Evolve Capital Partners

Weekly News Update

Week Ending 01/05/18

SPECIALIZED INVESTMENT BANKERS AT THE INTERSECTION OF FINANCE AND TECHNOLOGY

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	11	38%
BPO	1	3%
Financial Management Solutions	1	3%
Healthcare Tech	0	0%
Insurance	1	3%
Payments	5	17%
Securities	3	10%
Specialty Finance / Alternative Lending	4	14%
Data & Analytics / IoT	0	0%
Others	3	10%
Total	**29**	**100%**

BANK TECHNOLOGY SOLUTIONS

‘We don’t need to stay in the student market’: How BankMobile wants to grow its offering and replicate its model

Bank Technology Solutions

1/4/18

The three-year-old Customers Bank subsidiary launched a personal loan product for its customers at the end of December, but that was just the first of a suite of credit products the bank plans to roll out this year as part of its “customer-for-life” strategy, according to Luvleen Sidhu, president and chief strategy officer.

“We wanted to be able to go beyond checking the account that we currently offer and extend them credit because they are credit-challenged and credit-starved,” she said.

BankMobile has 1.8 million customers to date and has opened about 300,000 new accounts each year in the student demographic through its university partnerships. It markets the Vibe account, its non-interest bearing checking account designed specifically for students, as one that “empowers and guides them in their pursuit of financial and academic success.” But to become lifelong financial partners to those student customers, it’s going to need to grow its offerings as their needs evolve.

Tearsheet caught up with Sidhu about its forthcoming credit products, how it plans to grow with its student customers and replicate its customer acquisition model beyond that demographic and why it’s important to partner with non-banks — not just fintech startups. The following has been lightly edited for length and clarity.

Why are you expanding into credit now?

We’re just looking at our demographic. Many in our current customer base are living paycheck to paycheck — that’s why personal loans make sense. We’ve seen what they need from the focus groups and surveys and talking to our customers to understand what they need. They are credit-file thin individuals but we’ve had relationships with them while they’re in school… we have much more information than another institution that’s trying to offer them credit so we’re able to provide them attractively priced credit.

How do you plan to expand your products after the personal loan?

We have a lot of products to introduce on the credit side: credit cards in the second quarter, student refinancing in the second quarter, auto loans and home equity by the second half of next year. We’re rolling out an interest bearing checking account in the first quarter; our customers live paycheck-to-paycheck and we want to be able to reward them for money they have in their account, even if it’s not a lot that comes in and out. We’re excited about rolling that out — as well as a savings account.

You’re partnering with Upstart on credit products. What are the advantages of that approach?

In the longterm you could say it's more expensive to partner but those costs outweigh the fact that we get to market much faster. This took two or three months to roll out; on our own it would probably be a six-to-nine-month process. Once we work with their engine and feel good about the way we describe their risk parameters and underwriting models — if we decided to do other credit products with them, it would help us get them to market much faster and more cost efficiently.

You talk about a "leveraged growth strategy." What does that mean?
We have partnership model where we find distribution partners to have access to millions of customers. In 2016 and 2017 we focused on the student market. We have relationships with 800 campuses across the industry. Instead of paying millions of dollars for to be on these campuses we provide them with technology to solve their pain points when it comes to distributing any payments between the colleges and students — typically in the form of financial aid refunds, or if a student is working on campus and needs to be paid, or a student drops a class. Then these students have a choice to ACH this money to an existing bank account or to open a BankMobile Vibe account.

Do you plan to expand your customer base? You're creating "customers for life" and those students won't be students forever.
In the future I don't think we need to stay in the student market. We'd like to be able to replicate this. We're in alignment with bank-fintech partnerships but that's also a myopic way of looking at the future, which is way beyond partnerships between banks and fintechs but also between banks and nonbanks; being able to deliver financial services to customers of these non-banks to create more engagement, loyalty, customer data and additional revenue streams.

How has competition changed since BankMobile launched?
It's accelerated. Challenger banks and Neobanks like Moven, GoBank, Simple and Varo continue to flourish and grow. Digital banks like Ally, USAA and Captial One 360 have really done a push in 2017 attracting millennials, tweaking their product, tone, messaging, branding to make sure they start penetrating that segment. Traditional banks are finally realizing the branch based customer acquisition model is not sufficient. That is still their primary customer acquisition strategy.

And traditional banks are bigger competitors now?
Traditional banks are true competitors because they own 80 percent of the market share of consumer deposits. It's been slow movement but you've seen JPMorgan launch Finn and Wells Fargo launch Greenhouse; there will be more to come when they launch these digital banks in essence with a new brand to appeal to a new market. That increases the competition. The Lending Clubs, SoFis and Marcus and Discover have focused on building a solid customer base from the lending side. They now realize that lending relationship is a good start but not enough to sustain an emotional connection with their customers and feeling they need to offer a broader suite of banking products.

What would sustain that emotional connection?

There's definitely that sense that being a full service banking institution is much more fruitful in creating a customer for life. The beauty of banking is every customer is a potential customer. Every person needs a bank and it's one of those products everyone is in need of so there's room for ample competition. You have to always look at what value you're providing … If you just offer a student refinancing loan, is that really enough? You just make your payments and then you're done.

What are some of your industry predictions for 2018?
We'll see a lot more blockchain from the back-office to create more efficiency, cost reduction and security and eventually more on the customer side to create more efficient payment streams. Alexa is growing in popularity; having more of a conversational AI experience with your bank than a transactional experience and focusing on creating financial advisor capabilities. From an HR benefits perspective, bringing banking products in to large employers and being able to provide more of that customized community experience in banking co-branded with your employer.

Are these things BankMobile is exploring for its own business?
We're interested in all of them. Were not at a rollout point but definitely are brainstorming and seeing how we can effectively and successfully play in each of these spaces.

http://www.tearsheet.co/modern-banking-experience/we-dont-need-to-stay-in-the-student-market-how-bankmobile-wants-to-grow-its-offering-and-replicate-its-model

PropertyMetrics helps real estate investors create more accurate proformas

Bank Technology Solutions
1/4/18

When it comes to real estate investing it's essential to review a dependable proforma so as to be able to evaluate the profitability of the property you're considering.

But buyers must beware, as sellers often try to make that cash flow look pretty by hiding flaws and oversimplifying any worrying complications with the property. As such, coming up with a proforma that estimates and calculates everything accurately is must for any cautious investor.

With that in mind, a company called PropertyMetrics has built a web based platform that's designed to help investors come up with a proforma that includes evaluation and analysis. With PropertyMetric's software it's possible to analyze any property in minutes, from any device. This means investors can quickly generate a quick cash flow proforma, perform a cash flow analysis and generate PDF reports from anywhere, in a matter of minutes.

The software is compatible with multiple operating systems, including Windows, Linux, Mac, iOS and Android devices.

It's possible to create a proforma quickly for any income-producing property. The software also takes into account complex leasing terms and rent escalations, lease expirations, reimbursements, tenant improvements, market leasing assumptions, commissions, and even renewal possibilities.

Users can make changes to their assumptions at any time, in real-time, in order to get a feel for different assumptions about a particular property. They can also generate cash flow projections for banks, clients and other investment partners.

Once a proforma has been created, PropertyMetrics uses analysis software to automatically calculate financial metrics such as the internal rate of return (IRR), net present value (NPV), cash on cash return, gross rent multiplier, debt service coverage, breakeven occupancy, and more.

In addition to its software, PropertyMetrics also offers courses in commercial real estate investment taught by industry veterans. The firm's website also hots a useful blog that offers tons of investment related advice.

http://realtybiznews.com/propertymetrics-helps-real-estate-investors-create-more-accurate-proformas/98746051/

INTRUST Bank and Funding Circle announce strategic partnership to support growth of US

Bank Technology Solutions

1/4/18

Funding Circle, the world's leading lending platform for small businesses, and INTRUST Bank, a regional bank headquartered in Kansas, today announced a strategic partnership to support the growth of US small businesses. The partnership will be rolled out in various stages with the initial phase consisting of INTRUST funding US small business loans originated through Funding Circle. The later stages would include growing the investment with the intention to extend into a multi-year funding program and joint digital and direct marketing campaigns.

INTRUST joins more than 70,000 investors globally – including individuals, financial institutions, government, and the listed Funding Circle SME Income Fund – who have provided $5 billion in transparent and affordable financing to more than 40,000 businesses through Funding Circle, creating 100,000 jobs*. Through the partnership, INTRUST will support access to credit for hundreds of US entrepreneurs, spurring job creation and boosting the American economy.

"Every dollar invested through our platform has a ripple effect in cities and towns across America, by enabling Main Street small businesses to grow, hire and expand," said Sam Hodges, co-founder and U.S. managing director, Funding Circle. "This makes Funding Circle an ideal investment opportunity for banks such as INTRUST focused on bringing tangible impact to the communities they serve, and we look forward to further growing our platform with support from additional institutional partners here and abroad."

"We are excited to partner with Funding Circle to enhance our ability to serve small business customers," said Brian Heinrichs, chief financial officer, INTRUST Bank. "As a regional bank, we understand that small businesses are the lifeblood of our communities and the nation's economy. Funding Circle's customer-focused philosophy and technology platform are an ideal fit for INTRUST."

Funding Circle enables a wide range of investors to lend to creditworthy small businesses, diversifying their portfolios while gaining attractive risk-adjusted returns. At Funding Circle, businesses can obtain fixed-rate loans within days to purchase equipment and inventory, hire new employees or for other needs. In a recent survey, 92 percent of US borrowers said they would come back to Funding Circle for their future business financing needs.

https://www.prnewswire.com/news-releases/intrust-bank-and-funding-circle-announce-strategic-partnership-to-support-growth-of-us-small-businesses-300577537.html

Navy Federal to implement nCino Bank Operating System

Bank Technology Solutions

1/3/18

nCino, the worldwide leader in cloud banking, today announced Navy Federal Credit Union will leverage its Bank Operating System to support its growing membership.

Navy Federal is the world's largest credit union, with more than seven million members and 300 branches worldwide. To keep up with the rapid scale of its consumer and business lending groups, the credit union required a centralized operations platform to replace multiple disparate systems and optimize the lending process for its employees and members. Through nCino, the credit union expects to arm its employees with a digital platform that can fulfill business loans with even more productivity, speed and accuracy from application to funding, and provide a clearer view of member relationships to better identify their needs.

"We consider our members - men and women serving in the military, veterans and their families - to be some of the best borrowers of any financial institution," said Dave Ledwell, senior vice president, consumer and business lending, Navy Federal Credit Union. "With nCino, our employees can service members with key insights gained on the digital banking platform. We want to provide an experience that is quick, effortless and enjoyable, and we see nCino as being the tool to provide those things and more."

nCino's member-facing portal will allow Navy Federal borrowers to apply for business membership and business loans. Members will have full visibility to track the status of their loan or application in real time. In addition, the platform's document management system will allow all departments, as well as members, to interact and contribute to the required documentation, even after the loan is booked. Through the elimination of redundancies, nCino will enable Navy Federal to achieve faster decision times on credit applications for loans of all sizes.

West Monroe Partners will deploy nCino's Bank Operating System across Navy Federal's user base. West Monroe Partners' successful track record and expertise implementing technologies within financial institutions will enhance Navy Federal's member-centric business.

"West Monroe Partners is excited to be the integration partner facilitating Navy Federal's strategic implementation of nCino," said Roger Taylor, senior manager in West Monroe Partners' Banks & Credit Unions practice. "Our thoughtful approach and differentiated expertise in technology and delivery combines to provide exceptional outcomes for our clients. We strongly feel that partnering with nCino on this installation will help Navy Federal evolve its operating models through a best-in-class platform that can scale with the institution."

"Rapidly growing and service-oriented institutions like Navy Federal require an innovative solution that enhances the loan process in order to provide the highest levels of convenience and service to its members," added Paul Clarkson, senior vice president of community and regional financial institutions at nCino. “We are delighted that Navy Federal has made the decision to move their lending operations to nCino’s Bank Operating System and look forward to collaborating to effectively streamline processes and provide a clearer view of members’ needs.”

https://www.finextra.com/pressarticle/72086/navy-federal-to-implement-ncino-bank-operating-system?utm_medium=dailynewsletter&utm_source=2018-1-4&member=93489

AquaQ Analytics helps Danske Bank drive data efficiencies

Bank Technology Solutions

1/3/18

AquaQ Analytics has announced a new collaboration with Danske Bank that has enabled the bank to save time and increase efficiency by automating some complicated manual tasks.

Data management specialists AquaQ Analytics provided assistance to the bank's Belfast based risk team to improve the processing of a large quantity of daily data which was processed manually and had been identified as suitable for automation.

AquaQ worked with the Danske Data Intelligence team to migrate a number of manually intensive complicated tasks previously completed using Excel spreadsheets into a scheduled workflow using advanced data analytics platform Alteryx.

Using the platform, Aqua Q has introduced substantial efficiencies for Danske Bank, enabling tasks that previously took half a day to be done in a matter of minutes.

It is estimated the automation of this one task will save Danske Bank on average eight days per month and allow key personnel to focus on other high value projects. Another important outcome was an increase in job satisfaction as the original task completed by staff in that team was highly repetitive.

AquaQ continues to work with Danske Bank on further data projects and introducing further efficiencies within the Bank.

CEO of AquaQ Analytics, Ronan Pairceir, said: "We are delighted to be assisting Danske in their data related projects and the improvements achieved to date have been very encouraging. AquaQ is dedicated to fostering innovation in the data processing and data analytics sector and this collaboration if further evidence of the success we are able to achieve."

Marion Rybnikar, Head of Data at Danske Bank, said: "The ability to innovate is essential as the Banking landscape evolves and is key to Danske Bank's digital strategy. Our partnership with AquaQ has enabled our Data Intelligence team to fast track automation of manually intensive tasks, allowing our team to be innovative and focus on creating value for our customers. Automating these complicated, repetitive tasks lets our team concentrate on complex tasks that require greater analysis and interpretation."

https://www.finextra.com/pressarticle/72087/aquaq-analytics-helps-danske-bank-drive-data-efficiencies?utm_medium=dailynewsletter&utm_source=2018-1-4&member=93489

Motor City Community Credit Union in core banking tech revamp with Fiserv and Celero

Bank Technology Solutions

1/3/18

Canada-based Motor City Community Credit Union (MCCCU) has signed to implement the DNA core banking platform from Fiserv.

Fiserv’s local partner, Celero, will coordinate the migration to the new system and provide technical banking operations support for the credit union.

MCCCU is a small credit union based in Ontario. It has CAD 351 million in assets, 14,000 members, three retail branches and one corporate lending centre. According to Fiserv, the open architecture of DNA and the ease of integration were the key drivers in the selection.

Charles Janisse, chief executive officer of MCCCU, says his team is “confident that working with Fiserv and Celero will enable us to reinvent our member experience and streamline our internal processes”.

According to Fiserv, around 100 credit unions in Canada are using the DNA core platform, supplied and supported by Celero.

http://www.bankingtech.com/2018/01/motor-city-community-credit-union-in-core-banking-tech-revamp-with-fiserv-and-celero/

Could blockchains replace banks in real estate lending?

Bank Technology Solutions

1/2/18

Real estate deals on a blockchain are becoming real.

The startup Propy recently sold an apartment in the Ukraine through its blockchain, and in the last week of December it began letting Californians buy and sell properties on its blockchain using bitcoin. They will be able to use U.S. dollars next year. It's also offering other homes including a "Packer House"— a house located next to the Green Bay Packers' stadium and training field that is draped in team paraphernalia and is available for $1 million.

Other startups, including ShelterZoom and RealBlocks, are offering other takes on the idea of buying and selling real estate on a distributed ledger. ShelterZoom has built an Ethereum-based platform that went live Dec. 14. RealBlocks lets people invest in housing on its blockchain with fiat or digital currency (and starting in February 2018, its own tokens). It has completed seven deals so far.

Distributed-ledger technology — a database that can live in many places at once, where transactions and smart contracts can be executed, theoretically without any need for middlemen — could simplify real estate investment, turning a complicated process into a series of clicks.

At some point in the near future, not only real estate transactions but mortgages themselves may be handled on a blockchain.

"I don't know if this is removing banks from the process — I think it will make them more efficient," said Eric Piscini, principal, banking and technology consulting at Deloitte. "Maybe they'll be leaner because they won't need to have as many people as they used to, to manage those processes."
What blockchains can do

Theoretically, almost every element of a real estate transaction could be handled on a blockchain. "When you want to buy a piece of real estate, whether it's commercial or retail, wherever the current process is very inefficient, which is most places, a blockchain platform can make it better, faster and cheaper," Piscini said.

The $1 million listing for this "Packer House" — a home next to the Green Bay football team's stadium and training facility — by Propy, a blockchain for real estate finance, brought attention to the disruptive forces faced by banks.

Propy, which is based in Menlo Park, Calif., calls itself the Amazon of real estate. Its site lets users search for properties and brokers the way Realtor.com and Trulia do.

It records deals on its blockchain registry, which it hopes will be adopted by many jurisdictions as an official ledger and as a way to issue title deeds online.

Herein is a big promise of blockchain: that it could replace today's clunky title deed and registry processes, which involve going to a local town hall and getting a clerk to find the right documents. Yet it will be a challenge to get thousands of local governments, as well as homeowners and real estate investors, to accept a number on a blockchain as the official deed to a property.

RealBlocks lets people invest in rental properties like Section 8 housing over a blockchain.
"Rather than having to set up LLCs and deal with the tax, legal and accounting complexities associated with purchasing real estate, we're making the process seamless by doing it on the blockchain using tokens," said Perrin Quarshie, RealBlocks' CEO.

The company can help users find a mortgage through its mortgage brokerage partner First National Financing. It has also partnered with SALT Lending so that after February, participants will be able to take out a loan or line of credit using the tokens they buy from RealBlocks as collateral.

A blockchain combined with smart devices could let real estate investors track the condition of their investments and know, for instance, that equipment is being repaired and replaced on a schedule.

"Almost in real time, you can know if that piece of real estate you invested in is in good condition or not," Piscini said. "You don't have to trust a third party for that; you can trust the blockchain."
A blockchain can also let people who are nonresidents buy real estate in the U.S., which today is difficult.

And it could let more people participate.

"If someone who is managing a property can also be an investor in the property with that mechanism, then they would manage the property better," Piscini said. "The renter or leaser might be more incentivized to do a good job maintaining the property if they're also an investor."
Legal, regulatory, public-sentiment hurdles

For real estate blockchains to work, several things need to happen: Governments, homeowners and investors would have to recognize and accept a blockchain registry. Small town halls would need to become blockchain-ready. Courts would have to accept smart contracts the way they accept paper-based contracts today.

"Blockchain is a very natural database technology to keep records like titles and to make them widely accessible," said Dror Futter, partner at Rimon Law and a member of its blockchain practice. "The issue is, you need to have the real estate blockchain recognized as a title registry. You can't have a situation where you have multiple registries."

Consumers would have to be willing to accept a smart contract as their only way to engage with real estate participants.

"If something goes wrong, who's picking up the phone?" Piscini said. "If there is a major event, an earthquake, how do you manage the smart contract? At the end of the day, are we willing to trust this? That's going to be the biggest challenge."

The tokens many blockchain startups plan to issue to represent real estate assets raise regulatory questions.

"Will those tokens be considered another risk or another type of equity or will they be considered just an investment in real estate?" Piscini said. "I think the jury is out on that."

In Piscini's view, the only way to get the entire real estate finance system to accept transactions on a blockchain would be for regulators to mandate its use.

Regulators might do this for three reasons: to make the real estate market more open; to exert control over the real estate market (for instance, to limit a North Korean investor's U.S. purchases); and to obtain a macroeconomic, real-time view of the real estate market, so they can react immediately.

"Blockchain is the internet circa 1993," Futter said. "The technology is still immature, it's not user-friendly, there are still issues being identified, and hacks are occurring. It's a little overhyped in terms of what it can deliver today. But it can do most of these things on a limited basis today."
Mortgages on a blockchain

Eventually, it is likely that mortgages will be handled as self-executable smart contracts on a blockchain, rather than as paper documents.

"Could you do a mortgage completely by way of smart contract? Yes," Futter said. "The technology is there today to form a mortgage between two parties. The question will be, from a legal perspective, will it be deemed an enforceable agreement? That's more a question of evidence than anything else."

States like California are starting to accept smart contracts as legal evidence, so long term this will not be an obstacle.

Futter believes smart contracts themselves won't contain every term of a mortgage agreement. They might contain key terms like interest rate, loan amount and duration. But an underlying master agreement would cover all the terms and conditions typical of a mortgage.

A blockchain could also facilitate crowdsourced mortgages. Instead of taking out a $200,000 loan from one lender, a borrower could get $2,000 each from 1,000 investors.

Blockchain technology will take over the recording and transaction activities banks do today, Piscini said. Therefore, they need to focus on value-added services.

"Now it's not just lending money, it's managing property and helping people do a lot of things outside of just getting money to buy real estate," Piscini said. "So the banks have to reinvent themselves and find new services and solutions."

Futter suggests that at a minimum, banks should have people following these developments. They could be experimenting with creating records, tracking documentation and verifying transactions on a blockchain.

"The financial crisis showed this recordkeeping aspect is not the biggest strength of a lot of banks," Futter said. "The blockchain creates a reliable storage mechanism that's accessible depending on whether you do a public chain or private chain. You can store all the documentation around the mortgage transaction, including the financing, on a blockchain. You could do the mortgage processing automatically going forward, payments could be made and foreclosure would occur automatically —those kinds of things are all doable on the blockchain."

This is all true for auto lending as well, he noted. It is also true for other types of loans, debt collection and many other related services.

https://www.americanbanker.com/news/could-blockchains-replace-banks-in-real-estate-lending

Jordan Ahli Bank launches chatbot service, ahli bot

Bank Technology Solutions

1/2/17

Jordan Ahli Bank has become the first bank in Jordan to introduce a chatbot service, ahli bot. It is currently in beta version.

Rami Al-Karmi, chief innovation officer at the bank and CEO of Ahli FinTech (and also “Master Jedi”, according to his LinkedIn profile), is inviting users to test the bot and provide feedback.

Jordan Ahli Bank, the oldest bank in the country, has been renovating its tech over the last few years, including the replacement of a number of legacy back office systems with Temenos’ T24 core banking platform.

The bank is Jordan’s third largest by assets. It has a network of 50+ branches nationwide and a presence in Lebanon, Cyprus and Palestine.

http://www.bankingtech.com/2018/01/jordan-ahli-bank-launches-chatbot-service-ahli-bot/

EBL launches Bangladesh's first AI-based banking chatbot

Bank Technology Solutions

1/2/18

Eastern Bank Ltd (EBL) has become the first bank in Bangladesh to launch an artificial intelligence (AI) based chatbot.

EBL's Digital Interactive Agent (DIA) will communicate with customers via Facebook Messenger, providing information about their accounts, credit and prepaid cards, and general information about EBL's products and services.

EBL says the chatbot will also soon be available on Twitter and Viber.

The bank describes the development as a "major leap" in its digitalisation efforts. Ali Reza Iftekhar, EBL's managing director, says the bank "always strives to innovate" and is on a mission "to make everyone's banking transaction simple".

EBL was established in 1992. It has around 60 branches across Bangladesh and 3,000 employees. It offers retail and corporate banking, asset management and equity brokerage.

http://www.bankingtech.com/2018/01/ebl-launches-bangladeshs-first-ai-based-banking-chatbot/

TD's innovation agenda: Experiments with Alexa, AI and augmented reality

Bank Technology Solutions
12/27/17

These days, nearly every bank has an innovation agenda, but many struggle to translate that initiative into results. A big hurdle is the difficulty in promoting the atmosphere of innovation-specific arms of the bank across the wider enterprise.

That's partly why in May, TD Bank established its Innovation Centre of Excellence, which acts as an umbrella organization aimed at connecting the Toronto-based bank's innovation initiatives with each other and the larger bank environment, as well as fostering partnerships.

TD describes the center "a combination of lab and startup engagement teams" tasked with reducing complexity in banking and improving the customer experience. It's part of the bank's overall tech strategy to become a "bank of the future."

American Banker recently spoke with Tim Hogarth, vice president of innovation framework and strategies at TD Bank who also runs the innovation center. Hogarth outlined the bank's innovation strategy for 2018, and discussed the impact on banking of popular technologies such as Amazon's Alexa.

We are already seeing some banks experiment with voice interaction technology, such as Amazon's Alexa. How does TD Bank view this technology?

TIM HOGARTH: We were one of the first banks to offer Alexa support for banking. Initially, we have put together something with just the very basic capabilities because we wanted to get to market quickly to get a learning experience with the technology. It's the perfect example of disruption.

And no one knows how the customer will use voice technology in the future. Probably in a smart car and inside a smart home. We are testing and learning how customers might use this technology in the future so we can be prepared.

There are also possibilities with the branch and contact center with voice recognition technology. At this stage we don't really have concrete plans in this area, but are thinking about the possibilities. For example, using this technology to recognize sentiment in what people are saying when they call the contact center and using that to help make the experience better.

In general, artificial intelligence and machine learning seem to be hot topics in banking right now. Lots of people are looking at machine learning; it's a valuable technology to mine through large data sets. That can be very effective in discovering patterns to uncover fraud, rather than using predefined, static rules.

"We think of it less as about bringing fintech into the bank, and more about bringing the bank to fintech," said Tim Hogarth, TD Bank's vice president of innovation framework and strategies.

There's a lot of opportunity to use AI technology in creating chatbots that better serve the customer. Chatbots that sense what the customer is trying to achieve. I think personalization of the customer experience is the most underutilized area of AI. So, for example AI can detect if a customer hasn't paid a bill and send a helpful reminder. It can help branch employees better understand why a customer has come into a branch; what were they doing online or on mobile before that led to this interaction?

There's clearly many new technologies that we need to explore — the one with the most promise right now is clearly AI. It's already here, and we have teams exploring and using AI right now. What are some other innovative technologies TD Bank is currently exploring?

One area is augmented reality. We're piloting one idea where a customer and an adviser each put on a pair of augmented reality headsets and visualize and discuss the elements of the customer's portfolio as three-dimensional objects. Perhaps one day your financial adviser or customer service representative will have contextually relevant financial details floating in front of them as they talk with you.

There's a lot of talk now about nudging banks to be more open with sharing data with third parties if it benefits customers, such as with budgeting tools. Where does TD Bank stand on this topic? Obviously it is not something banks have traditionally done much of. Banks have always treated data very carefully for a variety of reasons. There are increasing calls in the industry to think about how data sharing could work in a safe manner. We've been consistent in our approach to make sure we are not putting any customer data at risk. But this conversation is not going away anytime soon.

The bank has been going through a transformation when it comes to innovation for a number of years. Now we're starting to build out our ability to innovate and thinking about what the bank of the future looks like. So we've set ourselves up well, but we don't want to rest on our laurels; we're not saying, "mission accomplished." Now we're trying to take what we've done so far and see how we can take that across the organization. How can we embrace an experimentation culture and attitude? We're trying to create an innovation spirit across the organization, and not just to create a culture, but to capitalize on that and create value.

We've created some significant momentum within our TD Lab ecosystem and in different pockets throughout the bank where we've been focused on building test apps and piloting new technologies. TD's Innovation Centre of Excellence is tasked with both capitalizing on our existing innovation investments and fostering an enterprisewide culture of experimentation to allow us to quickly test and learn before creating full-scale customer solutions. This is a big shift in how we've traditionally operated and focuses more on iterative learning than on big, upfront design.

We have a number of partnerships with fintechs, we see a lot of inspiring ideas coming from them. They are often small teams with that culture that is prepared to challenge norms. Sometimes those ideas can be a really good fit for us — both for customer-facing as well as internal solutions — and it's a way for us to think a bit differently. We think of it less as about bringing fintech into the bank and more about bringing the bank to fintech.

And it's not just fintechs; there are many different types of organizations out there to partner with. Some academic institutions, for example, have finance innovation initiatives. We're looking for partners that can help us position for the future.

https://www.americanbanker.com/news/td-bank-seeds-innovation-across-the-entire-organization

Programmable bank account Root launching next year

Bank Technology Solutions
12/26/17

2018 will see the commercial launch of Root – a bank account which comes with a programmable credit card, online banking interface, mobile app, and APIs.

OfferZen said Root is developed in partnership with Standard Bank, which provides the underlying banking service.

A Root account enables software developers to build a fintech product without special access to the banking world.

The platform is currently in beta, with a group of programmers developing commercial services. Malan Joubert, cofounder of OfferZen, told MyBroadband they have also expanded Root to include programmatic access to your bank account and insurance APIs.

"The insurance APIs have already been used by a team of beta users to create an insurance product which is live in the market," said Joubert.
OfferZen is currently finalising legal infrastructure, after which it will launch the product.

How Root works
At the centre of the account is the Root credit card, which allows a user to write code that interacts with transactions in real-time.

The code, dubbed RootCode, is securely stored in the cloud by Root.

Through RootCode and other APIs to the bank account, users can build any feature they like and integrate it with other services to expand their account's functionality.

As an example, Root beta users have written RootCode apps, including:

- Sending their transaction data to a Google Sheet in real-time, to make budgeting easy.
- Limit the days on which they can buy fast food, as part of a diet plan.
- Create a dedicated card and budget for Uber rides.

If a user has built something with Root, they can share it with other developers on the Root platform. Standard Bank will also provide support for developers to scale Root apps. High-potential applications developed in Root can also be launched to all Standard Bank customers through Standard Bank's dedicated API strategy.

https://mybroadband.co.za/news/banking/242210-programmable-bank-account-root-launching-next-year.html

BPO

Five large technology trends in the outsourcing industry

BPO

12/27/17

The technology outsourcing industry is booming. The appetite to leverage innovative technologies and automation to slash inefficiencies, or develop better solutions for businesses and consumers, stands at the highest point in years, according to data from global outsourcing advisor Information Services Group (ISG). The next 12 months are forecast to remain an exciting time for the industry – Steven Hall, Director of ISG in the UK, reflects on five key trends that will shape the market in 2018.

Robotics will surge

The adoption of automation, machine learning, robotics process automation and cognitive technologies will continue to reshape enterprise strategy and workplaces, with an increasing number of tried-and-tested success stories finally persuading slow-adopters. Indeed, early-adopters are now looking to the next iteration of these technologies, so the race is on for service providers to deliver the goods.

Digital will dominate

While Europe has been more cautious than the Americas and Asia Pacific, the widespread adoption of digital services is becoming apparent. We can see this in the booming As-a-service market, which continues to grow steadily across Europe and is catching up fast with traditional sourcing. ISG's latest Index showed the value of As-a-service contracts to be up by half (up 48%) year-on-year, with the market showing no sign of slowing down.

The desire for agility is accelerating the adoption of IT infrastructure and software that's as flexible as the workforce using it – just one example of the way in which technology is helping to boost productivity. The uncertainty surrounding Brexit provides the perfect environment for As-a-service to flourish, as digital and cloud solutions provide organisations with the flexibility to ramp up/down their spend and usage of services more easily than traditional services.

Compliance headaches will impact investment

In an increasingly regulated global environment, and with the introduction of the General Data Protection Regulation (GDPR), investment will likely take a hit. More regulations will prompt businesses to dedicate greater attention and funding to navigating the increasingly complex compliance terrain, leaving fewer resources to invest in service innovation and development.

Merger & Acquisition activity will boom

Technological innovation has, for some time, been dominated by a boom in specialised but small start-ups, which are able to identify and develop nimble solutions to niche problems that traditional corporations often don't have the capacity or capital to address. This has disrupted traditional partner-supplier relationships, with larger corporations moving away from sub-contracting specialists to provide innovative solutions and instead acquiring these companies to boost their own skill set. Moving into 2018, we can expect to see a continued shift towards mergers & acquisitions, with large companies snapping up start-ups for their specialist services and knowledge, with a focus on technology and software.

Reshoring will accelerate

IT is no longer a tangential business unit confined to a stuffy basement, but one of the central components of a successful enterprise strategy. Business leaders are increasingly recognising the significance of technology to their organisation. As the cost of delivering services using automation is significantly lower, the need for offshoring to control costs has been negated. As a result, many organisations are looking to move their operations back onto home soil in 2018.

https://www.consultancy.uk/news/15146/five-large-technology-trends-in-the-outsourcing-industry

FINANCIAL MANAGEMENT SOLUTIONS

Quovo launches Personal Finance Management modules

Financial Management Solutions

12/20/17

Quovo, a data platform that provides connectivity to financial accounts, today announced the launch of Personal Finance Management (PFM) modules for financial institutions and enterprises. The new modules allow end-users to measure their net worth over time, view a personal balance sheet, track spending, improve budgeting, and progress toward financial goals.

Quovo's new modules are designed to enable a new level of optionality for financial firms looking to implement account aggregation and innovate digitally. Built on Quovo's API layer, the new PFM tools are entirely modular, enabling unprecedented control and configuration for enterprises considering whether to build or buy key elements of a client portal.

"Account aggregation is a must-have centerpiece for any digital strategy in fintech, but sometimes larger firms are unsure how to decide between building on Quovo's API or purchasing an out-of-the-box front-end to improve speed to market," said Niko Karvounis, Chief Product Officer and co-founder of Quovo. "With the launch of Quovo PFM, we now support the full spectrum of configuration options for deploying world-class account aggregation, including directly via our API, through embeddable modules, within a full dashboard -- or even a combination of our approaches. Ultimately, our goal is to not only broaden the accessibility of our aggregation but also to accelerate digital roadmaps across the industry."

The new modules can be implemented as a full package or as individual widgets delivered through Quovo Connect -- an easy-to-use javascript framework for embedding Quovo's user interface into other applications. Designed with mobile use cases in mind and easily white-labeled, the PFM modules represent an innovative delivery method for firms that want to accelerate a digital, mobile experience leveraging Quovo's industry-leading account connectivity and data.

https://www.prnewswire.com/news-releases/quovo-launches-personal-finance-management-modules-300573674.html

HEALTHCARE TECH

INSURANCE

Amazon considers entering insurtech market

Insurance

12/27/17

Amazon may enter the insurance market through a new channel. The e-commerce giant already offers some insurance-related digital services.

Speculation about Amazon targeting the insurance sector come from industry insiders like Digital insurance. Experts suggest the possibility of the Alexa voice assistant searching for insurance policies across different providers, presenting a competitive threat to insurance brokers.

The insurance news follows speculation in October 2017 that Amazon appears set to enter the world of pharmaceutical products distribution, offering legitimate medicines by online ordering (see Digital Journal's article "Amazon looks set to enter pharmacy market"). However, developments in pharmaceuticals have yet to be announced.

Amazon has already begun offering some types of insurance policies. This is through 'Amazon Protect', a product that provides extensions to manufacturers' warranties, insuring against accidental damage, breakdown and theft. With this offering, when buying appliances like washing machines, mobile phones, tablets, televisions, kitchen appliances, and other electronic goods, shoppers are prompted if they want to add Amazon Protect coverage to their shopping basket at the time of checkout.

Amazon is expected to soon go beyond this product-related offering. The company has begun advertising in the European Union product for people with insurance and insurtech experience. The online retailer states it is "launching a new business" and will be "creating a new palette of services."

Moreover, Insurance Business magazine has found a website called "Amazon Insurance", which contains a Financial Services section which has an Auto Insurance and Health Insurance channel, albeit with no products listed.

Insurance companies are likely to be worried. Quoted by The Actuary, GlobalData financial services analyst, Patricia Davies states: "Amazon has a positive reputation for putting customers' needs at the heart of its propositions, something the insurance industry has really struggled with, especially after the PPI scandal."

The PPI issue is a reference to 'payment protection insurance', an insurance product that enables consumers to ensure repayment of credit if the borrower dies, becomes ill or disabled, loses a job, and so on. In many countries PPI was found to have been 'mis-sold' leading to many financial services providers being required to re-pay consumers the cost of the product.

Digital Insurance notes that, in response to the disruption that Amazon could cause to the insurance market many major players will offer to work with Amazon rather than to compete with it.

http://www.digitaljournal.com/business/amazon-considering-entering-insurtech-market/article/510914

PAYMENTS

Sky takes a punt on real-time payments

Payments

1/4/18

Sky Betting and Gaming has partnered with Barclays to offer customers a service that will immediately pay out money to their debit cards when withdrawing winnings.

The 'Fast Withdrawals' payment system, developed in partnership with Vocalink, is an innovation in the betting sector, where gamblers currently have to wait up to five days to pocket their winnings.

Sky Betting's head of payments, Andy Sacre, says: "Slow withdrawal times is a key painpoint for our customers and always ranks highly on industry research on what matters most to customers."

Vocalink chief Paul Stoddart, says the system meets a consumer demand for immediate payments capability across all of their transactional interactions.

"Consumers have been making payments in real-time for years, so why shouldn't they receive credits to their account in real-time too?" he asks. "Our Real-Time Credit solution which powers Fast Withdrawals, ensures money is returned to consumers securely and instantly."

https://www.finextra.com/newsarticle/31494/sky-takes-a-punt-on-real-time-payments?utm_medium=newsflash&utm_source=2018-1-4&member=93489

Rentec Direct and Forte Payment Systems partner to aid real estate professionals and investors

Payments

1/3/18

Rentec Direct, the leading property management software solution for real estate professionals, has partnered with Forte Payment Systems, a top payments processing solution. The new partnership means that property managers and tenants using the Rentec Direct platform now have an integrated solution to manage payments to owners and from renters within the system.

Nathan Miller, president and founder of Rentec Direct said, “This partnership highlights the best of both of our companies: the user-friendly power of our Rentec platform and the seamless payment processing for which Forte is known. Our clients benefit by having access to a secure payment interface built into the portal and software that they already know and use on a daily basis.”

Property managers using Rentec Direct can access the built-in integration via a simple merchant account sign up. Powered by Forte, recurring and one-time payments made online can automatically post to the most popular property management software used by rental professionals and investors.

Property managers and tenants can rest assured that their payment information is safe as a result of Forte’s compliance with PCI level 1 data security standards. Level 1 payment providers process the highest volume tier of payment transactions, and are subject to annual compliance audits of the strictest security standards mandated by the payment card industry.

"Partnering with Rentec Direct gives us an edge in the property management arena, a place in which we already thrive and continue to advance," says Forte CEO Jeff Thorness. "Our ongoing support and knowledge in property management has helped grow our partnership. By weaving together our payment solutions and their software, we are able to offer property management clients a one-stop solution with everything they need to manage their properties."

http://www.prweb.com/releases/2018/01/prweb15051121.htm

Kroger to accept Chase Pay

Payments

1/2/18

The Kroger Co.(Opens Overlay) is teaming up with Chase Pay—the digital engagement wallet from JPMorgan Chase & Co.— to offer mobile payments starting with select retail markets and e-commerce programs in 2018.

Kroger's payment solutions are a part of the company's Restock Kroger Plan(Opens Overlay), the strategy to create shareholder value by redefining how America eats. One of the key strategic drivers is to expand partnerships to create customer value, which includes Kroger forming alliances to accelerate digital and e-commerce platforms.

"Technology is transforming our customers' experiences and greatly influencing how we are reimagining the store of the future," said Chris Hjelm, Kroger's Chief Information Officer. "Mobile wallets enable a more seamless shopping experience for our customers and at the same time, can help us drive cost out of our business."

"This is a significant win for our customers who now will be able to save time and money using Chase Pay at one of the top retailers in the country," said Jennifer Roberts, Head of Digital Products at Chase. "Kroger is one of the places our customers shop the most, and it's great to deliver more value to both a key partner and our customers."

Through the partnership, Chase's 65 million customers will have an opportunity to use Chase Pay at Kroger for online and in-lane purchases.

https://www.finextra.com/pressarticle/72079/kroger-to-accept-chase-pay?utm_medium=dailynewsletter&utm_source=2018-1-3&member=93489

ACI Worldwide and HyperPay partner to fight fraud in MENA

Payments
1/2/18

ACI Worldwide and HyperPay have joined forces to offer integrated, real-time fraud prevention solutions for e-commerce payments for merchants in the Middle East and North Africa (MENA) region, reports David Penn at Finovate (Banking Technology's sister company).

"While the growth opportunity is considerable, we also know that merchants need to protect their revenues and secure their transactions, as well as be responsive to the evolving threat of fraud," says HyperPay's CEO, Muhannad Ebwini. He adds that ACI's Universal Payments solutions – including UP Payments Risk Management – "perfectly complement our local knowledge and experience" and that he "fully trusts ACI to deliver a sophisticated, real-time fraud detection and prevention solution that protects our customers".

Echoing Ebwini's sentiments, Manish Patel, ACI's GM for the Middle East, Africa and South Asia, also underscores the importance of trust. "E-commerce in the MENA region is growing rapidly, as consumers move from cash-based transactions to using cards and other online payment methods," Patel explains. "As this shift – with mobile acting as an additional catalyst – gathers pace, retailers need to gain the trust of consumers and protect themselves against the risk of fraud across multiple channels."

http://www.bankingtech.com/2018/01/aci-worldwide-and-hyperpay-partner-to-fight-fraud-in-mena/

JSC. Bank for Investment and Development of Vietnam joins Swift gpi

Payments

1/2/18

SWIFT announces today that JSC. Bank for Investment and Development of Vietnam (BIDV) signed up for its global payments innovation initiative, SWIFT gpi, confirming its digital banking strategy.

Since 2009, BIDV has consistently ranked first in terms of readiness for IT implementation in the Vietnam ICT Index of the Ministry of Information and Communications of Vietnam and Vietnam Association for Information Processing (VAIP) among Vietnamese commercial banks.

The bank joins more than 120 of the world's major transaction banks that are already committed to the largest change initiative that the world of cross border payments has seen in the last 30 years. Since the go live of SWIFT gpi in January 2017, the service has taken off very rapidly and over 5 million payments have already been exchanged between 34 banks live around the world. With SWIFT gpi, cross-border payments no longer take 2 to 3 days, in fact 50% of the payments are completed within 2 hours and one third of them are completed in less than 30 minutes. Future releases of SWIFT gpi will include the ability to stop and recall payments and SWIFT is also engaging the global FinTech community to build additional services over SWIFT gpi. In parallel, the initiative is also exploring the use of distributed ledger technology. With SWIFT gpi, banks in Vietnam are able to offer their clients an enhanced cross-border payments experience in the emerging and rapidly growing market of Vietnam.

Tran Phuong, Senior Executive Vice President, BIDV said: "SWIFT gpi is the answer to the growing needs of our corporate customers as it removes the friction that used to exist in correspondent banking. We trust SWIFT gpi is the new norm for cross-border payments and we look forward to providing our clients with the best services available to support their evolving needs".

Sharon Toh, Head of ASEAN Region, SWIFT said: "By joining SWIFT gpi and with strong ambitions in banking digitalisation, BIDV confirms their commitment to offer the best services to their clients. As Vietnamese corporates are increasingly working at an international level, the speed of settlement, certainty, transparency and traceability are critical and we trust SWIFT gpi will strongly support their ambitions"

https://www.finextra.com/pressarticle/72078/jsc-bank-for-investment-and-development-of-vietnam-joins-swift-gpi?utm_medium=dailynewsletter&utm_source=2018-1-3&member=93489

SECURITIES

Linedata forges partnership with London Stock Exchange Group's UnaVista for MiFID II

Securities

1/3/18

Linedata (Euronext Paris: LIN), the global solutions and outsourcing services provider to the investment management and credit finance industries, today announced a partnership with London Stock Exchange Group's UnaVista for transaction reporting requirements, as part of its ongoing drive to provide clients with market leading solutions compliant with the European Union's Markets in Financial Directive II (MiFID II). Under the partnership, the firms' mutual clients will use UnaVista as an Approved Reporting Mechanism (ARM) to report transactions to National Competent Authorities (NCAs) for all required asset classes.

MiFID II comes into force 3 January 2018 with the aim of bringing increased transparency and efficiency to financial markets and strengthening investor protection. Linedata's partnership with UnaVista, an award-winning ARM, effectively addresses MiFID II transaction reporting obligations, underscoring its focus on providing clients with leading solutions to meet these critical regulatory requirements.

MiFID II includes a requirement that investment firms submit detailed transaction reports to their NCAs within one day of a transaction. Using Linedata's reporting interface, clients can send in data from multiple sources; UnaVista then determines which transactions are reportable and to which competent authorities it must be sent. All trades involving financial instruments admitted to trading or traded on an EU trading venue are included.

"Partnering with UnaVista is one of many ways that Linedata is supporting our clients to simplify and streamline their investment processes under MiFID II," said Arnaud Allmang, Global Co-head of Asset Management and Servicing at Linedata. "We are delighted to partner with UnaVista to provide our clients with the best possible transaction reporting solution."

Wendy Collins, Managing Director, Global Strategic Partnerships at UnaVista, remarked, "Our partnership with Linedata will enable mutual clients to utilize leading technologies from both organizations to fulfil regulatory reporting in a timely and efficient way. UnaVista's wealth of regulatory reporting experience will be key in helping Linedata's clients automate workflows, and reduce regulatory and operational risk."

https://www.finextra.com/pressarticle/72083/linedata-forges-partnership-with-london-stock-exchange-groups-unavista-for-mifid-ii

Thomas Cook and Ferratum launch mobile banking app for holidays, Sumo

Securities

1/2/18

Thomas Cook Money, a newly launched financial services division of travel agent Thomas Cook, and Ferratum Group, a digital consumer and SME lender, have teamed up to launch “the first ever mobile banking app designed for holidays”.

Dubbed Sumo, the app “is designed to simplify the way that holidaymakers plan and save for their travels and manage their spending when overseas”, according to Thomas Cook.

The app is now available in Sweden, and will be rolled out to more markets, including the UK, in the course of 2018.

With Sumo, customers can set up a fee-free multi-currency account that comes with an “intelligent” contactless debit card.

“This can automatically identify the local currency, thus enabling them to pay at point of sale (POS) at home and overseas without incurring transaction charges and withdraw cash without incurring additional fees,” Thomas Cook explains.

The app currently supports seven currencies (including SEK, GBP and EUR) and allows customers to make four fee-free ATM withdrawals at home and abroad per month.
In addition, Sumo offers regular and fixed-term savings accounts to “help people take a year-round approach to planning for their holiday, which remains one of the biggest annual household spends”.

The app’s in-built savings tool enables users to set up a weekly or monthly savings plan to reach their target goal. Once the goal is reached, users just click through to the Thomas Cook holiday booking engine to book their holiday.

Thomas Cook emphasises that Sumo “has been developed with ease at its core”, making it simple and quick to use. Customers can be set up in under ten minutes, it says.

As part of the sign-up process, eligible customers in Sweden can apply for an overdraft facility up to a maximum of SEK 20,000 ($2,500) – “to dip into additional funds via the app”.

Sumo also allows customers to send money to friends and family via SMS to cover shared holiday expenses.

"Ferratum's international reach is a great fit for our biggest markets," says Anth Mooney, MD of Thomas Cook Money. Working with Ferratum has given the company "an established, ground breaking platform for mobile banking services", she adds.

Ferratum was set up in 2005 and is headquartered in Helsinki, Finland. It operates in 25 countries across Europe, Africa, the Americas and Asia Pacific, and claims 1.8 million customers.

Ferratum Mobile Bank was launched in 2016 and is currently available in five European markets. Ferratum uses Mambu's core banking solution to support its SME lending services in Finland and Sweden. The system is provided on a hosted basis. The group also uses Finastra's Fusionbanking core system at its subsidiary bank in Malta.

http://www.bankingtech.com/2018/01/thomas-cook-and-ferratum-launch-mobile-banking-app-for-holidays-sumo/

Vela expands systematic internaliser data hub offering with Virtu Financial

Securities

1/2/18

Vela, the premier market access technology provider, today announced the addition of Virtu Financial, one of the largest global electronic market making firms, to the growing list of electronic liquidity providers delivering market data through its new Systematic Internaliser (SI) Data Hub, part of its comprehensive MiFID II solution suite.

Based upon Vela's core feed handler technology, the SI Data Hub provides a low latency, high performance normalised market data solution. The functionality aggregates SI data and allows clients to receive their own bespoke SI price feeds through a single connection and unified API. The SI Data Hub also provides clients with their own configurable Best Bid and Offer feed for a holistic view of an instrument's liquidity across venues. Vela delivers a similar solution for exchanges and multilateral trading facilities (MTFs) with the European Best Bid and Offer (EBBO) feed.

Ollie Cadman, Head of Business Operations EMEA, at Vela, commented, "We are pleased to have added Virtu's Equity and ETF data feeds to our SI Data Hub as well as a new feed within our SMDS direct feed handling product." Adding, "Our agile feed handler integration process means that as more firms register as SIs, we can work with them to become a member of our SI Data Hub and ensure our mutual clients are receiving the data."

"Integrating Virtu's disclosed liquidity streams into the Vela SI Data Hub delivers a seamless and cost-effective connectivity solution for clients to access Virtu's competitive and transparent liquidity across Equity and ETF securities in a MiFID II compliant environment," said Christiaan Scholtes, Head of EMEA Markets at Virtu Financial. "We look forward to a growing partnership with Vela as the market continues to embrace MiFID II's transparent Systematic Internaliser regime."

Vela is currently integrating data from a number of firms that have already registered as SIs and some that expect to register shortly after the regulations become effective in January 2018.

https://www.businesswire.com/news/home/20180102005121/en/Vela-Expands-Systematic-Internaliser-Data-Hub-Offering

SPECIALTY FINANCE / ALTERNATE LENDING

Elevate announces boost in customer financial health

Specialty Finance / Alternate Lending

1/4/18

Elevate Credit, Inc. ("Elevate"), a leading tech-enabled provider of innovative and responsible online credit solutions for non-prime consumers, today announced major customer financial progression milestones. More than 140,000 customers of Elevate's RISE product have seen an improvement in their credit scores.

Additionally, more than 35,000 RISE customers are now eligible to receive at least a 50 percent reduction in their APR and more than 13,000 customers are eligible to receive RISE's lowest rate. These milestones come as Elevate continues its commitment to customer financial health by reporting loan activity to credit bureaus, offering rates that can go down over time and by providing access to free financial wellness resources, such as free credit monitoring and financial literacy tools.

"Our goal is to put customers on a path to a brighter financial future," said Tony Leopold, General Manager of RISE. "By reporting to credit bureaus and rewarding customers in good standing with better rates, we aim to demonstrate for RISE customers the direct benefits that come with paying off their loans. While we obviously can't take full credit for improved credit scores, we are excited to celebrate our customers' successes."

RISE is a state-licensed online, unsecured loan product designed with the needs of non-prime customers – those with credit scores below 700 – in mind. More than 160 million Americans are either non-prime or "credit invisibles," without any credit score. These customers account for almost two-thirds of the U.S. population, yet are significantly underserved by the traditional financial industry.

RISE loans are originally priced to risk. Customers are eligible to receive 50 percent off of their rate on subsequent loans after 24 months of payments, eventually achieving a further reduction to 36 percent. Today, more than 35,000 customers have received or are eligible to receive a 50 percent rate reduction and more than 13,000 customers are eligible for an APR of 36 percent.

"Non-prime customers often need relief today, but they also want to make long-term financial progress," said Ken Rees, CEO of Elevate. "We will continue to look for innovative solutions that solve customers' immediate needs, but also help them build good credit and a better financial future. We call this philosophy, 'Good today. Better tomorrow.'"

About the Data

Elevate worked with a major credit bureau to which it reports, gathering anonymized data on RISE customers. Elevate reviewed credit scores of customers from the customer acquisition point up to two quarters after loan completion.

The number of customers who have reached the necessary number of payments to receive a rate reduction was calculated by tabulating the number of accounts at the number of payments necessary.

- 24 months of payments are required to receive 50 percent off of the customer's original APR
- 36 months of payments are required to reach 36 percent

https://www.businesswire.com/news/home/20180104005293/en/Elevate-Announces-Boost-Customer-Financial-Health-Wellness

Crypto P2P lender Celsius readies for launch

Specialty Finance / Alternate Lending

1/3/18

CELSIUS, an Ethereum-based peer-to-peer lending platform, is set to launch during this quarter. Lenders will receive up to seven per cent year by depositing coins into the Celsius Wallet that are lent out to the platform's network of members, according to LeapRate.com.

"Today's lending market is built for big banks and futures exchanges to rake in profits while providing no benefit for coin lenders and borrowers," said Celsius founder Alex Mashinsky, quoted on the company's website.

"Through blockchain, we're building Celsius to shift the power and earnings back to the coin holders and provide more favourable borrow rates to both sides of the marketplace."

Furthermore, Celsius borrowers can raise their limits and lower interest payments if they have guarantors who are willing to vouch for them.

New York-headquartered Celsius is not the only cryptocurrency firm tapping into the world of P2P lending.

As Peer2Peer Finance News previously reported, Sikoba, founded by Luxembourg-based financial consultant and researcher Aleksander Kampa, is offering ERC-20 tokens in return for backing a platform that provides a P2P IOU system, extending lines of credit to users who know each other around the world.

And ETHLend, founded by Finland-based Stani Kulechov, is offering LEND tokens to fund a P2P lending platform that issues loans in Ethereum.

Conversely, P2P lenders are tapping into the cryptocurrency space. Crowd for Angels launched a cryptocurrency token for bond investors last November.

http://www.p2pfinancenews.co.uk/2018/01/03/crypto-p2p-lender-celsius/

Meet GN Compass: The ICO attempting to disrupt liquidity in the lending market

Specialty Finance / Alternate Lending

1/2/18

Last week, I interviewed the CEO of GN Compass. I thought his Crypto was interesting and thought it would be neat to interview his company as we haven't seen anything similar yet.

Mucklai: Can you briefly share your background with us please?

Collins: I worked for 2 of the top 5 banks in Canada. CIBC and BMO (Bank of Montreal). During my time at the Bank of Montreal I gained valuable knowledge of the financial system especially in the lending market. I was awarded a “Best of the Best award” for lending product sales; mainly our credit card division. I left banking and pursued a brief stint in the trades where I ended up at Canadian National Railway (CN Rail).

Mucklai: How did you get started?

Collins: I left the railway, cashed out my pension and started my own lending company; Great North Capital Inc. We have successfully funded approximately 100 loans; primarily focusing on high risk clients. Based on my accumulative knowledge and experience in both banking and running Great North Capital, I started to develop the idea for a peer-to-peer lending solution where there is very limited risk to the investors (lenders) while making loans liquid. Also by having our own credit system for borrowers, they have the opportunity to improve their credit rating on the platform by making timely payments and having no delinquencies. At the same time, I was learning more about cryptocurrencies and blockchain technology. I quickly realized the huge potential of the blockchain and how it can solve the liquidity problem as well as securing an investor’s principal capital; which are the main issues of current peer-to-peer lending platforms. I got in touch with Jean Pierre Rukebesha who immediately liked the idea and decided to come on board as co-founder and CFO. Hence GN Compass (Great North Compass) was born.

Muckai: What is your firm focused on these days?

Collins: Our firm is currently focused on multiple accomplishments. We have recently launched our marketing campaign for our upcoming token sale on the 29th of January 2018, we are creating our crowd funding system, working on platform architecture, design and development, completing any and all necessary tests; all while meeting and discussing with investors as we have drawn a lot of interest from both private and institutional investors.

Mucklai: Please describe GN Compass' business model?

Collins: GN Compass provides Cryptocurrency-Backed loans ™ to create constant liquidity in the lending market. This is accomplished by allowing investors to sell portions of loans in their portfolio. Investors are not locked in to the term of a loan. So, if an Investor wants to opt out of a loan agreement before the loan term for any reason (financial emergency, increased price of the GNCT in the exchange market, etc.), they can! All they would be required to do is sell their loan or loan portfolio to other investors, thereby allowing the new investors to reap the benefits of the loan repayments made by the borrowers while the selling investor makes a profit.

Borrowers can access funds at a fraction of the time compared to banks and pay lower interest rates. For example, a standard Credit Card typically charges a 19.99% interest rate; our highest risk rating is "D", which falls under our microloans division and has an APR of 16.99%.

Also, we have our own credit system that doesn't just use consumer aggregation (credit scores) to make loan decisions but also considers mobile, social media and other analytics to create a full picture of our borrowers. We feel that borrowers should not be classified solely by their credit scores or required to put up their assets as collateral just to get good quality loans.

https://www.equities.com/news/meet-gn-compass-the-ico-attempting-to-disrupt-liquidity-in-the-lending-market

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."

Future of lending?

"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.

To encourage use of the app (and gather more data about customers), MyBucks offers better loan terms to those who download it.

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.

Could this happen here?

Many of the markets MyBucks operates in would look foreign to U.S. bankers: developing countries where screen-scrapable 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 off 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.
"
At some point, the benefit becomes too obvious even for a major bank," he said.

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

DATA & ANALYTICS / IoT

OTHERS

To scale AI, rethink business processes: MIT's Brynjolfsson

Others
1/3/18

Chief information officers said 2018 could be the year they deploy machine learning across their companies to automate repetitive tasks and augment human workers. But getting there won't be easy. Many firms are still figuring out what tasks to automate, and are exploring ways to organize their teams to support more machine learning.

"It's not because the technology is lagging. It really has to do with the organizational side, the culture, and the co-invention of business processes that takes a lot longer," said Erik Brynjolfsson, MIT professor and director of the MIT Initiative on the Digital Economy.

Mr. Brynjolfsson, author and co-author of several books on the economic implications of AI, spoke recently with CIO Journal about machine learning's role in the enterprise. The conversation touched upon a December article in the journal Science, by Mr. Brynjolfsson and co-author Tom Mitchell, which outlines how companies can determine which tasks should take advantage of machine learning.

Edited excerpts follow:

What's the current state of machine learning in the enterprise?
We're very far from artificial general intelligence. Even though AI is amazing, it can only do certain narrow tasks well, and many tasks it doesn't do well at all. If I were a CIO, I would … go through all the tasks we're working on in our company, and see which ones are suitable for machine learning. Or maybe look at the ones that people have asked us to do, see which ones are suitable and use (the rubric) to prioritize where we do our work.

What's keeping AI from ramping up more quickly?
It's not because the technology is lagging. It really has to do with the organizational side, the culture, and the co-invention of business processes that takes a lot longer. CIOs know this. Say you're trying to implement an ERP system. You don't just flip the switch a couple of weeks after you buy the software. It takes years. It's the same thing with a lot of AI applications. You have to reinvent your business processes, and that process redesign is really where the time-consuming work happens.

It's not just buying some AI and popping it in. It's rethinking your processes and reorganizing your business so that you decide who has responsibilities.

Does expectations for human workers change expectations for how productive a human should be at work?

If you go through different jobs or occupations, it's very rare that the whole job could be done by machine learning or artificial intelligence. It's also rare that none of it could be done. By far the most common outcome is that if a job has 20 to 25 tasks … and you look at each of those tasks separately, some set of them can be done by machine learning. That means that what you need to do is have both humans and machines working together. Often you need to do some reengineering to reorganize things so you carve out the parts the machine can do and send them over to the machine. Maybe you send them to the cloud, or they're done by another company or another part of the same company. The other parts that only humans can do the humans focus on. But it's a sort of reassignment of who does what.

What might that look like in practice?
Suppose you are in a health-care company and you have radiologists looking at medical images. Machines are now able to do that extremely well to detect cancer. At the same time, the humans do a lot of other tasks. They talk to the other doctors, they look at other lab reports, they interface and communicate with patients, and recommend treatments. So all those other parts of the job still need to be done and they aren't done by the machine learning, so you need to have a way that the machine learning part can communicate its recommendation to the human doctor, and the human doctor pulls in all the other information and communicates with the patient. It's a re-engineering of that role.

https://blogs.wsj.com/cio/2018/01/03/to-scale-ai-rethink-business-processes-mits-brynjolfsson/

Meed leverages ID verification tech from Jumio to serve the underbanked

Others

1/2/18

Identity verification tech provider Jumio has teamed up with California-based fintech Meed, writes David Penn at Finovate (Banking Technology's sister publication).

Jumio will provide Meed with ID and document verification services to accompany Meed's suite of financial services.

"Our innovative business model puts a premium on global coverage, KYC/AML compliance and a seamless customer experience," says Meed's COO and CTO, Stephen Landry. "We looked at many providers, but found the Jumio solution to be superior based on the quality of its global footprint and the sophistication and accuracy of its biometric-based identity verification."

Jumio leverages biometric facial recognition, machine learning, and human review to provide ID verification, KYC and AML services to companies in the financial services, higher education, retail, and sharing economy industries. To date, the company has verified almost 100 million identities issued by more than 200 countries from real-time online and mobile transactions.

A wholly-owned subsidiary of GlobeOne, Meed is a socially responsible financial health firm that partners with banks and financial institutions deliver financial services to the underbanked. The company will deploy Jumio's Netverify solutions to verify the authenticity of government issued ID, as well as the digital identities of new users. Successfully authenticated users are then routed directly to regional member banks. The company is active in Vietnam and plans to expand to the US and Latin America in 2018. Les Riedl is CEO.

Jumio was founded in 2010 and is headquartered in Palo Alto, California. Jumio's technology enables users to scan a wide variety of documents even when those documents are folded, crumbled or wrinkled. Jumio teamed up with Plynk in August, providing identity verification for the European money messaging app and partnered with Branddocs TrustCloud, bringing its technology to Spain and Latin America.

In 2017, Jumio unveiled eyeball tracking as a new aspect of Netverify's "liveness" check and announced a collaboration with a UK-based challenger bank, Monzo.

http://www.bankingtech.com/2018/01/meed-leverages-id-verification-tech-from-jumio-to-serve-the-underbanked/

Ripple, the inadvertent cryptocurrency, approaching the point of flippening

Others

1/1/18

Developments in South Korea this weekend caused the price of all major cryptocurrencies to drop this weekend – except one. Ripple has (as of writing) overtaken Ethereum, and now has the second largest market cap of all cryptocurrencies. Coinmarketcap.com shows its market capitalisation at almost $90 billion, as compared with $75 billion for Ethereum and $234 billion for Bitcoin.

However, on the Ripple website, the number displayed for 'total' market capitalisation is just over $184 billion.

In this article I will explain why there are two different market capitalisation figures, and why Ripple has responded so differently to the same market stimulus than the other cryptocurrencies.

The basics

California-based, New York-regulated Ripple consists of the parent company Ripple Labs, which has raised nearly $100 million in funding, RippleNet, the company's payment network, and XRP, the settlement token of the network.

The hawala system

The Ripple network has been likened to hawala, a system of money transfer which developed among Arabic traders in the Middle Ages to protect against theft as they travelled along the Silk Road.

It allows money to be transferred without it actually moving anywhere, through a network of brokers who pay out to customers on request according to a pre-agreed password and promise of recompense by other brokers. It is a system based on trust, enforced by threat of excommunication from the network. It is still used in those out of the way areas where banks just don't reach.

In the same way, Ripple transactions take place between users who specify who they trust, and to what amount they trust them. In other words, transactions are verified purely by consensus among members of the network.

To translate that into jargon, the issuing gateway can only transfer to gateways that have extended trust. As the Bank of England concluded in a recent successful test of the system: "We also demonstrated that an attempted cross-border payment that failed validation on the receiving side would not be honoured."

People can send IOUs on the network too – user-created currencies. What worth do these have? The same as any other form of money: if the recipient accepts it as a promise of payment, then it works.

Not really a currency

One reason for the popularity of Ripple is its utility. Cryptocurrency consultant Koji Higashi said of Ripple: "It's just a bridge currency for international payment. But it's not really a currency." One writer described it as "Western Union using blockchain technology" (Forbes).

Ripple, being a blockchain, does by definition have a token – the XRP. The system contains 100 billion pre-mined XRP tokens which are used to pay transaction fees (if transactions were fee-less, the system could be easily overloaded by hackers). The tokens used as a transaction fee are destroyed. Because the network doesn't rely on the mining process used by Bitcoin, it eliminates the issues of mining monopolies and slow transactions.

Of these, 45 billion are in circulation, and 55 billion are held in escrow. The system has been programmed to release a maximum of one billion XRP every month to ensure a steady supply, without flooding the market.

This is why there are two market capitalisation figures to be found. The XRP in active circulation, 45% of the whole, is already of considerable value, as mentioned before. The value of all 100 billion taken together is really nipping at the heels of Bitcoin.

Institutions take interest

Because of its utility as an instant payment processor, Ripple has been of interest to institutions since its beginnings. OpenCoin, as it was originally called, counted amongst its early investors Google Ventures, and by 2013 it had laid down the 'Bitcoin Bridge', allowing users to send payments in any currency to any Bitcoin address. By 2014 Ripple had been installed at its first bank (Fidor Bank in Munich).

The Financial Times reported in July that the Bank of England, which handles around £500 billion daily, successfully tested a proof of concept using a programme designed by Ripple. The bank has used its existing system for 21 years, and while the bank concluded that blockchain technology is "not sufficiently mature" to support this system, the test was a positive one.

Ripple CEO Brad Garlinghouse, speaking to Bloomberg at a recent fintech event in Singapore, said that it is "only a matter of time" before the system is taken on by central banks, according to Finextra.

Ripple has partnered with Santander and American Express, which aim to use it for payments between the US and UK, and with banks in India, Singapore and the UAE, which transact tens of billions of dollars annually between themselves. It was added to the Bloomberg Terminal recently, and though it is not intended to be a currency per se, it is rumoured to be making its way onto Coinbase, the largest cryptocurrency exchange in the US.

Ripple in Asia

The reason I am writing this is because this weekend, developments in Asia, specifically South Korea, have given the major cryptocurrencies a bit of a shakeup.

The Seoul government, which has been extremely dubious about cryptocurrency, finally announced that it considers anonymity in cryptocurrency use unacceptable, and unequivocally banned it this weekend. “The government can’t leave the abnormal situation of speculation any longer,” it said in a statement, a week after a major exchange went bankrupt after suffering its second major hack.

And yet, as I said earlier, Ripple seems to be immune, taking this development as its cue to surpass Ethereum.

This may be because Ripple is already fairly well entrenched in Asian financial institutions.

In August of last year, it created SBI Ripple Asia, a consortium of Japanese banks that use Ripple for inter-bank transactions. Beginning with 15 member banks, it now boasts 61. Ripple was adopted for transfers between Japanese and Thai banks back in June, and the consortium is now trialling a Japan-South Korea link.

In perhaps the most significant move to date, it last week created the Credit Card Industry Consortium, signing with major Japanese credit card companies JCB, Sumitomo Mitsui Card and Credit Saison. This news in particular caused the price of XRP to surge.

How is Ripple different?

Asian consumers are the main driving force of cryptocurrency market movements, and cryptocurrency prices consistently drop when Asian governments put up roadblocks. However, Ripple aims to be adopted by the system itself, and so it doesn’t stand at odds with the establishment as some other blockchains do. This could be one reason that XRP is becoming a powerful digital coin in and of itself. But as it becomes more valuable, it has inevitably acquired mo problems (as it were).

The 100 billion XRP tokens, when calculated together, come closer to usurping Bitcoin than any other cryptocurrency has so far. And so the fact that 55% of the supply is controlled by Ripple itself has led to uncertainty, and more so when we consider that remaining XRPs gain in value when some are ‘burned’.

Garlinghouse addressed that elephant in a blog post earlier this year, by assuring investors that they can mathematically verify the maximum supply of the token entering the market through the escrow system. As he wrote, selling off all the remaining tokens is “…a scenario that would be bad for Ripple! Our self-interest is aligned with building and maintaining a healthy XRP market.”

Another thing that led to (more) criticism is the fact that the founders of Ripple reserved 20 billion XRPs for themselves. When co-founder Jed McCaleb left in 2014, legal complications regarding ownership and release of his tokens into the system took over a year to resolve.
Some have argued that cryptocurrencies like Bitcoin have no intrinsic value, that demand is nothing more than hype, a bubble overdue to pop. It can be argued that, in contrast, Ripple has utility value as a system which uses technology to enhance something which is in itself tried and tested.

So while the charts of Bitcoin/Ethereum/Litecoin et al jump up and down, hypersensitive to a word from a bank or government and even a Twitter message from a celebrity, maybe we have been looking for the flippening in the wrong place.

https://www.financemagnates.com/cryptocurrency/news/ripple-inadvertent-cryptocurrency-approaching-point-flippening/?utm_source=daily_newsletter&utm_medium=email&utm_campaign=01.01.18