



Evolve
Capital Partners

Weekly News Update

Week Ending 12/15/17



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Preface










Each week, Evolve Capital Partners compiles relevant news and press releases across the finance and technology sectors. We analyze publicly available information and source each article. We also release a weekly summary of M&A and financing transactions.

Evolve Capital Partners is a specialized investment bank focused on businesses serving industries at the intersection of finance and technology. We are a dedicated, creative, and fully independent investment bank that advises private and public companies on merger, divestiture and acquisition transactions, and capital raising through private placements. Founded in 2012, we are based in New York.

You can learn more about us at www.evolve-capital.com. We post past weekly transaction and news updates on our website, plus in-depth industry research reports.

To contact us, please email admin@evolve-capital.com or call (646) 688-2792.

Sectors we cover at the intersection of finance and technology include:

 Bank Tech / Solutions	 Healthcare Tech	 Securities
 BPO	 Insurance	 Specialty Finance / Alternate Lending
 Financial Management Solutions	 Payments	 Data & Analytics / IoT

News Count

Sector	Number of News	% of Total
Bank Tech / Solutions	5	16%
BPO	1	3%
Financial Management Solutions	1	3%
Healthcare Tech	1	3%
Insurance	3	10%
Payments	9	29%
Securities	5	16%
Specialty Finance / Alternative Lending	3	10%
Data & Analytics / IoT	1	3%
Others	2	6%
Total	31	100%



BANK TECH / SOLUTIONS

PR Savings Bank in core banking tech revamp with Temenos T24

Bank Tech / Solutions

12/13/17

Philippine Resources Savings Banking Corporation (PR Savings Bank), the fifth largest independent thrift bank in the Philippines, is implementing Temenos' T24 core banking and analytics solutions.

The deal was signed in 2015, Banking Technology understands.

PR Savings Bank is moving into the deposits business. "The decision to partner with Temenos was driven by our objective to expand our products and services beyond the lending sphere to better service our market," explains Emmanuel Benitez, president of PR Savings Bank.

"Our mission is to bring banking services to the masses and agriculture society in Philippines," he states.

With the new platform, he adds, "we will be able to bring real-time, tailored financial services to our account holders whether they are in the cities or in the countryside, full-time employees or small business owners and farmers".

According to Temenos, the bank has opted for a "big bang" implementation approach, launching all of its business lines simultaneously.

PR Savings Bank was established in 1977, and has 46 branches and 50 offices across the country.

<http://www.bankingtech.com/2017/12/pr-savings-bank-in-core-banking-tech-revamp-with-temenos-t24/>

Nordea's open banking goes live in Finland

Bank Tech / Solutions

12/13/17

Nordea has connected APIs to its production system and made its open banking live in Finland.

During the autumn, Nordea's open banking team worked together with more than 1,000 external developers, who tested and gave feedback on the open APIs and associated services. With that all complete, Nordea says it's now the "first Nordic bank" to offer pilots access to customer data.

Erik Zingmark, co-head of transaction banking in Nordea, says: "The new PSD2 regulation will fundamentally change banking. It is not a fad. Banking will be different as from 2018, when banks have to open up to third parties to offer services to account holders."

As reported in March, Nordea released the first version of its open banking portal targeted towards external developers, as it got ready for PSD2 at that time.

Nordea is now starting a piloting period in which selected third parties will build applications on top of the APIs and, together with pilot customers, they will confirm that all aspects of the open banking solution work as expected.

Pilot data is currently limited to its Finnish customers, but will "soon be expanded" to include customers throughout the other Nordic countries.

The third party applications will be able to use the account information service (AIS) API where they can retrieve account information details and initiate payments through the payment initiation service (PIS) API. The end users will be able to authenticate themselves, giving consent to the third-party provider to access their accounts.

According to Nordea, introducing selected pilot participants to customer data in this limited way will enable it to work with the third parties and continue to receive their feedback and improve the services. More selected third parties will, on a rolling basis, be included throughout 2018.

Nordea, and not us, adds that its Open Banking Developer Portal has been shortlisted for the Banking Technology award for Top Digital Innovation, 2017. The awards ceremony is on tonight (13 December) in London.

<http://www.bankingtech.com/2017/12/nordeas-open-banking-goes-live-in-finland/>

First National Bank plans online SMB lending portal

Bank Tech / Solutions

12/13/17

First National Bank and Trust Company is planning the launch of a digital small business lending portal and has tapped a partner to create the solution.

The financial institution (FI) said Tuesday (Dec. 12) that it is working with FinTech firm RCGILTNER Services to deploy the digital platform, which will launch in the first quarter of 2018. The portal will allow a small- or medium-sized business (SMB) to seek a loan from the bank without physical paperwork or a visit to a branch location.

The digital lending portal — which can be accessed via desktop or mobile device — supports eSignatures, and approved borrowers can receive loan funds in just three days.

In its announcement, First National Bank alluded to the rise of alternative and marketplace lenders, many of which have changed the way small businesses apply for and receive financing.

“We are known as a leader in delivering sound advice coupled with technology-driven solutions to our customers,” said Lara Pomerene, the bank’s senior vice president and marketing director, in a statement. “Adding mobile lending helps us provide a solution that our customers can access whenever and wherever it’s convenient. After watching the emerging digital lending space closely, and evaluating options during 2017, we believe we’ve found the best solution for our lending strategy.”

RCGILTNER provides banks with services to manage and underwrite loans. The firm’s CEO Greg Schrecke said it is “pleased” to partner with First National Bank and “to offer our cloud-based digital lending solutions to their customers.”

Other traditional banks have followed a similar route, partnering with FinTechs to develop online SMB lending portals. Earlier this year Citizens Bank partnered with Fundation to digitize the small business loan application process and also create an online platform to facilitate SMB financing. That collaboration also accelerates the time it takes for small businesses to receive funds to within three days.

<https://www.pymnts.com/news/b2b-payments/2017/first-national-smb-lending/>

German challenger Penta comes out of private beta

Bank Tech / Solutions

12/12/17

German challenger bank Penta is coming out of private beta and officially opening its small business banking account to startups on its home territory. With a mission to make business banking as easy as using Slack or Trello, Penta has been quietly trialing its service - a white-labelled account provided by local banking-as-a-service platform solarisBank - with a number of Berlin-based businesses. With the official launch, Penta will begin onboarding the 3000 businesses which have joined the firm's waitlist.

Penta is funded by a number of senior banking executives from the UK and Germany, such as Richard Davies formerly the head of business banking and digital propositions globally at HSBC.

CEO and co-founder Lav Odorovic says the company started out of the founding team's frustration with business banking, the high fees, as well as the bureaucracy and lack of transparency that today's legacy banks offer.

"Banks are stuck in the 20th century because of their outdated tech and bureaucracy — not to mention the high-fees," he says. "We believe that banking should be easy, it should be completely online and it should give startups access to the banking products and services they need to scale quicker, to save more time and money."

Penta is distinguishing itself from local competitors in Germany such as N26 and BBVA-owned Holvi, which have tailored their services to sole traders and the freelance community, by focusing its account offering on startups with 2-30 employees.

"Startups in Germany with 2-30 employees have been neglected by fintech and the banking industry" says Odorovic. "We're trying to change this by helping founders open an account online quickly while offering them the tools they need to scale quicker, save more time and money."

The company has set a target of recruiting over 10,000 businesses by the end of 2018.

New Penta customers will initially be offered a fee-free bank account and the multiple debit cards for team members. The long-term vision is to offer an App Store of third party fintech services and business apps.

https://www.finextra.com/newsarticle/31446/german-challenger-penta-comes-out-of-private-beta?utm_medium=newsflash&utm_source=2017-12-12&member=93489

PNC to launch national consumer loan program through mobile app

Bank Tech / Solutions

12/8/17

PNC Financial Services Group is looking to launch a national consumer lending product through their mobile app and new branches; they plan to launch into new markets with branches in Minneapolis, Dallas, Kansas City and more; “We’re going there to be there with our full-service capabilities, patiently banking the clients that we ultimately want to bank,” Chairman and CEO William Demchak said this week; the new plans will take place in 2018.

<http://www.lendit.com/news/2017/12/08/pnc-launch-national-consumer-loan-program-mobile-app/>



BPO

Investec teams up with UK fintech on client services

BPO

12/14/17

Investec, the Anglo-South African lender, is teaming up with UK fintech MarketInvoice in the first move by a bank to outsource the provision of some of its client-facing banking services to a technology platform.

Under the partnership MarketInvoice, which manages small-company loans online, will provide digital invoice finance and business loans services for the specialist bank, handling the underwriting and payment processing for its customers.

Investec will provide about £50m to fund the invoice finance deals in the first year, MarketInvoice said.

There have been a number of partnerships between banks and online lenders in the past two years, catering to smaller and medium enterprises looking for quick ways to access funding.

Last year, Santander joined forces with online lender Kabbage in order to provide small businesses with loans more swiftly, using the fintech's technology.

But the latest deal constitutes the first move by a bank to fully rely on an external provider to carry out those banking services.

The move also comes as the banking sector prepares for European regulations coming into force in mid-January that threaten to loosen the stranglehold of the banking oligopoly — HSBC, Barclays, Royal Bank of Scotland, Lloyds Banking Group and Santander — in the UK.

Under the so-called open banking rules, they will be asked to open up, with customers' consent, archives of spending data collected over many years and, for the first time, provide other companies — from technology groups to retailers — with access to the information.

For fintechs, this presents an opportunity to monitor and access the customer base of larger rivals and could accelerate collaboration between traditional financial institutions and start-ups.

“We believe there is much scope for traditional banks to partner with the latest fintech players, to better service the market,” said Anil Stocker, co-founder and chief executive at MarketInvoice. “Open Banking should encourage and empower banks to deliver the highest innovation and customer service to their customers.”

<https://www.ft.com/content/ca687536-e03e-11e7-a8a4-0a1e63a52f9c>



FINANCIAL MANAGEMENT SOLUTIONS

New features of SutiHR streamline HR management processes

Financial Management Solutions

12/12/17

SutiSoft Inc., a leading provider of web-based and online business management solutions, today announces updates to the reports, time management and recruitment modules of SutiHR, its online HR management platform. The new features streamline HR management, while also aligning your workforce with your business strategy.

Here are some of the enhancements made.

- ACA reports have been added to the reports module. Organizations that employ 50+ full-time employees and offer group health insurance or provide their own health insurance are now required to submit IRS Forms 1094c/1095c in compliance with the ACA. The ACA report is intended to assist an employer determining employee health care coverage eligibility as defined by ACA. The data helps organizations remain in compliance with ACA standards and avoid penalties.
- HR administrators can restrict users who have privileges to the reports module to view/edit the ACA reports. Based on the privileges given by the HR admin, the ACA report will be made available to the users.
- HR administrators have an option to customize the menus in the reporting module. Users can now generate reports based on the permissions given by the HR administrator.
- HR administrators can create and share custom reports with selected employees. An option to remove the assigned reports is also provided.

HR administrators now have the flexibility to adjust employee time off by fractions of days. An option to submit a clock out entry for the previous day has been added. Employees who have not clocked out for the previous day can now update their previous day clock out time and clock in for the current day. HR administrators have the flexibility to bypass the approval processes without notifying the approvers.

<http://nbherard.com/business/new-features-of-sutihr-streamline-hr-management-processes/35513>



HEALTHCARE TECH

Microsoft announces preview of AI-powered health chatbot system

Healthcare Tech

12/14/17

Microsoft's launched a private preview of a new AI-powered health chatbot system. The company said intelligent healthcare assistants could "empower" users to access medical info from their smartphone, cutting the time and cost of obtaining healthcare.

Checking for care

The project is being developed as part of Microsoft's Healthcare NeXT initiative. The company's trying to find ways of offering digital healthcare experiences that let user get immediate information on common ailments. Microsoft has partnered with Aurora Health Care for its latest chatbot service, creating the "Aurora Digital Concierge" for patients.

The smartphone app allows users to determine the level of care needed for their condition. By answering questions provided by the bot, the app can suggest possible causes for the symptoms being experienced. It then presents a judgment on the best professional healthcare option.

Users can schedule appointments with a doctor from inside the app. The bot provides guidance on the type of doctor needed and how quickly treatment should be sought. It then makes the appointment for the user.

Using the app, patients can identify their condition and access professional medical advice with "a few clicks." The entire experience supports natural language input to improve accessibility for new users.

"Aurora Health Care is focused on delivering a seamless experience for our consumers and the health bot allows us to introduce technology to make that happen," said Jamey Shiels, Vice President of Digital Experience, Aurora Health Care. "The use of AI allows us to leverage technology to meet consumers where they are; online, mobile, chat, text, and to help them navigate the complexity of healthcare."

Streamlined medical experiences

The underlying technology in the Aurora Digital Concierge is being made available to all of Microsoft's healthcare partners. The health bot remains in active development but several U.S. medical providers are already evaluating or using apps based on the project. Besides Aurora Health Care, Microsoft lists Pacific Northwest health plan provider Premera Blue Cross and health care delivery network UPMC as current users.

According to Microsoft, the bot provides an example of how AI and digital tech can benefit consumers. People who use the bot can find symptom and care details more quickly than if they visit a webpage or call a medical facility directly.

However, recent studies have found that most consumers remain sceptical of AI-based technologies, with just 12 percent choosing to use a chatbot. Projects such as Healthcare NeXT highlight what's possible with the technology but don't address the issue of getting people to actually use new bots. Microsoft said it's working to harness the "enormous opportunity" of bots in healthcare, explaining the tech could streamline the entire medical experience.

"At Microsoft, we believe there is an enormous opportunity to use intelligent bots to make healthcare more efficient and accessible to every individual and organization," said Hadas Bitran, Principal Group Manager of AI + R for Healthcare NeXT. "Our goal is to amplify human ingenuity with intelligent technology, and we're doing that in healthcare by infusing AI into solutions that can help patients, providers, and payers."

<http://www.digitaljournal.com/tech-and-science/technology/microsoft-announces-preview-of-ai-powered-health-chatbot-system/article/509990>



INSURANCE

Brit announces new reinsurance platform, appoints ex-CEO to board

Insurance

12/14/17

Global specialty insurer and reinsurer Brit has revealed the launch of a new Bermuda-domiciled collateralized reinsurance platform, as well as the appointment of a former Axis Capital reinsurance CEO to its board.

The special purpose insurer, Sussex Capital, will be launched through Sussex Re, and will write direct collateralized reinsurance while also providing collateralized reinsurance to Brit's reinsurance portfolio, the firm said in a release.

Brit is targeting a launch on January 01 next year, with an expected initial capacity of US\$100 million for Sussex Capital.

Brit CEO Matthew Wilson said the new venture would “further enhance” Brit's client and broker proposition with Sussex Re writing direct collateralized reinsurance, adding that Brit would continue to share access to its “strong underwriting capabilities and diversified global distribution” with its capital partners.

Mark Allan, CFO at Brit, called Sussex Capital “the next step in Brit's strategy to build long term relationships with the capital markets.”

“It will complement Versutus, our existing Bermuda-domiciled special purpose insurer, further strengthening Brit's reinsurance capability and access to a diversified source of capital to support property catastrophe risk,” Allan went on to say.

Jay Nichols, former CEO of the reinsurance operations of Axis Capital, was also revealed today to be joining the boards of Sussex Capital and Brit Re as a non-executive director, as well as becoming chair of the audit committee of Brit Re and joining the Brit audit committee.

Described by Brit as a “well-known and highly respected figure in the insurance industry,” Nichols previously spent 15 years at RenaissanceRe, where he went on to take the role of president of RenaissanceRe Ventures. He was responsible for the formation of DaVinci Reinsurance and Top Layer Reinsurance, as well as a number of other joint ventures and strategic investments.

“The launch of Sussex Capital and establishment of Brit Re are both important milestones in the development of our platform in Bermuda and the appointment of someone of Jay's caliber to their respective Boards is a strong statement of intention,” Brit's executive chairman, Mark Cloutier, commented.

“Jay brings to Brit an impressive track-record within the reinsurance arena, and his experience of working across the capital markets will prove extremely valuable as we continue to build on our Bermuda presence and capabilities. We look forward to welcoming Jay and his contribution as an important board member for these businesses.”

<https://www.insurancebusinessmag.com/us/news/breaking-news/brit-announces-new-reinsurance-platform-appoints-exceo-to-board-87699.aspx>

Westfield Insurance offers new BI tool to small businesses

Insurance

12/14/17

Westfield Insurance has partnered with SizeUp, a business intelligence website that provides customized data and analytics to small businesses, to help entrepreneurs maximize profits.

SizeUp crunches millions of data points from public and private sources to provide four main insights: to compare businesses against industry competitors; map where other companies, customers and vendors are located; identify areas of highest potential revenue; and demographic analyses on customers.

"Now small business owners can instantly access competitive benchmark, advertising, demographic, industry, geographic, and cost-of-business data that huge corporations use every day," said Carrie Busic, Westfield Insurance's national commercial sales leader, in a statement.

Westfield, headquartered in Northeast Ohio, first connected with SizeUp using its ongoing partnership with startup accelerator Plug and Play. The carrier currently offers commercial insurance in 21 states, and personal coverage in another 10.

<https://www.dig-in.com/news/westfield-insurance-offers-new-bi-tool-to-small-businesses>

Telematics pioneer Metromile looks to lead in AI as well

Insurance

12/14/17

Artificial intelligence is on the rise in insurance, and Metromile, a usage-based insurance carrier that charges customers based on how much they drive, is trying to get ahead of the pack.

The company launched AVA, an AI platform, in July, billing it as a “smart claims assistant” that can verify claims information based on the data from Metromile’s telematics device, Pulse, and get customers’ cars into a repair queue faster. It has since added significant capabilities, including routing cars to a specific repair shop, renting a loaner vehicle and making claims payments automatically, without customers having to get involved.

Sean Griswold, chief customer officer for Metromile, says that AVA is more than a dressed-up rules-based system. The company has employed data scientists and engineers to build the system from the ground up, integrating it with all components of its value chain including the traditional policy administration, claims processing and customer service platforms.

“The machine learning and algorithms that support the system is certainly far beyond rules-based, the tech that we’re building in terms of how we interact with the consumer and how we learn from those interactions isn’t rule-based,” he says. “We’re definitely digging in deep on this.”

AVA has been under development from a programming perspective for about three years. Access to a wide range of data sets is crucial for AVA to deliver on its promise to “delight” customers.

“We absolutely use the data from the entire consumer lifecycle in building the learning models and AI,” he explains. “That includes telematics, underwriting information and interactions the consumer has with us pre- and post-claim.”

The commitment to true AI at Metromile is a top priority for the company, Griswold adds, as it aims to compete on customer experience.

“The insurance business is pretty manual in its processing, and customers don’t get the best experience possible,” Griswold says. “It’s not just about moving forms online, it’s about automating the system.”

<https://www.dig-in.com/news/telematics-pioneer-metromile-looks-to-lead-in-ai-as-well>



PAYMENTS

PayRange adds compatibility to millions of existing coin-op washers and dryers

Payments

12/13/17

PayRange Inc., maker of the world's simplest mobile payment solution for machines, announced and debuted its service for Speed Queen and Maytag machines at the June 2017 Clean Show. The overwhelming industry response continues to fuel the innovation momentum. With ongoing research and development, the company announced advancements that bring the PayRange mobile payment service to virtually every coin operated laundry machine manufactured in the last 20 years. Compatibility now includes machines manufactured by Dexter, Ipso, Heusch, Continental, ADC, LG, and Milnor.

"Our customers have been driving the movement to accept mobile payment on laundry machines," stated Prashant Kanhere, Vice President of Engineering. "We are committed to making PayRange available to laundry operators and property owners for their entire equipment base. With this goal, our technology not only works reliably and universally across all machines, but it also sets the standard with an app consumers are already using in vending and amusement."

The upgrade takes just minutes to install, with plug-and-play installation kits. The solution can replace the coin acceptance entirely, or work alongside. Consumers have given rave reviews for the upgrade, and property owners are experiencing double-digit lift in usage due to the increased convenience of eliminating the reliance on quarters.

<https://www.prnewswire.com/news-releases/payrange-adds-compatibility-to-millions-of-existing-coin-op-washers-and-dryers-300570739.html>

Clearent achieves PCI validation for its Point-to-Point Encryption (P2PE) solution

Payments

12/12/17

Today, Clearent, a payments solution provider, announced that it received PCI validation for its Point-to-Point Encryption (P2PE) solution. P2PE protects card data as it moves through the payment system, making the data worthless to criminals in the event of a breach. Now that the PCI Security Standards Council has tested and validated Clearent's P2PE solution, merchants using it can take the SAQ P2PE with up to 90% fewer questions than the other versions of the SAQ. Merchants using PCI-Validated P2PE also do not need to conduct vulnerability scans or penetration testing.

P2PE is the most secure way to transfer data. Sensitive card data is encrypted at the point of interaction as soon as a card is swiped, dipped, keyed or tapped (through near-field communications technology). From there, the data remains encrypted until it reaches Clearent's PCI-compliant data center. This eliminates merchants' exposure to sensitive information, significantly reducing their PCI scope. More importantly, P2PE keeps hackers and thieves from deciphering the information in the event of a breach.

The PCI Security Standards Council's rigorous validation process for P2PE solutions includes a thorough review of encryption, injection and key management processes. The Council recently validated Clearent's P2PE solution with hardware options from PAX, Dejavoo and ID Tech. Clearent is among five U.S. direct merchant acquirers to offer a PCI-Validated P2PE solution.

"Merchants spend a lot of time and resources to protect their businesses and maintain PCI compliance," said Dan Geraty, founder and CEO of Clearent. "Merchants that use the gold standard for data encryption – PCI-Validated P2PE – get to bypass dozens or even hundreds of questions on the PCI Self Assessment Questionnaire and forgo networks scans without taking any shortcuts with their data security."

<http://www.prweb.com/releases/2017/12/prweb15009053.htm>

CanPay launches cashless payment solution for Maryland's medical marijuana market

Payments

12/12/17

CanPay, the first legitimate debit payment solution for the cannabis industry, today announced its entrance into Maryland's newly instituted medical marijuana market. CanPay provides Maryland patients with a convenient, secure, and transparent alternative to the cash-only system typically found in the legalized cannabis industry. Initially, CanPay will be available at more than 10 statewide dispensaries set to open their doors in the coming months.

Maryland marks the 8th state-legal marijuana market where CanPay's network of compliant cannabis banking institutions and compliant dispensaries are enabling safer and more transparent purchases through the CanPay mobile app for patients and recreational customers.

"In an industry that's projected to hit almost \$7 billion dollars by 2018, it's essential to have a trusted means of electronic payment for businesses and patients alike," said Dustin Eide, CEO of CanPay. "By being a part of Maryland's medical marijuana community, our goal is to have CanPay's cashless services available at every dispensary statewide in order to help promote a safer and more secure marketplace."

CanPay enters Maryland's medical marijuana marketplace with the concerted effort of participating area dispensaries, to enhance the safety of their employees and patients by offering an electronic payment option that makes paying at a dispensary like paying anywhere else.

"As an organization that is dedicated to promoting the common interests of medical cannabis dispensaries in Maryland, accepting CanPay is an obvious choice," said Dr. Michael Chiaramonte, President, Maryland Medical Dispensary Association (MDMDA) and owner of Haven dispensary in Brandywine, MD. "Safety and security are at the forefront of our mission, and that includes reducing the risks associated with cash."

"It was extremely important to me to be able to launch our business the right way, both with a compliant banking program and legitimate payment service," said Bryan Hill, owner of Charm City Medicus in Baltimore and Director of Government Relations for MDMDA. "CanPay not only makes secure purchases possible, but it's also a convenient and familiar choice for myself, my employees and my customers alike to all feel comfortable using."

Since launching in November 2016, CanPay continues to expand its reach as the largest legitimate payment provider to cannabis businesses, serving close to 100 dispensaries in 8 states and offering consumers a quick, free, and secure alternative to the cash-only model dictated by contrasting federal and state regulations.

Patients and consumers can download the CanPay app by visiting CanPayApp.com and can then setup their account in the app or on the CanPay website. To ensure privacy and security, all

purchases are made using non-identifiable, single-use, and random payment tokens generated in the CanPay App.

<https://www.prnewswire.com/news-releases/canpay-launches-cashless-payment-solution-for-marylands-medical-marijuana-market-300569924.html>

CBA to roll out 'tap-on-phone' contactless payments

Payments

12/12/17

Commonwealth Bank of Australia business customers will soon be able to accept a payment by simply tapping their phone with a contactless card or mobile wallet. Commonwealth Bank will use a white label version of Mobeewave's SoftPOS technology and Digital Enablement from Idemia to deliver the service, which will be made available for Mastercard transactions on Samsung flagship devices from the second half of 2018.

The technology is a real threat to the dongle-dependent mPOS technology of firms like Square as it requires no additional hardware plug ins to accept payments. When Square launched in Australia last year, CBA initially moved to block payments over the card reader citing security concerns.

Sam Itzcovitz, Commonwealth Bank managing director commerce and platforms, says: “This solution gives Australian small businesses the ability to accept in person payments quickly and simply using just their phone so they can get on with running their business.”

Mastercard research has shown that more than four in five Australian consumers are using contactless payment at least once a week, but fewer are making use of mobile contactless payment services.

Matt Barr, SVP, core, digital and new payment flows of Mastercard Australasia, says: “This pilot brings us one step closer to our vision of 'enabling every device to become an acceptance device'. We all use our phones to make payments, why not use them to accept payments as well. With its high use of contactless technology, Australia is an ideal environment to roll out this type of “tap-on-phone” solution.”

https://www.finextra.com/newsarticle/31453/cba-to-roll-out-tap-on-phone-contactless-payments?utm_medium=newsflash&utm_source=2017-12-12&member=93489

Bitcoin startup predicts cryptocurrency market will grow as much as \$100 billion in 2018

Payments

12/11/17

With a wave of institutional investors expected to enter the Bitcoin game in coming months, safely storing cryptocurrency is becoming a top priority.

BitGo, a virtual wallet provider based in Palo Alto, Calif., said Monday it raised \$42.5 million in venture capital fundraising as it gears up to service a hoard of new customers. The company helps secure digital assets held by hedge funds, exchanges, trusts, broker-dealers, and other businesses, including CME Group in Chicago and The Royal Mint in the United Kingdom.

Founded in 2013, BitGo carved out a niche specializing in multi-signature wallets, which require multiple parties to sign off on a transaction before any digital money moves out of one of its wallets. In a typical setup, a customer holds two of the cryptographic private keys used to authorize transactions, one for active use that can be split multiple-ways among a select group of people and another stored for safe-keeping as a backup; BitGo then uses a third key to cosign transactions.

Right now, BitGo works with seven cryptocurrency types: Bitcoin, Ethereum, Ripple, Litecoin, Bitcoin Cash, Bitcoin Gold, and Royal Mint Gold. The company has plans to add more.

“There’s obviously a tremendous interest and demand for digital currencies,” says Mike Belshe, BitGo cofounder and CEO. “We’ve recognized for long time that blockchains and digital currencies are going to change the way we do finance.”

BitGo claims that its technology helps facilitate \$8 billion in cryptocurrency transactions each month. The company says its wallets account for roughly 18% of the activity on the Bitcoin network.

Bitcoin has been on a tear lately, its price increasing more than 1,000% over the year and trading now at around \$16,500. Skeptics have cautioned that the spectacular run-up in valuation seems like a bubble.

Investment firm Valor Equity Partners led the new fundraising round. Other investors included PayPal (PYPL, +0.24%) alum David Sacks, West Coast Holdings’ Bill Lee, and Chicago-based investment firm DRW.

As part of the deal, BitGo has gained two board members: Antonio Gracias, founder and chief investment officer at Valor, who also serves on the board of Elon Musk’s ventures Tesla (TSLA, -0.48%) and SpaceX, and David Sacks, who previously served as CEO of Microsoft-owned (MSFT, -0.77%) Yammer and the embattled HR software maker Zenefits.

BitGo has raised \$56.5 million to date. Rival cryptocurrency wallet providers include Coinbase, Blockchain, and Xapo.

Belshe says he expects institutional investors to flood the virtual currency market with billions of dollars over the next year or so. The opportunity is “probably bigger than any of the numbers anyone has stated so far,” he tells Fortune, estimating anywhere from \$25 billion to \$100 billion soon entering the arena.

“We see where flows are going in ways other cannot see,” Belshe says, referring to the bird’s-eye-view BitGo has of its wallets. “It gives us a unique perspective on network.”

<http://fortune.com/2017/12/11/bitcoin-price-btc-ethereum-cryptocurrency-wallet/>

Samsung Pay now enables money transfer

Payments

12/11/17

Samsung Electronics announced that its mobile payments system, Samsung Pay, will now offer money transfer services at some Korean banks.

According to The Investor, starting on Dec. 14, Samsung Pay users will be able to withdraw or transfer money from Shinhan and Woori bank accounts.

The app already provides ATM deposit and withdrawal services at 10 banks, including KB Kookmin Bank, through biometrics without an official certificate or one-time password.

“Previously, when you registered an account on the app, you could only make deposits and withdrawals from ATMs. However, you can now transfer money by just utilizing the app,” said a Samsung official.

In addition, five banks – including Industrial Bank of Korea, NongHyup Bank and Saemaul Bank – will begin ATM deposit and withdrawal services through its Samsung Pay Mini app for Android OS smartphone users.

Samsung Pay is the top mobile payment system in Korea, with cumulative payments amounting to 8 trillion won (US\$7.32 billion). As it continues to expand its mobile banking platform through the support of local banks, rivals such as Google and Apple are expected to enter the domestic market with Android Pay and Apple Pay, respectively.

<https://www.pymnts.com/news/mobile-payments/2017/money-transfer-added-to-samsung-pay-app/>

Chase bids to ignite mobile wallet at pop-up shopping village

Payments

12/11/17

Chase has opened a pop-up shopping mall at the World Trade Centre complex in Manhattan in an effort to encourage consumers to try out its under-performing proprietary mobile wallet Chase Pay. Open for six weeks over the holiday season, the Chase Pay Village gives consumers the option to use the bank's mobile wallet to check out and receive special offers when they shop at any of the 20 stores onsite.

The shops participating at Chase Pay Village include Artisans of NY, Bench Body, Churoncalla, Eataly, Fever Tree, Hanami Real Flower Jewelry, Honey Gramz, INSIDERS1, Love Menu Arts, Lovepop, Mr. Elle Pooh, No Chewing Allowed, Pamela Barsky, Papyrus, Pipcorn, Royce Chocolate, The Giving Keys, Toytoise, United Chocolate Works, and W Britt.

The move comes as Chase steps up its marketing activity for the mobile wallet, which has so far delivered minimal returns on the bank's \$100 million investment in the technology.

A recent study from Bernstein Research ranked Chase Pay at ninth among the plethora of mobile wallets available to consumers, with only six percent of online shoppers reporting they'd used it. The top three spots went to PayPal, Visa and Amazon respectively.

https://www.finextra.com/newsarticle/31419/chase-bids-to-ignite-mobile-wallet-at-pop-up-shopping-village?utm_medium=newsflash&utm_source=2017-12-11&member=93489

FI.SPAN partners with Beanworks to build B2B payments hub

Payments

12/11/17

Financial services management platform FI.SPAN inked a deal with Canada-based Beanworks to jointly build a “world-class business-to-business (B2B) payments hub”, writes David Penn at Finovate, Banking Technology’s sister company.

The new BeanPay platform will give Beanworks’ business customers many of the same vendor payment capabilities that banks have. FI.SPAN will provide pre-integrated third party fintech solutions into the hub, and will manage payment processing via “strategically curated API connections”.

FI.SPAN CEO and founder Lisa Shields praises the combination of Beanworks’ accounts payable automation UX and a “very modern portfolio of payment services”. She says, “Beanworks believes in our vision of sharing modern business services within the corporate customer’s primary business applications.”

Calling manual reconciliation and file transfer “no longer acceptable”, Beanworks CEO Catherine Dahl says her company’s “mission is to make the life of the treasurer easier”. Beanworks is cloud-based AP software – integrated with most common accounting platforms such as Intuit Quickbooks, Microsoft Dynamics, and Xero – that automates invoice data entry and invoice-to-purchase matching. Beanworks is also the AP automation provider of choice for Sage accounting and business management solutions. “FI.SPAN’s solution enables us to immediately and profitably extend our AP workflow through to world class payment capabilities,” Dahl notes.

FI.SPAN was founded in 2016 and is headquartered in Vancouver. Its technology enables banks and other FIs to deploy new business banking services and products, leveraging RESTful API endpoints to give financial institutions the ability to decide specifically which and how different products and services are available over different channels. FI.SPAN also provides pre-built connectivity to major ERP platforms, empowering banks to use ERP as a channel for corporate customers.

<http://www.bankingtech.com/2017/12/fi-span-partners-with-beanworks-to-build-b2b-payments-hub/>

Cardless ATM use advances with bank's deployment of Mastercard's cash pick-up service

Payments

12/8/17

The evolution of ATMs away from strictly card-based usage and toward mobile devices advanced Thursday when Fort Lee, N.J.-based Cross River Bank reported that it is the first bank to offer Mastercard Inc.'s Cash Pick-Up service.

The service, which Mastercard announced in September, enables so-called underbanked or unbanked consumers to pick up cash disbursements, including person-to-person payments or such payments as disaster-aid relief, social benefits, or rebates from companies, at ATMs without using a debit card. For senders, the service eliminates the need to send checks or directly provide cash to recipients.

A business or individual initiating a Mastercard Cash Pick-Up transaction creates a cash pick-up order, which alerts the sender's bank to issue payment. A unique, four-digit PIN is sent to the recipient via text message in a matter of seconds. Upon entering the code into an enabled ATM, the recipient can retrieve the cash without using a card.

Cross River sees the Mastercard service as an addition to its payment services for business customers. In 2015, the bank worked with Mastercard on the launch of Mastercard Send, the card network's near-real-time payment service.

"Part of Cross River Bank's strategy is to be first to market with new payment types that can add value to our clients," Ben Isaacson, senior vice president and general manager of payments, tells Digital Transactions News by email. "We've partnered with Mastercard to be very early to market on previous products like Mastercard Send, so it was a natural fit to start this dialogue."

The bank wouldn't disclose pricing, but Isaacson says fees "will be different from client to client."

"We see it as more cost effective than alternatives like sending payments through the mail, and with a much better customer experience," he says.

In a news release, Dan Goodman, Mastercard's senior vice president of ATM product management, said "Mastercard has enjoyed a longstanding relationship with Cross River to bring innovative solutions to market. As part of our shared commitment to digital payments and providing the best customer experience, Cash Pick-Up ensures that consumers have immediate access to essential funds quickly, securely, and easily."

When it announced the program, Mastercard said it would test it in the fourth quarter with partners that included Payment Alliance International, the nation's largest privately-held ATM provider. Mastercard is also working on making Cash Pick-Up available at ATMs located in stores across the country beginning in 2018. The service is initially certified to run on ATMs manufactured by

Hyosung and Genmega. Mastercard also teamed with Pin4, which has operated a similar cardless disbursement system in Spain and Poland under the HalCash brand, to manage deployments.

Researcher Joseph Walent, associate director of the Customer Interaction Advisory Service at Maynard, Mass.-based Mercator Advisory Group Inc., tells Digital Transactions News by email that Mastercard Cash Pick-Up is in line with developments Mercator has been tracking in countries such as Australia and India that involve sending a code to the recipient's mobile device to retrieve cash from an ATM via a mobile app or online. But it's the first one that also could involve the payment of wages, he says.

Also, the usage of PINs with text messages "allows for a wider audience when compared to the other mobile cash-access schemes that rely on either NFC [near-field communication] or the quality of the resolution of the screen at the ATM to recognize a QR code," Walent says. "That said, the use of a SMS text has been seen by some in the industry as a less-secure system with the possibility of intercept." Fraud, however, probably would be limited to daily ATM withdrawal levels, he adds.

<http://www.digitaltransactions.net/cardless-atm-use-advances-with-banks-deployment-of-mastercards-cash-pick-up-service/>



SECURITIES

Mirocana Technologies transforming financial approaches

Securities

12/14/17

More and more financial companies are turning to machines to do the work that people have been doing for decades. While individuals still play a huge role in the economic processes, this field is constantly changing. Today's trading experts are sure that active asset management requires non-stopping innovation to stay ahead, and people are just beginning to understand how technologies will transform existing approaches.

Capital management departments in banks all over the world are beginning to use artificial intelligence (AI). It's not just simple math based on algorithms and risks like it was before. Now huge amounts of data come into consideration. Not only current situations, but also trend, goals, forecasts, and dynamics.

Mirocana pioneering new innovation

The position of financial advisors in the trading world is poised to change as well. Now their knowledge is used in building new systems that will be able to predict any kind of financial deals. The advisors summon all kinds the tips that help talented developers to generate the models.

One of such innovative systems built with the help of top-rated advisors is Mirocana. It is able to analyze huge amounts of financial data for forecasting financial markets. In addition to its analogs, Mirocana is available to everyone with an eight-month free trial.

Mirocana is an advanced technological system based on AI and neural networks, which successfully predicts stock, currency and crypto-currency markets, using macroeconomic and financial indicators. The system learns the best and worst sides of each trader by calculating the level of trader's importance. It also follows funds, price levels, chart patterns, correlations, blog posts, news articles, and tweets.

Unrivaled accuracy

New simulations and strategies are constantly added to the system to perfect the accuracy of predictions. The project is aimed at constantly improving its quality of forecasts and is endowed not only by talented developers, data scientists, analysts and financial experts, but also the best and brightest minds in the field of data analysis to work together on Mirocana.

All people involved in the development will receive their awards in the MIRO tokens. Anyone with programming skills can participate in the development, testing, and evaluation of new strategies. Prospective investors and individuals interested in the project can explore the group's whitepaper by accessing the following link.

An individual risk-based plan is created for every user based on return goals. You choose the annual income rate that you would like to receive. The higher the rate, the higher the risk. In particular, there are three simple investment analysis products for the holder of Mirocana tokens:

- The product for Stock Market offers predictions for over 400 companies that are traded on such stock exchanges as NYSE and NASDAQ. This product is designed for managing large funds
- The Currency Market product is about forecasts of 125 pairs of currency that are available with brokerage, OANDA
- The Crypto-Currency one offers predictions of 90 crypto coins that are traded on the Poloniex, Bitfinex, Bitstamp, and many other exchanges

Mirocana's team believes that transparency and security are the key-points of the project. Customers' funds are not taken to Mirocana accounts. The product helps traders to manage their funds on their accounts without any rights to withdraw or transfer the assets.

Mirocana AI products are available for everyone who owns MIRA coins. At the moment the project is at the active stage of Token Sale and Mirocana has already raised more than \$1M – this helps lend weight and stability to the project and fosters trustworthiness.

https://www.financemagnates.com/thought-leadership/mirocana-technologies-transforming-financial-approaches/?utm_source=daily_newsletter&utm_medium=email&utm_campaign=14.12.17

Mercer launches SuperBot, artificial intelligence delivering financial advice via Facebook Messenger

Securities

12/14/17

With most millennials considering retirement to be a distant concept at this early stage in their lives, Mercer has launched SuperBot, a social media based financial advice chatbot that uses artificial intelligence to encourage all users to help discover their retirement reality and take action.

Australia's 17 million active Facebook users spend on average 1.4 hours a day liking, commenting and sharing stories with family and friends. Moreover, with roughly 17% of the earth's population being active users of Facebook Messenger, there is irony in the fact that the smartphone generation is spending more time engaging on Facebook rather than thinking about their future financial readiness. Mercer's SuperBot provides the missing piece to engaging the smartphone generation by providing the ability to project a person's super balance to retirement and converting it to an achievable retirement income. Accessed through Facebook Messenger, SuperBot represents the ultimate opportunity to scale financial advice across a very large proportion of the population.

Cambell Holt, Mercer's Chief Customer Officer, Pacific said that roughly 80% of Australians do not seek financial advice due to many factors, but in the case of millennials, it often comes down to not speaking their language. "If the industry wants millennials to engage with their superannuation and retirement strategies we need to speak their language across the media they relate to," said Mr Holt. "We need to deliver an experience that demystifies superannuation and empowers customers to engage and interact with super on their own terms, anytime and on any device."

"With millennials expected to account for two-thirds of the Australian workforce by 2025, it was essential that we employed new technologies to increase members' engagement with their retirement," said Mr Holt. "Millennials are digital natives and expect the convenience of being provided financial advice about superannuation in a format and medium that suits them."

Through enhanced member engagement, more customers are setting up salary sacrifices, consolidating, making informed decisions and actively engaging with our financial advice. Overall, this means they're heading for a better retirement," said Mr Holt.

To remain relevant and grow into the future, super funds need to find new ways to efficiently and effectively manage customer relationships and create value. Mercer's approach using artificial intelligence and social media provides not only a deeper engagement with members and what they might want on any given day, but also a richer understanding as to how to deliver that value-add experience.

<https://www.mercer.com.au/newsroom/artificial-intelligence-delivering-financial-advice.html>

Mastercard targets millennial clients with digital money management service

Securities

12/13/17

MasterCard has become the latest financial company to look at integrating digital budgeting tools with financial products in an effort to appeal to the millennial market.

The payments company today announced it is launching a new service called Assemble, which it calls a “prepaid innovation hub” designed to allow Mastercard partners or issuers to provide checking, budgeting, and payment features, as well as additional money management tools.

Issuers and partners can choose to deploy a white label version of the solution or to integrate specific functions into their current user interfaces through application programming interfaces, the company said. According to MasterCard, the first product available from Assemble is geared toward millennials, offering them a way to manage money through a digital prepaid account, a mobile app and a payment card.

“Prepaid is much more than just a way to safely store and use funds; it is a foundation to create new possibilities for consumers,” said Tom Cronin, Mastercard's senior vice president of global prepaid product development, in a press release. “This technology enables our partners to deliver best-in-class digital experiences today, as we work to address additional segments such as gig economy workers and underserved consumers and micro businesses.”

The move comes at a time when financial institutions are increasingly looking to integrate budgeting tools into financial products specifically as a way to court millennials.

JPMorgan Chase last month launched its millennial-targeted Finn by Chase digital account, which blends instant account access, personal finance management tools and emojis. Citi this week also announced it is beta-testing a new service that lets customers co-create digital products geared toward financial wellness.

It's not just banks; some fintechs too have launched bank accounts tied to a value-added service they already offer, such a micro investing and money management. One recent example is Stash Invest, a microinvestor that last month announced it would begin offering a savings and checking account starting next year.

<https://www.americanbanker.com/news/mastercard-partners-offered-pfm-tools-for-millennial-clients>

IBM hot for bots with asset exchange launch

Securities

12/13/17

IBM has unveiled its Bot Asset Exchange – offering ready-to-use, domain-specific conversation logic for chatbot development.

Users can discover, configure and deploy bots that use IBM Watson Conversation to their platform of choice.

The idea is to tap into the popular chatbot market – which IBM says is “only expected to continue to rise”. It cites a Juniper Research report, that says the market size is expected to result in \$8 billion in cost savings by 2022.

Anamita Guha, product manager – IBM Watson Developer Labs, adds that the exchange uses open source development to “help conversational interface developers, including bot, voicebot, IoT [internet of things], and virtual reality developers”.

Along with the bot boost, Big Blue has released more than 120 code patterns for the open source development process.

It says developers normally have to “weed through thousands of code bases and documentation to get their work done” and “couple this with the trifecta of cloud, data and artificial intelligence (AI), three seismic shifts [are] happening simultaneously”.

It reckons it can simplify the process and streamline the search for open source code – and “these patterns do the dirty work for the developer” as they are “curated” packages of code, one-click GitHub repos, documentation and resources that address areas such as AI, blockchain and IoT.

If that’s not enough excitement for you, the tech titan is also launching the IBM Coder Community, a programme for developers building with IBM technology. The community is open to all, of all levels, for free.

<http://www.bankingtech.com/2017/12/ibm-hot-for-bots-with-asset-exchange-launch/>

ING bond traders get cognitive boost with Katana

Securities

12/12/17

ING is rolling out an artificial intelligence (AI) tool, Katana, designed inhouse to help traders decide what price to quote when a client wants to buy or sell a bond. Katana learns from the history of hundreds of thousands of trades and translates this into a prediction or suggested decision for the trader.

The first results of testing the system with the Emerging Markets (EM) desk in London demonstrated faster and more accurate pricing decisions and a concomitant 25% reduction in trading costs.

By providing traders with a visualisation of relevant historic and real-time data, the AI agent is designed to complement a trader's cognitive ability, rather than replace him or her, says Santiago Braje, global head of credit trading at ING Wholesale Bank.

"We have seen some examples of applied AI on the trading floor before, but in most cases they have a narrow focus on automation, which restricts them to liquid asset classes where the trader is replaced by a machine," he says. "With Katana, AI is applied to enhance the traders' decision-making abilities, allowing them to deploy their natural intuition and expertise in the most effective way. This is a powerful combination. Our traders stay fully in control, but are now better equipped to give the best quote to our clients every time."

https://www.finextra.com/newsarticle/31447/ing-bond-traders-get-cognitive-boost-with-katana?utm_medium=dailynewsletter&utm_source=2017-12-13&member=93489



SPECIALTY FINANCE / ALTERNATE LENDING

Crowdfunding site IndieGoGo now hosts ICOs

Specialty Finance / Alternate Lending

12/14/17

This Tuesday, Indiegogo expanded its repertoire of crowdfunding services when it began to serve as a platform for hosting and investing in ICOs. The decision to take the plunge into the multi-billion dollar ICO industry is a big step for the company.

A startup with the rather straightforward name “The Fan-Controlled Football League” is the first company to use Indiegogo as the host for its ICO. With the \$5 million that it hopes to raise through its ICO, the company will form its own league of American football teams that use crowd-sourced wisdom to choose players.

Interesting Timing

It may be that Indiegogo has come a bit late to the party. According to reports from cryptofinance research firm Smith + Crown, only 69 of the 169 ICOs that took place in the month of October were able to reach their fundraising goals in time. The rest were forced to postpone, extend, or even cancel their sales.

In addition to market saturation, there has been a massive amount of skepticism surrounding ICOs in the wake of a continuing stream of ICO-related scams or mishandling of funds raised. The Confido ICO was recently dubbed an ‘exit scam’ after all online traces of the company vanished. Tezos’ dramatic saga of accusations and infighting between founders has attracted three class-action lawsuits seeking to retrieve funds that investors contributed to the ICO.

Earlier this week, the SEC issued a statement warning institutional and individual investors of the risks associated with ICO participation, although it did not condemn the practice outright. The SEC has also been cracking down on companies who misrepresent the status of the tokens that are sold during ICOs as securities (or not). On December 11, the SEC forced the Munchee ICO to halt after it was decided that Munchee’s tokens were indeed securities, and not utilities, as it had claimed.

Indiegogo Could Contribute to a Healthier ICO Culture

On the other hand, the inclusion of ICOs on such a mainstream platform may be a good thing for the practice as well as Indiegogo. In a NYTimes report, Indiegogo co-founder Slava Rubin said: “We want to bring a brand of trust to the entire industry, which we think will bring ICOs to the mainstream.”

Indeed, Smith + Crown said while some of the “cooling off” of the ICO scene could be attributed to market saturation, it could also be “a clear sign of a rational market where investors are not motivated exclusively by greed or fear of missing out.” In other words, the ICO market may be maturing; its investors are becoming more discerning.

If Indiegogo is able to successfully vet the ICOs that it chooses to host so that their corresponding companies consistently run above-board operations that bring solid revenue to investors, the whole ICO ecosystem could benefit. According to Indiegogo, the vetting process will be “rigorous”,

with “Expert Whitepaper review by Indiegogo, MicroVentures, leading securities & cryptocurrency law firms.”

So far this year, the ICOs have brought in over \$3 billion to their investors. According to the CoinDesk ICO tracker, \$743 million of that was raised in November alone. In September, Ethereum founder Vitalik Buterin said: “In the long run, the [ICO] market will need to find a way to judge which projects make sense and what their appropriate worth is.” Indiegogo’s new platform could just be one of those ways.

https://www.financemagnates.com/cryptocurrency/news/crowdfunding-site-indiegogo-now-hosts-icos/?utm_source=daily_newsletter&utm_medium=email&utm_campaign=14.12.17

Linked Finance launches new P2P lending pension accounts

Specialty Finance / Alternate Lending

12/12/17

Irish peer-to-peer lending company Linked Finance has launched a new type of account that allows holders of self-administered pensions to make P2P lending to Irish SMEs part of their pension investment portfolio.

These accounts have been developed in conjunction with some of Ireland's leading pension trustee companies so that they meet the typical requirements associated with the most common self-managed pension products on the Irish market.

With net returns of between 7 and 8.5 per cent, 24/7 online account access, complete control of lending activity, and monthly repayments of principal & interest, P2P lending is becoming an attractive asset class for a growing number of investors.

These pension accounts will allow holders of existing self-administered pensions, to lend on Linked Finance as part of their planning for retirement. Lending in this manner allows those users to avail of the tax benefits associated with investing through a pension plan.

Commenting on the new accounts, Niall Dorrian, CEO, Linked Finance, said: "These new pension accounts will allow people to make lending to local SMEs part of their planning for retirement while availing of the tax benefits associated with investing via a pension product. P2P lending is becoming an increasingly popular asset class and it can be a great addition to any diversified pension portfolio. These accounts are a valuable development for the platform and have real potential to boost liquidity, ultimately increasing access to fast, fair and affordable finance for Irish SMEs."

<http://betterbusiness.ie/linked-finance-launches-new-p2p-lending-pension-accounts/>

Stonebriar closes its third securitization transaction for \$374 million

Specialty Finance / Alternate Lending

12/6/17

Stonebriar Commercial Finance (Stonebriar), a leading independent large-ticket commercial finance company, announced the closing of SCFET 2017-2, a \$374 million asset-backed securitization transaction. SCFET 2017-2 marks the third securitization transaction that Stonebriar has closed in the last 18 months, bringing total assets securitized to approximately \$1 billion across Stonebriar's four distinct business platforms.

SCFET 2017-2 closed on November 22, 2017 and is secured by a \$387 million portfolio of commercial equipment loans and leases across rail, aviation, marine transportation, energy, real estate, and manufacturing. The A and B tranches of the transaction received ratings of A2 and Baa3 from Moody's Investors Service and A+ and BBB from Kroll Bond Rating Agency, respectively.

Credit Suisse served as Sole Structuring Agent and Joint Bookrunner on SCFET 2017-2. BofA Merrill Lynch and Goldman, Sachs & Co. also served as Joint Bookrunners. Stonebriar will continue to service the assets, with US Bank as backup servicer.

Dave B. Fate, President and CEO of Stonebriar, stated "We are pleased to have strong demand from a diverse group of domestic and international institutional investors. Our 2017-2 transaction continued to expand the SCFET investor base, with 16 repeat investors and 7 new investors, and included assets from four of Stonebriar's current business platforms – General Equipment, Rail Leasing, Aviation Capital and NonBank Lender. Continued strong performance and increasingly diversified collateral pool helped secure single A ratings from both Moody's and Kroll and are a testament to Stonebriar's experienced team in building a high-quality portfolio of assets."

Jon-Claude Zucconi, Managing Director for Credit Suisse, stated "Stonebriar's third large-ticket equipment platform securitization, structured and led by Credit Suisse, included rail, and corporate aircraft collateral. 23 investors including 7 new buyers participated in the transaction including money managers, insurance companies and pension funds. We received strong demand for these securities, pricing the Class A tranche at a 150bp spread to swaps, more than 50bp tighter than February's 2017-1 issuance and 125bp tighter than the inaugural 2016-1 offering in June 2016."

[https://www.elfaonline.org/news/industry-news/read/2017/12/06/stonebriar-closes-its-third-securitization-transaction-for-\\$374-million](https://www.elfaonline.org/news/industry-news/read/2017/12/06/stonebriar-closes-its-third-securitization-transaction-for-$374-million)



DATA & ANALYTICS / IoT

AI tech company QuantaVerse's new service to fight financial crime

Data Analytics / IoT

12/14/17

Financial crime detecting platform QuantaVerse has added a new AI-based service to allow its financial institutions and banking clients better detect fraud and other crimes through audit investigations, as these crimes continue to be a major concern for banks and non-banks alike.

The new CAE (Chief Audit Executive) Checkup service unveiled today uses the startup's AI Financial Crime Platform to analyze data and detect insider threats, bribery, corruption, money laundering, fraud, terrorism financing, and third-party risks. This can be done without having the audit team manually create models and study samples for anomalies to catch financial misbehavior.

"With this new technology, audit departments can look at the entire transaction history of the year to spot anomalies," David McLaughlin, CEO and founder of QuantaVerse, told Bank Innovation. "That not only reduces risks, but also saves these internal audit teams resources and time."

The AI service analyzes data it gathers from core accounting, core banking, travel and expense reporting and vendor servicing, trade/export to pinpoint irregularities and "anomalous data patterns related to both known and not yet identified financial crime typologies," McLaughlin explained.

Given that security issues don't seem to be going anywhere in 2018, QuantaVerse is working on other features and products in this space. One technology that it is paying close attention to is blockchain, and its applications particularly in the KYC space. There might even be a deal in the pipeline, but McLaughlin could not disclose more.

"Cybercrime was certainly a big concern this year, and concern around it will continue in 2018," McLaughlin said. "Fraud is a hit to a company's bottom-line, and when it comes to AML (anti-money-laundering), we are seeing more and more regulators holding C-level personally accountable for these crimes. We have seen that in the case of MoneyGram. No one wants to be in that position and to reduce these risks and crimes is where AI and ML technologies is really going to make a big difference."

Based in Wayne, Pennsylvania, QuantaVerse was founded three years ago to help banks and other financial institutions combat and reduce fraud and money laundering as well as comply with KYC (Know Your Customer) and FCPA (Foreign Corrupt Practices Act). Over the past few years, the company has extended its services to non-FIs. The company uses Artificial Intelligence and Machine Learning.

<https://bankinnovation.net/2017/12/tech-startup-quantaverses-new-service-to-fight-financial-crim>

OTHERS

In making its app work with Apple's face ID, Discover could tap into a budding appetite for biometrics

Others

12/14/17

Wider availability of technology that would have been nearly unthinkable only a few years ago is making biometric authentication a more likely replacement for the password. In the latest development, Discover Financial Services on Thursday announced users of its mobile app who own an iPhone X can log in to the app using the device's innovative Face ID technology.

"Face ID provides Discover customers with an added security convenience at sign-in that requires no more than a quick glance at their iPhone X," said Szabolcs Paldy, vice president for e-business at Riverwoods, Ill.-based Discover, in a statement.

The app allows users not only to manage their card account but also to access an account at Discover Bank. Most recently, the company started to allow wire transfers through the app, along with redemptions of Cashback bonuses for statement credit through Apple Inc.'s Apple Pay mobile wallet. Other features include remote deposit capture of checks, card-account freezes, and alerts. The app already supported Apple's Touch ID fingerprint-authentication technology.

FaceID allows iPhone X users to access apps and services on the phone merely by looking at the screen. The technology reads facial characteristics and compares them to a reference file to grant or deny access. Reportedly, the technology cannot be spoofed with photos or even clay models of a person's face.

The number of Discover cardholders who can use the new Face ID feature, however, is likely to remain limited for some time. Apple released the iPhone X, its most advanced smart-phone model yet, only on Nov. 3. It carries a minimum price of \$1,000. A Discover spokesperson could not say how many cardholders have acquired the phone so far.

Still, Discover may tap into a growing appetite among consumers for the easier experience promised by biometrics-based authentication, according to survey results released Thursday by rival card network Visa Inc. "New forms of authentication, such as fingerprint, facial, and voice recognition, can make unlocking accounts and payments much easier and more convenient than traditional passwords or PINs...which are difficult to type onto tiny keyboards, easy to forget, and can be stolen," Visa says in a press release.

In a canvass of 1,000 U.S. adults who are users of at least one credit or debit card or mobile-payment app, some 86% said they were interested in using biometric technologies, and more than 65% indicated they were already familiar with it. Some 70% said biometrics is easier than passwords or PINs, though concerns linger that the technology won't work as well or might require repeated tries.

The most familiar biometric technology is fingerprint recognition, with 35% using it regularly. Some 32% have used voice recognition at one time or another, but only 9% use it routinely.

While half of consumers said eliminating the need to recall passwords or PINs is the chief benefit of biometrics, the respondent also displayed concerns about the security of the technology. Less than half—46%—said biometrics is more secure than passwords or PINs. This may be related to the concern of 49% that biometric data remains vulnerable to a data breach.

The survey was conducted by AYTM Market Research over the course of a week in September.

<http://www.digitaltransactions.net/in-making-its-app-work-with-apples-face-id-discover-could-tap-into-a-budding-appetite-for-biometrics/>

A technological approach to identifying beneficial ownership

Others

12/11/17

Beneficial ownership - the term that can be found on the lips of AML Compliance professionals across the globe at the moment. It isn't a new concept but between the 4th EU Money Laundering Directive and the US FinCEN CDD Rule it has become the topic du jour. While there is much discussion about the requirements and advice to get programs to address the UBO requirements, there don't seem to be many practical solutions being put forth. With FinTech and RegTech solutions saturating the market at the moment, it is high time that financial institutions take a modern technological approach to meeting these regulatory challenges – which I will explore below.

What Do We Have to Find?

While both regulations cover a variety of requirements, we will be focusing on those that relate to beneficial ownership. Essentially both regulations require the identification of beneficial ownership of entity customers based on a threshold of ownership basis. It should be noted that this is something that was already a regulatory expectation of financial institutions, but now is a regulatory requirement with less room for interpretation.

In the US, the requirement is to identify individuals who own (directly or indirectly) 25% or more of the customer entity AND one individual with control over the entity.

Slightly different than the US FinCEN requirements, the EU requirement is to identify individuals who own (directly or indirectly) more than 25% of the customer entity. There is no requirement to identify a controlling party.

These are just the US and EU requirements. These percentage of ownership thresholds and requirements are different in many other jurisdictions.

Why are they hard to find?

The difficulty in identifying the beneficial owners of entities is that this ownership is usually indirect and hidden within multiple layers of ownership. This creates two levels of difficulty:

- Indirect ownership makes calculating ownership percentage difficult. It isn't as simple as Person A and Person B each owning 50% of Company C. Instead, Company C may be owned by Companies D, E, and F, which are in turn owned by Companies G and H, with Person A and Person B owning parts of Companies D, E, F, G, and H. To figure out the ownership of Company C one would need to aggregate Person A and B's ownership of all the underlying companies.
- Documentation and information related to legal entity ownership is rarely, if ever, kept in a centralized place and is notoriously hard to find. Instead, it has been the task of compliance analysts at financial institutions to investigate formation documents,

shareholder registries, company records, and other sources to piece together the ownership structure of an entity. This is a time consuming and manual process that can lead to inconsistent results based on who did the investigation and what documentation it was based on.

To address the second problem noted above, the EU and US have taken different approaches:

- The EU has required that each member state set up a centralized government registry of beneficial ownership information. This provides a centralized, official source of this information for use by financial institutions.
- The approach is different in the US. Rather than centralizing the information, FinCEN has allowed for financial institutions to obtain the beneficial ownership information directly from the legal entity itself, along with a certification as to the accuracy of the information. Financial institutions only have to do manual investigation if they have reason to believe that the beneficial ownership information received from the legal entity is unreliable or inaccurate.

How can technology be leveraged to identify beneficial ownership?

Given the changes noted above and the effectiveness of RegTech solutions, manual investigation and research should be the absolute last resort in identifying beneficial ownership. While it's still not just as simple as pushing a button and having the requirements completed, there are ways to streamline and automate this process to ensure compliance and reduce the time and effort involved in the due diligence process. One thing that makes this process more complex is that global financial institutions have to meet the regulatory requirements of each jurisdiction they do business in. As noted above, there are different approaches as to how beneficial ownership can be identified in the US, the EU, and across the globe. How can these be reconciled? Well, below is a potential technological approach to solving this issue by setting up a digitized onboarding process that automates the process of identifying beneficial ownership. In doing so, there are several steps that should be worked through by the solution:

- Automatically determine the applicable regulatory requirements based on the customer being onboarded – US or EU or some other jurisdiction.
 - Depending upon which jurisdictional requirements apply, the system should automatically identify which of the following steps should be taken.
1. If US AML regulations apply, first attempt to obtain the identity of beneficial owners and controlling party information and attestation of the information's accuracy from the customer themselves.
 2. If US regulations do not apply or the customer does not provide the information, the next step would be to use an API to collect the data from a government registry (in those jurisdictions in which they exist).

3. If a government registry is not available or the information provided is incomplete, then the application should then request the information from a data utility. The bank may choose to use different utilities in different jurisdictions, decisioning that can and should be automated by the system.
4. If the information is not available through a data utility or the information is thought to be unreliable or incomplete, then the application would kick off a manual investigation to identify the beneficial ownership information.

A key to this process working is having an onboarding/due diligence technology that allows you to orchestrate and automate the processes described above. You don't want your analysts deciding which source to go to and in which order. Rather, you want the application to make those decisions in a pre-determined way, allowing for consistency in the process.

What are the Benefits of a Technological Approach

The direct effects of this sort of process are fairly obvious – increased consistency, increased accuracy, reduced operational costs, reduced client onboarding times, and increased customer satisfaction. What is less obvious are some of the downstream benefits:

- There will be an increase the effectiveness of your sanctions and screening program by feeding it accurate and complete information. This is incredibly important in relation to the US Office of Foreign Asset Control's sectoral sanctions and 50% ownership rule.
- Same goes for your transaction monitoring program. This detailed information will allow your investigators and potentially your transaction monitoring systems (can anyone say AI?) to identify complex patterns of suspicious activity.
- In addition, you will have a clearer understanding of a customer's overall risk to your institution by being able to identify connections they have to other customers through shared beneficial ownership.

While there is clearly a cost associated with a technological process detailed above, it will pale in comparison to the time and effort required by analysts to do the work manually and it will be dwarfed by the fines imposed when this manual process leads to errors and incomplete beneficial ownership information.

<https://www.finextra.com/blogposting/14828/a-technological-approach-to-identifying-beneficial-ownership>