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Jussi Lindberg, CCO of Banking Circle on the challenges facing today's banks

BUILDING BUSINESS BANKING DIFFERENTIATION

FINASTRA

Barry Rodrigues
Executive Vice President of Payments
@Finastra

COMPLY ADVANTAGE®

Andrew Davies
Global Head of Regulatory Affairs
@ComplyAdvantage

WELCOME TO SIBOS2022

Community, connections and content! Sibos, the annual conference, exhibition and networking event organised by SWIFT for the financial industry, is back in person this year after two years as a digital occasion only.

This year, delegates are embracing a virtual and in-person format, with a focus on the theme of 'progressive finance for a changing world'.

This is all about succeeding in uncertain times and doing good as a community.

Discussions centre around digital transformation and navigating new risks, and how the industry needs to work together to drive sustainability and ethical change.

Sibos 2022 will examine how financial services providers can leverage innovations such as artificial intelligence, machine learning, big data and privacy-enhancing technologies to deliver operational efficiencies and a souped-up service offering.

Successful firms will be those that can adapt to new priorities and shifting geopolitical landscapes, and pave the way for the future of banking.

This year also sees a new sustainability strategy at Sibos 2022 – #LeadTheChange. As well as a 20 per cent increase in the use of recycled and reusable materials and a 25 per cent plant-based menu, sustainability as a topic is integrated throughout the conference programme, with key issues such as ESG data, ethical investing and energy transition all up for debate.

The last time Sibos was in Amsterdam was in 2010, when it attracted more than 8,900 delegates. This year, thousands of business leaders, decision-makers and topic experts from across the financial ecosystem will collaborate at the RAI Amsterdam to be treated to a packed agenda of more than 150 sessions with over 250 expert speakers.

Let's get to it!

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BUILDING BUSINESS BANKING DIFFERENTIATION

The challenges facing today's banks are myriad and already well-documented, writes **Jussi Lindberg**, Chief Commercial Officer at **Banking Circle**. At the heart of those challenges is still the L-word: Legacy.

It's not our place to tell banks how to fix that problem; as the business banking landscape shifts, with competition coming from new entrants as well as continued regulatory scrutiny, we can work with Tier 2 and Tier 3 banks to help them create their niche without legacy holding them back.

The cross-border payments space is where the opportunity lies. The e-commerce market is growing rapidly. Tapping into that opportunity makes sense as long as inflexible infrastructure doesn't cause roadblocks.

The 'trust contract'

Banks hold a really fundamental 'trust contract'. They are ideally placed to give their customers better, faster, more cost-effective services. The institutions that want to respond to new market opportunities and work in new jurisdictions tell us that they want to do that without diverting focus and investment from their core business.

Collaboration delivers solutions underpinned by fit for purpose tech, supported by regulatory expertise. Banks that might have thought 'that's not for us'

previously, now realise how we can help them 'be more fintech' without putting at risk the 'trust contract' they all treasure.

We are a genuine partner that allows financial institutions to take care of their business rather than get distracted by opportunities that sit outside of their core. Banking Circle and our bank clients work well together on things like tech capabilities; keeping up with regulatory burden and exploring regions and jurisdictions where they might not be prevalent, but still want to be able to offer a service.

A small fish in a big pond

The infrastructure problem isn't the only problem to be fixed. There's another issue that has to be understood too. Many larger banks that serve the smaller Tier 2 and Tier 3 institutions with correspondent banking services have found themselves with little choice but to de-risk entire regions, sectors or individual partners. The knock-on effect is medium-sized banks have seen their correspondent banking partnerships at threat.

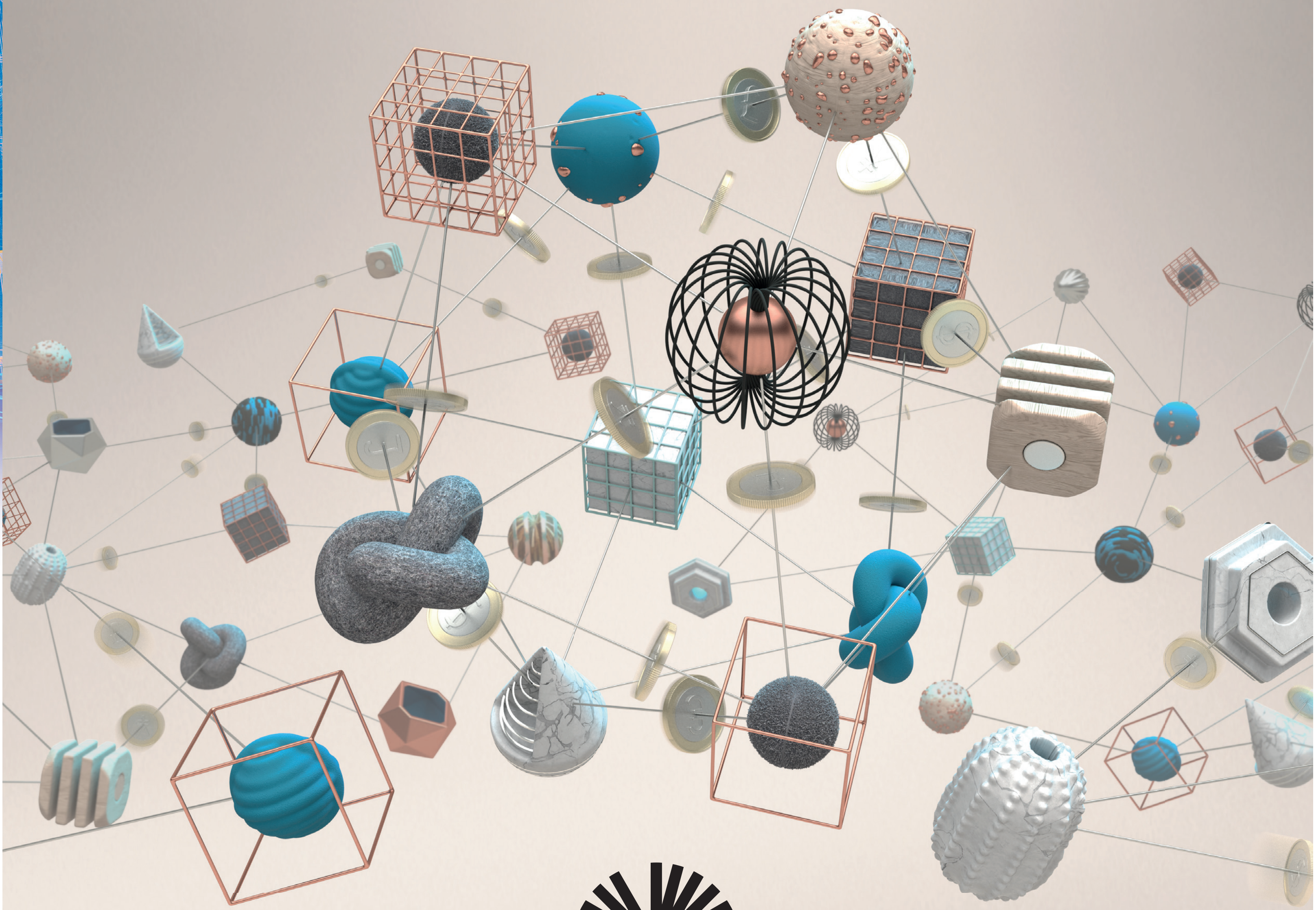
Small fish in a big pond, the lack of buying power means they find it harder to create a competitive proposition they can confidently offer to their customers.

Research we released earlier this year found that over three quarters of Tier 2 and Tier 3 banks had seen the number of their correspondent banking partners rise over the past decade. Sixty-five per cent said they think they have too many banking relationships. We think this is a direct reaction to the de-risking trend, as they had to spread their own risk by working with a greater number of banks.

More relationships mean more internal resources to manage the banking partnerships. It also means additional costs which inevitably pass on to the end customer as well as undermine profitability.

Side-stepping legacy

For banks that want a slice of the cross-border payments opportunity without having to worry about legacy infrastructure holding them back or the threat of being de-risked, we have built solutions from the ground up. A number of banks and NBFIs are already benefitting from investment in innovation by being able to access fast, fairly priced payments services that can be easily integrated into their own platform. With a clear approach to support global finance – not de-risk – our clients trust us, so that their customers can trust them in return.



DIGITAL PAYMENTS IN AN OPEN WORLD

Key considerations for banks navigating the digital era of payments **Barry Rodrigues**, Executive Vice President of **Finastra**'s Payments Business Unit

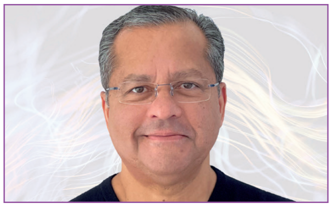
The concept of payments is thousands of years old, spanning from the exchange of goods to modern-day digital wallets.

While society's fundamental need to make payments is unchanged, the industry has made significant advances and continues to transform in the digital era. To keep up with the pace, banks must embrace change to meet customer demands.

The role of payments

Evolving customer expectations are putting pressure on businesses to redefine their value propositions, as new entrants in the market deliver seamless customer journeys which include embedding payments into traditionally profitable products and services. Banks can utilise their hard-earned regulatory permissions and tech capabilities to provide banking as a service (BaaS) to these businesses as an additive channel to the market.

By utilising a BaaS solution that leverages open APIs, financial institutions (FIs) have the opportunity to embed their lending and payment services within various enterprise software solutions, providing useful value-add to their clients while creating new revenue streams.



Meeting demand

Real-time payments are already in place or are being implemented across the globe as governments move to make their payment systems more efficient, and it is clear more change is coming. Despite this inevitable shift, the near-term business case for real-time payments can be challenging for banks to articulate, especially since adoption requires a greater embrace of digital infrastructure and the business case still requires work.

While real-time payments were initially aimed at consumer markets, businesses and corporations are increasingly looking to leverage this service to improve their liquidity and risk management, offering banks a profitable path for inclusion of real time payments into their suite of services.

Embracing the cloud

FIs have been slow to migrate payment processing systems to the cloud in the past. Thanks to education and increased confidence in security and data protection, this is changing.

With systems such as a fully multi-rail payments hub, banks can now respond faster to rapidly changing markets and regulatory requirements. There are many options for banks to consider when adopting the cloud for payments services, but one thing is clear – the cloud helps enrich needed services and accelerates innovation.

Crypto considerations

Digital currencies and their processing systems will inevitably become part of the payments ecosystem over time, despite some bumpiness in the journey to get there. Global regulators are looking at use cases and how to safely introduce cryptocurrency and fiat-backed stablecoins into the banking system. Many banks remain sceptical but should pay attention to opportunities.

The future of payments is here

As you can see, we feel the payments industry is facing a perfect storm of challenges, but also provides the financial services industry with countless opportunities. It is critical that banks stay current to unlock all these opportunities while embracing open banking, BaaS and embedded finance and payments with the right partner. With the proper tools and an open outlook, banks can drive innovation and create enhanced value for their customers.

Find out more about Finastra's payments solutions at Sibos 2022: Booth #E57.

ABOUT FINASTRA

Finastra is a global provider of financial software applications and marketplaces. In 2017, it launched FusionFabric.cloud, its open platform for innovation. It provides solutions and services across lending, payments, treasury & capital markets and retail & digital banking for banks to support direct banking relationships and grow through indirect channels, such as embedded finance and BaaS. Finastra is trusted by more than 8,600 institutions, including 90 of the world's top 100 banks.

www.finastra.com

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FINASTRA

FIGHTING ONLINE FRAUD TOGETHER

The challenge has never been greater, writes **Max Roberts**, UK Country Lead at **Stripe**

Businesses that sell online face more fraud risk than ever before.

In Stripe's recent fraud trends survey, nearly two-thirds of business leaders said it's becoming increasingly difficult to combat e-commerce fraud, and roughly the same proportion expect to lose more money to fraud this year than last. Juniper Research also found that merchant losses to online payment fraud will exceed $200billion between 2021 and 2025.

Fraud trends you should know about
By analysing billions of payment transactions which Stripe processes every year, we can reliably identify new fraud patterns and trends.

Card testing attacks Some fraudsters obtain long lists of stolen credit card data on the dark web or using phishing or spyware. In order to check whether these credit cards are still active, they use botnets to make small purchases on websites – thousands of purchases over a very short period of time, leading to a surge of traffic on affected websites. The attacks can negatively impact businesses in ways including higher payment processing costs, failure risks, or simply by immobilising their websites under heavy traffic.

Geography matters
Businesses in Europe had substantially lower fraud rates compared to North America last year, which likely reflects the impact of Strong Customer Authentication (SCA) in Europe. SCA mandates businesses to add two-factor authentication to their checkout flow for certain online transactions. While the regulation has introduced new friction to the user experience, it has been effective in reducing fraud. We expect two-factor authentication to become more widespread, including tools like 3DS or CAPTCHAs.

Business type Some types of businesses are more vulnerable than others. We found that subscription businesses – specifically B2C companies – struggle the most with fraud. That's because a subscription to a streaming service, for example, can be quickly bought and resold by fraudsters, without any shipping time involved.

Why fighting fraud is hard
More stringent fraud prevention measures often deliver more false positives and a worse overall customer experience. False positives can cost a business money and damage its reputation. One in three consumers say they wouldn't shop again at a business if their payment is declined without a legitimate reason. The lost revenue from blocking too many legitimate customers may not be worth marginal reductions in a business' fraud rate.

What can be done
Machine learning and big data can help optimise a fraud detection model. More specifically, it's useful to have a payments partner that can train a model with a lot of data. From the vast amount of transactions we see, we can identify new fraud patterns and trends with the help of machine learning, and act accordingly. This might sound abstract, but it's not unlike an experienced shop owner who has learned how to spot potential shoplifters. The difference with machine learning at Stripe is that it works on an entirely different scale.

But businesses shouldn't rely on their payments provider alone. Here are a few more ways to reduce the impact of online fraud on your business:

- Collect more relevant information during checkout, which will help you better verify a customer's legitimacy. Collect the customer's name and email address as this additional information can result in better machine learning detection of fraud and give more evidence to submit during a potential dispute.
- Explore other payment methods. The right set of payment methods can offer flexibility to customers and reduce the risk of fraud. Digital wallets require additional customer verification (such as biometrics, SMS, or a passcode) to complete a payment, resulting in lower dispute rates. Similarly, most bank debits add an extra layer of security and reduce the possibility of disputes.
- Manually review suspicious payments, which will help you take action before a potential dispute occurs. If you're unsure about a payment when you're reviewing it, contact the customer by phone or email. Or, if you suspect a payment is fraudulent, refund it.

SIBOS 2022: A FOCUS ON SUSTAINABILITY

Sibos 2022 in Amsterdam is on a mission to be one of the world's most sustainable events for the financial community

The annual conference, exhibition and networking event organised by SWIFT for the financial industry is this year including a wide range of initiatives focusing on the drive to sustainability.

A new Sibos #LeadTheChange strategy covers three pillars: 'protecting the environment, caring for the community and promoting equality and diversity'.

There are recycling bins throughout the venue, and participants can use the QR codes on delegate badges to exchange contact details, rather than business cards. The event is limiting the volume of materials used, sourcing locally to prevent unnecessary transportation, and choosing options that can be rented, reused or recycled.

Even the carpet at Sibos this year is 100 per cent recyclable, produced using zero water and latex and requires 85 per cent less energy, resulting in a 55 per cent reduction in carbon emissions compared to traditional event carpet.

Stéphanie Gerniers, senior events and communications specialist at SWIFT, explains: "Thousands of people attend Sibos and we have to think about the lifecycle of all the materials required. All the details matter, right down to how we recycle participants' badges."

SWIFT is part of the Science Based Targets initiative (SBTi), a defined pathway for companies to reduce greenhouse gas emissions in line with a 1.5 °C future. Between 2007 and 2015 SWIFT reduced its carbon footprint by 71 per cent and achieved net zero by 2020 using carbon offsetting.

ON THE AGENDA

Sibos 2022 is also integrating sustainability throughout the conference programme, debating key issues such as ESG data, ethical investing and energy transition.

Across eight stages and over 150 conference sessions, speakers will focus on the ability of financial services providers to identify, adapt and scale forward-thinking innovations and manage risk in an uncertain world.

SUSTAINABILITY AT SIBOS: WHAT TO WATCH

Monday 10 Oct, 11:15
Sustainable Banking & Net Zero – Delivering on Commitments, with Accenture

Monday 10 Oct, 13:00
Contrarian Views: ESG data: what's the point? – Ghela Boskovich at Femtech Global, Gihan Hyde at Communique,

Charles Radclyffe of Ethics Grade, Yael Rozencwajg at Nevelab Technologies, Sarah Sinclair of Change Gap

Tuesday 11 Oct, 13:30
Future of Money: The panel – Eileen Burbidge at Passion Capital, Matthieu Favas of *The Economist*, Leda Glyptis at 10 X Banking and Liz Lumley of *The Banker*

Wednesday 12 Oct, 12:00
Green, clean, and ESG: Rewiring capital markets for a new generation of responsible invest – Lavinia Bauerochse at Deutsche Bank, Agnes Gourc of BNP Paribas, Jonathan Hackett at BMO, Virginie O'Shea of Firebrand Research, Paul Symons at Euroclear and Adrian Whelan of Brown Brothers Harriman.

Wednesday 12 Oct, 12:30
'Spotlight on Sustainable Finance: Stronger ESG, better future' – Bill Borden of Microsoft, Shamina Singh of Microsoft and Erik Stadigh and Lune.

Wednesday 12 Oct, 16:00
Value vs. Values: Building ESG-Friendly Financial Supply Chains – Philippe Henry and Alex Lheritier of Kyriba, Vinay Mendonca at HSBC

Thursday 13 Oct, 09:30
Managing the new risks to Banks: Climate Change Litigation Risk and the new Due Diligence Risk – Brian Scott-Quinn at University of Reading

Thursday 13 Oct, 11:15
Making sense of wicked problems: what system change needs | what Finance offers – Mariela Atanassova, Gina Belle and Emma Presutti of Chora Foundation

Thursday 13 Oct, 12:00
Big Issue Debate: Sustainable and Equitable Financial Future – Helle Bank Jorgensen at Competent Boards, Solange Chamberlain at Natwest, Florence Fontan of BNP Paribas, Simon Paris at Finastra and Sir Rob Wainwright at Deloitte.

ABOUT SIBOS

Sibos is the annual conference, exhibition and networking event organised by SWIFT for the financial industry. What started out as a banking operations seminar in 1978, has grown into the premier business forum for the global financial community to debate and collaborate in the areas of payments, securities, cash management and trade.

Web: www.sibos.com
Twitter: @Sibos
LinkedIn: linkedin.com/showcase/sibos

BANKS... DON'T IGNORE CONTACT CENTRE AGENTS!

By **Andy Watts**, Senior Account Director, **Odigo**

The 'Great Resignation', a term coined to describe the record number of people leaving their jobs since the beginning of the pandemic, has touched every industry, including financial services.

Over half of those in the sector say preventing people from quitting their jobs is one of their top three workforce priorities this year. But while the majority of focus in banking has been on retaining analysts and graduates, contact centre workers have been somewhat overlooked. With some financial organisations offering greater flexibility in hybrid working, the industry has seen a staggering 40 to 50 per cent agent churn rate.

With very complex products, it is increasingly difficult and expensive to recruit the right talent into financial services contact centres. Yet, combined with the ongoing cost-of-living crisis and resulting influx of anxious customers looking for support and guidance, banks and financial service providers need to act now to protect and support their agents.

Responding to customers

Although the role of financial institutions' contact centres hasn't necessarily changed, the value organisations and customers place on them certainly has. In recent months we've seen the focus shifting from fitting customers around business processes to reshaping contact centres around customers' needs.

Banks need to put even greater focus on attracting and retaining the best contact centre agents in today's digitised environment or risk falling behind.

This requires a strong infrastructure and technology foundation. One that can empower agents to capture customer pain points, understand their context and orchestrate the most optimal route across any channel. All to deliver fast, impactful, and personalised services that convert prospects into long-lasting advocates.

Automation boosts agent productivity

Until recently, there have been virtually no front-door filters between customers and agents. However, effective self-service – which has only just started to become a reality – gives agents the time and headspace to deal with more complex cases themselves.

This is where automation comes in. As data-based insights and capabilities become the norm, organisations have the opportunity to identify simpler customer queries through artificial intelligence. They can then direct customers to self-service areas and virtual assistants. Elsewhere, companies can harness the power of customer data to mechanise digital form filling, automate proactive product notifications, and supercharge loyalty programmes and re-engagement.

Bots can also enhance service touchpoints within a customer journey. Automatically retrieving customer data from various enterprise systems, this technology can enable agents to deliver a personalised service.

Retaining top agent talent

Agent experience has recently been elevated to the same level as customer experience. Historical, and recent, bad press and publicity on burnout and turnover across all industries is a real concern, and contact centres are not immune. However, the contact centre industry is full of passionate and motivated individuals.

Successful contact centres put a lot of focus on human-centric values, empathy and wellbeing, as well as ensuring agents are equipped with empowering tools. Banking is a fast-paced world, and today's agent demographic is typically 'gen now' – they expect the same consumer technology experience in their work life as they do at home; personalised, agile and simple to use.

Contact centre as a device (CCaaS) solutions can bring up-to-date technology to bank contact centres that benefit working processes and workforce management across sites, teams and hybrid working models. CCaaS solutions can't put people in the same room, but through mature voice technology and omnichannel tools, it can bridge the gap to create flowing conversations between teams and customers.

No industry can afford to ignore contact centre agents, but especially financial organisations which handle people's income and monetary assets. AI will take on a significant role in agent operations to enhance performance, allowing for the completion of more complex queries requiring the human touch.

SCREEN WITH CONFIDENCE

5 REASONS TO MOVE BEYOND A GOOGLE SEARCH FOR NEGATIVE NEWS CHECKS

Adverse media, or negative news, is a vital part of any risk-based anti-money control system and one of the most effective safeguards for banks.

Regulatory authorities have made screening for negative media an essential legal requirement for know your customer (KYC) onboarding protocols, continued customer due diligence (CDD), and enhanced due diligence (EDD) on potentially high-risk customers. However, it is also misunderstood, providing numerous challenges for anti-money laundering (AML) compliance teams.

In today's complex environment, regulators are on high alert for money laundering-related risks, and these include using data to uncover the predicate crimes. As a result, firms should look for better solutions than a simple Google search.

Technology in adverse media solutions is leading a revolution in this area, enabling firms to acquire meaningful, relevant risk intelligence quickly and efficiently and without the mountains of media findings produced by traditional methods. A combination of machine learning and natural language processing technology can be trained to find media articles of relevance, including in local languages in the selected areas of predicated offenses related to money laundering and terrorist financing risks. Here are five practices to improve the effectiveness and efficiency of an adverse media screening programme.

Andrew Davies, Global Head of Regulatory Affairs at ComplyAdvantage

Prior to joining ComplyAdvantage, Davies served as VP of global market strategy at Fiserv working with customers worldwide to design and deploy effective risk management solutions to mitigate financial crime risks.

1 Manage ongoing risks

While it is essential to focus on screening new customers during the onboarding process, risks can arise within a client base and evolve into threats, necessitating continuous ongoing monitoring. Failure to do so could lead to relevant negative news slipping through the net and opening up firms to liability for their clients' crimes.

2 Improve efficiency with automation

Automated systems such as those powered by machine learning optimise the screening process. In addition to saving time and cutting costs, ML-driven automated screening helps financial institutions (FIs) mitigate risk and conduct thorough, diligent investigations into potential clients. With natural language processing, they can also ignore irrelevant news and flag results that may require extra scrutiny from a human analyst.

3 Identify media by specific categories

It is important to ensure that any adverse media monitoring tool can identify media by specific categories. This reduces noise and keeps alerts focused on what's relevant by avoiding false positives. Depending on the risk-based approach businesses take, it may also be prudent to receive alerts based on different categories to make it easier for compliance officers to discover what's relevant. Categorising the different types of adverse media allows firms to prioritise their workload and gauge the risk associated with each client more efficiently.

4 Assess media relevance

Negative media stories should be assessed for their relevance to a company's compliance priorities. This means determining how the story relates to a money laundering concern, such as an allegation of government corruption or a sanctions violation. For example, the EU's Sixth Anti-Money Laundering Directive (6AMLD) lists money laundering predicate offences. Firms operating in the EU must adjust their adverse media screening solutions accordingly to capture a broader spectrum of stories relevant to their expanded compliance priorities.

5 Build and maintain dynamic risk ratings

FIs must ensure that adverse media checks can scale with their customer bases and their alerts avoid generating high numbers of false positives that need to be cleared manually, slowing down customer onboarding.

Dynamic risk scoring of customers is key here. Real-time adverse media tools will enable banks to proactively configure the types of media insights they want to receive, reducing false positive hit rates. Direct integration into company workflows can also reduce remediation times.

Explore the adverse media solution at complyadvantage.com, or meet the team at Sibos Discover, Stand 3.

COMPLY ADVANTAGE®

LESSONS TO LEARN FROM **PIZZA DELIVERY SERVICES**

The impressive customer experience that comes from pizza firms can show banks ways to increase loyalty and future uptake

We are all facing a crunch. The cost of living is going up, high inflation could last years rather than months and that's without wondering how much it's going to cost to heat a home… if you can afford to buy one.

Banks cannot solve this problem and, while a pizza might make you feel better, it can't change your financial status. But bank data could help out in different ways, offering services that might go some way to giving people a bit more financial breathing space.

Domino's is an early adopter of technology and a business that wants to go where its customers are. Over the years it has been on everything from BlackBerry and SMS to Xbox and PlayStation. By experimenting in all of these spaces, it has been able to learn from the experience and provide some really impressive CX, winning mobile brand of the decade.

It has been able to sensibly gather data from whether or not you might be a vegetarian, a late-night pizza fan or if you might be

Remy Brooks, Head of Strategy of **Future Platforms**

tempted by added products. It's a smart way to evolve a digital service.

Banking of course is highly regulated, survives on trust and gathers a lot of data that is very interesting when it comes to life decisions and financial habits. While keeping that data safe is key, there's a whole lot that banks could be learning from their own data about presenting their customers with services that could help them.

Although there are some challenger banks making the right noises, banking apps are a bit samey and don't offer too much before you have to call something. Think of your own current banking app – if you want to save for a holiday, is there a function for you to do this?

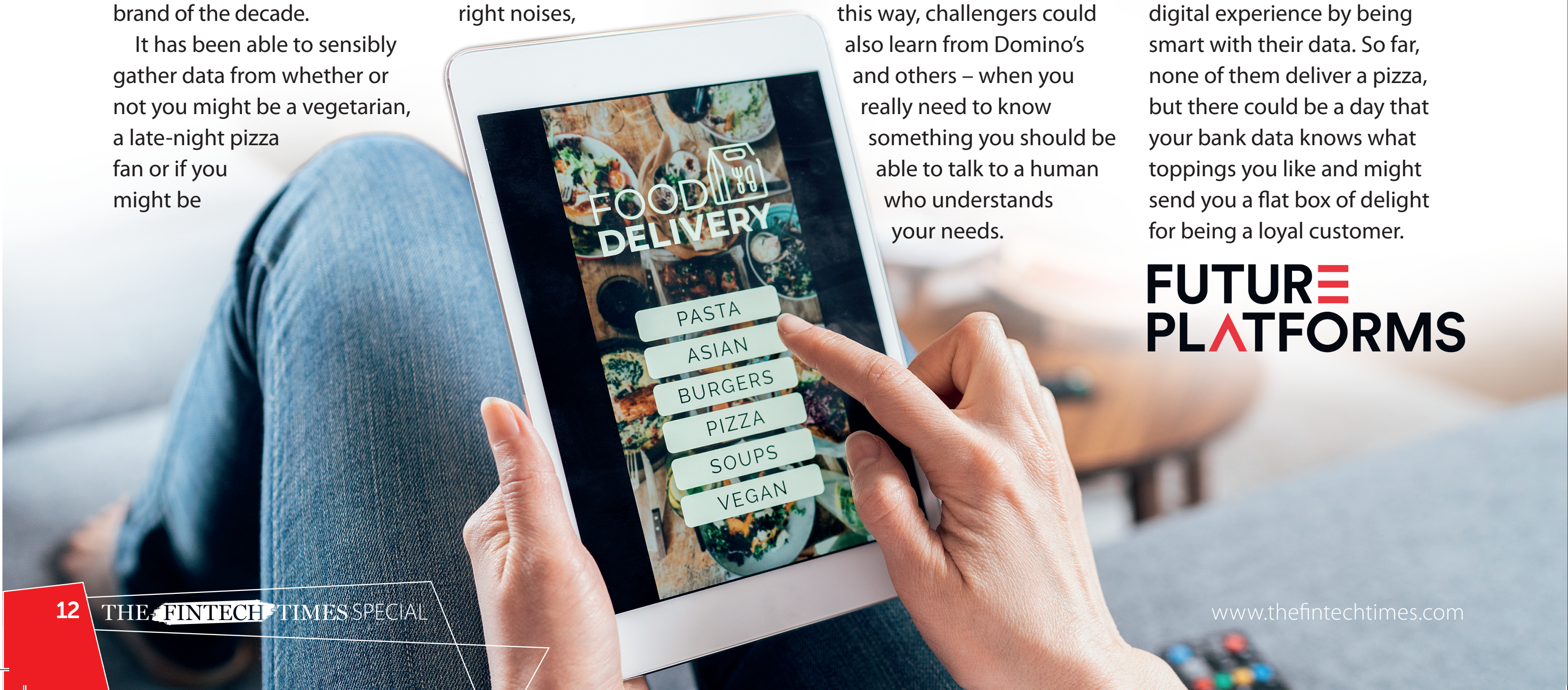
Transparent messaging could be a big part of banking apps. Think of the mortgage process – it can take such a long time to sort out with different checks and balances – but if you compare this to Domino's Pizza Tracker – you can see what is happening, where your food is and what to expect. If mortgage messaging was this clear along its path, it could help foster trust and loyalty.

What is missing is a human touch. Most times when something happens with your money you want to talk to a person first. Not look at some FAQs or wait for a chatbot to connect you with someone. In this way, challengers could also learn from Domino's and others – when you really need to know something you should be able to talk to a human who understands your needs.

Hybrid physical and digital experiences could also be a boon for banking. If you run a small business that has cash takings, you will physically need to go to the bank at some point. There might be a machine to put the cash in and count it – great! But then you might have to stand in a queue for 45 minutes to hand in a receipt. Maybe you want to open a bank account for your kid – only to be told they have to apply via the website.

There are many ways in which the physical and digital can be bridged in banking from clear messaging. While innovation might not be easy for older, more established banks, there's a huge amount to explore. Each bank has the opportunity to offer customers what they need, help them to learn about the things they might want to stop doing and differentiate their digital experience by being smart with their data. So far, none of them deliver a pizza, but there could be a day that your bank data knows what toppings you like and might send you a flat box of delight for being a loyal customer.

FUTURE PLATFORMS



ACI Worldwide
Real-Time Payments

Real-Time Payments Drive Real-Time Economies

There were

118.4B

real-time payments made globally in 2021 — that's year-on-year growth of 64.5%.

Real-time payments are saving consumers and businesses money.

2026 (forecasted) **$184B**

2021 **$46.6B**

Aggregated net savings for consumers and businesses facilitated by real-time payments across 30 key markets

India led the way for real-time payment transaction volumes in 2021.

India **48.6B**

China 18.5B

Thailand 9.7B

Brazil 8.7B

South Korea 7.4B

Top-five fastest-growing real-time markets:

(where IP share of all electronic payments is at least 10%)

CAGR (IP Volume, 2021-26)

Brazil **56.8%**

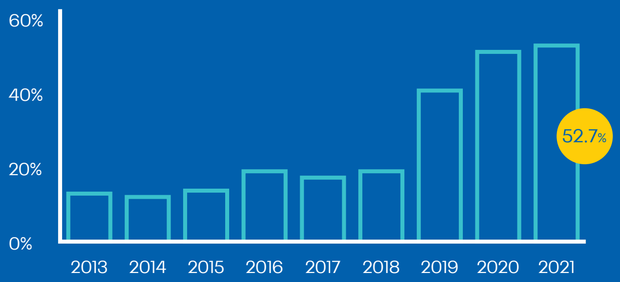
Oman **41.0%**

India **33.5%**

Philippines **31.7%**

Malaysia **26.9%**

Consumers are driving digital payments forward — globally, more than half now hold and use a mobile wallet.



Digital wallet hacking is on the rise as new opportunities for fraudsters increase.

4.4% 2019

6.2% 2020

7.3% 2021

Exclusive, new report with insights from 53 real-time markets

Download the Report

Phillip McGriskin, CEO of **Vitesse**

"To begin with, you need to understand your customer. Once you've established their needs and fully realised what you can do to help them, then digital transformation will follow. Customers will be onboard and will champion your actions when they feel understood, listened to and a valuable part of the company. This level of customer-centricity helps the cogs keep turning and further increases their satisfaction with your service. Another element that has helped us at Vitesse to transform is looking forward with tech, rather than sticking to legacy systems. By only following what you know, you run the risk of becoming stagnant, whilst competitors swoop in and take your customers. With a strong strategy and future focus, fintechs – and insurers – can transform in a way that is scalable and prone to continuous success. Strong APIs are another aspect that needs to be a focus – they are the bedrock to success and key for driving digital transformation."

Megan Staton, SVP client services of financial technology company **Amount**

"A majority of banks express interest in implementing newer technology, but there's a gap between those who are able to successfully execute on it. Cost and risk are two of the key factors in understanding this gap. Executives must first determine their risk tolerance for the project, as well as their available investment capability around financial/human resources. They also need to develop an honest assessment of their time commitment to the implementation. Any good digital transformation project will require an initial time investment to get the project transformation running optimally. In some cases, a bank may underestimate the necessary resources to complete a project, or leave key features on the table – not unlike buying a brand-new car with all the latest and greatest upgrades but not using them. A decision to digitally transform is a great first step, while being able to handle the risks up front to fully invest in what they believe is best for their customer is how banks and consumers win."

ACCELERATING DIGITAL TRANSFORMATION

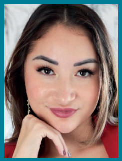
Financial leaders share their best strategies for driving change in a rapid, flexible and compliant way

Nihit Ahuja, global business head at **Volante Technologies**

"If current market and geopolitical trends tell us anything, it is that financial institutions must be able to respond to changing conditions quickly. However, to do that effectively, IT and business leaders must work together to enhance existing services and build entirely new ones. Our customers tell us that financial services are aware low-code technology helps. Yet, while general low-code platforms are helpful, ones that have specific and up-to-date knowledge of standards are what allow them to be truly agile. A platform that is financial message aware, ensures services built are future-proofed, and allows a path for rapid innovation into the future."

Paweł Stężycki, Senior Fintech Innovation Consultant at digital consultancy **Netguru**

"Fundamentally, digital transformation is universal. In the end it is about teamwork and the ability to facilitate changes. This determines the speed and efficiency of the process. The specifics of the financial industry mean more emphasis on compliance. They also mean more opportunities for cutting corners by leveraging technology. The ability to understand and implement open banking, cloud and AI is what allows some firms to drive digital acceleration faster than others. Unfortunately, ensuring the stakeholder's buy-in for long and complicated tech-heavy projects is time-consuming by nature. An effective workaround is building traction in iterations – designing, validating and gradually introducing changes. This creates 'small successes' early on and de-risks strategy. A continuous feedback loop makes it easier to modify or abandon projects that under-deliver in terms of value for the user."



Lissele Pratt, co-founder at payments and banking consultancy **Capitalixe**

"Define what digital transformation means for your organisation – and be realistic about what it will take to achieve it. This means being clear about the goals you want to achieve and understanding the different ways that technology can help you get there. It also means being realistic about the investment required in terms of money and resources. A great way to get started is to carry out a digital maturity assessment, which will help you understand where you are on your journey and what needs to be done to move to the next level. This consists of scoring your organisation on multiple fronts, including strategy, customer experience, data & analytics, and more. I often see organisations make the mistake of trying to do too much at once. They'll invest in the latest and greatest technology without first taking a step back to assess what they're trying to achieve and whether there's a simpler, more effective way to do it. This is where agile methodology comes in. By working in smaller sprints and constantly improving, you can avoid the common pitfalls of digital transformation projects – such as scope creep, unrealistic deadlines and budget blowouts."

Prema Varadhan, Chief Product and Technology Officer at banking software firm **Temenos**

"The road to success in the future of banking involves a number of potential paths. Whether that's banking as a platform, as a service, or another option. Whatever strategy you go with, the technology platform required to power these new business models must have common characteristics. It must be composable. Driven by data but in a way that is explainable. A platform that is extensible can power you wherever you are and however you want to run. It's a demanding list of requirements, but you need the same excellence from your platform as your customers expect from you."

Nick Root, Co-Founder and CEO at Swedish banking-as-a-service fintech Intergiro

"Digital is a mindset not a set of tools or technologies. All mindset/cultural changes, be it digital or any other, require full buy-in and alignment from your people. The only way to make that happen is to 'start with why': tell a compelling story about where you are going and why you are going there. Your people will then do the rest."

Christina Luttrell, CEO, GBG Americas of identity verification provider Acuant and IDology

"The last two years have accelerated the pace of digital transformation in financial services, from digital identity verification and onboarding to personalising the customer experience across channels. Dueling consumer demands for privacy and personalisation during every step of the customer journey have intensified. While personalisation offers the potential to forge stronger connections, financial services providers can't overlook growing consumer concerns around how businesses handle their personal data. By analysing readily available but less invasive information, such as IP addresses, phone numbers and email addresses, a data-diverse digital identity verification process plays an essential role in personalising the customer experience and verifying identities without collecting excessive data. Financial inclusion, aligned with evolving digitally transformative capabilities, is also a strategic imperative for financial services providers. Nearly one billion people lack proof of identity and can't satisfy the KYC requirements for opening a financial services account. Diverse data sources that go beyond traditional credit bureau data can be a catalyst for creating digital identities to extend inclusion and access to the digital economy to unbanked consumers while also driving revenue."

Ivan Maryasin, CEO & Co-Founder of fintech startup Monite

"Now is the time for more contextualised, hyper-niche B2B super-apps. This opportunity has literally just been born; the industry that makes it possible is only emerging in 2022. Super-apps should save people time in three ways: automating tasks, combining multiple tools into one interface, and integrating data and workflows to streamline operations. The good news for the entire fintech industry is it's no longer necessary to be Revolut to create a super-app. Any platform with SME customers and a super-app strategy should now consider offering a no-compromise, vertical-focused, best-in-class finance automation option. But to catch this 'third wave' of the embfin revolution in time, it's essential to take the necessary steps today. Creating end-to-end workflows from scratch and in line with standards is difficult and expensive. It can be justified if you spread these costs over a large enough market. But the more extensive the niche, the less practical it becomes. The new approach, which has only recently become available, is to select a strategic API provider for all your end-to-end workflow automation needs. It is fast becoming the 'new normal' in fintech API development."

Erik Poch, managing director at money remittance firm Ria Digital

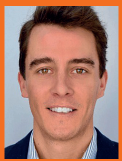
"For digital transformation to work in the financial, or any sector, you need the backing of people at the top of the organisation who understand what's at stake. But you also need the support of people at all levels throughout the organisation. You have to find ways to integrate digital and physical, and for that you need not only digital capabilities, but help from people who understand the physical space. In cross-border payments, and particularly in the remittance industry, we still have core customers who want to use cash. We have more than 500,000 retail locations spread throughout the world and we're still growing in bricks and mortar, along with digital. About 20 per cent of our customers have migrated from physical to digital, but many like to have both cash and digital options so they can, say, make a transfer in one of our stores in cash that pays out to a mobile wallet on another continent. People still want it both ways."

Teodor Blidarus, CEO at digital banking and insurance platform **FintechOS**

"Many factors contribute to the failure of digital transformation programmes: a lack of internal business alignment on structural processes, a focus on products rather than the customer journey, a failure to grasp customer demands, and so on. To overcome this, businesses and fintechs must seek mutual collaboration to create a shift in the fortunes of digital transformation. Through collaborations, we see faster innovation to improve customer experiences, launch new products, and build new models. Banks require a strategy that connects legacy systems to front-end apps, enabling digitisation without the need for rip-and-replace. Personalised solutions address the needs of SMEs and lay the groundwork for a service model that creates new revenue streams. Personalisation can assist in serving existing consumers by providing them with intuitive, relevant experiences built on a foundation of rich data insights. It can also help businesses acquire new customers. If done correctly, scaled customisation gives a direct path to lower client turnover and higher sales. If a customer journey needs to be changed to accommodate for new needs, even if the change is minimal, this is still considered innovation. That advantage to the client must be demonstrated sooner. But as has been mentioned, it requires active collaboration."

Jeff Mezger, Vice President of Product Management at data communications provider **TNS Financial Markets**

"As a managed service provider for the capital markets, we drive digital transformation for traders, market makers, and investors. Entering a new financial market is a complicated process that requires significant time – you must contact the exchange, understand its offerings, execute agreements, place orders, set up colocation connectivity, and work with a local vendor for hardware. And given unprecedented supply chain disruptions, the industry is seeing a 12-month lead time for hardware. In addition, exchange data centre migrations are happening globally, directly impacting trading connectivity for firms. These migrations are dictated by the exchanges and require the movement of infrastructure on a timeline outside of your control. By leveraging a provider with hardware and networks already established across multi-national regulatory environments, traders, market makers, and investors alike can be assured of market connectivity and compliance. They're also able to benefit from trade execution speeds up to 10-times faster than traditional architectures with connectivity in as little as five to 85 nanoseconds."



Andy Cease, Director of Product Marketing at security brand **Entrust**

"Ensuring rising tides lifts all channels to improve the full client lifecycle. Put simply, when your organisation transforms digitally don't lose sight of the core competencies that made you relevant in the first place. As users increasingly flock to mobile applications to do all their day-to-day banking, it's important to note that a physical branch or retail location can be a huge competitive differentiator. Integrating digital and traditional channels to create a cohesive, holistic consumer experience will do wonders for your brand and bottom line. Accelerating and simplifying the user's path to value should serve as a north star for any organisation's digital transformation initiatives. From the back office to the branch and mobile application, keeping the client experience front and centre will inevitably keep you and your team focused on improving the right things. Finding the right partner is key to any successful digital transformation. Working with an experienced, trusted advisor – one who understands where you're trying to go but also where you've come from – is critical to successfully charting a course for transformation and doing the things necessary to make it happen."

Amit Dua, President at software firm **SunTec Business Solutions**

"The pandemic marked a period of tectonic shift in the digital transformation journeys of banks around the world. To be successful, banks realised that the end customer is not their only important stakeholder. The ecosystem that provides consumers customised products and services and the multiple business partners included in it also do their part to ensure a flawless customer experience. Banks will now need to strike the right balance between their customers and partners to drive additional value. Banking as a service is one strategy banks are utilising to innovate and transform for the future. BaaS presents a significant opportunity for banks to grow revenues and deliver superior customer experience with technology-led innovation and infrastructure. Banks can now become the 'everyday bank' and the 'customer owner' by addressing all customer lifecycle needs under one roof and delivering superior value. They have the opportunity to develop compelling propositions for their customers and gain a competitive edge with a robust BaaS infrastructure, rethink their customer value chain and monitor, manage and monetise that successfully."

FUNDING SLOWDOWN MEANS BETTER CHOICES

As VC funds tighten, European startups are opening their eyes to more appropriate funding alternatives

Tiger Global's loss of $17billion, reported in May, was certainly eye-catching. But it won't be the only tech VC nursing a negative asset sheet at the moment and tightening up its lending book.

It's far from a rout, but government-initiated credit squeezes mean that global venture funding in May 2022 was down again at $39billion, according to Crunchbase, the lowest level since November 2020 and well below the $70billion peak in November 2021.

As a result, European startups looking for new funds are having to take a longer look around at their options. What they're discovering is that the starry-eyed VC option was perhaps not the right route after all.

Instead, they are looking more closely at the many new ways that are now available to them of raising debt funding. These typically involve less risk, less intrusive behaviour by lenders, and serve to encourage more disciplined business practices.

A STARTLING GLIMPSE OF THE OBVIOUS

If anything needs explaining here, it's the status quo. Why were founders so keen to give away equity when they didn't need to? "Founders chase VC funding as if it's the answer to all their prayers and the only way to scale a business", said James Routledge, founder of Sanctus and author of *Mental Health at Work.*

Despite all the dire stories about VCs' incessant demands and the widespread

Mindaugas Mikalajūnas, CEO of **SME Finance**

understanding that they take up to 85 per cent of available equity before an IPO actually happens, founders have remained stubbornly blinkered about the pitfalls of the VC model. Even the discovery that VCs' earnings mostly come, not from successful IPOs, but from the two per cent annual fees on committed capital that they charge their investors, does not seem to put them off.

Part of the answer for the fixation was the sheer availability of funds. Crunchbase says global venture investment in 2021 totalled $643billion, compared with $335billion in 2020 – a 92 per cent increase. With that amount of money being distributed, perhaps criteria were not as tight as they could have been and funding rounds larger than they needed to be. It was a heady mix that many founders were unable to resist.

And VCs have been chasing companies at earlier and earlier stages. One startup that saw through the VC equity trap was Stockholm-based Planhat. "We've had investors reaching out since very early on. We thought we were working under the radar but it's crazy how they find companies at such an early stage", said co-founder Kaveh Rostampor.

But plenty of founders were flattered by the rock star attention they anticipated – and often received – if they made it through the pitching rounds. And once they were on the VC funding treadmill, it was virtually impossible to step off.

What they found, was that the one-size-fits-all VC approach to funding was not right for many, maybe most. We regularly meet startups who have felt pressured by VCs to take funding well beyond their needs at the time, and to give up excessive amounts of equity.

Initially, these founders tend to just assume that being a startup means getting VC capital. But the more they think about it and research the options, they find there are more appropriate ways to satisfy their needs for working capital.

ALTERNATIVES TO VC FUNDING

The VC obsession was always curious. If you don't raise equity and bootstrap instead, there are plenty of options available in Europe for you to choose from, including raising VC one day.

> Founders are looking for, and finding, methods of financing their businesses that are a lot more appropriate to their needs

More appropriate working capital availability through revenue based financing (RBF) and tailor-made factoring, loans, and leasing packages, has widened EU businesses' access to funding, allowing them to grow more rapidly. Adequate working capital allows them to establish their market presence, be more flexible, acquire greater negotiating power with suppliers and partners, manage their operations more smoothly, and obtain insurance against the challenges startups face in their early stages.

Were founders confusing their needs? Did they really need such large amounts of equity capital or just smaller amounts of working capital? In my opinion, SaaS founders would be better off if they could securitise future revenues. With RBF, if revenues slow, so do the repayments. The technology behind it also makes it possible for founders to get funding quickly, and without needing to step out for yet another pitch or meeting. It also assures that founders stay in control during times of uncertainty.

CREDIT SQUEEZES EXIST TO WEED OUT THE OVER-EXTENDED

Having too much money on the table encourages bad habits. When a company raises equity, it expects it to last for 18 to 24 months. The money stays in the bank account for all that time: spare cash that's sitting there not generating anything. It just leads to inefficiency because the company feels compelled to spend it or, worse, forced to buy bad assets. As many startups who have over-extended are now discovering, there's a natural limit to how fast you can deploy efficiently or how many people you can hire effectively.

The whole point about central bank-induced tightening is to make people think twice about the debt they are taking on. In the white-hot world of tech startups, the medicine appears to be working. Founders are looking for, and finding, methods of financing their businesses that are a lot more appropriate to their needs.

ATOM BANK: CULTURE

IS FOUR THE MAGIC NUMBER?

Atom hails four-day working week for fintechs, but does it suit everyone?

In November 2021, Atom Bank took a progressive lead in reshaping the future of work, becoming the first UK bank to move all employees to a four-day working week, with no change of salary.

The change in culture was met with some initial criticism, yet six months down the line and Atom's decision appears to have proved successful.

Atom made the shift in recognition of longer working lives, the positive impact of technology, flexible working and the need to live and work more sustainably. Its implementation of a four-day week aimed to support employee mental and physical wellbeing, enabling people to enjoy a healthier work/life balance, while simultaneously improving levels of business performance.

IMPACT ON EMPLOYEES

Employee surveys reveal that almost 91 per cent of people can accomplish everything they need to in four days.

Employee productivity at the bank has also improved, with nearly all (92 per cent) stating that they have found efficiencies in how they work as a result of the shorter week. This has included streamlining processes and working more collaboratively within their teams to ensure tasks are completed.

Productivity levels have also been measured by each department in relation to business outcomes. These metrics are specific to each of the 10 departments within Atom and measure productivity in terms of business performance and service to customers. For example, in operations, 10 metrics are measured, including service levels and email responses to customers. The data collated for the six months to April reveals that across all of the 165 departmental metrics tracked, the success rate has in fact improved since the introduction of a four-day working week.

Employees are clearly more motivated working a four-day week too. Almost all (92 per cent) report that they look forward to work, and there has been a significant (13 per cent) year on year increase in people engagement in February 2022 compared to February 2021 when staff were last surveyed. Days lost to sickness have also declined since the introduction of the new working structure, dropping from 100 in the month of November 2021, to 72 in June 2022.

IMPACT ON CUSTOMER SERVICE

One of the most critical metrics associated with a four-day week is the potential impact it has on the level of service a business is able to provide. Since its introduction, there has in fact been a positive

The change in culture was met with some initial criticism, yet six months down the line and Atom's decision appears to have proved successful

impact on customer service, with Atom's Trust Pilot score increasing from 4.54 at the start of the new working structure to an impressive 4.82 in June 2022.

Furthermore, customer goodwill has increased from 83.1 per cent in November 2021 to 85.8 per cent in June this year. Alongside this, there has also been a slight reduction in customer complaints, down from 79 complaints during the month of November 2021 to 73 complaints during April 2022.

Anne-Marie Lister, chief people officer at Atom, said: "Over six months on from introducing our new four-day working week, it's clear that it has been a huge success for our business and our people. We are extremely proud of how our employees have adapted and the benefit it has brought to many.

"People are rightly looking for a healthier work/life balance, and despite warnings from some sceptics, our metrics and people surveys show that this has not had a negative impact on employees or customer service. In fact, it has been the opposite, with happier, more efficient, and more productive people who are even more driven to help us change banking for the better."

Joe Ryle, director of the 4 Day Week Campaign, said: "Atom's experience shows that a four-day week with no loss of pay is a win-win for workers

FLEXIBLE WORKING
Some fintechs say their four-day week policies boost productivity

and employers. Companies should embrace the four-day week as a way of boosting productivity, improving wellbeing and to help with job retention. The 9am to 5pm, five day working week is outdated and no longer fit for purpose."

Lissele Pratt, COO and founder at Capitalixe, says the payments and banking solution provider is "not yet at the four-day workweek" but it has recently implemented a 4.5-day workweek.

"In all honesty, I was sceptical at first as I was worried that there would be a drop in productivity, especially since our business is fully remote, but the results have been quite the opposite. So, there you have it, the results speak for themselves, we have an increase in productivity and my team are a lot happier. It's a win/win situation for me!"

CEO of Theta Global Advisors, Chris Biggs, said: "In today's job environment, having a flexible work schedule is crucial for both attracting and retaining the best talent, especially in the fintech sector. For most companies though, this is in relation to flexibility surrounding when employees can start or finish work, rather than removing a whole day from the weekly calendar. However, there is real momentum growing behind the four-day work week movement, with the biggest pilot worldwide currently happening in the UK."

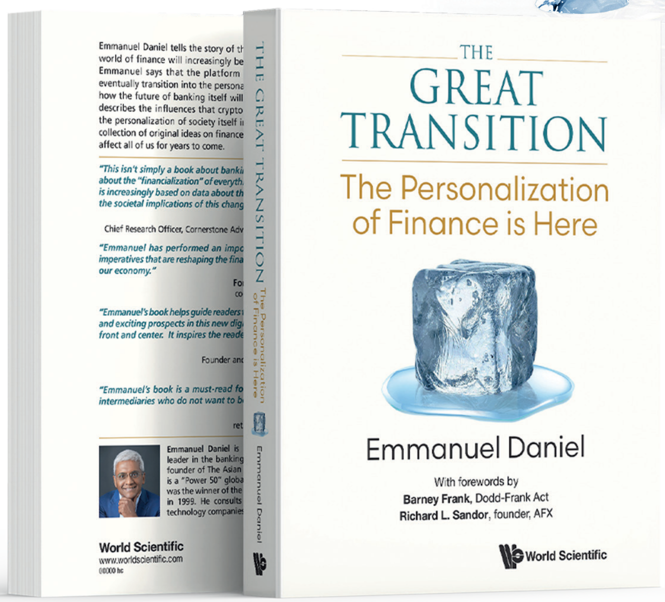
However, Jake Gottlieb, managing director for EMEA at fintech recruitment agency EC1 Partners, says not many of its clients have adopted the four-day week. "Implementing some form of a flexible working model has been something our clients have done, and this is truly the best way to retain talent, not necessarily through a four-day week. What works for one company may not work for the next so companies will have to experiment and see what works best for them."

THE GREAT TRANSITION

Emmanuel Daniel, Founder of The Asian Banker, award-winning writer and author, will be signing his latest book *The Great Transition: The Personalization of Finance Is Here* at Sibos 2022

Daniel's book outlines the transition that the finance industry will go through from its platform stage today into what he calls the 'personalisation of finance'. He uses the story of the ice trade to describe a level of personalisation never seen before. It will have a profound effect on how institutions, markets, and societies will need to function in the network age.

Emmanuel Daniel has previously served in several government advisory councils, interviewed some of the leading chairmen, chief executive



officers, policy makers and entrepreneurs around the world and currently consults with banks on investor, media relations and strategy formulation.

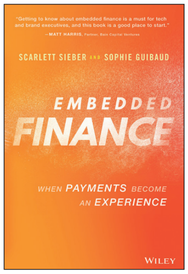
His first book on the future of the finance industry is set to be published on 30 September 2022.

■ **Emmanuel Daniel will be at *The Fintech Times* booth at Sibos 2022 from 10:00-12:00 October between 11:00-12:00 then again from 14:00-15:00 to sign copies of his book. On 13 October, he will join from 11:00-12:00. Visit our stand at DIS 05**

OUR SELECTION OF BOOKS TO GET AHEAD IN FINTECH

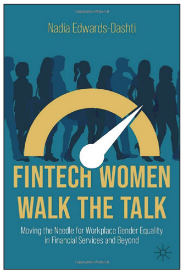
Beyond Good: How Technology is Leading a Purpose-driven Business Revolution
by Theodora Lau & Bradley Leimer
Available: *Kindle, Hardback and Paperback*

Embedded Finance: When Payments Become An Experience
by Scarlett Sieber and Sophie Guibaud
Available: *Kindle and Hardback*

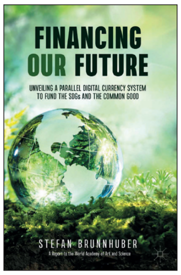


Digital For Good: Stand for Something… or You Will Fall
by Chris Skinner
Available: *Hardback*

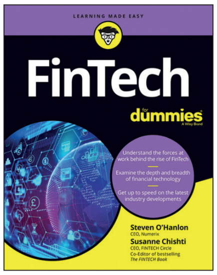
FinTech Women Walk the Talk: Moving the Needle for Workplace Gender Equality in Financial Services and Beyond
by Nadia Edwards-Dashti
Available: *Kindle and Hardback*



Financing Our Future: Unveiling a Parallel Digital Currency System to Fund the SDGs and the Common Good
by Stefan Brunnhuber
Available: *Kindle and Hardback*



Fintech for Dummies
by Steven O'Hanlon and Susanne Chishti
Available: *Kindle and Hardback*



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