banking technology

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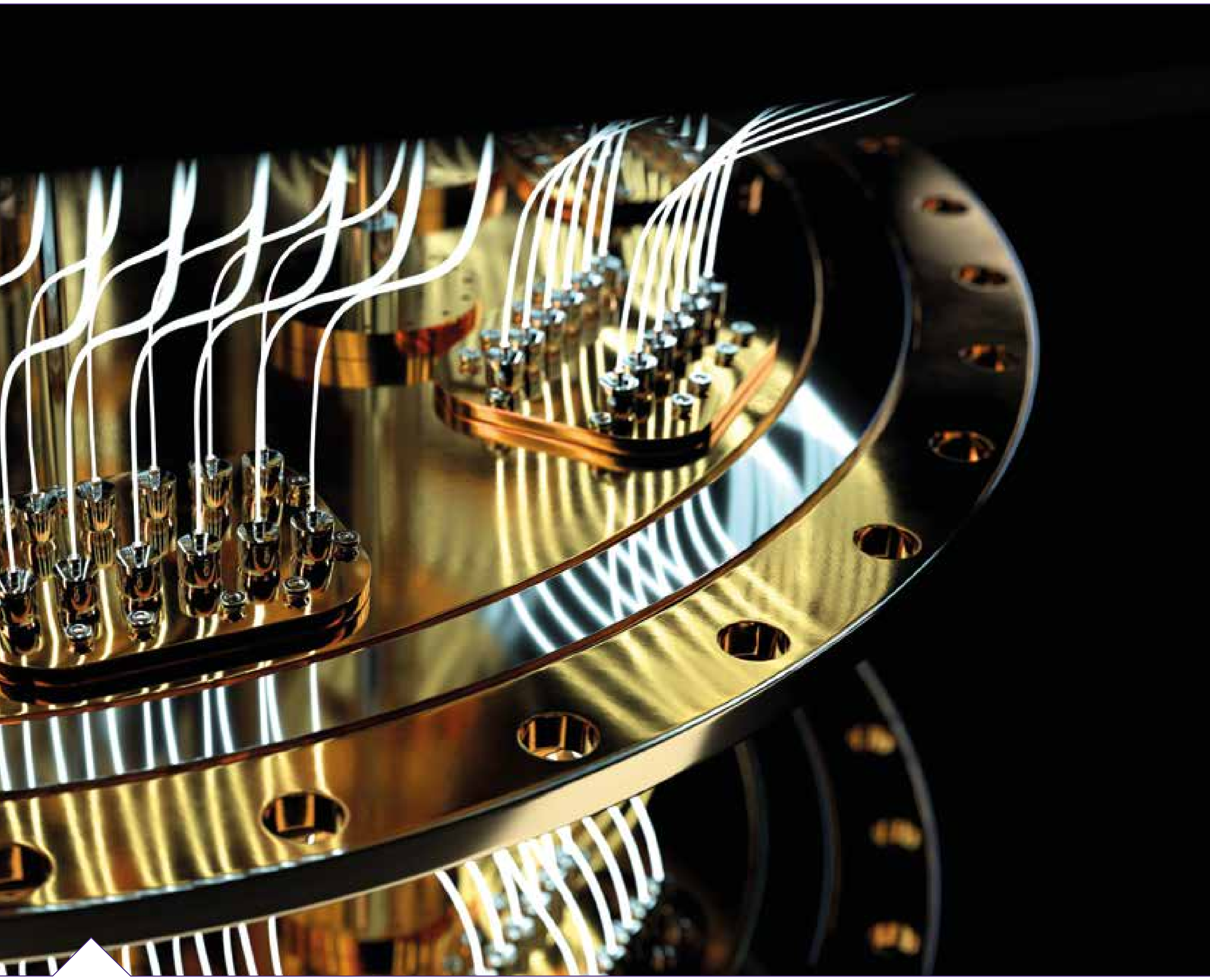

QUANTUM LEAP OF FAITH
Preparing for the advent of Q-Day

LOOP THE LOOP
Fintech funding life is a rollercoaster

CLOUD PLEASER
Balancing innovation with risk

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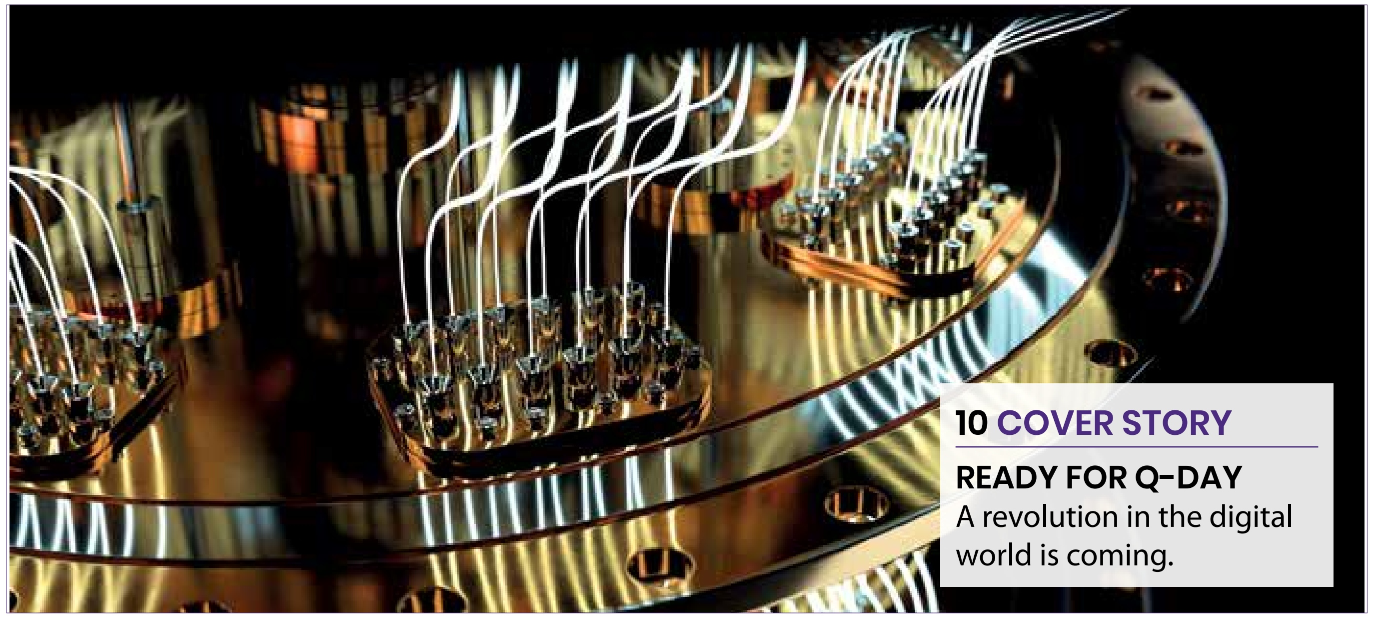
IN THIS ISSUE



FEATURES

REGULARS

EDITOR'S NOTE

Tanya Andreasyan
Editor

Welcome to October's *Banking Technology*. The last month has seen plenty of fintech comings and goings, with several new banking challengers coming to Saudi Arabia (see p9).

Propelle, a UK-based investment platform specifically designed for women, has launched with £1.2 million in pre-seed funding, while Fneek, a P2P lending app to "manage and formalise friendly loans between friends, family and trusted relationships", has launched in France.

Fibabanka, a digital bank in Türkiye, has brought to market what it claims to be the country's first Banking-as-a-Service (BaaS) platform, with start-up GetirFinans as the first taker. Meanwhile, New York-based Five Star Bank is winding down its BaaS offering, "prioritising core community banking franchise" instead.

In Europe, a German embedded finance platform is shutting down its EMI business (formerly known as Contis). Contis, a UK competitor of Solaris with an e-money licence in Lithuania, was acquired in 2021. At the time, the CEO of Solaris described it as a "fantastic business" that ticked the boxes from "geographical and licence perspectives". Today, the company deems the EMI operations "unsustainable" (see p4).

Also in Lithuania, payments infrastructure start-up Kevin was declared insolvent. Just two years ago, it bagged $65 million in a Series A funding round. The following year it opened an office in Dubai, stating a bold ambition to capture a 40-60% market share for in-store and online payments in the Middle East. One of Kevin's founders, Pavel Sokolovas, has announced his new venture on LinkedIn – OpenNFC Network – that "will outcompete card schemes and bring such long-awaited alternative to Visa and Mastercard on POS terminals at physical stores".

In the UK, wearable technology company McLEAR has closed its flagship RingPay programme, which comprised a prepaid account, a mobile app and a payment ring.

Keep an eye on our website, fintechfutures.com, for a steady stream of more start-up stories and fintech shake-ups – the remainder of 2024 promises to be far from dull.

NEWS ROUND-UP

US Department of Justice files civil antitrust lawsuit against Visa


Merrick B. Garland

Photo: US DOJ, via Wikimedia Commons

The US Department of Justice (DOJ) has filed a civil antitrust lawsuit against Visa over allegations of "monopolisation and other unlawful conduct in debit network markets in violation of Sections 1 and 2 of the Sherman Act".

DOJ says: "The complaint alleges that Visa illegally maintains a monopoly over debit network markets by using its dominance to thwart the growth of its existing competitors and prevent others from developing new and innovative alternatives."

It alleges that Visa's "systematic efforts to limit competition for debit transactions have resulted in billions of dollars in additional fees imposed on American consumers and businesses and slowed innovation in the debit payments ecosystem".

According to the DOJ, over 60% of debit transactions in the US are processed through Visa's debit network, which allows the firm "to charge over $7 billion in fees each year for processing those transactions".

Attorney General Merrick B. Garland comments: "We allege that Visa has unlawfully amassed the power to extract fees that far exceed what it could charge in a competitive market.

"Merchants and banks pass along those costs to consumers, either by raising prices or reducing quality or service. As a result, Visa's unlawful conduct affects not just the price of one thing – but the price of nearly everything."

Visa's general counsel Julie Rottenberg says the lawsuit "ignores the reality that Visa is just one of many competitors in a debit space that is growing, with entrants who are thriving".

"This lawsuit is meritless, and we will defend ourselves vigorously," she states.

Solaris to "discontinue major parts" of EMI business

German embedded finance platform Solaris has decided to "discontinue major parts" of its e-money business formerly known as Contis, which holds an electronic money institution (EMI) licence in Lithuania.

The move is part of a broader "reorganisation" aimed at reshaping the company into a "stronger, more resilient and agile organisation", it says. This will result in redundancies.

Carsten Höltkemeyer, Solaris CEO, states: "It's been a challenging period for the EMI business with difficult market conditions impacting on its ability to sign new businesses and grow revenues as expected.

"These factors, coupled with the loss of key partners and the profitability they provide, have made EMI operations unsustainable."

Solaris acquired Contis back in 2021 after securing €190 million in a Series D funding round. Solaris also bagged €96 million in a Series F funding round in March this year.

Last November, Contis was fined €840,000 by the Bank of Lithuania, for failing to comply with the requirements for the prevention of money laundering and terrorist financing as well as information security and business continuity risk management.

Threat intelligence platform Recorded Future sold to Mastercard

Mastercard has inked a deal to purchase US-based Recorded Future for $2.65 billion. The seller is Insight Partners, which acquired the firm in 2019 for $780 million.

Founded in 2009 as "the world's largest threat intelligence company", Recorded Future provides organisations with real-time insights into emerging cyber threats. It uses AI to analyse vast data sets across multiple sources, including the deep web, social media, and technical feeds. The analysis is then fed back to the organisation in the form of actionable intelligence.

Recorded Future says its platform currently serves over 1,900 clients across 75 countries, including 45 national governments.

EPI's Wero goes live in France, with Belgium to follow

Photo: EPI

The European Payments Initiative (EPI) is continuing to roll out its digital wallet and instant account-to-account payments solution Wero across the continent with a go-live among several banks in France. These include Groupe BPCE, Crédit Agricole, Crédit Mutuel Alliance Fédérale, BNP Paribas, Crédit Mutuel Arkéa and Société Générale, which have deployed the service through their banking apps. La Banque Postale will also join but through a specific EPI-developed app.

The customers of these financial institutions can use Wero to complete P2P transactions using just a phone number or email address. The service will build on the success of Paylib, an online payment method that has amassed 35 million registered users in France since launching in 2013. However, it is now set to be discontinued in early 2025.

The EPI says it plans to integrate new functionalities into Wero beyond the P2P use case, including a money request function and the ability to generate individual QR codes for payments from next year.

Other value-added services, including buy now, pay later options, shared spending capabilities and merchant loyalty programmes, are "also in the pipeline".

Due to the EPI's previous debut of Wero in Germany in July, customers of participating banks in France can now also use the service to send and receive cross-border payments with account holders in the neighbouring nation.

The EPI says the service will expand its coverage to Belgium before the end of the year, followed by Luxemburg and the Netherlands.

Visa to buy AI-powered fraud detection firm Featurespace

Visa has signed a definitive agreement to acquire Featurespace, following earlier reports that the two were negotiating a £700 million deal. IP Group, which is currently the firm's largest shareholder having invested £22.9 million over several financing rounds, says it expects to receive £134 million from the deal.

Founded in 2008, UK-based Featurespace provides enterprise-level financial crime prevention solutions, specialising in anti-money laundering (AML) and fraud detection.

US regulator orders Wells Fargo to shore up risk management

The US Office of the Comptroller of the Currency (OCC) has reached a formal agreement with Wells Fargo focused on the "deficiencies relating to the bank's financial crimes risk management practices and anti-money laundering (AML) internal controls".

Several areas across the bank have been highlighted for their shortcomings, including suspicious activity and currency transaction reporting, customer due diligence, and its customer identification and beneficial ownership programmes.

Although choosing not to fine Wells Fargo for the identified flaws, the OCC has instructed the bank to commence several corrective actions within an agreed timeframe. These include enhancements to AML and sanctions risk management practices, maintaining an independent compliance committee of at least three members, and producing and actioning a written report of specific corrective procedures, which will be subject to the review of an official examiner.

The OCC has also ordered Wells Fargo to refrain from expanding into new products, services and geographies that pose medium-to-high risk without prior written approval.

Enfuce to launch dual-function card in UK, France and Germany

Finnish issuer processor Enfuce has partnered with Mastercard to bring its E2 card offering to card issuers in Germany, France and the UK. For the latter market, the offering is "the first ever" of its kind, according to the vendor. The offering combines both debit and credit primary account numbers (PANs) into one card, enabling cardholders to switch between accounts at the point of sale.

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

FINTECH FEED

THE NUMBER GAMES

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

40+
financial firms have confirmed their participation in Project Agorá, an initiative by the Bank for International Settlements (BIS) to explore how tokenisation can enhance wholesale cross-border payments; the project is now entering design phase with participants including Standard Chartered, Lloyds Banking Group, Mastercard, Euroclear, BNP Paribas and JP Morgan Chase

$325m
to be spent by US-based tech firm Paylocity for spend management platform Airbase; founded in 2017 in California, Airbase supports automated invoice processing and purchase order matching, expense management, corporate cards, procurement capabilities and workflow automation

$2.65bn
to be paid by Mastercard for US-based threat intelligence platform Recorded Future; the company is being sold by its current parent, Insight Partners, which acquired Recorded Future in 2019 for $780 million

165
new branches set to be opened by Bank of America by the end of 2026

2025
is the year Visa will launch its account-to-account (A2A) payments in the UK

$261m
to be paid by Florida's EverBank for the acquisition of Michigan's Sterling Bank, which includes the latter's $900 million loan book, $2 billion in deposits, 25 branches in San Francisco and Los Angeles and a branch in New York

$80m
to be reportedly paid by JTC, a US-based fund, corporate and private wealth services provider, for Citigroup trust administration services business, Citi Trust; the business claims $70 billion in assets under administration across 2,000+ ultra-high-net-worth client relationships

70%
increase in headcount planned by Dutch challenger bank Bunq before the year end, bringing 730+ new employees to Bunq's marketing, business development, sales and market analysis departments as well as user support, development and quality assurance

$400m
to be spent by Indian B2B paytech PayMate for the acquisition of DigiAsia Bios, a provider of embedded fintech services to SMEs in Indonesia; the merged entity will be listed on the National Stock Exchange of India in 2025

THEY SAID IT...

"It really takes a leap in being able to understand what is it that your clients need and how can you leverage AI to be assistive technology versus artificial technology. How can I make the clients' experiences better and more fulfilling and more informative to everything that they do?"

Milton Santiago, global head of digital solutions at Silicon Valley Bank, speaking at FinovateFall in New York

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

TRENDING

Mobile app from Vision Bank finally sees the light

Vision Bank, which claims to be the first Sharia-compliant digital bank in Saudi Arabia, has launched its mobile app after two years in development.

Announcing the launch via LinkedIn, Shajer Sial, head of enterprise risk management at Vision Bank, writes: "This momentous achievement represents the culmination of over two years of relentless dedication, innovation, and collaboration. Our vision to transform banking with unprecedented simplicity, intelligence, and seamless integration has finally come to fruition."

The app is now live on the Google Play and Apple stores, and available to customers on an invite-only basis (at the time of this magazine edition going to press).

Based in Riyadh, Vision Bank was founded in 2018 by Jazza Al Sari, a corporate banking veteran whose previous experience extends to head of business banking at Saudi Hollandi Bank, and head of SME at Banque Saudi Fransi, among others.

The delivery of the bank's app follows an application lodged with the Saudi Central Bank (SAMA) for a digital banking licence in September 2019.

The licence was eventually granted by the authority just less than two years later, in a move viewed as a position progression of the Kingdom's Vision 2030 programme, which prioritises digital diversification as a core pillar.

Barq wags its tail

Barq, a Saudi financial services start-up founded and led by former STC Pay CEO Ahmed Alenazi, has officially launched to the public.

Founded last year, the start-up offers a financial app that enables users to transfer money to more than 200 countries. The company claims to have already transferred more than $133 million (SAR 500 million) within just three weeks of its debut.

In addition, Barq also provides virtual and physical Visa cards with features such as subscription management, spending limits, no annual or international fees, access to 25 airport lounges worldwide, travel insurance and discounts on hotels and resorts.

The app also includes a marketplace and game centre, allowing users to earn cashback rewards.

Barq secured an e-wallet licence from the Saudi Central Bank (SAMA) in January 2024 and has quickly gained traction, claiming to have already onboarded more than one million users since its launch.

Earlier this year, Barq partnered with B2B payments infrastructure firm Thunes to integrate Thunes' Pay and Accept cross-border payment solutions, allowing its customers to make real-time transfers to over three billion mobile wallets and four billion bank accounts in more than 130 countries.

NEO could be the one for SNB

NEO, a new mobile banking brand, is being launched in Saudi Arabia by Saudi National Bank (SNB).

Described as a "lifestyle digital banking and financial ecosystem", the banking app comes with a multi-currency debit card (supporting up to 20 different currencies with fixed currency rates); a rewards programme, including cashback and discounts; gift cards; and additional services such as cinema, restaurant and hotel bookings.

Mohammed AL-Faifi is NEO's head of products and innovation. He was previously head of cards portfolio management at another bank in Saudi Arabia, Alinma Bank.

The digital front-end of NEO is underpinned by Backbase, an existing banking tech partner of SNB.

SNB (also known as SNB AlAhli), is itself a new brand and entity. It was previously known as the National Commercial Bank, the largest commercial bank in Saudi Arabia, with its history dating back to the mid-1950s. In 2021, it merged with another domestic financial institution, Samba Financial Group; the new organisation became SNB.

THE HEART OF THE MATTER

How quantum computing could revolutionise our digital world

By Dave Wallace

Until a few weeks ago, I thought that humanity's most significant challenges were increased geopolitical unrest, climate change, social media's corrosive impact and the rising machines ultimately taking control.

But then, another rider of the apocalypse trotted into view when someone mentioned an additional horror: Q-Day!

I first heard about Q-Day during an interview with Sergio Gago, the managing director of AI and quantum computing at Moody's, the global leading source of insights on risk. Sergio, who arguably has one of the best jobs in the world, oversees a business powered by data – structured and unstructured – from across the globe.

Moody's uses this data to help customers develop a holistic view of risk, and unsurprisingly, Sergio is a big fan of generative AI. In fact, Moody's already boasts more than 800 use cases for it. But beyond AI, Sergio's focus is on quantum computing, which brings us to the ominous concept of Q-Day.

SO, WHAT EXACTLY IS Q-DAY?

According to Sergio, Q-Day is the anticipated moment when quantum computers become powerful enough to break the cryptographic systems that currently secure our digital communications and transactions. To put it bluntly, it's the day when the encryption that safeguards our banking, shopping and personal communications could be rendered useless – potentially leading to a global financial meltdown.

But before diving deeper into this unsettling future, let's rewind a bit.

Three things in life truly baffle me:

1. Pensions.
2. Why my kids don't load the dishwasher correctly.
3. The mind-bending complexity of quantum computing.

Fortunately, my interview with Sergio was the perfect opportunity to demystify the third item on that list. He explained that quantum computers represent a new type of computing architecture, using qubits instead of traditional bits. Unlike bits, which are restricted to binary states (0 or 1), qubits can exist in multiple states simultaneously – a phenomenon known as superposition. This allows quantum computers to solve complex mathematical problems much faster than classical computers.

Sergio puts it simply: "Imagine the globe is a computer. Binary computers would only be able to use the North and South Poles. Quantum computers would be able to use any point on the globe." Even I could grasp this conceptually. Full marks to Sergio for demystification and not a single mention of a cat, dead or alive.

THE IMPLICATIONS OF Q-DAY

On Q-Day, it's believed there will be a seismic shift in cybersecurity. The cryptographic algorithms that currently protect sensitive data would become vulnerable to decryption by quantum computers. Everything that is encrypted today could potentially be laid bare. Banking, commerce and personal communications – all the pillars of our digital world – could be exposed, leading to consequences we've never encountered.

Thankfully, Q-Day is estimated to be five to ten years away, mainly because building a stable quantum computer is fiendishly difficult. The processors need to be cooled to near absolute zero, among other technical challenges. But make no mistake – it's coming. Sergio stressed that businesses and countries need to prepare now. Already, some groups are harvesting encrypted data with the intention of decrypting it when quantum computing capabilities mature.

PREPARING FOR Q-DAY

Much like the Y2K bug, Q-Day requires extensive preparation. This August, the National Institute of Standards and Technology (NIST) released the first set of post-quantum encryption standards designed to withstand quantum attacks. Similarly, the UK's National Cyber Security Centre (NCSC) advises that migrating to post-quantum cryptography (PQC) is a complex, multi-year effort that requires immediate action.

Complete migration to PQC could take over a decade for many sectors, but organisations should begin now. For larger organisations, particularly those with bespoke IT systems, the NCSC recommends starting with the following steps:

1. **Assess data:** Identify what data is held, its value and how long it needs protection.
2. **System inventory:** Document the systems that process and store data.
3. **Protection methods:** Understand how data is currently protected, mainly focusing on public key cryptography.
4. **Supply chain coordination:** Ensure your supply chain is preparing for PQC migration.

The banking industry, in particular, needs to take heed. The potential risks are immense, and there's much work to be done.

A BROADER IMPACT

Quantum computers aren't needed for everyday tasks like basic arithmetic, word processing or running video games. Conventional CPUs and GPUs handle these tasks efficiently. Where quantum computers excel is in solving problems involving vast possibilities – such as simulating molecular structures (crucial in pharmaceuticals for drug discovery) or optimising complex logistical challenges, like finding the most efficient delivery routes. These problems involve nearly infinite possible combinations, and quantum computers can process these far more quickly than classical systems.

In finance, quantum computers could revolutionise tasks like portfolio optimisation, stress testing and calculating regulatory capital requirements. These activities often involve combinatorial problems and Monte Carlo simulations – areas where quantum systems could offer unprecedented power.

THE SYMBIOSIS OF AI AND QUANTUM COMPUTING

When asked about the relationship between AI and quantum computing, Sergio explained that the two technologies have a symbiotic relationship. Quantum computers can significantly enhance AI by optimising complex algorithms, potentially leading to better solutions for tasks where classical AI might struggle. Conversely, AI is playing a crucial role in the development of quantum computing, particularly in error correction and mitigation – a significant challenge in making quantum computers more reliable and scalable.

While quantum computing could potentially supercharge AI, it's still uncertain whether this will be critical in achieving Artificial General Intelligence (AGI), as both technologies have different development timelines.

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

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

Fintech funding life is a rollercoaster – you've just got to ride it

By Cameron Emanuel-Burns, reporter, FinTech Futures

When examining the fintech funding landscape, which has experienced a rollercoaster ride since 2020, the classic chicken-or-egg dilemma comes to mind.

In 2024, securing investment has become increasingly challenging, with fintechs required to demonstrate strong financial performance, innovative products and scalable business models. Yet substantial funding is typically needed to achieve these very milestones.

A number of fintech start-ups have closed down over the last year after failing to secure the necessary funding to continue operating. This raises a pressing question: how can fintechs thrive and secure the capital they need in today's economic environment?

Here, *FinTech Futures* dives into the latest funding trends to uncover where the money is going, with insights from industry experts on how start-ups can navigate this competitive landscape and attract the investment they need.

FINTECH TRENDS FOR H1 2024

The first six months of 2024 brought considerable challenges to the global fintech market, with total investment dropping from $62.3 billion across 2,287 deals in H2 2023 to $51.9 billion across 2,255 deals in H1 2024, according to KPMG's Pulse of Fintech report.

"The high cost of capital and geopolitical uncertainty linked to conflict and elections, have put a significant damper on all global investments so far this year, and the fintech market isn't immune to that," explains Karim Haji, global head of financial services at KPMG International.

As per KPMG's report, only five fintech deals exceeded $1 billion globally during the first half of the year. These include the $12.5 billion acquisition of US-based Worldpay, the $6.3 billion buyout of Canada's Nuvei, the $4 billion acquisitions of both US-based EngageSmart and UK-based IRIS Software Group, and the $1 billion purchase of Canada-based Plusgrade.

In the Americas, total fintech investment declined from $38.5 billion in H2 2023 to $36.7 billion in H1 2024, with the US seeing a sharper drop from $35 billion to $27.4 billion.

Speaking to *FinTech Futures*, Dexter Wilson, senior director of strategic partnerships at BNY, notes: "We [BNY] have noticed a general slowdown in the VC investing space during the 12 months from the second half of last year to the first half of this year."

Despite this, deal volume in the Americas increased from 1,066 to 1,123, while the ASPAC region also saw a rise, from 406 to 438 deals.

The starkest slump has been in the EMEA region, which saw a 40% decrease in fintech funding, from $19 billion in H2 2023 to just $11.4 billion in H1 2024.

Ongoing geopolitical uncertainty – including elections in the UK and France – along with the high interest rate environment, kept investment "subdued" says KPMG, with the UK accounting for the largest share of fintech investment in the EMEA region, attracting $7.3 billion.

GEN AI COULD BE AN ATTRACTION

In the aftermath of the inflated valuations of 2021 and subsequent down rounds in many cases, investors in 2024 are being highly selective, applying stringent criteria when choosing which companies to back.

"If you are a seed trying to go to a Series A, you have to stand out," states Wilson. But this raises the crucial question: how do start-ups differentiate themselves in such a competitive landscape?

Well, as could be predicted, if your company leverages GenAI, you're likely to attract attention.

Robin Scher, head of fintech investment at Lloyds Banking Group, tells *FinTech Futures* that GenAI companies with "proven use-cases are also of great interest", but he cautions that there's also "understandable wariness from investors in this space due to inflated valuations".

Furthermore, Scher adds that fintechs addressing "industry-wide problems", such as financial crime prevention and cybersecurity, are garnering even greater interest from investors.

"Early-stage companies need to be able to prove that they can differentiate themselves in a crowded market. A founder with a clear strategy and vision is key, with the credibility to execute on their goals. Even at an early stage, there must be consideration not just for delivering revenues, but also for delivering a path towards profitability," notes Scher.

On the subject of revenues, Senofer and Adrian Mendoza from Mendoza Ventures advise that fintechs should showcase revenue streams that are "not driven by interchange fees" and demonstrate how they manage the "traditionally long sales cycles for banks and credit unions", as these factors are crucial when evaluating investment opportunities.

Looking ahead, Wilson reveals that another area of focus for BNY in particular is "quantum readiness".

"I think the event they call [Q-Day is now three to ten years away](). If we wait until a true quantum computer is available, it's probably too late to protect your company against it," he says.

"So how do we prepare for it? It is on our radar. Our clients and regulators are starting to ask us about what we are doing in this space: How are you ensuring protection against Q-Day?"

"Our clients and regulators are starting to ask us about what we are doing in this space: How are you ensuring protection against Q-Day?"

Dexter Wilson, BNY

VALUATIONS

When speaking with fintech investors, one topic that frequently comes up is valuations. Valuations offer insights into the current state of the market and indicate the level of appetite for new deals.

Scher remarks that valuations are still substantially lower compared with the highs of 2021, with many companies that raised funds during that period now facing down rounds or needing bridging finance.

"This was a bitter pill to swallow for some founders in 2022 and 2023, who would compare their fundraising goals during these years to 2021 raises and struggled to understand how they were only able to attain a fraction of the valuation compared to 2021," he says.

"Many founders tried to conserve capital, even at the expense of growth, as they had the belief that the market would come back and return to the boom valuation numbers of 2021. I think that mentality has subsided, with a general understanding that current valuations are the norm and the highs in recent memory were an anomaly."

Meanwhile, the US is experiencing similar trends. Wilson observes that while market values have been improving, some remain "overvalued", particularly in sectors such as information security, cyberspace, AI protection and governance.

"Given the newness of that area, people are still not sure how to really value it," he explains. "However, valuations in most other sectors have definitely come down."

PREDICTIONS AND THOUGHTS

Predicting market trends with precision is always challenging, but there appears to be a general consensus on two key points: a preference for early-stage deals and a gradual increase in investment levels.

Wilson describes Series A and B firms as the bank's "sweet spot", noting that while seed and seed plus stages are "interesting from a strategic point of view", their technology needs to be "exciting and new" to justify the risk of an early investment.

He adds: "When you get a Series C, especially, with these new valuations, it is just too expensive for us to be investing."

Anton Ruddenklau, global head of financial services, fintech and innovation at KPMG, highlights that the "volume of early-stage deals has been thriving both because of the interest in new technologies, such as AI applications, and newer business models to meet the changing nature of the financial services sector".

Additionally, Scher expects that "investment into the sector will increase slowly but steadily from current levels", while valuations will "stay on or around the level they are now" for the "medium term".

Looking further into the future, the Mendozas are bullish on the prospects for decentralised finance (DeFi), viewing it as the "building blocks for the next generation of fintechs". Additionally, they predict that fintech will start "pushing into the green and climate tech space in the next 3-5 years".

Ultimately, despite signs of a gradual increase in funding, early-stage companies will still face significant challenges in securing capital, particularly in crowded fields like fintech.

Discussions with investors reveal that the emphasis is often placed on the founders themselves, sometimes outweighing minor issues with their products. Founders who fail to demonstrate their ability to collaborate effectively with their teams, engage with shareholders and influence their boards are unlikely to attract the crucial support they need.

Multi-banking: convenience or chaos?

By Dharmesh Mistry

Since the dot-com boom, I have heard people saying that the end of banks is nigh.

After the dot-com bubble burst, they said that mobile banking will kill the banks, but that view subsided as banks launched their own mobile services.

With the arrival of open banking and the launch of many new digital banks, we again began to hear that the demise of traditional banks is coming. However, as of now, I don't know of any traditional bank that has closed because their customers went off to digital providers.

It's difficult to find exact numbers of how many products a customer has with their bank, let alone the number of financial institutions they have to deal with. The picture is complex, so I am actually not surprised these numbers aren't readily available.

However, what is surprising is that although we have more new banks, the rates of attrition from incumbent banks are low.

Neobanks Monzo, Starling and Revolut have 20 million users between them in the UK. Of course, there will be overlapping customers that have accounts with two or even all three. However, at the end of last year, the top three banks that gained customers from switching accounts were Nationwide, Barclays and Lloyds. And the number one reason given as to why they switched was for better online/mobile banking, according to Pay.UK.

Since 2013, there have been over 10 million current account switches in the UK, yet we are not seeing meaningful declines in these "legacy" banks that have not been born out of the digital era – banks that are running old systems and aren't designed to be API based or cloud first.

Whether you call it "silent attrition" or call it what it is, multi-banking, customers are choosing to have more relationships with more banks rather than close off existing relationships and fully move to another provider.

Most financial providers average less than three products per customer. The drivers behind this are pretty clear:

- **Online/mobile** These services have become the norm and users are happy to open new accounts with providers for a better experience.
- **Open banking** This has enabled non-financial providers to provide valuable services or simply better financial experiences.
- **Regulators** Increased support and flexibility to get banking licences has helped drive more competition.
- **Digitisation** Modern technology allows newer banks to be far more cost effective as well as competitive.
- **Investment** Fintech investment has spawned thousands of new companies offering alternatives for almost every financial service – often called the unbundling of banking.

More recently, the growth of Banking-as-a-Service (BaaS) is making it far easier, cheaper and faster to launch new services for customers than ever before. Over time, services based on BaaS will become increasingly focused on niche customer segments, allowing companies to serve very specific needs. Leveraging the licences of BaaS providers, consumer brands are also offering "embedded finance". Such offerings not only create new value for customers, they also provide the brands with greater customer loyalty, intelligence and increased share of wallet.

The direction of travel is clear – we are all going to be increasingly "multi-banked". However, I am sure that I am not the only one that is wondering whether this is a good thing. I have counted more than 20 different organisations I currently have to deal with for accounts, loans, mortgages, credit cards, insurance, investments, BNPL and so on. And I am sure I have relationships with providers I am totally unaware of.

Like the promise of easier management of all our accounts in one place with open banking, will open finance come to the rescue? With delays in the UK's Pension Dashboard (a single platform to see all our pensions), what hope is there for open finance?

Instead, will we see digital wallets save the day? After all, they are increasingly becoming the place we store not only our cards, but our loyalty schemes and tickets for events and travel. Or will we all just succumb to super-apps?

I'm just saying that while we are on the road to being increasingly multi-banked, we don't really know where this road ends up, and that is a little worrying to say the least. I would love to hear your thoughts on this.

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

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

Balancing innovation and risk as the cloud evolves

By Tyler Pathe, reporter, FinTech Futures

Cloud infrastructure has evolved at a rapid rate over recent years to keep up with the financial industry’s growing desires for digital transformation and unprecedented speed and agility.

The increasing ascent of the cloud has cemented technology-born innovation at the heart of banking modernisation.

From lending and card programmes to data capture and real-time reliability, the promise of the public cloud has shone with the potential for simplified development, faster release cycles and the requirement for less human capital, all tied together with outsourced platform services for a hearty dollop of portfolio diversification.

However, ever-increasing cybersecurity threats and all-too-recent examples of global service outages are causing banks to revaluate their relationship with the cloud, carving out a new path for hybrid operating models.

HEAD IN THE CLOUDS

With the rising threat of cybersecurity attacks and the potential for service outages, regulators globally are responding.

In Europe for instance, the realisation of the European Commission’s Digital Operational Resilience Act (DORA), which is set to enter into force on 17 January next year, has sought to bring cloud providers closer to the same regulatory frameworks as the banks they serve.

The message of operational resilience promoted at the heart of the regulation was brought alarmingly into focus in July this year, when a coding flaw in a software update involving security vendor CrowdStrike brought about one of the largest IT outages in recent memory.

With banks fully aware of the potential reputational and financial damage posed by an inability to operate key and essential services, over the last few years, many have been starting to designate outsourced services with greater caution in some instances.

Data published by Omdia, an independent analyst and consultancy firm headquartered in the UK, provides a snapshot of how banks are currently progressing with implementing cloud technology.

Omdia’s Retail Banking Technology Spending Through 2028: Source Segmentation data reveals an ongoing tendency among banks globally to favour the on-premises functioning of both banking infrastructure and banking applications, which together account for more than 73% of source segmentation technology spending in 2024.

Meanwhile, deployments of cloud-based applications specifically appear to be strong. In 2023, total Software-as-a-Service (SaaS) deployments accounted for 32% of all contracts, compared with 21% the year prior, according to Omdia’s Banking Software Contracts Analytics Tool.

However, the IT Enterprise Insights: IT Drivers and Technology Priorities – 2024 survey by Omdia shows that only 29% of banks operating in the realms of retail have made “significant progress” towards adopting cloud services.

FIT FOR PURPOSE

Financial institutions crave certainty, which could offer an explanation as to why banks continue to lean into their mainframes despite the advantages of cloud adoption.

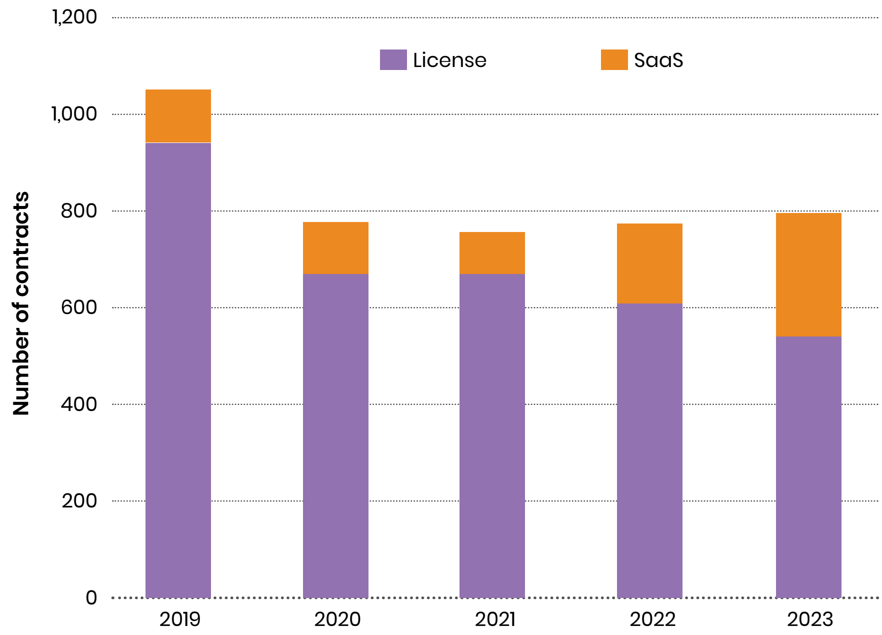
Explaining this trend, John Duigenan, general manager of global financial services industry at IBM Technology, tells *FinTech Futures* of how 45 of the top 50 banks in the world still depend on mainframes to execute core functions, including transaction processing, recordkeeping and ledgers, and that as a result, “many of them are making 10 to 15-year plans for the mainframe, for how the mainframe continues to be a central part of their IT architecture, their technology architecture and their technology infrastructure”.

He cites the growing desire for operational resilience, security and privacy as the primary drivers of these preparations, designating the mainframe as “unparalleled in terms of being a massively scalable platform for the most complex transaction processing, and a reliably secure platform where the concerns around data privacy are baked in inherently to the platform, one of the most secure platforms any technology user could consume”.

Duigenan says the risks this approach hopes to mitigate “have been ignored on an expedient path to just rushing towards technologies” and places the cause of cloud-born data breaches on “the use of stupid passwords” in cloud data warehouses, as an example.

“It could be any SaaS that experiences those issues and yet, banks and financial institutions are inherently consuming those services. Now we – the consumers – and they – the organisations – are taking on massive risk because of those decisions.”

Deployments of cloud-based applications



Source: Omdia

IBM, headquartered in New York, is one of the leading providers of hybrid cloud environments, which combine elements of public, private and on-premises technologies and, according to Duigenan, who has worked at the firm since 1998, places a strong emphasis on “fit for purpose architecture and fit for purpose design”.

“Fit for purpose design says put workloads where they should be based upon functional and non-functional requirements,” he continues. “What we find is that core transaction processing – as well as a substantial portion of analytical and AI functions – are best suited for the mainframe because of their specific needs.

“We totally embrace the idea of hybrid cloud architecture which dictates that functions should run where it makes the most sense from a reliability, security and efficiency standpoint. There are a bunch of reasons why public cloud, hybrid cloud and edge technologies should put the customer experience closer to the customer.

“We believe there will be an enduring necessity for financial institutions to keep their most critical workloads and most sensitive data on premises. Because of this, we are making a significant investment in our mainframe platform by enhancing it with the Telum II processor enabling clients to take advantage of the productivity and insight advantages of generative AI in close proximity to the core of their business, making it the sweet spot of innovation.”

THE BALANCE OF APPLICABILITY

With the industry’s sentiment towards security, privacy and reliability continuing on an upward trajectory, banks are urged to now consider both the functional and non-functional requirements of their services, as well as the remit of the applications they engage when designating functions to the cloud.

Recognition of the sequence of transactions and their supporting services must sit front and centre of banks’ technology allocations in order to enable appropriate responses to the various cybersecurity threats facing the industry.

In practice, Duigenan concludes that these decisions will entail “keeping the most relied upon workloads on a most reliable platform”, stating “and that’s not on public cloud”.

“Public cloud services offer many advantages,” he says. “It’s just that banks and other financial institutions especially are getting nervous about the span of control risks and data breach issues.”

Elbow grease and arithmetic

By Leda Glyptis

I recently wrote a piece on the [FinTech Futures website](#) about the need to talk more about value, not just price.

I had some interesting reactions, let me tell you. I had some lovely 'louder for the people at the back' messages. I had a few hilarious stories of outlandish cost structures provided by vendors with shameless swagger – ranging from the one-line figure with no justification to the multi-page pricing manual with equations and calculations galore, both boiling down to an arbitrary number they feel they can get away with and enough obfuscation to flex as needed.

I also had a bunch of requests to write a pricing guide, a *this is how you don't do it piece*. And I am tempted to oblige: trilogies are all the rage after all, right?

And I got some slightly defensive messages, if you don't mind me saying so, friends. And this issue we are going to stay with that defensiveness and discomfort.

I was expecting messages that tell me at great length how 'we already do the thing you say we do not do' and how I am being unfair. Surprisingly, those were very thin on the ground. What I got a lot of was 'you don't understand: this is hard'.

Why, yes.

Yes it is hard. It is meant to be hard. Nobody said it was easy.

But it is hard in the way that learning a language or a new skill is hard. It takes work. Dedication. Practice. Determination. It takes time and patience and effort. But it is imminently doable.

It is not hard in the way that winning an Olympic gold medal or an Oscar is hard: unavailable and unattainable but by the very few.

Pricing your SaaS product properly is hard in that it entails work.

It is achievable. It is within reach for us all. It takes no particular talent or skill. It just needs you to do the work. Go through each step and work your way to an answer. Without skipping any bits or ignoring data that you wish was different.

I hate to say it, but there is neither art nor science to pricing. Just elbow grease and arithmetic.

THIS IS WHAT IT LOOKS LIKE

First, work out your cost to serve. I know. Crazy idea. If you are an established entity, chances are that number is known… sort of. Familiar, albeit opaque. You know what goes out of your coffers every year but not what goes into making that number.

As a start-up, you know what you spend but not in a definitive way as the magic word 'growth' hides all manner of sins.

But the reality is, to run a business, to value a business and to price a product, you need to know the answer to the simple and essentially existential question: what does it cost you to exist? What do you spend making and running the thing that you make, sell and run?

You need to know what that number is and what goes into that number because it's one of your few levers for adjusting your price down if you need to. In fact, it is your only lever.

So: work it out.

Be honest with yourself. Be exact. Be meticulous about updating this number if your cost base inflates or shrinks. There will never be a time when this number isn't important.

Once you've done that or, if you are that way inclined, while you are working that out… you need to benchmark.

What is the competition charging? What is your client paying right now? What's 'normal' as far as your market is concerned and what do they get for their price tag?

How do you rank compared to that?

Are you a budget solution, cheap and cheerful? No frills in functionality or price?

Are you reassuringly expensive? Premium? Where do you fit into the mental landscape your clients have when they look at your solution? How does your product fit? Not just the price tag. The service too. Are you charging the price of a Bentley for a fixie bike? Are you undercutting? Are you competitive?

Work out where your product sits in terms of functionality and service and what those around you charge because you need to be aware of how you will play in-market.

In the meantime, like a TV chef, you will have worked out your cost to serve. And now you know where it plays in the market.

Do you need to flex? Are you way off the scale of what others are charging and clients are paying?

If yes, you may need to think and work on your cost base before you go any further.

If your number isn't off the page, then you can proceed. Because of course you are not done.

You take that number and bake in margin: that needs to reflect market volatility, sales cycle length and conversion rates for your vertical (if it's enterprise sales you will be losing mostly, so allow for how long that takes).

Then add your profit margin. Because that's how business works. You work out your percentage profit margin at this stage of the process. You don't start there.

Did you hear that, tech founders? You. Do. Not. Start. There.

THEN YOU ROAD-TEST

Once you've worked out a number – not plucked out of thin air, but worked out – you take that number and the homework behind it and go out to actual buyers and potential customers and run your pricing by them. First friendlies. Then focus groups. Then early sales efforts.

You road-test and listen to the feedback and reactions. You can road-test at any and every stage of this process, by the way. You need to make sure you don't exhaust and annoy your potential buyers, but if you have people willing to give feedback, take it as early in the process as humanly possible and keep seeking it.

If you are lucky, you may even score an actual sale through this process, and that feels great, although (take it from me as it happened to me in a past life) it may be a very misleading data point: the fact that someone was willing to pay what you originally thought to ask doesn't mean anyone else will be willing to do the same. So, road-test with enough customers to have a meaningful sense of whether your pricing shocks, outrages or startles them.

Are you too expensive, too cheap, just right like the bear's porridge?

Listen to the feedback and reflect. Do you need to adjust? Is there room to play around, charge more, tweak a service?

Do you need to look at operating costs to reduce your price or do you need to work on your value prop articulation?

Listen. Reflect. Determine what you need to do in order to get it right then do that.

WE ARE ALMOST THERE

But you are not done. There is one last step to take.

Make sure your salespeople understand your pricing: that they understand how the number works, why it is what it is and where the flex is. Where the value is. Where they can play with it and where they can't.

Make it easy for your clients to understand, also.

Adjust if needed. People are less willing than ever to just accept a number the way we used to in the past.

I remember receiving a 16-page document from a vendor once that showed how volume-based pricing worked. Did I even read it? Did I just.

Did I learn anything from reading it? Not on your life.

But it was acceptable then. It is less acceptable with every passing day.

So. Make sure your salespeople understand your pricing, so they can explain it when challenged by clients.

In fact, practice explaining and defending your pricing the way you practice your demos and sales pitches.

Practice your answers: what goes into the price, what you get for it, how it compares to your competitors and above all, why your client should pay it.

That's it. These are the steps. No art. No science. Some methodical work and you are done.

Or maybe not. There is one last thing, if you care to go all the way.

You see, I have been in more sales processes than I care to remember. On both sides of the table. And the unspoken truth of it all is that salespeople who know their product is overpriced can't hide that knowledge fully. Not really.

It's there in their awkward answers, the willingness to throw in sweeteners. The silent plea of "give me a longer contract and I will flex all the things to give you greater value, customer dear".

So.

Spare yourselves: when you have done the work and come up with a price and a pitch and a narrative on why your service is worth all this and not just costs all this… pause and think. In your heart of hearts: do you believe your product is worth what you are asking for, or are you hoping to get lucky? Lucky in that someone will agree to pay the inflated price tag or lucky in that an investor will fund your unsustainable price point. It almost doesn't matter which, they both end up in the same place. Unsustainability.

> "If *fake it till you make it* and *getting away with it* are part of the pricing strategy, then… you may fool some of the people for some of the time, but before long, you will have to go back and do this work."
>
> **Leda Glyptis**

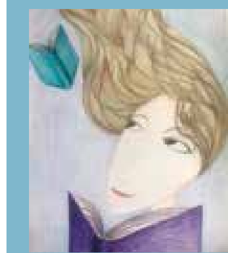
Because if *fake it till you make it* and *getting away with it* are part of the pricing strategy, then… you may fool some of the people for some of the time, but before long, you will have to go back and do this work. When your funding or your luck runs out.

You will need to work out your cost to serve and market comparatives and value drivers. You will need to get market feedback and explain your value drivers.

You will need to do this eventually.

And maybe you can get away with not doing it for a while and that seems appealing. But just remember that by the time you get it wrong, go back, work it out and return, the clients may no longer be listening. Not to you, anyway.

#LedaWrites



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

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

Follow Leda on X (@LedaGlyptis) and LinkedIn (Leda Glyptis PhD). Visit our website for more of her articles.

LEADERSHIP

ISO 20022: The countdown is on, so get ready to go

By Greg Murray, head of transaction banking product management at Santander Bank, NA

Payments are essential to everyone's lives. One could say they make the world go round – and in many ways, they'd be right.

Consumers and businesses of all sizes move money in multiple currencies every second of the day across the globe. Underpinning this activity is a massive network of banks and inter-bank clearing and messaging networks that provide the 'rails' for processing and delivering funds. These, in turn, depend on an equally large ecosystem of financial technology firms to provide the necessary platforms and services to make it all work… and make the world of payments continue going round at every hour of every day.

So, one can imagine the complex task facing the payments industry as it works toward the mandate to implement the ISO 20022 standard globally by November 2025. Many of our clients at Santander have shared that the sheer scale of this endeavour can feel daunting at times. Luckily, fortune favours the prepared, and when it comes to ISO 20022, now is the perfect moment to lock in and prepare for the shift.

For those less familiar with the term, ISO 20022 is a global standard for payments. While not necessarily new (it was first introduced 20 years ago and has been adopted by banks and clearing systems in over 70 countries to this point), it has established itself as the target state for payments globally by virtue of its key attributes: 'data structure' and 'data richness'.

The ultimate result of this massive effort will be a better end-to-end experience for all participants in the payments chain. Improved system and network interoperability, greater data quality, higher straight-thru rates and increased integration flexibility will generate efficiencies throughout; not just for financial institutions, but also for the companies they serve and – by extension – those clients' counterparties. Conversely, failure to transition to the new standard will perpetuate some of the difficulties – including payment delays and high costs – we all experience due to unclear and/or insufficient data.

So what exactly defines 'data structure' and 'data richness' when it comes to ISO 20022?

DATA STRUCTURE

'Data structure' refers to the standardisation of certain information – such as addresses – into clearly defined fields, in contrast to current formats that permit free-form information. For example, instead of the current practice of communicating a payee's address in four lines of unstructured text, ISO 20022 specifies a field for "street", a field for "building number", a field for "city" and so on. This structure mitigates the delays that can sometimes occur either in the middle of the payment chain (as banks perform required anti-fraud and other compliance evaluations) or at the end of the payment chain (as the beneficiary bank attempts to apply the payment to the correct beneficiary).

DATA RICHNESS

'Data richness' refers to the extent of data that can accompany a payment. Non-ISO 20022 payments are limited in the amount of data they (and the clearing systems through which they are processed) can carry. This impacts the ability for some companies to properly apply payments against lengthy invoices, particularly when a single payment is made that covers multiple invoices. ISO 20022 introduces significantly more data carrying capacity to payments, mitigating the posting and reconciliation errors and inefficiencies that can otherwise result in the current system.

While there is a lot of talk and action in the banking circles with respect to ISO 20022 by virtue of the firm 2025 deadlines established by regulators and clearing networks, it's important to understand that reaping the benefits of this standards transition requires much broader engagement. Companies, their systems vendors and trading counterparties must all be working toward the same objective, adapting their applications, processes, data management and reporting practices to accommodate the new structure and increased amount of data.

At this point in time, there's still ample room for businesses to assess and adjust processes. That's why at Santander we're committed to supporting our clients through the ISO 20022 transition, and we're strongly encouraging companies to take the time now to evaluate their own payment processes and approach their suppliers of goods, services and system infrastructure to understand what, if any, changes are anticipated or required.

> "Improved system and network interoperability, greater data quality, higher straight-thru rates and increased integration flexibility will generate efficiencies throughout."
>
> Greg Murray, Santander Bank

For example, a company in Europe that supplies a company in the US may submit invoices that, in keeping with ISO's key tenets, specifies payment terms and instructions that carry extended and/or structured data. In such cases, the US company must evaluate its accounts payable process and systems to determine if they are able to handle this data or, if not, what complications can arise, such as data truncation and reconciliation headaches. Similarly, if the US company is a supplier to a European company, it may receive payments in the ISO 20022 format and must be able to apply the data within its accounts receivable systems in order to ensure payments for open invoices are properly accounted for and posted.

In our experience, some companies' payment files are already ISO 20022 compliant. These organisations will enjoy a relatively seamless transition next year. In other cases, awareness of ISO 20022 itself is quite low, and change management in anticipation of the standard should begin as soon as possible.

Even though the transition seems like it's in the distant future, it's closer than we all think. There's no time like the present to ensure that you're ready for the arrival of ISO 20022 and are prepared to avail of the benefits it will bring. The ISO clock is officially ticking – make sure you're ready before time is up.

FINTECH FUNDING ROUND-UP

Indian wealthtech start-up **Centricity** has raised **$20 million** in a seed funding round led by Lightspeed India Partners at a valuation of $125 million.

Burman Family Office and Shantanu Agarwal supported the round as returning investors, and were joined by new backers including Paramark VC, MS Dhoni Family Office, NB Ventures, MMG Group and Action Tesa, among others.

Founded in 2022 and based in Gurugram, Centricity previously raised $4 million at a company valuation of $20 million in September that year.

The company offers Software-as-a-Service (SaaS) investment management technology and plans to use its new funding to grow its staff headcount and further develop its flagship Invictus and One Digital platforms with a focus on GenAI.

Yonder has raised **£23.4 million** in fresh funding as it looks to expand its operations beyond its domestic market of the UK.

The funding round was co-led by RTP Global and Repeat (formerly Jigsaw VC) and attracted additional support from LocalGlobal, Seedcamp and Northzone.

Northzone and RTP Global spearheaded Yonder's £62.5 million raise last year, through which the fintech secured £12.5 million in equity and £50 million in debt at a company valuation of over £70 million.

Founded in 2021 and launched in March 2022, Yonder offers a lifestyle rewards credit card and utilises open banking rather than traditional credit checks to build a picture of customers' spending habits based on transactional data to offer users a more personalised experience.

Over the last year, the company says it has expanded its offering to include a free membership tier and introduced Yonder Flights, allowing full members to put their reward points towards "any flight with any airline globally".

US-based **Orb** has raised **$25 million** in a Series B funding round led by Mayfield Fund.

Existing backers Menlo Ventures, Greylock Partners, South Park Commons, Basecase and Scribble Ventures also participated in the round, alongside new investor Uncorrelated Ventures.

Founded in 2021 in San Francisco, Orb operates as a billing infrastructure layer for the end-to-end revenue workflows of software and AI-focused companies specifically.

The platform supports multiple pricing models such as consumption-based and usage-based billing and includes payment and invoice workflow management features.

The raise builds on the $19.1 million the company secured in its Series A round in 2023 and brings the start-up's total funding to date to $44.1 million.

Orb says it has grown its customer base three-fold since the start of this year.

UK-based fintech **Apron** has bagged **$30 million** through a Series B funding round, spearheaded by VC firm Zinal Growth, alongside existing backers Bessemer Venture Partners and investor Tony Fadell (the inventor of the iPod and principal at Build Collective).

Previous shareholder Index Ventures, who led Apron's $15 million Series A in September 2023, also took part.

Founded in 2021 by former Revolut product lead Bogdan Uzbekov, Apron offers a proprietary platform that enables SME businesses to pay employees or suppliers globally while integrating with existing accounting systems for instant payment reconciliation.

Since landing its Series A, Apron reports a more than 20-fold increase in the number of SME clients it serves.

UK-based regulatory technology provider and compliance advisory specialist **Novatus Global** has secured a **$40 million** investment from US growth equity firm Silversmith Capital Partners.

Novatus says it will use the funding to boost its international expansion plans, with a particular focus on North America.

Its flagship SaaS platform, called Novatus En:ACT, enables banks, asset managers and other financial institutions to "ensure accurate, complete and timely transaction reporting" across all global reporting regimes.

It also provides advice on regulatory compliance, including risk and ESG programmes.

Founded in 2019, Novatus is headquartered in London, UK, and opened its second office in Sydney, Australia, in 2023.

AtoB, a US-based payments solutions provider serving the transportation industry, has landed **$130 million** in a Series C round made up of a mix of equity and debt funding.

The round was co-led by General Catalyst and Bloomberg Beta, with additional backing from paytech giant Mastercard and a group of trucking and logistics industry players.

Founded in 2019 and headquartered in San Francisco, California, the AtoB platform for drivers and fleet operators includes instant direct-deposit payroll, access to bank accounts and savings options, fraud prevention and expense management features, and no-fee fleet cards.

In the year leading up to its latest round, the company reports a 500% surge in revenue and volume driven by strategic partnerships like its collaboration with Uber Freight on a co-branded fuel card.

FlexiLoans has raised **$34.5 million** in Series C funding. The equity raise was led by existing investor Maj Invest, which previously spearheaded the platform's $90 million Series B closed in 2022, and Accion Digital Transformation, Nuveen and Fundamentum as new investors.

This brings FlexiLoans' total amount secured to $76.6 million in equity and over $240.9 million in debt.

The Mumbai-based start-up leverages a proprietary credit underwriting engine, powered by machine learning, to assess borrowers' creditworthiness without the need for traditional collateral.

Targeting MSMEs across India's tier two and three cities, FlexiLoans claims its application of alternative data sources can deliver loan approvals "in as little as 48 hours", with over $840 million disbursed to more than 50,000 businesses to date.

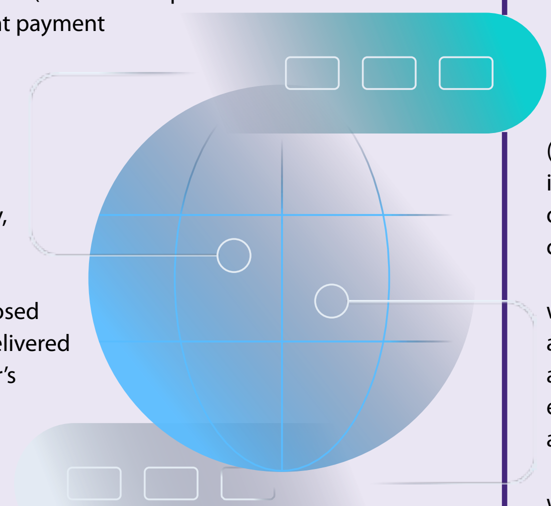
Form3 has closed its Series C extension at **$60 million** while picking up British Patient Capital, the commercial subsidiary of British Business Bank, a state-owned economic development bank established by the UK Government, as a new investor.

The UK-based paytech says it will use the funding for product and service development, with a specific focus on supporting "exponential growth in key markets" of the UK, Europe and the US (where it completed certification for the Federal Reserve's FedNowSM instant payment system last year).

The raise builds upon a $160 million Series C secured by Form3 in 2021, which was supported by existing investors Lloyds Banking Group, Nationwide Building Society, Barclays and Mastercard, with Goldman Sachs as lead investor.

This was followed by an undisclosed investment from Visa, which was delivered this time last year as part of the pair's commercial partnership.

Launched in 2016, Form3 processes account-to-account (A2A) payments for banks and financial institutions in real time.



Syndicated loan market firm **Versana** has landed a **$26 million** capital raise and welcomed Barclays as a new investor, with the bank becoming the latest subscriber and provider of the fintech's agented corporate loan data.

Cynthia Sachs, Versana's founding CEO, hopes Barclays will help the company expand in the UK and Europe and eventually globally.

Bank of America, Citi, Deutsche Bank, JP Morgan, Morgan Stanley and Wells Fargo also participated in the round as existing investors, having previously backed Versana's $40 million equity raise last year.

Founded in 2021, New York, US-based Versana operates a real-time digital data platform that centralises corporate loan data from the books and records of administrative agents across the syndicated loan and private credit markets.

The fintech claims to be currently experiencing "rapid growth" with its platform now handing 4,800 different types of corporate loans, including Term Loan As, Term Loan Bs and revolving credit lines, with a combined value of $2.7 trillion.

Dubai-based start-up **Ziina** has raised **$22 million** in a Series A funding round led by Altos Ventures. Supporting the round were Fintech Collective, Avenir Growth, Activant Capital, Y Combinator, FJ Labs, MEVP and Jabbar Internet Group, among others.

Launched in 2021, Ziina originally started out as a social peer-to-peer (P2P) payments app before expanding its services for businesses. It has since developed a payment gateway for website checkout and POS solutions for SMEs.

It is also about to launch ZiiCard, which aims to "transform how businesses and individual customers manage and access their funds" with features including expense categorisation, split payments and supplier payments.

Ziina also plans to grow its workforce with "additional hires from global tech giants and fintech innovators" and expand into Saudi Arabia and Jordan.

Sao Paulo-based start-up **Ume** has raised **$15 million** in a Series A funding round led by PayPal Ventures with additional participation from NFX, Globo Ventures and Clocktower Ventures.

Alongside the new equity funding, the company has also secured a $20 million debt financing facility from Verde, Itaú and other creditors.

Founded in 2019, Ume operates a platform that enables shoppers throughout Brazil to complete purchases through split repayments using Pix, the country's instant payment system launched in 2020.

Paymob, an Egypt-based B2B merchant financial services platform, has raised **$22 million** through a Series B extension led by EBRD VC, the venture capital arm of the European Bank for Reconstruction and Development.

PayPal Ventures, British International Investment (BII), Dutch bank FMO, A15, Nclude and Helios Digital Ventures supported the extension as existing investors, with Endeavor Catalyst joining as a new participant.

The extension builds upon a $50 million Series B closed in 2022, following the completion of a $18.5 million Series A the year prior, and brings the platform's total capital secured to date close to $90 million.

Founded in 2015 and based in Cairo – with plans to expand across the GCC region – Paymob operates an omnichannel gateway that enables nearly 350,000 merchants across MENA to accept 50 different types of payment method, including digital wallets, instalment payments and QR code payments.

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

MOVERS AND SHAKERS

David Yates

Tuum, a core banking software firm headquartered in Tallinn, Estonia, has appointed industry veteran **David Yates** as its new chairman.

Yates joined IBM in 1983 and subsequently held several senior leadership roles at companies such as Western Union and First Data Corporation.

In 2012, he began a seven-year tenure at UK-based payment infrastructure provider Vocalink, where he served as CEO and chairman and guided the company through its sale to Mastercard. Following the purchase, Yates acted as president of new payment platforms at Mastercard for two years. He currently serves as chairman of Nium and vice chairman at Equiniti.

Founded in 2019, Tuum secured €25 million in a Series B funding round in February this year to expand into new markets such as the Middle East.

Andy Mielczarek, co-founder and CEO of **Chetwood Financial**, is stepping down from his role after nearly a decade leading the company. Mielczarek says that now is a "logical time for a change in leadership to inject fresh life into the business and guide it through the next stage of its journey".

The UK-based challenger bank previously announced its venture into the buy-to-let mortgage market with its acquisition of specialist lender CHL Mortgages in May.

Former JN Bank CEO **Paul Noble** has been unveiled as Mielczarek's successor. Noble joins **Julian Hynd** as the latest additions to Chetwood's C-suite, with Hynd appointed as chief operations officer in November 2023.

US-based card issuing platform **Marqeta** has named **Fouzi Husaini** as its new chief AI officer.

Husaini was previously VP of machine learning engineering at Capital One for two years. Prior to that, he spent over nine years at Amazon, where he led multi-disciplinary teams of data scientists, software engineers, product managers and technical programme managers.

UK-based embedded finance platform **Firenze** has named former TSB Bank CEO **Paul Pester** as chair of its newly formed board.

Pester is to be joined on the board by former Barclays exec **Samantha Bamert** and Artorius co-founder **Mike Toole**, who have been named as non-executive directors.

Launched in January, Firenze aims to democratise access to Lombard loans for customers in the UK through an embedded solution for wealth managers, brokers and investment platforms.

It currently offers loans starting from £65,000, and has applied to the Financial Conduct Authority (FCA) to reduce this limit to £25,000 from next year.

Luxembourg-headquartered payment infrastructure provider **Mangopay** has named **Sergi Herrero**, former global director for payments and commerce partnerships at Meta, as its new CEO.

He also previously held senior executive roles at Square and BNP Paribas and served as co-CEO of global telecommunications company VEON. Herrero succeeds founding team member Romain Mazeries, who has held the CEO position since 2018 (he will maintain a position on the board).

Founded in 2013, Mangopay was acquired by PE firm Advent International in 2022. It currently claims to serve over 250 million end users and has processed more than €100 billion in transactions to date.

Stockholm-based **Northmill Bank** has named **Julie Chatterjee** as its new group CEO. She takes the reins from Tord Topsholm, who stepped down from the position in February.

Founded in 2006, Northmill offers retail and business banking services to more than half a million customers throughout Sweden, Norway, Finland and Poland.

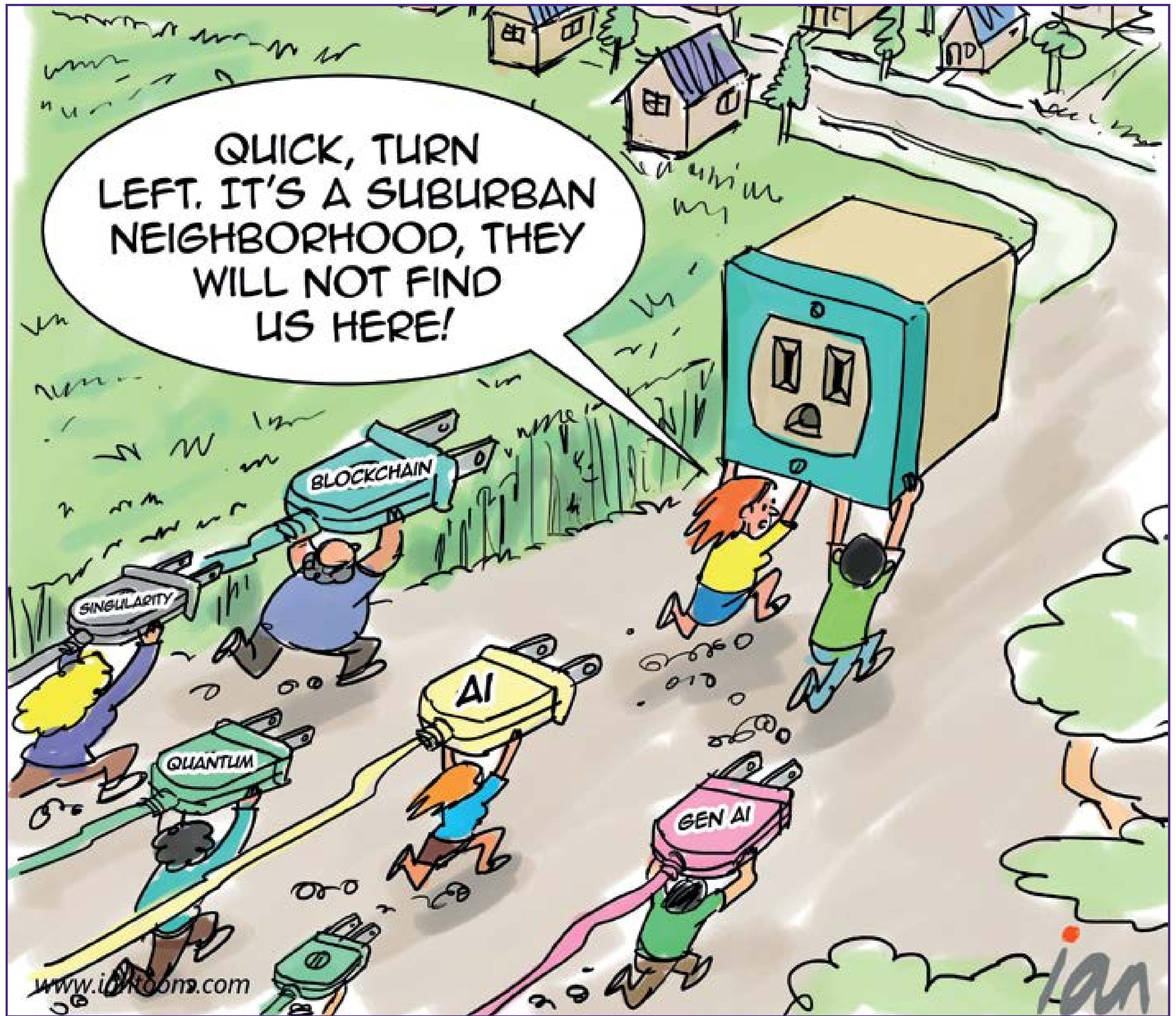
Chatterjee joins from Multitude Bank, where she served as chief commercial officer and deputy CEO since 2020. Prior this this, she spent over 16 years working for retail bank OKQ8 Bank, eventually ascending to the role of CEO in 2014.

Irish paytech **CleverCards** has unveiled former Edenred executive **Ray Brash** as its new chief operating officer (COO) amid an "ambitious growth and expansion strategy". He joins from UK-based paytech Flyfish, where he had been CEO for over a year.

Alongside his new role, Brash will continue to hold advisory and stakeholder positions at several fintechs, including treasury management platform Bond, embedded sustainability solutions provider ekko and AI-powered mortgage assistant Sprive.

Based in Dublin, CleverCards enables large corporates to pay their consumers, employees and vendors with virtual cards. It raised €8 million in June through a Pluxee-led funding round and has raised around €28 million to date.

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



"POWER"

Cartoon by Ian Foley

Eric Schmidt recently remarked that building the new generation of AI data centres could set Big Tech firms back as much as $300 billion.

Meanwhile, a report by Goldman Sachs forecasts that $1 trillion will be spent over the next few years on data centres, semiconductors, grid upgrades and other AI infrastructure.

These are big numbers and, rather uniquely for the technology industry, are early in the evolution cycle. While many talk about AI being as revolutionary to our lives as the internet, the internet started off as a low-cost technology solution that enabled e-commerce to replace costly bricks and mortar solutions.

As we wait for the $1 trillion killer apps that will see the payback from this infrastructure investment, today consumers are starting to see the negative trickle-down impact of this in their lives.

On average, a query using GenAI platforms needs nearly 10 times as much electricity to process as a Google search and, with the growth of other electricity hungry applications such as blockchain, Goldman Sachs Research estimates that data centre power demand will grow 160% by 2030.

For consumers, this will require electrical companies to invest more in their grid, both pushing up costs and seeing huge anonymous data centres constructed in their cities.

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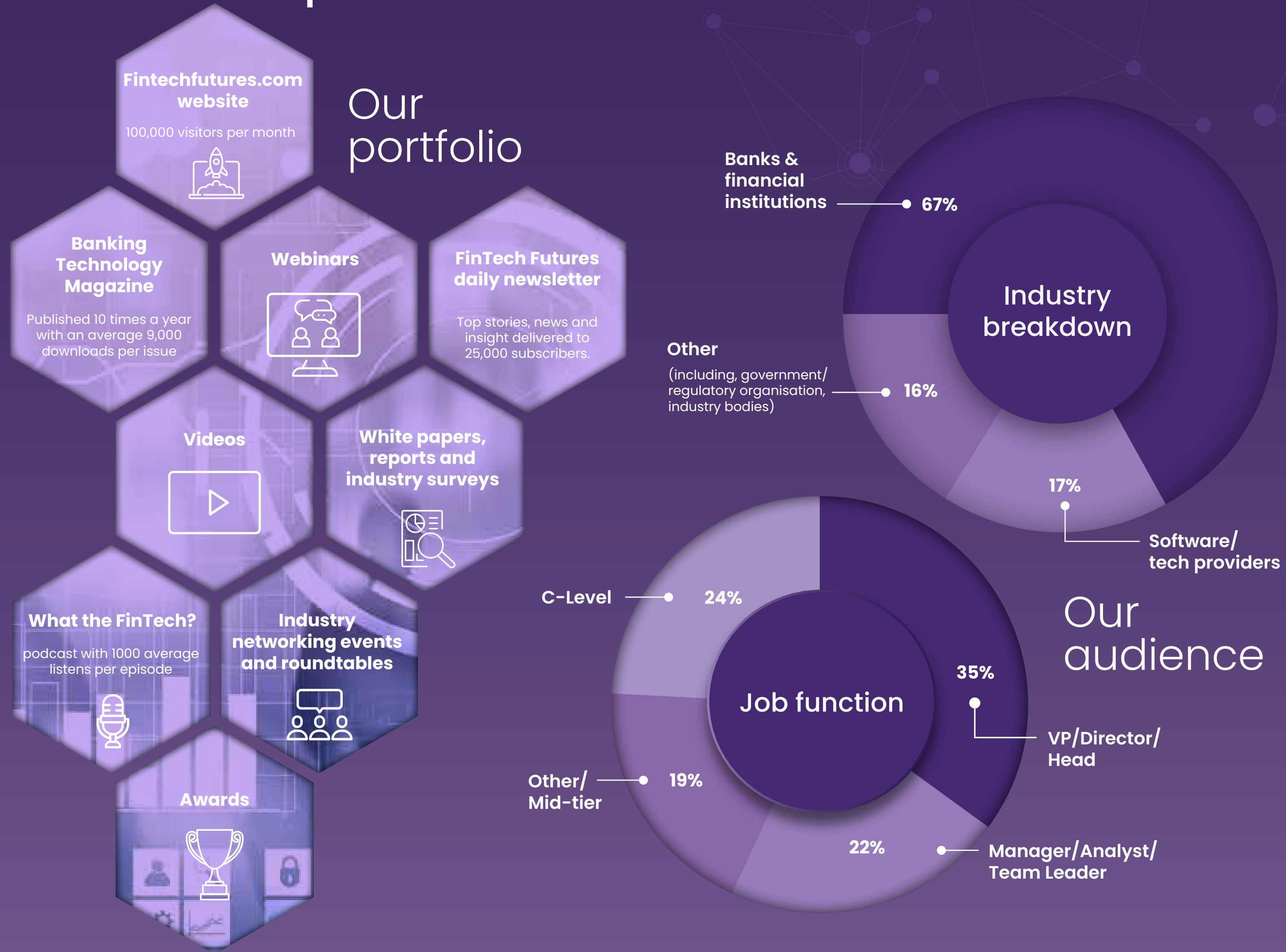

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