborg

Twitter: @swissborg



SwissBorg

Codat heads to the US striving to become the leading platform for small business data

Peter Lord, CEO & co-founder of Codat



“Many small businesses don’t even know that Codat exists, but we put the needs of these companies at the forefront of everything we do,” says Pete Lord, chief executive and co-founder of the London-based technology company ahead of its international expansion.

Over the last three years, it has connected the internal systems of small firms to banks, fintechs and other financial institutions, allowing business data to flow to and fro in real time. Currently, the Codat platform enables financial organisations, such as iZettle and Experian, to integrate with the likes of Xero, Quickbooks, Sage, Kashflow, FreeAgent, Freshbooks, Clearbooks, Exact, Wave and Zoho Books – all via a single, developer-friendly API.

The number of people who are interacting with Codat’s technology without realising is growing rapidly. Tens of thousands of small businesses use apps, services and financial products that are powered by the data expert every month and it aims to reach a target of 300,000 SMEs benefiting from its integrated products by 2022.

“One of the great things about what we do is getting to work with a huge range of clients who are doing something different to make life easier for small businesses,” comments Lord. “When I start to think about all the different apps that are built upon our platform, that’s when it starts to get very exciting.”

“Because our clients can use the Codat offering to

power whatever product or service they’re providing to small businesses, we don’t set the use case for our technology, it is set by our client’s applications and what they build.”

MOVING FORWARD

Founded by Alex Cardona, David Hoare and Peter Lord in 2017, Codat currently has 60-plus clients across a range of different industries around the world, including insurance payments, cash flow forecasting, point of sale software, corporate cards, debt collection, automation, travel management and venture capital.

In June, it raised \$10million in Series A funding from international venture firm Index Ventures and in August was awarded a £2.5million grant by Banking Competition Remedies (BCR), building on the £5million Codat received from BCR in 2019 – one of only two successful applicants from 2019 to be awarded a second grant.

In the past few months, Codat has secured strategic partnerships with Visa and

Microsoft with the aim of giving banks and enterprise financial service firms easier access to SME financial data. It also leveraged products in development to build and deliver a solution for the Coronavirus Business Interruption Loan Scheme (CBILS) and Bounce Back Loan Scheme (BBLS) which has been deployed by UK Tier 1 & 2 lenders.

Despite operating in times of global uncertainty, for Codat it’s ‘full steam ahead’ with the start of its international expansion plans underway and more ‘big name’ collaborations to come.

“We’ve been fortunate that to a large extent, we’ve been able to stick to our existing plans in 2020,” says Lord. “We’ve had to accelerate some development of certain features, for example, those that helped some of the banks we work with get funds out to businesses applying for credit cards, business interruption loan scheme and other government schemes.

“Business lending is one of the largest and most

impacted sectors affected by the coronavirus and there will still be a challenge for lenders to continue to get money out the door and fund small businesses, while at the same time minimising costs, defaults and frauds.

“We have a strong pipeline of household names and larger institutions that we’re in the early stages of working with that we look forward to announcing more broadly soon. It’s an exciting time but it’s also a turbulent time, especially for many of our clients. Covid-19 has transformed lots of the sectors that we operate in.”

Lord and his family have recently moved to New York to oversee the launch of Codat’s first US office in New York. It has a small ‘but growing’ team out there, many currently working remotely – and its US and Canadian client base is ‘expanding quickly’.

“Although the UK is obviously our home market, we have had clients from around the world since we first started almost four years ago, and

customer’s e-commerce and point of sale data.

Codat is committed to tackling the problem of data silos. Because businesses use a number of different platforms, data can be collected in one system, reported in another, and then shared in a different programme.

“We recognise that businesses use a number of different systems to run their business and those systems all need to be in sync,” says Lord. “Financial service providers need to replace siloed data with a connected ecosystem of unified financial data sources. We will be focusing on how data from these siloed systems can come together.

“Depending on our clients’ products and what the connectivity we’re providing powers, our help could range from not having to manually enter the e-commerce sales data into their accounting software right through to putting their best foot forward when they apply for funding, because the lender who they’re applying to has access to the most up to date and holistic information on their business.

“We’re doing our part to enable clients to leverage the technology, connectivity and data we provide to make better decisions faster and ultimately serve more small businesses.” **FT**

Building a business data ecosystem

the US and Canada is at the centre of our focus on expanding internationally,” adds Lord.

Another way Codat intends to fulfil its mission of becoming the platform for small business data is through achieving total connectivity between the product and services small businesses use. Throughout the past 12 months, Codat has expanded its integrations with a wider variety of data sources – as well as accounting and banking data, its clients can now view their

About Codat

Codat is a London-based technology company that lets banks and fintechs plug into their small business customers and the software they use, giving them seamless access to real time data. Codat is building an ecosystem of connected datasets that handle the heavy lifting of integrations, leaving providers free to focus on improving their offerings for small businesses.

Website: www.codat.io

LinkedIn: [linkedin.com/company/codat-limited](https://www.linkedin.com/company/codat-limited)

Twitter: @CodatData



codat

Smart is on a mission to transform pensions, savings and financial wellbeing, across all generations around the world.

Since its launch in 2014, it has evolved to become one of the largest workplace pension providers in the UK, with backing from global financial giants Legal & General and JP Morgan.

The Fintech Times chats to Smart's co-founders Andrew Evans and Will Wynne about the company's plans for rapid international expansion.

THE FINTECH TIMES: When Smart was developed, what did it set out to achieve?

AE: The challenge was clear. The introduction of auto enrolment in 2012 meant that more than a million small businesses needed to set up a workplace pension for their staff, the majority for the first time and there was a considerable worry that the pensions industry wouldn't be able to cope, even though the UK government created its own scheme. We saw an opportunity to bring a technological solution to help smaller employers become compliant in a quick, easy and cost-effective way, while also providing a great quality pension to savers. Over time the pensions industry has not made the best use of technology and has overcomplicated matters, and we sought to change that.

What we didn't expect though was how far the pensions industry was behind in terms of the use of technology and, although our roots are in auto enrolment and our UK master trust, Smart, we quickly began to have conversations with some of the very biggest names in pensions and retirement savings around the world about how the Smart platform could power their pension proposition into the future.

TFT: How much did auto enrolment in the UK contribute to your business development?

WW: Massively. It opened the door for us to enter an extremely large but also stagnant and technologically backward industry. We remain loyal to our roots and the UK is our home market; we are continually developing and evolving the proposition for our captive master trust so that it provides a top-quality experience for Smart's customers.

Once our auto enrolment phase one was completed successfully and we quickly realised that we could build on this success and move beyond auto enrolment to power the pensions of the future through selling our platform to other brands, in the UK and beyond.

We now have a number of platform partnerships live in other countries (with some big announcements to come in the UK also), plus we've just incorporated in

The pension transformers

Smart co-founders Andrew Evans (CEO) and Will Wynne (Group MD) on grappling regulatory change and legacy technology to deliver workplace retirement solutions of the future

the United States to take our purpose built tech to market there. The challenges in retirement are common across almost all countries – a lack of investment and innovation mean that pension sectors have fallen behind, and Smart's mission is to reverse that trend for the better.

TFT: What sort of demand have you seen from consumers for real-time payments and UX-friendly interfaces?

AE: In short, we have seen massive demand. It's almost criminal that people have come to expect less than the best from their workplace pension provider due to the lack of innovation and focus on the customer. This is something we are seeking to change. We constantly seek and get feedback from our customers through in-depth user research, through our own in-house lab or more often remotely in these Covid-19 times. We take that feedback seriously; we use the insight to review, tweak and further evolve the platform and its feature set to ensure we are building what customers actually want, not what we think they might want. When we deploy the Smart platform into new clients or new territories, we often need to build new features and services to meet the specific requirements of the deployment.

We do this by evolving our single global cloud native platform to incorporate the new functionality, so that we are always operating from one source of truth, at massive scale, with minimal technical debt or accumulation of legacy, and meaning we can offer our enhanced platform feature set to all our clients around the world. We are also focused on making sure we are developing for the future. We don't cut corners when it comes to the quality of our code and we specifically make sure we go back pay down any technical debt that does occasionally arise when delivering new products into a new market at pace. It is this approach that will keep the platform modern and up to date, providing a solid foundation for future growth and innovation.

TFT: How does your product reduce the operational burden and manual processes that are typically associated with the industry?

WW: Most schemes are run on quite dated mainframe legacy systems which are increasingly problematic. Typically, they are closed systems and not good at communicating with other systems, and they are difficult to maintain and keep up to date. Furthermore, they have been patched up over many years, so these systems are a bit of a mess. They belong in the 1980s. We are the only global, cloud native, API-centric platform in the pensions and retirement space; we are also the only platform provider built specifically for the workplace and with platform as a service in mind. In real terms, what this means is that we can access data and provide information to our clients in real time, as opposed to days or even weeks in some cases, around the world, and we can work in close partnerships with global brands to power their propositions and their brand.

We have built straight through processing into the heart of our solutions, cutting the need for manual interventions, reducing costs and managing risk. We see that as a real point of difference in a sector that is struggling to catch up to the technological advancements, we are all used to today in other sectors. For example, one of our client cut their onboarding time by 90 per cent and their operational support requirement by a similar percentage; now, rather than having 50 people pushing paper and running manual reconciliations, they simply have five people monitoring our system running the vast majority of tasks automatically.

TFT: How have you used technology to power your workplace pension proposition?

AE: We initially built the platform to support our own captive master trust, Smart, and the focus was on it being agile, user friendly and scalable. It also was crucial that on a unit economics

basis, it could operate profitably for a one-person workplace savings scheme while also being cost effective (free to use!) for the employer. We were amazed at how the traditional pensions sector stood up and took notice of what we were doing and how we did it – Legal & General, a £1trillion assets under management (AUM) asset manager and the UK's biggest pension provider became a strategic investor within a year of us going live – and this has opened up lots of conversations about us deploying the Smart platform across the globe. Currently, in addition to the UK with Smart, we are live in the Republic of Ireland and in Dubai, and we will go live in the US and Australia mid next year as well as announcing and rolling out multiple platform partnerships in the UK in the same timeline. It is clear that traditional providers are crying out for better technology and that is why we are winning so much business. We know our lead is not guaranteed, our approach is to continually innovate for our partners and clients so that we remain best in class when it comes to powering the pensions of the future.

TFT: What sector traditions have you come up against?

WW: Where do we start? The pensions sector has been slow to innovate and embrace technology

mainly because incumbents are so risk averse and lack the ambition to change. Additionally, historically pensions have not been a mass market product so the incentive to invest has been lower as high margins on big pension pots could support hugely inefficient operations. That is changing as ageing demographics and fiscal challenges for national governments

mean the state is pushing mass market retirement saving into the workplace (as was the case with auto enrolment in the UK), something ageing legacy wealth platforms have struggled to adapt to.

In this brave new world of (often mandated) workplace retirement saving we believe that if providers don't adopt modern technology as a foundation to provide better service to their members they will stagnate and get left behind. Also, the pensions industry, partly as a result of legislation and regulation, has massively over complicated things which just makes it hard for employers to run a compliant scheme and for members to make decisions. Our core focus on the user aims to change all that. Blending great user experience and innovation we think pensions can be made a lot simpler and easier, helping people save more for their retirement.

TFT: When it comes to regional differences, how does your business model tackle obstacles?

AE: The beauty of the Smart platform is that while it is and always will be a single platform, we can evolve and configure it to meet specific needs of different regions (or indeed clients).

Examples of this are the platform deployments in our partnerships with Zurich in Dubai and New Ireland Assurance in Ireland; both had

some new functionality needs and we have built these into the platform (and they are now available across the platform).

We are currently working on building out the platform for a key partnership in the US in early 2021 and we relish the challenges each region brings us. Fundamentally though the problems are very similar – how to help employers provide good quality workplace savings for their staff and how to make pensions as simple and as easy as possible for savers. Our multi-region approach allows us to take learnings from each region and apply them globally with the aim of transforming how people save for their retirement across the world.

TFT: You've expanded considerably this year, what were the reasons behind it?

WW: The demand for the platform as a service (PaaS) is ever increasing as companies with an interest in defined contribution pensions – banks, asset managers, insurance companies, pension administrators and so on – realise that they need to catch up and invest in technology. Any sensible scan of the global market for a modern workplace focused platform will at least lead you to knock on our door for a conversation. These opportunities are generally very large, and hence rather than turn off lucrative strategic partnerships, we seek, where possible, to capitalise on them all which means we scale up further.

We are currently working on and winning opportunities in the UK and Ireland, the US, Australia – the three largest defined contribution (DC) markets globally – as well as the Netherlands and Hong Kong. In addition, our strategic investors include JP Morgan, Link Group, Barclays, Natixis and L&G. The calibre of these partners means a great deal to us and has contributed significantly to our growth this year.

TFT: Have you had to change or adapt your plans since the global pandemic began?

AE: The short answer is no. As a technology company you would expect us to be able to transition seamlessly to remote working (both as employees and in the operation of our platform) and that's exactly what happened - though in our sector we were the exception not the rule. Our business proved to be extremely resilient through the pandemic, demonstrating continued growth. During the first national lockdown we onboarded around 100 people remotely, went live with our platforms in Ireland and Dubai, launched in the US and closed our Series C funding round.

TFT: What are your hopes for Smart over the next 12-18 months?

WW: At Smart, we have really ambitious plans for the next 12 to 18 months with a real focus on growing our international and UK platform business. We are driving hard to execute and deploy our global strategic partnerships in key markets, cementing Smart as the go to partner for anyone thinking about workplace retirement solutions of the future. If we execute successfully just on the Smart pipeline that is either confirmed or very close to confirmed today, we should comfortably be hitting double digits millions of members and tens of billions of pounds of AUM on the platform by 2023. **TFT**

AT A GLANCE

WHO WE ARE: Smart is a pensions and retirement technology business, running a defined contribution master trust pension scheme setup for employers to automatically enrol employees in a workplace pension scheme, and delivering pensions technology platforms in partnership with other financial institutions. We look forward to a Smart future together.

COMPANY: Smart

FOUNDED: 2014

CATEGORY: Information Technology & Services

KEY PERSONNEL: Co-founders Andrew Evans (CEO) and Will Wynne (Group MD)

HEAD OFFICE: London, UK

ACTIVE IN: Global

WEBSITE: www.smart.co

LINKEDIN: [linkedin.com/company/smart-pension](https://www.linkedin.com/company/smart-pension)

TWITTER: @smartpensionuk



Over time the pensions industry has not made the best use of technology and has overcomplicated matters, and we sought to change that

Advanced tech and collaboration are key to AML success

We need a collective effort within the industry to effectively tackle anti-money laundering

Abhishek Chatterjee, Founder & CEO, Tookitaki

As the world continues to fight against the Covid-19 pandemic, criminals are seizing the moment to proliferate their criminal activities, earn undue profits and transfer illegally earned money across borders. Crimes, such as human trafficking and corruption, have a favourable situation to thrive. At the same time, criminals are adapting their most profitable cybercrime tactics to suit the situation, as a great number of working people across the globe are confined to their homes and are using digital means to complete their daily tasks. Phishing, vishing, business email compromise, malware and ransomware attacks, fake charity campaigns and trading in child abuse materials are rampant across the globe, and we're also seeing a growing number of new fraud schemes and money mule scams, too.

As the above crimes will undoubtedly increase money laundering activities, these are times for banks, governments, and multilateral institutions to be vigilant and take measures. Many regulators across the globe have realised the challenges that banks, and other financial institutions, will face in anti-money laundering compliance. Albeit a temporary suspension in the regular supervisory activities, they have instructed financial institutions to stay cautious and suggested certain best practices to counter an expected surge in money laundering operations.

HOW BIG IS MONEY LAUNDERING?

The amount of money being laundered across the globe every year is equivalent to two to five per cent of global gross domestic product (GDP) or \$800billion to \$2trillion. Of that, only one per cent is actually brought to light. The crime of money laundering has a societal angle as well as many of its predicate crimes put millions of lives at stake every year. It is important to note that there are multiple crimes that generate hundreds of billions of dollars every year for criminal enterprises.

For example, drug trafficking is estimated to make between \$426billion and \$652billion in proceeds every year. Meanwhile, human trafficking is a more than \$150billion a year criminal business. If we stop money laundering, we can stop



these heinous crimes. Liberties and lives of vulnerable people are being lost, right in our own backyard. When money can be easily laundered, these travesties continue.

FIGHTING AML

Financial institutions are dealing with large volumes of data sets. In order to detect money laundering they primarily depend on a large number of staff and rules-based systems. They implement rules and set certain transaction thresholds in these systems which trigger alerts when there is a rule violation or a threshold breach. Now, compliance staff need to investigate each of these alerts to find out irregularities. This is a cumbersome task as today's banks deal with a sea of alerts. With money laundering schemes that are relatively new, existing anti-money laundering (AML) solutions may not be able to identify them. The current solutions generate ultra-high false positives, making the AML programmes ineffective and inefficient with increasing cost. Static and granular rules-based approach is not self-sustainable i.e. require manual tuning, which is expensive and considerably time consuming. By the time a new rule reaches production, it becomes obsolete.

Artificial intelligence (AI) and machine learning can help make banks' job easier with advanced alert triage and automation, enabling better risk assessment (devoid of rules and thresholds).

Regulation technology expert Tookitaki, incorporated in November 2014 in Singapore, started off by building a machine learning platform that offers higher accuracy and faster time-to-market for any predictive analytics problem. Soon, we realised that business opportunity for vertical artificial intelligence (AI) is significantly higher than horizontal platform play. We felt that machine learning can create a huge impact in financial regulatory compliance space, where efficiency is being compromised despite increased costs. So, in late 2016, we decided to focus on regulatory compliance space and build



applications catering to AML and reconciliation.

Our advanced machine learning-powered AML/ combating the financing of terrorism (CFT) analytics solution – Anti-Money Laundering Suite (AMLS) – helps detect, investigate and report money laundering activities.

It also allows the money laundering patterns to be automatically shared across banks globally (irrespective of their size) to facilitate collective intelligence and outsmart the criminals by identifying the suspicious money trails buried deep inside the mountain of legit transactions. The approach is unique and a paradigm shift from today's rules systems and AI applications as it looks beyond the siloed design where AML programmes are created with limited data to cater to specific products, customer types, location without any knowledge on suspicious patterns observed in peer banks.

A gamechanger in detection and investigation of financial crime, our AMLS makes use of the industry-first library of money laundering patterns to identify hard-to-crack laundering schemes, while ensuring efficient anti-money laundering (AML) alert management.

Our solution includes typology repository management (TRM) – the world's first decentralised machine learning-powered AML system. TRM is a revolution in the AML/CFT space as it can capture changing customer behaviour and detect suspicious cases, besides prioritising alerts with high accuracy, without the need to apply any personally identifiable information (PII), rules and thresholds.

WORKING TOGETHER

To tackle the crime better, global regulators need to come up with effective regulations especially when dealing with international transactions. Financial institutions must be equipped with

advanced technology and sustainable compliance programmes to counter money laundering.

Absence of a mechanism of sharing insights and patterns across banks, geographies (even in different business units within the same bank) leads to insufficient and ineffective coverage of AML risks globally. Even with relaxed regulations on data sharing, the bank's adoption rate on sharing and management of AML policies and dynamics is limited.

In this scenario, Tookitaki looks to enable sustainable compliance programmes combining domain knowledge and advanced machine learning. Unlike rules-based solutions, our solutions are dynamic as they continuously learn from new data. Our solutions are also comprehensive as they incrementally gain from domain knowledge coming via TRM.

In order to effectively tackle AML, there should be a collective effort within the industry. We believe our TRM framework is a stepping-stone for this collaboration. The platform enables financial institutions, regulators and AML experts to share their domain knowledge related to the crime for the benefit of the industry.

We expect increased demand for AI-based AML solutions in the coming years, as financial institutions have started realising the efficiency and effectiveness improvements of these new-age technologies. At the same time, we see increasing support from regulators to test, develop and implement AI-based solutions. **ITI**

About Tookitaki

Tookitaki is a global regulatory technology company that provides proven, enterprise-grade, scalable and explainable AI-powered smart solutions in the AML/CFT and Reconciliation spaces. Tookitaki is on a mission to fight the evils of money laundering by creating a federated technology ecosystem that gives equal footing to all financial institutions, creating safe and sustainable societies. Tookitaki is swiftly being adopted by leading banks as well as traditional and modern financial services. The World Economic Forum recognised Tookitaki in 2019 as a Technology Pioneer for its ability to shape the society in exciting ways. Founded in 2014, Tookitaki is headquartered in Singapore with offices in Charlotte, US and Bangalore, India.

Website: www.tookitaki.ai

LinkedIn: www.linkedin.com/company/tookitaki

Twitter: @tookitaki



Tookitaki

Setting new standards in global payment back-office technology

People want technological change to be more than rip-and-replace; it's got to be better



Financial institutions require a lot of technology to operate but its core business is to serve customers, not to pour millions into keeping legacy hardware afloat. Yet for many banks, the typical back-office infrastructure is a mix of applications dating back decades, diverse platforms built for different tasks, and multiple integrations between them all.

When changes are needed, frequently the only solution is to build layers on top – which coders call ‘cruft’. So the system becomes an endless pile of patches, fixes, and special cases to keep everything running and comply with ever-changing regulation. And, of course, the people who built those systems aren’t around anymore, making every update difficult and time consuming.

A modern approach to building and running critical payments infrastructure

Instead of a server farm

and a hundred legacy applications, banks can connect to an application programming interface (API) that makes the complexity someone else’s problem. Instead of force-fitting software into a new paradigm, you’re sidestepping the problem completely. Instead of constantly struggling to stay ahead of rules and regulations and potential

Cloud-based payments infrastructure isn’t a single monolithic piece of software. It’s a microservices architecture: a modular ‘box set’ of products accessible individually, all together, or one-by-one

cyber attacks, you’re outsourcing to payment technology specialists for whom compliance and security is at the core of what they do.

The infrastructure on which payments are initiated and settled is no longer a cost centre, but a fully managed service, kept up to date with scheme and regulatory changes baked in. Not only that but the

associated cost of payments infrastructure is spread across a number of organisations using the service on a ‘multi-tenanted’ basis which makes perfect business sense.

Cloud-based PaaS (payments as a service) isn’t just a replacement for Big Iron. It’s an enabler of new services, innovative products and opportunities for business growth. Moving

payments infrastructure to a PaaS model doesn’t limit your potential to develop new services, or cause loss of control over existing ones. In fact, it enhances it. In a multi-tenanted model, economies of scale can be unlocked for organisations not weighed down by legacy IT costs.

More customers can be served, without costs increasing in proportion.

New services can be conceived and deployed on the same infrastructure, without the need to integrate new platforms or data models.

Migrating to a fully cloud-native tech stack

Cloud-based payments infrastructure isn’t a single monolithic piece of software. It’s a microservices architecture: a modular ‘box set’ of products accessible individually, all together, or one-by-one. The benefit: you don’t need to switch your existing services all at once.

That means no interruptions to existing services when making the change. A new product can be set up, tested, and rolled out without disturbing other infrastructure. And in the initial migration, each switchover can be small-scale, lowering risk.

Close collaboration with experts on the other side of the API along with risk-free testing and staging environments let you set up and test each service before opening it to users, all backed up by 24/7

operational support and service management all baked into the service.

All this means your migration isn’t an all-at-once event, but a series of small steps in logical sequence on a timescale you choose. Which makes it easier to plan, execute... and succeed.

Making it happen

Banks are by nature hierarchical organisations with fixed procedures for capacity and resourcing; very different to the scalable, modular structures of typical cloud services, which bring together cross-functional teams across the business to build and test use cases for a variety of outcomes. Three or four releases are deployed per day, not a year

and this requires a level of change management within the organisation that can adapt and align to a new business model.

Treating change management as a stepped process, not a one-off event pays dividends. Start with the business case and mindset change and work down towards operational processes, resource allocation and restructuring co-working teams.

Approached the right way, partnering with a cloud-based payment technology specialist to handle your processing, clearing and settlement can free up critical resources to serve customers better, drive costs out of your value chain and innovate and deploy new products and services in weeks not months. **TFT**

FORM3
FINANCIAL CLOUD

Form3 works with some of the biggest banks and fintechs in the UK and Europe to modernise their payments infrastructure. To learn more visit www.form3.tech

For many, Islamic fintech is an unfamiliar phrase. However, Islamic fintech is a growing sector of the fintech industry and Yielders – one of the most recognised firms in the sector – has been steadily pioneering a course for what is set to become a growth vertical in the next few years. This article aims to explain the groundings of the industry, as well as the Yielders story so far – through a unique 2020 market environment.

The groundings of Islamic finance

Islamic finance is a method of doing business grounded in Islamic law, principles which have existed for many hundreds of years. Given that the 'Islamic world' was heavily involved in trade and mercantilism from the very early days, this provided fertile ground for some of the mechanisms seen today within the Islamic economy. Islamic financial products really came into the mainstream in the 1960s and 1970s, starting with the founding of Nasr Social Bank in Egypt. Many attribute this expansion of Islamic financial products and institutions to the spike in oil prices which occurred at the time due to a number of supply and demand factors, as well as a push to develop financial infrastructure in countries across the Middle East and North Africa.

How is it different from conventional finance? In a very basic sense, Islamic finance centres around the avoidance of interest or usury (riba in Arabic), as well as a ban on excessively risky transactions (gharar). There are many other intricacies and principles, however these two help to underscore the idea that Islamic finance has inbuilt protection for

THE RISE OF ISLAMIC FINTECH

Yielders – the crowdfunding property platform – on leading the way in a growing industry sector



By Abdul Haseeb Basit, Chairman, and Jake Figg, Investment Analyst, Yielders

actors, such as business partners through profit and risk sharing, and for potential customers of a product through the principles of openness and transparency. This is why products that could be harmful to people, such as high-interest payday loans or highly leveraged contracts for difference, would not be deemed in keeping with the principles of Islamic law, or Shariah compliant. In essence, Islamic finance aims to enable real economy transactions and steer away from speculative financial activity, thereby in theory making it more resilient. 2020 has certainly tested the resilience of many a business model.

Islamic fintech

Islamic fintech is the natural evolution of the approach to economic transactions known as Islamic finance. Islamic fintech uses technology to simplify and streamline complex processes that govern the laws underlying a transaction or financial product, allowing entrepreneurs and financial firms to offer products to the market with a differentiated service that are quicker and/or cheaper, just like conventional fintech products today.

Development in this area is progressing rapidly, especially as it relates to the use of newer technologies, such as blockchain. Many countries, such as Bahrain and the United Arab Emirates, are positioning themselves at the forefront of this technological push, attempting to integrate such mechanisms into their broader financial system. Success in this area requires close collaboration between regulators, scholars and financiers; watch this space over the next few years. The UK is a leader in this space having produced more Islamic fintechs than other country, largely due to the enabling fintech ecosystem, large Islamic finance and technology talent base and the favourable regulatory environment for fintech.

Pioneering years

Yielders is the most recognisable UK Islamic fintech firm. It launched in 2014 as a real estate crowdfunding platform, when the founders themselves were dissatisfied with the investment options available to them. Most real estate investors (either investing directly or via investment platforms) utilise leverage on an asset to make real estate acquisition accessible or in order to boost returns. For Islamic investors not wishing to utilise interest bearing leverage (riba) or to take on the overhead of managing an entire property asset (fractional ownership), few options existed.

Yielders built the first truly unleveraged fractional equity investment product in the world. This was a remarkable first for many reasons, the product achieved Shariah

certification, Financial Conduct Authority approval and was built entirely using proprietary technology.

Central to Yielders' identity is the idea is that it is an Islamic fintech company, for everyone. Being Shariah-based essentially means being bound to acting openly and transparently with investors. For users, this means only investment opportunities which are ethically sound will be made available, for which the projected returns are conservative so as not to be misleading or to unduly induce investment.

Covid-19 market trends

At the end of April, real estate intelligence company Zoopla published an estimation that £82billion worth of UK property transactions were on hold due to coronavirus restrictions. The extensive barriers posed by lockdown measures expected to halve the number of completed property sales for 2020.

Though the length of the Covid-19 measures will ultimately determine the depth of the economic hit to the housing market, there are some positives as it relates to being a buyer in the current market. Those looking to purchase a home will benefit from the significant cut in the base rate and government-led initiatives to support the market. The fall in demand is by no means consistent geographically, with Zoopla noting that demand for property in areas, such as Liverpool, Manchester and Leeds, has been more resilient to the shock caused by the pandemic. Finally, March saw a significant weakening of the pound against major peer currencies, which is

likely to have bolstered interest in real estate from abroad and signals increased portfolio inflows through the year.

Evolving demand patterns

While the overall trend for the housing market has tipped downward, the switch to working from home has provided some interesting insight into changing demand trends. People with jobs in major metropolitan areas have long experienced a climbing cost of living, especially as it relates to rent. A recent survey from Moneypenny shows that around half of British people surveyed indicated that they would be comfortable continuing to work from home. This sentiment is already starting to show within the market, with real estate consultancy firm Savills indicating a significant rise in interest in more rural areas around, such as Gloucestershire, Inverness and Dorset. The situation has provided employees, especially older workers, with the prospect of carving out an improved work-life balance without a significant hit to their productivity at work.

Bright spots

The Yielders experience of 2020 has certainly echoed this. After a short break over the summer the first listed asset on the Yielders platform sold out in record time. Real estate is and remains a stable asset class, especially at a time where homes are also doubling as offices. In contrast to other asset classes, a Yielders investment value is backed by the value of the real estate underlying them, and so are not subject to the more precipitous fluctuations seen among the more speculative asset classes as of late. Yielders investors benefit from:

- All assets being 100 per cent free from debt. As a registered shareholder of an asset, the claim on the property remains with the investor until exit with all of the privileges granted as per the articles of association
- Each asset being held in its own limited company structure (known as an SPV), with complete control and discretion of the asset down to the individual investors
- Shares not being subject to a sudden change in value. Each property is RICS valued twice within an asset's investment term, meaning that the price of investor's has equal voting rights. This means that as a shareholder in an asset that is nearing exit and that cannot achieve a satisfactory sale price, investors can vote to keep the asset generating rent (subject to 75 per cent of investors agreeing). Investors can therefore continue to receive dividend payments on the first of each month until a satisfactory sale price can be achieved on their behalf, allowing an asset to 'ride out' any downturn in property prices

While the run for the housing market continues to be sustained there will undoubtedly be a drop off. For now, however, interest and transactions remain very high. Yielders expects to be bringing more deal flow to the platform in the fourth quarter and beyond to satisfy string investor demand, and to maintain historically strong yield track record for investor despite continuing market uncertainty. **TFI**

About Yielders

Yielders' award-winning investment platform is the UK's first Islamic fintech company directly authorised by the FCA.

Web: www.yielders.co.uk

LinkedIn: www.linkedin.com/company/yielders

Twitter: @YieldersUK

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INVEST. GROW. YIELD

Data: an investment manager's best friend

Applying machine learning to domain knowledge can sharpen investment decision strategies

Genevieve Goh, CEO, Smart Solutions



The year 2020 is definitely one that no business playbook could have told you what and how to navigate against. Organisations that have made transitions to embrace the new economy have definitely flourished. This new world is not new; leveraging a digital economy through technology has aid many companies achieve better competitiveness and differentiation for many years.

The world's most valuable commodity is no longer just oil, but data. In our digital economy where interactions with consumers, institutions and businesses are generating a large footprint of complex data transaction, we could be harnessing the insights from data patterns to drive actionable outcomes. Flourishing from an era of data abundance with organisations embarking on company-wide digital transformation requires balancing an ecosystem of valuable data with domain insights on its value and how to interpret it for creation of knowledge.

The financial industry has been forefront in digitalisation of its business model, process and approach. One area of focus innovation is in leveraging artificial

intelligence in algorithmic trading strategies that harness all the data that they collect for knowledge-based predictions. Machine learning-backed Quant platforms that aid data driven assistance to models created and prediction tested are widely deployed to harness these data patterns.

Modelling financial data is not new and has been done for years to build an abstract representation of a real-world financial decision-making situation. It has however been lacklustre in accurate predictions especially in black swan events in the financial world. Why so?

A balanced ecosystem of the right type of data, knowledge of a domain expert on training of the model and suitable

application of real-world market drivers on the data is key.

There is never existence of that one machine learning model that aces 100 per cent of its predictions made.

However, machine learning helps us provide leverage on the abundance of data in existence. Technical trading theories can complement the prediction and a machine learning-based

modelling that encompasses logic from data patterns in the theory could greatly assist. Machine learning algorithms can identify patterns which we cannot represent in a finite set of equations and we can associate patterns with features of the theoretical approach that led to that outcome. We simply let the data speak and

track leading indicators of our theory and formulate a decision-making strategy that would harness the learning for a more robust prediction. Coupled with an expert view of the type of data used by the model in its conclusion; this new knowledge would be how we could probably flourish in the new digital economy.

How do we ensure that data authenticity and integrity are harnessed in our world of fake news, noisy data and unstructured data?

Organisation must embrace the need of data stewards and data scientists to first catalogue the value of data collected against the knowledge outcome that the company would like to leverage it for.

About Smarts

At Smarts.sg, our team of data science and finance trained consultants have built a AI Quant platform that allows investment managers to incorporate their domain expertise and crunching of large scale of technical and fundamental datasets that are translated practically into relevant features and factors at play to allow insights into a theory of decisions. RoboInvestor was built with the unique proposition of harnessing patterns from crunching large scale of data that are chosen as relevant indicators by the users of the platform.

The users can formulate trading strategy using technical indicators, macro indicators and fundamental indicators and select features based on thresholds and observations optimised on our platform. These strategies are back-tested using a suite of machine learning algorithms to incorporate them in making the forward price predictions of their portfolio

Digital transformation projects that simply embrace the introduction of software to its users, products or processes would see less success. This is so as the first step in leverage of these abundance of assets; data is in placing relevancy metrics against importance, impact and purpose in the entire lifecycle of data being created. Companies that leverage feature engineering, a process of using domain knowledge to extract features from raw data via data mining techniques have flourished. Coupled with the right data security and regulation, transitioning to a knowledge-backed digital economy provides any financial institution that critical 'secret sauce' for alpha growth. **TFT**

watchlist. Effective back-testing of the machine learning empowered models allows transparency in expected returns and metrics to be viewed by the user and backing up a non-bias recommendation to augment their investment decisions.

In our application of robo advisory, we envision to provide a simple and convenient method of applying distinct machine learning solutions on both widely available and unique data sets of clients on a no-code required platform geared towards identifying alpha opportunities and leverage of the new oil – data to fuel investment strategies.

Website: www.smarts.sg

LinkedIn: www.linkedin.com/company/smartsolutions-sg

SMART SOLUTIONS

GENTRIFYING THE WILD WEST

Can suptech take DeFi to the next level?

As technology-driven decentralised finance (or DeFi) grows in popularity and market value, it appears that a battle is brewing between DeFi protocols and regulators. But can technological tools in the hands of regulators head this off at the pass? A reasoned, transitional approach to compliance, along with powerful supervisory technology (or suptech) may hold the key to peaceful coexistence in this burgeoning new industry.

Suptech is the application of new technologies to help regulators improve their oversight, supervisory and enforcement activities. DeFi is the application of new technologies to eliminate the need for rent-seeking intermediaries by applying automated business logic to allow market participants to interact with each other seamlessly. Current financial regulatory regimes rely on the licensing and monitoring of financial services providers who function as intermediaries in the financial markets. Many DeFi protocols, as a practical matter, function as unregulated, borderless robo-intermediaries that impose few or no compliance requirements – including, notably, know your customer (KYC) – on participants. This seemingly intractable conundrum lies at the heart of the challenge of harnessing the power and attractiveness of DeFi innovations to responsible consumer protections and market risk mitigation.

Last month, the Financial Stability Board (FSB) published a report on the use of advanced technologies by authorities and regulated institutions to improve oversight and compliance functions. Suptech is increasingly being utilised by regulatory authorities keen on enhancing their ability to monitor and gain insights into a variety of financial market risks and activities.

Patrick Campos,
Chief Strategy Officer,
and **Jackson Mueller,**
Director, Policy & Government
Relations, at Securrency

Regulators have long used technology to improve oversight functions and capacities before the term suptech first emerged in 2017, when Ravi Menon, managing director of the Monetary Authority of Singapore, asked why regulated entities should have a monopoly on the use of technology for compliance purposes, when regulators, themselves, can also harness technology to enhance the efficiency and effectiveness of supervision and surveillance. Since then, a number of regulatory bodies around the world have established strategic frameworks around suptech specifically, or included suptech as part of broader strategic initiatives. Those efforts include launching specialised units within regulatory authorities or conducting limited tests and pilot initiatives to understand how the application of advanced technologies can support and enhance certain regulatory functions.

As the FSB report and prior suptech reports have indicated, regulators are still early on in their assessment of suptech tools and services and the current focus largely revolves around how new technologies can help regulators sift through and generate deeper meaning from the mountain of information reported to the regulator from its regulated entities. Indeed, the most common suptech use cases reported by authorities, as discussed further in the FSB report, include regulatory reporting and data management.

When one considers the volume of

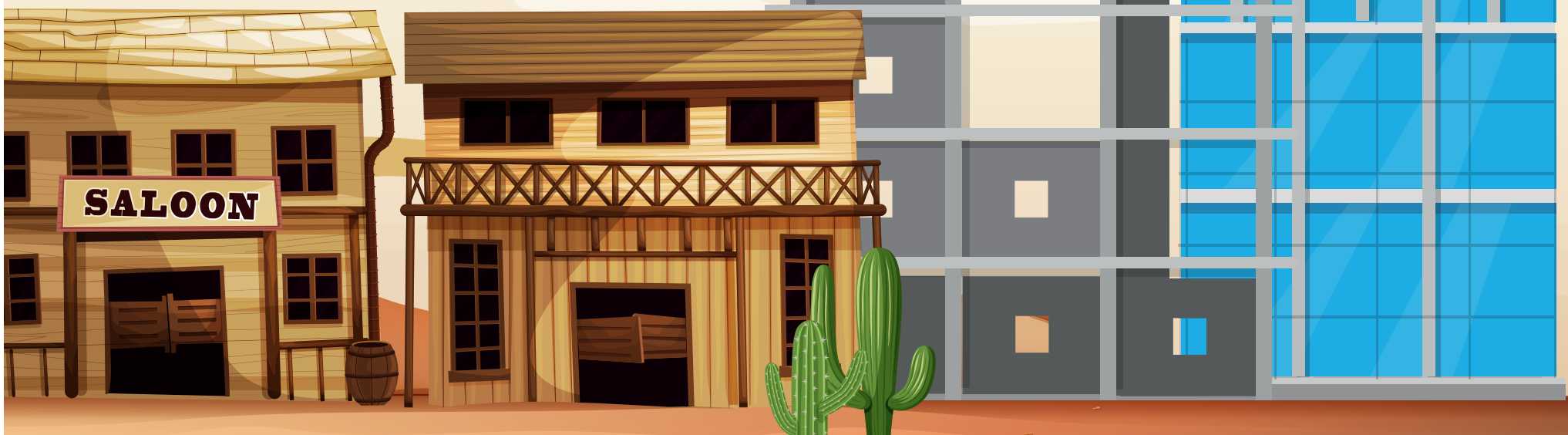
materials that must be provided by regulated entities to their respective regulators, it is no wonder that regulators are interested in suptech to more effectively and efficiently monitor the increasing amounts and types of data being reported to them. In 2020 alone, JWG Group – a market intelligence platform providing regulators and industry with independent analysis of regulatory changes taking place around the globe – has already filtered through 700,000 alerts from more than 700 bodies that issue financial services rules across the globe to net 24,000 relevant documents with a total of 380,000 pages.

While, as noted, regulatory authorities have largely focused on applying suptech to derive greater efficiencies in regulatory reporting and data dissemination and analysis, financial technology continues to evolve and market participants increasingly seek to unlock greater efficiencies by becoming less reliant on intermediaries through self-executing ‘smart contracts’. In this environment, current strategies around suptech must move beyond a forensic, reports-driven approach to more

proactively identifying and warding off risks by more broadly incorporating artificial intelligence (AI) and other technologies that enhance accountability and auditability of market activities.

In the meantime, ongoing developments in the DeFi space and the proliferation of digitalised assets in tokenised form, continues to attract retail, institutional and regulatory attention (both positive and negative). As traditional modes of finance increasingly move to a decentralised environment, where the role of the financial intermediary is reduced or removed entirely from the lifecycle of a financial transaction, these innovations will continue to face the headwinds of current regulatory structures.

As noted by US Securities and Exchange commissioner Hester Peirce, a regulator



widely viewed as open-minded in her approach to fintech regulation, during this year's LA Blockchain Summit: "There's some real potential for some pretty major and revolutionary change coming out of the DeFi space. This idea that you can have the users of something be the ones who also govern it in a very direct way will challenge the regulatory structure in a number of ways." Nonetheless, commissioner Peirce also noted in a recent interview: "[DeFi is] going to challenge the way we regulate. And it's going to cause us to ask questions about what we think the role of a regulator is in DeFi – and I'm not sure that I've answered that for myself yet."

These challenges will lead to an increased demand by regulators for robust supotech solutions. The regulatory focus on tools and applications capable of enhancing data management and reporting mechanisms will evolve to include requirements for technologies that provide regulators with the ability to audit particular tokens, changes to those tokens, who initiated, and who gave the authority to initiate a transaction or change the governance framework around a particular token under a decentralised financial services ecosystem. Essential to regulatory buy-in for the DeFi space are plain-language tools capable of not only allowing regulators to confirm the compliance

of a protocol but that can also provide regulators an audit trail to accurately trace activity and ensure the safety and soundness of markets.

Perhaps more important, though, will be the deployment of AI-driven market surveillance tools that may allow for a methodical evolution away from prescriptive, broad-brush regulation to more proactive analyses that identify developing systemic risks and allow for

This idea that you can have the users of something be the ones who also govern it in a very direct way will challenge the regulatory structure in a number of ways

more enhanced consumer protection. Getting there will require a more cooperative, transitional mindset by market participants, technologists and regulators alike. As a starting point, regulators should adopt a stance from which their regulatory focus remains on the activity, rather than on the entity or the technology. Blockchain-based technologies, for example, provide for significantly more robust surveillance mechanisms when deployed responsibly, and the disintermediation provided by

DeFi (among other fintech innovations) can substantially reduce participation costs, thereby expanding consumer access to markets. On the other hand, innovators and market participants should assume a less adversarial posture and recognise that a transitional approach that respects the importance of reasonable, principled oversight and allows regulators to adapt to these powerful innovations will actually lead to more rapid approval and adoption. While many technologists understandably fear that heavy-handed, head-in-the-sand regulatory approaches will stifle innovation, they must also recognise that nothing will kill an industry like an erosion of public confidence and the wild exuberance of an unregulated market more often than not gives way to disillusionment and antipathy. A collaborative approach among industry, policymakers and regulators will produce the trust that allows markets to truly mature and grow.

With these principles in mind, it is clear that supotech is the bridge that will allow for this sort of transitional approach. AI-based surveillance tools require robust machine-learning capabilities and the ingestion of data that occurs over time. Market infrastructure financial technologies that are able to provide a compliance framework that corresponds with current regulatory practices are best-suited to serve as these

bridges, as these systems can accelerate market data collection and migrate over time to enabling risk-based oversight models. Moreover, providing 'two-way panes of glass' that allow, on the one hand, plain-language auditability of smart contracts and digital financial instruments and, on the other hand, machine-readable regulations that can be easily ingested into compliance oracles, will further enhance this collaboration. In the end, early intervention based on market activity and risk-based assessments will provide the type of 'light-touch' oversight that will spur innovation to greater heights.

The evolution of finance and the exhilarating rise of DeFi will drive a corresponding evolution in regulatory demands to maintain, if not enhance, oversight functions. From potent data science capabilities to the adoption of new tools that capture the delegation of authorities that make up and govern a particular digital asset, ongoing changes in the marketplace will generate new demands for technologies capable of providing regulators with deeper insights into an increasingly decentralised space. As markets evolve, so to must current perceptions and use cases of supotech. Wise innovators will focus on both sides of this issue and build responsible bridges to the future of finance. **TFT**



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"GDF Codes set global best practices and standards for the Crypto Digital industry."

GDF members survey

Fintechs have stepped up to deliver financial health solutions to help those in need

Since March, the Covid-19 pandemic has upended the lives and livelihoods of people across America. Millions of people have lost their jobs, thousands of small businesses have closed and many people are struggling to put food on the table and keep a roof over their heads.

At the same time, the stock market is booming, the national savings rate is soaring and total household debt has plummeted. To understand financial health in the time of Covid-19 is to attempt to make sense of disparate indicators each telling a distinct and often contradictory story.

Financial health: a tale of two Americas

The recently released *US Financial Health Pulse 2020 Trends Report* provided a unique glimpse into how the Covid-19 pandemic is affecting the financial lives of different groups of people in America. As of August 2020, 33 per cent of people in America were financially healthy, which represents an improvement from last year. This finding was surprising initially, but a deeper dive showed that the initial stimulus and relief measures offered by the government and financial institutions appeared to have helped many people make ends meet over the summer.

And yet, a majority of people in America (67 per cent) are not financially healthy; these individuals have little financial cushion should relief measures subside and economic conditions worsen. Among those who are struggling financially, millions of people are experiencing extreme financial hardship amidst the ongoing pandemic. Disparities in financial health over the last year also widened across race and income and persisted across gender. These results paint a concerning picture of 'two Americas' that are emerging from the pandemic: while some are thriving, many more are experiencing extreme financial hardship.

As part of BlackRock's Emergency Savings Initiative (ESI), we examined how Covid-19 has affected the savings of Black individuals in particular, finding that they had to spend down savings and borrow money at much greater rates compared to White individuals with the early part of the pandemic. The data also showed the median savings account balance for a Black individual is \$600, as compared with \$4,000 for the equivalent for White individuals. Findings like these underscore how the pandemic is accelerating the widening wealth gap that is part of this tale of two Americas.

The role of innovation

With so many Americans already at risk of having their financial health plummet as the pandemic rages on, what levers and mechanisms can help people to prepare for the next wave of Covid-19 physical and



Financial health in the time of Covid-19

John Thompson, Chief Program Officer, Financial Health Network

financial health challenges? Thankfully a number of those have emerged, including a series of important ideas and important organisations from the fintech sector.

Fintech company Propel found that in a sample of more than 2,500 SNAP recipients who use its Fresh EBT app, more than half said they worked this year at some point but 62 per cent reported working less than prior to the pandemic and only 27 per cent reported currently working.

With workers and students among the most vulnerable, several fintechs in the Financial Solutions Lab Accelerator, a programme our team runs in partnership with JP Morgan Chase and Prudential, quickly pivoted to hyperfocus on addressing the pandemic-era financial health needs of workers and students. For example:

- Climb Credit created a hardship forbearance programme, worked with school partners to ensure that career skill-building could be delivered remotely, and launched a \$250,000 scholarship fund to help unemployed Americans reskill for healthcare careers.
- Edquity made product adaptations to manage CARES Act emergency aid funds and to allow partners to serve all students, including DACA and undocumented students, with a single application.
- Finli launched Finli Classes, giving small businesses an online platform to deliver classes to a wider audience, and later began giving cash grants directly to Black-owned education and enrichment businesses.
- Summer updated its product to provide clear messaging about unemployed borrowers' new options under the CARES Act, launched programmes in several states to provide its product free of charge to unemployment benefits filers, and announced that it is teaming up with Steady to introduce student loan financial assistance to millions of hourly and gig workers.

Workplace matters

Financial stress was already high for

workers of all industries and professions before Covid-19 with workplaces tailoring benefits, wellness programmes, compensation, and other policies to help workers manage. The pandemic shined a light on the role employers can play to support overall worker employee health as an increasing number of employees across all income levels felt stressed by the changing workplace dynamics – including knowledge workers working remotely and gig and hourly workers losing shifts or having their workplaces shut down.

Employers surveyed by our team in a new report in partnership with Morgan Stanley Work revealed that a majority of employers were taking action to address the financial health challenges of their workforce with most (82 per cent) saying that they have incorporated financial health into their human resource department's strategic plans, signalling C-level attention. One example is PayPal's recent announcement of giving salaried staff a way to access their earned income so they can address cashflow needs via Even (another Financial Solutions Lab alum). Other organisations are rethinking benefit offerings and policies to help workers put aside money for an emergency such as employer matching programmes and sidecar savings offerings.

Establishing a savings safety net

The pandemic has made the importance of households having access to liquid cash savings (emergency savings) paramount. For the millions of Americans living on the edge between financially coping and financially vulnerable, emergency savings can help alleviate immediate stress when a car or appliance breaks down, and can be used to avoid overdraft fees and credit card late payment charges. It's also the foundational piece of building longer term financial security. Other research has shown that having an average cash buffer of nearly \$2,500 can help prevent financial hardship over the longer term.

While the financially vulnerable used the government stimulus for essential bills and necessities, it triggered – in combination with changes in spending – a temporary boost in short-term savings for many people earning less than \$60,000. That underscored

that people can and will save given the opportunity and enough cash to do so. But this trend seems to be reversing for those who have lost jobs in recent months, or who will be on the hook for rent, student loans and other expenses once government programmes run out at the end of 2020.

As mentioned above, workplace matters. We've also seen both employers and providers move to prioritise ways to help more Americans have short-term savings as a result of the pandemic. In October, ESI partner UPS launched a savings programme that will help as many as 90,000 employees set aside liquid after-tax savings easily and automatically as part of their 401(k) retirement plan administered by Voya Financial.

Beyond the pandemic

In the United States, public benefits such as unemployment, rent eviction moratorium, mortgage relief and student loan repayment deferrals will evaporate for millions at the end of the year unless the United States Congress agrees on a relief package soon. The pandemic posed particular risks to the financial health of many low-to-moderate income households and people of colour. In the immediate aftermath of stay-at-home orders, these groups had massive increases in lost income, a higher demand for short-term liquidity, and greater financial anxiety. Gig workers and employees in sectors that depended on an open economy suddenly faced income insecurity. For these millions of workers, homeowners and students already on the brink, the picture is bleak.

While traditional levers, like changes in policy, are needed to help struggling Americans, there is hope. Fintech innovation, employers and an emphasis to help people emergency savings can all play a role in helping people manage their financial health while navigating the uncertain months ahead... as well as through the eventual recovery by creating new financial health habits and pathways. **IFI**

About Financial Health Network

The Financial Health Network is the leading authority on financial health. We are a trusted resource for business leaders, policymakers and innovators united in a mission to improve the financial health of their customers, employees and communities. Through research, advisory services, measurement tools, and opportunities for cross-sector collaboration, we advance awareness, understanding and proven best practices in support of improved financial health for all.

Website: www.finhealthnetwork.org

LinkedIn: www.linkedin.com/company/finhealthnetwork

Twitter: @FinHealthNet



IF FINTECHS WANT TO GENERATE REVENUE, THEY SHOULD CREATE A FINANCIAL HEALTH PLATFORM

Americans are facing a financial health crisis, says **Ron Shevlin**, Managing Director of Fintech Research at Cornerstone Advisors



are Financial Health Network's fault):

According to research from Cornerstone Advisors, roughly one in five Americans' financial health situation is 'dire'. Nearly half of the consumers in this segment can't pay their bills on time and in full all of the time, and about three-quarters can't make their loan payments every month.

Another quarter of Americans are categorised as 'struggling'. Most of the consumers in this segment are paying their bills and making their loan payments, but many fall short of acceptable levels in other aspects of financial health. This situation is not simply due to the pandemic's impact.

Cornerstone conducted two studies – the first in January 2020, the second in July 2020. The percentage of Americans in the dire category rose just three percentage points since the beginning of the year.

The bigger impact was felt among those who were thriving before the crisis. The percentage of Americans in that segment dropped from 33 per cent to 26 per cent.

CURRENT FINTECH EFFORTS ARE ADMIRABLE BUT FALL SHORT

Many fintech startups have emerged over the past 10 years to address various aspects of consumer financial health. But that's the problem – individually, they only address specific aspects of the problem, like developing alternative credit scores for consumers with thin credit files, or providing earned wage access solutions for consumers who would otherwise take out a payday loan.

Individually, fintech firms are offering Band-aids to consumers suffering from serious (financial) health problems.

WE NEED FINANCIAL HEALTH SCORES

It boggles the mind when you realise that the health care industry can calculate literally hundreds of health-related scores from a few samples of blood. But in financial services, the best we can do is a credit score. Not knocking the credit score, but it's good for just measuring credit worthiness. There are other aspects to financial health, however: spending health, saving and investment health, planning health, protection health. Where are the scores for these aspects of our financial health?

Financial Health Network, based in Chicago, is working on it. The organisation, founded in 2004 by Jennifer Tescher, has

more than 160 members who have measured the financial health of more than five million consumers. Not to take anything away from this accomplishment, but there are two problems here (neither of which

- **Five million is a small number in the scheme of things** With roughly 225 million adults in the US, five million is just over two per cent. But that's a minor point – with broader adoption, that number could easily grow to a more meaningful percentage.
- **Financial institutions haven't operationalised financial health scores** This is the bigger problem. As best as I can tell, few (if any) financial services firms have made financial health measurement an integral part of how they run their business.

2 Develop, codify, and test a scoring algorithm This might seem like a daunting task, but it's really the easy part. Remember, no one knew if the FICO score was truly a good predictor of credit worthiness when it first came out. Obviously, the developers thought it was, but it had to be tested. Same thing with a set of financial health scores. The test, however, isn't credit loss performance. The test is a combination of simulation and real-life tests that determine how well recommendations based on the set of scores impacts those scores over a period of time. It's analogous to the physical health world, where a particular health score leads doctors to prescribe certain medicine, and then see if that medication improves the particular score over time.

3 Operationalising the score This is the hard part. If the purpose – from a financial services provider's perspective – is using the score to make recommendations, then financial health scores have to be integrated into financial institutions' analytics and marketing processes.

Because it will improve one of your financial health scores by X per cent.

THE FUTURE OF FINANCIAL HEALTH

Some predictions about financial health:

1 Financial health will become the new basis of competition in banking

Over the past 70 years, the basis of competition has shifted from location (who has the best/most branch locations) to price (who has the best rates and fees) to convenience (who makes banking easiest). The new basis will be financial health – who best helps consumers improve their financial health (or performance). Price and convenience will still play a role – but the point of differentiation will be improving measurable financial health.

2 Financial health platforms will emerge Or at least one will. The financial health fintech space is growing and getting too complicated for consumers to navigate and for players in the ecosystem to integrate with one another. A financial health consortium is not the same as a financial health platform. The consortium exists to create the scoring standards, definitions, and data sources.

A financial health platform operationalises the integration of financial health scores into financial institutions' and fintechs' marketing efforts. The aggregators are probably the most likely candidates to develop this kind of platform, but a database marketing firm like Acxiom or Epsilon could do this, as well.

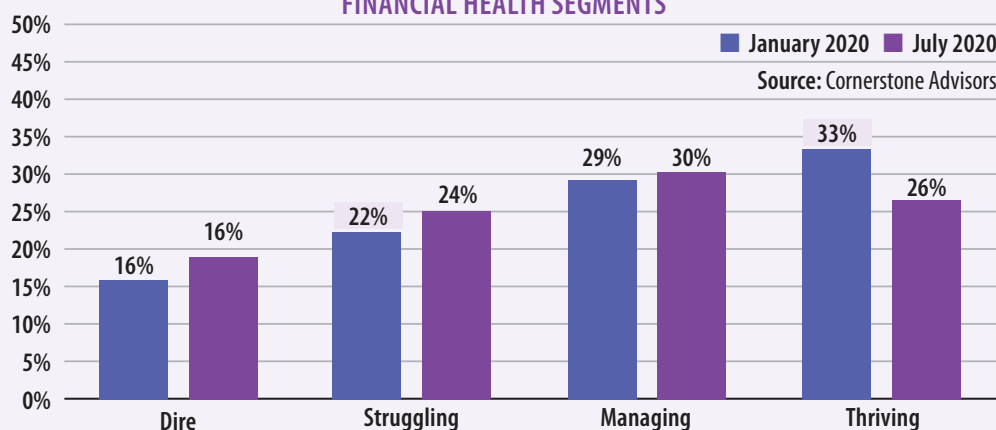
3 The government will stick its nose into financial health

The Community Reinvestment Act was 'enacted with the intent of encouraging depository institutions to help meet the credit needs of low- and moderate-income neighbourhoods'. While much good has been done as a result of the legislation (I would guess), there are two emerging issues: 1) a) What 'neighbourhood' does a digital bank serve? and 2) It's not just low-to-middle income consumers that need help, and those who do need more than just credit.

Look for a future administration or Congress to require banks to monitor and improve their customers' level of financial health. What could this look like?

Todd Baker and Corey Stone recently proposed some ideas in their paper *Making Outcomes Matter: An Immodest Proposal for a New Consumer Financial Regulatory Paradigm*. The first of their three-stage proposal would require providers to 'make available to regulators data that regulators can use to analyse and measure changes in customer financial health'. How's that going to happen if the other things described here don't happen? **TFT**

FINANCIAL HEALTH SEGMENTS



HOW FINTECH CAN HELP

Fintech firms need to either: 1) Start a financial health consortium, or 2) Join up with Financial Health Network. One firm can't do it all, although a company like MX, Plaid, Yodlee, or Finicity could be a real catalyst in making something happen. Three things need to happen:

1 Identify and implement data sourcing

Cornerstone's financial health score – which was based on Financial Health Network's scoring framework – is a nice attempt at creating a score, but, like the credit score, financial health scores have to be based on actual behaviour not consumer self-reported data.

With the proliferation of fintech startups professing to be financial health-focused, there are plenty of players with something to contribute. An aggregator like the four firms mentioned above could (and should) sit it in the middle of this network.

HOW FINANCIAL HEALTH SCORES IMPROVE MARKETING EFFORTS

Creating a set of financial health scores – and operationalising them – isn't a charitable initiative for fintech firms or financial institutions. For financial institutions, it's a path to more effective marketing. Today's database marketing efforts are driven by demographic and purchase behaviour data.

Providers of those types of data will claim strong marketing performance, but that's debatable. Financial health scores could provide a more effective way of determining 'next best product' and 'next best action' recommendations.

What's missing in today's marketing efforts is context. Financial marketers have tried to establish context for consumers' behaviours by looking at life stage. Helpful, but only to a point.

Financial health scores provide that context. Why are we recommending that you open this product and take this action?



The View from the Top

The Fintech Times turns to the CEOs of leading fintech companies to share their knowledge, insight and guidance about the industry

By **Polly Harrison**, Junior Journalist at *The Fintech Times*

In this article, CEOs and directors from the worlds of paytech, open banking, sustainability, artificial intelligence, cross border payments and charity, look back at the challenges and opportunities 2020 presented and share their predictions for the future of fintech in the year ahead.

The effect Covid-19 has had on the fintech industry is undeniable with the need for debt solutions proliferating. According to **Colin Brown, CEO of the Aryza Group**, Covid-19 has created a 'completely unprecedented set of circumstances, placing huge financial strain on thousands of people across the UK'.

He says: "The interim measures that have been introduced by the government – such as the furlough and income support scheme, have helped to an extent, but the

underlying need for debt solutions has certainly increased. We've noticed a rise in the number of lenders looking to automate the management of payment plans and collection strategies, hoping to provide consumers with a more personalised and reassuring journey. Ultimately, reframing the conversation around money management has been our key aim throughout 2020 and an idea we'll be championing into next year and beyond. We've worked with a number of strategic partners across the fintech and lending space to ensure consumers' needs are put first and that they can easily understand the options available to them."

Brad Hyett, CEO of UK fintech phos, highlights the large growth in cashless payments: "Even before the pandemic, cash was predicted to account for just nine per cent of all

payments by 2028. But, given the widespread adoption of cashless technologies during the Covid-19 pandemic, we now need to rethink these estimates. The convenience of cash alternatives and growing rate of online purchases had already initiated our transition towards a cashless society, prior to 2020. Covid-19 has simply accelerated this shift, with social distancing and stringent health and safety measures becoming a major contributor to the surge in contactless payments."

"Forward-thinking businesses are now investing in technology, such as mobile and software point of sale (POS) platforms, that enable them to receive contactless payments from customers more efficiently. It is these firms that embrace such digital transformation initiatives that will both deliver a better customer

experience and protect, or grow, their revenue more quickly in the race to a new, cashless normal."

We also hear from **Jane Loginova, CEO and cofounder of payment processing provider Radar Payments**, on the impact of Covid-19 on payments. "With brick and mortar stores going digital to survive the Covid-19 pandemic, transaction volumes have increased exponentially. As a result, it has been an interesting year for payment processing businesses," she says.

"While retailers have responded well to the pandemic by pivoting online, their work is only just getting started. Payment diversification will be a crucial next step as we enter 2021. As the world continues to embrace digital payments, there will be growing demand to introduce new digital methods at the checkout to

offer consumers choice and cater to their preferences."

Vicky Reeves, digital managing director at digital agency WPNC Digital, touches on the challenges faced by charities in 2020, as well as the silver linings. "I can't recall a more turbulent year for the charity sector but there have been some unexpected benefits. Chief among these is the rush to digitisation. A number of organisations that have digital transformation in their roadmaps for the next three to five years have succeeded in delivering services online in the space of just six months. The Covid-19 pandemic is also responsible for a rapid rise in online donations during 2020. With regular face-to-face collections nearly impossible supporters have turned to digital channels – and in great numbers. As part of this I've noticed a surge in donations using

payment wallets. For example, in previous years charities received an average of around two per cent of their supporter income through Apple Pay; that has now rocketed to nine per cent."

In terms of whether these changes will outlast the pandemic, Reeves is optimistic: "People are now more comfortable with donating online. If that is the case, then it will be vital for charities to consider how they can offer donors a range of payment methods to suit their needs. Platforms, including goDonate, power donations made through leading charities' website, giving supporters a frictionless experience."

Nicolas Weng Kan, CEO of smart money app Yolt, also recognises that 2020 has forced the rapid digitalisation of many core services. "We've clearly seen the advantages that interconnected technologies

can bring – none more so than open banking,” he says. “In most cases, banks haven’t been able to engage with their customers face to face for many months now and with the pressure on them to deliver an accessible, efficient and secure service being heightened during the pandemic – it’s safe to say open banking technology and specifically APIs have stepped in to save the day. The number of UK open banking users leapt to two million in September 2020 after being one million in January, with an increase of around 160,000 users per month.”

“In 2021 we expect an acceleration in the adoption of open banking, with a more significant, strategic embracing of the technology among the businesses which have been given a taste of open banking’s potential in 2020. Whatever path open banking takes it will need a helping hand from regulators to lead it along the way. The work being done by fintech firms and financial institutions has been nothing short of remarkable over recent months, but the right conditions need to be created for open banking to thrive.”

Elsewhere in banking, **Monika Liikamaa, CEO and co-founder** of cloud-based issuing processor **Enfuze**, believes sustainability is the next step in the evolution of banks. “The traditional banking industry is essential not only to an economy but also to the global climate change problem. By granting loans and investments in different financial sectors, banks have a considerable influence on these industries’ development and sustainability impact.

“During 2020 we have seen interest among banks in encouraging a positive approach towards environmentally conscious business and sustainable lifestyles. Many of them have already set their own sustainability targets, as well. Banks have a perfect position, as they are in the middle of the value chain,

to support consumers in adopting a low-carbon lifestyle, empowering and supporting other companies to reduce their carbon emissions.”

Unfortunately, things aren’t that straightforward as efforts are once again hampered by Covid-19. “Due to the pandemic a lot of banks are in the process of reviewing their priorities. If the pandemic continues, we may see a reduction in budgets that financial institutions dedicate to their sustainability programmes,

know and identify their customers has become more difficult. It has become incredibly challenging to create rules and build automation-based systems when customer behaviour has changed so drastically due to the pandemic. Banks now require computers that can take the place of very senior, experienced bankers and investigators. Criminals are increasingly using AI to commit financial cybercrime, so banks need an advanced level of artificial intelligence and

investing in advanced AI technologies that can detect criminal activity hidden within complex correspondent banking transactions and stop the money laundering crisis for good.”

Speaking of international payments, **Albert Maasland, CEO** of financial services provider **Crown Agents Bank**, believes that the development of cross border payments has taken off this year. “2020 might be looked back upon as the year that we all stopped

most important solutions. In 2020, governments, banks, communities and global organisations collaborated with fintech to make financial inclusion a priority. Ensuring that money can keep reaching the people who need it most as quickly, cost-effectively, reliably and securely as possible will stay at the top of our list at Crown Agents Bank. And in 2021, we can take this a step further.”

A similar thought is shared by **Yitz Mendlowitz**,

mortar environment to pivot and change their business model to have an e-commerce first approach.”

Mendlowitz also acknowledges the increase in cybercrime: “It’s been a big year – the increase in e-commerce has led to a significant increase in fraud. Hackers go where the money is, and moving transactions online makes their job easier. In addition to hackers, we are seeing merchant’s bottom-line suffering because of ‘friendly fraud’ aka chargeback fraud. Legitimate cardholders are calling back their credit card companies saying they never made purchases – just to keep the items.

“All of this has pushed fintech companies to focus on building fraud and payment security solutions for merchants. This is where we are seeing unprecedented innovation. The demand for payment security and fraud tools is at an all-time high.”

Finally, **Andrew Bud CBE, founder and CEO** of biometric authentication firm **iProov**, also has thoughts on security surrounding onboarding. He said, “Within the next 12 months, banking regulators in global territories – including Europe and the Far East – will authorise the use of automated biometrics instead of video calling for remote know your customer (KYC) processes. Just as in 2019, when a well-publicised voice fraud scam duped a high-profile CEO, by the end of the year there will have been several criminal money-laundering scandals arising from the use of deep fakes in video calls.

“Countering this could very well mean that several countries, including the United States, also take concrete steps towards instituting government-backed digital identities. This will be an important step towards enabling financial institutions and government departments to verify identity and mitigate fraud in bank onboarding and government support programmes.” **IFTI**



Colin Brown, Aryza Group



Brad Hyett, Phos



Jane Loginova, Radar Payments



Yitz Mendlowitz, PAAY



Mark Gazit, ThetaRay



Andrew Bud, iProov



Monika Liikamaa, Enfuze



Vicky Reeves, WPNC Digital



Nicolas Weng Kan, Yolt



Albert Maasland, Crown Agents Bank

which could slow down our way to zero-emission lifestyle. Though Covid-19 has caused delays in sustainability activities for many, we can clearly see that the banking world is awakening and putting sustainability back at the top of their agendas for 2021.”

Mark Gazit, CEO of ThetaRay – the big data analytics firm – predicts artificial intelligence (AI) is going to be ever more important to the financial industry. He commented: “The ability of banks to

intuition to detect and defeat them.

“The world of international payments is also changing before our eyes. The correspondent banking system is historically the most effective method of connecting developing economies to the global financial system, but criminals are increasingly using it to launder funds related to narco-trafficking, terrorist funding and human trafficking. I predict that 2021 will find banks

moving. But money didn’t. In fact, it became a pinnacle year in the development of cross-border payments. Though tumultuous, this year saw access to digital financial services finally recognised as an absolute essential, rather than a convenience. We proved ourselves more adaptable than we could have imagined and made huge industry advances to meet the challenges that we faced. “Now, the challenge is to keep this momentum going and direct our efforts to the

CEO and co-founder of consumer authentication service **PAAY**, who says the global pandemic has had a major effect on the payments world. “There’s no doubt that Covid-19 has accelerated the shift to remote commerce, and contactless payments. In Q1 of 2020, Mastercard reported a 40 per cent increase in contactless payments. The global pandemic has caused many merchants who were traditionally selling products in a brick and

Reflecting on the past four months, it really has been a wild ride. If you've been following our campaign, I'll save you the effort of reading more of the same content that we've been publishing, as I'm sure you get it – women in crypto is incredibly important.

But to summarise, this was the first time we've launched Wirex's 'Women in Crypto' campaign in partnership with *The Fintech Times*, in which we opened nominations for a 'Rising Women in Crypto Power List' and ended with a two-week takeover of the Wirex channels by women in the sector. Throughout the campaign, we had the honour of working with some incredible fintech and crypto influencers to produce intriguing content, all of which celebrate females in the field and offer some pretty inspiring stories.

Although I'm sure that it's been a learning experience for many of our readers, it sure has been eye-opening for me. As the PR, events and communications manager at Wirex, it's been a real honour to be involved in this campaign and these are the three most important lessons that it's taught me.

The crypto space is a welcoming environment

I only joined Wirex four months before this campaign started and so you could consider me a novice 'woman in crypto'. What really struck me is how close-knit and friendly the crypto community really is; in my five years in the fintech field, I've really never experienced anything like it.

It's welcoming, friendly and accessible to all, and even though I'm pretty inexperienced with blockchain compared to some of the individuals that I've met along my journey, I very much felt part of this very inclusive group.

In all honesty, when we initially reached out to female influencers, asking them to get involved in our campaign, I wasn't entirely sure if anyone would even want to be involved, let alone at no cost! However,



**Charlotte Wells, PR,
Events & Communications
Manager at Wirex**

what I quickly came to realise is that women in this sector have a genuine passion for promoting 'women in fintech', and were delighted to be involved and contribute to the initiative in any way possible.

Some of the main feedback I got was how pivotal internationally-recognised organisations with a powerful voice, such as Wirex and *The Fintech Times* are in giving a platform to this cause. No better was this highlighted than by Ruth Wandhöfer, Fintech Global 50 Influencer, who said: "I know that networks are a crucial element of leveraging and expanding industry experience, and initiatives and campaigns like this help with that. They spotlight the incredible amount of female talent there is in the sector and they introduce women leaders in the space to others like them."

But don't let our campaign take the spotlight. There's

already a whole host of groups out there promoting 'women in fintech' and showcasing the incredible women in the industry. If you fancy joining our community, why not sign-up to one of these groups yourself, such as the Women in Fintech Network, European Women Payments Network, or the Crypto Curry Club.

Women in this sector have a genuine passion for promoting 'women in fintech', and were delighted to be involved and contribute to the initiative in any way possible

There's a lot of unrecognised women in crypto, making a difference in their own way

As it was the inaugural 'Rising Women in Crypto Power List', I had no idea if we'd even get any entries. You hear about 'women in fintech' all the time and there are some big

names in the field working in senior positions at multinational brands. Take Cordelia Kafetz, who created and leads the Bank of England's Fintech Hub, or Carla Ghosn from Visa, renowned for consistently pushing innovative payment solutions as head of business development, for example.

However, not all women making waves in the fintech and crypto arenas are as well-known. There's some really cool initiatives going around already from *Computer Weekly* and Innovate Finance, or the European Women in Tech Conference etc, all of which aim to recognise these women and celebrate their achievements.

For us, our 'Power List' endeavoured to identify some of these 'unheard-of women', specifically in the crypto field, and with more than 150 people on our longlist, I think we did a pretty good job. Erika Federis, legal counsel at Wirex, is making strides in the legal field, Josie Bellini in crypto art and Genevieve Leveille, as founder of Agriledger, is exploring how blockchain can help the World Bank; the list goes on.

It's not an easy ride to the top, but we'll get there eventually

While helping to collate the articles and video content from our female influencers, it's been a real honour hearing about the trials and tribulations they endured throughout their careers in fintech and crypto. Although the whole point of our Power List is to celebrate the multiple success stories out there, there are just as many, if not more difficult experiences that women in these sectors have gone through to get to where they are now.

George Coxon, COO of the Nano Foundation, put this no better by explaining that: "Work for something or someone that you truly believe in: it is the passion that picks you up when you fail. Therein lies another titbit; failure is an absolute necessity (and sometimes the most important part!). Whether it is a missed opportunity that led to something greater down the line or a slip that served as an important lesson or milestone, failure plays a hugely important role in our continual learning; the biggest hurdle in any

learning process is the fear of making mistakes!"

So be prepared to fail. Be prepared to fight your way to the top as this will undoubtedly get harder as you climb the ladder. But success will lie at the end of it, and I'm sure it will be worth it.

So, a final thanks to the women contributing incredible things to the crypto space, the motivational influencers that gave their valuable insights into their experiences, and my female colleagues that continue to inspire me with their efforts in empowering everyone to have access to cryptocurrency.

It's a real honour to be part of this campaign and I commend Wirex for prioritising this initiative. As our global head of people, Amy Barker, said: "Wirex is already made up of an incredible group of diverse and talented individuals across the globe, but diversity and inclusion isn't a tick box exercise for us. We are fully committed to opening up opportunities to all. We continually scrutinise and improve our recruitment and people strategies to ensure that we are attracting the very best people based on talent and talent, alone."

With this in mind, I can't wait to watch this campaign grow bigger and better for years to come! **TFT**

About Wirex

Wirex is a digital payment platform with a mission to make crypto and traditional currencies equal and accessible to everyone. We're making fintech simple. Our innovative mobile app and next-gen Wirex card lets you buy, store, exchange and spend a wide variety of traditional and digital currencies quickly and securely, with no hidden fees and zero fuss.

Website:
www.wirexapp.com

LinkedIn:
[www.linkedin.com/
company/wirex-limited](http://www.linkedin.com/company/wirex-limited)

Twitter: @wirexapp

WIREX

COME FOR THE CRYPTO, STAY FOR THE TOKENISATION

By now the message that blockchain and tokenisation will reinvent finance as we know it is largely accepted as common lore

Seamus Donoghue, VP of Sales and Business Development, Metaco SA.

Tokenisation is expected to transform finance to be more inclusive, enable financial identities for

the world's unbanked and underbanked, eliminate the tolls of centralised intermediation through trustless and frictionless peer-to-peer trading, and profoundly transform what we understand currently as money.

The World Economic Forum (WEF) estimates that the tokenisation opportunity will be a whopping \$24trillion by 2027 and this is just a hint of the broader opportunity – previously unbankable assets will become bankable creating brand new asset classes. It will be transformational for finance. Banks, as the incumbent intermediaries of our centralised financial system, should, in theory, be disrupted by the revolution as one of the key tenets is everybody can control their own assets and 'be their own bank'.

Despite that potential, there will continue to be demand for trusted custodians and banks are well-positioned to capitalise on that opportunity. After all, banks are still the trusted custodians of most of our existing assets, they provide expert advice, they are regulated and they have large established client bases to which they can deliver this new opportunity. Intermediation will not completely disappear as most of us don't want the responsibility that comes with being our own bank and instead will take comfort that it is always an option to directly take control of one's assets at the first hint of trouble.

The immediate business case for a bank to launch a commercial tokenisation offering, however, continues to be a struggle. Banks have many internal tokenisation projects, but few have built a commercial offering. Tokenisation is still nascent with poor fragmented secondary market liquidity, lower grade issuer quality, and an investor base overall that is relatively conservative and cautious about tokenised assets unless they provide a unique opportunity and are as 'easy' as any other existing asset class. Few banks have put in place infrastructure to manage digital assets. The banks need a business case to invest in infrastructure to manage the custody of the tokenised assets which is an essential component when working with issuers and investors. In many cases,



the internal bank tokenisation projects still lack business group sponsorship. Banks are clear that tokenisation is the longer-term opportunity but there are still too many uncertainties to make the case that this is a strategic commercial opportunity to launch as of today – the end goal is clear but the timing is still very uncertain.

There is of course another way... banks should take a fresh look at the business case for crypto. Banks, payment companies and other financial firms are all seeing rising investor demand for bitcoin and for institutional infrastructure to support crypto assets.

Banks, such as Standard Chartered Bank, JP Morgan and others, have announced the launch of commercial crypto and blockchain operations to capitalise on that growing interest and demand for trading, custody and payment solutions. The same infrastructure that supports a commercial crypto and blockchain offering will be the foundation for a bank's tokenisation offering. Banks that commercialise a crypto offering effectively get a free option on being ready out of the gate, a first mover, when tokenisation as a strategic commercial proposition takes off.

But for some reason, many banks are still hesitant about crypto even if they can validate the demand side of the business case. Remember this quote:

IT'S WORSE THAN TULIP BULBS. IT WON'T END WELL. SOMEONE IS GOING TO GET KILLED. IT'S JUST NOT A REAL THING, EVENTUALLY IT WILL BE CLOSED

Although that quote is from 2017, many bankers would still echo its sentiment. Is it still credible though? The typical objections are: the compliance risks are too high; the technology is not ready to secure the assets for a bank; and regulators would never approve a bank to

be involved with crypto. Those were valid objections in 2017 but no longer in 2020. Compliance tools, such as chain forensics, have matured and the compliance risks are quantifiable. Typically, the main issue is that the bank's crypto risk policies were written three to five years ago; institutional custody infrastructure is mature and there are many productive implementations in Tier 1 and 2 banks and, finally, regulatory barriers have fallen or are falling rapidly in most jurisdictions.

The main roadblock to a bank investing and launching a crypto offering is aligning perceptions with the actual reality in the market. In 2020, the institutionalisation of crypto has been the emerging theme. The investment focus has largely focused on Bitcoin, up more than 90 per cent year to date, as a store of wealth or digital gold i.e. a hard money alternative to fiat, with a highly asymmetric bullish risk-reward profile. Ethereum, the second largest crypto, has seen some speculative investment but it will likely remain a high beta alternative to the super narrative of bitcoin as the institutional investment asset class.

Pensions, endowments and hedge funds have been a few of the institutional sectors either venturing into Bitcoin for the first time or adding to exposures more meaningfully. One of the most exciting new institutional investment use cases has been by corporates, US-based MicroStrategy and Square have been two of the corporate pioneers that have added Bitcoin as a treasury management asset. Treasury management has been turned upside down as treasurers try to navigate how to manage their liquid assets in a period of global negative rates and quantitative easing and Bitcoin is gaining favour as an alternative to a fiat money market or fixed-income investments.

The new normal of rate markets are shaking the foundation of institutional portfolios. Fixed income yields are at record lows across the world, with more than \$17trillion of negative yielding bonds creating an asset class that would be better referred to as 'fixed loss'. Institutional

investment strategies take time to incorporate new asset classes and change allocations. Jack Bogle, the founder of Vanguard, pioneered the classic 60 to 40 portfolio allocation for passive investors which recommended a balanced portfolio of 60 per cent equities and 40 per cent fixed income. The 40 per cent fixed income allocation was meant to provide a stable low-risk return diversification to the higher risk of the 60 per cent equity allocation. With the current state of global yields, the fixed income allocation no longer fulfils its intended purpose – it either guarantees a yield to maturity loss or provides a high risk of capital losses. Bitcoin is well-positioned to benefit from this search for a new safe alternative to fixed income.

We often hear the refrain from banks that 'we do not want to be first' strategy to embrace Bitcoin and crypto assets. Many bank offerings are still in stealth mode but will publicly launch in the coming months and those banks that don't have a solution to address institutional demand in 2021 could find themselves in the unenviable position of playing catch up. It is very likely that the same fear of missing out (FOMO) we saw in 2017 that pushed retail into crypto and the Bitcoin price to its highs, could be replicated in the coming year as institutional FOMO, but with potentially a much more profound and sustained impact on the market.

In October, Jamie Dimon, CEO of JP Morgan Chase, commented on the launch of Onyx, the company's new blockchain division that had 100 staff and was already almost profitable: "Onyx is at the forefront of a major shift in the financial services industry." The critical takeaway is Dimon's opinion has evolved from extreme scepticism to his bank leading the institutionalisation of blockchain and crypto and embracing it as a strategic opportunity. As economist John Maynard Keynes put it: "When the facts change, I change my mind. What do you do?" The time is now for banks to reassess crypto markets, 'to change their mind' and invest in crypto infrastructure and be ready for the revolution – build for crypto and stay for the tokenisation. **TFI**

About Seamus Donoghue
Seamus is the VP of sales and business development at Metaco SA. Metaco is a Swiss technology company that provides a global client base of banks and other financial institutions their core infrastructure to securely integrate and manage digital and crypto assets.

Website: www.metaco.com

LinkedIn: www.linkedin.com/company/metaco-ag

Twitter: @metaco_sa

METACO

DIGITAL SECURITIES: DEMOCRATISING AND DISRUPTING FINANCIAL MARKETS

There is much talk around digital securities and how they will disrupt financial services and democratise capital markets for everyone.

Graham Rodford, Chief Executive Officer, Archax

To what extent are the advantages down to the technology, a renewed way of thinking or only possible if you disregard regulation?

THE OLD VERSUS THE NEW

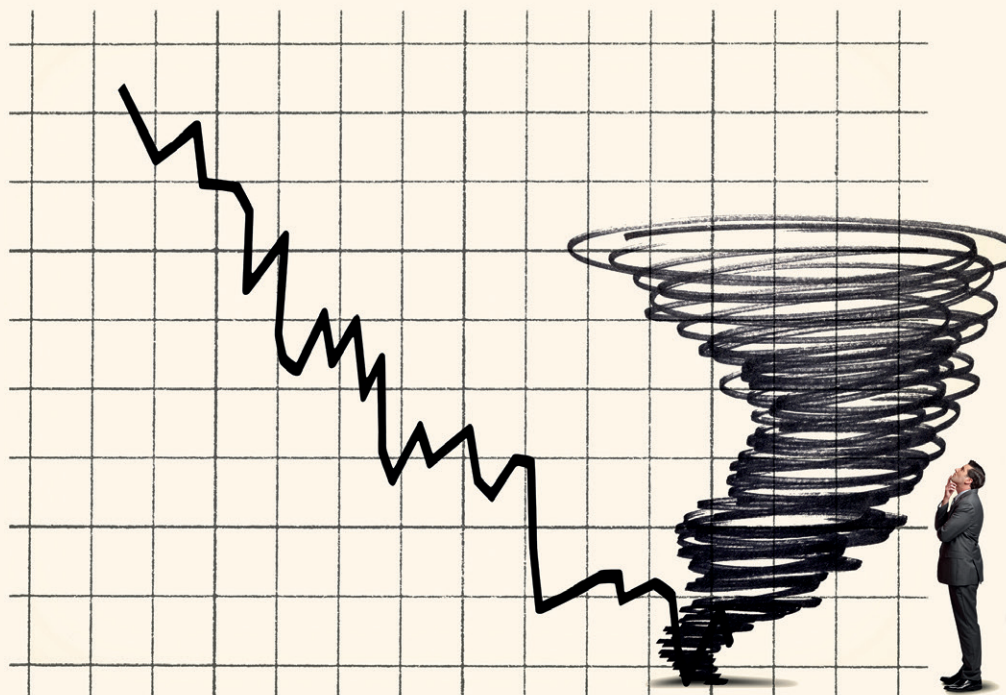
Before delving into the detail, it is important to understand the difference between traditional securities and their purely digital counterparts.

If you look at how securities exchanges have traditionally operated, they typically trade limited hours a day and largely focus on local markets, targeting local brokers or investors. The trading process is integrated into the platforms and workflow used by financial institutions and the instruments are regulated, but the compliance process is often manual. When it comes to post-trade, the process is complex and inefficient, involving any number of intermediaries who all are frequently forced to reconcile information with each other.

With the advent of distributed ledger technology and cryptocurrencies, the market infrastructure providers reimagined the way instruments could be traded. For cryptocurrency exchanges, 24x7 trading became commonplace. They were accessible globally with limited intermediaries, settlement was instantaneous, but they were generally unregulated and were not well integrated into the established financial markets' infrastructure.

While these differences were exciting, a lot of the changes were not caused by blockchain specifically, but rather by the way the trading was funded and the lack of a regulatory framework in place. Most crypto exchanges require all trading to be pre-funded, which allows for real-time trade settlement, and combined with the absence of regulation, meant that there were no requirements for clearing nor the post-trade intermediaries from the traditional capital markets world.

As volumes, volatility and acceptance increased, so too did regulatory scrutiny and the recognition that some of the instruments being traded should be considered as regulated securities and therefore follow the appropriate regulatory rules. These digital securities contain the transferability and potential benefits of blockchain but must operate within the rules.



SO, WHAT ARE THE ADVANTAGES?

24/7 trading is often talked about as one of the main advantages, but is that really true? While cryptocurrency exchanges made it commonplace, it wasn't because of the technology – it just made the most sense for these globally demanded assets that were accessible by all. Traditional markets could open for longer and there are pockets of liquidity outside of the main markets, but for the most part, this has been resisted by market incumbents and in some circles there is even a move to reduce hours and concentrate liquidity.

Fractionalisation of assets is often cited as an advantage too, and it can certainly be achieved easily using blockchain technology, but it was also possible before. Any asset can be put into a special purpose vehicle (SPV) and fractionalised into as many shares as you want, which can then be traded.

Does it really need to be the case though that these things are only exciting because they are possible with distributed ledger technology? The idea of 24/7 trading and fractionalisation doesn't become uninteresting just because it could have been done before, it has just been reimagined and so is compelling – especially when coupled with the actual advantages which were not possible previously.

One of these key advantages is that with transactions captured on a blockchain, all parties are able to view their transaction immutably and in a trustless way. This has huge potential benefits for market infrastructure providers.

Blockchain also brings potential benefits to the issuer. At any point in time, all wallets that hold an issuer's token can be seen, albeit probably pseudonymously. This has advantages for cap table management

as well as for monitoring activity within the issuance. From a corporate actions point of view, it is possible to process payments in positions or cash directly to the beneficial owners with little friction. This will pave the way for an increasing number of corporate actions than those we see today.

If you combine the above from an issuer point of view, the question really becomes 'why would I not use a better technology for my issuance?'

POST-TRADE EFFICIENCIES

In the traditional world, the typical trade flow could be an investment manager placing an order into an execution or order management system. This trade then gets routed to a broker. The broker submits the order to an exchange, where it rests until it is matched and the trade occurs. At this point, execution data is captured and relayed to the parties involved and their various counterparties – usually into each party's own internal accounting or portfolio system. The two main reasons that they all do this is that they have regulatory responsibilities to keep books and records and that they do not necessarily trust the other parties involved.

What is interesting is the fact that even though only one trade took place, everyone has their own version of events. Meaning multiple data silos that then all have to reconcile with each other. And, if the data silos don't all agree, multiple parties are involved trying to fix the problem.

With blockchain comes a potential benefit – a common network enabling all parties and

counterparties to a trade to see the same trusted source of data and have access to the exact same transaction details.

Now we have a situation where everyone can see their transactions and know that all other parties see the same transaction at the same time. A truly distributed ledger. Taken to the extreme, this streamlines and removes a lot of the post-trade inefficiencies that exist today and has real potential to disrupt all traditional financial markets.

DEMOCRATISATION OF MARKETS

In the old world, to invest in illiquid assets, like private companies, investors typically have to go directly to the company to buy shares. If they then want to trade out of them, they can do that over-the-counter or bilaterally with someone else. This is very similar to tokenised assets that aren't admitted to trading on a secondary market. If you want to get out of them with no clear exit path, you need to find another party to trade them with or use a bulletin board or equivalent. To invest in semi-liquid assets, like a hedge funds, you complete a subscription document, and if you then want to redeem, you would have to submit a redemption in line with the underlying asset managers redemption cycle.

Finally, if you're trading something liquid on a public market, an investor can go to their local broker. If they wanted to trade an international stock, there may be another broker in the mix too. This introduces an additional layer of fees.

So, while theoretically investors can currently access different markets, there are a lot of intermediaries involved and the whole process tends to be quite inefficient.

Where we want to get to is a point where investors are able to access a public secondary market for all types of assets, everywhere, and invest in any of the opportunities that are listed. Up until now, much of the capital markets space has really only been open to a limited set of parties. We believe all issuers globally, including SMEs, should be

able to access capital markets for capital formation and, similarly, all investors should be able to access all investment opportunities.

Digital securities have the potential to deliver on all this by bringing everyone as close as possible to the market, reducing costs and increasing efficiency. Couple this with aggregation of different market segments and we have the makings of a genuinely global, democratised marketplace. **TFT**

About Archax

Website:
www.archax.com

LinkedIn:
www.linkedin.com/company/archaxex

Twitter: @ArchaxEx



Wing: A super ecosystem of everyday life services for the 'non-users'

Cambodian mobile banking service provider focuses on generating new economic opportunities by creating digital inclusion

Claudia Nieves, Tech Marketing Leader, Master of Science in Stats & Applied Stats

Founded in 2009, Wing is Cambodia's leading digital payment service provider. An on-demand platform that succeeded by offering traditional fintech services supported by an agent banking network across the country to assist users with their digital transactions.

Wing started as a money transfer solution to serve the unbanked in a country where despite the presence of 27 commercial banks the banking penetration was extremely low; only a single-digit percentage of the population had a bank account. Since then, Wing has been leading the financial inclusion for the unbanked and underbanked in Cambodia via a new banking model and a super ecosystem with an app interface to entice the 'non-users' or segments excluded from traditional banking while aiding the development of the local economy.

The rise of Wing

From the streets of vibrant Phnom Penh to the far reaches of Siem Reap, home to the famous Angkor Wat temples, you can visit any of the Wing's agents to cash in or cash out money from your mobile wallet, to top-up your phone, pay their utility bills or to transfer money locally or internationally.

Wing has cooperated with partners to strengthen its portfolio by introducing a variety of life-services. Users can hail a motorbike taxi or tuk tuk from anywhere using the Wing app, order food, book a ticket for a ferry,



taxi or event or pay online. Wing offers digital payments via WingPay and advertisement with merchants and advertisers and rewarding their loyalty with WingPoints.

Wing also offers salary advance services to factory

Having the Wing app in your smartphone is like having your mobile bank, Ticketmaster, Uber, Grab, PayPal, debit card and more in one app with added services

workers, loan referral for the micro SMEs (small and medium enterprises), through partners, whose owners might struggle getting the type of loan they are looking for. Micro savings is another service offered specifically to the unbanked, or Mastercard and Visa cards for the unbanked. Wing Commerce promotes an ailing hospitality industry. Merchant rewards programmes targeted at

bringing back merchant discounts into the economy. Finally, Wing also provides options for fundraising & disbursement for the underprivileged.

Wing has enabled all types of digital transactions transforming the way businesses operate. Its services have made it easier to get around the country from facilitating NFC technology in city bus payments to enabling commission payments to ride-share companies and helping people access their money wherever they need it by offering international transfers to 195 countries from every single district in the country. More recently, Wing has secured a partnership to allow users to cash in or cash out from any participating bank account using a Wing agent consolidating Wing as the default ATM of the nation.

Having the Wing app in your smartphone is like having your mobile bank, Ticketmaster, Uber, Grab, PayPal, debit card and more in one app with added services, such as 'red packets' allowing Chinese users to send money to loved ones in China – a New Year's tradition at the core of the Chinese culture.

Convergence at its best

The convergence of services and consumer behaviour changes are facilitating the rapid adoption of a set of everyday life services, giving rise to the super apps and super ecosystems as underserved segments can enjoy a wide arrange of services in just one app. Enjoying the same experience and interface.

Wing's model of starting with one core service and then expanding into adjacent services is not new in Asia. WeChat, the Chinese giant, now offers chat, shopping, social media, transportation, booking e-commerce, news and mobile payment services to its more than a billion-user base, substituting PayPal, Twitter, Lyft, Airbnb, Skype, Etsy and other over the counters (OTCs). It also offers services, such as: 'shake to make friends', red packets or 'message in a bottle' to send messages to strangers around the globe.

Indonesia's unicorn Gojek is a similar case. Gojek was established in 2009 as a courier provider. Later it launched four key services: GoRide, GoSend, GoShop and GoFood and since then Gojek has transformed into a super app, providing

many of the tech giants seeing their valuations reaching new highs.

In Southeast Asia, and particularly in Cambodia, these trends are similar. The country is experiencing a rapid adoption of digital services which Wing offers particularly in the non-users' segments. Almost 90 per cent of the country's adult population uses a Wing product at least once per year. Approximately 500 Wing transactions are taking place every minute and, in 2019, the volume of transactions in the Wing network was equal to almost 90 per cent of the country's gross domestic product.

Wing is fuelling the economic growth of the country, generating new economic opportunities and leading the financial and gender inclusion. The Wing app is positioning as the app for the non-users. The execution of this unwavering vision in a world where 1.7 billion people are still unbanked is paving the way for Wing to join other Southeast Asia unicorns, improving the lives of millions of Cambodians with the local flair Silicon Valley cannot offer. **TFT**

more than 20 services in Indonesia, Vietnam, Singapore, Thailand and Philippines. It is the only Southeast Asia company included in Fortune's 50 companies that changed the world in 2017 and 2019.

The future is bright

In 2020, the adoption of different digital services has accelerated due to the Covid-19 pandemic. Categories, such as educational technology (edtech), m-commerce, video conferencing and delivery services, have experienced a growth as never before resulting in

About Wing

Wing Limited Specialised Bank is Cambodia's leading mobile banking service provider. Launched in 2009, Wing is committed to providing financial inclusion to the unbanked and underbanked, granting every Cambodian access to services, including local money transfers, bill payments and phone top-ups, online shopping, QR payment and instant international money transfer from more than 200 countries. Wing remains at the forefront of the mobile money and electronic payment services market in Cambodia with 100 per cent district coverage via a nationwide network of almost 8,000 Wing Cash Xpress outlets.

Website: www.wingmoney.com

LinkedIn: www.linkedin.com/company/wing-cambodia-limited-specialised-bank

Twitter: @wingcambodia



Never let a good crisis go to waste

Now is not the time to wait; it's the time to act

Bradley Leimer, Co-founder
of Unconventional Ventures

Long before this phrase was uttered by Stanford economist Paul Romer or Rahm Emanuel (President Barack Obama's chief of staff), Sir Winston Churchill is credited with saying: "Never let a good crisis go to waste".

Churchill had the context of the ending of the Second World War and the optimism he felt in defeating fascism alongside President Roosevelt and Chairman Stalin. In November 2004, Romer used it to reference increased business competition due to rapidly rising education levels within other countries and how firms could leverage a more educated global workforce. Emanuel employed it during a discussion with reporters amid the degenerating economic conditions after Obama's election in 2008 to voice his optimism from seeing the forest through the trees. Either way, this simple yet powerful phrase sounds like an oxymoron. What good could possibly come out of a crisis? Isn't that why we call it a crisis? The thing about these moments is that they create a sense of urgency – there is an action for every reaction.

A health crisis like the current pandemic, or an economic one like the Great Recession, snaps our attention to deal with the pressing issues as well as look for ways to capitalise on the moment by improving the road ahead. There is no other choice. Leaders across industries think about how to make their companies stronger. Investors reassess their long-term positions as down arrows eventually point up. Technology firms and startups find new forms of efficiencies, new business models and new flywheels.

We should look at the pandemic this way as well, that the opportunities around it shouldn't be wasted. The moment should be met with an equal sense of urgency and optimism. Where are the opportunities as more resources become available, as regulations become more flexible (as they did with Paycheck Protection Programme and other programmes as problems were addressed)? At this moment, banking and fintech business leaders are paying more attention; they are more accessible and more creative in their responses. This is why we see so many companies being formed after a period of trauma. Times like these make us think differently. There is a sense that the once impossible is now very possible.

Traditional financial services firms need to think as young fintech founders did in 2008 and afterward, when they started a movement of thousands of firms, which

has had a ripple effect across our business models. When they said enough with fees and certain transaction costs or bad user experiences, and they started to get funded and started to build. What can you do now that you couldn't do before? This is how you seize the opportunities of a world turned upside down. How can banks better position themselves now, so that they will be better off once the crisis is over? A decade ago, banks were forced to repair their balance sheets and to change their business models. What will happen now?

As we saw from 2008 to 2020, often reluctant entrepreneurs from all walks of life will begin to look at solving ongoing friction in the financial services space. Having heard of many talented banking executives being shown the door even before the pandemic began, some of these would-be-founders just



needed a push, a nudge toward not letting this particular crisis go to waste. Yet, most of these companies will be founded by people who have never set foot in a bank in their lives. This is how Stripe was founded – and Square and Betterment and TransferWise. The list goes on.

Can you imagine the companies that will be founded now? There are still many issues to be solved within financial services and many stones yet to be unturned. Venture investment doesn't ever slow down for long; in fact, it's on a steady pace. Compared to 2008 – venture capitalists (VCs)

are now more than ready to write checks and further disrupt financial services.

A decade ago, VCs nibbled; now, they are gobbling. According to the FT Partners venture report for the first quarter of 2020, after the record-breaking fintech-financing volume in 2018 (\$54billion) and 2019 (\$45billion), 2020 is still trending just slightly lower at an annualised level of \$43billion. Despite a lower number of deals, there were 18 financing rounds of \$10 million-plus (including \$105million for Acorns), with 14 announced in the January-to-February timeframe.

Sixteen venture capitalists or strategic investors have made three or more new fintech investments so far this year. Fintech

merger and acquisition volume in first quarter 2020 reached \$86.5billion, the highest level since the record-breaking Q1 2019 (approximately \$113billion), which included the two largest fintech deals ever. There were 10 \$1billion-plus deals in Q1 2020, which is more than in any quarter of 2019, including acquisitions such as Morgan Stanley's \$13billion of E*TRADE, Intuit's \$7.1billion of Credit Karma and Visa's \$5.3billion of Plaid.

But wait, there's more! The second quarter of 2020 continued very strongly as well, with large funding rounds from Stripe (\$600million), AvidXchange (\$128million) and Robinhood (\$280million). Stash, with 4.5 million users, raised \$112million. Hong Kong-based Oriente raised \$50million. Stilt, a Y combinator alum focusing on financial services for immigrants, raised a

\$7.5million seed round. Treasury Prime raised \$9million to bring its banking application programming interfaces (APIs) to market. AlphaCredit Capital, a Mexican lending startup, raised a \$100million equity round from SoftBank.

The list goes on, and more founders start a fintech every day. Banks around the globe take note. It took you awhile a decade ago to wake up – so glad you can join us. Now get back to work. During a crisis, dreamers finally act, and builders just build. That's what they do.

The post-pandemic evolution of the business model

Nothing ever seems easy in financial services. After the Great Recession, we saw the combination of consumer behaviour, technology, capital and business conditions give rise to new forms of competition. This became a growing force as fintech firms entered nearly every sector of banking. We've had regulatory changes and movements to open up innovation, competition and data, through PSD (Payment Services Directive) 1 and 2 and GDPR (General Data Protection Regulation) in Europe and similar efforts in other regions of the world, including the US. The business model is being challenged and, while the industry achieved record profits during the past decade as indicated earlier, margins are compressed and capital requirements and regulatory challenges

remain. Being in banking during the past decade has not been for the faint of heart. And now this pandemic. But we have to remember whom we serve, why we serve. People are sick. People are dying. People are being impacted by the tens of millions, both directly and indirectly. And the pain from this moment in time will impact billions of people for decades to come.

These are our customers. This is why we exist. We are here to help people. Period. This pandemic only amplifies a growing divide between rich and poor, wealthy and not. Banks need to be involved in more areas that impact people's sense of financial health. In some countries, such as the US, the connection between healthcare and employment is tenuous when tens of millions are losing their jobs. How are you as an institution helping your customers to keep their jobs, train for new ones and retain their healthcare? How are you helping them to keep their businesses afloat? How are you helping them to optimise their spending at this most critical of times? Federal regulators in the US encouraged financial institutions to offer 'responsible small-dollar' loans – so how does making credit even harder to obtain help your customers?

More changes continue to act as challenges but also opportunities. Our societies are getting older; our needs are more challenging. Our communities are becoming increasingly diverse and, while we are improving access to banking (globally, a full 700 million people became banked during the past decade), access is only one step toward financial success. The importance of how we serve the financial needs of women has never been more critical – as women are disproportionately impacted financially through the ongoing income gaps and caregiving gaps inherent in our culture. Our jobs are becoming more transient, more contingent, less beneficial overall, as our productivity and income have become more unhinged since the 1980s. Something has to give, as we see a shrinking middle class and a dwindling support system that should benefit more people in our communities.

Acknowledging the importance of your customers maintaining their income and their health – and its association with long-term financial wellness – should be at the forefront of all of your efforts to help them right now. We may not get a second chance as an industry to adapt, to recognise the changes within our own countries that will impact banking for the next century. It's in your self-interest, too, as it is about your continued existence as a corporation. But that's not why we choose to do the right thing. What are you doing to be part of the future? What is your bank doing during this pandemic? **TFI**

Attribution: Full article originally published in *International Banker*, June 27, 2020: <https://internationalbanker.com/banking/there-has-been-blood-a-summer-without-solace>

The coronavirus is the great catalyst to transform banking for good

What a century this year has been as Covid-19 has completely changed our lives forever. And change for many is hard because change feels uncomfortable, not to mention scary, as change forces us to move outside of our comfort zones and leave our caves of complacency where many have found a false sense of security informed by experiences and constructs rooted in the past.

From education to financial services, and from retail to healthcare, Covid-19 has been an agent of massive change on a scale that none of us have ever imagined or experienced either personally or professionally. As we look ahead into a new year, we must make a choice for how we will move forward. We can choose to remain stuck in the circle of chaos, brought on by the pandemic, leaving us feeling confused, frustrated and overwhelmed.

As a result, we get trapped deeper and deeper in our caves of complacency cowering and hiding from our fears of the unknown and what lies ahead. Or we can choose to come out of our caves with courage as we confidently move forward and battle our fears of the unknown and our fears of change by blazing a new path that leads to a bigger, better and brighter future as we learn from the lessons.

This is my hope for financial services as I see an opportunity for banks, credit unions, and fintech to work together and finally put the transformation of people over the transaction of dollars and cents by guiding them beyond their financial stress towards a bigger, better and brighter future. So as we look ahead to the future that is ours to create, let's explore the biggest roadblocks to eliminate along with the opportunities that are available and just waiting to be captured in a post-Covid world.

Covid-19 exposed incumbents' frailties

I often compare the situation to a trip to the doctor's office for that checkup you've been putting off for far too long. You know you should have made the appointment years ago, but you kept putting it off because you were busy with other things and life was good. You simply didn't have time to do what you knew needed to be done. As a result, you finally make it to the surgery because you're no longer feeling all that great anymore. Put bluntly, you're sick and tired of feeling sick and tired. After the doctor examines you and asks you about the symptoms you've been experiencing, he reviews your labs along with the diagnostic findings his team has gathered. The doctor's brow furrows as he looks you in the eye to deliver some not so good news about your condition and explains that if you don't make some changes quickly with your diet and fitness you're going to experience a catastrophic event. This is a wakeup call for you and you feel sorry you did not address these issues sooner.

The Covid-19 effect



John Robert Lay, Founder and CEO, Digital Growth Institute

However, the good news, the doctor explains, is that you have a choice to improve these areas in your life and provides you with a plan for you to take action to transform your health. As you leave, you feel energised and excited about the future that awaits you and is now yours to create with courage and confidence.

When it comes to financial services incumbents, 2020 has been your trip to the doctor's office and Covid-19 has been your wakeup call as it has exposed capability gaps in a business and growth model that was built for the physical retail world around brick and mortar branches. Up to this point, many financial brands were content to only dabble in digital as they adopted digital and mobile banking technologies. This created a false sense of security for many leadership teams as they took refuge in their caves of thinking their legacy financial brand was digitally transformed.

However, Covid-19 quickly exposed numerous consumer experience, expectation and communication gaps throughout entire buying journeys for multiple product lines. This is because before Covid-19, the thought of digital at many incumbent financial brands was viewed as simply serving consumer needs primarily on the transaction side of the business.

Looking ahead, the biggest opportunities for traditional banks and credit unions is to reset and redefine digital growth in a post-Covid world, not just as an exercise at digitising traditional service and fulfilment activities, but instead as a systematic process that is centred around the modern consumer journey unifying marketing, sales, operations and IT to increase website traffic, generate leads and then convert those leads into loans and deposits by putting the transformation of people in the communities they serve beyond the commoditised transaction of dollars and cents.

Creating opportunities for collaboration

Before the pandemic, it was easy for incumbents to view fintech as competition slowly chipping away at market share as fintech was more nimble and quick to adapt to and respond to changing consumer behaviour and demands.

However, just as Covid-19 exposed numerous consumer experience, expectation and communication gaps throughout entire buying journeys for incumbent financial brands, it has also created a challenge for fintech when it comes to gaining access to ongoing capital and funding.

As noted in a *DigFin* article asking what venture capitalists will see in fintech, 'investors expect a wave of M&A in fintech once those companies use up their runway – although this may not become visible until late in 2020 or early 2021. That's when VC portfolios will also have to start booking losses'. But Covid-19 does not have to be the end of the road for fintech, as competing and working to displace and disrupt incumbents, rooted in a strategy of scarcity, must now give way to collaboration fuelled by a future of abundance where there is more than enough opportunity just waiting to be created or captured.

Continuing to compete with incumbents will be a challenge. As Chris Skinner recently noted: "Banks don't die. They may be zombies, failed, broken, wrong, stupid, dumb or whatever other words you want to use, but you can't kill them."

Covid-19 quickly exposed numerous consumer experience, expectation, and communication gaps throughout entire buying journeys for product lines

In fact, both incumbents and fintech have something the other wants more than ever before. Fintechs have the capabilities, including technology and operational mindsets, incumbents need to bridge consumer experience, expectation and communication gaps. Incumbents have the audience and access to communities, both digital and physical, fintechs require for scale.

So instead of trying to disrupt and kill off traditional banks, the biggest opportunity I see for fintechs and incumbents is to approach the future with shared abundance, as Peter Diamdas once wrote, 'the future is better than you think, and collaborate together and commit to transform banking for good'.

Covid provides a peak into the future

For both incumbents and fintechs, I look at Covid-19 and see it as a preview of all of the exponential changes that we will experience over the next five to 10 years in the age of artificial intelligence. This is why I predict, both as an individual as well as an organisation, mindset will be a far more important strategic asset than technology to maximise your future digital growth. There are two types of mindsets you must consider to build your future around.

The first is the fixed mindset, which looks at the world and says gloomily, 'my best days are behind me'. The fixed mindset gets stuck dwelling on the days of old pining for the physical world of brick and mortar. As for digital, people with fixed mindsets tell themselves they're never going to make it in this brave new world because they 'just don't have the capabilities' they need.

Of course, we know this is not true as once again there are tremendous opportunities for incumbent financial brands to quickly gain new capabilities through collaboration with fintechs.

This complaint, if not challenged, often does become a self-fulfilling prophecy as it is an easy way to avoid conflict and challenges – challenges you must, in the end, commit to confronting with courage and confidence. Because, as we have seen from hundreds of other legacy brands that have fallen victim to the retail apocalypse, leaders with fixed mindsets get stuck in their caves of complacency as they fear facing any type of criticism or of failing, so they give up. They quit. They die.

Alternatively, the second type of mindset, and the one I recommend for you and your organisation, is a growth mindset, which looks at the world and says with gleaming eyes full of hope, 'our best days have yet to come; our best days are ahead of us; the future can be bigger, better, and brighter for us all'. Leaders with growth mindsets are excited and energised about a future they have the power to shape and create.

Looking ahead into the future, I predict both your emotional intelligence (EQ) and adversity quotient (AQ) will be far greater than your IQ in the age of AI.

Put bluntly, you must get comfortable being uncomfortable. In addition, you must also be empathetic to others who might not be transforming their thinking as quickly as you are as digital growth is a journey from good to great. It is a journey that begins in the mind. And it is a journey of transformation.

In fact, there are four transformations that must happen to maximise your financial brand's digital growth potential, and it all starts with the self – with you. Only then can you move from the individual to transform the team and expand out to transform your entire organisation. And finally, you can transform the lives of people within the communities you serve as you guide them beyond their financial stress toward a bigger, better, and brighter future. **TFT**

JOBS IN FINTECH

The Fintech Times selection of
TOP fintech jobs this month

Chief Financial Officer, London at



Having completed our Series A and off the back of winning a £5million grant from the RBS (BCR) Capability & Innovation Fund, we are looking for a Chief Financial Officer to take on a career-defining role in our London-based, high growth scaleup fintech. We are a rapidly changing company with revenue of several million and highly regarded with increasing brand recognition. We have supportive PE shareholders and a clearly defined strategy to dominate our chosen market both in the UK and internationally.

You will be a commercially minded CFO, leading a finance function with experience of guiding scaleup technology companies through growing pains and international expansion. Transaction experience is essential. You will have the gravitas and leadership qualities to act as a key member of a highly motivated management team, but also enjoy rolling your sleeves up and using detailed analysis to refine processes and drive profitability.

THE CHALLENGES WILL BE:

- Provide systems, procedures and controls to support the continued rapid growth of the company
- Build robust reporting and monitoring systems around the unique technology solution currently in development
- Work closely with sales and operations to maximise profitability across multiple channels
- Lead Series B funding round and liaise with potential investors, legal and professional advisors
- Support international growth across several territories
- Evaluate and implement new revenue opportunities, leveraging existing customer relationships
- Ultimately, maximise shareholder value on exit within the next three to five years
- This is a fast-paced, entrepreneurial environment, and this role is unlikely to suit candidates with only large company or corporate experience

THE GOOD STUFF!

- Competitive salary, bonus and equity participation
- Your choice of hardware (Mac or Windows)
- Flexible working
- Career development budget
- 25 holiday days (excluding bank holidays)
- Access to all workspace facilities
- Paid volunteering day
- Employee assistance and wellbeing support plan
- Free breakfast, fruit, filtered water and organic coffee!

Head of Demand Generation, Elliptic, London at **ELLIPTIC**

This is an exciting new role at Elliptic and as our Head of Demand Generation you will be critical in scaling our marketing performance to increase marketing's contribution to Elliptic's ambitious double digit growth goals. You will focus on and finesse our global top of funnel (ToFu) strategy across multiple segments through a multi-channel, digital-first program. You'll be invigorated by working in an emerging and competitive market and seeing through a sophisticated demand generation strategy that has a direct impact on the success of our customers, our company, and our team.

WHAT YOU WILL DO

You will own delivery of ToFu activity, MQL goals and marketing-sourced revenue contribution. Reporting to the VP of Marketing, you will lead a team of regional marketing programme managers and sales development representatives, supporting them to achieve their objectives and develop their skills to deliver high quality marketing campaigns with precision. You will also be tasked with optimising inbound and outbound marketing channels to maximise ROI. Your day-to-day will involve:

- Developing and managing the execution of a multi-channel, multi-segment demand generation strategy that delivers the quality and quantity of leads needed to meet revenue goals
- Optimising and balancing the mix of inbound and outbound activities against budget and MQL goals, and analysing and reporting on the ROI of each to inform decisions
- Owning the marketing demand generation calendar to coordinate integrated campaigns globally and support programme managers to deliver on localised regional marketing initiatives
- Building a high performance team and further developing an already experienced team of marketing programme managers
- Managing a small team of sales development representatives (SDRs) and acting as the interface to sales to maximise quality and conversion
- Championing cutting edge demand generation tactics and technology and making recommendations that will have a measurable impact on marketing performance

THE BENEFITS

- Competitive salary and share options
- Private health insurance
- Strong focus on personal development, with \$1,000 per annum personal training budget
- Collaborative, flexible and friendly environment
- Social events, which include monthly team lunch on us, quarterly full day events and an annual company three-day event

Senior Product Manager, Platform & API at



Form3 is a disruptive fintech startup on a mission to make payments easier, faster and cheaper for our clients. Our customers range from fintechs, challenger banks, e-commerce gateways and card providers, through to traditional banks that are trying to reinvent themselves.

WHAT WE ARE LOOKING FOR

As our Senior Product Manager – Platform & API, you will be responsible for all facets of the Form3 cloud platform. This is a very important role for us as you will be setting the agenda for globalisation and you will be reporting directly to our CPO. You will get to work with one of the fastest growing cloud native payment technology providers in Europe to support some of the most exciting UK, European and US based banks, challenger banks and fintech businesses.

We are a cutting-edge technology platform that delivers functional outcomes for our clients e.g. FPS connectivity, SEPA Instant, Confirmation of Payee etc. but we care deeply about how our customer use our platform in all dimensions. So, we are looking for someone with experience driving the agenda of a B2B platform across all non-functional dimensions. This means owning across all functional services areas including:

- How we manage test and simulation for clients
- How we develop and manage our SLA and monitoring frameworks
- How we maintain consistency across our client facing API and drive releases effectively in a continuous development environment
- Scaling our platform in line with demand and managing how our clients interact with the platform at scale and peaks
- In fact – all dimensions of the platform that our clients experience every time they use one of our services

THE BENEFITS

- You'll get the opportunity to be part of a rapidly scaling fintech company, working alongside some of the brightest talents in tech and payments
- Flexible remote working/work from home
- 30 days holiday (plus Bank Holidays)
- Competitive salary
- Latest technologies
- Pension contribution
- Be part of an incredible and diverse team



Meet Ceran Dereobali, Chief People Officer, Papara



Tell us a little bit about Papara?
Papara is the leading fintech company in Turkey that brings together an unrivalled range of services to provide users

with financial freedom. Featured as a Global Fintech100 by KPMG in 2019 and awarded the best fintech start-up by Visa, Papara provides simple and fast banking services without the bureaucracy a traditional bank would have. With 5.5 million-plus users since launch in 2016, Papara has become the most trusted and loved finance app in Turkey.

Our core values at Papara are accessibility, courage, innovation, trust and freedom. In line with these values, we work hard to create an unrivalled user experience that offers any user, no matter the size of their bank account, the best in class services. At the same time, we strive to create a peaceful and inspiring working environment for our employees. As of today we reached more than 150 colleagues – almost doubling the headcount from the beginning of this year. We aim to support Papara's rapid business growth by focusing on hiring talented, dynamic and enthusiastic team members.

What makes Papara a great place to work?
For me, the most important asset of a company is by far its employees. The team is the driving force of the firm and therefore fundamental to its overall performance.

At Papara we have a strong and supportive culture. One of the most important competencies at Papara is continuous improvement and professional growth of oneself. Therefore, we have a yearly dedicated training budget per employee. We believe success can only be achieved in an environment where people feel at home and free to express themselves. At Papara, open and transparent communication without politics is seen

as a core value. We encourage our employees to contribute to the company culture with regular town hall meetings. In this way we ensure that the leadership is approachable by everyone. Productivity and success is part of our DNA. As one of the most successful startups in Turkey, Papara attracts passionate people who share the same vision.

How do you ensure employee engagement at Papara?

From an HR perspective, our priority is to listen to our employees and make sure that they know their voices have been heard. We try to understand their needs and requirements and act as a bridge between them and the leadership.

In line with our company culture, all employees are given full autonomy from their very first day at work. Our leadership approach provides ample space for decision-making and initiative – everyone at Papara knows that they can achieve their own professional goals so long as they contribute to the collective success in an innovative way. In my point of view this is made possible by encouraging employees to embracing the company as their own. A fast-growing startup company is the perfect environment for that mindset and therefore a highly sought out place to work.



How have the events of 2020 shaped your hiring strategy and company culture?

2020 is, and has been, a tough year for us, as well as the rest of the world. We are, however, proud to say that we've achieved significant growth in the last 12 months. By migrating to online interviews and assessments we assured continuity throughout all functions at Papara and so our headcount has doubled since the beginning of the year.

Thanks to our digitised processes and agile structure, our colleagues quickly adapted to working from home in as early as mid-March. To prevent them from feeling distanced and isolated at home, Papara put employee wellbeing at the front and centre of our HR policies. We enlisted the support a corporate wellbeing company to launch a dedicated interactive mobile app designed to increase employee happiness. This was very well received internally and employee engagement with the app was far higher than expected. We also received a lot of great feedback from the team.

In addition to digital support, we provided office furniture and equipment for our employees at home as well as both internet and lunch allowances. We also held regular online meetings and expanded the scope of health insurance policies. In my opinion this unexpected experience has provided an opportunity to highlight the importance of employee wellbeing, and show that this is a core priority for Papara and the HR team. I believe employees' mental health should be an increasingly significant area of focus for HR in the coming years, and all companies should invest more into it. Another lesson from this pandemic is that physical offices are not a must anymore in the way that they were, but remain a necessity as a common meeting ground for collaboration and social interaction.

Can you tell us a little about Papara's growth strategy for the future?

Papara has ambitious goals to maintain the momentum around its fast growth

in the coming years. We are currently applying for an e-money licence in Lithuania, our first point of expansion. To increase our footprint in Europe, Germany will follow next, a country home to four million Turks – the largest population outside of Turkey. Papara will then extend its product to France, Belgium, Austria and Switzerland before the end of 2021.

While Western European expansion is our priority, we are also working on upping the activity of Papara's current 5.5 million users in Turkey which has a population of more than 80 million. **TFT**

About Papara

Papara is the financial superapp that brings together an unrivalled range of services to provide users with financial freedom. Featured as a Global Fintech100 by KPMG in 2019 and awarded the best fintech start-up by Visa, Papara offers instant, free, multi-currency transfers to consumers as well as providing a one-stop shop for paying bills, trading digital currencies and tracking spending habits. It also facilitates mass-payment for businesses, offers a corporate card which can be tailored to facilitate varying spending patterns and enables a secure check-out option for merchants.

Since launching in Turkey in 2016, Papara has grown to become Turkey's largest fintech company, with a current customer base of 5.5+ million registered users and 1.1 million active monthly users. To date, Papara has facilitated more than \$5.5billion worth of money transfers, and has made over 70 million money transfer transactions. Papara has also been featured as one of Endeavor's nine entrepreneurs from six markets at its seventh Virtual International Selection Panel (ISP).

Website: www.papara.com

LinkedIn: [linkedin.com/company/papara](https://www.linkedin.com/company/papara)

Twitter: @Papara

papara

BODEN'S BUSINESS

It's impossible to escape the reach of digital banks nowadays. With so many to choose from, all offering coloured debit cards and contemporary interfaces, these banks deliver a multitude of features you'd never get near to from your traditional high street bank. A decade ago, this wasn't the case. And, although a few had come before elsewhere, Starling Bank was the UK's first digital-only bank when it launched in 2014.

Banking On It is the first-hand account of one woman's quest to rebuild Britain's banking system, starting from the ground up. It tells the story of how Anne Boden planned to disrupt an entire industry and create what she thought was the perfect bank. After spending an extensive career in the banking sector, Boden turned her life upside down by quitting her job and heading out on her own trying to achieve what few had already with nothing but a computer and her life savings, declaring: "No one can label you a failure when what you're trying to do is audacious".

The book doesn't waste any time in launching you into the captivating history behind Starling Bank's founding. The first page takes you into a taxi ride to Boden's former workplace, Allied Irish Banks (AIB), in Dublin in 2012, just as Ireland is experiencing the worst of the fallout from the global credit crunch. It's this period of time that inspires Boden to branch out and start her own bank as, although the crash had caused banks to fall from grace in the public eye, their executives hadn't learnt any lessons. Boden decided she was going to change everything.

One can really admire her determination in trying to create a new bank when consumer confidence in them was at an all-time low. Boden left her job as chief operating officer at AIB in December 2013 and set off on her own journey that would eventually end up with a banking app with more than 1.8 million customer accounts and named Best British Bank at the British Bank Awards for three years in a row.

The book shares various facets of Starling's journey, starting with the original difficulties of even getting off the ground as well as Boden's mammoth task to find funding for her venture. The book details the many, many meetings she undertook, taking her all across America as well as the UK on her quest to find backers. It's no secret that starting

By Polly Harrison, Junior Journalist
at *The Fintech Times*

a bank takes a lot of cash and, even before she'd even really started, Boden had already racked up around £1million in contingency fees to companies helping with the licence applications.

Ultimately, one of the more gripping sections of the book and arguably the most tumultuous time in Starling's

bring out a Monzo autobiography remains to be seen, so we may never learn his perspective of things. However, getting an insight into a situation the media have only speculated about is definitely one of the bigger draws of the book.

What is interesting was Boden's initial acceptance of the coup; the book details how she saw no other choice but to hand in her resignation and hand the reigns of her banking baby over to Blomfield and her executives who sided with him. However, after a pep talk from a tech entrepreneur friend, she took back her bank, losing most of her staff in the process. As the chapter is titled, she was literally the last woman standing.

After starting from scratch, a second time, Boden's journey eventually started to pick up the pace. She hired a new team and eventually managed to secure funding from billionaire Harald McPike, gaining a banking licence and launching the bank into the world.

The book gives a whistle-stop tour of its beta phase, detailing how it would swap branded gloves at rugby matches in exchange for downloads and waiting for the make or break app store reviews to trickle in, jumping to the present day with an afterword on the bank's Covid-19 efforts. Declaring that Starling won't be the only 'bank that does', Boden ends the book on a humbling note, stating how Starling needs to be ready to meet the competition after opening up the sector and showing what's possible.

The banking industry is often all the rage in popular media, and it wouldn't surprise me to see Boden's story dramatised on Netflix or the BBC in the near future. Not only is it an entertaining look at how someone even starts a bank, but it is full of the ups and downs and suspenseful twists and turns you'd expect from a blockbuster read.

Part autobiography part business book, Boden's story is certainly interesting and gives great insight into the industry in less than 300 pages.

This book really makes a fascinating read and one that will appeal to everyone, not just those interested in fintech or the financial industry. Whether you take inspiration from a 50-something woman dominating a field full of young men or merely just enjoy the trials and tribulations that come from trying to create a financial institution, *Banking On It* should be top of your reading list. **TFT**



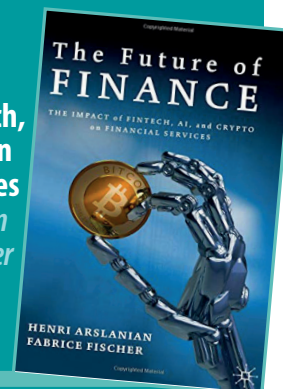
BANKING ON IT: How I Disrupted an Industry by Anne Boden, Published by Penguin Business. Available in Hardback and Kindle editions

lifespan, was Boden's 'rivalry' with Tom Blomfield. Now the CEO of Monzo Bank, it's a fairly well-known fact that Blomfield was originally on 'Team Starling' as the chief technology officer before trying, and then failing, to organise a coup. This feud was well publicised at the time and continues to be now, despite both parties previously reluctant to discuss it. But here Boden offers her viewpoint of the whole affair, starting right from the very beginning when she met Blomfield at a networking event.

Boden's side of the story is quite the page-turner. Whether Blomfield plans to

5 BOOKS TO GET AHEAD IN FINTECH

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



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



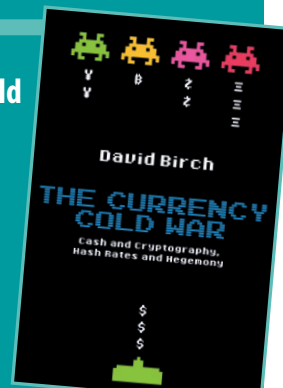
Doing Digital: Lessons from Leaders
by Chris Skinner
Available: Kindle & Hardcover



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



The Currency Cold War: Cash and Cryptography, Hash Rates and Hegemony (Perspectives)
by David Birch
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