

burnmark 

FINTECH INSIGHTS

AUGUST
2018



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OUR VIEW

We are very pleased to launch our monthly fintech updates as a regular offering, as we have had regular requests for a frequent update on all of fintech's developments and announcements from several members of the fintech and banking world.

One of Burnmark's biggest strength is its world view - we look closely at emerging fintech startups from Asia, Africa, South America, Middle East and China and we use that global view on all use cases and startup announcements we see in maturing fintech markets. This unique perspective helps us make sense of what actual works in a scalable, global, relevant manner.

We also look at numbers (number of startups, market growth of certain segments) on a monthly basis and we feel this frequency is great for updating our subscribers on major changes in the markets they are interested in.

Combining our world view, analytical skills and an eye for the "hype", we are pleased to bring you our first monthly report. We hope that most of our readers are able to subscribe for regular monthly updates or custom monthly updates on a topic of their choosing - we will be happy to give you more information on what the future ones look like, if you reach out to us!

- Burnmark Team





ISLAMIC FINTECH

NEW LAUNCHES

DUBAI

DIFC launches Islamic Fintech initiatives

Dubai International Financial Centre (DIFC) has signed a Memorandum of Understanding (MoU) with Dubai Islamic Economy Development Centre (DIEDC). One of the world's first Sharia-compliant "robo-advisors" Wahed Invest started operations in the UAE in December 2017, as it looks to a US \$2 million funding boost from the Dubai venture capital firm Beco Capital.

MALAYSIA

Bank Islam Malaysia launches social finance platform

BANK Islam Malaysia Bhd recently launched its social finance initiative, Sadaqa House, which is primarily aimed at providing products and services to collect sadaqah, waqf and hibah. Through the Sadaqa House, the public can contribute to realising social finance projects for sectors

such as healthcare, education and entrepreneurship through the bank's digital crowd-funding partnership with Ethis Ventures Sdn Bhd and GlobalSadaqa.com.Beco Capital.

BAHRAIN

Bahrain banks launch R&D firm to drive growth of islamic fintech

Bahrain Development Bank (BDB), Kuwait Finance House Bahrain (KFH), and Al Baraka Banking Group joined forces to launch a new fintech consortium for Islamic finance, named ALGO Bahrain with a vision to drive research and development in the Islamic-compliant fintech sector. Eight more regional banks are expected to join and further expand the consortium.

QATAR

Qatar Islamic Finance Report "Expanding Horizons", was launched through a joint venture of the Qatar Financial Centre (QFC), Thomson Reuters and the Islamic Research and Training Institute (IRTI). QCB is looking

to partner with startups to combine the best of both worlds, combining our regulatory know-how and customer reach with their innovation and agility.

REGULATORY APPROVAL

Crowdfunder is first Islamic fintech to win UK approval

In April 2017, Yielders became the first Islamic fintech company to receive full accreditation from Britain's financial regulator, the Financial Conduct Authority (FCA). Founded in 2015, and operating out of London, Yielders is an equity-based crowdfunding platform for property investment. It allows clients to invest as little as £100 (\$128) in shared residential or commercial real estate.

FINTECH PANEL

Uk Islamic fintech panel launched

UK Islamic fintech panel launched with leading Islamic Finance and fintech practitioners aiming to position

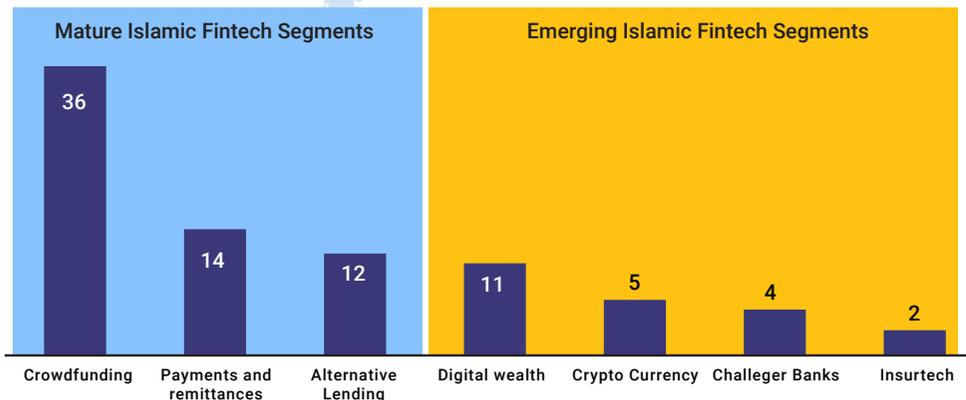
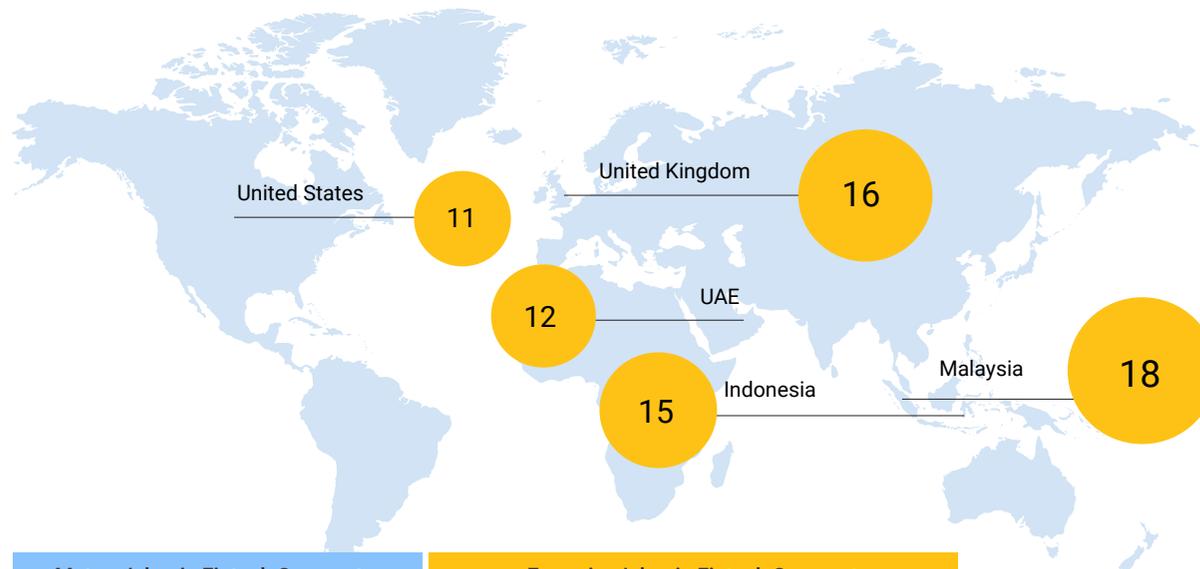
London as a leading global centre for Islamic fintech. The panel aims to create momentum in the Islamic fintech sector by building on London's leading position as a global fintech hub. Wahed's CEO Junaid Wahedna also joined the UK Islamic fintech panel.

INSIGHTS

Islamic fintech gains momentum

- Islamic fintech: Financial technologies that comply with Islamic law, or Sharia, could help attract 150 million new banking customers in the next three years alone, according to EY.
- Malaysia, the UK and Indonesia are leading the race, ranking first, second and third respectively by number of Islamic fintech startups, says Bloomberg Intelligence.
- The Islamic fintech landscape has gained significant momentum in 2017-18 and now includes over 100+ startups globally

Top 5 countries witnessing an upsurge of Islamic Fintech startups.



In Islamic Fintech, segments like crowdfunding, payments and remittances and Alternative lending has witnessed significant number of startups there are new fintechs emerging in the challenger banking and wealth management space. Some notable ones are:



WahedInvest, the first robo-advisor to cater to Muslim investors through a sharia-compliant platform, has plans to expand to other global markets in 2018



Ummah Finance got the banking license from FCA in April 2017 and became first UK-based Islamic challenger bank



Algebra is the first sharia-compliant Asian robo-advisor offered by Malaysia-based Farrington Group. It was launched in July 2017. It offers sharia-compliant and conventional portfolios



Ovamba, an Islamic trade finance startup, has launched a Sharia compliant Initial Coin Offering (ICO) in 2017, which allows for fees and risk sharing backed by halal instruments using a token



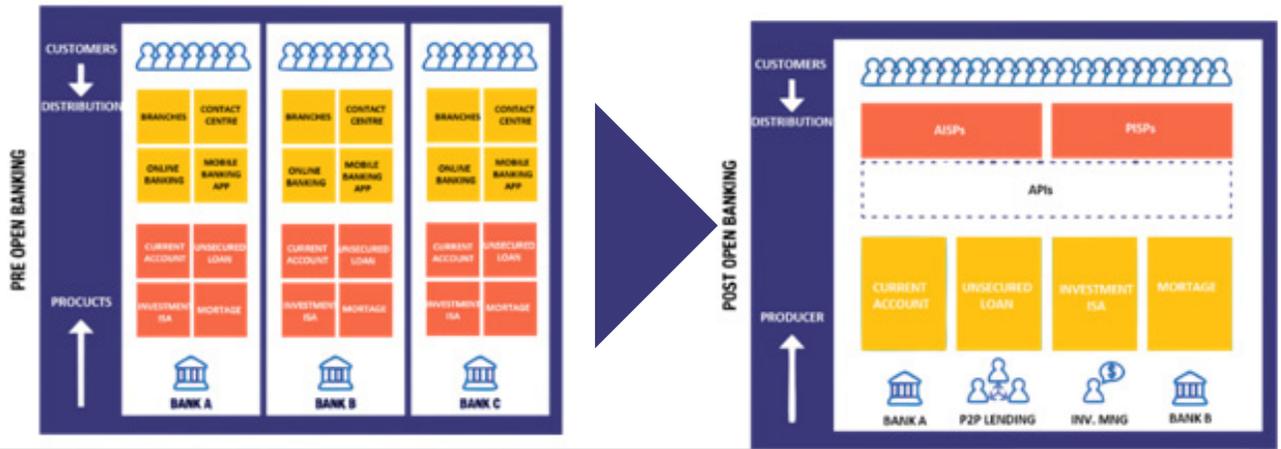
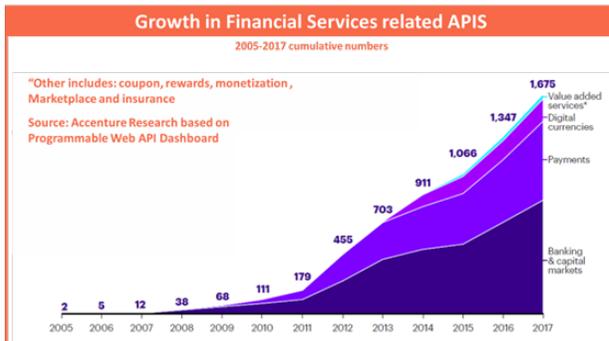
OPEN BANKING

2018 will be the year of open banking

On January 13th, 2018, after more than two years of planning, the Payment Services Directive 2 (PSD2) arrived in Europe. This directive has for the first time forced European banks to open up their APIs to fintech and other financial companies. In this new world of retail banking, the ability to directly serve and add value to customers will no longer be owned by banks but shared with fintech, retailers, and telecommunications firms.

APIs: The great enablers

According to the 2017 World Retail Banking Report, 91 percent of banks and 75 percent of fintechs expect to partner with one another in the future. Fintech-bank collaboration continues to pick up speed, particularly in instant payments, peer-to-peer lending, and credit scoring.



Some recent win-win partnerships include:

- BBVA Compass partnered with Dwolla, an all-digital payments network, so its customers could instantly send and receive funds.
- JPMorgan Chase collaborated with OnDeck, a leader in online small-business lending, to offer a proprietary credit score based on loans granted to small- and mid-tier corporates.
- DBS, a multinational bank headquartered in Singapore, joined forces with peer-to-peer lending sites, funding societies and MoolahSense, to better serve small businesses. In return, the two lending platforms refer borrowers with good credit to DBS for commercial banking solutions such as cash management.





Open banking APIs enable challenger banks to graduate from un-bundling to re-bundling

INSIGHTS

An open bank shares or consumes data services (i.e. customer data, transaction data, product data etc.) and business services (payments, accounts, lending etc.) with business ecosystem partners (banks, fintechs and developers).

There are several approaches adopted by financial institutions to build an open bank:

- Building a digital platform: Build an open banking platform with API management capabilities to empower a business ecosystem. Banks who aim to be the pioneers in open banking and have a higher degree of control are taking this approach. Examples are Starling Bank, Monzo Bank and BBVA.
- Acquiring a digital platform: Banks looking to reduce the time-to-market and mitigate risks are taking the approach of identifying fintechs or challenger banks that have built their own open banking platforms and ecosystem. Examples include Group BPCE and Silicon Valley Bank.

- Partnering with other digital platforms: Banks looking to be a part of the open banking ecosystem through partnership are building an API layer that enables the fintech partnerships. Examples include CBW Bank, Sutor Bank and Railsbank.

What makes an open bank?





LENDING

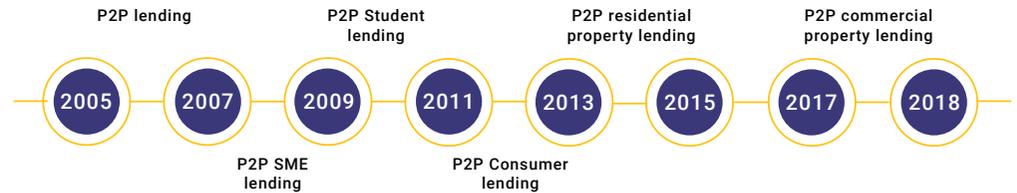
MARKET SIZE

Global peer-to-peer lending market expected to reach \$460 bn by 2022

Overall, the UK's alternative finance market grew by 43 per cent in 2016, to £4.6bn from £3.2bn in 2015. Peer-to-peer business lending was the single largest market segment in 2016, growing by 36 per cent last year to reach £1.23bn, followed by peer-to-peer consumer lending at £1.17bn (up

47 per cent), and peer-to-peer property lending at £1.15bn (up 88 per cent).

Online technology, which paved new paths for consumer and small business lending, is creating a new market within the commercial real estate industry, which has remained static for decades in terms of how loans are processed and originated. Another benefit of online marketplaces is that they create a liquid, national marketplace where lenders all across the US can bid on a borrower's business.



INSIGHTS

P2P lenders get ready to disrupt the commercial real estate lending

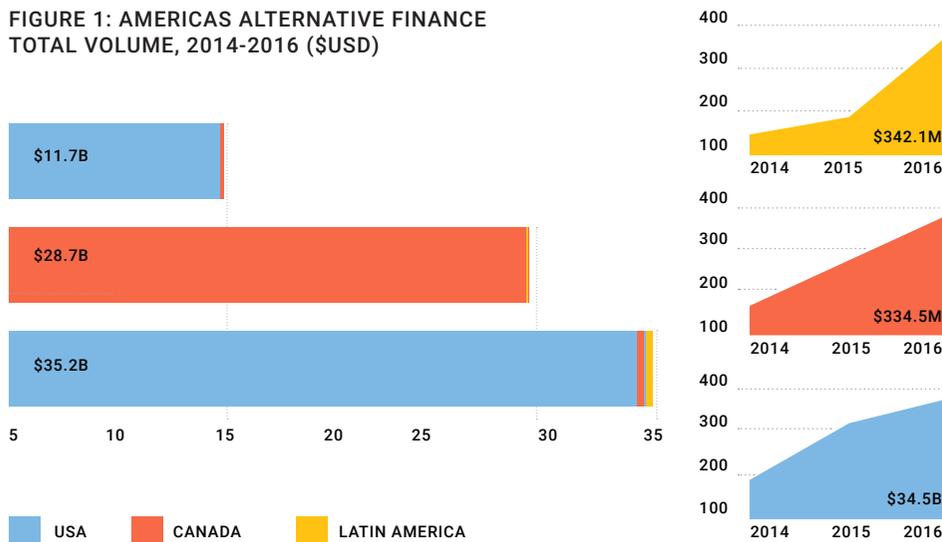
PropTech, or real estate technology, is one of the fastest growing sub-segments within Lending.

BIG TECHS

Big Techs ready to enter small business lending

Amazon, Paypal and Square all are making significant inroads into the small business lending space. These companies have a unique advantage over other lenders in that they are targeting their large existing customer bases so customer acquisition costs are negligible. Right now these companies are primarily focused on their own customers but if they start to roll out their offering to all small business they will become even more formidable competitors.

FIGURE 1: AMERICAS ALTERNATIVE FINANCE TOTAL VOLUME, 2014-2016 (\$USD)



The US continues to be one of the world's top markets for advanced, technology-enabled, online alternative finance channels and instruments. The 2016 US market volume of \$34.5 billion marked a 22% year-on-year increase from 2015.

INCUMBENTS

The fastest consumer lenders grow to \$1 billion in originations

INCUMBENTS' INITIATIVES

Market will exhibit an exceptional CAGR of 48.2% from 2016 to 2024, rising from a valuation of US \$26.16 bn in 2015 to US \$897.85 bn by the.

Marcus



The fastest consumer lenders to \$1 billion in originations

SoFi



Avant



Lending Club



Prosper

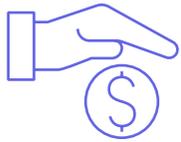


COLLABORATIONS

Collaboration among marketplace lenders and banks

- In the US, online lenders continue to partner with traditionally chartered banks such as cross river bank and web bank in order to lend nationally
- Kabbage is offering loans in partnership with ING, Scotiabank and Santander
- JP Morgan has tied up with OnDeck to use the online lender's underwriting technology and loan servicing capabilities to serve small business account holders
- Around 200 community banks have joined hands with Lending Club to offer consumer loans
- Prosper is allowing multiple banks to offer personal loans through its platform





PAYMENTS

MARKET SIZE

Steady growth in mobile payment and cross border payment for next 5 years

According to a 2018 payment report, the mobile payment market was valued at \$601 billion in 2016, and is projected to reach \$4,574 billion by 2023, growing at a CAGR of 33.8% from 2017 to 2023.

The overall value of cross-border payments is expected to rise by 5.6% per year, driven both by retail (C2C, C2B, B2C) and corporate payments. According to Accenture, the C2B segment is expected to experience the highest growth rates (at around 25% a year) as a result of strongly growing cross-border e-commerce trade. Despite falling prices, the overall growth in the value of cross-border payments should translate into \$100 Bn of global bank's revenue in 2022. But given the proliferation of International Payments providers and methods, the majority of this growth will not end up with banks. Banks are expected lose around \$25 Bn in cross-border revenues to fintech players.

BIG TECHS

Big Techs bet on payments

Facebook made a fintech move with the UK launch of P2P payments via its Messenger feature in November'2017.

PayPal has revealed a chat extension that enables invoicing within Facebook Messenger. This allows sellers to create and send a PayPal Invoice directly within a Messenger chat.

Apple & Google brought social payments to the masses, driving Mobile P2P users to reach 2.5bn in 2018.

USE CASE

Emerging use cases in payment tech

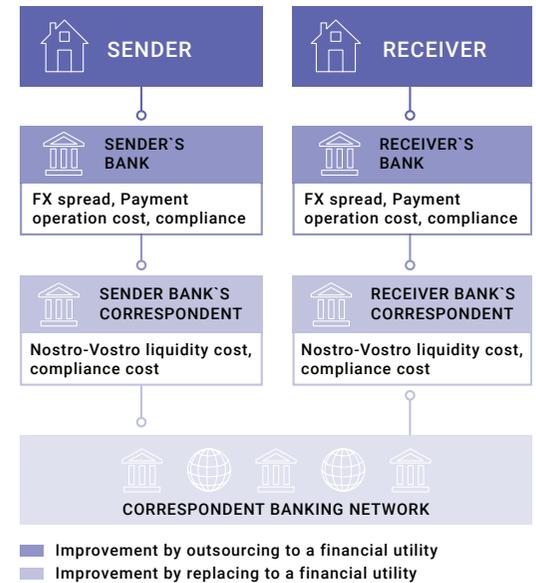
Temasek International, the management arm of Temasek Holdings, is looking at transnational business-to-business (B2B) payments, fraud detection, as well as artificial intelligence as key areas of investment.

Mookh Africa has developed a social business payment solution to enable people to buy and sell on Facebook, Instagram and Twitter.

INSIGHTS

Payment utility as a future of cross border payments

Burnmark has published a [REPORT](#) on emerging business models in cross-border payments, like payments utilities, in partnership with Saxo Banking Circle.



COLLABORATIONS

Collaboration among payment fintech and banks

Flux, a London-based fintech startup, is partnering with Barclays to test the company's digital receipt technology with some 10,000 of the bank's customers, according to multiple reports.

TransferWise has partnered with Groupe BPCE, in a deal that will give the British money transfer startup access to the French banking group's 15 million retail customers. TransferWise's existing bank partnerships are with Estonia's LHV and German challenger bank N26



DIGITAL WEALTH

MARKET SIZE

Robo-advisory market to grow to 2 trillion in AUM by 2020

Assets under Management in the robo-advisory segment amounts to US \$401,926mn in 2018. Assets under Management are expected to show an annual growth rate (CAGR 2018-2022) of 37.5% resulting in the total amount of US\$ 1,437,299 mn by 2022.

USE CASE

DIRECT INDEXING

After ETFs, the next revolution in investment management may be direct indexing, a kind of separately managed account for the masses. Many see it as an industry game changer. Direct indexing—makes it possible to replicate the best of both separately managed accounts and indexed-based funds. Advisors can build cheap, customisable portfolios for clients based on indexes or model portfolios, using fractional shares of stocks, automatically rebalanced, with lower transaction costs.

Use case 2: CAPITAL GAINS HARVESTING

ETMFmatic has launched a capital gains harvesting feature to help its clients optimise their investments and reduce the need for aggressive asset allocation rebalancing.

PORTFOLIO PRESENTATION TOOL TO COMPARE AND CONTRAST

Kwanti, a San Francisco-based portfolio analytics and presentation platform, has recently integrated with Schwab, Fidelity, Riskalyze and Orion Advisor Services, expanding its potential user base of advisors looking to compare and contrast different portfolios with clients and prospects.

ELLEVEST NOW OFFERS TRADITIONAL, HIGH-TOUCH WEALTH MANAGEMENT

Ellevest Premium, which has a \$50,000 account minimum, allows access to high touch wealth management as well as a career coaching service through a partnership with For-shay. Ellevest is a popular women-centric robo-advisory service.

COLLABORATION

PAYPAL + ACORNS

PayPal, the huge online payment company, is partnering with the auto-saving and -investing platform Acorns Grow. PayPal users will now be able to invest directly from the app or their online account into Acorns.

BROADRIDGE + WEALTHSIMPLE

Working with Wealthsimple, Broadridge will offer sophisticated, user-friendly, automated investment management to support both advisor-investor and direct-to-investor models.

SWANEST + FINANCIAL MEDIA

Swanest is partnering with financial media companies to give readers access to instant online investment opportunities.

NEW LAUNCHES

RBS, in November 2017, became the first bank in the UK to go live with an investment robo-advisor through NatWest Invests.

DEUTSCHE BANK debuts robo-advisor for its retail customers.

JPMORGAN CHASE in August 2018, enabled free trades with You Invest on a minimum of 100 stocks or ETF trades.

MORGAN STANLEY launches a robo-advisor after a 16 month pilot.

ABN AMRO launches digital wealth management unit, Prosperity, in Germany.



INSURTECH

MARKET SIZE

Insurance technology or insurtech is an increasingly popular space, with huge growth in the US and in Europe. The technological advancements in the insurance space have revamped the industry to connect with a wider customer base with better customer experience. It has also helped large insurance firms move from legacy back-end systems to more efficient, nimble offerings from technology startups.

The digital insurance platform market is expected to grow at a CAGR of 13.7% from 2018 to 2023.

Almost 30 percent of customers globally are willing to buy insurance

products from BigTech companies such as Amazon and Google, spurring a greater need for traditional providers to develop future-ready operating models to satisfy evolving customer preferences.

The growth in the adoption of IoT products, rise in the shift of insurers' focus from product-based strategies to customer-centric ones, and increased awareness among insurers to digitalize channels are expected to drive the growth of the digital insurance platform market. The major factor that is expected to restrict the growth of the digital insurance platform market is the difficulty to integrate digital insurance platforms with legacy systems.

North America is estimated to account for the largest market share in 2018 while APAC is expected to grow at the highest CAGR during the forecast period. APAC

is expected to be a money-spinning market for digital insurance platform providers during the forecast period, considering the untapped opportunities and the increasing commercial investment in different industry verticals in the region.

USE CASE

RENTER INSURANCE

Madison-based insurtech startup SafetyNet launches new insurance program targeted at landlords. 'Renter SafetyNet' is a program launched in Wisconsin to offer landlords coverage against loss of income.

COMMERCIAL INSURANCE

Insurtech startup Ripe Insurance has launched a new commercial insurance product targeting small business owners. The product aims to offer small business

owners a policy tailored to their business needs with a focus on customer experience.

RENTAL CAR INSURANCE

SURE, a personal insurance distribution platform, has launched an app-based car rental insurance product for U.S. customers. The new car insurance option has connections to all car rental companies and costs \$10 or less, and can be purchased in less than a minute.

TELEMATICS FOR AUTO INSURANCE

Octo offers a telematics platform that can enable an insurer to work with dynamic data in how it serves its customers. In its motor insurance mode, Octo's ability to stream data from a customer's car means an insurer can know an accident has occurred almost immediately; they can reach out proactively.

AI PLATFORM FOR INSURANCE EMPLOYEES

Cogito is a startup that combines AI and behavioural science to provide an always-on AI-powered assistant to support an insurance employee or broker in engaging with a customer. The technology is expected to improve empathetic communication.

ROBOTIC PROCESS AUTOMATION WITH AI AND CHATBOTS

Pypestream is a new startup that offers ready-to-use business process automation with chatbots and artificial intelligence. Its secure messaging platform integrates with insurance claims processes and existing legacy systems.

COLLABORATIONS

ATLAS FINANCIAL HOLDINGS AND NAUTO

Atlas Financial Holdings, a passenger fleet insurance company, is working with Nauto, and its auto safety and data platform. The collaboration is expected to make driving safer and fleets smarter and will deploy Nauto's dual-facing cameras, telematics and data platform across multiple fleets.

ZEGURO AND HARTFORD STEAM BOILER

Zeguro, part of the Startupbootcamp InsurTech London 2018 program, is focused on assessing and managing enterprise cyber risk. It plugs into the client's cloud platforms, web assets and third-party business tools to provide risk mitigation and employee training. Zeguro has partnered with Hartford Steam Boiler (HSB), part of Munich Re,

who will provide capacity to support Zeguro's cyber insurance offering.

NEW LAUNCHES

POLICYPAL LAUNCHES BLOCKCHAIN-POWERED FLIGHT DELAY INSURANCE

In July 2018, PolicyPal Network unveiled a blockchain-powered automated flight delay insurance, underwritten by ERGO and presented by PolicyPal Singapore.

COYA RAISES \$30 MILLION

Berlin-based startup Coya has been granted an insurance license by the BaFin in June 2018. Coya offers scalable protection at the point of need with an AI risk guardian and a simple, transparent, and personalized insurance cover.

GETSAFE LAUNCHES DIGITAL AI-BASED COMPREHENSIVE PRODUCT

Getsafe Insurance started operating in Germany to offer a fully digital product covering property/casualty, life and health risks in a single product.

Insurtech MGA Wrisk Gets UK Regulatory Authorization

On the back of its crowdfunding raise, the app-based insurtech Managing General Agent (MGA) Wrisk has received full authorization from the UK's Financial Conduct Authority.



BLOCKCHAIN

Blockchain is one of the hottest topics in technology. Despite its relative infancy, blockchain technology is quickly proving its worth. Banks and fintechs are increasingly embracing blockchain's native capabilities as the basis for innovation.

USE CASE

Digital identity with blockchain

OBJECTTECH

This startup is piloting programs to drive an important area of focus for most banks and governments - the right to identity. This project is currently being piloted in Dubai, where participants would get a one hashed identity, which they could use to move across borders or open bank accounts.

COINFIRM

This startup maintains a database of verified digital currency and blockchain users. They enable full KYC/AML reports including risk ratings and can provide fraud

investigation involving the use of blockchain technology including transactions tracking.

KYC CHAIN

This startup uses blockchain and smart contracts technologies for consumer identity management. They offer an online account opening platform with API connectivity to other third-party identify services. The consumer owns the private key to their encrypted data and chooses which part of their information to share and with whom.

USE CASE

Cross border payments with blockchain

OWYRE

This San Francisco-based blockchain startup is a cross-border payments firm that claims to be the industry's fastest money transfer platform. They enable businesses to move money across borders from country to country at a competitive foreign exchange rate.

CIRCLE

Blockchain payments startup Circle is now offering no-fees cross-border transactions to its users, the firm said today.

Customers based in the US, much of Europe and the UK won't have to pay fees or mark-ups on foreign currency exchanges as part of the roll-out of the startup's service upgrade.

PAYMENT RAILS

Canadian startup Payment Rails, which uses APIs, blockchain and artificial intelligence to try and find efficient routes for cross-border payments, has closed a seed round, bringing funding for its concept to \$1.1 million.

AMERICAN EXPRESS, SANTANDER AND RIPPLE

This collaborative blockchain project will initially allow customers in the US to make instant, traceable cross-border payments with UK Santander bank accounts.

USE CASE

Trade finance with blockchain

FLUENT

Fluent is a blockchain-based financial network and payments platform startup aimed at providing an easy operating network for large enterprises' global supply chains. The Fluent Network, launched in March 2016, provides a real-time, low-cost, simple invoicing and payments system for global supply chains based on blockchain technology and is targeted for use by banks, financial institutions and their global enterprise customers.

TALLYSTICKS

Tallysticks is a software that leverages distributed ledger technology to make invoicing, invoice financing and invoice securitisation more efficient. The software does this by integrating with ERP/accounting systems to create a shared (yet permissioned) ledger of immutable invoice records and related payment confirmations.

WAVE

Wave completed Barclays Bank's accelerator late last year, and has been working with the bank to eradicate Bills of Lading. Wave uses electronic documents stored in blockchain metadata, and lets information travel between two parties through the blockchain.

BLOCKFREIGHT

Blockfreight is a startup being incubated at the Bitcoin Technology Center in Melbourne, Australia. The company Blockfreight is trying to build a blockchain for global freight allowing applications to be built for the supply chain and support improvements in innovation and efficiency in the container freight, logistics, and trade space.

USE CASE

Insurtech with blockchain

DYNAMIS

Basing their platform on Ethereum, Dynamis provides peer-to-peer supplemental unemployment insurance and severance coverage for small businesses in case of layoffs or resignations.

LEMONADE

Lemonade launched in the US in late 2016, claiming to be the first peer-to-peer insurance company. Specialising in property and casualty insurance, their business model takes a fixed fee from monthly payments and uses an algorithm to pay out claims as soon as possible, when conditions in blockchain-based smart contracts are met.

INSURETH

This insurtech disruptor is also based on Ethereum and provides blockchain-based travel delay insurance. Founded in 2015, the disruptor offers automatically to users that it detects has flight delays, by using a blockchain algorithm.

TEAMBRELLA

Leveraging both the blockchain and a peer-to-peer concept, Russian startup Teambrella lets users form "teams" that effectively insure each other. The teams pre-agree the insurance policy's terms and conditions and, in case of claims, members vote on whether it is to be paid and on what level.



SMART CITIES

SMART TECHNOLOGIES AND ADOPTION

NEW YORK, USA

DATA ANALYTICS FOR CRIME MANAGEMENT

New York City uses CompStat, a service that compiles data collected from city monitoring systems like cameras, cell phones, police cars, etc. The information collected is analysed and made available to police officers on duty, besides being accessible at any time from smartphones and tablets installed in cars.

SANTANDER, SPAIN

USE OF SENSORS IN URBAN TRAFFIC MANAGEMENT

Santander stands out for its large monitoring capacity with thousands of sensors and an innovative governance structure for the coordination of actions. Alliances built between the university, the municipality, and the private sector make Santander an exemplary case of intelligent

management and innovation, particularly in the areas of solid waste, public lighting and mobility.

LONDON, UK

CONTACTLESS PAYMENTS FOR TRAVEL

For daily commuters, the Oyster smart ticketing system is easy and convenient to use. Commuters can pre-purchase a weekly, annual or monthly pass in stations, retail outlets and online. The passes mean commuters can travel within the specified area for the relevant period without the need to re-load their cards. And, they can pay as they go, with the option to authorise automatic replenishment when their credit balance approaches zero.

SAN FRANCISCO, USA

OPEN DATA AND ANALYTICS PREVENT DEATHS DURING HEAT WAVES

The San Francisco Department of Public Health has invested in the open data concept and developed a

tool to help eliminate the problem by anticipating risks. According to data projections made in the context of climate change point to 21 days of extreme heat in 2050 and 94 in 2090. The SFDPH claims that 69 percent of vulnerabilities to extreme heat can be predicted and hence prevented.

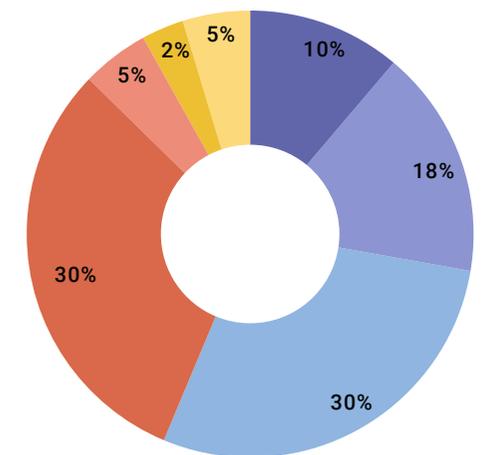
MOSCOW, RUSSIA

BLOCKCHAIN FOR E-VOTING

Moscow is extending its use of a blockchain-based voting platform to the city block level. The municipal government of Russia's national capital has launched Digital Home, a service allows neighbours in high rises to electronically vote and communicate on issues like whether to replace the building entrance door or hire a new management company. The service uses Active Citizen, an electronic voting platform that runs on a private version of Ethereum.

GREEN BONDS

GREEN CITY BONDS USE OF PROCEEDS



- Sustainable Waste Management
- Sustainable Waste Management
- Sustainable Land Use and Forestry
- Adaptation
- Renewable Energy
- EE/Low carbon buildings
- Clean Transport

GREEN BONDS

EUROPE

Sweden's Gothenburg sold a \$76 million green bond in 2013. A second issue of Green Bonds followed in June 2014, generating more than three times as much

CANADA

Toronto has issued an 'Atmospheric Fund' which is financing a heat, power and cooling plant as well as a solar power plant.

AFRICA

In July 2017, Cape Town issued its first green city bond, amounting to R1bn (USD77.2m). The Certified Climate Bond will re-finance projects in water treatment and low carbon public transport.

LATIN AMERICA

Mexico City became the first city in Latin America to issue a green bond

in December 2016, with a MXP 1bn (USD 50mn) bond allocated to water treatment, energy efficiency and public transport projects.

NEW LAUNCHES

Banks' smart city initiatives

HSBC

CHINA TEAMS UP WITH HSBC, ARUP TO LAUNCH SMART CITIES HUB

A partnership including HSBC launched a UK-China development and investment hub focused on fostering smart cities. The banking giant teamed up with the China Centre for Urban Development and engineering firm Arup Group for the initiative.

Yes Bank

YES BANK BULLISH ON SMART CITIES, SIGNS 3 PROJECTS

Mid-sized private sector Indian bank, Yes Bank, is looking at smart cities as a lucrative business opportunity and has signed three projects in the space.

Most of the solutions revolve around payments for transport services, civic services and utilities and cashless payments.

Goldman Sachs

GOLDMAN SACHS PURCHASES \$300 MILLION IN LOANS FOR RESIDENTIAL SOLAR INSTALLATIONS

Goldman Sachs announced a purchase commitment of \$300 million from Mosaic, a leading American provider of affordable home solar financing solutions. After the new purchase commitment from GS, Mosaic now holds \$800 million of funds that it can invest in future home solar installations

Bank of America Merrill Lynch

SMART CITY MARKET PROJECTIONS

A 2017 report from Bank of America Merrill Lynch estimates the global Smart Cities market growth from an estimated US \$1 trillion in 2017 to US \$1.6 trillion by 2020, and as much as

US \$3.5 trillion by the mid-2020s. The report also highlights six entry points for investors wishing to access the theme: (1) Smart infrastructure (2) Smart buildings; (3) Smart homes; (4) Smart safety & security (5) Smart energy and (6) Smart mobility. The report ranks Singapore, London, New York, Paris and Tokyo as the world's smartest cities.

Wells Fargo

SMART CITIES IS BACK WITH ANOTHER \$100K OPPORTUNITY

NextEnergy, in partnership with Wells Fargo, DENSO and DTE Energy, is seeking to accelerate the development of hardware and/or software solutions that will address real-world challenges facing urban areas. With a total of \$100K up for grabs to demonstrate smart city solution, the selection focuses on Smart Parking, Smart Mobility, Smart Buildings, Smart Infrastructure.

INSIGHTS

Smart tech adoption in smart cities

According to a survey by Statista, the global spending on smart city initiatives as of 2015 was USD 14bn and this is expected to grow to USD 35bn by 2020. The largest spend

happens to be on land registry, smart energy and smart healthcare. Several governments across the world are leveraging the capabilities of IoT and blockchain to run smart city initiatives. Several banks are setting up smart city departments to fund these projects, and to be the logistical owner tying together technology, finances and capabilities.

Role of blockchain in Smart City initiatives

	Blockchain Use case	Initiatives	Participants
Smart Registries	Blockchain allows governments to create digital records of land registries, and provide education certificates to improve transparency	Blockchain for Land Registries	Sweden The Netherlands India
Smart Identity	Governments are leveraging blockchain to create digital identity for citizens that don't have any identity today and find it difficult to seek benefits and welfare	ID2020 Alliance	Accenture Gavi Microsoft Rockefeller Foundation Hyperledger
Smart Energy	Energy giants are coming together to build a decentralized and resilient energy network using blockchain	EnergyWeb	100s of energy companies

How banks can participate in blockchain-powered smart city initiatives

Wallet Providers: Most of the smart initiatives that leverage a blockchain will need a licensed bank to convert the 'tokens' to fiat money and vice versa. Banks may look to start working with energy giants in creating this mechanism.

IoT Economy: With the number of connected things constantly increasing, there will be need for cars and homes to have bank accounts. Banks that are able to look ahead and provide customers with linked machine accounts and enable this tech-centred ecosystem would be a leader in capturing the Smart Cities market.

Smart Identity: Banks may join efforts with governments on digital identity projects to be able to leverage this for their KYC process. Banks could even contribute to this process using years of data and experience in the space.

Financing: Smart initiatives need funding just like any other initiatives. Since blockchain offers traceability, new modes of funding can be enabled that can be faster and more secure.

Welfare Disbursement: Joining the government initiatives targeted at smart welfare disbursement will go a long way in helping to regain public trust and also add to corporate social responsibility objectives.



THE REGULATORY ENVIRONMENT

REGULATORY - EUROPE

FSB CONSIDERS FINANCIAL STABILITY IMPLICATIONS OF ARTIFICIAL INTELLIGENCE AND MACHINE LEARNING

The Financial Stability Board (FSB) has published a report that considers the financial stability implications of the growing use of artificial intelligence (AI) and machine learning in financial services. The FSB's analysis reveals a number of potential benefits and risks for financial stability that should be monitored as the technology is adopted in the coming years and as more data becomes available.

- Applications of AI and machine learning could result in new and unexpected forms of interconnectedness between financial markets and institutions,
- The lack of interpretability or "auditability" of AI and machine learning methods could become a macro-level risk
- The applications of AI and machine learning can help improve

regulatory compliance and increase supervisory effectiveness

- Network effects and scalability of new technologies may in the future give rise to third-party dependencies. This could in turn lead to the emergence of new systemically important players that could fall outside the regulatory perimeter

Bank Of England

BANK OF ENGLAND CONSIDERS ISSUING CRYPTOCURRENCY

The Bank of England is reportedly exploring the possibility of developing and issuing its own digital currency. The Bank of England has created a research unit designed to investigate the development of a digital currency. Reports said the bank would aim to allow individuals to keep their money in the form of a cryptocurrency stored with the Bank of England itself.

“Very notable in the UK is the rise in the use of contactless cards, which tripled in 2016, accounting for 7 percent of payments. The shift in consumer preferences is also

evident in online spending, where average weekly online shopping in the UK was £1.1 billion in August 2017, an increase of 16 percent compared with August 2016. Such developments have led many commentators to predict the demise of cash.”

- Victoria Cleland, Chief Cashier, Bank of England

FCA

FCA REVEALS NEXT ROUND OF SUCCESSFUL FIRMS IN ITS REGULATORY SANDBOX

The FCA has unveiled the firms that were successful in their applications to begin testing in the third cohort of the regulatory sandbox. The FCA received 61 submissions for the third phase of the regulatory sandbox. 18 applications met the sandbox eligibility criteria and were accepted to develop towards testing.

The FCA has also published a report outlining how the regulatory sandbox has met its objectives over the first year of operation. The report also highlights some of the challenges

faced by firms in conducting their tests within the sandbox. These include accessing banking services and smaller firms struggling to acquire customers to take part in their tests.

REGULATORY - AMERICAS

Congress to turn up heat on fintech regulation in the US in 2018

“We absolutely need to have representatives from fintech before the Financial Services Committee. We have to have a good idea about fintech and online banking ... before we start thinking about where they fit or will they be a new category altogether, separate and distinct from the big banks, from the community banks.”

- Emanuel Cleaver, Member of the US House of Representatives

FINTECH CONSULTATIONS

CANADA

COMPETITION BUREAU INVITES FEEDBACK ON DRAFT FINTECH REPORT

On 6 November, 2017, the federal Competition Bureau released a draft report on its market study into technology-led innovation in the Canadian financial services sector. The report is intended as guidance for financial services regulators and policymakers with the key message that, while fintech regulation is necessary to protect the safety, soundness, and security of the financial system, regulation should not unnecessarily impede competition and innovation in financial services. The final report was issued on 14 December, 2017.

SINGAPORE

MAS LAUNCHES SECOND CONSULTATION ON NEW REGULATORY FRAMEWORK FOR PAYMENTS

The Monetary Authority of Singapore (MAS) launched a second consultation on its proposed payments regulatory framework, known as the Payment Services Bill (the "Bill"). The Bill will streamline the regulation of payment services under

a single legislation, expand the scope of regulated payment activities to include virtual currency services and other innovations, and calibrate regulation according to the risks posed by these activities.

AUSTRALIA

RETAINING ASIC'S FINTECH LICENSING EXEMPTION

ASIC launched a consultation paper in December 2017. This consultation paper sought feedback on its financial technology licensing exemption, introduced through their Innovation Hub in December 2016. They sought feedback from fintech businesses, financial services providers, consumers and consumer representatives, and other parties in the ecosystem.

EUROPE

EBA ISSUES GUIDANCE FOR THE USE OF CLOUD SERVICE PROVIDERS BY FINANCIAL INSTITUTIONS

The European Banking Authority (EBA) published final guidance for the use of cloud service providers by EU financial institutions. The guidance becomes applicable as of 1 July 2018 and is addressed to credit institutions, investment firms and member state competent authorities. The guidance clarifies EU supervisory expectations if institutions intend to adopt cloud computing.

UNITED KINGDOM

FCA FEEDBACK STATEMENT ON DISTRIBUTED LEDGER TECHNOLOGY

The FCA has now published a report called "Distributed Ledger Technology: Feedback Statement on DP17/03". The FCA notes that the respondents to DP17/03 were supportive of the FCA's technology-neutral approach to regulation and welcomes its open and proactive approach to new technology, including the sandbox and RegTech initiatives. The feedback received also suggested that the FCA's current rules are flexible enough to accommodate the application of various technologies, including the use of DLT by regulated firms.



AROUND THE WORLD

ASIA

Fintech Accelerators in Asia

3 FINTECH STARTUPS - TO WATCH- FROM SUPERCHARGER KUALA LUMPUR'S DEMO DAY

- **Capnovum:** Capnovum is a Regulatory Technology provider that aims to help financial institutions sort through complex and ever-changing regulatory requirements.
- **MyFinB:** MyFinB is a big data and analytics startup that uses artificial intelligence to help businesses make more accurate and timely decisions.
- **Neosurance** aims to change the status quo of the insurance industry by offering simplified hassle-free insurance solutions to customers as and when they need it.

Digital finance is key to increasing financial inclusion in Asia Pacific

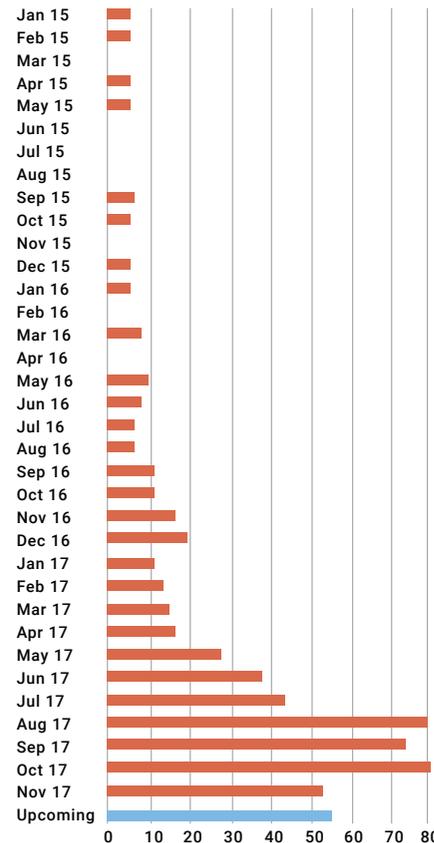
Several Asian countries have established national strategies for financial inclusion (NFIS) that include digital finance. India, Indonesia, Mongolia, Myanmar, Pakistan, and the Philippines are promoting digital financial services in the broader context of access to finance for the poor.

McKinsey & Co. reports that over 700 million consumers now use digital banking regularly in Asia. The Asian Development Bank (ADB) signed a memorandum of understanding (MOU) with AFI (Alliance for Financial Inclusion) to promote greater financial inclusion in the Asia and Pacific region. Under the MOU, ADB and AFI will work together to develop and implement programs and projects, including technical cooperation for capacity building, that promote digital financial services; scale up innovations; advance policy peer learning; reduce gender gap in lending; develop climate-sensitive financial inclusion, etc. policies; and increase cooperation between the public and private sectors.

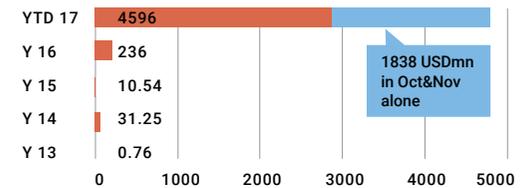
ICO TRENDS: SINGAPORE AND HONG KONG ARE LEADING

More than US\$4.5 billion was raised through ICOs in 2017, or nearly 20 times more than in 2016 with US\$236 million. In October and November 2017 alone, US\$1.838 billion was raised through ICOs, according to a report by PwC.

Number of ICO globally (per month)



Global ICO volume (USDmn)¹



¹ Calculations based on currency exchange rates on ebd date of ICO. As Ether and Bitcoin exchange rates are highly volatile, actual and current market capitalization of the companies today may differ significantly from figures show in the table. ICO funding amount until 29.11.2017 considered.

Source: PwC

In Asia, Hong Kong and Singapore are the leaders in the field, thanks to government support and local associations such as the Fintech Association of Hong Kong and the Singapore Fintech Association.

For instance, the Best Practices for Token Sales report released in December 2017 by the Fintech Association of Hong Kong provides insights and suggested general practices for the Hong Kong fintech community on issuing digital tokens.

In Singapore, the Monetary Authority of Singapore released clarification on ICOs and token sales in August 2017 followed by a ICO guidance in November explaining when ICOs are and aren't considered securities.

FINTECH FESTIVAL IN SINGAPORE (NOV ' 17)

While we are waiting for the next Fintech Festival to land in Singapore (and India) in 2018, we cover some of the most insightful events from last year's events.

MAS GIVES AN SGD 27 MILLION GRANT FOR ARTIFICIAL INTELLIGENCE AND DATA ANALYTICS RESEARCH

As part of its more prominent SGD 225 million Financial Sector Technology & Innovation Scheme, this new grant is aimed at financial and research institutions to promote the adoption of Artificial Intelligence and Data Analytics.

MAS AND MIT MEDIA LAB TO COLLABORATE IN FINTECH R&D

MAS is teaming up with the Massachusetts Institute of Technology (MIT) Media Lab to strengthen Singapore's talent by working alongside MIT researchers and experimenting with financial projects together. One of their first areas of work is the use of Distributed Ledger Technology (DLT) for interbank payments, security settlements, trade and trading finances.

THE TESA FINTECH COLLECTIVE EQUIPS SINGAPOREANS WITH TOP-NOTCH INFOCOMM SKILLS

As a collaboration between MAS, the Infocomm Media Development Authority (IMDA), Skills Future Singapore (SSG), six local universities and five financial associations, the TechSkills Accelerator (TeSA) Fintech Collective is an initiative to develop industry-ready professionals in the Infocomm industry.

THE RELEASE OF THREE SUCCESSFUL OPEN-SOURCE PROTOTYPES FOR INTER-BANK PAYMENTS

Project Ubin was revealed in Singapore Fintech Festival 2016, and at that point, the collaboration between the MAS and the Association of Banks in Singapore (ABS) started work in creating a digital representation of the Singaporean Dollar tailored toward inter-bank settlements and testing connectivity between banks.

THE ASEAN FINANCIAL INNOVATION NETWORK INTRODUCES THE FINTECH SANDBOX

In a collaboration between the International Finance Corporation (IFC), MAS and the ASEAN Bankers Association, the launch of the fintech sandbox means microfinance institutions, non-banking financial institutions and regional fintechs gain a platform to experiment and develop new financial products and services.

Key Highlights



Year that non-bank players can start managing accounts help by banks in the EU **2018**



36% of financial service companies deploying Blockchain solutions⁴



The Linux foundation has **15** years of open-source projects experience: banks are only catching up



40% of employers worldwide face talent shortages in technology⁵



280 billion of payment transaction annually are now non-cash⁴



40% of companies hiring tech talent are not tech companies³



Target date ASEAN integration **2025**¹⁴



Third-party payment accounts in China, 2016¹⁵ **3.4 billion**



Share of India's population with biometric data in file **99%**



Fintech companies operating in LATAM **700+**



Credit gap among SMEs in the Africa region **US\$2-2.5 trillion**



North American banking transactions that are mobile **30%**



Workers in Asia, Africa and LATAM excluded from formal pension programmes **1.2 billion**



248% year-on-year Increase in InsureTech Funding reaching almost US\$1 billion Q1 2017



Regulatory sandboxes worldwide **20+**



Estimated time to a cash-free economy in Sweden **5 to 7 years**



SMEs' share of financial services loan book in Abu Dhabi **4%**



Reduction in the cost of opening a back account after India introduced a KYC biometrics system **93%**

EUROPE

THE WINNERS OF TECH CITY UK'S 'FINTECH FOR ALL' COMPETITION

Pocket, won the established fintech category and the special Experian Spotlight Award. The mobile banking app targets those who find it difficult to get a mainstream current account. It now has approximately 230,000 customers.

Mespo, the winner in the newcomer category, is a robo money saver, which analyses a customer's bank accounts and spots ways to save money, for example by switching to a cheaper energy supplier. Japan, in April, became the first country in the world to proclaim it as legal tender. As many as 10,000 businesses in Japan are thought to accept bitcoin and bitFlyer, the country's main bitcoin exchange, saw its user base pass the one-million mark in November.

20 OF EUROPE'S HOTTEST FINTECH STARTUPS FOR 2018

ADVANON (Zurich)

KLARNA (Stockholm)

ID FINANCE (Barcelona)

CAPITAL.COM (Limassol, Cyprus)

CIRCLE (Dublin and London)

GAN INTEGRITY (Copenhagen)

CURRENCYFAIR (Dublin)

COINIFY (Copenhagen)

FENERGO (Dublin)

MONZO (London)

PAYFIT (Paris)

ONFIDO (London)

PLYNK (Dublin)

RECEIPT BANK (London)

TRANSFERMATE (Dublin)

WEFOX (Berlin and Zurich)

TRANSFERWISE (London)

REVOLUT (London)

YOUNITED CREDIT (Paris)

TIDE (London)

BREXIT

STARK REDUCTION IN JOBS

The first Morgan McKinley London employment monitor of 2018 has revealed a 37 percent decrease in jobs available year-on-year while there are 30 percent fewer people seeking jobs in London.

In both 2015 and 2016, the December month-on-month decrease in jobs available hovered around the 30 percent mark, while in 2017 month-on-month decrease was a dramatic 52 percent. In 2017 jobs to market were down 37 percent from 2016.

MANY BANKS AND TECH FIRMS ARE MOVING OUT

Deutsche Bank could move 4,000 jobs out of the UK, nearly half of its UK workforce.

Barclays has chosen the Irish capital Dublin as its post-Brexit European hub.

In February 2017 **Goldman** Sachs decided to close some of its hedge fund operations in London and move the staff to New York.

Lloyds Banking Group announced it would be seeking a new Brussels-based subsidiary.

Microsoft is contemplating expanding its operations elsewhere in Europe because of Brexit.

LONDON WAS TOP DESTINATION FOR TECH FUNDING

Pitchbook for London & Partners show that the UK's fintech sector led the way for VC investment in 2017, attracting a record £1.34 billion in funding.

The UK outperformed several countries in terms of the amount of venture capital funding raised last year, attracting nearly four times the amount than the £694 million that was raised by firms in Germany and more than tech firms in Sweden, France and Ireland combined.

Money transfer service TransferWise, peer-to-peer lending marketplace Funding Circle and challenger bank Monzo were amongst the London-based fintech firms that completed major funding rounds in 2017, raising £211 million, £81.9 million and £71 million respectively.

AMERICAS

ANT FINANCIAL AND QCASH SCOOP FT FINTECH AWARDS

A big Chinese group and a US not-for-profit have triumphed in the second annual Financial Times fintech awards, with Ant Financial taking the impact prize and QCash winning for innovation.

USA FINTECHS ALL ABOUT LENDING

Monevo, a lending marketplace part of Macclesfield-based Quint Group, is on track to exceed one billion pounds in loan originations in 2017. Fifteen US lenders, including Lending Club, Sofi, and Prosper have joined the market. Monevo's roster of over 150 personal loan lenders across the world. Monevo, part of international fintech group Quint, enables over 150 lenders to access over £6bn worth of credit applications annually.

CREDIBLE RAISES US\$50 MILLION IN AN IPO IN AUSTRALIA

The San Francisco based online marketplace for consumer loans has gone public down under in the biggest tech IPO of the year on the Australian Exchange.

FIRST GLOBAL HAS SECURED 16 NEW US MONEY TRANSMITTER LICENSES IN THE PAST YEAR

First Global Money Inc, has been granted two additional Money Transmitter licenses in the USA. The Company has received approvals for new licenses from the states of Oklahoma and Oregon. This means that the Company now has 36 state money transmitter licenses having obtained 16 new licenses since January 2017.

The most well-funded (> \$ 100 Mn) fintech startups in the US

STATE	COMPANY	TOTAL EQUITY FUNDING (\$mn)
California	SoFi	\$2,040.5
Georgia	Kabbage	\$490.0
Illinois	Avant	\$655.0
Massachusetts	Toast	\$138.0
New Jersey	Billtrust	\$104.5
New York	Oscar Insurance Corporation	\$727.5
North Carolina	AvidXchange	\$558.2
Rhode Island	Upserve	\$191.5
Washington	Avalara	\$253.0

LATIN AMERICA

FINTECH LAWS IN MEXICO

On 1 March 2018, in Mexico City a bill was approved by Congress to regulate the fast growing industry of Financial Technology Institutions (FTI), which includes electronic payment firms, crowdfunding firms and also cryptocurrency firms. With the regulation now in place, Mexico, along with the UK and the USA, is one of very few countries that have passed Fintech Laws. Chile is also following Mexico's lead in drafting Fintech laws as well as creating sandbox rules for developers.

FINTECH INVESTMENT ON A HIGH

According to TechCrunch, VC tech investment in the region had an all time high of \$1.1 billion in 2017, and a further \$600 million invested in the first quarter of 2018. This is a major breakthrough when compared with the five previous years, which had remained steady at around \$500 million per year.

TOP FINTECH STARTUPS IN LATAM

BLINKING: Based in Chile, Blinking is a financial app that helps SMEs control their cash flow. The app's features include monitoring invoices, managing finances, and communicating with clients.

AFLORE: Aflore is a fintech startup that provides loans through informal financial advisors to Latin Americans that are not yet connected to the banking system. The company is based in Colombia, but serves consumers throughout the continent.

ALEGRA: Based in Medellin, Colombia, Alegria is one of the most global fintech startups to come out of Latin America, serving clients around Latin America as well as in the United States and Spain. They provide cloud-based accounting and invoicing software for SMEs and recently reached over 50,000 registered users.

AFRICA

FINTECH INVESTMENT TRENDS

The startup scene in Africa has been on a high note with the first half of 2018. Since January 2018, up to 120 deals have been closed amounting to US\$168.6 million outstripping the 2017 annual funding mark of US\$167.7 million.

Fintech remains the most attractive and highest funded sector for investors with 4 of the 10 largest deals made are from this sector. Cellulant, a digital payment solutions company operating across 11 countries with headquarters in Kenya attracted US\$47.5 million followed by online micro-lending

platform, Branch International with offices in Nairobi, Nigeria, and the U.S attracting US\$20 million.

CRYPTOCURRENCY IN AFRICA

Africa is becoming an interesting market for cryptocurrencies and next-generation peer-to-peer buying and selling of crypto-currencies is becoming a rapidly expanding market. A unique characteristic of Africa's relationship with the crypto-currency technology lies in its use. Many people in Africa do not have access to the traditional banking system. Some Africans are buying crypto-currencies as a hedge against constantly fluctuating local currencies in countries like Nigeria and Zimbabwe. There is an emerging generation of Africans who are buying crypto-currencies as investment vehicles into promising blockchain start-ups.

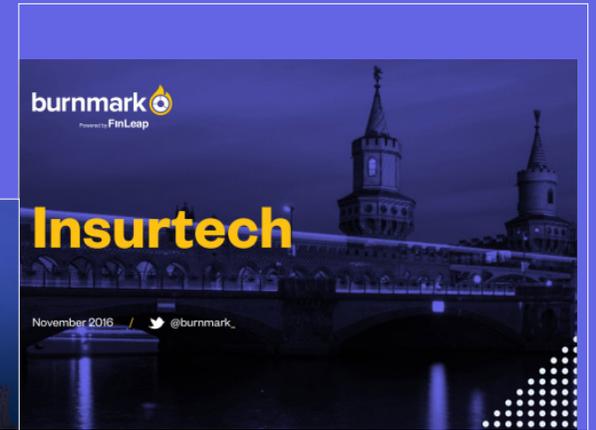
One example of a leading African startup in this field is BitPesa. BitPesa leverages Bitcoin and the blockchain technology to facilitate secure and low cost transfers between businesses. The company supports B2B payments to and from Kenya, Nigeria, Uganda and Tanzania. BitPesa recently closed a \$2.5 million investment which will fund expansion into Western markets.

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HOPE AND HYPE

WHAT WENT RIGHT LAST MONTH



HOPE

2018 is already a record year for global fintech investment

The global fintech sector raised \$41.7bn in the first half of 2018, surpassing last year's record total. It increased steadily between 2014 and 2017 from \$19.9bn to \$39.4bn at a CAGR of 18.5%. This trend accelerated in the first half of 2018 when \$41.7bn was invested across 789 deals.

iZettle: From Sweden to Europe's biggest fintech IPO

Swedish fintech iZettle announced last week that they intend on selling shares and launching an IPO in order to raise SKr2bn by listing on Nasdaq Stockholm. With plans to increase revenue by 40 per cent a year, iZettle aims to also break even by 2020. be held and sold directly within the app in seconds, and even allows customers to set up alerts.

Regulators collaborate for a 'Global Fintech Sandbox'

The UK's Financial Conduct Authority (FCA) announced the Global Financial Innovation Network (GFIN) initiative alongside 11 other regulators from Hong Kong, the US, Australia, the UAE, etc.

GFIN will primarily serve as a network of regulators to discuss policies regarding financial technologies, and to trial cross-country technology solutions.

WHAT DIDN'T GO SO WELL LAST MONTH



HYPE

'Beyond Fintech: A Pragmatic Assessment of Disruptive Potential in Financial Services'

This report from WeForum quotes "Fintechs have changed the basis of competition in financial services, but not the competitive landscape", which we also agree with at Burnmark. It goes on to say that fintech startups have driven innovation but failed to capture large market share and are reliant on partnerships with banks to achieve scale.

India's finance ministry calls cryptocurrencies a ponzi scheme

Cryptocurrency is not legal tender in India and the ministry went on record to ask investors to stay away from trading in it. They said cryptocurrency is likely to be used to carry out illegal and subversive activities such as, terror-funding, smuggling, drug trafficking and money-laundering.



BLOGS

Commonwealth nations beating America on fintech regulations

There's a global competition between governments for who can best accommodate emerging financial technologies, and the United States is losing. Just last week, Australia and the United Kingdom announced that they will strengthen their "Fintech Bridge," a collaborative program between the two nations that will facilitate the entry of fintech startups into each jurisdiction's regulatory sandbox. The agreement will also include an initiative to reduce barriers to licensing for firms that are already licensed in the other country.

– By Daniel Press

Why this ambitious startup isn't going public--yet

Kabbage, which Petralia and Rob Frohwein co-founded with Marc Gorlin in 2009, has spent the last three years on the Inc. 500 list of America's fastest-growing private companies. It reported \$172 million in 2016 revenue, some of which it's reinvesting into buying other startups, and some of which it's using to develop other financial products.

– By Maria Aspan

RegTech and digital finance supervision: A leap into the future

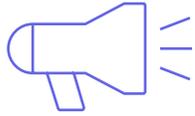
An array of cutting-edge technologies for regulatory compliance (RegTech) and for improving supervisory processes (SupTech) promises to relieve the costs of compliance and the pain of exercising supervisory control. These technologies are already supporting authorities in countries such as Austria. But what about emerging markets and developing economies (EMDEs), where the capacity of supervisors is often limited?

– By Denise Dias & Stefan Staschen

THE INNOVATOR'S VIEW OF OPEN BANKING

The general consensus around the table is that Open Banking is all about customer focus first and foremost. For example, the customer onboarding experience is horrendous today, involving forcing the customer into the branch with all of their identification documents. If we could simplify and take the pain out of that process through APIs, that would be amazing. The question then comes down to: how do you commercialise this?

– By Chris Skinner



ANNOUNCEMENTS

FINTECH STARTUP VOLT LANDS FIRST “RESTRICTED” BANKING LICENSE IN AUSTRALIA

Volt became the first company to be offered a banking license under the Australian prudential regulator’s new scheme that lets banks accept up to \$2mn in deposits.

DANSKE BANK SIGNS PARTNERSHIP WITH SWEDISH FINTECH STARTUP MINNA TECHNOLOGIES

Danske Bank will use Minna for its “subscription manager” solution that helps customers view and manage subscriptions through the bank’s mobile app.

REVOLUT TO SEEK US BANKING LICENSE

Revolut, which is in the process of securing a European banking licence and currently offers its nearly two million users a pre-paid card, app and foreign exchange, plans to launch

services in the US with a banking partner.

EBA publishes its roadmap on fintech

The European Banking Authority (EBA) has published a fintech roadmap setting out its priorities for 2018/2019. The roadmap sets out the establishment of a Fintech Knowledge Hub for knowledge sharing in supervisory approaches.

YES Bank in India hosts 7 fintech startups at its YES Fintech Accelerator

7 startups, including startups from Poland and Spain, graduated from India’s first banking fintech accelerator programme. The startups were selected from over 600 applicants from around the world.

GOLDMAN SACHS BUYS PERSONAL FINANCE STARTUP CLARITY MONEY

Goldman Sachs’ GS Bank is expected to add up to 1 million new customers

by integrating the personal finance app Clarity Money with its Marcus offerings.

JPMORGAN CHASE LAUNCHES SMARTPHONE APP ‘FINN’

JPMorgan Chase has launched a millennial-centric app called ‘Finn’ to obtain new customers from around the US who dislike using branches.

Santander InnoVentures makes its first investment in Brazil via digital lending platform Creditas

The fintech venture capital arm of Santander Group has made its first investment in Brazil (its second in Latin America) through Creditas, a secured lending platform.

PAYPAL BUYS SWEDISH STARTUP IZETTLE FOR \$2.2 BILLION

Paypal hopes to bolster its in-store presence in a time of heavy payments

competition with the help of card reader technology firm, iZettle.

Alior to launch pan-European digital bank with solarisBank and Raisin

Poland’s Alior Bank is going pan-European in partnership with solarisBank, Raisin and Mastercard, starting with multi-currency accounts in Germany.

TRANSFERWISE ANNOUNCES PARTNERSHIP WITH FRANCE’S GROUPE BPCE

Transferwise is partnering with France’s second largest banking group by integrating its APIs into the group’s mobile banking apps.



FROM TWITTER

Amanda Connon-Unda @samplingculture · May 31
 'Why is RBC starting an #AI division? You can be consumers of AI or you can research & be a creator. RBC is establishing themselves as a creator & participating in ethics conversations. @BorealisAI helped them drive research & build talent!' #connectthebots @TWG #finserv #fintech
pic.twitter.com/YDSs8eCLBr

#CPHFTW @cphftw · May 30
 It's a good day for Danish startups today!
 @tradeshift raised a series E round to the tune of DKK 1.5B, becoming a unicorn!!
buff.ly/2lZhuJ #nordicmade



Tradeshift raises \$250M Series E, Goldman Sachs j...
 Tradeshift, a supply chain payments and marketplaces late-stage startup which recently added blockchain to its armory, has today raised \$250 million in a Series E f...
techcrunch.com

Steve O'Hear @sohear · May 31
 ICYMI, here's my scoop from yesterday afternoon...

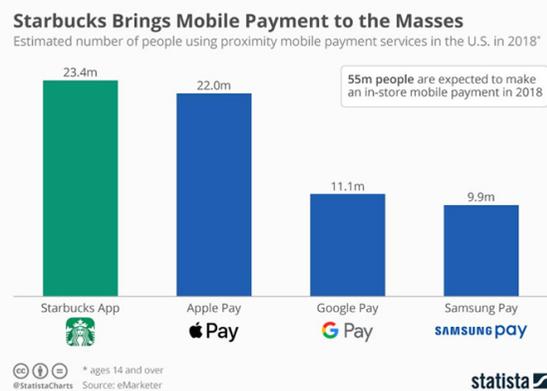
Starling Bank raising another £80M, ends partnership with TransferWise
tcn.ch/2H12HL7 via @techcrunch



Starling Bank raising another £80M, ends partners...
 Starling, the U.K. challenger bank founded by banking veteran Anne Boden, is in the early stages of raising a significant new funding round as part of plans to dou...
techcrunch.com

Statista @StatistaCharts · May 24
 .@Starbucks is the most popular mobile #payment app in the US, largely due to the order & pay ahead functionality - via @eMarketer
statista.com/chart/13933/mo...

Starbucks Brings Mobile Payment to the Masses
 Estimated number of people using proximity mobile payment services in the U.S. in 2018*



App	Estimated number of people (in millions)
Starbucks App	23.4m
Apple Pay	22.0m
Google Pay	11.1m
Samsung Pay	9.9m

* ages 14 and over
 Source: eMarketer

David Lipton @Lipton_IMF · May 30
 In Beijing, I see that #fintech is developing in #China much more rapidly than in other countries. As we help our members think about rising regulatory and public policy issues, we will look to China's experience and pioneering.

burnmark @burnmark_ · May 29
 Great to see @burnmark_ research being presented at the #FoFSummit18 in China



Urs Bolt | bolt.now @UrsBolt
 It was a great pleasure to present and discuss the current state and trends of #RegTech and #Compliance at the #FoFSummit18 in Beijing....

burnmark 

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