



Evolve
Capital Partners

Weekly News Update

Week Ending 12/29/17



BANK TECHNOLOGY SOLUTIONS..... 6

- Australian fintech & challenger bank Tyro to launch new financial solutions for SME 7
- ForgeRock to provide reference bank application to Open Banking..... 8
- Quicken Loans brings Rocket Mortgage to Amazon Prime homeowners 9
- BankMobile deploys AI, alternative data to lend to thin-file millennials 10
- Danske Bank digitizes international trade with essDOCS 13
- Zopa to build Open Banking infrastructure..... 14
- Citi and CME Group roll out Baton Systems distributed ledger platform 15
- N26 to offer loans in France through P2P partnership..... 16
- Investec and MarketInvoice enter £50 million fintech partnership..... 17

BPO..... 18

- Tradeshift announces partnership with Infosys BPO..... 19

FINANCIAL MANAGEMENT SOLUTIONS 20

- Paychex launches AccountantHQ for streamlined client management..... 21

HEALTHCARE TECH..... 23

- Horizon Health Network and Service New Brunswick extend Allscripts Sunrise(TM) commitment..... 24

INSURANCE 25

- Startup Trov, Munich Re to insure riders of Waymo’s self-driving car service 26
- Lemonade OK’d to offer insurance in Arkansas..... 27

PAYMENTS..... 28

- MeaWallet delivers contactless payment solution to Swedbank 29
- LuLu Exchange enhances customer experience and supports expansion with move to Fiserv AML technology..... 30
- Fintech Outlook 2018: Digital payments to rise 32
- Modo creates a payments data highway between the world's largest financial institutions 34
- Payworks and Verifone extend partnership 35

CARDFREE universal API solution solves for omni-channel..... 36

Sainsbury’s Bank launches new online international money transfer platform 37

Cellum and TransferTo partner on digital money transfer services 38

Global Exchange & Cambridge Global Payments collaborate to offer a new service for clients 39

Fintech startups seek to shake up money-transfer industry..... 40

BlueSnap adds more platform & shopping cart connections to its all-in-one payment platform 43

Divido and Digital River partner to help global ecommerce brands increase revenue..... 45

Western Union launches new money transfer app in Kuwait..... 47

SECURITIES48

Ellevest unveils wealth management services 49

JPMorgan Chase enters the robo advice game 50

The market is really crowded’: Anthemis Group’s Jillian Williams on tough times for personal finance apps..... 51

Moneybox launches Lifetime ISA 53

JPMorgan Chase and Barclays join IBM quantum computing network..... 54

SPECIALTY FINANCE / ALTERNATE LENDING56

This lender is using AI to make loans through social media 57

Peer to Peer robo-lending platform InvestUp sizes up cryptocurrency investing..... 61

Two big banks set to launch their own online lending platforms..... 62

Black Knight extends Homebot client engagement solution to mortgage lenders 64

DATA & ANALYTICS / IoT66

Specialist loan fund manager launches analytics tool..... 67

OTHERS69

How telepresence can revolutionize financial services industry 70

Blockpass chases blockchain KYC 72

China Merchants Bank chooses Wolters Kluwer for regulatory reporting 74

Fidor Bank makes 2018 predictions, anticipates blockchain rise and regTech take off..... 75

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 Technology 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 Technology Solutions	9	22%
BPO	1	2%
Financial Management Solutions	1	2%
Healthcare Tech	1	2%
Insurance	2	5%
Payments	13	32%
Securities	5	12%
Specialty Finance / Alternative Lending	4	10%
Data & Analytics / IoT	1	2%
Others	4	10%
Total	41	100%



BANK TECHNOLOGY SOLUTIONS

Australian fintech & challenger bank Tyro to launch new financial solutions for SME

Bank Technology Solutions

12/27/17

Australian fintech and challenger bank Tyro is set to launch a new set of financial solutions for small to medium enterprises (SMEs). Founded in 2001, Tyro describes itself as Australia's largest independent EFTPOS provider, focusing on smaller to medium enterprises. The company states it is now has a license from APRA to offer banking products and deposits with its platform are government guaranteed. The company currently has 20,000 customers and has \$42.2 billion in transaction.

“Tyro exists to provide Australian Small and Medium Enterprises with innovative products and services, to help improve and grow their business. We started by providing our integrated EFTPOS, recently we launched lending and deposit products, and we will expand into other services in the future.”

The company revealed earlier this month that the solutions include flexible, fast business loans, a fee-free interest-earning deposit account, and reliable, secure EFTPOS. These solutions remove the frictions in banking and cash flow management, to help Australian SMEs focus on achieving their version of business success. Tyro Executive Director and acting CEO, Rob Ferguson, stated:

“Our highly developed engineering capability is central to our successful disruption of the financial services sector. We build every aspect of our solution infrastructure in-house and own the entire technology stack. Because we create our own bespoke solutions, benefits can be realised early as Agile enables us to bring new features to market fast.

“Frequent feedback from users prevents waste and software engineers can modify before it is too late. Essentially, collaboration leads to products that remove the friction in banking and empower Australia's SMEs to prosper. As a fintech, we value engineering excellence and push the boundaries of innovation to fundamentally improve the banking experience for Australian businesses.”

Backed by Atlassian co-founder Mike Cannon-Brookes, Tyro added it continues to excel in its mission to put customers at the heart of everything they do, providing Australian SMEs with leading-edge products and services, to help improve and grow their businesses.

<https://www.crowdfundinsider.com/2017/12/126425-australian-fintech-challenge-bank-tyro-launch-new-financial-solutions-sme/>

ForgeRock to provide reference bank application to Open Banking

Bank Technology Solutions

12/21/17

ForgeRock, a provider of digital identity management solutions, has been selected by the Open Banking Implementation Entity (OBIE) to provide a reference bank application.

The cloud-based solution will be developed, hosted and managed by ForgeRock. It will be used by banks and third parties to build their own applications in accordance with open banking standards.

ForgeRock says it “becomes a key enabler in making open banking a reality”.

The application “will drive the demonstration and testing of the Open Banking API ecosystem, much more than just a simple front-end,” it states.

Built to API specifications, the ForgeRock Reference Bank Application provides the agreed standard for testing the functionality of account information service providers (AISPs) and payment initiation service providers (PISPs).

The API specifications are now in the public domain and third-party providers are registering with Open Banking, so once their applications and endpoints are developed they can be used in a production environment.

<http://www.bankingtech.com/2017/12/forgerock-to-provide-reference-bank-application-to-open-banking/>

Quicken Loans brings Rocket Mortgage to Amazon Prime homeowners

Bank Technology Solutions

12/20/17

The step-by-step approach from Amazon to move slowly but surely into the housing and mortgage finance space just made a little more progress.

For those who don't already know, the voice recognition tech offered to Amazon Prime members is called "Alexa."

Alexa lives in the Amazon cloud and is constantly being updated as to what services it offers. Amazon members can ask Alexa for many services.

For example, Alexa can order you an Uber to take you to the grocery store, or you can ask Alexa to reorder groceries to be delivered (Although Amazon Fresh is an additional charge). Alexa can also tell you when your Capital One credit card maxes out.

And now Alexa can make your Quicken Loans Rocket Mortgage payment for you, quickly and securely. And, to be sure, Alexa isn't limited to Prime membership — Quicken customers can use Alexa without Prime membership — however Amazon's voice recognition services are better realized with a Prime membership. At any rate, any homeowner with an Amazon Echo, Echo Dot, Echo Show, the Amazon mobile app, or one of many other Alexa-enabled devices can now also check mortgage rates and review balances, according to a spokesperson from Quicken Loans in an email to HousingWire.

“Through proprietary technology like Rocket Mortgage, Quicken Loans continues to deliver radical simplicity and crystal-clear transparency for all homebuyers and those looking to refinance their existing homes,” said Jay Farner, Quicken Loans CEO. “Our outstanding Rocket Mortgage technology team in Detroit developed this new skill for Alexa and they have shown once again why they are the elite fintech development group in the country.”

The development is interesting for a few reasons.

For one, by berthing into voice recognition, Quicken can easily expanded to Amazon's competitors who offer similar services; Google Home comes immediately to mind, here. Secondly, Amazon is quietly testing the waters for access in both the real estate and mortgage markets. Could this help within its R&D department? Amazon is also seen as a growing rival to retail hardware stores for DIY homeowners: “Alexa, will you order some more light bulbs and find me a nearby carpenter?”

<https://www.housingwire.com/articles/42133-quicken-loans-brings-rocket-mortgage-to-amazon-prime-homeowners>

BankMobile deploys AI, alternative data to lend to thin-file millennials

Bank Technology Solutions

12/20/17

BankMobile has become the first bank to start using online lending software developed by Upstart, which is designed to use artificial intelligence and alternative data to determine the creditworthiness of consumers with thin or no credit files.

BankMobile, the digital-only subsidiary of Customers Bank in Wyomissing, Pa., which is due to be spun off and merged with Flagship Community Bank in mid-2018, is planning to use the software to offer its first credit product to recent college graduates and other young consumers. BankMobile has relationships with 800 universities through which it offers deposit accounts.

“Our customer base is thin-credit-file individuals,” said Luvleen Sidhu, president and chief strategy officer of BankMobile. “One of the huge advantages of banking with us early on is we get to know their behaviors and what sort of majors they have and when they graduate, what sort of cash-flow potential they have, etc. With that sort of information and partnering with Upstart, which has the algorithms and machine learning to decipher dimensions above and beyond the FICO score, they’re really a good match to be able to penetrate our thin-credit-file, near-prime portfolio of customers.”

“The digital experience has to be superior to what people are used to in the bank branch and going through traditional models,” said Luvleen Sidhu, president and chief strategy officer of BankMobile.

In addition to using artificial intelligence, Upstart partly relies on education data to assess creditworthiness. The use of education data in loan decisions has been controversial and is still being examined by the Consumer Financial Protection Bureau. In September, the CFPB sent Upstart its first no-action letter, which meant the online lender could continue doing what it was doing but must send quarterly reports to the agency about its loan applications and decisions. To apply for BankMobile loans, applicants share their highest level of education obtained, the name of their school or university, their graduation year and their area of study. That information is what Upstart’s underwriting software uses to make its credit decision. (Eventually the data will probably be prepopulated from BankMobile’s databases.)

“We hope to figure out what information is the most relevant and correlates to the best risk assessment,” Sidhu said. “We’re not starting from scratch, we do have a relationship with these customers on the deposit front, and we can get more and more information from that deeper relationship over time that might continue to help with the underwriting Upstart is helping us with.” Critics have challenged the use of college data in lending decisions on the grounds that such loan decisions could end up being elitist and overlook huge swathes of the population who can’t afford four years of higher education. But Sidhu is not concerned.

BankMobile's customer base is not superprime with high FICO scores, but people at the other end of the spectrum.

"We look at this as a way to say, if you're a young person who is just coming out of school and you have no credit file, the fact that you took those steps to higher education is meaningful," said Jeff Keltner, head of business development at Upstart. "We think it can be powerful in expanding access to credit, not just say, 'hey, you went to a great school, we know you're not going to default.' That's great and true but not the purpose of our program, which is how do we use these things to tackle a set of consumers who have traditionally been locked out of the market through no fault of their own."

BankMobile chose Upstart based on the solidity of its own loan portfolio, Sidhu said.

"They were one of the few survivors [in online lending], and I think that's partially because they have a strong model that starts with their algorithms and machine learning and they have a team that comes in with deep expertise to be able to build those models," she said. "They've been able to prove they're able to get better pricing and able to anticipate defaults better than those that are just using a traditional FICO score to evaluate credit."

She also believes the software provides a positive customer experience.

"That was very important to us because we're all about being digital and the digital experience has to be superior to what people are used to in the bank branch and going through traditional models," Sidhu said.

Upstart was also willing to modify its software to BankMobile's requirements. For instance, the bank offers its customers a 25 basis point discount on loans if they fund them through their BankMobile account, and provides 1% back after 12 months of consecutive payments. It charges no origination fee and a slightly lower rate than Upstart's algorithm would normally set. (Loan rates range between 6% and 29.99%.)

Integration of Upstart's software and BankMobile's website and app took only a couple of months, according to Keltner. The bulk of that time was spent on compliance reviews, disclosures on the Upstart site, the adverse actions sent to borrowers, and the email communications sent borrowers, he said.

The whole concept of using AI and alternative data to make loan decisions is still relatively new and few banks have jumped into it. Many fear how regulators will view such decisions. Sidhu said she became comfortable with the concept after spending a lot of time with Upstart to define risk and creditworthiness parameters.

"We have part of the model looking at traditional ways of looking at credit and looking at the FICO score," she said. "We're able to add on additional layers to evaluate our customers in

nontraditional ways so some of these thin-file or near-prime customers that are part of our customer base have a chance to get credit.”

The methodology Upstart and the CFPB jointly created to test for fair lending and disparate impact will also be applied to the BankMobile loans.

“The nice thing about the methodology we built with the CFPB is it allows us to not only test the book but look at changes to the model and analyze if they would maintain or break compliance with the metrics we laid out with the CFPB,” Keltner said. “The ability to say when we make changes to the model it will still meet a fair lending standard that’s defined and agreed upon by a regulator is powerful.”

BankMobile is starting with basic personal loans offered through the Upstart platform that could be used to refinance credit card debt, home improvement, vacations and the like. Next year, the bank plans to expand into credit cards, student loan refinancing, home equity and car then eventually car loans made through the software.

<https://www.americanbanker.com/news/bankmobile-deploys-ai-alternative-data-to-lend-to-fico-poor-students>

Danske Bank digitizes international trade with essDOCS

Bank Technology Solutions

12/20/17

In a first for Nordics banks, Danske Bank has subscribed to essDOCS' platform designed to help the bank's corporate customers to go digital on international trade related documents.

With essDOCS, the process of international trade can be "sped up", the bank says, by replacing the old paper-based processes and enable its customers and their freight forwarder and/or shipper issue and exchange documentation in a digital format.

Erik Punt, chief product manager in trade and supply chain finance at transaction banking, Danske Bank says customers "will benefit heavily by handling digital documents instead of physical papers. Not only will it be quicker and more efficient, they also mitigate risk of an important trade document disappearing in transport to their buyer or seller."

Corporate customers will need to sign up individually to use the essDOCS services. However, Danske Bank says it will reach out to its Nordic customers in collaboration with essDOCS.

Earlier in the year, Amsterdam Trade Bank (ATB) signed for CargoDocs DocPrep+ from essDOCS. The vendor says it will help ATB "streamline the creation, control and transfer of transport-related title documents – including electronic bills of lading – in a secure, web-based environment".

According to essDOCS, its services are used by 38 banks including Bank of America Merrill Lynch, UniCredit Bank AG, HSBC and Royal Bank of Scotland (RBS).

<http://www.bankingtech.com/2017/12/danske-bank-digitises-international-trade-with-essdocs/>

Zopa to build Open Banking infrastructure

Bank Technology Solutions

12/19/17

ZOPA is planning on building its own Open Banking infrastructure to capitalise on the new “game changing” legislation.

The peer-to-peer consumer lender, which is also planning to launch a digital bank, said the new product could be used in a personal finance management tool or to help it make better lending decisions.

Zopa is currently advertising for a technology-focused product manager who will lead the team building the Open Banking infrastructure.

A European directive – the Payment Services Directive II (PSD2) – comes into effect next year mandating banks to share consumer data with third-party providers, including alternative lenders. The UK’s Competition and Markets Authority is pushing through similar legislation at the same time, referred to as Open Banking.

In its job advert, Zopa said that the new product manager would work closely with other product teams to help them understand and utilise the new Open Banking service; would engage with regulatory conversation around Open Banking and PSD2; and help Zopa’s other employees understand how the new rules could be “game changing”.

“This is a super exciting role for anyone who’s been following Open Banking, who loves APIs, and who wants to play a part in actually making the possibilities real for consumers,” Zopa said.

At LendIt Europe last October, Zopa’s chief product officer Andrew Lawson heralded the new rules as “a really exciting opportunity” that could potentially broaden the company’s product offering.

“It creates interesting opportunities in terms of how we validate customers, things such as KYC and fraud checks, and will open up new data on pricing,” he said.

In November 2016, Zopa announced plans to launch a digital bank that will sit alongside its P2P operations, enabling it to offer a wider range of products.

<http://www.p2pfinancenews.co.uk/2017/12/19/zopa-to-build-open-banking-infrastructure/>

Citi and CME Group roll out Baton Systems distributed ledger platform

Bank Technology Solutions

12/15/17

Citi and CME Clearing have implemented a real-time distributed ledger platform developed by Baton Systems, a payments technology provider.

The solution allows a bank to view the collateral in its ledgers in real time, send cash or securities with one click to a clearing house, and receive an immediate acknowledgment, regardless of the current technologies they are deploying.

The blockchain-inspired software could materially reduce the cost of back-office operations and speed up margin funding times. Currently, banks have to set aside capital as they wait for collateral to be settled; this platform could potentially free up billions of dollars in capital if trade times can be reduced from days to seconds.

“This technology allows us to eliminate manual touch points, reduce email traffic, and avoid logging into multiple portals,” said Stephen Marx, Head of Futures, Clearing, and Collateral Operations at Citi. “The capabilities in the funding and collateral space create efficiency and improve productivity for our clients.”

“This innovative real-time payment platform is immediately scalable across any financial institution, exchange or clearing house to deliver sizeable operational and cost efficiencies,” said Arjun Jayaram, CEO of Baton Systems. “Its beauty is its simplicity, leveraging the most useful elements of blockchain, while introducing interoperability and extensibility to easily fit with existing technology 'rails' and business processes.

“We are pleased to support technologies like these, which aim to provide capital efficiencies to customers,” said Sunil Cutinho, President of CME Clearing.

Baton Systems is exploring other uses for the API-driven platform, including allowing clients access to distributed ledgers to shorten the cycle for collateral substitutions.

https://www.finextra.com/pressarticle/72006/citi-and-cme-group-roll-out-baton-systems-distributed-ledger-platform?utm_medium=dailynewsletter&utm_source=2017-12-18&member=93489

N26 to offer loans in France through P2P partnership

Bank Technology Solutions

12/13/17

Digital bank joins forces with French fintech lender Younited Credit.

Stop me if you've heard this one before: a digital bank has partnered with an online lender to offer loans to its customers. Specifically, N26 has formed a partnership with French marketplace lender Younited Credit.

This natural union has been seen before in the form of Revolut's partnership with UK-based Lending Works, and indeed in N26's partnership with German lender Auxmoney, which was agreed to in July. They offer a means of mobile banking customers gaining seamless access to credit, in mere minutes, without ever leaving the app.

It will take just a few taps and an electronic signature to apply for the newly-available loans, which range from €1,000 to €40,000, with terms of 24 to 72 months. Initial approvals take place instantly, with final confirmation and the money sent within one working day.

N26 describes the Younited Credit deal as the first of its kind in France. Its general manager in France, Jérémie Roselli, said that N26 "will keep on innovating and offering new products and services to our French customers as they request them".

According to AltFi Data, Younited Credit has lent a touch shy of €600m to date, making it the largest marketplace lender in continental Europe, just ahead of Auxmoney.

Licensed as a European credit institution, the French lender is able to raise deposits from both individuals and institutions, in addition to raising retail investment via its SPVs. Younited Credit boss Charles Egly told AltFi in an interview in September that his firm is the only online lender in Europe or the US to hold such a licence.

http://www.altfi.com/article/3862_n26_to_offer_loans_in_france_through_p2p_partnership

Investec and MarketInvoice enter £50 million fintech partnership

Bank Technology Solutions

12/13/17

The bank's business customers will be offered working capital powered by the platform.

Invoice finance platform MarketInvoice will power business loans for Investec Asset Finance customers following a £50m commitment from the bank.

Investec will use MarketInvoice's proprietary technology to originate and underwrite credit decisions, with Investec making funding available to deploy via the platform.

The partnership comes after MarketInvoice successfully completed an 18-month due diligence and compliance phase.

The credit risk analysis, underwriting and payment processing for all Investec customers will be undertaken by MarketInvoice, who have developed their own risk model to enable swift and seamless decisions on funding limits.

Anil Stocker, co-founder and CEO at MarketInvoice says the advent of Open Banking should prompt new business channels for established banks as well as fintechs.

"We believe there is much scope for traditional banks to partner with the latest fintech players, to better service the market. Open Banking should encourage and empower banks to deliver the highest innovation and customer service to their customers," he said.

http://www.altfi.com/article/3871_investec_and_marketinvoice_enter_50m_fintech_partnership



BPO

Tradeshift announces partnership with Infosys BPO

BPO

12/12/17

Tradeshift, the world's largest business commerce platform, today announced a partnership with Infosys BPO, the Business Process Outsourcing subsidiary of Infosys Limited (NYSE: INFY). Tradeshift's cloud-based platform, coupled with Infosys' business process management expertise across the Finance, Accounting and Procurement domains, will further enable clients to digitize their source-to-pay and other supply chain processes.

Highlights of the partnership:

- Benefits for customers include further reduced costs, improved agility, and process efficiency
- Customers will be able to take advantage of early payment discounts, remove manual paper-based processes, build custom applications, and help meet their transactional digital transformation objectives
- Infosys will deploy these capabilities across clients first in North America, Europe, the Middle East, Africa, and China

"We look forward to this exciting journey of combining Infosys' deep domain and process expertise with our B2B commerce platform," said John Sibley, Vice President, Global Alliances and Channels, Tradeshift. "This partnership will provide greater transparency and agility, along with a compelling value proposition to suppliers and buyers alike, on various touch points in the source to pay lifecycle."

"In today's disruptive environment, platform-based 'Business Process As-a-Service' models have become integral to the Business Process Management (BPM) industry," said Anantha Radhakrishnan, Chief Executive Officer and Managing Director, Infosys BPO. "This partnership with Tradeshift will further amplify Infosys BPO's leadership position through the combination of 'software + services' in Procurement and Finance and Accounting. This collaboration will help augment our experience and expertise in transformative Business Process Management and enable us to further deliver tremendous business outcome benefits to our clients."

<https://www.businesswire.com/news/home/20171212005532/en/Tradeshift-Announces-Partnership-Infosys-BPO>



FINANCIAL MANAGEMENT SOLUTIONS

Paychex launches AccountantHQ for streamlined client management

Financial Management Solutions

12/19/17

As accountants actively prepare for year end, along with the fast-approaching tax season, Paychex, Inc., a leading provider of integrated human capital management solutions for payroll, HR, retirement, and insurance services, today announced its latest technology and service offering designed exclusively for accountants to help drive greater efficiency, AccountantHQ.

Through the Paychex Flex online platform, AccountantHQ offers access to authorized client payroll and HR data and key account contacts, along with an extensive accountant resource library – all backed by an enhanced accountant service model.

AccountantHQ's comprehensive online dashboard provides a single source for immediate service, access to authorized Paychex client data, robust reporting capabilities, and valuable accountant resources:

24/7/365 service. Matched by Paychex's world-class service reputation, AccountantHQ offers accountants choice and flexibility for support whenever it's needed. In addition to providing contact information for each client's dedicated payroll specialist, AccountantHQ offers 24/7/365 U.S.-based phone and chat support for accountants who may have immediate questions on client accounts.

Access to authorized client data through single online dashboard. AccountantHQ's comprehensive online dashboard allows accountants to quickly navigate among multiple clients to view all authorized client data, including real-time payroll, general ledger, and HR information. Robust reporting capabilities. Accountants have access to comprehensive reporting and analytics through AccountantHQ, providing greater insights for strategic consultation and allowing accountants to compare data across clients.

Valuable professional resources. AccountantHQ also offers convenient access to the Paychex Accountant Knowledge Center, which includes free, valuable resources such as online, self-study CPE courses, client-letter templates, federal and state-specific tax tools, payroll and HR news, and more.

"With AccountantHQ, Paychex is helping to drive efficiency by putting accountants in the best position possible to easily access critical client payroll and HR data, powerful reporting tools, and more," said Tom Hammond, Paychex vice president of corporate strategy and product management. "Paychex's combination of technology and service has earned us the designation of being the preferred provider of payroll, HR, and retirement services for AICPA members and their clients for more than a decade plus. We're excited to take our partnership with the accounting community to an even higher level with AccountantHQ."

The efficiencies gained through AccountantHQ are tangible for Ted Chapekis, principal of The Accounting Office, a Michigan-based accounting and tax services firm. “We want to ensure a seamless experience for our clients,” said Chapekis. “Through AccountantHQ, we can go in and pull whatever client payroll report we need, without requesting additional information directly from our clients. It’s very beneficial for our firm, not only throughout the course of the year, but especially during tax time.”

AccountantHQ builds on a series of recent product enhancements developed to better serve the accounting community, including custom analytics and reporting and real-time data integration with Sage Intacct and other financial applications.

<http://www.cpapracticeadvisor.com/news/12387560/paychex-launches-accountanthq-for-streamlined-client-management>



HEALTHCARE TECH

Horizon Health Network and Service New Brunswick extend Allscripts Sunrise(TM) commitment

Healthcare Tech

12/18/17

In the fourth quarter of 2017, Horizon Health Network and Service New Brunswick extended its contract term with Allscripts through 2024, to further clinical advancements in EHR software and enhance the care experience for patients in its community. The organization has been an Allscripts client for more than two decades.

Focused on patient and family-centred care, Horizon Health Network operates 12 hospitals and more than 100 medical facilities, clinics and offices. The organization provides services ranging from acute care to community-based health services. Service New Brunswick provides more than 300 services to the public, including delivery of federal, provincial and municipal government services and operating New Brunswick's Land Registry, Personal Property Registry and Corporate Registry.

"Allscripts Sunrise offers a highly flexible technology platform which supports our Horizon Strategic Plan and recognizes Information Technology as an enabler of high quality family and patient centered care," said Jennifer Sheils, Chief Information Officer Horizon Health Network.

Allscripts Sunrise(TM) is an integrated suite of solutions for emergency, acute, post-acute, ambulatory and patient management. It is a highly configurable solution that offers clinician-specific workflows that help drive adoption of clinical decision support that can lead to improved outcomes. Sunrise uses the latest technology to improve patient care, including physician order entry and physician documentation, to streamline the documentation process and to improve clinician efficiency.

Andrea Seymour Chief Operation Officer and VP Corporate Services Horizon Health Network added, "Our continued partnership with Allscripts enhances Horizon's ability to innovate as we deliver safe and quality patient care."

"Horizon Health Network and Service New Brunswick is fully committed to delivering the highest quality health care in the province of New Brunswick," said Managing Director of Allscripts Canada, Jennifer MacGregor. "Allscripts is proud to work alongside this innovative organization to improve outcomes and help better serve its patient population."

<https://www.barrons.com/articles/PR-CO-20171218-904240>



INSURANCE

Startup Trov, Munich Re to insure riders of Waymo's self-driving car service

Insurance

12/20/17

Trov, an on-demand insurance startup, plans to provide trip insurance for passengers using Waymo's soon-to-be launched self-driving, ride-hailing service.

Waymo, formerly Google's self-driving car project, plans to launch the commercial ride-hailing service for members of the public starting in Phoenix in 2018. (Google's corporate parent is Alphabet Inc.)

This is the California-based Trov's first foray into what it calls "the mobility space," and it says that more coverage products will follow with a focus on serving "both today's and tomorrow's modes of transport."

Trov initially launched with a focus on helping individuals insure their possessions such as cameras and sports equipment via its platform, which lets users turn the coverage on and off with a swipe of a finger on a smartphone.

Trov plans to offer trip insurance customized for passengers of the service. The coverage will be underwritten by a non-admitted affiliate of Munich Re, the venture capital arm of which has been a big investor in Trov. The policies will cover lost property, trip interruption and medical expense reimbursement resulting from rides, according to the app developer.

Trov founder and CEO Scott Walchek said the partnership reflects the convergence of the futures of both transportation and insurance.

"Waymo is making personal transportation more effortless, and so it follows that all aspects of a journey – including insurance – should be equally painless, with passengers' safety and peace of mind paramount," Walchek said in prepared remarks. "We are genuinely excited to be partnering with Waymo in developing innovations for insuring people and property in the evolution of personal mobility."

Trov, founded in 2012, has raised more than \$97 million in venture financing to date, including a \$56 million Series D round disclosed in April 2017. Munich Re/HSB Ventures led the Series D financing.

Trov launched in Australia in May 2016, where it is underwritten by Suncorp, and in the UK in December 2016, where AXA is its underwriting partner.

Trov had planned to launch in the U.S. during 2017 but those plans were delayed while it obtained approval from state regulators. It has now been approved by 31 states including California.

<https://www.insurancejournal.com/news/national/2017/12/20/474893.htm>

Lemonade OK'd to offer insurance in Arkansas

Insurance

12/20/17

Insurtech company, Lemonade, has received a Certificate of Authority to do business in Arkansas. Lemonade Insurance Co. has been approved to sell property, casualty and marine products in Arkansas with an initial limit to renters insurance. A New York-domiciled property/casualty insurance company offering renters and home insurance policies, Lemonade was created in 2016 and is a wholly owned subsidiary of Lemonade Inc., a Delaware corporation.

Lemonade offers renters insurance through a mobile application.

In a statement Arkansas Insurance Commissioner Allen Kerr said “Lemonade is a company focused on using technology, artificial intelligence, and bots to innovate the insurance industry while promoting nonprofit giving through its annual ‘Giveback’ program of underwriting profits. I am proud to welcome Lemonade to the renters’ market in Arkansas.”

Lemonade is also a Certified B-Corp, where underwriting profits are contributed to nonprofits. The company receives a flat 20 percent fee, treating premiums as belonging to the policyholders. Lemonade returns “unclaimed money” during its annual Giveback. Giveback is a feature of Lemonade in which undistributed profits each year are donated to causes that customers elect. Lemonade is currently writing business in five other states and seeking to expand operations.

Kerr has granted authority to 28 new companies so far in 2017. Since becoming commissioner in 2015, Kerr has welcomed 63 new companies to Arkansas.

<https://www.insurancejournal.com/news/southcentral/2017/12/20/474918.htm>



PAYMENTS

MeaWallet delivers contactless payment solution to Swedbank

Payments

12/28/17

MeaWallet A/S ("MeaWallet"), part of Invuo Technologies AB (former Seamless Distribution AB), has signed an agreement with the Swedbank Support OÜ (Swedbank) for delivery of MeaWallet's technology for contactless card payments on the Latvian, Lithuanian and Estonian market.

The HCE technology with MasterCard MDES support will be delivered as a managed service, integrating MeaWallet's tokenisation platform with Swedbank's mobile banking application. The solution will enable Swedbank clients to perform digital contactless card payments through the bank's existing mobile banking application. The order value of the contract is between 500,000 and 600,000 Euro over a three-year period.

"The Baltic market is rapidly developing towards contactless payments, in fact there are several field tests and pilots in the three markets exploring different mobile payment technologies. MeaWallet has a proven technology and we aim to deliver the solution in production to Swedbank in stages from the first quarter of 2018, hence delivering on our "short time to market" promise, says Lars Sandtorv, Head of MeaWallet.

"Swedbank is the major bank on the Baltic market according to the European Payment Card Yearbook for 2016/17 and we are proud that they have selected our technology and services for maintaining that position."

CEO of Invuo Technologies, John Longhurst, comments: "MeaWallet has been able to sign four orders over the past six weeks. The market is accelerating. Our stated goal is for MeaWallet to sign a minimum of 20 orders over the course of 2018. In so doing, we aim to meet the financials goals laid out for Invuo Technologies next year, as disclosed in recent public statements. As further orders are signed, we hope investors begin to share the confidence we have for the period ahead."

<https://www.prnewswire.com/news-releases/meawallet-delivers-contactless-payment-solution-to-swedbank-300575706.html>

LuLu Exchange enhances customer experience and supports expansion with move to Fiserv AML technology

Payments

12/27/17

Fiserv, Inc. (NASDAQ:FISV), a leading global provider of financial services technology solutions, today announced that LuLu Exchange, which provides cross-border remittance, currency exchange and other financial services for consumers and businesses, has selected Fiserv to enhance its financial crime prevention capabilities and enable its expansion into new markets.

LuLu Exchange will implement a cloud-based version of AML Risk Manager from Fiserv. The anti-money laundering solution utilizes sophisticated techniques such as machine learning to detect suspicious transactions, leading to more accurate fraud detection and fewer false positives. This helps to eliminate the inconvenience and delay caused when legitimate transactions are flagged for investigation, benefitting both customers and staff by facilitating a better experience and more efficient operations.

Launched nine years ago in Abu Dhabi, Lulu Exchange is today one of the largest financial services companies in their market and has more than 170 branches worldwide. The business currently operates in Oman, Kuwait, Qatar, Bahrain, India, Philippines, Seychelles, Hong Kong and Ireland, and is expanding across the Asia Pacific region and Europe. The experience of Fiserv in the Gulf Cooperation Council (GCC) region and globally was a key factor in their selection, as LuLu Exchange will rely on the expertise of Fiserv as it moves into new markets.

“Our ongoing expansion prompted an evaluation of our AML strategy,” said Christos Christou, Chief Compliance Officer, LuLu Exchange. “Since we are expanding in Asia Pacific and Europe, we wanted a partner that will provide us not only the technology but also the know-how to mitigate risks in these ‘new to us’ markets. We were impressed with Fiserv and their financial crime investigation platform, which, in our view, is a user-friendly, stable, fast and well-developed tool for detecting, investigating, and assessing AML risks.”

AML Risk Manager provides advanced customer risk profiling, risk scoring, transaction monitoring and know your customer (KYC) capabilities. Leveraging dynamic inference techniques and visualisation tools, AML Risk Manager offers behavioural profiling, the ability to quantify risk mitigation through investigation, and beneficial ownership insight. The solution is configurable, enabling the LuLu Exchange compliance team to be in complete control of the system. This will help increase efficiency, as it offers essential flexibility for the team to use the system without the need for IT or vendor support.

“Anti-money laundering technology has an impact on the day-to-day work of staff who are tasked with ensuring compliance and mitigating risk, as well as on customers whose transactions can be affected,” said John Smith, managing director, EMEA, Fiserv. “We look forward to supporting LuLu Exchange as they expand into new markets and to providing their team with greater

efficiency in managing a growing volume of customer transactions and alerts so they are able to serve customers with the speed, ease and convenience they expect.”

<https://www.businesswire.com/news/home/20171227005104/en/LuLu-Exchange-Enhances-Customer-Experience-Supports-Expansion>

Fintech Outlook 2018: Digital payments to rise

Payments

12/26/17

The rise of fintech is still in the early stages, but holds lots of promise and excitement in the years ahead. Here, INN takes a look forward to the year ahead and what investors should watch out for.

Last week, the Investing News Network (INN) reported on fintech trends of 2017, highlighting the growth of venture capital investments together with the overall global emergence of the technology, financial institutions adopting fintech, and companies making noise in the space throughout the year.

As we move out of 2017 and into 2018, here INN takes a look at the year ahead for the fintech industry and what some companies are excited about.

2017 was a significant year of growth for digital payments, according to an Opus Consulting report, together with the emergence of alternative payments. Peer-to-peer, wallets and mobile payments reached “high adoption levels” in the mainstream, reaching \$3.6 trillion in terms of transactions during 2016-2017. According to the report, that amounted to a 20 percent year-on-year growth—a number that will only continue increasing from here.

In terms of global mobile payment revenue, the report states the number is estimated to reach \$930 billion in 2018, representing a 19 percent growth from 2017 with China leading the way in the mobile payments market. Global payments revenue as a whole is poised to reach \$2.3 trillion, with 43 percent of that representing banking revenues.

Similarly, data from Statista indicates that transaction values are expected to grow at a compound annual growth rate of 41.9 percent over the next five years to 1.32 trillion, while the number of users in the mobile point of service payments will reach 977 million by 2022.

In terms of regions, mobile-first payment strategies are also garnering traction in a number of emerging markets, including Sub-Saharan Africa and Nordic countries, according to Opus Consulting, so those will be places to watch in the coming years.

It's near impossible to bring up fintech without mentioning blockchain; while blockchain is a growing industry that isn't limited to just the financial sector, its impact in fintech is second-to-none.

Opus Consulting indicates that 25 percent of banks and 20 percent of financial market institutions will implement full-scale commercial blockchain solutions next year, whereas central banks and regional consortia of banks are considering digital fiat currencies.

A Coindesk report suggests that trade finance will “go live on blockchain” in 2018, with momentum picking up in payments as larger banks and correspondent banks get in on the action.

“These players will be tempted by the advantages blockchain brings in terms of real-time processing, lower risk profiles, lower costs and transparency,” the report states.

Artificial intelligence is also making noise in the fintech market—next year, 35 percent of financial institutions are expected to use AI on a “significant scale,” according to Opus Consulting.

In terms of numbers, Research and Markets projects the global AI in fintech market to reach \$7.3 trillion by 2022—an increase from \$1.3 trillion in 2017, representing a compound annual growth rate of 40.4 percent over the next five years. According to the report, major factors contributing to that growth are “growing business collaborations and improved financial operations.”

One of the key reasons AI is making an impact on fintech can be attributed to an increasing need for security, and can help organizations identify fraudulent behavior, suspicious transactions and even help prevent potential attacks.

<https://investingnews.com/daily/tech-investing/fintech-investing/fintech-outlook/>

Modo creates a payments data highway between the world's largest financial institutions

Payments

12/24/17

The Benzinga Global Fintech Awards are a yearly showcase of the best and brightest in fintech. In preparation for its biggest installment yet in May 2018, we're profiling the companies competing for the BZ Awards. Our next feature is on Modo.

What does your company do? What unique problem does it solve?

Bruce Parker, Modo CEO: Modo creates interoperability in the payments industry by conducting the exchange of data between systems via our translation utility service. Modo allows clients to bring together capabilities from around the payments and commerce industry by directly solving for interoperability between different payment systems. We're doing this for some of the biggest names in the payments game: Bank of America Corp, VeriFone Systems, Klarna, and Alliance Data Systems Corporation, and are proud to say that list is growing.

Who are your customers?

Banks, networks, payments providers and their partners.

How long have you been in business?

The Modo doors opened on July 15, 2010, but we were solving a different payments problem at that time. Throughout the years, we realized what the market was lacking and are now focused solely on delivering interoperability for our clients.

Where are you located?

Our HQ is in Dallas, Texas, but we have an office in San Francisco, California and remote employees all over the world.

Who is your company's leadership? What kind of experience do they have?

Bruce Parker, Founder & CEO; A strategist and visionary at some of the largest payments companies in the world before deciding to found Modo in 2010. Matthew Leavenworth, CPO; Formerly the Head of Strategy and Innovation for Global Transaction Services at Bank of America Merrill Lynch and an Amazon.com alumnus. Brian Billingsley, CRO; Formerly the CEO of Klarna North America.

Who are your investors, if any?

We have a mix of angel and strategic investors.

<https://www.benzinga.com/fintech/17/12/10951140/modo-creates-a-payments-data-highway-between-the-worlds-largest-financial-ins>

Payworks and Verifone extend partnership

Payments

12/20/17

Payworks, a leading provider of Point of Sale payment infrastructure, announced today that they have extended their partnership with Verifone, a world leader in payments and commerce solutions. Verifone and Payworks have expanded their years-long partnership with the integration of two devices, the Verifone e355 mPOS and the VX 820 onto the Payworks platform. Backed by the robust devices from Verifone and next generation payment gateway technology from Payworks, this expansion results with two dynamic and powerful pre-certified solutions, both ideal for the retail environment. Through this extended partnership, acquirers and payment service providers are equipped to offer their merchants an easy-to-integrate POS solution.

Built with the retail environment in mind, Verifone's devices are designed to handle demanding and high-volume settings such as department stores, restaurants and coffee shops. Offering a wealth of features and benefits, Verifone provides acquirers and merchants with the latest solutions needed to make payment acceptance easy. "At Verifone, we are proud to create flexible, highly adaptable devices which are perfect for the modern-day retail environment where the point-of-sale must go beyond the counter to serve customers wherever they are...in the aisles, waiting in lines, or searching online," says Markus Hoevekamp, VP & GM, Verifone Germany, Spain, Portugal and Italy. "Partnering with Payworks over the years, our payment devices have become an integral part of an even broader portfolio of powerful POS solutions."

The Payworks platform can be integrated with all acquirers enabling them to turn their current Point of Sale solutions into modern, integrated systems - ready for retailers. Using simple SDKs, acquirers are able to integrate the solution in a matter of minutes, which enables their merchants to have access to the latest payment technologies and hardware. Integrating with Payworks enables acquirers to offer their retailers and merchants acceptance of EMV Chip + PIN, contactless and mobile wallet transactions. The e355 mobile device is currently certified with SIX Payment Services and Concardis and the VX 820 PIN pad is certified with Elavon. Certification for both devices will be extended across Payworks' global connectivity of acquirers and processors.

"Verifone has been a great partner over the years and we're excited to move forward by including their mobile and PIN pad solutions on our platform," commented Christian Deger, CEO & Co-Founder of Payworks. "We aim to give Acquirers the right tools to easily deploy Point of Sale solutions and with a new wave of retailers looking to implement simple and modern systems, we're positive these new integrations will be a preferred solution."

<https://www.finextra.com/pressarticle/72044/payworks-and-verifone-extend-partnership>

CARDFREE universal API solution solves for omni-channel

Payments

12/20/17

CARDFREE, the leading mobile wallet provider to large merchants, today announced its Universal API is now available, with proven scale, to handle enterprise level deployments. CARDFREE's API powers a single point of integration that cuts across all relevant digital channels including mobile, online, in-store (kiosk, tablet, POS, digital menu boards, etc.), in-dash, wallet providers and 3rd party partnerships (mapping & navigation services, delivery, etc.). By leveraging the Universal API, partners are able to extend reach into new verticals with increased efficiency and decreased time to market.

The Universal API opens the door to services that complete not only digital wallet solutions, but also digital commerce, including; Order Ahead, Loyalty, Payment & CRM/Offer. CARDFREE has become the leading mobile wallet platform, processing more than \$550 million in transaction value. "Since inception CARDFREE has embraced that digital wallet and commerce initiatives cannot be limited to the physical device that is the flavor of the day," commented Jon Squire, CEO and Founder. "Our platform was specifically built to ensure flexibility and expansion into any, and all, relevant channels."

In conjunction with the Universal API, CARDFREE offers a mobile SDK to agencies, partners and merchants that are interested in using CARDFREE platform services while driving their own front-end mobile development. Unlike mobile wallet providers that simply provide a "container" and no backend services, CARDFREE has integrated services that can be used together or à la carte.

<https://www.businesswire.com/news/home/20171220005155/en/CARDFREE-Universal-API-Solution-Solves-Omni-Channel>

Sainsbury's Bank launches new online international money transfer platform

Payments

12/20/17

New research from Sainsbury's Bank reveals that almost eight million UK adults have sent an average of £5,236 abroad in the last two years.

The findings are to support the Bank's launch of a new online international money transfer service enabling customers to transfer larger amounts of money abroad.

The international money transfer service, provided by moneycorp, is now available online at www.sainsburysbank.co.uk. It will allow customers to send money overseas as a one-off or recurring payment, either online or over the telephone. Customers can transact up to the value of £100,000 online, larger payments are initiated over the telephone. The service is fee-free with Nectar card holders receiving preferential exchange rates in addition.

The research revealed that one in six (15 per cent) UK adults has sent an international payment in the last two years, rising to 21 per cent for those aged 18-24. With around 1.2million2 people born in the UK now living in other EU countries, it's no surprise that sending money to family members living abroad came out as the main reason - 43 per cent of those that have transferred funds since 2015 did it for this reason.

The other main reasons for sending money abroad are group holidays (17 per cent), studying overseas (10 per cent), a transaction for their business (nine per cent) and to buy a property abroad (eight per cent).

The research reveals six per cent of people who have transferred money abroad over the past two years did so to make overseas wedding payments. Roughly the same number of people (six per cent) did this to pay for hen and stag dos.

Simon Taylor, Head of Travel Money at Sainsbury's Bank, said: "The new service, which is available online, will offer special rates for Nectar card holders. Customers will also be able to lock in currency rates and transfer money abroad at a later date without incurring a fee."

The top country for sending money to in the past two years is Spain as 15 per cent of people who have sent money abroad from the UK have made transfers there followed by France (14 per cent), USA (14 per cent), Australia (seven per cent), Italy (six per cent) and Germany (six per cent).

<https://www.finextra.com/pressarticle/72053/sainsburys-bank-launches-new-online-international-money-transfer-platform>

Cellum and TransferTo partner on digital money transfer services

Payments

12/19/17

TransferTo, a global cross-border mobile payments network, has entered into strategic partnership with Cellum, a mobile wallet provider in Europe, to offer international money transfer services to partners via TransferTo's single connection to over 1,500 companies worldwide, according to a press release.

Today, TransferTo interlinks financial institutions and digital financial service providers globally to facilitate real-time international mobile airtime top-ups and money transfers to and from emerging markets.

Meantime, Cellum offers mobile wallet solutions to enterprises, such as banks, mobile network operators and large merchants, in a white-label model. Having launched its first mobile wallet in Asia in 2014, this partnership will allow Cellum to leverage TransferTo's well-established network and offer services, such as international money transfers and mobile airtime top-up, to its business partners, who in turn will be able to better serve the needs of their end-users.

<https://www.mobilepaymentstoday.com/news/cellum-transferto-partner-on-digital-money-transfer-services/>

Global Exchange & Cambridge Global Payments collaborate to offer a new service for clients

Payments

12/19/17

Global Exchange, an international payment solutions leader, announced today a new collaboration with its parent Cambridge Global Payments (“Cambridge”), a FLEETCOR company. Moving forward, Global Exchange will go beyond offering its integrated international payment solutions to just professional services firms. In conjunction with Cambridge, they will provide a new service called Invoice Automation Solutions for corporate clients and other vertical markets.

The Global Exchange invoice automation solution is commensurate with quality and workflow advantages that many Cambridge clients will benefit from, and will soon become familiar with, “powered by Global Exchange.” “Clients will gain from the 20 plus years of international payments and workflow integration Global Exchange is widely known for, while experiencing the accuracy and efficiency that comes from a service powered by the company,” said Anthony F. Loiacono, Jr., Managing Director and Co-Founder, Global Exchange.

“We are extremely excited about the addition of Global Exchange’s Invoice Automation Solution to our product suite across all of our business geographies and vertical markets. In our view, this is a best-in-class workflow and technology solution that will add tremendous value for our corporate clients that process a high volume of cross-border vendor payments,” said Mark Frey, Chief Operating Officer, Cambridge Global Payments.

In addition to the stellar service and implementation, Cambridge corporate users will experience Global Exchange with its time-tested proven solutions, including:

- Direct invoice processing extracts key information directly from original documents (i.e. paper invoices, spreadsheets, data), and within the company’s exact specifications.
- Competitive exchange rates and low fees using Global Exchange’s transparent pricing solution, which allows users to facilitate global payments through a single point, all while managing currency risk proactively.
- Seamless systems integration into leading financial, accounting or ERP systems.
- Enhanced workflow solution processes directly from each invoice; converts currency immediately; validates data for systems integration; images invoices for reporting; and reconciles payments immediately upon engagement.
- OneSTEP solution allows companies to improve internal workload and address the need to be secure, productive, and cost efficient when remitting funds internationally.

<http://www.prweb.com/releases/2017/12/prweb15025320.htm>

Fintech startups seek to shake up money-transfer industry

Payments

12/19/17

Fintech startups including WorldRemit Ltd., TransferWise Ltd. and Remitly Inc. are pulling ahead of the pack of the dozens of companies trying to disrupt the remittance industry, using the latest technology to send money internationally.

More than \$600 billion is remitted world-wide every year, mostly by migrant workers from places like India, Mexico and the Philippines, who have traditionally had to deal with long lines and high fees to send money home.

The startups are competing to build trust in their brands and the best transfer technology, using everything from digital wallets to Bitcoin in hopes of becoming the Uber or Airbnb of the remittance industry.

WorldRemit is using fintech to take business from the traditional money-transfer giants like Western Union Co. WU 0.90% and MoneyGram International Inc., MGI 0.58% said Alix Murphy, director of mobile partnerships at the London company.

“These are companies that have been operating in the same way for the last 30 years,” she said.

The remittance market has long been a fragmented space, with banks, transfer specialists such as Western Union, and an informal and often illegal money-transfer system known as hawala vying for thin slices of the remittance pie. Despite the competition, sending money can often be expensive and time consuming.

Differing regulations and bank procedures mean sending through banks often takes days, and fees can be confusing and high.

Money-transfer specialists are generally faster but more expensive, and you often have to visit one of their outlets, which in places like Hong Kong often have long lines. Meanwhile, many of the people who depend on remittances often have no accounts to receive funds.

The remittance startups say they are trying to change that by slashing the number of middlemen involved to make cash connections.

“How is it that it’s free to send an email and it costs to send money?” said Kristo Käärman, co-founder and chief executive of London-based TransferWise, which sends almost \$2 billion a month. “Why does it have to cost much at all, when we’re moving bits and bytes around?”

Sending money using the TransferWise app takes minutes—users enter their recipient’s account details and then pay by card or bank transfer.

The company has bank accounts in multiple countries, so it simply takes the money into its account in the sending country and disburses it from its account in the receiving country, skirting around the traditional transfer system, which often requires rubber stamps from central banks and other authorities along the way.

The differences in fees can be significant. Sending via banks alone costs about 11% of the money transferred on average; sending through a traditional money-transfer agent costs around 6%, while sending it via phone using mobile operators costs around 3%, according to the latest World Bank survey of remittance costs.

Each company plans to go global, but many have strengths in the most heavily used remittance routes. Seattle-based Remitly is doing well in U.S.-to-Philippines remittances, for example, Singapore-based InstaReM is strong in Australia to India and TransferWise, the U.K. to Europe.

There are signs of a shakeout, and front runners are emerging.

TransferWise serves millions of people and has already grown into a unicorn with a valuation of \$1.6 billion, after raising \$280 million in a tough environment last month. WorldRemit earlier this month said it had raised a total of more than \$220 million but wouldn't disclose its valuation.

Remitly has just raised \$115 million at an undisclosed valuation.

"We're really excited about using it to completely transform this industry," said Matt Oppenheimer, chief executive and co-founder of the company, which counts Jeff Bezos as one of its investors and sends around \$2 billion a year.

Banks and transfer agents say they are doing more online and through phones as well and the market is large enough to allow lots of new players.

Western Union says it isn't worried about the disruption. Many of its customers still prefer to use cash, and it would just be too costly for the startups to develop an on-the-ground network that could compete. People want to use a brand they are familiar with, said Khalid Fellahi, senior vice president of Western Union.

"This is hard-earned money" they are sending home, he said. "There is a very high rating on trust."

Still, traditional money-transfer companies are also trying to stay on top of the latest technology. Western Union launched a digital division in San Francisco that is setting up partnerships with companies like Chinese messaging app WeChat and Facebook messenger. It invested in the Digital Currency Group, an investment firm focused on Bitcoin and Blockchain startups.

Ant Financial Services and MoneyGram are hoping to merge, providing the Chinese fintech firm with access to an on-the-ground global agent network of 350,000 outlets in more than 200 countries and territories.

In response, the remittance startups are trying to deepen their ties to their customers. San Francisco-based Xoom now allows its users to top up prepaid phone balances and pay bills in other countries.

“We can present the balance they owe, or perhaps that their mother owes on her energy bill,” said Julian King, general manager at Xoom. “She no longer has to go out and take a bus, often in hot sun, to go wait in line and pay a bill.”

Some of the startups are already using Bitcoin and Blockchain to cut time and cost. They don’t give Bitcoin directly to their customers but use it to move big sums of money across borders.

Manila-based Rebit, which specializes in transfers between South Korea and the Philippines, teams up with partners to accept South Korean won and releases Philippine pesos into bank accounts. But behind the scenes, it speeds up the process and lowers the cost by using Bitcoin, said Rebit co-founder Miguel Cuneta.

“The little kids running around today—when they become adults—they will never hear the words ‘three-to-five business days,’” he said.

<https://www.wsj.com/articles/fintech-startups-seek-to-shake-up-money-transfer-industry-1513679401>

BlueSnap adds more platform & shopping cart connections to its all-in-one payment platform

Payments

12/19/17

BlueSnap, an online payments technology company, which recently launched the All-in-one Payment Platform, today announces new connections with JotForm, Armatic, EventsAir, and shopping carts UltraCart, OpenCart, and LemonStand to help businesses increase sales, save time and development costs with best-in-class global payment processing.

When businesses process payments with the BlueSnap integration they get the full benefit of BlueSnap's global processing power which includes a network of 20+ banks located around the world. Payments are routed using its intelligent payment routing technology so that more payments are approved and businesses see more sales. It also comes with a merchant account, world-class fraud prevention, returning shopper technology, a mobile reporting app and powerful payment analytics.

"Businesses want their payment processing integrated with the software they rely on to run their business," said Jeff Coppolo, SVP, Global Partnerships, BlueSnap. "We built our All-in-one Payment Platform with the flexibility to easily integrate with hundreds of software solutions so that businesses can take advantage of BlueSnap's global processing network."

"We felt it was important to allow users to simultaneously collect critical information alongside payments, reducing the back-and-forth emails and friction of collecting money," said Aytekin Tank, founder and CEO of JotForm. "We're incredibly excited to kick off this partnership with BlueSnap, who shares our belief in affordably empowering small businesses with the tools needed to thrive."

Snapshot of new integrations:

- JotForm, an easy-to-use online form builder that lets businesses make a simple, attractive, customized order or donation form for their business in minutes. The integration with BlueSnap makes it easy to accept payments for donations, product orders, memberships and subscriptions.
- Armatic's invoice intelligence platform enables you to streamline collections, invoices and account receivable processes for powerful task automation and utilizes BlueSnap's payment gateway via a powerful API to process global payments.
- EventsAIR, an all-inclusive event management platform for events of all types and sizes to provide a unified event management and global payment processing solution where attendees can select events and securely submit their payment to be processed by BlueSnap.

- LemonStand, a flexible, eCommerce platform that enables web designers to create and customize their online store and reach more global shoppers with BlueSnap's global payment processing.
- OpenCart, an open source, eCommerce platform with product catalog, payments, shipping/tax, SEO optimization and more to effectively run your business with BlueSnap's global credit and debit• card payments for better conversions.
- UltraCart, a full-featured, easy to use shopping cart software solution for businesses looking to create an online store and securely process global credit and debit card payments.

These new integrations complement BlueSnap's network of partners which can be found here.

<http://www.prweb.com/releases/2017/12/prweb15025002.htm>

Divido and Digital River partner to help global ecommerce brands increase revenue

Payments

12/18/17

Divido, a retail finance platform based in the U.K., and Digital River, Inc., a leading global provider of Commerce-as-a-Service solutions, have today jointly announced their payments partnership. The global partnership provides a solution that enables Digital River's global ecommerce clients to offer instant finance to their online customers.

Creating a memorable and effortless shopping experience is key in today's rapidly changing commerce landscape. One way that brands can cater to this demand is by offering a retail finance payment option, which enables customers to pay for online purchases over time, interest-free. A recent survey of 2,500 Divido customers revealed that 40 percent of shoppers wouldn't have purchased their item if retail finance hadn't been offered as a payment option, whilst 18 percent would have purchased a less expensive alternative, reducing the brand's average order value.

Divido works with merchants, banks and intermediaries to offer this flexible financing to consumers at the point of sale. The solution supports brands at every stage of the sales process from attracting new customers and boosting conversion rates to increasing average order values. By partnering with Divido, Digital River can offer the finance solution to its wide range of global ecommerce clients, enabling them to provide the online payment option for shoppers purchasing items with high price points. For brands that implement the solution, their customers can see a full breakdown of their finance offering, receive credit approval and complete the online transaction in just minutes.

A joint client, who is a global innovator in smart mobile devices and technology, has already experienced a 166 percent uplift in its ecommerce conversion rates since implementing Divido's finance platform. Moving forward, all of Digital River's high-tech ecommerce clients serving shoppers in the U.K. and Germany will be able to integrate the finance platform into their customer checkout process.

"Divido's leading technology allows global companies to offer its solution to customers across the world through just one simple integration," explained Christer Holloman, CEO and co-founder of Divido. "This one-time plug-in enables Digital River to leverage our solution across multiple currencies and geographies. The speed to implement our seamless finance solution is one of many reasons why Digital River chose to partner with Divido and extend the solution to their global clients."

"Consumers are increasingly looking for flexibility and control in how they pay online, particularly for high-ticket items," commented Eric Christensen, vice president of product – payments, fraud and financial services for Digital River. "Our partnership with Divido gives our global ecommerce clients the ability to offer a new payment option that can help them increase customer loyalty and

reach a larger customer demographic. As the payments landscape continues to evolve, we are committed to providing best-in-class solutions to help our clients meet changing market demands.”

While currently available in the U.K., Germany and the Nordics, Divido will offer its unique finance platform to eight new countries next year in order to expand global coverage for its merchants and partners, including Digital River.

<https://www.businesswire.com/news/home/20171218005985/en/Divido-Digital-River-Partner-Global-Ecommerce-Brands>

Western Union launches new money transfer app in Kuwait

Payments

12/13/17

The Western Union app available for iOS and Android users was launched through Aman Exchange, and provides consumers another digital option to send money, and follows the recent launch of Western Union's transactional website.

"Through our digital services, we are connecting more people across borders than ever before. The roll out of our mobile app in Kuwait is part of our commitment to invest in digital innovation in the region, making sure we are wherever our customers are – both online and offline. No matter where consumers choose to use Western Union, we are committed to offering them the highest quality of service," said Hatem Sleiman, Regional Vice President, Middle East, Pakistan and Afghanistan, Western Union.

Western Union has activated a promotional rate of KD 0.5 per transaction (up to a value of KD 1,500) until 31 December 2017. With an online presence in more than 40 countries, Western Union is one of the largest digital money transfer operators in the world.

Adel Al Muzaini, General Manager of Aman Exchange added, "The new app enhances Western Union's existing digital offering, allowing consumers to send money on the platforms that are most convenient for them. The app provides users instant access to Western Union's money transfer services, right at their fingertips."

In addition to enabling customers in Kuwait to send money on the go, any time, the app shows current exchange rates and fees, lists past and pending transactions, and provides round-the-clock customer service. Customers can track money transfers directly from their mobile device, or find any of Western Union's 550,000 global Agent locations, where money can be collected. In line with Central Bank of Kuwait regulations, prior to the first use, customers are required to pre-register on the app, as well as to register in person with their national ID at one of the 13 Aman Exchange locations. Consumers already registered on the westernunion.com website do not need to register again to use the app.

<http://www.cpifinancial.net/news/post/43804/western-union-launches-new-money-transfer-app-in-kuwait>



SECURITIES

Ellevest unveils wealth management services

Securities

12/22/17

Ellevest, a robo advisory platform focussed on women, has rolled out an expanded suite of products and services, for wealthy investors.

The new products are Ellevest Digital, Ellevest Premium, and Private Wealth Management Services. Ellevest Digital does not require any minimum or maximum amount to open an account. It will charge investors an annual fee of 0.25% of assets invested.

The product offers personalised investment portfolios to meet specific goals of each client and tax minimisation strategies.

Ellevest Premium incorporates all the features of Ellevest Digital, in addition to 1:1 personalised guidance by certified financial planners and 1:1 executive career coaching through an agreement with Forshay. The product will charge a fee of 0.50% per year and require a minimum of \$50,000 to open an account but no maximum.

Ellevest Private Wealth Management will meet the needs of women with \$1,000,000 or more of investable assets. It will also offer investors access to a dedicated private wealth manager and investing options focused on social impact.

Ellevest co-founder and CEO Sallie Krawcheck said: “This year’s seemingly endless flow of headlines on sexual harassment has underscored the obstacles women continue to face to achieving financial success. Our clients’ passion around these issues inspires our work and drives our sense of urgency to provide women with access—at all stages of their lives—to the tools to help them close their gender money gaps.”

The launch of new products follow the company’s recent fund raising of \$34.6m in September.

<https://www.verdict.co.uk/private-banker-international/news/ellevest-unveils-wealth-management-services/>

JPMorgan Chase enters the robo advice game

Securities

12/21/17

The banking giant reveals it has big plans for digital wealth over the next year.

JPMorgan Chase has announced it will be releasing a lower-cost digital wealth management tool this week, with plans to offer it to some clients in March with a wide release in mid-2018.

The goal is to offer “guidance and advice for a broad range of clients, whether you have a few thousand dollars, or more,” said Kelli Keough, head of digital wealth management.

Currently named JPMorgan Digital Investing, the robo advisory service will ask customers questions regarding their age, risk appetite and behaviours, thereafter modelling an ETF portfolio according to preset rules.

This latest robo advice offering follows the release of several digital wealth services by major banks in the sector, all seeking to attract customers with lower amounts to invest in the hopes of turning them into future high wealth clients.

In the US, both Morgan Stanley and Wells Fargo released its millennial-targeted robo advisors earlier this year.

The bank has yet to announce its plan for fees, however Keough has stated they will be available by the March release. The minimum investment is expected to be below \$5,000.

http://www.altfi.com/article/3894_jpmorgan_chase_enters_the_robo_advice_game

The market is really crowded': Anthemis Group's Jillian Williams on tough times for personal finance apps

Securities

12/19/17

To many consumers, financial technology is synonymous with the concept of personal finance management, or industry speak for managing one's spending habits — PFM for short.

It's a space that started out with Mint ten years ago, with a new way to look at all of one's finances in one place. The field has now grown to accommodate an ever-expanding number of direct-to-consumer PFM apps, including apps like Digit, Clarity Money, Penny and Qapital, and banks are now folding PFM capabilities into their mobile apps.

To venture capitalists, PFM has become somewhat of an over-hackneyed phrase, with questions looming about how these platforms will generate revenue over the long term.

"I am very wary of 'basic' PFM tools that don't have clear differentiators in the market," said Ryan Gilbert, a partner at Propel Venture Partners. "Most PFM apps seem to be doing the same things." Tearsheet caught up with Jillian Williams, an investment associate at Anthemis, a venture capital firm that invests in early-stage technology companies for financial services, about tough times for PFM. The following has been edited for length and clarity.

Banks have been folding in PFM features and competing apps are having trouble differentiating.

Where do you see the PFM market right now?

A lot of PFM will continue to move to a business-to-business, or business-to-business-to-consumer model. Things [business-to-consumer PFMs] struggle with are being able to monetize and with customer acquisition.

What's the problem with business-to-consumer PFM?

The market is really crowded and it's hard to provide that extra value to really distinguish themselves from other platforms in the space. It's like a little feature that one has versus the other, but those are features, rather than standalone platforms and they're not really defensible on their own. Consumers are fickle, and if you're not providing them with extra value or some sort of insights the first couple of times, they just move on. PFM companies have struggled to monetize no matter how much these customers enjoy it — take Digit for example: when they started to charge people, despite how much people loved the platform, that's when customers started to move away.

So banks will take on PFM where startups can't?

[For banks], PFM can give you insights into how you're spending your money and can change the way consumers view banks. Putting [mobile banking and PFM] together can benefit banks with more insights into where customers' priorities are in terms of savings goals.

If PFM is such a difficult business model, why do VCs still fund them?

One reason they could still be funding them is that the business-to-consumer space in fintech does have a huge opportunity, and in most technology sectors, that's the most sexy space that you want to be in. PFM is the most notable space. For example, most people you speak to will know what Mint is.

So VCs are swept up in the romantic idea of being able to give more people access to financial services, and PFM is a way to do that?

I would agree with that you, but I see VCs moving away from it a lot more. There is that idea that there's an opportunity to improve inclusion and awareness. Some investments have persisted, especially when you find someone has this different edge.

Could robo-advisers start taking on PFM capabilities?

You see a lot of robo-advisers not becoming PFM platforms, but becoming all-in-one solutions to see all of your finances.

What's next?

I could see some consolidations, and a lot of pivoting, and some will probably shut down. It's becoming a crowded space that's unsustainable. I don't think [PFM] is going to collapse, but there's not much room for new entrants. I think there's definitely room for some [PFMs] in market to grow, but it's not a market where there's much opportunity for new entrants unless there's a really new hook.

<http://www.tearsheet.co/funding/the-market-is-really-crowded-anthemis-groups-jillian-williams-on-tough-times-for-personal-finance-apps>

Moneybox launches Lifetime ISA

Securities

12/18/17

The robo micro-investment app has become the fifth company to launch a LISA.

Since the product's launch in April, the Lifetime Individual Savings Account (LISA) has been adopted by Hargreaves Lansdown, AJ Bell and The Share Centre, as well as fellow disruptor Nutmeg.

The Moneybox app allows users to round up purchases and invest the spare change into one of three passive funds, depending on the user's preferred risk.

With a LISA, consumers are able to save up to £4,000 a year, with 25 per cent bonus on top if you are a first-time buyer using it to go towards a mortgage. Once opened, it cannot be withdrawn from for the first 12 months.

Presented as an alternative to the Help to Buy ISA, take up has been slow among providers. On top of this, rival robo advisory provider Nutmeg released a statement last month that it would not be offering a transfer service from Help to Buy ISAs into its LISA, despite previously announced plans.

However, it seems that the Moneybox product might be more expensive for smaller investors than its robo counterpart.

According to data calculated by the Financial Times, customers saving the maximum £5,000 allowance in the first year would pay a total of £45.96 to Moneybox on the investment, plus a monthly £1 usage fee, a 0.45 per cent platform fee and another 0.22 - 0.24 per cent on provider fees.

The Nutmeg LISA, comparably, would cost a total of £47.50 inclusive of fees.

http://www.altfi.com/article/3884_moneybox_launches_lifetime_isa

JPMorgan Chase and Barclays join IBM quantum computing network

Securities

12/14/17

Two major banks have become charter members of a quantum computing network established by IBM, another sign of how far financial services companies are going to make themselves more competitive and to steel themselves against security threats.

JPMorgan Chase and Barclays are among the partners in the development of the IBM Q Network, a widely accessible, 20-qubit quantum computing system that the technology company unveiled Thursday. IBM has for some time made quantum computers available for broad use and an open-source platform for developing programs for them.

JPMorgan is looking at using IBM's quantum computing systems for trading, portfolio optimization, asset pricing and risk analysis, among other things. Barclays is just beginning to investigate potential uses for the financial industry.

Many banks are interested in using quantum computing for risk management. Risk calculations entail large numbers of complex simulations.

“On conventional computers you have thousands of cores deployed for those calculations, and at the end of the day you are constrained by the sheer cost of the hardware,” said Keith Bear, vice president of global financial markets at IBM.

The banks want to find out if they can calculate risk and analyze portfolios at quantum speeds.

Quantum computing could be useful in things like the mathematical algorithms banks use to calculate risk and price derivatives. It could also potentially help identify fraud faster.

There is a race of sorts going on in quantum computing, with IBM, Microsoft, Google and D-Wave all coming closer to live implementations of the technology, which runs in zero-degree environments and can potentially perform 100,000 times faster than classical computers.

Microsoft announced on Monday a programming language called Q# and tools that developers can use to write software for quantum computers. In October, Google announced that by the end of this year it expects to achieve quantum supremacy—the point at which a quantum computer can outperform a classical computer.

Quantum computing directly leverages quantum mechanics, the laws of physics that govern the smallest particles in the universe, to solve problems at high speeds. Traditional computers only allow bits of information to live in one state at time — as 0s or 1s. A quantum computer, operating

in an extreme environment (the chips run at -459 degrees Fahrenheit), uses qubits (quantum bits) that enable bits of information to be a 1, 0 or both 0 and 1 simultaneously.

This technology can be harnessed to create a computation system that can manipulate and assess many combinations of information concurrently.

This could be useful in things like the mathematical algorithms banks use to calculate risk and price derivatives. It could also potentially help identify fraud faster.

“It enables many more complex calculations as soon as you start working out how to program against this type of architecture, which is obviously quite different,” Bear said. “The further potential is to solve problems that are difficult to do with conventional computing even if you throw a lot of hardware at them. The challenge is mapping from the theoretical possibilities to the real-world problems banks and other industries face.”

Hence, the involvement of JPMorgan and Barclays.

Bear says he is also working with a bank that is using quantum computing to understand the security implications of the technology. There is a fear that cybercriminals could take advantage of quantum computing to break encryption. This bank wants to learn how to quantum-proof its systems.

IBM is building quantum computing labs with MIT, Oak Ridge National Lab and Oxford University.

<https://www.americanbanker.com/news/jpmorgan-chase-barclays-join-ibm-quantum-computing-network>



SPECIALTY FINANCE / ALTERNATE LENDING

This lender is using AI to make loans through social media

Specialty Finance/ Alternate Lending

12/28/17

As U.S. banks wrestle with the decision of whether to use artificial intelligence to help calculate credit scores and make loan decisions, a potential role model is MyBucks, a company that's been doing this for more than a year—and has even begun offering 15-minute, AI-based loans through WhatsApp and Facebook Messenger.

MyBucks is a Luxembourg-based fintech that owns several banks and provides loans and basic banking products in seven African countries, Poland and Spain; it's expanding rapidly into other countries.

U.S. regulators have signaled a willingness to accept banks' use of AI in lending. And the evidence so far, at least in MyBucks' case, shows that AI can improve credit quality and reduce defaults.

How the Haraka app works

MyBucks' Haraka app, which is now offered in Zimbabwe, Uganda, Swaziland and Kenya, and in early 2018 is expected to be introduced in the Philippines and India, can score a customer within two minutes. The customer downloads the app from the Android store; MyBucks pays for that download through reverse billing, so even customers who are broke can still access the app. The app then asks for permission to scrape the phone for data, including text messages, call-history patterns and geolocation information.

The information can be very useful. For example, the text messages of heavy users of mobile payment programs like M-Pesa contain all their mobile money transaction verifications.

"That gives us insight into customers' income and expenses," said Tim Nuy, deputy CEO at MyBucks. "We see any payments in and out of that person's account."

"I think it's where everybody is moving: to create a user experience that's as flawless as possible and that makes it easy and natural for a customer to get their credit," says Tim Nuy, deputy CEO at MyBucks.

Customers also log into their social media accounts from the app to help MyBucks verify their identities: The company compares the applicant's social media feed against the information in their mobile wallet.

"We look at behavioral traits," Nuy said. "Very active social media accounts are likely to be real people, and we make sure the information on the cellphone and the social media account tie together."

Can MyBucks obtain a complete picture of a person's financial situation from that phone-scraping?

“The reality in an emerging market is that it’s never perfect, but at the end of the day you need to make a judgment call,” Nuy said. “People have the option of simply deleting their messages and expenses, in which case we wouldn’t get a full picture. But we get a full enough picture to grant a loan with a default rate that’s acceptable to us.”

The bank starts with very small loans. A first loan to new customers might be a mere ten euros. If such borrowers successfully repay, they will qualify for a larger loan the second time. The returns made on those repeater loans make up for the slightly higher default rate — around 20% — on the first loans.

MyBucks charges a low interest rate for Haraka loans, but its processing and mobile money disbursement fees add up to a 20% average cost per loan. It makes 10,000 to 20,000 Haraka loans a month, for a total of about 200,000 in the past year.

“Haraka has been one of our bigger successes, particularly because it allows us to do loan applications at a smaller size more profitably, and it allows us to give people who are otherwise unable to secure financial services access to that initial loan,” Nuy said.

During the year, Haraka’s AI engine has improved significantly by analyzing defaults.

“It’s mainly refining how it reads mobile money wallets, what transactions to include and exclude —do high volumes of transactions indicate creditworthiness?” Nuy said.

The default rate for Haraka loans has dropped from more than 30% to less than 12%. Across all its loan products, MyBucks’ default rate is 7%.

The company plans to bring Haraka to Mozambique and Botswana, Australia, Indonesia, Myanmar, Vietnam, and Cambodia.

“Our view is that this has global applicability in emerging markets, particularly markets with a high penetration of smartphones,” Nuy said.

The fact that some countries, including Zimbabwe and Myanmar, are in turmoil has not affected MyBucks.

“We’ve done extremely well in Zimbabwe, because we’re one of the lenders that’s been there from the beginning and have been serving people through difficult times,” Nuy said. “People who live in these countries want a politically stable situation and access to financial services.”

In addition to the very small Haraka loans in emerging markets, MyBucks also makes more traditional loans in mature markets like South Africa. It pulls credit reports and verifies income and employment, yet it also uses AI and lends over mobile devices. It offers checking and savings accounts as well as loans.

“Having a bundled offering is an attractive part of the company’s business model,” noted Craig Focardi, senior analyst at Celent. “They can acquire low-cost deposits from some customers and lend them out to others.”

This is a more sustainable fintech model than some of the challenger banks in U.S. and Europe that offer mobile checking and savings accounts but not loans, he said.

MyBucks began offering loans through a chatbot in WhatsApp and Facebook Messenger in October — just to South Africans so far. The entire loan process and customer service queries are handled through the bot, so customers do not have to download an app.

Behind the scenes, MyBucks pulls the applicants’ credit report and obtains their three latest monthly bank statements (which it feeds to the AI engine). It sends the funds to customers’ bank accounts or e-wallets within 15 minutes.

“I think it’s where everybody is moving: to create a user experience that’s as flawless as possible and that makes it easy and natural for a customer to get their credit,” Nuy said.

In Africa, bank regulators value the ability to offer loans to people who have no credit history. “They are aware that for some people there’s virtually no information available, so the fact that we’re willing to use alternative sources and give them a loan is satisfactory,” Nuy said.

Many of the markets MyBucks operates in would look foreign to U.S. bankers: developing countries where screen-scrappable mobile payments are widely used and regulators are open-minded.

Yet some of MyBucks’ methods could work for U.S. banks, such as the use of AI in credit scoring, underwriting and fraud decisions and the use of mobile apps and chatbots for lending, especially to serve the underserved.

The appetite for using AI in lending, especially among large traditional U.S. banks, has so far been small. BankMobile announced its implementation of Upstart’s AI-based lending platform last week; it is one of very few.

“AI in credit decisioning in general is still a new and developing technology,” Focardi said. “Few U.S. companies would implement technology without having a better idea of what their expected loss rates are likely to be.”

U.S. banks are testing AI on existing loan portfolios and new loans to compare its predictive ability to their traditional underwriting models.

“That’s the most prudent way of implementing new scoring analytics in the U.S. lending markets,” Focardi said.

U.S. bankers worry about compliance: providing a reason code for approving or denying credit, making sure an AI engine wouldn't violate fair lending and disparate-impact rules. Providers of AI lending software, including Upstart, underwrite.ai, James, Zest, Kabbage and Enova, say their programs can provide a clear reason code and test for fair lending and disparate impact.

The first U.S. banks to use AI in lending could have an edge over those who hesitate. Yet many see no need to change, as regression-based credit models still perform OK.

Marc Stein, CEO of underwrite.ai, said that for a large U.S. bank to adopt AI-based lending, it would have to decide to expand credit access into underserved markets without significantly increasing risk.

"They aren't able to do that with their current methodologies," he said. "The only way to do that is to effectively underwrite thin-file millennials. The only viable model for doing that is using machine learning."

AI-based underwriting, Stein pointed out, is a lot cheaper than human underwriting. "We were asked by a bank in a former Soviet state to replace their underwriting staff of 150 with one of our algorithmic models," Stein said. "This is an extreme example, but what I expect to see here in the U.S. is increased AI-based automation aimed at increasing the productivity of human underwriters, and underwriting more volume with fewer people."

<https://www.americanbanker.com/news/this-lender-is-using-ai-to-make-loans-through-social-media>

Peer to Peer robo-lending platform InvestUp sizes up cryptocurrency investing

Specialty Finance / Alternate Lending

12/21/17

FCA authorised crowdfunding aggregation platform InvestUp may be going crypto. The UK based Fintech has so far focused on the peer to peer lending space but management is currently looking at adding algorithm driven cryptocurrency investing.

InvestUp shares that 2017 has been another good year for P2P lending having delivered, on average, 10.74% to investors. InvestUp said they have experienced steady growth fueled in part to the IFISA.

InvestUp said they have seen an interesting shift in some of the platforms they work with as some have developed their own auto investing features while others have migrated towards a portfolio management service. Additionally, some platforms are apparently becoming less transparent and the long-delayed post-implementation review by the FCA is apparently not helping.

Perhaps the most interesting development is that InvestUp may provide robo-investing in cryptocurrencies at some point in 2018. This is due to rising investor interest. If they can create an algo for purchasing P2P assets, why not crypto?

“Having undertaken some initial research, we believe that we can interpret demand (adoption curve) and supply (mining and scarcity) of existing and new cryptocurrencies, by analysing a variety of factors. We are confident that we could develop a product, alongside P2P lending. So, we would like your help to understand your interest and the potential demand for this new product, before committing resource into developing it.”

This is an interesting development for InvestUp and one to watch in the coming year.

<https://www.crowdfundinsider.com/2017/12/126271-peer-peer-robo-lending-platform-investup-sizes-cryptocurrency-investing/>

Two big banks set to launch their own online lending platforms

Specialty Finance / Alternate Lending

12/20/17

A little over a year ago Goldman Sachs launched their consumer lending platform Marcus as part of a digital strategy to move into the retail banking segment. They have since grown faster than any online lending platform with originations approaching \$2 billion. Goldman Sachs now believes revenues from online loans will equal that of trading in the near future.

Seeing this success more traditional banks have started to move into the online consumer lending space. In this article we will focus on two recent entrants: PNC Bank and Barclays.

A significant driver behind these moves is consumer debt levels. They have increased for 13 consecutive quarters and hit a record \$12.96 trillion in the third quarter of 2017. Most consumers using an online loan will consolidate credit card debt, though there are other typical uses such as home repair or an unexpected medical expense.

Barclays Enters Online Consumer Lending

U.K. based Barclays has been increasing their footprint in the U.S. the last few years through the Barclaycard brand. They are now one of the top 10 credit card issuers in the US. News broke last month that Barclays would be launching a digital bank in 2018 and rebranding from Barclaycard to Barclays in the US.

An integral part of this strategy will be an unsecured consumer loan offering, something they have been testing since late 2016. They are targeting prime and super-prime borrowers, loans will range from \$5,000 and \$35,000 and can be repaid in three, four or five years. The interest rates range from 4.99% to 18.99% and the loans carry no origination fees or prepayment penalties. They plan to launch fully in 2018 as they have originated about 15,000 loans to date through the testing phase.

PNC Financial Services

Pittsburgh based PNC Financial Services Group is one of the top 10 largest banks in the US with \$371 billion in assets. They are looking to launch their online consumer lending product in new branches and through their mobile wallet product. The new platform is expected to launch in 2018. This is a bit out of the ordinary for the bank as they have not yet had a nationwide offering like this, instead focusing on the 19 states where they have established a presence. The new product will help with their rollout to new branch markets in Minneapolis, Dallas and Kansas City. This looks to be part of a wider digital overhaul the bank has been doing the last few years as it seeks to service customers in a more digital fashion.

We have seen a lot of success by the likes of Lending Club, Prosper, SoFi, Marlette Funding and more since the financial crisis in offering consumers a better, more seamless lending experience.

What Marcus has shown in the last couple of years is that banks can also provide an experience that equals these fintech entrants.

How this changes the consumer lending market remains to be seen. Banks have decided advantages in certain aspects of the lending process such as lower cost of capital and small customer acquisition costs with their large customer bases. Having said that, the problems of the financial crisis put a significant dent in consumer confidence when it comes to large banks.

Will more bank entrants lead to consolidation of fintech lending platforms or will banks look to these platforms as partners? We have seen both of these strategies in recent years and it will be interesting to see where the market goes. One thing is for sure, though, banks are taking much more interest in consumer loans today than at any time since the financial crisis.

<https://www.lendacademy.com/two-big-banks-set-launch-online-lending-platforms/>

Black Knight extends Homebot client engagement solution to mortgage lenders

Specialty Finance / Alternate Lending

12/18/17

Black Knight, Inc. (NYSE:BKI), a leading provider of integrated software, data and analytics solutions that facilitate and automate many of the business processes across the homeownership life cycle, today announced it has extended the Homebot client engagement tool to mortgage and home equity lenders.

The application is offered through a strategic alliance between Black Knight and Homebot, a fast-growing, privately held fintech company located in Denver. With the solution, lenders are able to continuously engage their client base – and enhance their borrower retention efforts – by providing valuable, actionable data on how to make smart home finance decisions to increase wealth.

Leveraging Black Knight's nationwide, industry-leading property database and advanced analytics, the application delivers a highly personalized monthly report that helps homeowners understand when to refinance, draw a credit line, consider an investment property and more. The report is branded to the lender and includes such data as the homeowner's current property value, available equity, potential property-investment income, and purchasing power for trading up to a new home – all in a clear, easy-to-understand format.

Throughout the application, homeowners can easily connect to their lender for more information, resulting in a powerful client engagement tool. Additionally, the homeowner can share the application with friends and family – so they can also receive personalized reports, generating more potential leads for lenders.

“Homebot offers an affordable, automated and cutting-edge mobile tool that helps lenders re-engage their clients after a loan has closed,” said Black Knight Data & Analytics Group Executive and President Kevin Coop. “The solution, which helps support borrower retention, draws from Black Knight's comprehensive repository of property and mortgage data, and applies advanced analytics, including our automated valuation models. Lenders use the Homebot solution to deliver reliable, timely and customized wealth-building information to consumers and strengthen their relationships with them.”

Black Knight recently announced the solution's availability to real estate brokers and agents. With this solution, Homebot enables lenders to increase their leads by collaborating with real estate professionals. The system allows for co-branding, so a real estate agent's buyers and sellers can connect directly with the lender.

The solution leverages cutting-edge technology, including bots – small pieces of computer code that automatically gather data and distill it in an easy-to-consume format. It is easy for lenders to

use – there is nothing to configure or maintain, and they can quickly load their client database. And, it delivers a contemporary, mobile-centric experience to homeowners, who can access and view the report on the device of their choice: smartphone, tablet or desktop.

<https://globenewswire.com/news-release/2017/12/18/1263401/0/en/Black-Knight-Extends-Cutting-Edge-Homebot-Client-Engagement-Solution-to-Mortgage-and-Home-Equity-Lenders.html>



DATA & ANALYTICS / IoT

Specialist loan fund manager launches analytics tool

Data & Analytics / IoT

12/11/17

Fintex Capital launches new web-based version of loan performance, monitoring and analysis tool. Boutique fund manager Fintex Capital is sharpening its proposition.

The business, which smooths the process of institutional investment into online loans, has launched version three of its analytics tool.

LISA 3.0, as it is called, is a proprietary software which provides bespoke, granular analytics on each Fintex loan portfolio. Those portfolios can be segmented according to a range of parameters, from loan vintage, to borrower rating, to loan maturity.

This allows areas of risk to be easily identified and quantified, as well as for the swift and accurate forecasting of cashflows, all web-based. In version two of the tool, these processes took place behind the scenes, in Excel spreadsheets and the like.

LISA's data visualisation tools have also been upgraded to include heatmaps and infographics, helping Fintex's analysts to pinpoint when cohorts might deserve "further scrutiny".

"LISA performs a difficult and diverse set of tasks: to digest and visualise enormous data pools, highlight the most relevant data subsets, forecast portfolio cashflows, conduct sensitivity analysis and predict future returns," explained Rafi Goldberg, senior quant at Fintex.

He further explained that the tool helps Fintex, a manager of money, to "keep its finger on the pulse of each portfolio".

Fintex allows its institutional clients to invest in loan portfolios via the familiar format of listed bonds. It tends to work through distinct strategies, initially focusing on German consumer loans by working with marketplace lending platform Auxmoney. The company announced earlier this year that it had hired former head of bridging at United Trust Bank Alan Margolis in order to help launch a new UK-focused real estate lending strategy.

"Fintex Capital's business is one-of-a-kind. It combines three key ingredients: first, our proven ability to wrap unwieldy portfolios of private loans into simple, tailor-made bonds through turnkey bond issuance, making alternative credit investments hassle-free for institutional fixed income investors. Secondly, our top-notch team, which combines deep credit expertise with a thorough understanding of capital markets and principal investment experience. LISA embodies the third pillar in our strategy; our ability to develop sophisticated and proprietary data tools, tailor-made to fit the credit strategies we invest in," said Fintex CEO Robert Stafler (pictured).

“To the best of our knowledge, no other firm approaches the high-in-demand alternative credit space with a comparable level of infrastructure, innovation and capability.”

http://www.altfi.com/article/3856_specialist_loan_fund_manager_launches_analytics_tool

OTHERS

How telepresence can revolutionize financial services industry

Others

12/27/17

Imagine, you are trying to make an investment somewhere in the World and you want to be face to face with your investment advisor without leaving your own office or room?

Well, your options can be different—right from using Skype or making phone calls to something that is called telepresence.

Telepresence is one of the fascinating new phenomena which is gradually taking over the realm of meetings and performing a lot of tasks without being actually present in the place. It is like helping individuals to experience and do whatever they want to do without being present at some remote place. What is different about telepresence is that you can be telepresent through someone else instead of being even present through video conferencing or other methods.

Telepresence can occur at two levels i.e. one where people meet virtually without leaving their offices or homes. In the second case, telepresence can also take place where someone else acts and behaves as per the orders and demands of another person. The second option provides an exciting alternative to the use of technology and the human interaction where one person can experience anything through the eyes of another person.

In the financial sector, companies are using telepresence to connect their customers with their loan officers, investment advisors, and other employees to discuss all the requirements and provide solutions without actually the presence of the customer as well as the financial organization at the same place.

This new trend is revolutionary in the sense that it can provide banks and other financial institutions necessary and important tools to actually connect with their customers at more individual and personal level rather than using their traditional call center facilities.

Cryptocurrency investment is another area where telepresence can be of great importance given the fact that it can create human involvement on a remote level to manage and oversee the large transactions. One of the areas of concerns regarding cryptocurrencies is the fact that it is completely managed and controlled through the computer systems without any mediating or intervening process.

Once a transaction is performed, it cannot be reversed despite the fact that it may be fake or fraudulent in nature. Telepresence can actually add the necessary element of required confirmation on the remote level to execute large transactions without requiring physical presence or confirmations.

Since cryptocurrencies are managed through the computer systems, telepresence can be used for confirmation of necessary details remotely during transactions.

Chicago Mercantile Exchange is introducing bitcoin derivatives allowing serious investors to bet on the future valuations of the cryptocurrency. This indicates that the cryptocurrency is now being considered by the formal financial services organizations. New hedge funds are being created around the cryptocurrencies to provide retail and wholesale customers a formal opportunity to gain benefits from the future valuation prospects of the currencies like bitcoins. Coinbase, the exchange for the cryptocurrency is also adding more consumers to their registers than a normal can gain in that short period.

This rise in the importance of cryptocurrency would not be possible without its proper integration and use with telepresence.

Banks are also expanding the use of this technology and replacing the need of having specialized advisors in the physical locations. In a recent move, Bank of America and Nationwide implemented this technology in their Branches and are planning to expand this to more than 500 branches in near future.

What is important to note is the fact that telepresence is gaining support through proper organizational support. Organizations like Ubiatar are offering a proper marketplace through which telepresence can be brought at mass level. Mass level use of telepresence can technology can bring peer to peer lending, consumer finance, and management of investments at a bigger level.

The future for the use of telepresence is great for the financial services providers and the common individuals as with the help of this, they can achieve what is otherwise not possible physically. Telepresence can help to not only build a better business but also can provide opportunities to individuals to experience the world in an entirely different way.

<https://born2invest.com/articles/telepresence-financial-services-industry/>

Blockpass chases blockchain KYC

Others

12/20/17

Blockpass has revealed its roadmap for a decentralized, KYC compliant blockchain identity verification platform. Through the use of Ethereum and smart contracts, Blockpass will offer shared regulatory and compliance services for people, businesses, objects and devices.

In its initial phase, Blockpass will serve as an identity solution for the blockchain and cryptocurrency ecosystem. The surge in Initial Coin Offerings (ICO) and billions of dollars of investment has largely occurred without verifying investor identities. Fearing money laundering, terrorist financing and Ponzi schemes, governments are moving to implement greater ICO regulation of ICOs with strict Know Your Customer (KYC) and Anti Money Laundering (AML) compliance. Traditionally such identity verification takes days or weeks to complete, slowing down user enthusiasm as well as leading to significant costs.

“Blockpass is a platform-as-a-service designed to solve this problem. Blockpass is a shared infrastructure for blockchain businesses to share a verified user base and reduce this cost of onboarding customers,” said Hans Lombardo, Chief Marketing Officer of Blockpass IDN. “With its built in Regtech and identity verification system, Blockpass is well positioned to be the regulatory “gold standard” for token issuance and customer onboarding for banks, credit cards, exchanges and money transfer platforms operating in the blockchain ecosystem and in mainstream financial services and retail commerce.”

Blockpass will reduce the cost of compliance for blockchain merchants. It will make compliance attractive (if this is not a contradiction in terms) for users through reward schemes, as well as protect each user’s personal data.

To do this Blockpass will provide users with a ‘self-sovereign identity’ while limiting hacking risks. A driver towards this following on from recent data breach scandals (Yahoo, Uber, Equifax and others). Centralization of personal user data has become a no-no.

Blockpass provides an alternative solution. This will offer two major benefits to consumers:

- users retain control of their identity; only they can decide who accesses it
- there is no centralized server which stores sensitive personal data.

When a user submits identity details and documents to Blockpass for verification, a copy is stored locally and encrypted with a password on the user’s mobile device. The user is the only person who holds the password to decrypt it.

After Blockpass receives the data and hashes it, it is completely erased from the Blockpass servers. Because each user’s data is destroyed once verified, if hackers manage to breach the Blockpass servers, they will find only unreadable data that has no value (to them). Thus a user’s

data only exists on the mobile phone of the user – and nowhere else until he or she decides to share it with third-party service providers. This gives users complete control over their personal data.

The Blockpass token

The native digital token of the Blockpass ecosystem, PASS, will issue as an ERC20 token on the Ethereum blockchain. Community members will be able to download the Blockpass app and submit their KYC data.

Once verified, users will connect their wallet. The recommended wallet for receiving the PASS token will be the Infinito Wallet (<https://www.infinitowallet.io/>) to their Blockpass ID. Platform supporters will then receive their PASS tokens on their wallet. Users should note that PASS tokens are only transferable to other Blockpass users.

Blockpass product roadmap

The date for full release of the Blockpass app is 31 March 2018. The full product release will include:

- version 1.0 of the iOS and Android mobile apps for creating a verified identity on the blockchain
- a web service to register an Ethereum address for storing tokens
- an ERC20-compatible PASS token smart contract on Ethereum
- administrative tools for managing user identity verification.

What does this mean

KYC interest in blockchain is kicking up. ET has covered other proponents (for example, Netki, APPII and others). The linkage between identity and government regulation is clear. The theoretical ability of blockchain technology to assist with KYC and AML is acute.

In the case of Blockpass, perhaps the two more interesting aspects are:

- that this assists ICO 'be clean' (which will matter increasingly when so many of today's ones are wholly or mostly unregulated)
- the reward/involvement business model envisaged (where PASS tokens are only transferable to other Blockpass users).

<https://www.enterprisetimes.co.uk/2017/12/20/blockpass-chases-blockchain-kyc/>

China Merchants Bank chooses Wolters Kluwer for regulatory reporting

Others

12/15/17

China Merchants Bank (CMB) has chosen Wolters Kluwer's OneSumX for Regulatory Reporting to provide its regulatory reporting software for its operations in Luxembourg, following a competitive tender process.

OneSumX for Regulatory Reporting uses a single source of data to ensure consistency, reconciliation and accuracy and includes the firm's Regulatory Update Service. This unique service is maintained by Wolters Kluwer experts who actively monitor regulation in approximately 50 countries, helping to ensure the solution is current at all times.

CMB has more than 1800 branches in mainland China, with global consolidated assets exceeding \$897 billion. Its Luxembourg entity is its European hub for developing further business in Europe.

In the past few months, leading financial services firms from across the world have implemented the OneSumX solution for Regulatory Reporting, Risk and Finance (including IFRS 9 solutions). Major financial services providers that have recently announced their use of Wolters Kluwer include China Everbright Bank, LGT, Nordea, BBVA, CIBC, Equitable Bank, Australia's Queensland Treasury Corporation and The Swedish Export Credit Corporation.

https://www.finextra.com/pressarticle/72000/china-merchants-bank-chooses-wolters-kluwer-for-regulatory-reporting?utm_medium=dailynewsletter&utm_source=2017-12-18&member=93489

Fidor Bank makes 2018 predictions, anticipates blockchain rise and regTech take off

Others

12/6/17

Fidor's VP of European expansion Sophie Guibaud outlines her fintech vision for 2018.

Among other things, Guibaud expects a greater push towards a global cashless society, with Blockchain at its heart, and RegTech to come into its own as we approach the launches of PSD2, MiFID II and GDPR in the coming year.

Anticipating a further acceleration to cashless payments, Guibaud said: "This profound shift in how people pay for goods and services will have an effect on the rise in Blockchain adoption. As all money can more easily be traced to its rightful owner and beyond government's control, Bitcoin will also continue to rise in popularity and also valuation.

"Thanks to PSD2, banking as a whole will become much more personalised. The simple fact is that data is now as valuable as gold to financial organisations, and they need to treat it as such."

As a result, Guibaud expects 2018 to be the year when RegTech really takes off, particularly in light of financial organisations needing to become compliant with many new European regulations under MiFID II and GDPR.

"Due to the need to be fully compliant with these new rules, financial organisations will be looking at immediate options to help them decrease their regulatory risk and costs, while also improving the customer experience next year.

"The new regulations will, in future, have a huge effect as financial organisations' relationships with regulators will rely upon real time data to be shared to improve and speed up risk management and market stability, all through the power of APIs."

In fact, upcoming Open Banking API regulations have already been capitalised upon by many in the fintech space, as the rise of Banking as a Service (BaaS), AI-based consumer products and in-house Marketplaces increases in popularity with challenger banks. Starling Bank, as an example, have made several recent partnerships with fintechs on their Open API framework, and were recently granted permission to offer a wide range of financial services products in-app.

"We'll see an increasing number of companies competing to provide 'white label' banking products to organisations struggling to keep up with the digital revolution. In tandem, banking marketplaces, which offer consumers a host of different financial products will be a natural by-product of this," said Guibaud.

They offer banks a huge opportunity to remain relevant and remain the main contact for consumers in terms of their financial needs as marketplaces will have all the financial products that a consumer could want, all in one place.”

“Fidor Solutions, to keep ahead of this trend, will also be launching its own marketplace globally, Fidor FinanceBay in 2018, after a successful roll-out of its Beta version.”

In addition, despite the number of small business loan applications in the UK falling this year, Guibaud remains confident that competition will heat up in the European SME market in 2018.

“Due to the challenging environment that European SMEs will find themselves in next year, we’ll likely see more players enter this market, which already picked up since last year, especially from new innovative fintech companies.

“With more players on the market, it will also become the time to find the right business models for those players, those being potentially different across geographies.”

2018 will certainly be an interesting year for alternative finance, as European legislation tries to catch up to innovation. Although one can always expect some inevitable hiccups in the early days as firms race towards compliance, here’s hoping the new year will hold some exciting new products and services in store for consumers as a result.

<http://www.altfi.com/article/3832>