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Innovations in FinTech

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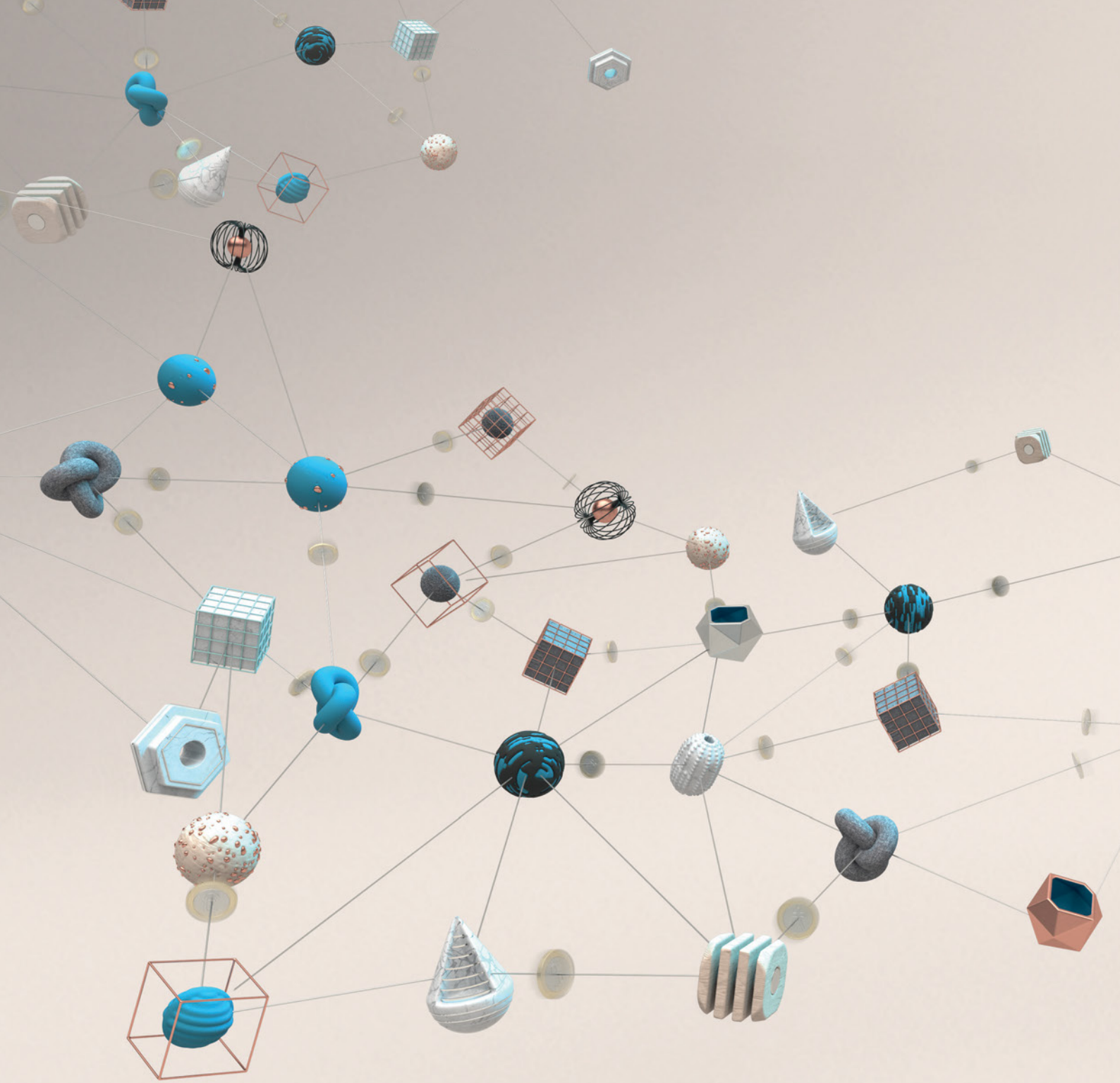

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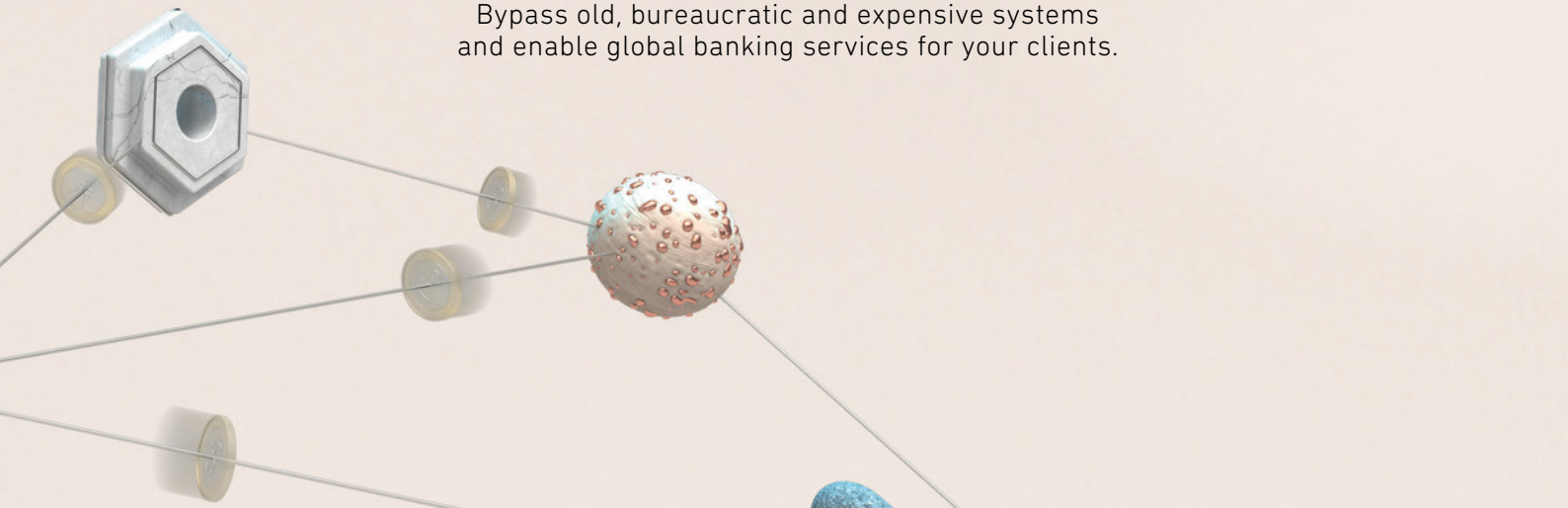

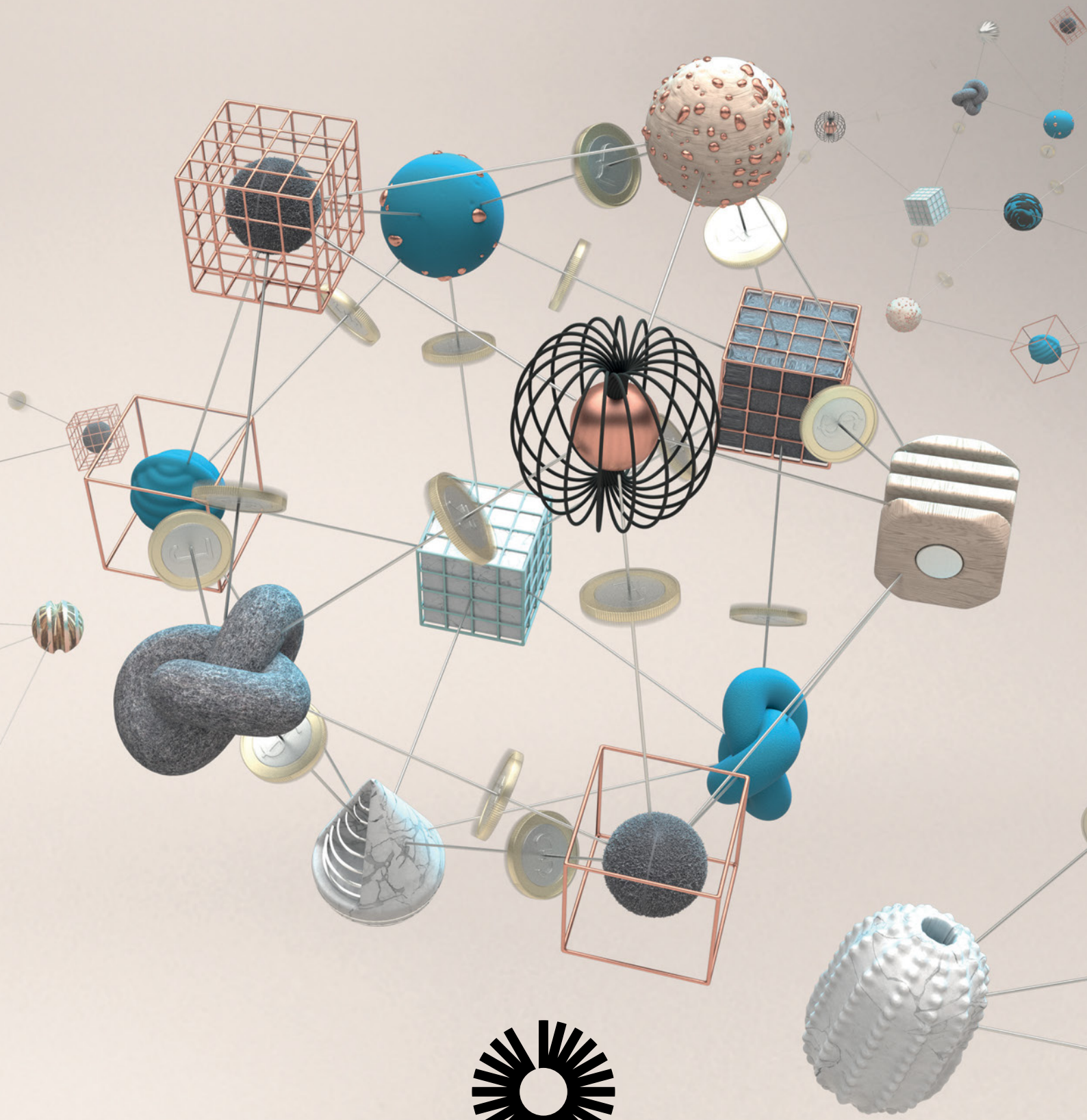

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QUESTIONS OF SECURITY, OPPORTUNITY AND DIVERSITY

Andrew Hutchings,
Editor-In-Chief, Financial IT

This Editor-in-Chief's letter is being written as Russia's armed forces are mounting what appears to be a full-scale invasion of Ukraine – a truly appalling outcome after months of mounting geo-political tension.

It remains to be seen what is (or will be) the role of cyber-warfare in this conflict. This edition of Financial IT is dedicated in no small part to how technology can boost security in financial services.

This is because security – or the lack of it – is a massive challenge for financial institutions and the technology companies with whom they work to find innovative solutions.

As one of our contributors points out, the amount of money lost annually to fraud is equivalent to almost $5.4 trillion ($5,400 billion) or about 6.4% of global GDP.

Fraud is not the only problem. In the first six months of 2021, the banking industry suffered a 1,318% rise in ransomware demands relative to the corresponding period of 2020. The average cost of each data breach last year was $5.72 million.

Opportunity from insecurity

The silver lining to this particular cloud is that financial services companies are taking steps to address the problem.

As one of our contributors explains, some 53% of business technology leaders in the UK are already using multi-cloud (hybrid cloud) solutions having moved at least one business application to a new IT environment. The same research found that 82% of survey respondents anticipate that their organisations will be using multi-cloud solutions within the next three years, if they are not doing so already.

The need for greater security is the most important reason for the move to multi-clouds, being highlighted by 41% of the respondents.

Security is essential to trust, which is essential to ongoing and mutually beneficial relationships between financial institutions and customers. One of our contributors points out that only 18% of financial companies believe that their credit risk models are accurate at least 75% of the time.

A key message from this edition of Financial IT is that levels of trust – and security – will continue to increase.

The reason for this can be summarised in just two words: Open Banking. This is because

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that the Application Programme Interfaces (APIs) that are at the heart of Open Banking exist to exchange information between financial services and fintechs in a reliably secure way.

APIs are becoming more important – because banks (and other financial companies) can see the advantages of Open Banking. One analysis mentioned in this edition of Financial IT found that 90% of banks leverage APIs to develop relationships with existing customers. Meanwhile, 75% of banks see APIs as key to obtaining new business.

Nearly half of banks in Europe have been increasing their Open Banking budgets since the introduction of the second Payments Services Directive (PSD2) in the European Union.

The details of how these banks are embracing Open Banking varies from case to case. However, as one of our contributors explains, there are four major models that can be followed.

How diversity helps

As usual, the range of topics covered in Financial IT highlight how concepts, problems and solutions are inextricably linked. Trust depends on security and reliable analysis. Open Banking, artificial intelligence (AI), link analysis, blockchain and all the other technologies that are discussed go hand in hand to generate better outcomes for institutions and customers.

In this edition, we consider who are the people – or, more precisely, who are the women – who are driving the innovation and change.

The stories behind the 30 or so women leaders whom we profile are all different. They illustrate the diversity that exists at high levels in many institutions and fintechs.

Individually, they have made huge contributions to one or more organisations. Collectively, the impact that they have had is greater than the sum of the parts.

At a time of conflict in Eastern Europe, and heightened geo-political tensions in the rest of the world, that is a huge reason for optimism.

Andrew Hutchings,
Editor-in-Chief, Financial IT

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RIGHT TO THE BANKS' CORE

by Chris Principe,
Publisher, Financial IT

Mr. Bank, is your core rotten? Do you suffer with manual entries, tickets anyone? Are your internal IT support costs going through the roof? Shut out of the latest Fintech products? Looking like last century? Digital banks blowing you out of the water?

At the center of every bank is its core banking system. The core system runs the bank and provides the system of record for every transaction. The core system is the accounting, general ledger and is connected to all banking products. From onboarding to loans, from trade finance to foreign exchange, to compliance and regulation, the core system is everything.

With the importance of the core system to the bank, it's a wonder that serious attention is not given to changing and updating legacy cores. Most banks today have a core system based on old technology, which is inflexible, without API ability and with no contact with their vendor except for the bill. This was not acceptable yesterday, no good today, and does not work for the future.

Is this you? For the vast majority of banks, the answer is yes.

Many of these banks will not survive without strong leadership that results in dramatic internal change. No longer can any bank be held hostage by a core provider that limits the bank on the products they can offer. No longer can vendors charge exorbitant prices to grant the bank permission to have the tools needed to service their customers.

The big and well known core software providers often act as if they have a gun to the head of the bank. This must end and end now.

Banks need a path of change away from paying the very people that hold them back. Old time core vendors are giving the FinTechs the opportunity to compete for the banks' business.

Yes, does this path of change have risks...

...and risks are not comfortable for any bank's management. Banks are very good at managing risks. Senior management at banks are risk adverse. Individually, why would they risk changing their core and endanger the final point of their career. Tradition dictates that you pass this decision to the next top executive once you leave with everything that you can get. The problem is most bankers are afraid and the ones that show life to lead change are typically squashed by those who fear change.

The world is well into one of the biggest technology deliver transformations ever. Cloud delivery and Software-as-a-Service (SaaS) deployments have taken over from on-premise installations in every business vertical. Banks have been the laggards in embracing this change.

Big banks will continue with on-premise solutions and will add specific SaaS products as needed. Banks like JP Morgan, Citi, HSBC, Santander, UniCredit, and the others that you know have bigger IT departments then IBM and Microsoft. Their IT investment dictates that they continue with on-premise solutions. Banks without that immense IT infrastructure will benefit greatly through SaaS deployments.

What great benefits do SaaS deployments provide? There are many: time-to-market; performance gains; new products; latest functionality; modern feel; faster ROI; flexibility, and reduced costs – to name a few. These are great reasons, and must be considered by every bank.

Moving to the cloud with a SaaS deployment not only reduces IT costs. More importantly, it gives the bank the agility and ability to provide clients with a consistent product experience regardless of whose product it is. This is done by doing integration through "snap-on" and "plug-in" tools that give secure access to tools that benefit the client. This in turn gives faster access to new products and valuable data. With the newfound agility of SaaS or Banking as a Service, any bank can increase the speed of delivery to improve their customer's experience.

That is the essence of Open Banking.

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THE FINTECH REVOLUTION COMES TO MENA

Open Banking

Emerging technologies are propelling the exponential growth of financial technology (fintech), with the fintech projects in the Middle East and North Africa (MENA) region expected to be worth $2.5 billion in 2022.

Today, financial institutions must connect and collaborate with FinTechs and Third-Party Providers (TPP). Customers are now more than ever, provided with immediate tailored banking services to suit their various needs and requests.

What role does Open Banking play in the future of finance? Through Open Banking, financial information is shared electronically and safely with the customer's approval, using an open API (Application Programming Interface).

Banks and FinTechs can work together to customize, develop and deliver services to customers based on the customers' wants and needs.

However, so far, talk has exceeded action. While 69% of banks plan on introducing the Open Banking option for their customers, most haven't implemented APIs, which is the technology necessary to enable the Open Banking option in banks.

Regulatory Compliance and Security

ITS has introduced ApiGo to offer a comprehensive plug-and-play platform to support banks in getting quickly to Open Banking.

It allows banks to become fully compliant with regulations such as PSD2 while attracting and working seamlessly with FinTechs as TPPs.

It's the Next-gen API software/ management solution that creates the best user experience with all partners like Enterprise Architects, Developers, Digital Neobanks, FinTechs, and Bank Customers. It is also a fast and easy way to adapt to banking regulations.

With ApiGo, banks can unlock new customer segments while saving up to 30% on system costs, reducing upfront infrastructure costs, eliminating ongoing customer support costs, and reducing installation time by 75%.

In addition, 50% of cloud-based services already integrated into the product deliver fuller features and capabilities from Day One.

Open Banking requires seamless integration, innovation, and connectivity with customers and partners such as FinTechs while ensuring compliance with regulatory and data standards.

APIs are critical technologies that facilitate open banking, using four Approaches to unlock value – Integration, Banking as a Platform, Innovation, and Client Connectivity.

In short, ApiGo provides banks with a gateway to Open Banking, allowing them to unlock value. Specifically, that value comes from the delivery of better experiences to a broader range of customers while complying with data and regulatory standards.

Fintech-as-a-Service versus Banking-as-a-Service

There is no one model-to-fit-all-situations in the rapidly changing world of Open Banking.

FinTech as a Service or FaaS is the offering of financial technology as a service. It allows the company to incorporate financial capabilities into its products. With FinTech as a Service, businesses can incorporate and offer services that were once only available through banks.

Banking-as-a-Service (BaaS) is completely different. It involves collaboration between FinTech app development and the online banking system in an innovative way.

BaaS is, in essence, the way in which FinTech companies can play a more important role.

Women in FinTech

FinTech has impacted the finance world and has changed its concept, but in terms of gender workforce diversity, there is much to be done. What does FinTech offer to women?

Data shows that men and women are not equally represented in the FinTech workforce. For instance, women make up around 30% of the labor force, where only 17% are in senior fintech positions, and just over 5% are founders.

These statistics are pretty surprising, as FinTech is evolving in such a dynamic world of discovery and innovation.

The number of women working in the FinTech industry is slowly increasing, but some challenges, flaws, and biases are creating barriers to gender diversity and inclusivity.

Other research shows that 55% of the worldwide unbanked individuals are women. This gap provides a great opportunity for FinTech companies to develop innovative apps and programs that meet women's banking needs.

FinTech offers a wide range of activities such as payment, crypto, digital banking, sustainable finance, and market intelligence, so there is always a place that fits any woman in this industry, no matter where her talent and expertise may lie.

FinTech is a rapidly growing industry which should provide women with many career opportunities.

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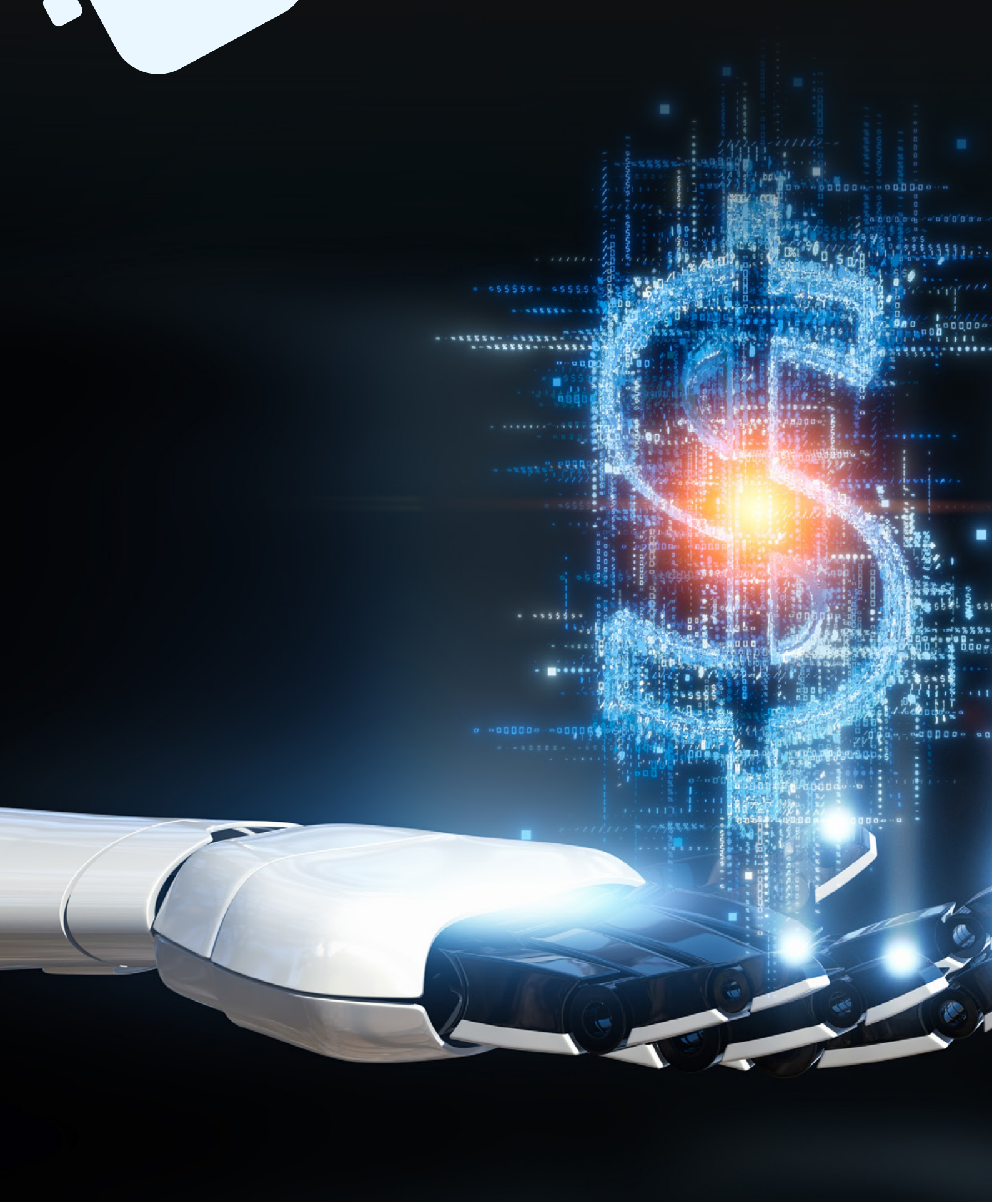
Hany Ramadan,
Director – Products,
ITS Group



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FUTURE-SCOPING FOR A NEW BREED OF EMBEDDED FINANCIAL SERVICES

Anders la Cour,
Co-founder and Chief Executive Officer,
Banking Circle

Financial institutions are struggling to meet digital demand, thanks to underlying infrastructure challenges. With rapidly evolved expectations for digital delivery among consumers and businesses alike since the start of the COVID-19 pandemic, this delay could see organisations fall behind in the competition race and lose customers. But that's not the only issue facing incumbent financial institutions. There's another larger threat on the horizon. That of the new non-financial competitor.

Anders la Cour, co-founder and Chief Executive Officer of financial infrastructure platform, Banking Circle Group looks at the emergence of embedded finance and how it's creating a new competitive landscape in financial services.

Since the start of 2020, there has been an unprecedented rate of change in financial services. Digitalisation that was discussed for years was suddenly essential as customers could no longer bank in person. But while a lot of the change we saw was driven by COVID, that hasn't been the only reason.

Consumer behaviour undoubtedly pivoted in response to COVID-19, as well as expectation when it came to how they transacted with businesses. They now demand more convenience, speed, and security from their online transactions which, in itself, has created a new level of pressure for financial institutions. The focus is now all about agility, speed to market and scalability, underpinned of course by regulatory compliance and anti-fraud measures.

Building the 'stickiness' factor

Two years on from the start of the pandemic and Banks, Payments businesses and FinTechs are now all looking for ways to make their operations as agile as possible – to respond to market need and demand and to take first mover position. They are also looking to widen the scope of what they offer to create the most 'customer stickiness', with the end-goal of building the revenue opportunities from each customer.

But there's another reason for this move to widen the scope of what a financial institution offers to its customers: a new form of competitor. Non-financial companies have identified the opportunity to add to their service offering with white-labelled embedded financial services. And that's where the real pinch-point in scalability for financial institutions comes into sharp focus.

This new breed of competitors recognise that they must add value to their customer relationship. But they don't have any misconceptions that they can deliver it themselves. Instead, they believe that forward-thinking Financial Institutions can fix that problem for them.

However, to capitalise on this opportunity there still needs to be step-change in how the global financial industry currently operates.

Fixing the real-time payments challenge

The fundamental problem in the global financial industry is that today's banks are batch driven and their technology is fragmented with no central data source. Over the last 10 years there have been many financial tech companies that claimed to have solved the "payments problem". However, all these companies have achieved is to essentially put various wrappers around the same underlying archaic, old bank infrastructure. They have made payments more user friendly but have not changed the fundamental issue of not being able to clear large amounts of payments instantaneously.

Any financial institution that has ambition to extend the scope of their offering either needs to have their own banking licence – timely and costly to obtain and complex to manage if they operate across multiple geographies – or they need to work with a banking partner in order to get access to the liquidity, licensing, and regulatory services they need. And they need to ask the question: "Do I want to be a manufacturer or a supplier/seller, or both?"

As a result, a new category of financial infrastructure providers that are equipped with the necessary banking licences, agnostic technology platform and liquidity is emerging.

A collaborative ecosystem

This new era of technology platforms supporting global commerce are not limited to the provision of one single solution, but a whole suite of them in a collaborative ecosystem. Built on a tech-agnostic platform, underpinned by an account infrastructure from which all services can be delivered, there are huge competitive advantages. As and when new services need to be added in response to customer needs and market opportunities, this can be done quickly because a whole new service relationship doesn't need to be established each time.

And that is key to achieving a 'first to market' position, for any business that wants to play in the financial services space – whether they are a financial institution or simply want to embed financial services into their customer offering. They need to find a partner that can deliver a multitude of services from payments to lending, to achieve significant benefits, from improved speed to market to cost savings and of course that all-crucial 'stickiness'.

Levelling the playing field

As this new category of financial infrastructure providers evolves, the playing field for established financial institutions and non-financial institutions that want to build financial services into their proposition will level out. And the real point of differentiation will be about the customer rather than the mechanics of financial services. FinTechs can offer their merchants and corporate customers, services that traditionally would have been offered by the banks. Banks can accelerate service development without the traditional challenges of legacy tech. And brands that only have a vested interest in building their customer loyalty will come into the mix.

For more information visit https://www.bankingcircle.com/

BANKING CIRCLE

Nathalie Siegl,
Chief Executive and
Financial Officer
IXOLIT Group

PAYMENT ORCHESTRATION

A PERFECT PARTNER FOR GROWTH

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Get Flexibility and independence through a streamlined payment stack.

Whether you operate in a niche market or sell a diverse range of products across a variety of domains, merchants all want the same thing: to fulfil their current customer needs and to reach new ones. But how can merchants do this when more and more payment methods are being introduced, the risk of fraud is increasing, and eCommerce continues to grow at an exponential rate? The difficulty of creating a payment setup that works for your business as well as your customers can feel magnified.

The payment setup or payment stack is a mission critical part of a merchant's infrastructure. Without payments there would be no business. There are many ways a merchant can accept payments online. However, there are not many that have the potential to grow.

What is payment orchestration?

A payment orchestration platform or payment management platform allows for complete control over the merchant's payment stack. It should not be confused with payment switch or payment hub as these options don't necessarily offer all of the features or the independence of a SaaS payment orchestration platform. A true payment orchestration platform works as a technical layer that sits between the merchant and the payment service provider(s) and consolidates all aspects of payments. It gives access to: multiple payment methods; use of transaction routing with conversion boosting features such as cascading and failover; centralized consolidation of reconciliation and settlements; real time monitoring of transactions to avoid false positives; risk mitigation; tokenization of customer payment data; and more from just one API. An acquirer-agnostic solution–an independent provider with no financial links to another service–will connect merchants to any payment service provider or acquirer they choose and allow them to benefit from the best rates.

How can a payment orchestration platform help merchants grow?

The number of alternative payment methods (APMs) that consumers can use to make a payment continues to grow. The market has changed but traditional methods are still in use. For example digital wallets have not usurped cards; real-time payments, such as open banking, have not replaced bank transfers or direct debits; and it will be some time before crypto is a commonly accepted/ used form of online payment.

Merchants are discovering that when they want to enter new markets or target new audiences there is an increasing number of different payment methods available. In order to cater to potential and existing clients, merchants are no longer replacing older payment methods but simply adding additional ones to their payment mix.

By working with a centralized payment setup, like a payment orchestration platform, merchants can–from just one API–integrate quickly with international, local and alternative payment methods. This lets the business actively target the market individually by providing payment methods consumers feel comfortable with, thereby increasing turnover. As all payments are handled from the one API and managed centrally, the merchant can keep track of all transactions no matter which payment service provider or acquirer was used to process the payment.

A payment orchestration platform should also allow for centralized risk and fraud management. By creating risk rules, merchants can give each transaction a score which will determine whether it is accepted, pushed to review, or immediately accepted. These rules give merchants robust protection across all of their payment providers and help reduce fraud and protect against chargebacks.

What can merchants do to provide the right payment method for markets they sell in?

Knowing what payment method to provide can be tricky. With payment methods splintering off in every direction, finding the ones that are most appropriate for your business is no small task. Each country has its own preferred payment methods, and within that generations and specific target groups will show a preference to a particular payment method. For example, iDeal is popular in the Netherlands and Sofort in Germany. In order to find out what payment methods a merchant should be providing for their customers, they need to ask themselves two simple questions.

- Who is buying my products now?
- Who else do I want to buy my product?

By understanding who is buying their products, merchants can figure out the most popular payment methods that their consumers use or will feel comfortable using and make sure that they are providing them. Which brings us neatly to the second question. By pinpointing which other markets you wish to target, merchants can do the same. By having a payment mix that your consumers feel comfortable with considerably reduces the risk of shop-cart abandonment.

The idea of a "one-stop payments shop" is an attractive one for merchants. However, in practice, it can be difficult to create, especially for merchants who operate across multiple jurisdictions. With a payment orchestration platform, merchants can connect to payment service providers and acquirers and get a full overview of all the payment data, which can easily be analyzed or simply exported into a Business Intelligence software. By moving towards payment orchestration, businesses protect their payment flows and get the flexibility –such as quick integration of new payment providers and methods, the ability to route payments to the most appropriate provider and protecting themselves for downtime–they need to grow.

For more information about payment orchestration and how it can help your business visit www.IXOPAY.com

About Nathalie

As Chief Executive and Financial Officer of the IXOLIT Group, Nathalie is a leading woman in tech. In 2014, she led the development and launch of the IXOPAY Payment Orchestration Platform, which addresses the global payment needs of merchants and licenced payment institutions. Contact Nathalie on LinkedIn.

About IXOPAY

IXOPAY is a scalable and Payment Card Industry (PCI) -certified payment orchestration platform for white label clients and enterprise merchants. The modern, easily extendable architecture enables the orchestration of payments, provides intelligent routing and cascading functions as well as state-of-the-art risk management, automated reconciliation, and settlements along with plugin-based integration of acquirers and PSPs.

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ACHIEVING ISO 27001 SENDS MORE THAN JUST A COMPLIANCE MESSAGE

Ralf Gladis,
CEO,
Computop

The protection of sensitive customer data is a topic of key concern to all banks and financial services companies and is integral to their digital transformation projects. Despite this, however, ISO 27001, the auditable international standard relating to information risks, represents unchartered territory for many financial organisations, not least payment processing providers.

ISO 27001 defines the requirements of an information security management system (ISMS), incorporating policies, procedures, processes and systems that help to oversee risks relating to information assets such as cyber-attacks, hacking attempts and data theft. While some organisations adopt the standard as a framework for best practice without choosing to be certified, others put in place and document those processes and policies that contribute to information security so that they can be certified. It is a considerable undertaking, but it is also vitally important.

Last year we elected to be certified according to ISO 27001- one of very few payment service providers in Europe to achieve this – because we felt that it fully addresses one of the most important aspects of financial transactions – secure data exchange.

Sensitive data under threat

The global pandemic has accelerated the already severe threat to data security, and it is the financial sector that has borne the brunt of the attacks. According to a report published last September, the banking industry experienced a 1,318% year-on-year increase in ransomware demands in the first half of 2021, and was the industry most affected by this form of attack. Given that figures suggest the average cost of a data breach in the financial sector in 2021 was $5.72 million, it is imperative for organisations to do everything they can to protect sensitive data.

This was topmost in our minds when we started the process of certification. It is incumbent on any payment processing provider to operate at the highest possible security level, but by achieving ISO 27001, we would also be demonstrating our commitment to quality as a service provider to our many banking partners.

The 114 standards that need to be adhered to as part of gaining certification might look, at first glance, like a high mountain to climb. However, if an organisation is already working towards the delivery of secure protocols for financial transactions, or if they adhere to PCI-DSS regulations for processing credit cards, they are already on the road to ISO 27001 compliance.

The benefits of certification

Implementing the measures within the scope of ISO 27001 certification automatically increases data security, but there is also the added benefit of reducing the effort required during security audits. During a tendering process, for example, questions relating to hardware and software processes are becoming more and more frequent, and the emphasis on data security is increasingly intense, but this is relieved if a company already has ISO 27001 certification. The most common standards required during tenders are proven during the testing process for the certificate and are considerably more stringent than the annual PCI-DSS audit that credit card companies require of their data processors.

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For payment service providers there is also another layer that can be satisfied through ISO 27001 certification. If the PSP is a white-label provider, or essential outsource, for a financial services company, they will be required by MA Risk and EBA guidelines, to prove the PSPs compliance with common standards. With ISO 27001 in place, this is considerably easier to achieve than the alternative of an in-house audit.

What's it all about?

At its core, ISO 27001 addresses each of the three pillars of information security: people, processes and technology. It requires organisations to identify the information security risks inherent in their business operation and put in place appropriate controls to tackle those risks.

In our case, based on the 114 standards of the certificate, we implemented a range of measures that included management, employees, data centres and external service providers. For other PSPs or for banks, the measures may be different depending on their priorities and areas of risk. Other examples that might need to be considered include human resource security, asset management, physical and environmental security, and system acquisition, development and maintenance. There is no requirement for organisations to implement all 114 of the standard's controls.

A mark of achievement

In today's ultra-competitive world, anything that marks an organisation out for quality will increase its standing with customers. In our case retail companies across Europe can now be confident that their faith in our seamless IT security and secure administrative processes has been further bolstered by positive assessments under ISO 27001 and will be stringently audited on a regular basis. From the confidentiality classification of documents to data protection training for new employees, our processes have been examined and optimised as part of the certification process, with our team investing around 300 man-days in ensuring that we met the criteria for success.

However, regardless of whether the organisation is a PSP, a bank or an insurance company, working towards such certification is not a one-off task that can be ticked off when the certificate is obtained. A key component of the ISO 27001 regulations is the willingness of the company and its core team to engage in a continuous improvement process. This ensures that it is not only protected against current cyber security threats, but also has the necessary processes and tools in place to identify new threat scenarios at an early stage and respond in a timely manner.

It is an effort worth making. In a world threatened constantly by new and insidious forms of cyber-attack, and our reliance on digital technology growing greater by the day, compliance and regulation are essential. While ISO 27001 is not a security solution in itself, it encourages companies to adopt stringent behaviours and processes that reduce the risk of attack. It also demonstrates the effort that a company will go to in order to ensure it takes the security of its own and its customers' data seriously, and this is a crucial message to send to the outside world.

Jan van Vonno,
Research Director,
Tink

HOW FINANCIAL INSTITUTIONS CAN MAINTAIN A COMPETITIVE EDGE WITH OPEN BANKING

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Since the enforcement of PSD2, open banking has torn down barriers – enabling new players to enter the market, and offering consumers greater choice and control of their finances.

Financial institutions have begun enthusiastically embracing the opportunity, recognising open banking's potential to go beyond compliance to totally transform the customer experience. So it will come as no surprise that our latest research finds that almost half (47%) of financial executives have been increasing their open banking budgets.

Across the globe, financial institutions big and small are looking to open banking to drive a new wave of value creation. Executives are setting their sights beyond providing compliant PSD2 APIs and are harnessing the technology to improve their value propositions in payments, retail banking, wealth management, insurance, and investments.

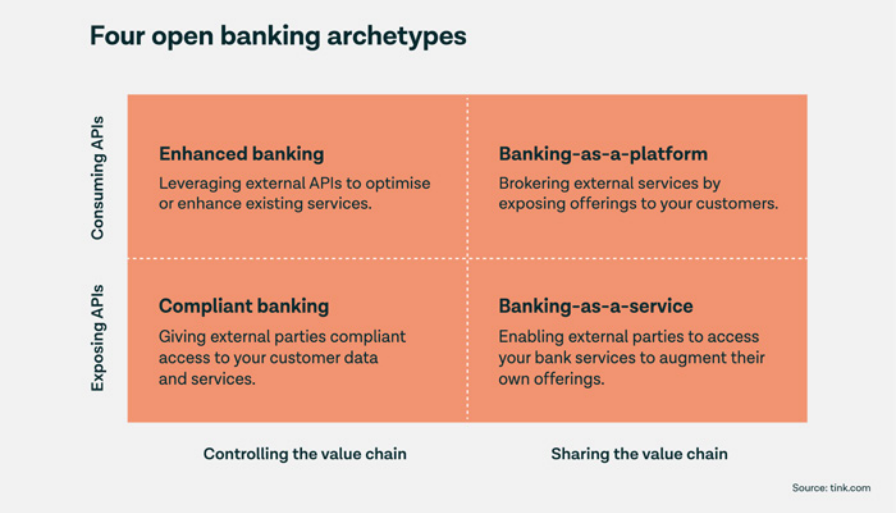
These value propositions aim to enhance the core banking business, whilst fostering collaboration with smart partners to bring differentiated solutions to market. So how can financial institutions stay ahead of the curve in this increasingly competitive industry?

Throw your weight behind enhanced banking

The greatest question currently on the minds of many financial institutions is how they are going to interact with customers and third party providers (TPPs) in the future. There are several potential open banking strategies that financial institutions can pursue to future-proof their business. We've categorised the four most common into "open banking archetypes".

The most elementary of the four is "compliant banking". Financial institutions are regulated and often fall into jurisdictions where access to their customer's financial data is mandated and must meet certain legal requirements. To become compliant, most financial institutions opt to expose their APIs and give external parties regulated access to their customer data while controlling the value chain.

"Enhanced banking", or leveraging external APIs to optimise or enhance existing services, is a form of banking where financial institutions still control the value chain. The main difference is that rather than exposing APIs, financial institutions are consuming them instead. Many financial institutions are already authorised to enhance their banking services through open banking, often without needing to change their business model or obtain additional licensing requirements.



At the other end of the spectrum, financial institutions may choose to expose more services and data assets than just account information. Banking-as-a-Service (BaaS) means financial institutions expose their core services as an available utility for external parties, often positioned as premium APIs which generate new revenue streams for institutions. However, charging a premium for such services is sometimes prevented by regulation, so institutions must tread carefully.

The fourth and final archetype is banking-as-a-platform (BaaP). This is where financial institutions choose to operate as intermediaries, allowing TPPs to build joint-revenue sharing propositions with them on top of their core banking services. This goes one step beyond the other three archetypes, and is a way for banks to build a new ecosystem, form new partnerships and reach new customers.

Strategies where the value chain is shared, like BaaS and BaaP, are long-term endeavours and do not deliver immediate commercial success. As such, enhanced banking is often the best option to deliver value in the more immediate term for many financial institutions.

Innovate, innovate, innovate

The value innovation brings to any business can't be overstated. And at its core, open banking is about innovation. But our research suggests that over the last couple of years some financial institutions – such as mortgage providers – have had to pause innovation projects to focus on their core operations and profitability.

This leaves room for competitors to leverage open banking to streamline mortgage processes – improving onboarding, automating risk decisioning and increasing productivity by eradicating the time and cost required for manual application reviews.

So, even against a backdrop of continued uncertainty, financial institutions cannot afford to deprioritise innovation. It's vital that they continue to invest in open banking solutions to ensure that they retain their competitive edge in the market.

Expert partnerships to deliver more immediate value

Open banking transformation can be a long-term play, with many financial executives believing it could take up to a decade for their institution to realise its open banking objectives. But while institutions would be wise to take a considered, long-term view when choosing the right open banking partner, they will also need to demonstrate a quick return on investments.

By focusing on low-hanging fruit and proven use cases – such as income verification or account check services – financial institutions can seize the open banking opportunity before the market transitions into a state of hypercompetition. And the right partner – with the right expertise and experience – will be the key to unlocking immediate value while helping institutions realise their open banking ambitions in the longer term.

tink

paydock

VALUING DIVERSITY

An Interview with Jenela Gunasekaran, Chief Product Officer at Paydock.

Financial IT: How would you define your role in fintech?

Jenela Gunasekaran: My career in fintech has been a multifaceted and rewarding one. I've had the chance to work across multiple areas such as product, technology, and financial services for more than 16 years now. I joined Paydock as Chief Product Officer in 2021, having previously worked as Head of Product at HSBC's mobile payment service PayMe for almost three years and as Principal Product Manager at PayPal for five years before that.

At PayPal, I led the product vision and created a multi-year strategy to build a scalable and robust platform to deliver business positive outcomes for PayPal. In addition, we sought to be be a customer champion in the event of a fraud or credit risk.

In addition to this, the most interesting challenge was to rationalise 10 identical legacy products into a single unified product to offer a seamless seller experience throughout their lifecycle in PayPal.

In my role at PayMe (HSBC), I led a team of product managers, engineers and tech writers to launch online payments for merchants and numerous distribution models for partners, serving over 2.3 million consumers. I created a process which facilitated easy and efficient integration and self onboarding processes for merchants to use. This initiative was a first for the bank as it extended the originally designed online payment service to a point of sale instore proposition.

Since joining Paydock, I have directed the product and commercialisation strategy, and overseen the day-to-day management of a product team of over 30 employees, whilst working with Paydock's executive team on strategic issues.

Financial IT: Diversity and inclusivity are the main goals in a corporate environment. Is diversity in the fintech sector different from other areas that you worked in?

Jenela Gunasekaran: For me personally, the subject of diversity and inclusion in fintech is not limited to gender.

When it comes to being diverse and building a team, I wouldn't be building based on gender, but rather on the diversity and inclusivity of thinking in the room, as opposed to gender itself.

No matter what industry you are in, organisations are consciously making an effort to have a very diverse and inclusive set of people in all of these positions.

Financial IT: In your opinion, are there misconceptions and disbeliefs regarding the roles of female specialists in the fintech area?

Jenela Gunasekaran: Growing up, I was given the freedom to be very independent and to decide my own path and I was in a fortunate position where my family never differentiated me from my siblings.

In terms of opportunities – I was given everything that my brothers had. Being treated equally left a very lasting imprint on me very early. It showed me that as long as there is an opportunity, there is a space for you – no matter whether you are male or female. This mindset helped me in all of my roles that I've played to date.

When I began my first fintech role at PayPal, I was the only senior female in the team and constantly surrounded by male colleagues. However, by no means was I intimidated by that.

Hard work has been instilled in me from an early age, and I am naturally a perfectionist, therefore I tend to go above and beyond in everything I do.

Nevertheless, I recognise that, whether it's fintech or any other industry, women generally still have to go that extra mile and demonstrate more than what their male colleagues are doing to show that they are worthy of that position.

Financial IT: What are the main obstacles and challenges on the career path for females in fintech?

Jenela Gunasekaran: There are certain types of behaviours still present in the corporate world, predominantly in the male dominated environments.

But there is no reason why as a female you can't blend in. Accordingly, one of the challenges with this is being the right type of person who can participate in the conversations and encourage others to speak up.

Another main challenge I have seen many of my female colleagues face is finding the balance of building a great network whilst taking care and making time for their families. When progressing up the career path, there's a real pressure to really push yourself and go out of your way, to build that network of people or that friendship outside of work and that spirit of camaraderie. It's truly about finding the balance between building that network but also ensuring that you maintain that work life balance too.

Financial IT: What is the one piece of advice you would give women wishing to start their path in the fintech industry?

Jenela Gunasekaran: I think my main contribution in the fintech space really is just showing up and being there and this allowed me to demonstrate to people that you can be that one female in the room who could confidently get things done.

All you need to be is true to yourself and authentic.

When it comes to business, I think it's really important to generally be open and rise up to any challenge or opportunity

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that is given to you, be brave to try new things and don't be afraid of failure in doing so.

Realistically, what is the worst that can happen?

Financial IT: Do you have female role models? How did they shape your beliefs and perception?

Jenela Gunasekaran: Growing up, both of my grandmothers were very enterprising women, even to their later stages in life. They were both independent people, both in life and financially and this definitely inspired me from childhood that I wanted to live independently and make my own path.

At PayPal, I was fortunate to work with countless incredible female professionals who were successful in their careers, powering through and have inspired me. This had a strong influence on me and paved the way for how I wanted to work and reach my own personal goals in life and in business.

Jenela Gunasekaran,
Chief Product Officer at Paydock.

Jenela brings over 16 years of experience across product, technology, and financial services to her role at Paydock, an award winning enterprise grade payments orchestration platform. She joined Paydock from HSBC where she held the role of Head of Product at its mobile payment service PayMe in Hong Kong for almost three years.
Jenela is passionate about creative use of technology to build inclusive and sustainable products.
She has experience in e-Commerce, Digital Payments, Fraud and Credit Risk, API as a Product and Software Application Life-cycle Management.

SELF-SERVICE AND DIGITAL BANKING EMBRACES THE NEW TECH ERA

By Gillian Shaw, Research Analyst and Conference Producer at RBR

RBR, the strategic research and consulting firm, has been organising annual banking events for several years. Having switched its annual conference on self-service and digital banking to a virtual format during the pandemic, RBR is delighted to once again be holding an in-person event in London on the 18th and 19th May. Financial IT met with Gillian Shaw, Conference Producer, to talk about this year's hot topics and what we can expect from Self-Service and Digital Banking 2022.

Financial IT: Which topics are the focus for this year's agenda?

Gillian Shaw: With the pandemic adding potent force to the maelstrom of change which was already sweeping through the industry, banks are looking at harnessing the power of increasing digitalisation to deliver banking services more effectively and efficiently. The conference gathers together thought leaders and tech innovators from around the world to deliver a high-quality agenda which will cover key issues such as mobile banking, Open Banking, improving customer experience, optimising ATM networks, ATM pooling and the use of advanced technologies such as AI, big data and biometrics. We also have several presentations which will look at how self-service and digital banking can address some of the challenges around financial inclusion. This is an important topic right now as the pandemic has highlighted the many structural inequalities that exist within society, with one of the most obvious being fair access to financial services and products. The good news is that self-service and digital banking can be harnessed to improve financial inclusion, not least because efficient digital and self service solutions are less costly, so they are easier to deploy to reach the financially excluded.

Financial IT: What do you mean by "self-service" and "digital banking"?

Gillian Shaw: The conference is focusing on all the channels that customers can use independently to interact with their bank and access financial services. Self-service banking used to be primarily ATMs and banking kiosks but now, of course, it has broadened to include internet and mobile channels, otherwise known as "digital banking". Customer behaviour had already been changing largely due to the impact of smartphones and the advent of new banking technologies, but the pandemic saw an explosion in digital banking transactions as lockdowns and social restrictions inhibited more traditional face-to-face transactions and customers were forced, almost overnight, to become more self-sufficient.

Financial IT: What main trends are we seeing in self-service and digital banking?

Gillian Shaw: Self-service is becoming an ever more important customer touchpoint as customers increasingly expect to be able to carry out a wider range of transactions autonomously, quickly and at a time of their choosing. The role of self-service for the processing of cash transactions has been established and well understood for years now but now the discussion is about how banks can migrate more complex services and transactions to self-service channels. By leveraging the latest technology and the most recent innovations in areas such as AI, big data and biometrics, self-service and digital banking can offer customers personalised services that can meet ever growing customer expectations. If banks can move more complex services and transactions to self-service, they should be able to increase efficiencies and enhance the overall customer experience. From quick and efficient mobile onboarding to selling investment products directly through digital channels, the future of self-service banking looks bright.

Financial IT: What makes RBR's conferences unique?

Gillian Shaw: Through its extensive research work, RBR is close to the industry, continually following the latest trends and innovations. This shines through on our speaker agendas as many of the banks we work with on the research side are leaders and innovators in the industry and often speak at our events about their work. Many of the organisations that support our events as sponsors and exhibitors are also clients of our research and consulting work.

Financial IT: What can delegates expect at the 2-day event?

Gillian Shaw: The event centres around the auditorium where our international speakers will be delivering their presentations and taking part in discussions on the industry's most important topics. There is something unique about the energy created when presentations can be delivered in person, and we are really looking forward to the spontaneous conversations that spring up during the Q&A sessions. The speaker programme is shaping up to be really exciting with thought leaders from several different countries taking to the stage to share their expertise. We have already confirmed presentations from institutions such as: Intesa Sanpaolo (Italy), FNB (South Africa), Swedbank (Lithuania), KBC (Belgium), OneBanks (UK), Bank Millennium (Poland), Barclays (UK), US Bank (USA), OP Financial (Finland), DIB (UAE), Deutsche Bank (UK), Nationwide (UK), Morgan Stanley (UK), CIBC (UK) and Ziraat Bank (Turkey).

Delegates will also have ample opportunity to visit the dynamic exhibition area, showcasing the latest branch technology from leading international suppliers. We are looking forward to the buzz of the coffee and lunch breaks when delegates will have the opportunity to meet once again in person with industry peers.

Financial IT: How can our readers get involved in Self-Service and Digital Banking 2022?

Gillian Shaw: There are a variety of ways in which readers can get involved in this event. We are always looking to add interesting bank case studies to our agenda and would love to hear from anyone interested in presenting. We have a range of exhibition and sponsorship packages for companies that would like to promote their brand and meet potential customers and, alternatively, individual delegate tickets can be purchased.

For more information, contact gillian.shaw@rbrlondon.com or visit https://www.rbrlondon.com/conferences/ssdb/

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London 18-19 May 2022

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WOMEN IN FINTECH FEATURE WITH LENA HACKELÖER FOR FINANCIAL IT

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Over the course of her career, Lena Hackelöer has worn many hats. A dual citizen of Sweden and Germany, Lena has extensive experience in the European Fintech sector. During a seven-year stint at Klarna, she helped to build the company's B2B marketing operations from the ground up. Now, she's launched Brite Payments, a Swedish Fintech business that provides instant bank payments and payouts across multiple markets in Europe.

Financial IT: How did you get involved in Fintech?

Lena Hackelöer: My Fintech journey really started at Klarna. I joined the company at an early stage of its development and played an integral role in building the company's B2B marketing operations. It was a great first foray into the sector and gave me the experience, knowledge and skills needed to take on further challenges. That's why I left the company in 2017 to pursue new opportunities at other Fintech businesses.

Since Klarna, I've worked as Chief Product Officer and Chief Executive Officer at another 'Buy Now, Pay Later' (BNPL) business in Europe. With this experience, I felt confident that I could start my own Fintech business. After giving it a lot of thought, I took the plunge and launched Brite in 2019. In many ways, I sort of stumbled into Fintech, but now that I'm here there's no other sector that I'd want to work in.

Financial IT: What are you most proud of from your career in the sector?

Lena Hackelöer: There's still a lot to be achieved, but when I reflect on my career, there are some big highlights, which I'm really proud of. I think helping to launch Klarna in Germany is probably the pick of the bunch. We were at an early stage of the BNPL market, so as a business, we were building the tech, the company and the brand all at the same time. When I joined, we had no customers in that market, but when I left, we were up to nearly 20 million users.

Financial IT: Can you explain what Brite is?

Lena Hackelöer: Brite is a second generation FinTech challenger based in Stockholm. Working for first generation fintech companies before founding Brite, our people have previously been part of building European FinTech success stories such as Klarna, PayPal, iZettle and SOFORT, to name a few. As a business, we leverage Open Banking technology to bring modern payment solutions that are posed to solve some of the industry's biggest remaining pain points.

To this end, we build on the foundation laid by European payment companies who shook the status quo in the early 2000s, to create payments that are secure, reliable and affordable. So, whether you are a bank, insurance company, online retailer, game company, or something else, we have a suitable solution to help you process payments. We offer a hassle-free choice to make payments for people across all walks of life.

Financial IT: How do you see the market for instant payments developing in the next few years?

Lena Hackelöer: At Brite, we're bracing for real expansion in the sector. There's now an overwhelming consensus that instant payment solutions based on open banking rails will help to solve real-world problems for merchants in different sectors. I think we're likely to see the technology become more commonly used in an ever growing number of European countries - similar to what we have seen in markets like Sweden, Finland and the Netherlands, which already have mature Open Banking Payment landscapes.

How do you think Fintech will evolve in the next few years?

Lena Hackelöer: At Brite we see a larger part of the 'old economy' moving their transactions on to digital rails. We spend a great deal of time nowadays speaking to companies that have not previously worked with payment providers, but who instead batched payments and handled them manually. Insurance companies are a great example of this. So from that point of view, I believe the industry will continue to grow.

If you compare where the sector was five years, to where it is today, then it's obvious how quickly things are changing. It will be interesting to see if the sector can maintain this pace over the next few years, but with all the innovative ideas currently coming to the fore, I really wouldn't be surprised.

Financial IT: What excites you about the Fintech sector?

Lena Hackelöer: One word; disruption! I love fintech because of how disruptive it is. The sector has boundless potential and is reshaping the world around us in real-time. With our technological capacities advancing there are now even greater opportunities on the horizon for the sector to take advantage of. The industry still hasn't reached a stage where every problem is solved, which is really exciting for those of us involved in it.

Financial IT: Aside from Brite, what other projects are you involved with?

Lena Hackelöer: I'm involved in several endeavours away from Brite, but many of them have a link back to Fintech. Recently, I've started to do more work as an angel investor, working with early stage startups primarily based in the Nordic region and Germany. I'm also the co-host of Commerce Talk, one of the leading podcasts on digital commerce, alongside Alexander Graf, Spryker's co-founder and co-CEO.

For more information about Brite Payments, please visit:
https://www.britepaymentgroup.com

BRITE

Nilufar Sodikova, Sabrina Akramova, Financial IT

GROUNDBREAKERS WOMEN LEADERS SHAPING THE FINTECH SPHERE IN 2022

Historically, the financial sector has been a male-dominated one, and FinTech is not an exception to this.

Fortunately, there are strong female FinTech executives motivating women to break down obstacles and reach the top management positions.

Although the percentage of women in FinTech still remains low, they make a significant difference in the sphere of FinTech by bringing their expertise and passion into their work.

While the number of women working in the FinTech industry has increased significantly over the last decade, more needs to be done to ensure that they have the opportunity to advance through the ranks, lead teams, develop company and industry policy, and invest in the companies and people they care about.

We are glad to introduce to you 30 FinTech leaders, women whose footsteps inspire us.

***Adina Eckstein*, COO at Lemonade**

As an execution leader with extensive experience in business and product development, Adina Eckstein contributes to the success of Lemonade by building strong teams and creating sustainable working environments. She perceives obstacles as transformative challenges and views them from different perspectives, which allows her to be a role model for many young females in FinTech.

***Angela Yore*, Managing Director & Co-founder at SkyParlour**

Angela Yore co-founded SkyParlour in 2009 with the aim to help FinTechs overcome obstacles and build a strong brand image in the era of digital transformation. As an enthusiastic and forward-looking entrepreneur, Angela Yore built hundreds of successful PR campaigns for FinTech companies and start-ups in the sphere of banking, e-commerce, cybersecurity and international payments.

***Anne Boden*, CEO at Starling Bank**

A computer scientist by education, a passionate entrepreneur at heart, Anne Boden lives and breathes Starling, which was founded by her back in 2014. Together with her team, Anne Boden managed to build a strong customer-oriented application to help people manage their finances. After reaching the status of 'Unicorn' last year, Starling Bank continues improving the product, thus improving the standards of financial transactions.

***Becky George-David*, Executive Director at JP Morgan Chase & Co**

As an Executive Director, Becky George-David works with customer needs, develops strategic partnerships and builds market leading products. Her enthusiasm for corporate diversity has led her to co-lead Career and Talent for JP Morgan's Black Employee Network across EMEA, helping to create a more inclusive workplace for talents to thrive.

***Camilla Giesecke*, Chief Expansion Officer at Klarna**

Former Chief Financial Officer and present Chief Expansion Officer at Klarna, Camilla Giesecke works on making Klarna available around the world. As she has almost 15 years of experience in business development, financial planning and analysis, Camilla Giesecke aims to contribute and reshape shopping by introducing more effective and convenient ways to shop.

***Céline Dufétel*, CFO at Checkout.com**

An outstanding financial specialist, Céline Dufétel has been supervising the Checkout's finance, treasury, and strategic departments since joining the company in August 2021. She was formerly the COO and CFO of T. Rowe Price, a Fortune 500 asset management company. A former partner at McKinsey & Company, she was MD and global head of marketing, product management, and client services at Neuberger Berman. Then in 2020, Céline Dufétel was chosen to Fortune's 40 under 40 list.

***Charlotte Crosswell*, Chairwoman at Open Banking**

A creative and determined team leader, Charlotte Crosswell believes in a diverse and innovation-first approach. She brings fresh ideas and has a strong belief in herself, which helped her to grow on top positions in a number of companies, including Open Banking, Exadin, and Centre for Policy Studies.

***Christina Junqueira*, Co-founder of Nubank**

A trained engineer with an MBA, Cristina Junqueira cofounded Nubank, presently the world's most valuable digital bank, in 2013. She led Ita's largest credit card division before departing to co-found Nubank with David Velez and Edward Wible. Nubank (as Nu Holdings) went public on the New York Stock Exchange in December 2021.

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GROUNDBREAKERS

30 Women Leaders in FinTech

***Denise Garth*, CSO at Majesco**

Denise Garth specialised in business growth, operational transformation and technology management. Denise Garth was included to Top 50 insurance influencers in InsurTech, Top 50 Women in SaaS 2020, and 10 Women in FinTech to know in 2022. Recognized for strategic thinking, extensive insurance knowledge, and a creative mind that interprets these concerns to emphasize the need and effect of innovation to better prepare for the future.

***Dhivya Suryadevara*, CFO at Stripe**

Dhivya Suryadevara is the CFO of Stripe, a worldwide technology company that builds economic infrastructure and the internet. Suryadevara has been named to the 2020 Power List by MotorTrend, the 2019 All Stars by Automotive News, Fortune's Most Powerful Women to Watch, 40 Under 40 by Fortune and Crain's Detroit Business, and the World Economic Forum's Young Global Leaders. She was formerly on the Girl Scouts of Greater New York board.

***Elena Novokreshchenova*, Non-Executive Director at Virgin Money, Executive VP at Remitly**

Having 20+ years of professional experience, Elena Novokreshchenova is one of the leaders of global technology business with P&L, product, marketing and commercial responsibilities. A prominent digital money transfer provider spanning Europe and Asia, Remitly has recently appointed her as an Executive Vice President of International to its C-Suite to internationalise, expand and drive corporate development.

***Evgenia Loginova*, CEO & Co-founder at Radar Payments by BPC**

Evgenia (Jane) Loginova works for BPC, a renowned payment solution provider based in Switzerland. She has worked with BPC for almost six years and is in charge of strategy, marketing, and growth. She is effectively managing BPC through the fast-changing payments, banking, commerce, and mobility landscape. Jane Loginova was an executive director at Goldman Sachs before BPC. She is a management graduate from the London School of Economics.

***Georgia Stewart*, CEO & Co-founder of Tumelo**

To enable retail investors and pension members benefit from a more sustainable investing system and utilize their funds to make a good impact, Georgia Stewart co-founded Tumelo in 2018. Georgia Stewart was born in Scotland and studied Natural Sciences at Cambridge, where she fought for sustainable investing in the £6 billion endowment fund, pushing for transparency and shareholder participation on topics like gender equality and climate change.

***Ghela Boskovich*, Regional Director at Financial Data and Technology Association**

Ghela Boskovich is the Founder of FemTechGlobalTM, a network devoted to enhancing inclusivity and diversity in Financial Services. This award is presented annually by FemTechGlobalTM. Ghela is a frequent keynote speaker and editorial writer who focuses on the practical implementation and commercialisation of FinTech/bank partnership. She is obsessed with upgrading outdated financial systems, disrupting business models, and enabling institutions to adopt new technologies.

***Jenela Gunasekaran*, CPO at Paydock**

As a passionate product leader and supporter of creative use of technologies, Jenela Gunasekaran builds inclusive and sustainable products. With 16 years of experience in product management with AGILE methodologies, Jenela Gunasekeran combined working in vibrant tech startups and large corporations with highly competent teams.

***Louise Hill*, Co-founder & COO at Gohenry**

Due to the growing demands to teach children how to manage the budget in a digital environment, Louise Hill co-founded Gohenry in 2012. With a background in e-commerce operations, her goal at Gohenry is to illustrate that financial education can be entertaining, practical, and helpful in the transition to adulthood.

***Mariam Minhas Mannan*, CPO Yoco**

Mariam Minhas Mannan has extensive expertise in establishing leadership and people teams, leading M&A and integrations, and scaling up enterprises in the Middle East and North Africa through people analytics, talent development, and technology changes. With over a decade of experience in the Middle East and Africa, Mariam Minhas Mannan developed high analytical and problem-solving skills. Loves leading, creating, and delivering high-impact initiatives, especially those focused on talent and people growth in a transformative context.

***Natasha Bansgopaul*, Co-founder & COO at VegaX Holdings**

As a co-founder of VegaX Holdings, Natasha Bansgopaul is enthusiastic about using technology to revolutionize the financial services industry. With core capabilities in brand development, organizational management and M&A, she is passionate about blockchain, CPG innovation (F&B), and media/ entertainment ventures.

***Nathalie Siegl*, Chief Executive & Financial Officer at IXOLIT Group**

Nathalie has an impressive background in marketing and project management, which has enabled her to successfully help develop and scale new brands and ventures in various sectors for almost two decades. Her expertise in corporate finance, administrative organization and internal structure has facilitated the success of countless projects, and her unique “new problem, same principle” approach has allowed her to expand her skillset over the past years.

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***Odunayo Eweniyi*, COO and Co-founder at PiggyVest**

Odunayo is the Co-founder & Chief Operations Officer of PiggyVest, the leadin digital savings and investment platform in Nigeria. She was named one of Forbes Africa 30 under 30 Technology in 2019 and one of 30 Quartz Africa Innovators 2019. In 2020, Odun cofounded The Feminist Coalition, a group of young Nigerian feminists who work to promote equality for women in Nigerian society, with a core focus on education, financial freedom, and representation in public office.

***Ola Doudin*, CEO and Co-founder of BitOasis**

Ola Doudin is an ambitious woman in FinTech, who co-founded BitOasis, a digital asset exchange that allows users to purchase, sell, and trade digital assets against the UAE dirham. Users in the United Arab Emirates, Saudi Arabia, Bahrain, Kuwait, Oman, Jordan, Egypt, and Morocco can use the portal. Since Ola Doudin strived for contributing to FinTech sector, BitOasis has become an integral part of her life, her joy and happiness.

***Pamela Cytron*, Founder and CEO at Pendo Systems**

Pamela Cytron is an award-winning Technology Entrepreneur, spending the last three decades delivering back office and artificial intelligence solutions to Financial Services. Extensive knowledge in legacy computers, processors, coding, regulations, and complex relevant laws and accounting rules in major financial centers. With her understanding of what financial institutions have, and what they and their customers need, she applies fresh thinking and innovative ideas that take full advantage of the latest in technology. A WBENC organization and Pam recently recognized as one of the Top 25 Women Entrepreneurs in NJ.

***Rita Liu*, COO Mode**

Rita Liu spent over a decade refining her abilities and rising through the ranks at Alibaba-backed finance firm Alipay before joining Mode as Chief Commercial Officer. She is an inspirational FinTech executive, a supporter of cryptocurrencies, dynamic and seasoned business leader with extensive expertise in company development, marketing, operations, and product management.

***Romina Savova*, Founder & CEO PensionBee**

A former Goldman Sachs analyst with an experience in risk management and investments, Romina Savova launched PensionBee, the UK's top online pension service, after a traumatic pension transfer experience. She believes that customers should view their pension balance online, make contributions and withdrawals, and utilize a smart calculator to plan their savings effectively.

***Saira Rahman*, VP Finance at HMBradley**

As an enthusiastic supporter of simplifying one's finances, Saira Rahman brings her experience and skills into HMBradley, With over 10 years of working in financial sector, she knows exactly what customers need to maintain their financial well-being.

***Samantha Seaton*, CEO at Moneyhub Enterprise**

As an executive at Moneyhub Enterprise, Samantha Seaton truly believes that there is no more exciting opportunity than to be an agent for change in the sector of financial services. She achieves real-life goals by viewing market situations from consumers' perspective, focuses on genuine problems and takes actions meaningfully.

***Susanne Chishti*, CEO Fintech Circle**

An award-winning entrepreneur and investor with strong FinTech expertise, Susanne Chishti is CEO of Fintech Circle, Europe's first Investor Network focused on FinTech project development. She is also co-editor of the international bestseller "The FINTECH Book", which has been translated into ten languages.

***Silvija Martincevic*, Chief Commercial Officer at Affirm**

Silvija Martincevic leads Affirm's revenue strategy, partnerships, customer success, sales, go-to-market, marketing, and communications teams. Prior to joining Affirm, she was COO of Groupon International, a company with over $1 billion in revenue across 14 countries across Europe, Asia, and Australia. Silvija Martincevic also led Groupon's $900 million North American Health & Beauty division as CMO International. Groupon's analytics, pricing, business development, marketing, and product strategy teams all report to her.

***Sujata Bhatia*, COO at Monzo Bank**

A former American Express executive in Europe, Sujata Bhatia came to Monzo in 2020. Although she joined Monzo in a turbulent time of pandemic COVID-19 outburst, She viewed every obstacle as an opportunity to improve, grow and prosper. Such attitude helped her make significant achievements and bring challenger bank to the new level.

***Terry Monteith*, SVP Acquiring & Payments at BlueSnap**

Terry Monteith is a passionate specialist with an extensive experience in global payment technologies, which helps her to take part in optimizing global and mobile checkout together with her team. At BlueSnap, Terry Monteith works on Powered Buy Platform, which drives growth for businesses seeking to reach global consumers and capitalize on new sales possibilities.

***Vilve Vene*, CEO & Co-founder of Tuum**

From her time at Hansabank, one of the first commercial banks in Estonia, to founding Icefire, Vilve Vene always had a vision of a financial world transformed by technology. In 2019, she launched Modularbank, a next-generation core banking platform, to enable any firm to design and launch new financial products in weeks.

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MULTICLOUD ADOPTION MATURES IN THE UK

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As CIOs and CTOs adopt multicloud in order to support business-wide demand for agility, Alan Campbell, Senior Director & General Manager, UK & Ireland, Nutanix explores this and other findings of the fourth annual Enterprise Cloud Index.

Multicloud computing has now matured into the preferred infrastructure for UK organisations modernising their business models and technology operations, with organisations considering it to be the most effective way to deliver both flexibility with security.

In a major annual study of business technology leaders, research firm Vanson Bourne and Nutanix found that 91% of survey respondents have moved one or more enterprise applications to a new IT environment. The driver for this move is clear. Organisations are re-platforming applications to improve data integration, interoperability, security and operating costs, with 83% of the CIOs and CTOs surveyed stating that hybrid multicloud infrastructure was the best option.

The pandemic inevitably played a part in this infrastructure modernisation decision-making, with 61% of respondents focusing on providing a more flexible work set-up for their organisations. Interesting though, the majority of respondents believe elements of the remote workforce will stay in place.

Supporting this new way of working, multicloud is providing organisations with a flexible IT environment to support a distributed organisation and respond to the expected increases and decreases in remote working that the majority of respondents believe will be part of modern enterprise computing. Distributed organisations require distributed data and business continuity that can, if required, cross borders, factors that have driven the adoption of multicloud computing. With 53% of surveyed technologists in the UK stating they had adopted multicloud, the island is ahead of mainland Europe in terms of adoption. UK technology leaders (80%) did state that moving workloads to new cloud environments was costly and time-consuming.

The proven benefits of multicloud

When considering the benefits of multicloud, security was the most cited reason (41%) for moving to the environment, which correlates with enterprise concerns that the distributed organisation creates security weaknesses. For 39% of the survey group, improvements in performance led to the application move, whilst 38% said multicloud led to greater control of their application estate.

Application mobility is also front of mind. Application moves were led by business outcomes, with 40% of respondents citing improvements in collaboration and remote working, over a quarter (36%) set out to improve customer support, 35% chose multicloud as a way of enhancing business continuity. This has led to the IT function receiving a boost in strategic perception, according to 72% of respondents.

While a boost in perception might be welcome, IT leaders must continue to keep a tight hold on the purse strings as 93% of UK IT leaders state that moving workloads is costly and 80% of global respondents agree with their UK peers. UK leaders cited cost as the main reason for moving applications (44%), whilst globally faster access speed was the main reason (39%), and security was the second reason for UK leaders followed by capacity concerns (37% and 33% respectively). Improving control of the application estate was the second most popular reason globally (38%). UK technology leaders (66%) also believe containerisation technology will become increasingly important over the next 12 months.

Along with cost, security remains high on the agenda. Although CIOs and CTOs in EMEA and globally find security a larger challenge than their UK peers, with 41% of global respondents and 40% of EMEA CIOs, compared to 37% of UK business technology leaders. Capacity was a greater imperative (33%) for leaders in the UK to move to a multicloud model, compared to 30% of global respondents and 26% of those in EMEA.

While complexity and challenges remain, multicloud deployments will continue to grow over the next three years. The research finds that adoption will increase by 64%, with 82% of UK respondents intending to use multicloud over the next three years, 18% more than global respondents to the same survey. Over three public cloud services were in use by 21% of UK respondents, and 34% expect to be using three or more public cloud services over the next three years.

Bumps in the multicloud road

While the multicloud future looks rosy, business technology leaders in the UK do have some concerns about multicloud adoption. The complexity of managing multicloud environments across cloud borders is a challenge, and 87% of UK based business technology leaders state that the management of multicloud environments needs simplifying.

Traditional infrastructure concerns continue too. Security is a challenge for almost half of the respondents (49%), and the same number find data integration a challenge, whilst 43% state that cost is an issue. Cost was a higher concern amongst UK respondents than over markets, with 56% of UK respondents highlighting this challenge, compared to 31% of global respondents.

Tools for multicloud success

The business challenges that CIOs and CTOs are deploying multicloud against demonstrate the need for tools to automate and unify technology processes across a diverse range of cloud platforms. With containerisation of enterprise applications continuing to grow, business technology leaders need containers that are easy to move across cloud environments, which will increase application mobility and therefore the agility of the business.

CIOs and CTOs need tools that can automatically discover cloud instances, compare costs and provide insights, as well as an alert for how to optimise the costs of workloads. Data, insight and automation are driving business processes across the organisation, and the IT department needs the same maturity of productivity tools as the workforce they deliver enterprise technology to.

Recent events have accelerated the digital transformation plans of organisations and, therefore, the adoption of the multicloud infrastructure required to modernise the enterprise. As organisations seek to improve productivity and enable remote working, moving core applications to a multicloud environment is essential to increasing business flexibility. As this research shows, it improves the strategic role of the IT organisation and reduces security risks and operational costs. However, the complexity of the multicloud environment creates risks for business technology leaders, and organisations need the right tools to ensure that the business extracts the maximum efficiency and benefit from a multicloud strategy.

NUTANIX

Richard Price,
Head of FSI, UK&I,
TIBCO Software

GETTING THE MOST FROM THE OPEN BANKING AND API REVOLUTION

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Consumer attitudes to financial services have changed radically. A waning enthusiasm for traditional banking services in favour of digital alternatives, especially among the young, was already apparent pre-COVID. Now it is becoming clear just how much the pandemic has hastened new behaviours and expectations. Consulting firm EY carried out a survey last year which found that 43% of consumers have permanently changed the way they bank since Covid hit.

What today's customers want is straightforward enough: flexible financial services that give them the ability to conduct transactions anywhere and at any time. They expect tools that make accessing money and services as frictionless and secure as possible, and they want to be able to take interactivity between different channels, and between different parties in a chain, for granted.

To help meet these expectations, traditional banks are looking for technology-driven approaches, in particular ones based around APIs and open banking.

APIs offer a great way to facilitate communication between different applications and services, and give banks a chance to extend their offer into new markets, such as mobile banking, without having to reinvent themselves from the ground up. APIs give institutions the ability to connect to consumers flexibly and intimately without those consumers even being aware of what an API is. No wonder research firm McKinsey recently found that over 90% of banks plan to leverage APIs to achieve better revenues from existing customers, while 75% see them as a means to drive new business.

Open banking is a great way for older institutions to create mutually profitable ties with a range of disruptive market entrants, like mobile share-dealing applications or digital payment platforms, all via APIs. Initially seen by some banks as a threat, open banking is now widely perceived as an essential way to stay relevant and work collaboratively with nimbler challenger brands.

However, there's a potential catch in the pursuit of all this transformational bounty. The dividends of open banking rely on a high quality of data and the ability to leverage that data in something like real time.

Many banks are sitting on several decades' worth of poorly organised and unstable data, perhaps the result of multiple mergers and acquisitions, or a model whereby different lines of business still operate independently of each other. Old and new data from multiple sources is either jumbled together or walled off in unconnected siloes. Organisational barriers stand in the way of an agile and unified approach to data, and cultural attitudes prevent these barriers from being torn down. Poor data will equate to minimal or negative results from any transformational effort, and is certainly not any kind of fast track to the required agility and responsiveness.

The irony is that customer data could and should represent a crucial competitive edge for established institutions over digital challengers. They have tons of the stuff. So how can the data quality challenge be overcome and the desired results delivered? How can a data swamp be turned into a clean data lake, brimming with trusted information to act as the foundation for an open banking strategy?

It all starts by deploying the right technology platform to allow for a more event-driven approach. Every element within a digital banking ecosystem, whether that's a digital transaction, the input of market information or some data swapped via API, amounts to an 'event' that must be managed and analysed, ideally in real-time. Software that delivers this kind of immediacy is a major foundation stone within the open banking world. You can't manage what you can't see, necessitating data-driven insights so that every stakeholder enjoys full transparency and awareness of all events that impact services. These insights must span everything from risk to profitability.

Older data management methods that seek to consolidate information centrally can leave you with an even bigger and more intractable data swamp, whereas an effective form of data virtualisation means that data stays where it is, but open to intelligent interrogation. The right software generates APIs that provide secure, high-speed access to customer account information in whatever form it takes, rendering it in an actionable form where and when required.

Banking data can live in any number of disparate systems, varying by geographic region, data type, and classification of customer. With a data virtualisation platform, the complexity of all back-end architecture is abstracted away, turning a melting pot of different data sources into one virtual data repository. The whole package is supported by data management tools to allow the right visibility and access to the right people, as well as facilitate regulatory oversight and compliance.

Let's consider an example from the real world. KBTG Bank in Thailand, which provides services to 16 million retail banking customers, saw how data virtualisation brought business and IT together to deliver services to customers in a timelier manner. Its 'My Portfolio' mobile app shows users every banking product and account they have. The data that powers these services is stored in multiple systems – deposit account, credit card, mutual fund. Each API call can require data stored in 12 to 15 databases and so the power of the API is to create a united view over multiple databases.

There's no doubting the potential of open banking for traditional banks competing against agile online start-ups. It gives them the digital-first and data-centric approach they need to remain relevant. But the right way of handling data will always need to underpin any success in this area.

OPEN BANKING IN 2022 AND BEYOND

We can expect to see Open Banking increase in maturity and the associated regulation expand globally in 2022. Other key trends include increased innovation in areas like payments and an increased appetite to evolve towards open finance more broadly and adopt open data sharing models. We'll also start to see a move towards sustainable innovation as industry participants adapt to more sustainable ways of working in support of environmental goals.

The global expansion of Open Banking will continue in 2023, and I also anticipate a shift in mindset with Open Banking moving from a cost-recovery model to delivering increased commercial efficiency.

Evolution of payments

Open Banking payments will boom in 2022. Now that Open Banking technology is mature enough, the payments industry has the opportunity to fully leverage the innovation we've already seen. In the year ahead, I anticipate many new products will come to market, giving everyone more freedom and choice in how they pay and receive payments.

One key development will be the introduction of variable recurring payments (VRPs). These are one of the more exciting elements emerging in Open Banking today. VRPs and sweeping offer a major opportunity for people and businesses to 'unbundle' their banking services.

Instant payments between customer accounts will make it easier to maintain an overdraft with one provider, a credit card with another provider, and a currency account with a third. Money could move seamlessly and automatically between accounts to meet payments and deadlines, allowing people to find the best provider across a range of financial institutions. It's a genuinely game-changing advance for Open Banking.

It unlocks the possibility for smarter features for fintechs in the future, such as automatically topping up when your balance is low, or funding transfers on a pre-defined schedule. It removes a significant barrier, makes paying more convenient, and gives consumers more options when choosing a payment method.

The shift to open finance and open data

Open Banking's evolution into open finance will continue to pick up pace. Conversations are increasingly starting to shift towards 'open finance' and 'open data' with improved access to financial data pushing the industry forward. We've been talking about this at Finastra already for the best part of a decade, but with the pandemic accelerating the shift to digital, changes we expected to take another ten years are actually starting to happen now.

As the shift to open finance and open data accelerates, it will encourage a healthy and competitive industry and vibrant financial ecosystem – enabling innovative new products and services to be created. This will give consumers and businesses more choice and control over how they manage their finances.

Sustainable innovation

More fintechs aimed at creating products and services that help consumers and businesses meet environmental goals will emerge in the year ahead. From green loans to banking apps with sustainability and carbon-tracking features, 2022 will be the year of sustainable innovation.

Global Open Banking initiatives in the pipeline

United States:

It's highly likely that Open Banking will finally become a reality in the United States. It was added as one of 72 policy initiatives by the US government in mid-July 2021 to support increased competition in the American economy. The Consumer Financial Protection

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Ramy Elkhoulany,
Director at Finastra Product Management Team.

In this role he is responsible for the API strategy and the overall integration of the Universal Banking Core Systems, Digital solutions and third- party integrations. Ramy has been with Finastra since 2013.

Ramy has more than 18 years of experience in the professional software development field, working with diversified technologies and different lines of business, with a primary focus on the financial software industry.

Ramy has held several positions and roles over his career including Software Development Lead, onsite core banking implementation, Business Development Manager and consultation across USA, Asia and Middle East. Ramy holds mini-MBA from Missouri State University and bachelor's in computer science from Modern Academy in Maadi, Egypt.

Bureau (CFPB) will be considering how Open Banking can make it easier for consumers to safely switch financial institutions and use novel and innovative financial products while maintaining privacy and security.

Middle East:

The Central Bank of UAE and state regulators have voiced their support, and the federation's government has announced its interest in supporting digital banking investments. The governments of both Bahrain and Saudi Arabia have made similar announcements.

Africa:

Kenya's Central Bank has announced its pledge to support the creation of open infrastructure, promising to define clear frameworks and standards in the coming years. Rwanda modelled its approach on PSD2, with recent legislation governing the development of new types of payment providers and financial consumer protection.

Nigeria, Africa's largest economy and home to an active fintech community, is also making strides. The Central Bank of Nigeria (CBN) issued a framework for financial data sharing in early 2021. Further work is being done by Open Banking Nigeria, a private initiative whose mission is to build a common standard for Open Banking APIs in Nigeria.

Latin America:

Mexico and Brazil are expected to set the deadlines for the execution of an Open Banking framework. Chile, Peru and Argentina are expected to follow.

Asia Pacific:

Singapore will continue to lead its Asia-Pacific peers as the pacesetter of Open Banking implementation in the region. Indeed, Singapore is ranked number one in Finastra's Open Banking readiness index.

China's Open Banking has been driven by tech companies like Alipay and WeChat, with these payment methods opening up huge market potential.

Hong Kong and Australia will continue their steady progress. As Open Banking matures in Australia, expect to see the full implementation of mortgage and personal loan data by late 2022.

What's in store for Open Banking in 2023?

In 2023, I anticipate new Open Banking regulations in the Middle East, led by Saudi Arabia and the UAE. I also expect increased uptake in Latin America, especially Brazil, as well as continued progress in the United States. Canada is also targeting 2023 for enforcing new Open Banking regulations, led by the Open Banking Initiative in Canada (OBIC).

In the Philippines, the central bank expects Open Finance to facilitate digital retail payments, thereby supporting the aim of digitizing half of total retail payments by 2023.

For countries that were early adopters, like the UK, Open Banking adoption among lenders is expected to hit 70% in 2023 according to a report by Credit Kudos.

Indeed, as we move into next year, I expect us to see the development of more mature commercial Open Banking models. This will include a shift from a cost-recovery model to one that prioritizes commercial efficiency, fairness, and transparency. Any future models must strike the right balance between becoming more commercially astute while achieving value for money for member Account Servicing Payment Service Providers and Third-Party Providers like fintechs, as well as increased choice for end consumers.

FINASTRA

David Hooper,
Vice President,
Open Banking & Payments Consulting,
CGI

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WHAT WILL IT TAKE FOR OPEN BANKING TO SUCCEED?

Open banking continues to attract attention and make headlines across the industry. What is it really? Is it really the next big thing, and does it truly have the potential to revolutionize financial services? I believe the answer is an unqualified yes.

Let me unpack that statement by starting with a definition. Open banking makes it possible for financial services companies and/or third-party providers (TPPs) to obtain customer consent to access and share financial data to deliver innovative and highly personalized financial services for the benefit of their customers—whether individual consumers or businesses.

Across all banking sectors, delivering a better end-to-end customer experience through customer-facing transformation initiatives such as open banking is a top priority for executives. This is a key finding from the latest Voice of Our Clients research conducted by my company, CGI—research based on face-to-face interviews with hundreds of banking executives worldwide.

Financial services companies are incumbent banks, credit unions, insurance companies, wealth management companies, etc. while TPPs are typically the smaller, more nimble providers of solutions related to financial technology (fintech), payment technology (paytech), regulatory technology (regtech), and data.

The promise of open banking

The expectation of open banking is that it will lead to new, innovative, and highly personalized services from a combination of both existing financial services companies and newer TPPs. Is this expectation realistic?

Again, based on what we have seen across the globe over the last five or six years, the answer is yes. In most countries that have implemented some form of open banking, there has been a government or regulatory push for it. And, in almost every case, it has been driven by virtually the same objectives:

1. To increase competition in the financial services and banking markets
2. To provide more information and choice of services to help people better manage their financial lives
3. To bring innovation and new technology to the market to drive down costs
4. To reduce risks associated with exchanging personal credentials with service providers that then use "screen scraping" to obtain financial data
5. To make banking services available and accessible to everyone in society, promoting financial inclusion

The prerequisites for open banking

To meet these objectives, several interrelated requirements must be met. I'll address them in the order of the objectives mentioned.

- First, there has to be a framework that outlines what entities can participate in financial services, what hurdles they have to meet, and how they will be certified or licensed to participate. This must be a controlled process to ensure security, promote trust with customers, and convey the legitimacy of the entities providing financial services.
- Second, to collect more data that can be analyzed and generate customer insights, there has to be a method for obtaining data securely once you have permission from the data owner (the customer). More secure providers will lead to more choices for customers.
- Third, newer technologies and technology-driven capabilities must be used—everything from cloud enablement to newer digital-first systems that can easily interact with each other.
- Fourth, central to the ability to exchange financial data securely is the use of APIs. Although APIs are not new, hardening them and making them commercially ready for external use, is, in fact, new.
- Fifth, a new way of thinking about customer onboarding and account origination must be embraced, which is perhaps the most difficult requirement. Providing customers with easy access via mobile apps and online portals is straightforward. However, changing the traditional requirements for opening an account or taking on a loan or mortgage have been barriers for large segments of society.

The technology behind open banking

From a technology perspective, the ability to exchange financial data securely already exists. Many banks and other financial

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Prior to joining CGI, David was the strategy & innovation executive at Everlink Payment Services, working with credit unions and tier II banks to launch new payment products and services. David has held senior positions at Visa Canada and at Moneris Solutions, working extensively with payment processing networks and gateways. He started his career at Bank of Montreal amid the run-up to launching the first virtual bank in Canada.

services providers have built hundreds of APIs to support accessing and retrieving data from their internal systems. A number of banks have built or bought API gateways that will manage the API lifecycle.

A much smaller number of banks have recognized the need to build consent management platforms. These platforms administer the process for obtaining authorization to collect financial data on behalf of customers. They are at the heart of the idea of financial data ownership. They track customer consent to release customer financial data to entities the customers wish to do business with and give customers the ability to change or revoke that consent at any time.

The technology for participating in open banking exists today. If a financial services company doesn't have this technology, it can either build or license it or, alternatively, it can find a partner that will provide the technology as a managed service.

However, technology is only a portion of the work effort required to make open banking a success. It's the "non-functional" requirements that will make or break open banking. Client-facing services are paramount. In addition to developing and introducing new services, there must be strong trust and security so that consumers and businesses will be comfortable in using new and innovative services from providers they don't know.

The evolution of open banking

At the beginning of this article, I listed insurance companies and wealth management companies as financial services providers. This is indicative of the fact that open banking has begun to morph into open finance. Open banking is more than just banking and banking services. It's about all aspects of a customer's financial life and well-being.

The starting point is the sharing of financial data. However, you don't need to make a big leap to see how using APIs to exchange data securely could be used to develop services that require the sharing of customer data related to open insurance, open wealth management and financial planning, as well as open health and even open government.

A broad scan of open banking/open finance initiatives in Europe, the UK and Australia reveals a very similar set of broad service categories:

- Personal financial management (PFM)
- Access to credit scores and alternative sources of credit
- Credit improvement services
- Mortgage rates and home buying
- Debt advice
- Market/product comparison services (much like we have today in the travel industry where websites provide information on the cheapest flights, hotels, car rentals, etc.)
- Services to protect the financially vulnerable

Initially, the vast majority of open banking services fell under the category of personal financial management. There are many existing PFM services in the market today. Most of them involve credential swapping and screen scraping for the purpose of conducting basic data aggregation from bank and credit card accounts. Balances and transaction information is then made available in one place, making life easier for the customer.

Many banks and credit unions also provide this type of service, categorizing the transactions and displaying graphs that show you how much you have spent on restaurants, coffee, gas and groceries. As the concept of open finance evolves, these types of services will have access to more "accounts" that contribute more information that can be used to create a fuller and complete view of a consumer's financial situation (e.g., mortgage, investments, retirement funds, insurance coverage, etc.).

The case for open banking

Based on this brief overview, have we built a case for saying that open banking has the potential to change financial services as we know them? Before providing a final answer, let's examine one last item—how financial institutions deliver products and services today.

While there are some exceptions, most financial institutions develop their own products and services and sell them exclusively through their own channels (e.g., online and mobile banking, branches, call centers, etc.). Some make use of external referral channels or dealer/broker networks.

Over the last five or even 10 years, banks have been partnering with fintech's to build specialized capabilities within the bank or to deliver new, often very niche products and services to customers. With open banking, it will become easier and more practical for banks to obtain products and services from third parties rather than develop their own. Further, there may not be any reason for banks to continue to use their own channels exclusively to distribute and sell product and services.

The use of APIs makes it easy and practical to connect to technology and service providers, as well as external channels and entire service ecosystems. The old paradigm of channel and product ownership is no more! Letting go of channel and product ownership will be a huge challenge for most financial services companies, but not for consumers and businesses.

I would argue that financial services providers of all stripes, be it an insurance company, a fintech, an investment house, a credit union, or a bank must focus on developing client-facing services that add value and bring benefit to the customer. They can and must make it easier, faster, and more intuitive for customers to review their financial affairs and sign up for new products. The end goal is to deepen customer relationships while removing any friction associated with applying for new products or services.

While we all know that technology—specifically the external use of APIs—is what makes open banking possible, value-added services make it meaningful and will determine its success. Aggregating information from multiple sources enables the customer to see everything in one place, but so what? Providing insights and then helping customers to take action to improve their financial situation is what will bring customers real value.

In the end, customers don't care about APIs, or any other technology that makes open banking possible, or even open banking itself. They just want to find services that make their lives better, to know that those services are secure and from legitimate providers, and to know that their financial information is safe.

The success of open banking is predicated entirely upon trust and value.

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Saeed Patel,
Group Director,
Eastnet

AI, LINK ANALYSIS AND BLOCKCHAIN: THREE WEAPONS IN THE FIGHT AGAINST FINANCIAL CRIME

Saeed Patel, Group Director at Eastnets, the compliance, payment and fraud protection experts, explains which cutting-edge technologies are vital in the fight against financial crime.

Financial crime is growing exponentially in cost and complexity. Fraud currently costs an astonishing $5.38 trillion globally[1]. That's 6.4 per cent of GDP – up 6 per cent in a year. And while the scale of money laundering is hard to assess, the United Nations Office on Drugs and Crime (UNODC) suggests that between 2 and 5 per cent of global GDP is laundered each year. That's between $811 billion and $2.12 trillion[2]. The numbers are eye-watering.

It seems criminals are always one step ahead, innovating and evolving their strategies to get past financial institutions and regulators. It's a never-ending roundabout where as soon as one threat is thrown off, a newer, more challenging one gets on.

Among all this, there's one clear factor that's driving criminality: technology. Or, more accurately, the law-breaker's ability to use it to their advantage. For example, cyber criminals hacking into international cross-border payment systems. Obviously, that's not to say technology is inherently bad. It's merely a tool – to be used for good or ill.

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1 https://f.datasrvr.com/fr1/521/90994/0031_Financial_Cost_of_Fraud_2021_v5.pdf

2 https://www.europol.europa.eu/crime-areas-and-statistics/crime-areas/economic-crime/money-laundering#:~:text=The%20scale%20of%20money%20laundering,and%201.87%20trillion%20each%20year.

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The question, therefore, is how can we stop or at least reduce fraud rates? The answer lies in the old adage of fighting fire with fire. In other words, we need to beat the fraudsters at their own game and harness the power of some of the world's most powerful technologies in the battle to secure our wealth and protect our economies, societies and environment from harmful activity. In doing so, there are three tools that can make an enormous difference.

Artificial Intelligence

The first is AI. The greatest benefit it can bring is scale and speed. Going far beyond traditional human or software-based fraud detection, highly sophisticated AI models can identify anomalous behaviour at a previously unimaginable scale in real-time. It doesn't just stop fraud in its tracks, it can predict fraudulent transactions and suspicious customer behaviour before it happens. This is vital when real-time payments are growing at such pace[3].

It achieves this by creating risk scores, identifying anomalous behaviours and undertaking predictive analytics to improve detection rates. What's more, it's so accurate that it can reduce false positives. This is hugely beneficial, because cutting out the 'noise' of potential, but not proven fraud, frees valuable compliance time for staff to focus on the genuine issues.

When financial crime is so sophisticated, and payment speed is increasing, AI and machine learning are the only way financial institutions can make sense of the huge volumes of data they need to process and analyse. However, there is one key factor in its success: transparency.

Some forms of AI take an instruction and work out their own methodology to achieve a goal. To put this in context, they're tasked with spotting fraud, creating risk scores for transactions and then presenting that to analysts to make a judgement. But the way in which they create the risk score is hidden and often far from the way a human might approach the same task. This is known at 'black box' AI. A goal is set, and the AI finds the best way to solve it but cannot show its workings.

In fraud prevention this isn't acceptable. This is people's money we're dealing with, and regulators need to know how financial institutions are coming to their conclusions. Therefore, AI needs to show how it generated the results – and therefore "explainable AI" is a necessary requirement for transparency and auditability. Regulators need to see this to mark the effectiveness of fraud prevention. That's not to say they're wary of AI – in fact, they're pushing for its adoption.

Link Analysis

The second technology that can stem the flow of fraud is Link Analysis. It's less well known than AI but is something many of us will recognise if explained in plain language. Imagine watching your favourite crime drama. Inevitably, at some point, a detective will be shown in front of a pinboard with images on it. Red string criss-crosses the board from pin to pin, linking evidence, people and activities. This is Link Analysis in its simplest form.

Now consider software undertaking this same process, finding matches in data for known patterns of interest, anomalies where known patterns are violated, or discovering new patterns of interest. This can be presented in a graphical network visualisation, showing previously hidden connections across millions of disparate nodes of data. It provides context to suspicious transactions and offers recommendations for action.

Why is it important? Because the human brain craves visual data. We can clearly see how everything fits together if we're shown. We can instantly see how things connect on an image. We couldn't do the same manually evaluating a huge data set, despite it saying exactly the same thing, but in a different format. The technique is another way of linking the power of AI and machine learning with human ingenuity, allowing both to work together in the fight against fraud.

Blockchain

The third crucial piece of technology is blockchain. Hailed by technologists as the solution to everything, it's easy to think this is an example of using software for the sake of it. But this couldn't be further from the truth. Blockchain in this context is a meaningful innovation with tangible uses and impact.

Why? Because anti-money laundering techniques rely on keeping on top of sanction and watch lists from regulatory bodies. Doing so manually, or with limited automation, is prone to delays and human error. It's also time consuming.

Blockchain can solve this by using distributed-ledger technology to eliminate these risks. The information is distributed and drawn upon to complete watchlist updates automatically and in real-time.

As soon as a country, individual, or entity is added or deleted from a watchlist, updates can securely flow from the ledger to financial institutions. Because the system is secure, decentralised and lightning-fast, it ensures screening software is always using the latest information, offering the highest level of protection.

On reflection, the use of blockchain in this way is the ultimate irony, given its vital role in cryptocurrencies and the associated fraud and money laundering risk they carry. But, as pointed out earlier, these technologies are tools that can be harnessed to any end. And one thing is certain. If the criminals are using them, the industry has a duty to take note and harness their power to fight back, cut fraud, reduce money laundering and turn the tide of financial crime.

Because we cannot allow another year to pass where the fraud rates grow, and even more is lost to criminality. Now's the time to act and these are the technologies we need.

[3] https://www.protocol.com/newsletters/protocol-fintech/real-time-payments-growth?rebelltitem=1#rebelltitem1

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RESOLVING THE FINANCIAL FAULT LINE IN CREDIT RISK DECISIONING

UNCERTAINTY IN THE ACCURACY IN CREDIT RISK MODELLING, UNDERSCORING THE NEED FOR AI, MACHINE LEARNING, AND ALTERNATIVE DATA

Consumer credit markets have changed dramatically over the past two years during the Covid-19 pandemic, translating into economic uncertainty for millions across the globe, and it seems for the fintechs and financial services organizations that serve them.

After all the disruption we've seen over the past 24 months, how sound are credit risk models? This was the question we sought out to find the answer for with a global research study that surveyed 400 decision makers in the industry. The results were more than a little unsettling – only 18 percent of fintechs and financial services organizations believe their credit risk models are accurate at least 75 percent of the time.

That's pretty astonishing – especially given the fact that the rest of the respondents indicated they believed their credit risk models were accurate less than 75 percent of the time. Can you imagine what the CEO of a financial services company or a board of directors would say upon learning this? Alternatively, what do you think that company's key shareholders would think?

Credit risk modelling is at the heart of every fintech and financial services company and this financial fault line in credit risk decisioning should send chills down the spine of the entire sector.

This "risky business" uncertainty in credit risk modelling accuracy may be why real-time credit risk decisioning was respondents' No. 1 planned investment area in 2022, as organization's work to resolve this financial fault line in credit risk decisioning. The survey underscored the growing appetite for AI predictive analytics and machine learning, data integration, and use of alternative data as the means to improve credit risk decisioning.

Aside from improving credit risk modelling accuracy, organizations are also employing credit risk decisioning platforms to help address the key priorities of fraud detection/prevention and financial inclusion. And increasingly these credit risk analysis strategies employ the use of alternative data.

Fraud continues to grow for financial services and lending firms, both before and during the pandemic, with identity fraud being a key factor. And while the U.S. has made great strides in financial inclusion, there's still a long ways to go; an estimated 25 percent of Americans still turn to alternative financial institutions, not banks, for loans and savings.

Sixty-five percent of decision makers in our survey indicated they recognize the importance of alternative data in credit risk analysis for improved fraud detection. Additionally, 51 percent recognize its importance in supporting financial inclusion. Alternative data is a more varied way for lenders to evaluate those individuals with a thin (or no) credit file put together a more holistic, comprehensive view of an individual's risk. This vastly benefits those who can't be easily scored via traditional methods, while also benefitting financial institutions, by expanding their total addressable market.

To level-up credit risk decisioning, organizations need more data, more automation, more sophisticated processes, and more forward-looking predictions. And to do that, businesses need AI that can provide immediate impact to the decisioning process. AI-enabled risk decisioning is seen as key to usher in improvements in many areas, including fraud prevention (78%), automating decisions across the credit lifecycle (58%), improving cost savings and efficiency (57%), more competitive pricing (51%), and improving accuracy of credit risk profiles (47%).

For unbanked and underbanked consumers, AI gives organizations the opportunity to support those consumers' financial journeys. Financial services organizations typically struggle to support these consumers because they don't come with a history of data that is understandable by traditional decisioning methods. However, because AI can identify patterns in a wide variety of alternative, traditional, linear, and non-linear data, it can power highly accurate decisioning, even for no-file or thin-file consumers.

While AI and machine learning, and alternative data may have been on the credit risk decisioning "nice to have" list a few years ago, fintechs and financial services organizations are quickly realizing legacy technology and methods simply are not up to today's task of credit-risk decisioning. By deploying new technology such as AI and machine learning, and embracing alternative data, organizations are on their way to improved confidence in the accuracy of their credit risk models – moving to remediate their credit risk "risky business." In doing so, they will be more prepared to react to changes moving forward, while supporting inclusive finance.

Kim Minor is Senior Vice President, Marketing at Provenir, which helps fintechs and financial services providers make smarter decisions faster with its AI-Powered Risk Decisioning Platform. Provenir works with disruptive financial services organizations in more than 50 countries and processes more than 3 billion transactions annually.

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