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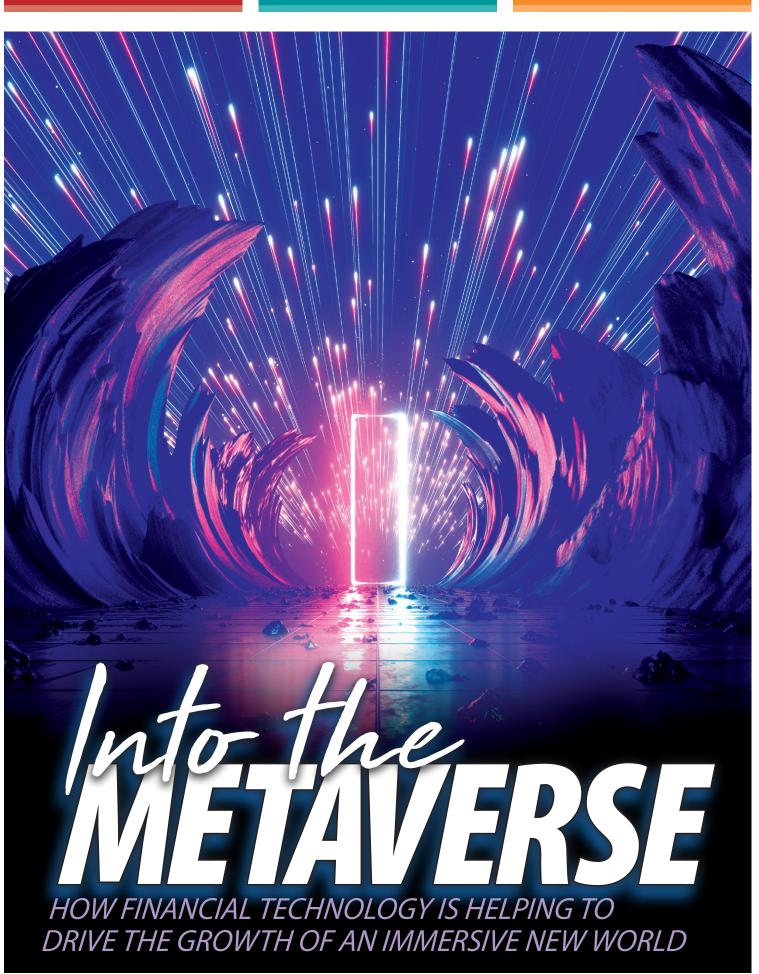
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EDITOR'S WELCOME

amaze me. I've always had the ethos that if I could understand and then explain a technological innovation in simple terms to my parents then I had finally got to grips with a subject myself.

Working in fintech means nothing has changed decades on. Except now it's often my own children who are helping me to understand the nitty gritty of a new technology, particularly when it comes to the world of gaming technology (gametech).

They invited me to probably my first foray into the 'metaverse' last September at the Fortnite Rift Tour - a digital Ariana Grande concert taking place entirely within the

for movies and music, driven by a surge in mobile gaming and an emphasis on social interaction during the pandemic.

The gaming industry has increased by half a billion players in the past three years, totaling 2.7 billion people globally

According to IT consultancy Accenture, the gaming industry has also increased by half a billion players in the past three years, totaling 2.7 billion people globally.

In this issue of *The* Fintech Times, we put the

about the transformation of the gaming industry and the future of how players participate in the leisure industry.

We discussed how the **INK Games platform** – launching in 2022 – lets creators, influencers, players, in fact anyone with a smartphone, earn revenue for playing and sharing games.

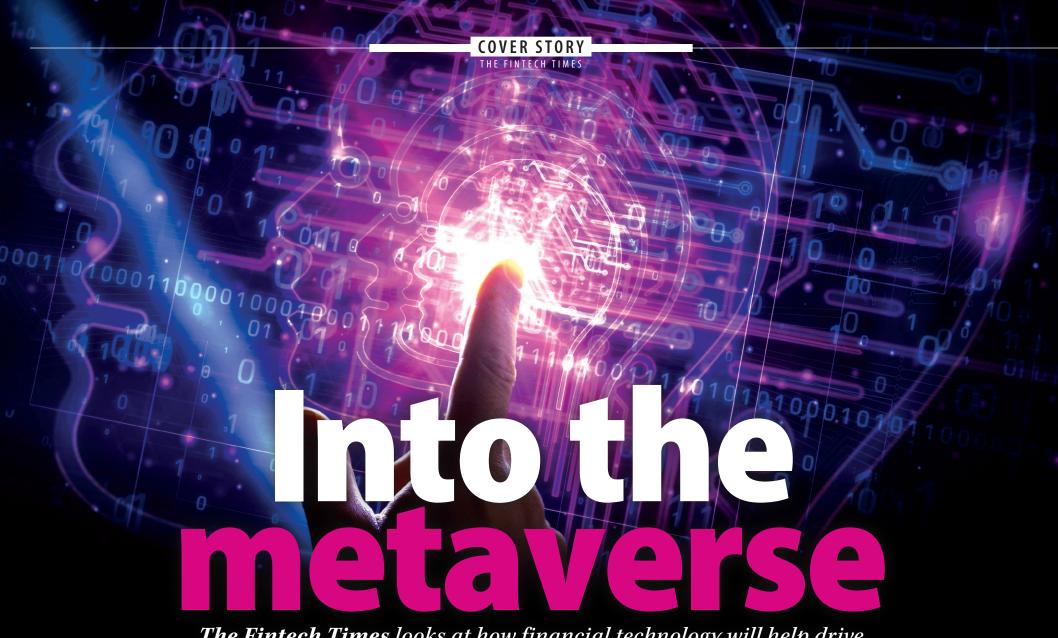
I also delved into the concept of the metaverse for our cover feature on page 4. There's currently much hype and excitement about the metaverse especially from investors and big tech firms – so join me as I look deeper into what's billed as the 'future of the internet'.

Be sure to also check out thefintechtimes.com in



rapidly evolving sector. Back to the paper, and the second theme to this edition of The Fintech Times is cybersecurity. So, we're delighted to share a number of predictions from industry experts on what we can expect in 2022 on page 6, while on page 12 anti-money laundering firm NICE Actimize guides us through understanding and managing the risks of cryptocurrencies in financial services.

Happy New Year to you all - here's to a fantastic 2022. Claire Woffenden, Editor The Fintech Times



The Fintech Times looks at how financial technology will help drive the growth of communities within immersive virtual worlds

**Claire Woffenden**, Editor, The Fintech Times -

was a big year for the metaverse. From Facebook to Microsoft, Disney to Ralph Lauren, big-name brands took the concept of the metaverse centre stage with their various announcements of digital transformation and rebranding plans, immersive retail experiences and virtual working environments all billed as driving the 'future of the internet'. But what even is the metaverse and what role does fintech play?

# **INTRODUCING THE 'METAVERSE'**

Way back in 1992, author Neal Stephenson coined the term metaverse a portmanteau of meta, meaning transcendent, and verse (from universe) - in his science-fiction novel Snow Crash. The book envisions a virtual reality-based successor to the internet with Stephenson's metaverse populated by people using digital avatars of themselves to explore the online world.

While opinions now vary on what the metaverse means today, the overall consensus is that it's a blending of the physical and digital worlds where people can interact virtually. In these interconnected, virtual worlds people can socialise in real time to form a persistent, user-owned, internet economy.

# **BIG TECH AND THE METAVERSE**

At the end of October, Facebook, the company that owns platforms including Facebook, Instagram and WhatsApp, grabbed the wider public and media's attention of its version of the metaverse when it rebranded as Meta. It describes the metaverse as 'the next evolution of social connection'.

Mark Zuckerberg, the founder, chairman and CEO of Meta, explained: "The defining quality of the metaverse will be a feeling of presence - like you are right there with another person or in another place. In the metaverse, you'll be able to do almost anything you can imagine – get together with friends and family, work, learn, play, shop, create – as well as completely new experiences that don't really fit how we think about computers or phones today.

"The metaverse will not be created by one company. It will be built by creators and developers making new experiences and digital items that are interoperable and unlock a massively larger creative economy than the one constrained by today's platforms and their policies.'

"Our hope is that within the next decade, the metaverse will reach a billion people, host hundreds of billions of dollars of digital commerce, and support jobs for millions of creators and developers."

Just days later, Microsoft also revealed its plans to make collaboration in the metaverse 'personal and fun' through the upcoming launch of Mesh for Microsoft Teams. The feature combines the mixed-reality capabilities of Microsoft Mesh, which allows people in different physical locations to join collaborative and shared holographic experiences, with the productivity tools of Microsoft Teams, where people can join virtual meetings, send chats, collaborate on shared documents and more.

According to Microsoft, Mesh for Teams is a 'gateway to the metaverse' which should be thought of as 'a new vision of the internet, one where people gather to communicate, collaborate and share with personal virtual presence on any device'.

# **AN OPEN METAVERSE**

For blockchain venture capital firm Outlier Ventures, there are at least two versions of the metaverse emerging: one dominated by closed platforms and Big Tech, such as Facebook, and the other built on open protocols leveraging blockchains, such as decentralised gaming platform The Sandbox and online social world Decentraland.

Outlier Ventures has been developing a thesis for the metaverse over several years, which argues that while there is

currently a momentous opportunity to architect a world where individuals and brands alike can create and connect more meaningfully with their communities and benefit from new models for value generation, it must be built on decentralised, open infrastructure.

"The metaverse will eventually connect every platform, virtual world and game into a single permissionless peer-to-peer economy native to the internet, most importantly underpinned by crypto and Web3 technology," says Jamie Burke, the founder and CEO of Outlier Ventures.

"We should absolutely consider crypto and the metaverse as one and the same thing. In the same way that crypto  $is\ increasingly\ experienced\ through$  $immersive\ experiences\ that\ bridge$ the real world with virtual assets, the metaverse makes our physical and digital spaces indistinguishable. And long term, crypto will subordinate every fiat-based economy on the planet."

### THE METAVERSE ECONOMY

Crucial to the metaverse is the ability to manage finances and transactions. In the metaverse, the economy depends on authentication of digital properties, such as homes, books, artwork, clothing and even furniture. As venture capital firm Index Ventures puts it, as time spent in

the metaverse explodes so too will the complexity of our financial assets and 'the merger of virtual and fiat wealth will redefine every service offered by traditional banks'.

According to the digital currency investor Grayscale, the global market for goods and services in the metaverse could soon be worth \$1trillion across advertising, social commerce, digital events, hardware and developer/creator monetisation. While all-time value spent on metaverse item sales, such as virtual land, goods and services, has topped \$200million.

Cryptocurrencies and non-fungible tokens (NFTs) make it easier to buy and Decentraland, with which users can purchase NFTs including land or collectibles, and vote on economy governance), or create NFTs, giving them real world interoperability for the value of their time spent in-game."

According to global payments platform Transact365, the payments landscape in the metaverse will be defined more by the community than traditional banks and payment firms.

Dan Fernandez, CEO of Transact365. says: "In the virtual world there needs to FASHION Spending money on digital fashion may seem strange but fashion brands are increasingly embracing the metaverse as people currently spend more time interacting with friends on virtual platforms than in real life. Indeed, a report by Morgan Stanley reveals that metaverse gaming and NFTs could represent 10 per cent of luxury's addressable market by 2030.

Fashion brand Balenciaga has even created a team dedicated to exploring marketing and commerce opportunities in the metaverse following the launch of a collection of digital skins for gaming platform Fortnite.

In December, Adidas unveiled 'Into the Metaverse' - its first collection of NFTs produced with collaborators such as Bored Ape Yacht Club. The sold-out collection (pictured below, left) comprised virtual wearables that buyers could buy alongside matching physical clothing to match





In November, Sotheby's unveiled Sotheby's Metaverse, a platform aimed at digital collectors offering a curated selection of NFTs chosen by the auction house's specialists. The dedicated Web3 enabled NFT marketplace has seen nearly \$100million of NFT sales to date, including CryptoPunk for \$11.8 million and \$3.4 million for Bored Ape. Sotheby's also created a virtual gallery in Decentraland to exhibit NFTs and established dedicated Twitter and Discord channels to engage with the NFT and crypto communities directly Meanwhile, the first digital-only art auction by Christie's auction house netted

£50million for the artist Beeple. The digital art 'The First 5000 Days' was sold as an NFT making him among the top most valuable living artists.

The metaverse will eventually connect every platform, virtual world and game into a single permissionless peer-to-peer economy native to the internet

sell things inside the metaverse. NFTs, also known as 'nifties', are one-of-a-kind assets in the digital world that can be bought and sold like any other piece of property, but which have no tangible form of their own. The digital tokens can be thought of as certificates of ownership for virtual or physical assets, such as art, music, sports collectibles and even fashion.

In Decentraland, where users from the physical world can enter, create avatars, buy property, purchase wearables on the marketplace in the form of NFTs, a plot of land sold for €2.1million in November.

David Grider, head of research at Grayscale Investments, says: "Projects like Decentraland are creating an open-world metaverse where users can log in to play games, earn MANA (the native token of

be applications and virtual systems that perform our transactions, because physical cash won't be applicable. The instant element of blockchain and crypto payments means instant processing and settlement of digital assets. These assets could be traded, sold and marketed through the metaverse marketplace tied to an individual's blockchain based payment wallet."

SPORT & GAMING The metaverse delivers an opportunity for immersive engagement between sports brands and their fans. Towards the end of 2021, Manchester City unveiled a partnership with Sony to create an online fan community where fans can interact with the club and each other within the metaverse, which will be a virtual recreation of the club's Etihad Stadium. In the US, the National Football League (NFL) opened a virtual store in the Roblox video game where a virtual currency called Robux can be used to pay to decorate avatars and custom areas

within the game. The NFL currently offers players the chance to purchase official virtual helmets for all 32 teams.

Startup Stage11 recently raised a €5million seed round to 'reimagine music for the metaverse'. It plans to combine gaming, mixed reality, and interactive NFT collectibles so that artists, can invite fans to live, play and create inside their performances and musical worlds. Olivier Ozoux, Stage11's CTO, explains: "At Stage11 our vision is to turn music into something you can play with, too. The challenge is to envision how to represent music with visuals and interactivity in a way which is just as engaging and profound as a live concert, using all the new potential offered by the metaverse." In 2021, Ariana Grande (left) stepped into the metaverse when millions of Fortnite gamers watched the singer fly through the sky with angel wings while surrounded by players inside bubbles. 🚻

Industry experts share insights into the latest trends and what we can expect in the year ahead

echnological developments, including open banking, embedded finance, digital wallets, hybrid cloud environments and more, have delivered huge benefits to businesses and consumers. But as technology evolves, so too does fraudulent activity. Cybercrime, money laundering and online financial fraud are becoming problems every day as fraudsters adapt and manage change to their advantage quickly.

The longer people stay at home due to Covid lockdowns, the more they rely on online markets and payment systems – something cybercriminals will endeavour to exploit. Similarly, as most of open banking systems are based in application programming interfaces (APIs) and web API queries, performed by financial institutions, increasing attacks against them are likely.

Kaspersky, a global cybersecurity and digital privacy company, has outlined several important tendencies it expects to occur in 2022 in its new Cyberthreats

to Financial Organisations in 2022 report. 📮 as a first-stage data collector. Different 🖻 Its researchers predict that:

# TARGETED CRYPTOCURRENCY **ATTACKS WILL GROW**

As cryptocurrency is a digital asset and all transactions take place online, it offers anonymity to users – attractive features for cybercrime groups. However, Kaspersky has also witnessed advanced persistent threat (APT) groups rising to attack the cryptocurrency business aggressively, and it anticipates that this activity will continue.

# **FLAWED SECURITY AND FAKE** HARDWARE WALLETS AS CRYPTO HARDWARE-BASED THREATS

While cryptocurrency attacks are becoming more targeted, cybercriminals keep coming up with novel techniques to steal investors' financial assets. In the case of cryptocurrency investment opportunities, Kaspersky researchers forecast that cybercriminals will take advantage of manufacturing and retailing rogue devices with backdoors, followed by social engineering campaigns and other techniques to steal victims' financial assets.

# INFORMATION STEALERS ACCELERATION AND CONSOLIDATION

According to Kaspersky, simplicity, affordability and effectiveness in attacks will play a key role in adopting info stealers against financial assets, at least

threat actors will take advantage of it to profile victims for further attacks. It includes but is not limited to targeted ransomware attacks and traditional targeted attacks.

# **MOBILE IMPLANTS DEVELOPMENT CONSOLIDATION**

Kaspersky experts expect more mobile banking Trojans for the Android platform, especially remote access Trojans (RATs) that can circumvent security means adopted by banks – such as multi-factor authentication (MFA) and one time password (OTP). Local, regional Android implant projects will move globally, exporting attacks to Western Europe and other countries worldwide.

Dmitry Bestuzhev, head of Kaspersky's Global Research and Analysis Team (GReAT) in Latin America, comments: "2021 was challenging for many organisations: handling remote access for ad hoc employees, patching hard systems connected to the internet to endure ransomware attacks, dealing with a substantial increase of mobile banking and its malware implants. And cybercriminals have not been shy of taking advantage of attacking markets. We have watched very regional cybercriminals shifting to other world regions making cybersecurity people work harder. In the scramble for cryptocurrency investment

opportunities, we believe that cybercriminals will take advantage of fabricating and selling rogue devices with backdoors, followed by social engineering campaigns and other methods to steal victims' financial assets."

Here, we ask other industry experts for their cybersecurity expectations and predictions for 2022.



Matt Williamson, VP of global financial services, at digital consultancy Mobiquity "This year we've seen several major corporations held to ransom via

security breaches. Ransomware has risen by 1,318 per cent, according to Trend Micro, with the banking industry disproportionately affected. Meanwhile, it has been reported that REvil - the cybercriminal gang - has extorted a record ransom of \$70million. To solve these challenges, some companies have resorted to paying millions of dollars to those responsible, as was the case for Travelex following an infrastructure breach paying a sum of \$2.3million after the hacker group encrypted the company's files.

"For 2022, the role of security and trust is essential in combating the ransomware epidemic. Identity management will help to tighten data sharing not only from a nefarious hacker, but also from those

corporations that harvest personal data in order to provide future products and influence purchase decision-making. Companies such as Datakeeper are already paving the way in secure data sharing via decentralised IT.

"In 2022 an intuitive seamless customer journey based on trust will be essential. Not only will customers have more control over their data but companies will need to hone their focus on protecting consumer data privacy and security only using data needed for the purchasing journey or specific outcome. If you need a customer's date of birth from their driving licence, there's no need to store a home address and signature. By removing personal identifiable information that is surplus to the transaction, the threat of a data breach is mitigated.

"Meanwhile, companies will need to navigate the shift to virtual environments with the rise of the metaverse creating fresh digital security challenges. With the potential for virtual environments to operate 24/7 it's even more crucial that customer data is kept safe."



Chris Pogue, head of strategic alliances at digital data firm Nuix

"Today, very few of us have laptops, mobiles or tablets that are older than five years. Such technology

is functionally limited, impacting on productivity and day to day activity. That being said, what we do with technology has largely remained unchanged over the last 20 years. Even with emerging tech, such as social media, 5G and cryptocurrencies - the human component of utilisation remains the same.

"This model of human behaviour holds true in the world of cybersecurity as well, no more so than within financial services. In 2022 hackers will continue to exploit unpatched vulnerabilities and poor IT hygiene to gain access to critical value data within banks and financial institutions. Governments will continue to introduce cybersecurity legislation in an effort to raise baseline levels of security through public policy. A continued rise in security incidents due to an evolving cyber threat landscape will create a necessity for finance executives to manage risk efficiently, protecting the data of their customers and employees. By investing in the right security measures now, corporations can de-risk their operations rather than paying later with interest - in the form of financial repercussions and reputational damage.

There's no doubt that new technologies like natural language processing (NLP), artificial intelligence (AI), internet of things (IoT), and 5G will provide the ability for people to access information much quicker and on a wider scale. However, the security challenges across each of these emerging technologies

will remain largely unchanged, experiencing variants of the same security challenges that have been present over the last 20 years."



Vince Graziani, **CEO of IDEX Biometrics** ASA – a specialist in fingerprint identification technologies "At IDEX Biometrics, we're seeing the potential

for a lot of growth in the biometric smart card market for 2022. In fact, a recent study published by IDEX Biometrics showed that more than nine in 10 Americans and Canadians want fingerprint sensors on their payment cards. Close to 75 per cent of those surveyed in each market say they would like a biometric payment card within 12 months, and more than 60 per cent indicated they would pay for one, either separately or as part of their monthly or annual card fee. Similar trends have been observed in markets

"We believe that biometric smart cards are key to protecting our digital from payment cards to digital wallet, digital access control and personal identification. The chain of trust that fingerprint biometrics offers can be implemented to provide businesses and consumers with a far greater level of confidence in keeping access secure and off-cloud."

"Essentially, the potential for biometric smart cards in the security landscape are endless - from granting access to government buildings or sensitive locations, authenticating payments for IoT enabled devices, to unlocking vehicles and even enabling ride sharing schemes. Due to their unique and personal nature, fingerprints are an ideal means to provide stronger end-to-end authentication and seamless experiences for consumers and enterprises."



Alastair Lauder, managing consultant at financial crime consultancy P2 Fincrime "£12billion of criminal cash is estimated to be generated annually in the

UK while £3billion of fraud is impacting



While cryptocurrency attacks are becoming more targeted, cybercriminals keep coming up with novel techniques to steal investors' financial assets

identity in an increasingly digital world. In addition to payments, biometric cards are being used for cyber security authentication, personal identity, and digital access control. Fingerprint biometric cards are being used to secure logical access to corporate networks, for example. The biometric data is encrypted and securely stored inside the card which means the data never leaves the card and cannot be hacked, recreated, or breached. By adding fingerprint biometric authentication as a layer of security we can ensure that only the real cardholder can use the card and access the device or system. Biometric authentication will soon be considered standard, and its application will range

individuals and businesses annually. Fraud now constitutes over 30 per cent of all illegal activity in the UK – fraud and cybercrime combined is over 50 per cent. Organised criminals are realising the pickings are far greater in financial crime than they are in drugs and burglaries, so we expect these figures to creep up in 2022.

"It's always difficult to make predictions in the financial crime arena as trends are continually emerging - as soon as the industry catches up, criminals evolve their ways of generating and laundering stolen money.

"We really welcome increases in regulation to help financial institutions fight financial crime and we urge them to examine their technology, processes and data quality so they can deal with it in the best way."



Kevin Gosschalk, CEO at fraud prevention platform Arkose Labs The financial sector witnessed 32 per cent more attacks in Q3 2021 than all of H1

2021. This is one sector where we would expect to see a continued rise in attacks. Our 2022 prediction for fraud attacks on the fintech sector can be summarised in one word: Acceleration. The speed of fraud was fast in 2021, it will be blistering in 2022.

"In 2021, bad actors shifted to targeting accounts at neobanks and buy now, pay later (BNPL) firms. We've seen fraud attacks in this quarter targeting BNPL grow substantially over the attacks targeting these platforms in April 2021. We've also seen a marked rise in micro-deposit fraud and automated phishing scams. Essentially, the trend toward digital commerce has fuelled a concurrent rise in the increase in fraud in 2021.

"Attacks on gaming companies are consistently the most persistent and targeted we see outside of financial services. Gaming companies are susceptible to all the normal attacks that digital businesses can expect, including account takeover, bot attacks, payment fraud, fake account fraud and more. However, due to the intricate in-game economies that have sprung up, attackers have a lot of extra incentives to attack these platforms instead of many other digital businesses."



Tony Hanson, CISO of blockchain product development firm **NuPay Technologies** The global threat landscape, especially to the fintech industry, is

ever evolving. Attackers and the tools they have at hand are continuously improving, becoming more complex, more effective and even harder to detect. I think we will see large  $organisations\ switch\ from\ traditional$ layered security approaches designed to prevent breach, to adopting technologies such as blockchain that are secure by design and nature.

Personally identifiable information (PII), payment card industry (PCI) and electronic identity verification (eIDV) are all highly attacked areas, because they are quick wins and typically yield the highest reward for bad actors. Blockchain technology is secure at the core, so adopting this technology greatly reduces attack surface and likelihood of a successful breach."

# CLASH OF THE TITANS

How the industry reacted to Amazon's decision to ban Visa credit cards in the UK

isa and Mastercard have led the way in global payments for decades due to the popularity of cards as a payment method, but could their reign be coming to an end? In November, online retail titan Amazon unveiled plans to stop accepting UK-issued Visa credit cards from 19 January 2022 – a controversial decision that some believe is a knock-on effect of Brexit, to others a shifting attitude in the payments landscape, while for many, just a negotiation tactic.

# **AMAZON EXPLAINS ITS DECISION**

Amazon says the change is due to the 'high fees' Visa charges for processing credit card transactions. It follows its decision last year to advise Australian consumers not to use a Visa credit card to make purchases. From 1 November, Australian consumers have had to pay a 0.5 per cent surcharge fee each time they used their credit cards.

In a statement, Amazon said: "The cost of accepting card payments continues to be an obstacle to providing the best prices for customers. These costs should be going down over time with innovation and technological advancements, which allows merchants to reinvest savings into low prices and shopping enhancements for customers. Yet, despite these advancements, some cards' cost of payments continue to stay high or even rise."

# **VISA'S RESPONSE**

Following the announcement, Visa slammed Amazon for making the clash public while the companies were still in negotiations over the fees. In a statement, Visa said it was "very disappointed that Amazon is threatening to restrict consumer choice in the future. When consumer choice is limited, nobody wins".

The company hoped that due to "a long-standing relationship with Amazon" it would be able to resolve the situation so customers can continue to use Visa credit cards with Amazon UK.

# **CONSUMER WORRIES**

Although Visa debit cards and credit cards from other payment networks, such as Mastercard, will still be accepted it means Amazon customers with Visa credit cards could miss out on a major consumer protection.

Items bought using such cards benefit from Section 75 protection, an important UK consumer protection law made in the 1970s that means your credit provider has the same responsibility as the retailer if things go wrong with a purchase (providing the purchase is more than £100

# **Francis Bignell,** Junior Journalist *The Fintech Times*

and up to £30,000). This rule only applies to credit cards – not debit cards.

Gareth Shaw, Which? head of Money said: 'There have been long-standing concerns about soaring credit card fees that affect both consumers and businesses. We would encourage Amazon and Visa to urgently find a resolution to prevent any restriction on consumer choice. Regulators should also look very closely at this development and work to establish whether fees in the credit card market are fair and what impact this will have on competition."

However, Kevin Peachy, a personal finance correspondent, suggested to the BBC that there might be not too much of an impact on shoppers, saying: "Whether or not this is about fees, or a smokescreen for something else, generally an Amazon customer won't see much change. They just know they may have to change the way they pay on Amazon."

# RISE IN MASTERCARD AND ALTERNATIVE PAYMENTS

Previously, both Visa and Mastercard have come under fire for charging excessive fees on credit card use. Despite this, Mastercard's search soared by 16 times the average volume in one day according to Casionsites.org. The data also revealed that searches for 'cancel Visa' skyrocketed to more than 700 per cent on 17 November - nine times the average volume in one day.

Prior to Brexit, UK
merchants and card holders
benefitted from a 0.3 per cent
cap on credit card interchange fees
imposed by the European Commission.
And, it was reported earlier this year, that
Visa planned to increase its cross-border
interchange fees from 0.3 to 1.5 per cent.

Amazon, of course, has its own credit card, issued by Mastercard. In addition to incurring no surcharges, payments made using Amazon cards also earn customers rewards and money back on future purchases.

GlobalData payment analyst Chris Dinga, told newspaper *City A.M.* that Amazon's decision to only ban one of these companies 'seems odd' as both Visa and Mastercard look to increase fees.

Dinga then suggested that it starts to

make more sense when "you remember that Mastercard is Amazon's credit card issuing partner... This represents a unique opportunity for both Amazon and Mastercard, as they can take advantage of the situation to promote the Amazon credit card to customers."

However, Amazon firmly denied the Visa ban had anything to do with its own payment offerings with an Amazon spokesman confirming to *City A.M.*.:"Visa is a service provider to

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Amazon, not a competitor, and this action is entirely unrelated to our own payment offerings."

### **NEGOTIATION TACTIC**

Petru Metzger, head of payments delivery at software firm Endava, believes Amazon's move to restrict the use of Visa credits cards is likely a negotiation tactic following Visa's move to increase fees post-Brexit.

"Businesses have long been held over a barrel by traditional credit card issuers, with few alternatives on offer. It does underline the need for businesses large and small to transition to embedded, digital-first payment options rather than relying solely on the services of traditional credit or debit cards. We are hearing the willingness to do something similar from a number of large merchants so this could create a tsunami of changes in the market.

"Solutions driven by open banking and the connectivity it provides can be an effective and cost-efficient alternative for businesses, not only allowing instant transactions between retailers and news about Amazon are either associated consumers, but also allowing customers to with employee scandals or take greater control of managing their their CEO flying to space finances. API integration, marketplace while climate change remains a very solutions, and better use of data is driving payments innovation in an concerning issue). As industry that has been slower than others Don Draper always to bring about digital acceleration, and says...'If you don't like what is being said, change the conservation.' Amazon is now being championed as the protector of customers' purchase power vs. the 'big bad' card schemes. on the consumer. Amazon continues to play chess while everyone else plays checkers. I anticipate "Fuelled by post-Brexit price hikes this Payment firm Episode amazon Six's co-founder

with it businesses can enhance real-time payments and tackle the dominance of traditional card providers."

Jovi Overo, managing director of BaaS at payment processing firm Unlimit, also agreed that Amazon's announcement was a negotiation move.

"I think Amazon's strategy by bringing this to the public domain is probably a negotiation tactic," he said. "That's how Amazon gets good press and free media coverage (at a time when all the recent

Amazon will soon be launching their own BNPL product. This would be an instant hit, have huge adoption, and add would bring in additional revenue. Will this be good for customers. Yes, but at what cost?"

# **NEW-LOOK PAYMENTS SYSTEM**

The idea of the traditional payments system being possibly replaced was echoed by Karl MacGregor, co-founder and CEO at end-to-end payments firm Vyne.

"Amazon's decision to no longer accept Visa credit cards in the UK is further evidence - if any was needed - that existing payments are broken and stacked against the merchants that rely on them," he said.

"What makes this news particularly striking is that this is one of the biggest brands in the world recognising that merchants on its platform truly are at the mercy of payment giants. These businesses already fork out thousands of pounds per annum only to be greeted with mid-contract price hikes, which are more often than not imparted

What makes this news particularly striking is that this is one of the biggest brands in the world recognising that merchants on its platform truly are at the mercy of payment giants

will be the first of many big business clashes with a payments giant. But online retailers should be reminded that there are other options out there and accelerate their efforts to offer new methods, such as account-to-account payments, that bypass the traditional card schemes altogether, saving money and time for both the merchant and consumer."

> and CEO, John Mitchell also recognised the trend to provide consumers with more opportunity to make purchases. He said: "Just look at the explosion of buy now, pay later, as one example. This move will likely incentivise certain

cardholders to expand their digital wallets if they haven't already. And while it's too early to tell if other companies will follow suit, Amazon certainly pulls a lot of weight - arguably more so than other companies that may not want to prevent payment choice while they battle to manage network fees. From an issuing bank perspective, as we look to the future, these institutions will increasingly be propelled to add more payment options, even beyond fiat currency."

### IN DEFENCE OF VISA

Rob Keve, CEO of cross-border firm Flow has jumped to Visa's defence saying: "Many merchants on the e-commerce side don't pass on the expensive fees, they simply eat it. If merchants were here talking today, they would say, 'it's painful having high fees on some payment methods, but we'd rather have the sale than not'. It could be that the margin is one per cent lower on those transactions, but losing that transaction entirely is a 99 per cent loss, not a one per cent loss."

# IN DEFENCE OF AMAZON

However, Peter Kimpton, a financial expert and chief operating officer at Family Money defended Amazon's announcement saying: "Due to Visa's high credit card transaction fees, it's no wonder Amazon is stopping their use on site. Although a market leader, Amazon needs to be able to remain competitive with their many online competitors, as well as small businesses that people are trying to support more and more, especially after the pandemic.

"With this in mind, they need to be able to charge the lowest prices possible and still make profit, so it makes sense that the first thing to try and make cuts on is transaction fees.

"Visa have responded by criticising Amazon for restricting consumer choice, however, I don't feel this will be a problem, with many consumers opting to have more than one credit card as well as multiple debit cards. I predict Amazon will see no decrease in sales due to this change, and we might even see other large retailers following suit."

# A FINAL THOUGHT

James Booth, VP and head of partnerships, EMEA at payments firm PPRO, concluded the general view towards the announcement by saying:

"The move from Amazon to ban UK issued Visa credit cards is less so a direct result of Brexit and more to do with the wider sentiment in the payments space. Card fees are high, businesses are struggling to keep up and are being forced to pass down the cost to the consumer. This ban signals a move away from cards towards a more diversified payment ecosystem, that offers businesses and consumers greater choice and lower costs.

"Seventy-seven per cent of global online purchases are not made with an international credit card, but with a local payment method, be it wallets or bank transfers. In the UK, 52 per cent of all payments are card-based, with Visa having an 82 per cent market share of that, according to PPRO research. But this is changing rapidly as new payment methods are picking up pace.

"Offering a wider, global range of payment options is a good way for businesses to stand out from the competitive e-commerce landscape. But, even more importantly, it can lead to significant cost savings for these businesses."

Robert Towles, CEO of INK Games, chats to The Fintech Times about the company's plans to shake up the leisure economy and his passion for innovative projects that transform the world

ith the global gaming market expected to reach \$545.98billion by 2028, wouldn't it be nice if everyone could enjoy a piece of that revenue? Robert Towles, CEO of INK Games, thinks so.

The seasoned entrepreneur – with multiple, multi-million dollar exits and several investments in the mobile gaming space under his belt, including the development of the iconic Bingo *Blitz*, one of the top-grossing board game apps in the US - is building an economy for billions of people around the world to make money playing games.

His company INK Games plans to shift power from major marketing gatekeepers back to creators, influencers, players and game developers through a global platform that monetises social reach and creates richer, loyalty-enhancing game experiences.

THE FINTECH TIMES: Rob, tell us more about INK Games **ROBERT TOWLES:** INK Games is a division of our parent company, InfluenceInk, Inc, and we're more than just a game company. We're building a platform that our own games and third-party games will sit on through our software development kit (SDK), so it's all about connectivity. All users on our platform have what we call an INK ID baked into their user profile so we can track all activity and who they specifically invite to the platform and what those invites are doing. So essentially, we're monitoring all the metrics using a technology layer that we call the tracking and payment engine. That way we know how to reward our users.

Most game companies track their user behaviour so they can figure out

how to sell them more things and make more money off them. We do the opposite. We track all of their invites and what they do so we can pay them the marketing revenue. We allow our users to monetise the platform instead of just allocating a big marketing budget to gather more users. So, if you have an INK ID and you share that with everybody you know, maybe through TikTok or through social media, and these people come on to the platform, you get paid a portion of their spend - in perpetuity. This technology layer does not exist anywhere else outside of INK Games, which is the most exciting part.

The INK Pay app, our payment and tracking app, will facilitate payment to users in 200 countries and territories around the world. Users can track the revenue they earn through invites by viewing a dial at the top of the app and can cash out their earnings through Hyperwallet, a division of PayPal.

On the other side, we are also a AAA game development shop. Think of us as a bit like Netflix for games except users actually participate in the revenue for building an audience. We onboard third-party games and we also build our own games in-house. We're also currently building our SDK that will allow other game companies and studios to access our payment and tracking technology. So, if they want to pay their users for sharing their game or whatever product it is, then they could access our SDK, and then all of a sudden, their audience of however many players they have now participates in the economy of that game.

**TFT:** How will this impact the gaming community? RT: There's paradigm shift that's happening and it's changing games forever. Previously, influencers would

share a cool product or service because they wanted to without expecting anything in return. Now influencers demand that they participate in the revenues of what they're sharing, so they're making money on YouTube and TikTok and everything else with the view that 'I am making your company money and I want my cut'. People want to get paid for building that audience, but they want to get paid perpetually. They don't want to just get paid one time. Gamers today are the same. This whole community driven, play to earn model is the beginning of something much bigger.

**MOST GAME COMPANIES** TRACK THEIR USER **BEHAVIOUR SO THEY CAN FIGURE OUT HOW** TO SELL THEM MORE THINGS AND MAKE **MORE MONEY OFF** THEM. WE DO THE OPPOSITE. WE TRACK **ALL OF THEIR INVITES** AND WHAT THEY DO SO **WE CAN PAY THEM THE MARKETING REVENUE** 

We agree that the future of gaming is for every single user to be able to participate in the economy of games, not just influencers. Our job is to take over the world as we want everybody to win and everybody on the planet to get their fair share of what they've built! They've built all these connections, they built the revenue, and we think it's time that they get rewarded for it. This will change gaming, not just for us, but this will change gaming around the world. Every game, including Epic's Fortnite can now pay their users for the in-game activity. It's a moonshot and it's pretty

wild - a transformative payment platform for everybody!

**TFT:** How was 2021 for INK Games? RT: I would say 2021 was a banner year for us, even with the disruption of Covid. We never had to lock down, so our guys have just killed it, in a year of building infrastructure and foundations. The company has grown from 20 people in development to 40 and we rounded out our executive team. We've looked to hire the best talent in the space for this build who offer a blend of not only game development, but also worldwide platform development. It's a very specific skill set to find.

We also moved from an office in Irvine, California to a new HQ in Austin, Texas. Our headquarters is at a place called the Domain, which is this amazing outdoor shopping and culinary experience that will be fully ready within the next two months. We also closed a \$9.5million Series A round with a \$20million Series B round getting close to selling out as well. The company sits debt free.

TFT: What can we expect from INK Games in 2022? **RT:** We will continue to hire staff and then go into tech launch at the end of the first quarter. We're launching our INK Pay App and we're also introducing our first in-house title called Prize Kingdoms, which has a fully integrated sweepstakes engine built in and allows players to win amazing real world prizes. It's a AAA game that we feel can be a unicorn by the end of 2022.

**TFT:** What is your biggest challenge at the helm of INK Games? RT: The biggest challenge I face daily is casting the vision non-stop and making sure that all the new people we bring on



give a lot of latitude to the team to get their ideas going so it's a crazy environment at INK. There's certainly not a lot of people sitting at a cubicle as everybody can wear multiple hats.

I always look for that entrepreneurial spirit and we have a lot of talent in our company that most game companies can't get, especially as a startup, because every single person we hire, no matter what position it is gets equity from day one. So far, we have not had to let one person go.

TFT: What do you do when not driving a gaming revolution? **RT:** I love doing anything that I could get hurt doing. I love adventure and anything that's a little bit dangerous Believe it or not, I'm more of a mechanical guy than a technology guy. I've built my own cars and engines as I grew up drag racing... I still have fast cars. If it takes fuel, I'm excited about it. So even though I'm CEO of a technology company, what I find therapeutic is working with my hands.

We actually started looking around to buy a ranch in Wyoming or Montana because I miss being outside working. The dream is to take my truck, drive around and replace barbed wire and just do crazy stuff on the ranch with my family and friends. I love my family and I've been married almost 25 years. We started having kids at 17 and 19 and my wife's been great as I've worked 60 to 80 hours a week for our entire marriage, and she's kept everything together. It's a great partnership. TFT

# **AT A GLANCE**

WHO WE ARE: INK is the world's first gaming and social platform that will pay millions of users to grow the world's largest network. The INK Games team is made up of Emmy-nominated developers and executives with decades of leadership experience in the gaming industry.

**COMPANY: INK GAMES** 

**FOUNDED: 2017** 

**CATEGORY:** Gaming & Social Platform

**KEY PERSONNEL:** Robert Towles, CEO

**HEAD OFFICE:** Austin, Texas

**ACTIVE IN:** Global

**WEBSITE:** www.inkgames.com

LINKEDIN:

linkedin.com/ company/ink-games

**TWITTER:** @INKGames

# The rise-and perils of the crypto market

Understanding and managing the risks of cryptocurrencies in financial services

CRYPTOCURRENCY

ryptocurrencies have inched one step closer to the mainstream now that digital currencies such as Bitcoin and Ethereum have skyrocketed in value and sparked the interest of the masses. Since the start of the pandemic, we have seen many digital assets outpace the gains of stocks and commodities. This has led to traditional financial institutions and investment houses increasingly exploring the introduction of new virtual asset services or products for their customers.

Cryptocurrencies are so new that most traditional financial services companies do not offer access to the nascent market, with many not considering the indirect exposure their have to cryptocurrencies. Currently, the crypto market is largely serviced by fintech startups and so-called crypto exchanges, also known as virtual asset service providers (VASPs) that provide decentralised banking services such as investment, trading, exchange, purchase and sale of virtual assets. However, concerns about the associated financial crime risks of cryptocurrency use has increasingly been pushed to the front of the agenda. VASPs and financial institutions are still learning how to lessen the risk of facilitating financial crimes for which cryptoassets are the tool or laundering method of choice.

The same applies to traditional financial services companies entering the market. Banks JPMorgan Chase and Goldman Sachs have indicated they are considering providing custody services and safe deposit boxes for cryptocurrency investors. Other traditional financial institutions are also looking into crypto custody products which will cut the price of existing wallets. Meanwhile, Goldman Sachs has started a Bitcoin futures trading platform.

Even traditional financial institutions which focus on fiat assets and currently don't provide crypto services see significant opportunity with the emergence and growth in the crypto and blockchain space. As the value and use of cryptoassets continues to grow, both traditional financial institutions and VASPs continue to evolve their knowledge and understanding of financial  $crime\ risks\ associated\ with\ cryptocurrencies$ in order to mitigate the risk.

# **HOW IS REGULATION CHANGING?**

Attempts to start regulating the crypto market started as far back as 2017 within the

framework of the EU FinTech Action Plan. Following the EU Commission's instructions directed at European financial supervisory authorities to examine the applicability of EU financial law to new types of cryptoasset, we now have the EU's 5th Money Laundering Directive that extended the EU's anti-money laundering and counter-terrorism financial rules to VASPs. Once it was adopted and in full force, the directive became a directly applicable law in all member states and regulates all issuers and service providers dealing with cryptoassets.

Most recently, the Anti-Money Laundering Act of 2020 (AMLA) marks an important milestone in anti-money laundering regulations as it has significant consequences for affected institutions. The AMLA expands coverage to institutions with regards to compliance as well as being aware of their liabilities under the law. One aspect of AMLA is the exchange of unconventional items of value, expressly expanding the ambit of the BSA to businesses engaged in trade of 'value that substitutes for currency' e.g. cryptocurrency.

Building on these new cryptocurrency regulations, most EU jurisdictions introduced the obligation for financial intermediaries to exchange customer data when transferring cryptocurrencies on behalf of their clients. Last June, the Financial Action Task Force (FATF) issued new requirements for cryptocurrencies to combat money laundering and terrorism financing. The 37 member countries are expected to adopt these regulatory rules within one year although the pressure on businesses meeting the required standards has been so high that the end date of the temporary regime for existing cryptoasset businesses was extended to 2022.

The 'travel rule' which came into effect around 1996 has not been extended to cryptoassets. Last year, it started to include virtual assets in the regulatory framework and introduced the term VASP. Now, FinCEN and the Federal Reserve board have expressed their interest to lower the threshold for the requirement to collect, retain and transmit information on funds and transfer. It requires any VASP to obtain, hold, and transmit originator and beneficiary information when transferring virtual assets to or from another VASP on behalf of their clients.

A combination of a lack of applicable law and a maturing political ecosystem around crypto assets is propelling suitable solutions for the major concerns raised in the past.

# MANAGING FINANCIAL RISKS

The cryptocurrency market is notorious for its lack of regulation and abundance of bad actors and malware. This poses a specific challenge for financial companies that have to exercise prudent responsibility when considering providing banking services to crypto exchanges or users trading crypto. In addition to supervising account KYC and AML requirements, financial institutions need more detail on the enhanced due diligence required in specific high-risk cases. The detection approach of the FATF and financial institutions is centred around risk-based analysis, which seeks to use historical data to develop analytical techniques to identify likely ML. As efforts to standardise regulations transactions continue, banks and financial institutions must not only follow regulations, but also recognise and act on closing gaps.

Training, KYC, and regulations are the foundations that can help banks to adapt to the digital nature of cryptocurrencies. There are a series of checks that can help manage AML risk: know your customer, know your payments, know customer behaviour and know your partner. All of these could assist financial institutions in adequately identifying and reporting suspicious account transactions.

# **MANAGING TECHNOLOGY RISKS**

It is impossible to separate the enabling technology and the related technological risks from the cryptocurrency as an asset. The relevance of the underlying blockchain technologies supporting each cryptocurrency inevitably impact the value of the cryptocurrency itself.

Banks and financial institutions need the ability to trace transactions and connections in real time - and the capacity to assess their levels of risk. The need for an effective compliance programme in understanding, managing and mitigating the financial crime risks that crypto currency poses is viewed as an extension to blockchain. Financial institutions need technology that supports the immutable nature of blockchain to trace the origin of cryptocurrencies to eliminate money laundering risks.

Coordination between organisations is the first step to manage the technological risks surrounding crypto. Having the tools to do blockchain analysis is critical. Ensuring the validity of the parties should be a priority. However, this is a multi-faceted process that extends beyond transaction screening to encompass compliance with existing and new regulatory frameworks. All payment processors must comply with the Banks Secrecy Act and banks must identify any P2P crypto exchangers whether personal or business. This would require putting in some baseline controls for identifying customers as well as tools to report potentially suspicious activity occurring through the financial institution.

### MANAGING EMERGING MARKET RISKS

Financial institutions are now faced with a plethora of compliance obligations designed to prevent ML, sanctionsavoidance and terrorist financing, more and tighter with each successive law.

Financial institutions may impose restrictions on personal and business accounts that transact with crypto by requiring them to comply with relevant AML/CFT regulations. Such restrictions could include record keeping and  $suspicious\ transaction\ reporting, model$ risk management, ongoing CDD/EDD, internal controls and employee screening. Some banks have imposed bans on cryptocurrency transactions going as far as blocking sending or receiving funds from crypto exchanges and placed holds on bank transfers from known crypto platforms.

# A FINAL WORD

Banks and FIs must incorporate regulatory compliance and risk management into their short and longterm business plan and strategy. Given the rise of cryptocurrencies and the inherent risks they pose, ensuring the monitoring process is fully standardised is essential to reduce the likelihood that suspicious activity falls through the net. There is evidently far more work to be done - and obligations on financial institutions will only increase over coming years.

# **About NICE Actimize**

Website: www.niceactimize.com Linkedin: www.linkedin.com/ company/actimize Twitter: @NICE\_Actimize

omentum around cloud computing discipline and technology adoption have been steadily gaining traction in the financial services industry over the last several years. The events over the last 20 months put that trajectory into hyper drive - at first to address immediate business continuity needs and later to continue efficiency and profitability gains, particularly in a sustained hybrid workplace.

Central to those efforts, cloud-native strategies are becoming better understood, so adoption is becoming more mainstream. An organisation can significantly improve delivery flexibility for technology solutions and develop highly available, reliable, and resilient systems through cloud-native strategy, which includes service-based architecture, API-based communication, container-based infrastructure, and domain-driven processes for development and deployment.

The journey to becoming cloud native starts with upskilling and/or reskilling the workforce and transitioning legacy operating models to cloud-native models, including technology, legal, risk, compliance, information security, vendor management, and procurement. These can be significant culture-change undertakings and require executive buy-in, alignment, commitment, and perseverance to see them through.

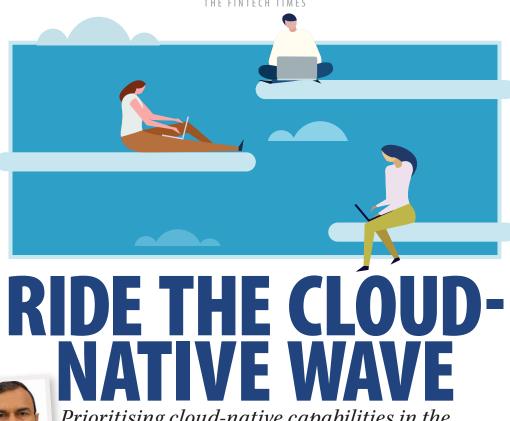
Cloud-native strategy helps with a phased approach for cloud computing adoption. While all green field and new development can start with a cloud-computing discipline, the existing platforms and applications can step in for cloud transformation and minimise any undue business disruption risk. Such a strategy also helps with balancing the trade-off between business delivery and cloud transformation.

While the financial services industry has lagged compared to other industries, organisations can gain three key benefits from implementing a cloud-native strategy: increased flexibility, access to information, and operational security.

# **FLEXIBILITY**

Every organisation is moving to or has moved to the cloud - or so it may seem. Cloud ecosystems give organisations the ability to scale, providing high levels of operational resilience and increased efficiency. Cloud-centric strategies prioritise agility, enabling organisations to quickly adjust, integrate new capabilities, and adapt to an evolving regulatory landscape. All of these qualities are instrumental in supporting business growth objectives, in both the short and long term.

It's critical to ensure the ability to determine what information can live on the public cloud and what information is needed to manage on-prem, particularly in the financial services industry. Public cloud deployment is not always the best option for an organisation's every need. Workloads with specific security



Prioritising cloud-native capabilities in the new era of remote and hybrid workforces

By Sanjay Sharma, CTO, SEI –

requirements, data residency needs, high compliance and regulatory thresholds, or those that have complex integration requirements with legacy on-prem platforms, may require or perform more efficiently with on-prem ecosystems. Cloud-native applications and solutions are developed in a way that they can be deployed in a public cloud or on-prem environment, providing true flexibility and enabling friendly existence with hybrid cloud industry ecosystems.

These benefits are coupled with the reality that internal resources can often be spread thin, may have limited cloud expertise, and may have limited enterprise change program delivery experience. Companies often seek out cloud transformation service providers that have the dedicated resources, time, and knowledge to manage change, transition, integrate and protect their businesses within a cloud-native ecosystem - giving the internal teams the flexibility to focus on business growth and client service.

# **ACCESS TO INFORMATION**

The demand for information by both internal users and external consumers is at an all-time high and rapidly growing. Multi-channel digital information delivery for internal and external stakeholders, paired with expectations of 24x7 availability and data analytics, are how financial services organisations can differentiate themselves. The larger financial services institutions' technology platforms and applications are generally business line-based (retail banking, commercial banking, insurance, wealth management, etc.). They're generally a collection of in-house built, end-user computing applications and open-source and third-party licensed heterogeneous technologies, which are hosted on prem

and/or externally - all coming together to deliver various critical needs for an organisation. Each business line generally has its own data warehouse with different underlying technologies.

Such landscapes make it extremely difficult to meet the demand for access to information. Data management is an evolving challenge for much of the industry. From regulatory and compliance requirements to customer analytics, the data collection, management, access controls, and analysis of sensitive data are necessary for any successful information delivery strategy.

By building data management capabilities that are cloud native, financial services organisations free themselves from extensive data warehousing costs, streamline data management time, and gain access to the data processing efficiencies the cloud offers by bringing the enterprise data to one place and leveraging cloud computing-driven artificial intelligence, machine learning, and analytics capabilities for information analysis and delivery. Organisations can also adapt quickly for shifting regulatory and compliance requirements more easily and gain valuable data-driven insights.

# **OPERATIONAL SECURITY**

Protecting a financial services company's data is paramount and underscored by IT budget priorities. According to an IDG Research study conducted in May 2021, 65 per cent of surveyed IT leaders reported plans to increase their cybersecurity spending. And 25 per cent named cybersecurity initiatives, such as real-time security monitoring and forensics, as the most important things they and their teams were actively addressing.

In order to ensure true data privacy and protection, cloud-native strategies and implementation programmes must also be cyber-forward. Cyber-forward processes prioritise a cybersecurity business strategy and ensure an appropriate mix of agility and protection are built into the IT journey, covering in-house developed applications, as well as third-party licensed technologies along with corporate IT. A cyber-forward strategy ensures that information security is part of software development life cycle and not an afterthought. This approach balances the need for an optimum customer experience with data privacy and protection. A few of the benefits of implementing a cyber-forward strategy include 24x7 security monitoring, AI/data-driven advanced threat detection, data security, trust and reduced risk of cyberattacks.

# WHAT'S AHEAD FOR THE CLOUD

Financial services organisations should keep an eye on four related technology trends this year:

- An uptick in investing in systems that support the management of and fluidity across cloud and on-prem capabilities and services, helping with efficiently operating in a hybrid cloud environment
- Increased integration of automation and machine learning, enabling better data management, analytics, bandwidth and security
- The sectioning of data and workloads across architectural tiers based on an organisation's specific functional and resource needs
- A hybrid cloud deployment and operating model, covering critical business needs, such as resilience, high availability, disaster recovery, business continuity and existence within the broader financial services ecosystem

About Sanjay K. Sharma Sanjay Sharma is a Senior Vice President and CTO at SEI. He has worked in the global financial services industry for more than 25 years, spanning across four continents and 11 countries. SEI delivers technology and investment solutions that connect the financial services industry. With capabilities across investment processing, operations and asset management, SEI works with corporations, financial institutions and professionals and ultra-high-net-worth families to solve problems, manage change and help protect assets – for growth today and in the future. SEI manages, advises or administers approximately \$1.3trillion in assets and serves a broad range of clients globally, including 10 of the top 20 US banks and 49 of the top 100 investment managers worldwide. SEI has offices in the US, Canada, Ireland, South Africa and the UK, as well as in continental Europe and East Asia.

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# FINTECH EVOLUTION IN Q4

Tyler Smith reflects upon the highlights of the final quarter of 2021 – the hottest year for fintech to date

n 2021, we've witnessed an industry-wide boom of technological enhancements that have provided solutions to every corner of life's problems from financial obstacles to lifestyle choices. Yet, among the encouraging words of the headlines, each experience will come with its own lessons for fintechs to think about.

### **FOUR-DAY WORKING WEEK**

For many of us, the thought of a four-day working week will invoke joyous memories of being free on a Friday, or not waking up to a blaring alarm on early Monday mornings. But these thoughts, having been once constrained to mere optimism, have been duly accelerated by the recent shake-up to office norms within the fintech industry.

One such fintech that is making dreams of a more flexible working week a reality is Atom Bank. In late November, the fintech announced that it would cut employees' contractual working hours down to a 34-hour week, without incurring any loss to salaries. It is expected that Atom Bank's employees will be able to choose either Monday or Friday as their added day of rest.

So why has Atom Bank chosen to deconstruct what we expect from working schedules? One of its main reasonings for the move is to boost employee mental health through the better distribution of a work-life balance. The added day of rest will allow the fintech's employees to pursue their other passions, and to spend more time with loved ones.

Resulting in more people doing less travelling, the move has also been cited for decreasing the fintech's carbon footprint, which fell by 60 per cent during the initial lockdown. And with a reduced weekly work attendance, a four-day working week is forecast to increase the fintech's productivity. The fintech has announced its intentions to begin streamlining its operations and are expected to only step forward with the absolute bare essentials.

"We believe the 20th century concept of a five-day week is, in many cases, no longer fit for purpose for 21st century businesses," comments Mark Mullen, CEO at Atom. "A four-day week will provide our employees with more opportunities to pursue their passions, spend time with their families, and build a healthier work/life balance."

Set with a similar agenda, the fintech unicorn Bolt has also transitioned into a

four-day working week, with its 300-strong workforce now enjoying each and every Friday away from the calls of the office. This comes in tandem with a similar move overseas by Congressman Mark Takano, who is working to sign a four-day working week legislation to the US Congress. However, only time will tell if these four-day fintechs lead a working revolution or find themselves falling behind their competitors.

# **SUSTAINABLE FINTECHS**

It would be impossible to do a Q4 roundup of all fintech news without delving into the industry's sustainability endeavours. Towards the latter end of 2021, and in the aftermath of the COP26 climate event in Glasgow, industry figures are increasingly turning their attention to how fintech can be made greener.

For example, among the demand for more sustainable investment avenues, the FCA continues to develop its ESG strategy, which includes the further refinement of criteria to classify and label investment products; thus aiding a worldwide transition into sustainable finance.

Likewise, a variety of fintechs are  $continuing \ to \ develop \ their \ portfolios \ to$ better meet ESG standards. BrightPlan for instance, has just expanded its portfolio and further enhancements to its investing capabilities, in a move poised to let its employees place their finances in investments that align with their personal values. The fintech app ikigai has redesigned its ESG portfolio to phase out companies involved with dubious practices, such as the utilisation of coal and oil, and the production of firearms. The update not only removes stocks from harmful and unsustainable business practices, but also makes a significant

difference to the portfolios' carbon footprint, reducing it by up to 27 per cent in comparison to the original portfolios.

Similarly, Climate Solutions has launched Climarket, an online marketplace for institutional investors seeking climate and ESG-focused investment opportunities in private markets, while Virgin Money has pursued a similar avenue by also developing an app; one that will assist UK businesses in meeting ESG regulations.

However, when we look at these developments with a practical eye, as lobbyists of COP26 have stated, meeting net-zero whilst complying with ESG regulations is far too costly for many up-and-coming businesses, and the group is calling on the UK government to provide the right incentives to enable targets to be hit.

It has proposed two key measures, including a government-backed guarantee (50 per cent of losses), in respect of eligible commercial ESG-related lending to small businesses, and/or the creation of a £1billion ESG lending pool of capital to be run by state-owned British Business Bank, that is match-funded by institutional private capital, for lenders to originate loans to ESG-oriented business and/or for ESG-related purposes.

If the final quarter of this year has taught the industry anything about actually achieving ESG, it would be that the process is far more complex than previously thought, although even the smallest individual steps taken by firms will move the industry forward.

# **PARTNERSHIPS**

Turning our attention towards recent partnerships formed within the fintech industry and Q4 has been a busy period for many. Partnerships are incredibly important to the development of financial technology, because when knowledge, resources and expertise are shared, the lives of those who interact with the technology are significantly bettered. This realisation has resulted in the formation of many key fintech partnerships towards the latter end of 2021, and with the right attitude carrying the industry forward, we can certainly expect to see the emergence and execution of more productive alliances in the New Year.

PPS, an Edenred company, forged a partnership with open banking provider ekko; one that maintains this central theme of sustainability within the industry. The partnership is set to provide ekko's customers with the ability to deliver a positive impact on the planet whilst engaging in routine actions like shopping, banking, and paying bills. With every five transactions, an ekko user makes, one ocean-bound plastic bottle is diverted to a recycling plant.

And, in partnership with Mastercard's Priceless Planet Coalition, with every 50 transactions, a tree is planted and maintained for the first five years of its life. Users will be able to track their green activity and monitor their carbon footprint via the ekko app's carbonmeter.

As seen in ekko's work with PPS, a central theme of many of the partnerships arising in the industry appears to focus on using talent and resources for good. A key example of this would be to mention American Express's recent partnership with the global payments company Blueprint for All, who together will provide industry workshops and career talks with young people from the UK; with the overarching intention to introduce more bright minds into the world of finance.

This force for good also swings over to Sweden, where the Swedish fintech Gee Finance is working with Enfuce to supply freelancers and gig workers with better ways to manage their finances, including the issuance of Visa debit cards. This partnership is significant in ways because it plays on this evolving idea in the industry of having instant access to one's salary and income.

We've seen similar moves in similar partnerships, such as Plaid's recent partnership with PensionBee, which will make the process of contributing to a pension more instantaneous.

# The Bermuda Triangle's that found fintech

**Polly Jean Harrison** speaks to the Premier of Bermuda, Rt Hon David Burt, to gain his insights into the country's hidden fintech gems and its role as an established fintech hub

espite having a land area of only around 21 square miles, the fintech scene in Bermuda is one that is ripe for innovation and disruption of the global industry. With a strong regulatory environment, the Bermudan

government has identified the country's opportunity to be a pioneer in the  $financial\ technology\ sphere,\ attracting$ the world's best-structured fintech companies to be a part of the ecosystem.

Edward David Burt MP (above) was elected Premier of the country in July of 2017 as Bermuda's youngest-ever head of government. Burt is also the minister responsible for fintech, keen to continue the growth of the island's fintech landscape, as well as promote and develop its long-established strengths and status as a hub for innovation. Only a few months after he was elected, Bermuda formed a blockchain task force to examine both the business development side of things as well as regulatory aspects, highlighting the country's strong regulation and legislation pathways.

"Bermuda was one of the first countries in the world to introduce a licensing regime for digital asset companies, and in addition to that we continue to advance. with Bermuda known for being a sound regulator," says Burt.

# **GOVERNMENT INVOLVEMENT IN FINTECH**

As the minister responsible for fintech, Burt stresses that the responsibility to supervise and develop the industry is shared threefold.

"In Bermuda, we have what I used to call the holy trinity, but now I call it the Bermuda Triangle, and what that is, is the relationship



between the industry, our regulator and the government. All three of us work to ensure that our financial services marketplaces can advance.

"The government sets the laws, but when it comes to regulating digital asset companies, that is completely independent

of the government and is handled by the Bermuda Monetary Authority. The government takes feedback from the industry to use when drafting legislation, which is then implemented by the regulator."

In terms of the three institutions working together, Burt adds: "Things are working so well in Bermuda. One of the latest changes that we've made was in the area of clarifying derivatives and how those can work underneath our regulated environment, something that was requested by industry players to make sure we can have additional growth and expansion for Bermuda products."

# STRONG REGULATORY LANDSCAPE

The regulatory landscape in Bermuda is strong, with Burt stressing the robustness of their regulation.

"Bermuda is known for being a sound regulator, our Bermuda Monetary Authority is very well respected," he said.

authorities to implement a legislative framework that encourages the testing and development of technology that could disrupt the financial services industry, not only via a regulatory sandbox but also with a strong, proactive regulatory regime.

"There are only two countries in the world that have regulatory equivalence when it comes to risk matters with both the United States and the European Union, and that is Switzerland and Bermuda.

"So, we are a place that is known by international regulators as a serious contender. Right now, we have 10 regulated companies inside of our space, with more companies going through the process as we speak - some incredibly big names that we can't wait to announce when they become officially regulated.

Bermuda was one of the first countries in the world to introduce a licensing regime for digital asset companies, and we continue to advance, with Bermuda known for being a sound regulator

"For companies that want to be regulated, Bermuda is the home for them. We enable fintech companies to do things that they cannot do in other jurisdictions with a well-known regulator, and we believe this will stand us in good stead as we move forward."

# THE LOCAL MARKET

As a small country, Burt advises that Bermuda often gets excluded from what he calls 'Fintech 1.0', the companies, products and services that are commonplace for consumers in Europe and the US, such as Paypal and Venmo.

> These companies don't come to countries as small as ours because it doesn't make sense for

a small market," the Premier said.

Instead, Bermuda encourages homegrown fintech companies in the country to create these solutions locally, offering an alternative licence to its sandbox level which starts with a slightly lower level of regulatory scrutiny than what is applied to companies in the digital asset spaces.

"Our test licence has a lower application fee and allows locals and others who are looking to test their startups inside this environment to go ahead and see what it is like working with a regulator to build and develop their products, eventually advancing them up to a sandbox license and ultimately a full licence.

"We have a full suite, and we want to be known as the place where companies can come and test and develop their products and services in an environment where a government is willing to work with them to help scale them up."

# **LOOKING TO THE FUTURE**

Bermuda's goals and objectives as a fintech sector over the next five years all revolve around being known and recognised in the global market. As an established hub for fintech that is consistently growing, the Premier is keen to highlight the country's role in the industry moving forward as a provider of sound regulation.

"We haven't been like other countries who have rushed to try and get in the big names because we recognise that inside of this industry that there are people who want to be regulated but not everyone actually wants the scrutiny that a regulator does provide," Burt said.

"From our perspective, the companies that do want that scrutiny are in for the long haul and recognise the way the industry is moving globally and that need for a well-regulated environment. Those are the types of companies that we're looking to attract in Bermuda."

# A HOME FOR ALL FINTECH

Finally, when asked what was the one thing he wanted the global fintech industry to know about Bermuda, the Premier concluded: "Bermuda will be the future of fintech regulation. If you are a company that is serious about wanting to be regulated by an internationally respected regulator that understands digital assets, offers regulatory clarity and a government that will commit to working with you to develop products and services locally, there's a place for you here."





Now in their eighth year, the British Bank Awards, run by Smart Money People, have returned for 2022 Bankards

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he British Bank Awards are widely recognised as the awards to be associated with and there's fierce competition among providers to be crowned a winner and be able to demonstrate to consumers, both existing and prospective, their outstanding credentials.

In 2021, more than 90,000 votes were cast in the awards, making it the best year for voting yet. As they are 100 per cent voted for by consumers, the British Bank Awards recognise the firms that go above and beyond in the eyes of those who matter most, the customer.

Jacqueline Dewey, CEO of Smart Money People said: "The financial services market remains incredibly competitive, and the banking industry is at the forefront of technological innovation. So, with fintech newcomers, established bank and building societies taking part, as well as the partners who support these companies, we can't wait to see who emerges as winners in the British Bank Awards 2022. Only customers can decide."

# **HOW YOU CAN GET INVOLVED**

Voting opens on Tuesday 4 January 2022 at smartmoneypeople.com

- you can vote for your favourites simply by clicking the 'vote now' banner. All customers who vote in the awards will be entered into a prize draw run by Smart Money People to win £1,000.

If you work for a banking firm or provide services to a banking firm and would like to enter the awards, you can encourage your customers to vote for you. To find out more about the nomination process and to get your unique voting link, visit britishbankawards.co.uk or email events@smartmoneypeople.com.



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# WHAT HAS THE BRITISH BANK AWARDS **MEANT TO PREVIOUS WINNERS?**

In 2021, challenger bank Starling Bank took home four trophies in the awards and was crowned 'Best British Bank' for a fourth consecutive year. Commenting on the win Anne Boden, CEO and founder of Starling Bank, said: "It has been an extraordinary year for our customers, and we have spent a lot of time listening to what they have to say via our 24/7 customer service channels. From responding to their needs by quickly introducing product innovations, such as cheque imaging and our Connected card - a second debit card for those self-isolating to lending to SMEs via the government loan schemes, I believe the key to our success is listening to our customers. And long may it continue."





GoHenry scooped the 'Best Children's Financial Provider' in a new category for the British Bank Awards 2021. Louise Hill, co-founder and COO at GoHenry, said: "We're really honoured to receive the Best Children's Financial Provider award at this year's British Bank Awards. The fact these awards are chosen by the public makes this extra special. Since pioneering the category when we launched GoHenry in 2012, we've developed a fantastic community of over 1.5 million members who believe, like us, that being good with money is a vital life skill. We're looking forward to collaborating with our members more to ensure our service continues to meet the needs of parents and children everywhere."

Snoop was awarded 'Innovation of the Year' for 2021. Scott Mowbray, co-founder at Snoop commented: "We have a brilliantly dedicated, hardworking and talented team and winning Innovation of The Year at the British **Bank Awards is fantastic** 

recognition for everything we're trying to achieve. Our ambition is to help make everyone better off and we hope winning this award helps to play a part in raising awareness and popularising the benefits of smart banking using open banking





**Black Girl Finance was** awarded the inaugural 'Online Financial Influencer of the Year' for

2021. Selina Flavius, founder of Black Girl Finance said: "I'm really blown away, I wasn't expecting to win at all, especially with all of the other amazing financial influencers included in the category. Thank you to everyone who voted. It was a huge honour to be nominated in the first place and now to have won the award, it makes me want to continue making money conversations interesting, inclusive and accessible to people from marginalised backgrounds."

**VOTING OPENS:** 4 January 2022 FINALISTS ANNOUNCED: 14 March 2022 VOTING CLOSES: 4 April 2022 WINNERS ANNOUNCED: 5 May 2022

# WHO RUNS THE AWARDS?

The British Bank Awards are run by Smart Money People, which offers a review platform focused purely on the financial sector and provides customer insight to a wide range of organisations.

Founded in 2014, Smart Money People's mission is to help the financially active make more successful choices, and the British Bank Awards help to achieve this mission by acting as a symbol of excellence to both consumers and industry peers.

Why should firms get involved in the British Bank Awards?

# **GREAT PR**

The British Bank Awards have been covered by a range of national and trade press as well as extensive online coverage, and winning an award provides an excellent opportunity for firms to create their own news stories and content.

# HELP FIND THE BEST

Smart Money People's mission is to help the financially active make more successful choices and its community is passionate about finding the best

companies to do business with. By taking part, you can help them find your firm too.

The British Bank Awards are run by Smart Money People, which offers a review platform focused purely on the financial sector and provide customer insight to a wide range of organisations

# **ATTRACT NEW CUSTOMERS**

The British Bank Awards Finalist, Highly Commended and Winner badges act as a sign of excellence to consumers and financial firms who are looking for great firms to do business with. The badges have been used in television commercials, tube adverts, billboard advertising and across a range of digital channels.

### **ACCESS CUSTOMER INSIGHT**

Smart Money People's unique insight platform provides a range of tools that help firms understand what their customers are thinking, feeling and saying. All the votes captured for firms involved in the awards feed into the insight available for firms to access. IFI

# WHAT AWARDS ARE UP FOR GRABS?

With 32 categories, the British Bank Awards span the wide range of the banking industry, and truly recognise those firms who are championing great outcomes and outstanding customer service for their customers.

# PARTNER SPECIFIC AWARDS

- The Pioneer Award
- RegTech Partner of the Year
- Technology Partner of the Year
- Consultancy of the Year
- Marketing and PR Partner of the Year

# TOP LEVEL AWARDS

- Best British Bank
- Innovation of the Year
- Best Banking App
- Best Newcomer
- Best Building Society
- Customer Service Champion
- Treating Customers Fairly Champion
- Personal Finance Journalist of the Year
- Online Financial Influencer of the Year

# PRODUCT SPECIFIC AWARDS

- Best Alternative Finance Provider
- Best Business Banking Provider
- Best Business Finance Provider
- Best Children's Financial Provider
- Best Credit Card Provider
- Best Crypto Exchange \*New for 2022\*
- Best Current Account Provider
- Best Ethical Financial Provider
- Best Investments Provider
- Best Payment Service Provider
- Best Mortgage Broker
- Best Mortgage Provider
- Best Specialist Mortgage Provider
- Best Online Trading Platform
- Best Personal Finance App
- Best Personal Loan Provider
- Best Savings Provider
- Best FX Provider



# THE GREAT SPAC ADOPTION

Why special purpose acquisition companies are the talk of the town... again



**Jonas Grossman**, **Alex Weil**, and **Sean McGann** of the Chardan fintech and principal investments teams

hat once was considered a back-alley product on Wall Street, a SPAC, or special purpose acquisition company, has now been thrust upon executives, founders and investors as a viable and efficient way for companies to access the public markets.

Over the last two years, as 'SPAC mania' has made its way through all corners of the finance universe, impacting world renowned private equity firms to international entrepreneurs to communities of retail traders, questions still remain around what exactly a SPAC is and why all of the sudden hype. While this article will pose to answer these fundamental questions, it will also take a deeper dive into why a SPAC makes sense for many companies looking to go public.

Since its resurgence in the early 2000s, at its core, a SPAC is a publicly listed 'blank-cheque' company that has a sum of capital, which is used for acquiring or merging with an operating company. Once the acquisition or merger is complete, the operating company starts to publicly trade using the SPAC's listing, typically, on the New York Stock Exchange or the Nasdaq Capital Market. Unpacking this process in more detail, barring the administrative

mechanics, a SPAC is formed by an individual investor or a group of investors, better known as the 'sponsor(s)', that believe they have proprietary insight into companies that could substantially benefit from being public (we'll explore these benefits later on).

Keeping in mind there cannot be any pre-negotiated deals between the sponsors and an operating company, the sponsors form a corporation (i.e. the SPAC) and hire an underwriter to have this corporation publicly listed. The listing process, in short, involves the underwriter taking the SPAC on a roadshow where they meet with IPO investors (generally hedge fund investors who look to use the SPAC unit structure - comprised of common equity and an equity derivative (e.g. warrants) - to generate a return) to explain their thesis and why they will be successful in bringing a company public.

Assuming a successful roadshow and capital raise, the SPAC becomes a listed entity, and the clock starts ticking (there is a predefined timeframe to complete an acquisition or merger; if the clock runs out, the SPAC will dissolve, and the proceeds will be returned to the IPO investors). When and if the SPAC finds an operating company to acquire or merge with, the SPAC and the company's management team will go on a roadshow of their own to attract long-term

investors to buy and hold the stock ensuring the new public operating company is adequately capitalised. Once the acquisition or merger closes, the operating company begins to publicly trade (just as it would have if it went public via a regular-way IPO). While this only scratches the surface around the SPAC process, a basic understanding is integral to fully appreciate the history of the SPAC, its significant benefits, and what to expect in the future.

SPACs are now part of the everyday finance war chest and a viable alternative to regular-way <u>IPOs and</u> later stage private capital

# **HOW THE SPAC HAS EVOLVED**

To set the stage for the evolution of the SPAC, we need to look back to the second half of the 1990s when the 'dot-com' bubble facilitated a record number of public companies in the US, nearly 8,000 by 1999. Public investors were pouring capital into tech startups, but when the bubble burst, so did the number of listings, down 40 per cent within three years. The IPO markets were flattened and the process for new issuances was far from company-friendly.

Smaller banks either failed or were acquired by larger players, so engaging an underwriter, unless you were a top fee generator for a bank, became a task in itself. The underwriting process, from initial diligence to pricing, was cumbersome and took the better part of a year and continued to be uncertain.

Importantly, IPO pricing does not take place until the very end of the process, so after months of preparation, a company is at the mercy of a two-week pricing window. This has often led to the underwriter underpricing deals to ensure a successful listing. Furthermore, price discovery is conducted in the public spotlight, versus confidentially with a SPAC, making it incredibly difficult and potentially brand-damaging to halt the process even if pricing results in leaving meaningful dollars on the table for founders and existing shareholders.

Putting these factors together, it became inevitable that a creative solution was needed to overcome these regular-way IPO obstacles and help companies, especially smaller, high-growth companies without banking relationships, democratise the public markets. Enter 'SPAC 1.0.'

The first SPAC debuted on the New York Stock Exchange in 2003, and with it came an innovative structure that streamlined the path to a public listing. Instead of



going through a drawn-out underwriting process with a bank, a company could now negotiate with a SPAC sponsor, a process that could take considerably less time with more certainty and far more transaction flexibility. Valuation, including potential performance incentives such as earn-outs could be negotiated confidentially, and determined before transaction announcement. Furthermore, the deal could be structured to ensure the company had enough capital support to succeed when it started trading.

# THE SPAC DECLINE

Although the concept was now in place, what unfortunately presided over SPAC 1.0, which we'll call the period from 2003 through the financial crisis, was the **Securities and Exchange Commission** (SEC) trying to get comfortable with the vehicle and what constituted proper disclosure. This put the SPAC in a negative light as it was viewed as a short cut to becoming publicly listed (i.e. skirting regular-way IPO requirements). Consequently, SPAC growth was hampered and saw limited usage (there were only 85 SPACs listed from 2003 to 2007).

Fast forward to after the financial crisis when the IPO markets were in outright

Adoption continued to pick up speed when the SEC became more comfortable with the disclosure requirements which had improved due to the auditing and control standards put in place after the financial crisis. Additionally, data existed on SPAC performance through bull and bear markets, investors were looking for vield with interest rates at historic lows. and most importantly, headline deals were getting done and trading well. After a record year in 2018 with 46 new SPAC issuances, momentum was building heading into 2019. 2019 did not disappoint, as a new milestone was hit with 57 issuances and a majority of these coming from first-time sponsors. The SPAC was coming into the forefront as a formidable way to access the public markets... then Covid hit. As sponsors, investors, entrepreneurs and bankers were ensnared on Zoom, they quickly realised that a SPAC's flexibility and certainty allowed for an effective and efficient way to execute a transaction during a time of significant market dislocation. As a result, SPACs promptly became priority number one across the finance world. Private equity firms were analysing their portfolio companies ready for a transaction,



shambles, even more so than after the dot-com bubble. The number of public companies in the US was at an all-time low (3,600) and new regular-way IPOs dwarfed the number of companies that were staying private (for reference there were just over 1,100 new public issuances between 2009 and 2018, versus 2,200 between 1996 and 2000). Private equity and venture capital fundraising were up six times and four times, respectively, from 2010 to 2019. It was safe to conclude that the IPO process was still severely broken nearly two decades later and in desperate need of disruption. Enter 'SPAC 2.0.'

The lack of innovation around the regularway IPO, coupled with the concentration of power at the large banks, were a few of the factors that led to SPAC 2.0, which started in the mid-2010s and represented the beginning of SPAC adoption.

ready' pitch decks in pristine condition, and the capital markets teams across banks of all sizes were locked and loaded for the next issuance. SPAC mania was in full force as 2020 came to a close with 248 SPAC issuances, totalling more than \$83billion in capital raised, a new record by multiples.

# MOVING FORWARD

With 2021 set to be another banner year with 566 new issuances to date (amounting to more than \$150billion in capital raised), the London Stock Exchange renewed its efforts to recruit SPAC listings and Asian exchanges including Singapore and Malaysia also announced reforms to attract SPAC listings, signaling a wave of global adoption of the product. SPACs are now part of the everyday finance war chest and a viable alternative to regular-way IPOs and later stage private capital. So, what does this mean going forward?

If volumes remain at these levels, we are bound to see more regulation. For instance, the SEC and other global regulators will continue to look to protect investors through appropriate disclosures. We will also see evolving participation from institutional and corporate capital to support transactions. Similar to retail investors, corporations have started to look at the SPAC as a way to democratise the capital markets and can now share in the returns that have historically been reserved for private equity or venture capital.

Not to be lost in this history of SPACs is the perspective of founders and executives and whether the SPAC is actually the right path for their company. Taking a step back, a company could seek a public listing for one of two reasons - 1) to raise capital or 2) to reap the benefits from being a public company, whether that's using stock as currency to pursue acquisitions or the brand boost that could potentially provide a leg up on competitors. Does the SPAC achieve both? Absolutely. Are there other avenues to pursue that can achieve both? Of course.

If you're looking to just raise capital, doing so privately may be more cost effective and efficient as you do not have to worry about the administrative requirements of being public. But you then have to weigh the possibility of having a private equity or venture-controlled board or placing those investors ahead of your common stock (e.g. preferred stock with liquidation preferences).

If you're looking for the fanfare around a public listing, maybe a regular-way IPO is the right path. But you then have to weigh the significant time and attention of resources that are being pulled from operating the company at a potentially critical growth stage. You also have to weigh the challenges around price discovery, which creates more uncertainty in the public spotlight on how your company will trade in the public markets.

While a SPAC is certainly not for everyone, if it is the path pursued, the most important consideration for founders and executives is preparedness to run a public company. Can you articulate your story? Is the proper governance in place? Will you hit your guidance? Over the last two years, SPAC mania has highlighted that the success of a SPAC transaction, irrespective of sector, is embedded in execution out of the gates. Companies have gone out with valuations that are too high or product roll-outs that are too aggressive and have struggled. On the other hand, and how we'll conclude, is that companies who view the SPAC and its sponsors as a partner to generate a positive capital markets outcome, have capital support from long-term shareholders, and hit their targets, are on a path to bask in success as a public company.

# About Chardan

Chardan is an independent, full-service, global investment bank focused on bringing disruptive innovation to corporate and institutional clients. Chardan has established a leading SPAC practice, with a 17-year history, 111 SPACs underwritten, led or co-managed, including 14 self or co-sponsored SPACs. Additionally, since 2018 Chardan has acted as M&A advisor in 28 SPAC merger transactions. Headquartered in New York, Chardan is a registered broker-dealer with the US Securities and Exchange Commission and a member of the following: FINRA, SIPC, NASDAQ and the NYSE Arca, Inc.



Jonas Grossman Jonas Grossman is managing partner and president of Chardan, where he oversees the

firm's banking and capital markets activities. He has broad transactional experience having led or management more than 500 transactions since joining Chardan in 2003. Additionally, Jonas has served as CEO of three Chardan- sponsored SPACs and has had board positions on seven SPACs.



Alex Weil Alex Weil is co-head of fintech investment banking and a managing director of Chardan's

principal investments group, Chardan Capital Partners. For over 20 years, he has been a leading investment banker and corporate development executive, advising on nearly \$40billion of closed M&A and other strategic advisory assignments. Prior to Chardan, Alex held positions at Lazard, Citi, UBS and General Electric.



Sean McGann Sean is a director at Chardan where he is responsible for advising the firm's fintech clients as

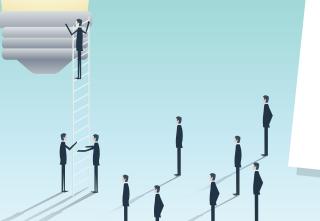
well as overseeing the execution of underwriting and back-end M&A for Chardan's sponsored and co-sponsored SPACs. Prior to joining Chardan, Sean spent six years at Citigroup where he was a fintech investment banker and most recently the global head of loans strategy. He began his career at Deloitte as an auditor specialising in financial services. He holds a BS in accounting from Boston College and an MBA from Georgetown University.

Website: www.chardan.com LinkedIn: www. linkedin.com/ company/chardan-capital-markets



# JOBS IN

The Fintech Times selection of TOP fintech jobs this month





**Communication & Content Manager** at

# COMPANY OVERVIEW: ZERO HASH

Zero Hash is a B2B embedded infrastructure platform that allows any platform to integrate digital assets natively into its own customer experience quickly and easily (a matter of API endpoints). It powers neobanks, broker-dealers and payment groups to offer digital asset trading and custody, crypto-backed rewards and round-ups programmes as well as yield through staking and DeFi and NFTs.

# ROLE OVERVIEW: C&C MANAGER

Zero Hash is looking for a Communication and Content Manager to own its content creation, communications, and PR efforts supporting the Head of Marketing and Communications delivering on brand awareness and growth strategies. This person must have experience writing articles, blogs, newsletters and industry reports. The ideal candidate comes from a fintech background, either in-house PR or a finance journalist/content strategist in the US, excited about the ways crypto is changing the global financial landscape.

# YOUR RESPONSIBILITIES & REQUIREMENTS

- Be in charge of long-form writing content owning creative written process
- Writing content for our website, including case studies, use-cases and gated content
- Own a media editorial calendar around company press releases, media events, job postings. Plan frequency and timing
- Develop and own a library of the company's public messaging
- Manage PR and media relationships, securing features in Tier-1 fintech and financial publications and reports
- Nurture an ecosystem of communications practitioners
- Contribute on-brand ideas at creative team meetings

# THE BENEFITS

- Healthcare Insurance: Zero Hash covers roughly 100% of employee premiums
- Mental health and wellness programme
- Vision and dental insurance
- Maternity & paternity leave
- Visa sponsorship

**Senior Finance Analyst at** 



# COMPANY OVERVIEW: FREETRADE

Freetrade is a technology company that brings simple, free stock investing to everyone. It has built a beautiful investing app to trade in real shares, with zero commissions and low, fixed fees in a fluid, mobile-first experience.

# ROLE OVERVIEW: SENIOR FINANCE ANALYST

You will report directly to the new Head of FP&A and be a key part of the team responsible for building out the new commercial finance function as it continues to scale globally. This role is critical to the Group Finance function, providing financial insight and business partnering to the executive leadership of Freetrade and supporting the Head of FP&A and in turn the CFO.

# YOUR RESPONSIBILITIES & REQUIREMENTS

- Establishing a commercial finance approach and mindset
- Developing management information (financial and non-financial) and associated reporting processes
- Building reporting and budget/forecast models
- Supporting on commercial finance activities to drive insight and value for the business
- A proven track record of strong business partnering and a commercial finance approach
- Strong knowledge of the accounting and regulatory frameworks and application in a commercial environment
- Potentially a M&A/transaction background prior to role(s) in the financial services industry

# THE BENEFITS

- A competitive salary plus stock options and lots of other benefits.
- You'll have a stake in the company you're building, with stock options benchmarked to US companies (not Europe), so your equity will be truly meaningful.

**Head of Risk & Controls – Finance at** 



# COMPANY OVERVIEW: STARLING BANK

Starling is a leading digital bank on a mission to disrupt the banking industry. It has built an app with smart money management tools to help customers live a healthier financial life. It also offers groundbreaking B2B banking and payments services.

# ROLE OVERVIEW: HEAD OF RISK & CONTROLS

In this role, your immediate responsibilities will be focused on supporting and advising on the design and implementation of a control framework that will provide robust processes across all of the finance verticals. This includes strategy, business planning, financial and management reporting, regulatory reporting and other areas of finance including Tax and Treasury.

# YOUR RESPONSIBILITIES & REQUIREMENTS

- Scope and assess the current state of internal controls and assurance across all Finance and **Treasury verticals**
- Support in designing and documenting processes across all teams, ensuring these are reviewed in a timely manner and are subject to appropriate levels of governance
- Lead the annual RCSA process for the Finance function, taking ownership of documentation and taking input where appropriate
- Relevant experience in a risk, audit or compliance function within a regulated financial services business
- Proven track record in the design and implementation of risk and control frameworks, particularly SOx style regimes
- Knowledge of FCA/PRA regulation

# THE BENEFITS

- 33 days holiday (including public holidays). You'll also get your birthday on Starling!
- Family friendly leave policies
- Private Medical Insurance with VitalityHealth
- Access to 'salary sacrifice' benefits such as Cycle to Work scheme and Gym membership options

VISIT THE FINTECH TIMES JOB BOARD — HTTPS://THEFINTECHTIMES.COM/JOB-BOARD/



CULTURE

ounded by brothers Reg and Louis Rix, 247 Group operates in the UK through several consumer-facing brands, including 247 Money and CarFinance 247.

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CarFinance 247 is the UK's leading online car finance platform. The business focuses on enhancing the digital consumer experience and has integrated with a panel of lenders to find the best rate for consumers nationwide. To date, CarFinance 247 has helped more than 200,000 people find and finance their perfect vehicle, with the company employing over 450 industry professionals in Manchester.

Founded in 2018, 247 Money is a fast-growing car finance provider that leverages its data science capabilities and industry-leading technology put consumers in control of their finance options. The highly skilled team is dedicated to providing a personalised service that supports consumers with open and honest communication throughout the loan lifecycle.

# Tell us a little bit about your company

CarFinance 247 is the UK's leading online used car finance platform – a place where car buyers, sellers and lenders connect. As a tech company with people at its heart, we employ 450 industry professionals in our Manchester offices. We receive over 95,000 applications for finance every month and, to date, we have helped more than 200,000 people find and fund their dream wheels.

CarFinance 247 is part of the 247 Group, which also includes 247 Money, an innovative lender that leverages data science and the latest technology to put consumers in control of their financing. Across the Group, we pride ourselves on creating a supportive, lively, and dynamic environment that harnesses best-in-class technology to put consumers first.



# What makes it such a great place to work?

As a company founded by two brothers, we've worked hard to create a team that feels like family. Our purpose, DNA and values provide the backbone of our culture, inform our approach to recruitment and influence the way we interact and support one another. We're always looking for ways to improve our working environment; from nurturing collaboration and encouraging fresh ideas to celebrating milestones, both professional and personal.

While we facilitate hybrid working, we're proud of the office we've created. It offers peaceful breakout spaces, dining areas where colleagues can connect, a free juice and coffee bar, and is close to the city centre. Engagement activities range from video game tournaments and bake sales to charity 5km races and the annual Christmas awards ceremony. We're also committed to giving back to the community; we're active supporters of Manchester Youth Zone and offer all employees a day off each year to volunteer for a charity of their choice.

### How have the last 18 months changed your office structure and environment?

The last 18 months have presented an unprecedented challenge for our company. We had to transform from an office-based business to home working overnight. However, when we started to welcome people back to the office, we took several learnings from this

experience and have implemented a hybrid working policy for those departments that thrive working from home but also benefit from the collaborative atmosphere of our office.

We've always been proud of our office environment and have heavily invested in our facilities. During the pandemic, we worked hard to upgrade workstations and equipment as well as keep our colleagues safe by implementing several Covid-safe protocols including regular testing. We also prioritised our team's mental health, training mental health first aiders and providing access to free financial advice.

What successes have you had? We're proud to have celebrated many milestones as a business. Earlier this year our lender secured £305million in funding to help us say 'yes' to more consumers and our platform now attracts over half a million website visits and 95,000 applications for finance a month. Most recently, we signed up 500 independent car dealers to our Marketplace, allowing us to support our industry by facilitating more sales and improve used car standards for consumers.

# What is your growth strategy for the future?

As a disruptor, we set out to turn the car finance industry on its head. Our growth strategy is rooted in this pioneering spirit and harnesses the latest technology to innovate and evolve our platform. By digitising the customer journey, we

will empower customers to have greater control over their car finance journey and allow them to 'self-serve'. We will also leverage data science to tailor our risk models and allow us to say 'yes' to more people while introducing new products and processes (including AI and machine learning) that will enhance the connection between car buyers, quality used car sellers, and finance providers.

Our people are vital to this transition. Whether it's our technology team continuing to innovate and integrate with the very best tools on the market, our account managers supporting consumers through the finance process and connecting them with our network of independent dealers, or our professional services team keeping everything running behind-the-scenes, we'll need to continue working closely together to diversify and expand our audience and become the UK's go-to used car finance brand.

# How would you describe your overall culture?

At 247 Group, we know that our people are our greatest asset. Our culture is innovative and inclusive. We're bold, resilient, passionate, proud and, most importantly, together. Training and career progression is integral to our business and 90 per cent of our managers have been promoted from within. We believe that by wearing our customer's shoes, pushing forward at speed and having each other's back no matter what has created a unique culture that will continue to drive our business forward into its next chapter.



# MONETARY MONOCULTU

inancing Our Future by Stefan Brunnhuber identifies the gaps present within the West's monetary system that generate inefficiency and accomplishes inequality. He challenges both the reader and the system itself to reimagine how common goods are being serviced to a modern world and opens crucial dialogue around the question: 'are our current systems enough?'.

During a 2015 summit in New York City, world leaders came together to sign a joint commitment to 17 sustainability development goals (SDGs). This number comprises of targets such as ending world hunger, ensuring inclusive and equitable education, gender equality and providing sustainable economic growth; all of which work within a 15-year timeframe.

In order to deliver on such a commitment, Brunnhuber outlines the roadmap and how it will require \$5trillion to be spent every year for 15 years to finance, yet also explains why such a figure remains unattainable, inefficient and unreliable. The systems through which we are allocating and cultivating these funds has often been met through taxation, privatisation or philanthropic efforts, and has redirected funds away from other projects in society.

Developing further upon this idea, Brunnhuber identifies the problem as being not with the nature of common goods themselves, but the misalignment of a monetary system that is unable to encourage the economic potential of common goods. The solution that Brunnhuber suggests in his book is not the complete replacement of the current system, but the need for a parallel system to work in tandem with the current one.

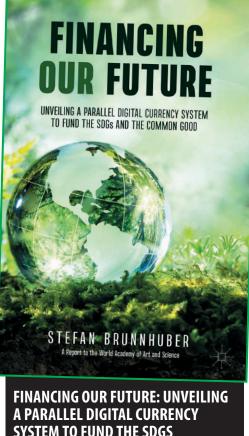
A particular passage that I liked from the book ran through the differing philosophies between Eastern and Western monetary systems and explains how the latter lacks a particular sense of proportionality. It describes how as the West has progressed forward economically, it has failed to identify the gaps present between each leap and have left many issues to be sidelined in the name of progression and innovation. As the author explained in the passage, this attitude became one of the major catalysts towards the 2008 economic recession.

TAO is a Far Eastern ideology that embodies the natural order of the universe and describes how supreme benefits can manifest when elements are balanced with their opposing order. It's an idea that's discussed at length throughout Brunnhuber's book, and he reinstates his thesis by comparing elements of TAO alongside a monetary system. He argues that in order for SDGs to be met and

By **Tyler Smith**, Junior Journalist at The Fintech Times

completed, economic progress must move forward in a cautious and proportioned manner. This goes back to how the book describes the pitfalls of Western economic progression and Brunnhuber goes as far to recommend a solution to this problem by the embracing of both the TAO ideology, and of a dual currency system.

He puts forward the use of top-down fourth generation disruptive ledger technology as the solution to this issue. Not only could such a system remain optional, easily regulated and completely parallel to our current one, but it could break the outgoing stream of the current system if created solely for the purpose of financing SDG targets.



SYSTEM TO FUND THE SDGS AND THE COMMON GOOD by Stefan Brunnhube **Available: Kindle and Hardback** 

This, as Brunnhuber explains, could replenish funding into other areas of the global economy. The freed \$5trillion could be utilised as an investment into healthcare, education and infrastructure, with themselves being core pillars of these SDGs. In this way, Brunnhuber puts forward the notion that accommodating a dual currency system could sufficiently address the benefits of common goods and harness their distribution to better global economics.

The book builds on this idea as a solution, suggesting that a blockchainenabled system working in tandem with the incumbent could not only suffice the financial commitments for SDGs whilst far exceeding previous funds, but it could also act very differently to standard mechanisms of allocation.

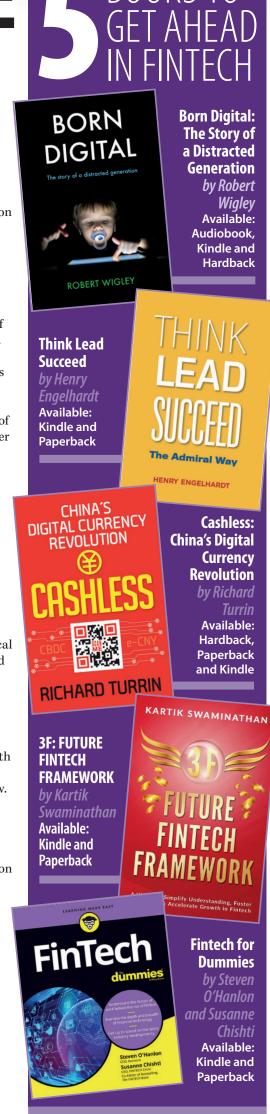
The characteristics of the new mechanism would make it resistant to previous stimulants of inflation and increased CPI, and out of the eight identified in the book, reduced transaction costs, risk fees and reduced volatility are all prime capabilities. The system, as he explains will also free up fraud detection efforts which eliminates associated costs. This channel could be completely reinforced by global and regional goods, furthering the stability of the chain beyond the given system alone.

Taking on a more holistic view in his recommendations, Brunnhuber explains how parallel currencies actually act as stabilisers to the current economy, and how dual currency systems are capable of providing the adequate purchasing power and positive externalities that would cultivate a more efficient system.

The book dares to reimagine the use of disruptive ledger technology at an almost unthinkably large scale, and recognises the full retinue of benefits that the technology is able to process within a real world environment. What Brunnhuber has completed in his book is a deep dive analysis of how these benefits can be utilised, and how they can be utilised while looking at macroeconomic objectives with a practical eye. And the author has rightly supported their argument through breaking down the various capabilities posed by the existence of a dual currency system.

Disruptive ledger technology is taking our civilisation to the brink of new ways of living, and Brunnhuber's book sets forth a consciously constructed footpath for which economics could potentially follow. Having seen the evidence put forward in the book, I believe that Brunnhuber has done well to create a plausible argument around this practical solution. His ideas are less about the deconstruction of monetary systems, but rather, the technological enhancements of current systems alongside the full utilisation of the benefits they're able to provide.

For me, Financing Our Future is a very well written and highly comprehensive book, and the author has made sure to take into account that not every reader is being introduced to the topic with an encyclopaedic knowledge of the subject already under their belt. In this way, the text will suit a wide range of readers, and I strongly believe that everyone will find great interest within its pages.







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