



**Evolve**  
Capital Partners

## **Weekly News Update**

Week Ending 02/02/18

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**SPECIALIZED INVESTMENT BANKERS AT THE INTERSECTION OF FINANCE AND TECHNOLOGY**

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## Preface

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

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

You can learn more about us at [www.evolve-capital.com](http://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](mailto: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	4	11%
BPO	1	3%
Financial Management Solutions	4	11%
Healthcare Tech	1	3%
Insurance	1	3%
Payments	12	33%
Securities	3	8%
Specialty Finance / Alternative Lending	7	19%
Data & Analytics / IoT	2	6%
Others	1	3%
<b>Total</b>	<b>36</b>	<b>100%</b>



# **BANK TECHNOLOGY SOLUTIONS**

## Unicredit launches iPhone-only buddybank

### Bank Technology Solutions

2/1/18

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Italy's Unicredit is trying to give banking's staid image a makeover and make it "cool" through the launch of a mobile-only subsidiary called buddybank.

A year after it was first slated to launch, buddybank has finally gone live in Italy through the arrival of an iOS app. The current account app offers the usual features, while customers link Mastercard debit and credit cards with Apple Pay integration.

The "buddy" aspect of the service, however, is a 24/7 concierge service. For EUR9.90 a month, the service will use AI and real people to help, over chat, with everyday tasks such as planning trips.

Customers answer a series of questions - such as "What do you like to do in your free time" - to provide buddybank with their "love data" and this is then used to help with planning.

First announcing the subsidiary two years ago, Unicredit said that it was committing at least EUR50 million to the project with the aim of winning a million Italian customers within five years.

Signups will be restrained by the bank's decision to ignore Android but, in the longer term, buddybank says it plans to grow by moving outside of Italy to other markets.

The move to build digital-only units with distinct brands has become a trend among established banks. JPMorgan Chase recently unveiled its effort, Finn, joining the likes of Santander's Openbank and Bank Leumi's Pepper.

[https://www.finextra.com/newsarticle/31616/unicredit-launches-iphone-only-buddybank?utm\\_medium=dailynewsletter&utm\\_source=2018-2-2&member=93489](https://www.finextra.com/newsarticle/31616/unicredit-launches-iphone-only-buddybank?utm_medium=dailynewsletter&utm_source=2018-2-2&member=93489)

## SmartBiz Loans launches AI-powered digital advisor tool for small business owners

### Bank Technology Solutions

1/31/18

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SmartBiz Loans, the #1 SBA loan marketplace and bank-enabling technology platform, today announced the launch of SmartBiz Advisor1, the first, AI-driven, online education tool that makes the financial insights and analysis provided by a typical CFO available to small businesses at no cost.

“The power of AI and machine learning is transformative in every industry and this is the first online tool that brings that power to small business owners,” said Evan Singer, CEO of SmartBiz Loans. “For the first time ever, small business owners have easy access to the type of financial advice that CFO’s regularly provide large companies, enabling them to make better business decisions and get access to the low- cost funds they deserve.”

SmartBiz Advisor is an intelligent online platform that allows small business owners to easily and quickly learn how banks typically evaluate their business on key criteria before applying for a loan. Business owners simply sign up for Advisor at no cost and upload their most recent tax returns. The platform then generates their Loan Ready Score™ in only a few seconds. The Loan Ready Score is used to help assess the probability of approval for a low-cost SBA or bank loan. The platform also generates a series of customized insights about what business owners can do to improve their standing on key financial criteria and calculations used by banks. Small business owners can return to their SmartBiz Advisor dashboard again and again to benchmark progress against their financial goals over time.

#### Features of SmartBiz Advisor include:

- **Loan Ready Score:** This proprietary score draws upon comparative data sets to show a business owner where they stand financially in relation to their peer group of businesses. This helps small business owners understand how a bank views them in comparison to similar businesses when applying for financial products like term loans or business lines of credit.
- **Key Evaluation Criteria:** By revealing key factors banks use to evaluate small businesses’ creditworthiness and loan readiness, SmartBiz Advisor helps small businesses make specific choices that can make them more likely to get approved for loans. This is the first time these key criteria are actually revealed to small businesses, making the “black box” of the lending process significantly more transparent.
- **Actionable Insights:** Small business owners also receive personalized recommendations so they can improve their standing on key criteria as appropriate, and present their business in the best light when applying for low-cost funding like an SBA loan. SmartBiz also has an experienced team of Advisor Consultants to help small business owners understand their recommendations if needed.

These powerful, AI tools empower small business owners with data, enabling them to make more intelligent and well-informed financial decisions for their businesses.

SmartBiz Advisor is the first of its kind in a category of tools that SmartBiz Loans calls the “Intelligent CFO™.” By combining proprietary machine learning and AI tactics with the white-glove concierge service provided by SmartBiz’s team of Advisor Consultants, SmartBiz Loans is enabling small business owners across the U.S. to take advantage of the power of AI and high-level financial analysis at no cost.

“Just as financially savvy consumers regularly check their personal credit scores, savvy small business owners should regularly check their SmartBiz Advisor dashboard to mark their progress against financial goals and use those insights to make better business decisions,” continued Singer.

<http://www.digitaljournal.com/pr/3641757>

## Tenant credit rating platform CreditLadder joins Open Banking movement

### Bank Technology Solutions

1/29/18

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CreditLadder.co.uk is the first tenant credit rating improvement platform in the UK to integrate the new Open Banking rules into both its business model and tech.

For the first time in the UK, tenants can sign up and #makerentcount by authorising CreditLadder to read their bank account transactions via Open Banking compliant APIs.

By using a simple three-step sign-up process to authorise payment tracking, tenants can help improve their credit scores. CreditLadder, which is a partner of credit reference agency Experian, therefore enables tenants to seamlessly report rental payments.

The benefit for tenants is that by paying their rent on time, it helps to strengthen their credit history. This, in turn, can help them to access more affordable mortgages and other types of credit including cards, loans and mobile phone contracts at more attractive interest rates.

The CreditLadder rent reporting service is free. But it also offers discounts on high street shopping, cinema and restaurants, mobile phone insurance plus a free monthly movie and coffee every month to those who sign up to one of their two paid plans.

Open Banking launched in the UK on the 13th of January 2018 and the first nine banks are busy integrating the new rules into their platforms. These enable account holders to authorise third parties to 'read' the date and amount of any payment leaving their account.

"In the past it has been necessary for both tenants and landlords to complete permission forms to enable tenants to register their rental payments with a credit reference agency," says Sheraz Dar, CEO of CreditLadder.co.uk.

"But now a tenant can instead log onto CreditLadder, connect with their bank and permit us to read their statement. This then allows rent reporting to the Credit Agencies without CreditLadder handling the rent payments."

<https://www.finextra.com/pressarticle/72360/tenant-credit-rating-platform-creditladder-joins-open-banking-movement>

## Challenger business bank Countingup goes live

### Bank Technology Solutions

1/24/18

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The digital bank for sole traders has launched its current account today.

Countingup, the first challenger bank specifically for sole traders in the UK, has launched its business current account today, with built-in accounting software to follow later this year.

Those at the top of its wait list can expect to receive accounts and Mastercards in the coming weeks, while the list remains open to the rest of the UK's 4.5m sole traders, freelancers and contractors looking to simplify their tax self-assessment.

The Countingup app allows a sole trader to open a current account on their phone in under 5 minutes, complete with a UK sort code, account number and contactless Mastercard. In addition, the platform provides a profit and loss report, and automatically categorises transactions to help small businesses in filing their taxes at the end of the year.

“Sole traders have been neglected by the mainstream banks who focus on larger businesses,” said Countingup founder Tim Fouracre.

“Often sole traders are forced to use personal accounts because the process of setting up a business account is arduous, slow and expensive. This creates a huge headache when trying to make sense of your business finances.”

According to the platform, in 2017 some 5m tax returns were filed at the last minute. By April 2020, the government's Making Tax Digital scheme will increase the number of tax filings to 5 per year.

Fouracre added: “Countingup is the fastest Challenger bank to launch in the UK. Inception to launch of our business current account has taken just over four months and that's down to a fantastic team who are determined to make running your business as simple and as automated as possible.”

The business bank raised €750,000 in a seed round in October last year, lead by Frontline Ventures.

[http://www.altfi.com/article/3984\\_challenger\\_business\\_bank\\_countingup\\_goes\\_live](http://www.altfi.com/article/3984_challenger_business_bank_countingup_goes_live)



**BPO**

## DXC Technology set to transform business processes with data discovery robotics

BPO

1/31/18

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DXC Technology (NYSE: DXC), the world's leading independent, end-to-end IT services company, today announced the launch of DXC Agile Process Automation (APA), a new digital platform that combines cloud and robotic process automation (RPA) with embedded artificial intelligence (AI) to enhance a company's business processes.

Whether transforming existing processes to take full advantage of automation or creating new operating models to deliver business innovation, DXC APA provides companies with a complete agile solution.

In addition, through the world-class DXC Partner Network, DXC is teaming with PwC, Blue Prism and UiPath to bring this offering to enterprises.

"We've entered a new innovation cycle, specifically in business processes, that is driven by the cloud, robotic process automation and artificial intelligence-based technologies," said Mahesh Shah, vice president and general manager, Business Process Services (BPS), DXC Technology. "We are now able to go beyond traditional limitations, helping our clients leap into a new era of speed, productivity and efficiency."

The DXC APA platform enables business processes to become more digital through cloud-based, robotic process automation as a service. Leveraging artificial intelligence technologies, the robots are self-learning and can be scaled to meet the demands of the business through a consumption-based model.

"The use of robotic process automation is inevitable for any large organization, and the questions today are where to apply it and how to capture its benefits," said Dr. Ron Babin, adjunct research advisor, International Data Corporation (IDC). "Organizations must identify opportunities and begin process automation trials to understand how it can reduce costs, allowing the organization to remain competitive with market challengers."

Benefits of DXC Agile Process Automation include:

- **Diagnostic and assessment:** Through an AI-assisted discovery process, DXC APA analyzes structured and unstructured, or "dark data," to give clients a real-time, fully transparent, high-definition view of their business process inefficiencies.
- **Advisory:** DXC and its partners use this data-driven business process analysis to build a robotic process automation roadmap that leverages industry standards and business process best practices.

- Modular automation: DXC and its partners quickly deploy modules from the BPS Automation Factory to give clients the agility to deliver fast results.
- Hybrid digital workforce: With DXC APA, people, AI and robots work together as a flexible, hybrid digital workforce. A cloud-based automation orchestrator intelligently assigns and optimizes work across the digital workforce.

<https://www.businesswire.com/news/home/20180131005442/en/DXC-Technology-Launches-Agile-Process-Automation-Transform>



# FINANCIAL MANAGEMENT SOLUTIONS

## CollectAI partners with Pay360 for UK launch

### Financial Management Solutions

2/2/18

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Accounts receivable and debt collection management company collectAI has made inroads into the UK, reports Julie Muhn at Finovate (FinTech Futures' sister company).

The expansion is made possible via a partnership with Pay360 by Capita, which will build a branded receivables management solution for its business and government clients around collectAI's technology.

Stephen Ferry, managing director at Pay360, says the industry is "edging towards an era of smart payments based on the needs and behaviour of the end consumer".

Operating as a subsidiary of Germany's largest e-commerce retailer, Otto Group, collectAI launched in 2016 and now has \$50 million (€40 million) in receivables under management. This is \$6 million higher than the company's October 2017 milestone of \$31 million (€25 million).

Pay360 is the third company collectAI has partnered with to offer its white-label debt collection technology. CollectAI has also partnered with 20 medium and large businesses to pursue the collection of debt on their behalf.

The company leverages artificial intelligence (AI) and machine learning (ML) to improve the debt collection process.

Describing the technology, Steve Emecz, CCO of collectAI, says the company brings receivables into the digital age. "Our technology provides access to all digital communication channels and ensures frictionless payments. As a result, faster execution and higher repayment rates improve the consumer experience and boost customer retention. AI isn't the future, it's the now."

To date, the company says it has improved the collection rate to 33% on average with a 41% reduction of processing costs.

<http://www.bankingtech.com/2018/02/collectai-partners-with-pay360-for-uk-launch/>

## Blockchain tech firm Stratumn opens public beta for IndigoTrace

### Financial Management Solutions

2/2/18

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Stratumn, a start-up that leverages the blockchain to reinvent how businesses create trust online, has launched the beta of its new plug-and-play software product, writes Julie Muhn at Finovate (FinTech Futures' sister company).

Dubbed IndigoTrace, the company says it's a "user-friendly API" that allows business administrators to create a workflow and invite participants, giving them each a role designated by a public/private key. Users can add inputs to the workflow and all changes can be monitored and traced in real time. This traceability offers visibility into who did what, when, where, and why, allowing for easy audits throughout the process. All information is secured by Stratumn's proof-of-process (PoP) technology and public blockchains.

The API plugs directly into a business' existing system and can be accessed via web, mobile or internet of things (IoT). IndigoTrace offers an intuitive user interface to empower even non-technical employees to offer input.

"At Stratumn, we see an increasing need for consumers, companies and regulators to be able to trace the movement of any good or asset and audit the status of a process at any given time and place. In a fast paced hyper-connected world, the ability to make, automate and prove strong business decisions is critical," observes Stratumn's cofounder and CEO, Richard Caetano.

"We believe that the blockchain technology has the answer to this need by providing a single and immutable source of truth, auditable by all parties involved in a finance or supply chain process." Founded in 2015, Paris-based Stratumn's PoP technology helps streamline and secure the exchange of data among partners, customers, and regulators by leveraging the blockchain.

Last June, Stratumn partnered with Nasdaq and received \$7.8 million in Series A financing, bringing its total funding to \$8 million. In November, the company completed a blockchain experiment that connected 14 insurance companies in France.

<http://www.bankingtech.com/2018/02/blockchain-tech-firm-stratumn-opens-public-beta-for-indigoTRACE/>

## Cambridge Blockchain and IHS Markit join forces to bring DLT to KYC data collection

Financial Management Solutions

1/31/18

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Cambridge Blockchain and IHS Markit have teamed up to bring distributed digital identity technology to the collection and management of know-your-customer information.

KYC costs now exceed \$500 million a year for big banks, while strict data privacy rules such as the European GDPR limit the ability to access validated customer identity attributes and come with big potential fines.

The partners claim that, by combining IHS Markit's kyc.com services with Cambridge Blockchain's distributed digital identity system, they can help firms resolve the competing challenges of transparency and privacy, resulting in faster customer onboarding, lower costs, and enhanced compliance through a single, trusted and consistent view of customer reference data.

IHS Markit's kyc.com already services 17 global banks and more than 140,000 registered legal entities. This, say the firms, will be complimented by Cambridge Blockchain's software, which offers a secure, client-controlled peer-to-peer data sharing and a platform to connect multiple identity validators.

Guy Harrison, head, KYC Services, IHS Markit, says: "The creation of utilities and other consortia to help financial institutions address the challenges of KYC has great potential improve standards and practices.

"However, for firms to operate efficiently on a global scale, identity data need to be highly portable. With this in mind, we are pleased to work with Cambridge Blockchain to apply the benefits of distributed ledger technology to a robust KYC data collection, validation and management process."

[https://www.finextra.com/newsarticle/31606/cambridge-blockchain-and-ihs-markit-join-forces-to-bring-dlt-to-kyc-data-collection?utm\\_medium=newsflash&utm\\_source=2018-1-31&member=93489](https://www.finextra.com/newsarticle/31606/cambridge-blockchain-and-ihs-markit-join-forces-to-bring-dlt-to-kyc-data-collection?utm_medium=newsflash&utm_source=2018-1-31&member=93489)

## Coconut launches app-based account combining accounting and banking services

### Financial Management Solutions

1/31/18

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Coconut has today launched a new smart current account combining banking and accounting services, designed specifically for the UK's ever-growing freelance and self-employed workforce. The app-based business current account will prepare customers for HMRC's 'Making Tax Digital' which starts rolling out from April 2019. Coconut features automated tax management and expense tools, giving customers visibility into how much tax they owe with a real-time estimate, while also categorising their expenses for tax and allowing them to stay on top of client payments with instant notifications.

The Coconut Start account which ultimately aims to eliminate tax returns, is free and can be opened in minutes on a mobile - instead of waiting for weeks which is the current norm. The app will offer optional extra services, such as VAT management.

Recent data from Coconut's Self-Employment Survey highlights how money becomes complicated business when you work for yourself. Unexpected tax bills, unpaid invoices and financial admin are holding people back from finding financial security, with a quarter of respondents admitting that budgeting for taxes is one of the top five headaches when working for yourself. Keeping track of expenses (24%) and completing tax returns (22%) were also high on the list of challenges that self-employed people face, with almost a quarter storing their receipts in a box waiting to be sorted at the end of the year.

Sam O'Connor, Co-Founder and CEO of Coconut said: "The growth of self-employment in the UK is one of the biggest structural changes in our workforce of our time, but self-employed people are still one of the most underserved groups of businesses when it comes to banking products and services that meet their specific needs.

"Staying on top of tax and expenses, getting paid on-time or managing an unpredictable flow of income is a big worry and time-suck for customers. And this is only going to become a bigger burden with Making Tax Digital requiring digital tax submissions quarterly instead of annually. We created Coconut to sort out these challenges for freelancers and we ultimately aim to eliminate the need for tax returns, removing a huge amount of stress for business owners."

The nature of the UK's workforce is changing. The growth in the numbers of self-employed workers has massively outstripped growth in standard employment over recent years with a record 4.6 million choosing to work for themselves.[1]

Despite making up such a large proportion of the workforce, self-employed people lack digital solutions specifically tailored to their needs and are often time-poor, which means completing tax returns is a major source of frustration. This is supported by HM Revenue & Customs' (HMRC)

announcement last week that more than three million UK taxpayers are yet to file their online self-assessment tax returns for the 2016-17 financial year, putting millions of self-employed professionals at risk of an immediate £100 late filing penalty - even if they don't owe any tax. Last year, 840,000 people filed their tax return late suggesting a windfall for HMRC of £84m in late fees, and with Coconut that will be a thing of the past.[2]

HMRC's new requirement for businesses and self-employed people to keep digital records and send quarterly tax submissions through its Making Tax Digital initiative will only compound this problem further for unprepared sole traders. Coconut aims to solve this through its innovative offering which will make the pain around self-assessment deadline day a thing of the past for the self-employed.

[https://www.finextra.com/pressarticle/72407/coconut-launches-app-based-account-combining-accounting-and-banking-services?utm\\_medium=dailynewsletter&utm\\_source=2018-2-1&member=93489](https://www.finextra.com/pressarticle/72407/coconut-launches-app-based-account-combining-accounting-and-banking-services?utm_medium=dailynewsletter&utm_source=2018-2-1&member=93489)



# HEALTHCARE TECH

## Amazon, Berkshire and JPMorgan healthcare effort may be more about small fixes than sweeping change

### Healthcare Tech

1/30/18

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Amazon.com Inc., Berkshire Hathaway and JPMorgan Chase & Co. said Tuesday that they plan to create an independent healthcare company that would reduce the costs and inefficiencies in the industry. The three companies gave little additional information on the venture but said they will focus on technology solutions "that will provide U.S. employees and their families with simplified, high-quality and transparent healthcare at a reasonable cost."

The Los Angeles Times spoke with Gerald Kominski, director of the UCLA Center for Health Policy Research, about what the three companies might have in mind for their employees and what that could mean for all consumers. Here is an edited version of that interview.

What are some possibilities for what Amazon, Berkshire Hathaway and JPMorgan are looking to do with this healthcare organization?

Let's say, for sake of discussion, that this is going to be how they offer comprehensive health benefits to their employees. My guess is what they're looking for is innovating in terms of perhaps pharmaceuticals, perhaps wellness programs. There's been speculation that Amazon is interested in getting into the pharmaceutical business and this might be a way to open that door.

A lot of large companies already, instead of buying insurance, they self-insure. They contract with an insurance company to pay their bills for them and provide a network of doctors and hospitals, but they pay the bills of their employees in a pay-as-you-go approach. That looks like that's what this is.

### **But if other companies are already doing this, what can Amazon, JPMorgan Chase and Berkshire do differently?**

If there were a magic solution, someone would have discovered it by now. Having said that, there may be efficiencies they can achieve because the three companies together are large employers. It's economies of scale — the bigger you get in a sense the lower the cost of providing or buying a service. They may be able to get bigger discounts.

The innovations are going to have to come from something like Amazon getting involved in the pharmacy business and finding a way to provide pharmaceutical benefits more cheaply. But there are pharmaceutical benefit companies that are already finding ways to achieve efficiencies, so I don't know what they're going to do that's better or newer.

Although Amazon is a big successful company, I'm not sure I can speculate on what they can bring to the table to lower pharmaceutical costs other than by creating more competition.

How could the benefit of this proposed healthcare organization extend beyond these companies' employees?

If they can find an innovative way to reduce employment-based health costs, other employers will benefit in the future because they will be able to export it by licensing it or expanding their own market and selling their way of doing things.

If it's something that other large employers see in the future as something they can emulate or something they can license from and find a way to buy into this, then those employees will benefit. The question of [whether] this is going to broadly change the healthcare system for everybody including Medicare, Medicaid and all those other markets remains to be seen.

**So you don't think there are potential impacts on the push for single-payer healthcare and to repeal the Affordable Care Act?**

I just think this is separate. There's no immediate impact on the Affordable Care Act or single-payer healthcare. If they can discover a way of doing something better, then its going to be adopted rapidly and widely because they'll have achieved something that no one else has been able to achieve. If they do it, then society will benefit.

But even if they fail at that lofty objective, they still may find ways of doing things better. Even if they're small successes. Small successes in a sector of the economy that's approaching \$4 trillion a year can also be important to achieve.

The three companies say they're focusing on cost-reducing technology solutions, which some have speculated include things like appointment booking services that make it easier for people to find a doctor. How could this be a cost-saving measure? We should be doing these things already and the faster we do them, the better.

The idea is that if people monitor their health and are more proactive and try to maintain their health then we save money because you either prevent illness or you catch things earlier. The worst thing you can do is just delay until you're really sick because then it's hard to treat or your options are more limited.

<http://www.latimes.com/business/la-fi-ga-gerry-kominski-20180130-story.html>



# INSURANCE

## Insurers more willing to experiment with new tech this year

### Insurance

2/2/18

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A majority of insurers plan to significantly increase spending on emerging technologies, such as artificial intelligence, and create separate business units—or innovation labs—to develop and market new products.

That's according to a new report from Celent, "Insurance Innovation Outlook 2018," which surveyed 39 insurance innovation practitioners on current tech strategies and approaches for the next calendar year. Insurance companies expect that insurtech disruption and customer expectations will continue to rise in concert this year. Carriers are responding with ramped-up investments in newer platforms to keep pace, the report found.

"This next year will see the launch of stand-alone entities offering products using a digital platform through an existing or new distribution scheme," said Mike Fitzgerald, senior analyst at Celent, and the study's author. "It is expected that such approaches will increase the number of new products and services available to insurance consumers."

Coordination of such activities requires the right skill set, which insurers regularly attest is getting harder to find. Successful innovators have expertise in project management, product design, and financial modeling, Fitzgerald says. The market for hiring experienced innovators will continue to be a challenge in 2018.

Looking back at the past 12 months, respondents noted much progress in innovation, but also called for broadened support of experimentation from their organizations. Most industry efforts today concentrate on incremental changes that offer little risk, according to Celent. More than 40% of those surveyed report their organizations spend 90% of their resources on incremental change, and only 10% on "disruptive" initiatives that can more quickly create new business models and markets for carriers.

Market analysis does show that trend is shifting, however, with 24% of insurers in 2017 allocating up to 40% of innovation budgets on more aggressive projects, up from four percent in 2015. In fact, three-quarters of insurers expect challenges related to innovation will become easier or at least stay the same in 2018. An increasing number of insurers are also looking to partner with insurtechs in order to remain in touch with newer application being introduced to financial services.

Finally, Celent finds that traditional reliance on C-suite level staff is also not essential to innovation as it has been in recent years. The hiring rate of designated chief innovation officers is at a particularly low frequency. Instead, more carriers are turning to innovation labs, insurtech partnerships and venture capital initiatives to modernize. Another common tactic used by insurers to spur innovation is participation in startup accelerators.

“It is not necessary to centralize innovation investment, but a firm with the goal of increasing [innovation] needs to know what is being spent and where,” Fitzgerald concluded. “Mature programs have devolved efforts to numerous areas of the business, but they also have effective tracking and measurement processes.”

<https://www.dig-in.com/news/insurers-more-willing-to-experiment-with-new-tech-this-year>



# PAYMENTS

## Banco Santander prepares for Q1 roll out of personal payments via Ripple

### Payments

2/2/18

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Banco Santander has set a Q1 2018 launch date for the introduction of same day mobile international payments for personal customers using Ripple's distributed ledger technology.

Santander has been piloting the technology for 18 months with bank staffers. The app has been tested with Apple Pay for payments of between £10 and £10,000 using Touch ID for secure sign-in.

Plans for the live roll out were revealed in the bank's 2017 earning presentation under a slide headed, 'Same day mobile international payments in 3 clicks and 40 seconds using distributed ledger technology'.

Santander plans to introduce the service in four countries simultaneously and promises full transparency on fees and FX upfront.

"We expect to be one of the first global banks to roll out distributed ledger technology based payments for individuals," the bank told analysts.

In November, the UK arm of the bank also announced plans to work with American Express to use Ripple's tech for blockchain-enabled cross-border business-to-business payments.

[https://www.finextra.com/newsarticle/31617/banco-santander-prepares-for-q1-roll-out-of-personal-payments-via-ripple?utm\\_medium=newsflash&utm\\_source=2018-2-2&member=93489](https://www.finextra.com/newsarticle/31617/banco-santander-prepares-for-q1-roll-out-of-personal-payments-via-ripple?utm_medium=newsflash&utm_source=2018-2-2&member=93489)

## BofA Merrill Lynch rolls out B2C e-mail payments with PayPal Payments

2/1/18

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Bank of America Merrill Lynch has partnered with PayPal to enable business clients to make cross-border payments in local currencies with just an e-mail identifier.

The payments, which are initiated through BofA Merrill's Global Digital Disbursements product, can be made from the US to PayPal account holders in Mexico, France, Germany, Italy, the UK, and the Philippines.

Hubert Jolly, global head of financing and channels for Global Transaction Services (GTS) at BofA Merrill, says: "The agreement will help our clients access the growth in the use of digital wallets, which in many parts of the world are the preferred method of payment."

An alternative to traditional wire, ACH, or cheque payments, Jolly says the service has a multitude of applications, from firms paying gig economy workers to universities that disburse stipends to students.

The new service follows on from an August 2017 collaboration which enabled Bank of America retail customers to transact with PayPal in stores and seamlessly link their credit and debit cards to their PayPal accounts.

[https://www.finextra.com/newsarticle/31615/bofa-merrill-lynch-rolls-out-b2c-e-mail-payments-with-paypal?utm\\_medium=dailynewsletter&utm\\_source=2018-2-2&member=93489](https://www.finextra.com/newsarticle/31615/bofa-merrill-lynch-rolls-out-b2c-e-mail-payments-with-paypal?utm_medium=dailynewsletter&utm_source=2018-2-2&member=93489)

## Nacha and Accenture partner to create standardized API resource for payments

### Payments

2/1/18

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Electronic Payments Association's API Standardization Industry Group (ASIG), and Accenture (NYSE: ACN) are collaborating to identify, develop and launch a community of application program interface (API) resources, including a microsite and developer portal, to support API standardization across the payments ecosystem. The resource community will provide the financial services industry with a variety of API-related resources, including developer tools, training materials, product blogs, articles and code samples. The goal is to help the financial industry and developer community learn about and develop solutions by collaborating to ask questions, get support and share ideas.

Implementing standardized APIs is increasingly important for U.S. financial services firms as they strive to provide superior digital experiences and tailored customer offerings faster and more efficiently.

Late last year, ASIG identified 16 APIs that will have an immediate impact on the payments ecosystem and financial services industry. From the 16, the Group prioritized five for initial focus, which will help reduce risk, drive efficiencies, increase access and improve security among industry participants. The resource community will be built to support the initial APIs and will grow over time as additional APIs are identified and launched.

"To foster adoption, drive innovation and simplify integration of the APIs we've identified, we felt it was critical to offer the payments ecosystem tools to educate, develop, test and provide feedback," said George Throckmorton, managing director at NACHA. "By partnering with Accenture, we're able to offer business and technical resources via a digitally enabled platform with all the tools needed for successful deployment of APIs."

Conrad Sheehan, a managing director in Accenture's Payments practice, said, "We're delighted to work with NACHA and ASIG to bring forward a comprehensive resource that will help the industry pivot toward more open and interoperable banking. This initiative will support next-generation market innovation, new operating efficiencies for industry participants and better experiences for retail, corporate and internal industry users."

Over the next few months, ASIG and Accenture will continue development of the resource community through a number of forums, including the upcoming ASIG Meeting, which will be held Feb. 28 as part of the NACHA Payments Innovation Alliance Member Meeting, taking place Feb. 28 through March 2 in San Francisco.

<https://www.finextra.com/pressarticle/72443/nacha-and-accenture-partner-to-create-standardised-api-resurce-for-payments>

## EBay makes Adyen its main payments processing partner

### Payments

2/1/18

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EBay has signed a deal to make payments platform Adyen its main payments processing partner, also in North America. EBay wants to implement intermediate payments on its Marketplace platform so that it can manage payments flow and simplify end-to-end experience for buyers and sellers. With payment intermediation, shoppers will be able to complete their purchases within eBay. The company will also continue to provide localised payment options for buyers and sellers, tailored to their unique needs. PayPal, a long-time eBay partner, will be a payments option at checkout for eBay buyers.

EBay said the transition to full payments intermediation will be a multi-year journey, and that it will try to move as quickly as possible to complete this process, within the parameters of its operating agreement with PayPal, which will remain in place through mid-2020. EBay and PayPal have agreed on terms to offer PayPal as a way to pay at checkout on the eBay intermediated model until July 2023. After that, eBay said PayPal will still remain an important partner.

EBay has begun making investments across its business to build the capabilities required to intermediate payments. It intends to start payments intermediation on the Marketplace platform on a small scale in North America from the second half, expanding in 2019 under the terms of its agreement with PayPal. It hopes to have transitioned most of its Marketplace customers to its new payments system in 2021. EBay noted that intermediated payments will not change much for sellers, though they will have to provide more payments-related data.

The company's payments team is led by Alyssa Cutright, VP of Payments, and Jingming Li, VP of Payments Platform, as well as Yvette Bohanan, VP of Risk Management.

Adyen has a wide geographic reach and works with over 150 currencies and 200 methods of payments.

<https://www.telecompaper.com/news/ebay-makes-adyen-its-main-payments-processing-partner--1230132>

## Bluefin and EDC Corporation partner for PCI-Validated P2PE integration into EDC's AIMS Parking Management System

### Payments

1/31/18

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Leading payment security provider Bluefin Payment Systems has announced a new partnership with EDC Corporation to provide Bluefin's PCI-validated Point-to-Point Encryption (P2PE) solution to municipalities, higher education, airports and hospitals utilizing the company's AIMS Parking Management Software platform.

EDC Corporation develops and supports software for the parking industry, specializing in citation, permit, and event management along with mobile and license plate recognition (LPR) enforcement. The company's flagship product, the AIMS Parking Management Software platform, is a comprehensive management system in one package, used by universities, municipalities, airports, hospitals and private operators.

Through the partnership with Bluefin, EDC Corporation will provide their clients with Bluefin's PCI-validated P2PE solution directly through the AIMS Parking Management System, enhancing security and reducing PCI scope with no change to the payment transaction flow. Bluefin enables PCI-validated P2PE on partner platforms with their Decryptx® Decryption as a Service (DaaS) product, which allows gateways, applications, and processors to directly connect to Bluefin for the P2PE service.

"Parking offices have long required a front-end solution to make their over-the-counter card transactions and PCI audits simple. Connecting AIMS to Bluefin's P2PE solution was the answer to the question everyone has been asking – 'How can we serve our customers' needs and simplify our PCI audits without using two separate systems for card present transactions?,'" said Ellen Genung, Vice President, EDC Corporation. "Through this partnership with Bluefin, AIMS payment transactions and refunds are secure and seamless. P2PE card transactions facilitated directly through AIMS translates to one system for card transaction processing, refunding, reporting and reconciliation. This is important to our clients and furthers our commitment to satisfying their needs. We are proud to partner with Bluefin in this endeavor."

Bluefin's PCI-validated P2PE solution secures credit and debit card transactions by encrypting all data within a PCI-approved point of entry device, preventing clear-text cardholder data from being available in the device or the merchant's system where it could be exposed to malware. Data decryption is only done offsite in a Bluefin hardware security module (HSM).

"EDC Corporation is an esteemed leader in parking enforcement and permitting management for major organizations in industries such as education, hospitals, municipalities and airports. And while you don't typically think of hackers targeting ticketing management operations, we can tell you that fraudsters don't discriminate. They go after the least path of resistance to find clear-text credit card information," said Greg Cornwell, Head of Global Sales for Bluefin. "We applaud EDC

for recognizing the value of security technologies such as PCI-validated P2PE in protecting their clients' transactions, and we look forward to rolling out this solution to their customer base.”

Benefits of a PCI-validated P2PE solution for organizations and enterprises include reduced PCI compliance and scope, saving time and money on annual audits, and the assurance that the technology has been vetted and approved by the PCI Security Standards Council (SSC).

[www.prweb.com/releases/2018/02/prweb15152733.htm](http://www.prweb.com/releases/2018/02/prweb15152733.htm)

## SureRemit raises \$7 million from ICO for digital voucher

### Payments

1/31/18

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SureRemit, a non-cash remittance platform majority-owned by Nigeria based Financial Technology (FinTech) holding company, GreenHouse Capital, has raised \$7 million on the initial coin offering (ICO) market.

SureRemit is a non-cash remittance platform using blockchain technology to help immigrants earmark and send funds home. Using a digital voucher platform and network of local merchants across African and other emerging markets, SureRemit offers an affordable, non-cash alternative for sending money to family and friends at home. SureRemit charges users zero per cent transaction fees, making it a cheaper option than Moneygram.

Several prominent cryptocurrency investors including Hashed, South Korea's largest cryptocurrency fund participated in the round. Hashed has previously backed several notable blockchain and blockchain-enabled projects including Airswap, Ethereum, and Simple Token. The fund's decision to join in SureRemit's pre-sale ICO signals growing interest in the potential for cryptocurrency to further alleviate remittance challenges in emerging markets where recipients remain largely disconnected from financial markets.

The platform also gives the sender visibility and control over what the remittances can be put towards by specifying use-cases: digital vouchers from specific local merchants can be purchased and settled instantly on the SureRemit platform. Whether funds are used for utility bills, medical treatment, or groceries, SureRemit ensures that sending a few hundred dollars to family is no longer subjected to fees of 7.45 per cent the global average. Using blockchain, SureRemit can bypass the traditional banking system and connect customers directly to local merchants, who pay a small commission fee on each transaction.

This development builds on GreenHouse Capital's focus on identifying new ways for blockchain and cryptocurrency to transform African markets. In collaboration with current and prospective portfolio companies and public institutions, GreenHouse Capital plans to harness blockchain technology to accelerate Africa's growth via the ICO market.

"The implications of growth capital outside of equity financing is huge. It means SureRemit can scale its operations without additional capital from existing shareholders.

SureRemit is just one of our 10 fintech-enabled portfolio companies that can potentially leverage blockchain to address a specific market gap, particularly in Africa. We're happy to take the lead on blockchain and cryptocurrency implementations on the continent," says Kelechi Nwokocha, a member of the investment team at GreenHouse Capital.

<http://thenationonlineng.net/sureremit-raises-7m-ico-digital-voucher/>

## Payoneer partners with Waze to power local payments

### Payments

1/31/18

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Waze Carpool, a service from social navigation firm Waze, which lets users who share routes to commute together, will use technology from cross-border payments company, Payoneer, to power local payments, reports David Penn at Finovate (FinTech Futures' sister company).

Payoneer CEO Scott Galit says: "Waze's goal of helping connect local communities through a global network perfectly complements Payoneer's mission to connect the digital economy."

Waze Carpool, currently available in Texas, California, and Israel, is a service offered by the firm that differs from the "transport-for-hire" approach of services like Uber and Lyft. Instead, Waze Carpool enables its 90+ million users around the world to connect with each other to find drivers and riders with similar routes and destinations. Riders use the app to pay drivers a rate of up to the federal mileage rate to cover the costs of gas and wear on the vehicle. And Payoneer makes sure that drivers get paid via their mobile devices.

Head of Waze Carpool Josh Fried says it plans on expanding the service to other areas "soon". No details were provided.

Note that Waze was acquired by Google in 2013.

Founded in 2005 and headquartered in New York, Payoneer picked up an investment from China Broadband Capital last month that took its total funding to more than \$270 million.

Payoneer partnered with UPS Capital to power the firm's cross-border, B2B payment service back in August and, also last summer, it opened a new office in London, saying it saw an "opportunity" in the Brexit decision.

<http://www.bankingtech.com/2018/01/payoneer-partners-with-waze-to-power-local-payments/>

## Vocalink's Pay by Bank app integrates with ShieldPay

### Payments

1/30/18

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Vocalink, a Mastercard company, has announced a partnership with Shieldpay, to use Pay by Bank app, its market leading mobile payments services as a new deposit method available to Shieldpay customers. Shieldpay's trusted payments network protects both buyer and seller in any transaction by verifying the identity of all parties - funds are held securely in the Shieldpay Vault, and are only released when both parties agree.

Shieldpay enables either individuals or businesses to create this instant digital escrow facility with no set-up costs to eliminate payment fraud so that anyone, anywhere can transact with total confidence. Pay by Bank app, a brand new way to pay, will be a deposit method available to Shieldpay customers, along with credit card, debit card and bank transfer. When layered together, Shieldpay and Pay by Bank app will create the most secure, yet seamless way to pay via your bank account. Pay by Bank app allows the customer to pay from their existing mobile banking app - an immediate payment that settles instantly, and has the added benefit for customers of being able to see their real-time balance whilst doing so.

Tom Clementson, Director of Consumer & SMB at Shieldpay, commented: "Fast, reliable and secure marketplace payments are why platforms choose the Shieldpay API. I'm delighted to welcome Pay by Bank app as a new funding method, for consumers and businesses it means they can make frictionless payments instantly and even more securely"

Jerome Gudgeon, Co-founder and Chief Technology Officer at Shieldpay, commented: "Pay by Bank app is a game changer in the way people pay for goods and interact with their banking app. Simply being able to approve a purchase within their familiar banking app eliminates any potential errors and minimises friction. Working with an innovative and customer focused team has meant Shieldpay can incorporate this unique technology into our award-winning service."

Jon Wood, Chief Commercial Officer, Pay by Bank app, said: "Shieldpay is a brilliant concept that gives buyers and sellers peace of mind. The payment aspect is crucial to this so incorporating Pay by Bank app is a huge endorsement for us. Pay by Bank app is set to shape the future of online and mobile shopping, as more banks and retailers offer this as a payment option to shoppers."

Shieldpay was part of the Barclays "Tech Stars" programme, and is also a participant in Start Path Global, Mastercard's initiative to support scale-up businesses shaping the future of commerce.

[https://www.finextra.com/pressarticle/72389/vocalinks-pay-by-bank-app-integrates-with-shieldpay?utm\\_medium=dailynewsletter&utm\\_source=2018-1-31&member=93489](https://www.finextra.com/pressarticle/72389/vocalinks-pay-by-bank-app-integrates-with-shieldpay?utm_medium=dailynewsletter&utm_source=2018-1-31&member=93489)

## Banca Transilvania moves into mobile payments with Inside Secure

### Payments

1/30/18

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Inside Secure (Euronext Paris: INSD), at the heart of security solutions for mobile and connected devices, today announces that its complete mobile payment solution, Mobile Payment Server and Mobile Payment Client, has been selected by Banca Transilvania, a banking institution headquartered in Cluj-Napoca, Romania, for its new service, which is launching today.

Banca Transilvania has also chosen Inside Secure's Code Protection Tool to protect its complete application, further evolving the companies' partnership to end-to-end software protection.

Inside Secure's fully-certified Mobile Payment Solution drastically cuts time-to-market for issuer banks who want to deploy their own-brand of mobile payment solutions. Issuer banks also have the flexibility to decide how to best serve their customers in mobile financial transactions.

Banca Transilvania is the first bank to go through the Visa Token Service (VTS) Token Requestor - Token Service Providers (TR-TSP) program and Inside Secure is the first TR-TSP to have guided a bank through this process. VTS is a security technology that replaces cardholder information with a unique digital identifier (token) that can be used for payment without exposing a cardholder's more sensitive account information. Tokenization hides consumers' confidential account information during digital transactions, making digital payments more secure for everyone, everywhere. The phone becomes a digital wallet, changing the shopping and money sending experiences of BT customers who own a Visa or MasterCard debit or credit card.

Banca Transilvania will simultaneously launch MasterCard Mobile Payments, leveraging Secure's solution to rapidly deliver HCE payments for both schemes. The MasterCard implementation utilizes the MasterCard Digital Enablement Service (MDES) for tokenization.

Inside Secure is presently the only vendor to earn recertification for the full end-to-end solution with both Visa and MasterCard. The solution consists of its Mobile Payment Server to manage an Issuing bank's ecosystem for delivering mobile payments to its customers, and its Mobile Payment Client which provides an SDK, easily integrated into mobile banking and wallet applications or a white-label mobile payment application.

"Through BTPAY app we want to offer our customers new experiences when shopping, sending money or checking their card transactions. The appetite of our bank customers for contactless shopping is growing, the increase being over 350 percent in December 2017 compared to December 2016. Also, every second means five transactions are made with one of our 20 offered cards. Launching BT Pay is a big step for the bank in order to provide digital services to its customers," said Ömer Tetik, chief executive officer of Banca Transilvania."

“We are excited to have worked with Banca Transilvania to complete the process of on-boarding Visa and MasterCard, and as our lead customer for the on-premise version of Mobile Payment Server,” said Simon Wilson-Blake, chief operating officer of Inside Secure. “We see great traction with banks who want to easily get to market with a highly-secure complete mobile payment solution and we expect to see additional banks and institutions come on board in the coming months.”

[https://www.finextra.com/pressarticle/72385/banca-transilvania-moves-into-mobile-payments-with-inside-secure?utm\\_medium=dailynewsletter&utm\\_source=2018-1-31&member=93489](https://www.finextra.com/pressarticle/72385/banca-transilvania-moves-into-mobile-payments-with-inside-secure?utm_medium=dailynewsletter&utm_source=2018-1-31&member=93489)

## i2c partners with Payfare to deliver payment solutions for on-demand drivers and truckers

### Payments

1/30/18

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i2c, a global provider of smarter payments and integrated commerce solutions, today announced that Payfare, a leading provider of mobile banking and micro-lending solutions for next-generation earners in the cashless, on-demand economy, has selected i2c's Agile Processing payments platform to deliver prepaid solutions in the United States, Canada, and globally.

"The payments industry is being driven by forward-thinking FinTech players like Payfare, and the flexibility of our single payments processing platform enables them to roll out truly innovative products to markets around the world," said Peg Johnson, EVP of Global Client Success at i2c. "We are proud to team with Payfare to deliver innovative, highly-differentiated solutions that drive financial inclusion and empowerment."

Leveraging i2c's payments processing platform, Payfare enables transportation and ridesharing companies to pay drivers by loading their earnings onto a prepaid Mastercard. Drivers can shop in-store or online anywhere Mastercard is accepted. They can also withdraw cash at any ATM, transfer money, and pay bills. For added convenience, drivers can access their account 24/7 online or in-app via their iOS or Android device. The Payfare service will be available in the United States in the first quarter of 2018.

An estimated 34% of the US workforce is now part of the "gig economy", working as short-term and freelance employees, according to a recent study by Intuit. Paying part-time workers promptly and efficiently can be a difficult problem for companies in this new economy. Powered by i2c's platform, Payfare's disruptive solution allows transportation providers to pay drivers daily or after each ride, providing quick access to much-needed cash flow and creating a driver benefit that differentiates them from the competition.

i2c's Agile Processing platform makes it easy for FinTech companies to customize and launch payroll programs in any currency and language. It also offers tools that help employers communicate more effectively with employees, such as mobile apps, account access websites, and real-time account alerts.

"Our partnership with i2c will allow Payfare to deliver a flexible and cost-effective solution with a dynamic user experience for workers in today's gig economy," said Ron Hynes acting CEO of Payfare. "As we expand our offering in the US and Canada and plan for rapid expansion around the world, we are excited to have i2c as our strategic partner to provide the payments processing services to meet the unique needs of our customers around the world."

<https://www.prnewswire.com/news-releases/i2c-partners-with-payfare-to-deliver-payment-solutions-for-on-demand-drivers-and-truckers-300590100.html>

## Boost Payment Solutions and Mastercard form alliance to expand commercial card usage and acceptance in the Caribbean

### Payments

1/29/18

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Boost Payment Solutions, Inc., a global provider of business-to-business payment technologies, has announced a strategic alliance with Mastercard designed to expand Boost's card-based straight-through processing (STP) payment solution in the Caribbean. Leveraging Boost's proprietary technology platform, Boost Intercept, and Mastercard's global footprint, the alliance was created to bring innovative technology solutions to the region's nascent commercial card market.

"Enterprises of all sizes continue to see the value in straight through processed card payments and we're very excited to offer our proprietary capabilities to businesses throughout the Caribbean region," said Boost CEO, Dean M. Leavitt. "And through our alliance with Mastercard, we look forward to unlocking the potential of commercial card payments for businesses across the Caribbean."

As both a Payment Facilitator and FinTech, Boost offers its Boost Intercept platform as a means of transforming manually processed payments into a fully automated experience for both buyers and suppliers. This initiative seeks to expand the reach of Boost's technology solutions in the Caribbean in an effort to improve and expand commercial card usage and acceptance.

"Many businesses view a migration from checks or other forms of payments to commercial cards as an onerous and expensive process involving development resources and that's just not the case anymore. The complete automation of transactions and reporting provided by Boost serves as a source of considerable savings and intelligence for all smart businesses," said Leavitt.

Boost Intercept is currently available in the US and its territories, Canada, Europe, UAE, Brazil and Australia.

"Access to funds is the lifeblood of every business and is fundamental for growth," said Marcelo Tangioni, Caribbean Territory Head at Mastercard. "By working with Boost Payment Solutions, we can provide enterprises in the Caribbean more choices in how they pay and get paid."

<https://www.prnewswire.com/news-releases/boost-payment-solutions-and-mastercard-form-alliance-to-expand-commercial-card-usage-and-acceptance-in-the-caribbean-300589609.html>

## BNY Mellon launches new payments initiative, powered by Volante Technologies

### Payments

1/29/18

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Volante Technologies has unveiled a new partnership with asset manager BNY Mellon, focusing on newly disruptive payments capabilities. The joint collaboration will see the venues emphasize real-time payments in the US and abroad, harnessing VolPay Hub technology.

BNY Mellon like many other banks have been pursuing different types of technology in the payments space. These efforts over the past few years have yielded a tremendous amount of growth in the segment, including faster and improved payment solutions for corporate and institutional clients.

By teaming up with payments provider Volante Technologies, BNY Mellon has been able to integrate the group's VolPay Hub technology, helping modernize its own payments infrastructure. Saket Sharma, Chief Information Officer for BNY Mellon Treasury Services, commented: "We are creating the building blocks for an integrated payments ecosystem both for today's needs and for the next generation. This approach allowed us to be first to market with RTP and will also serve us well over the long term. Working closely with trusted and innovative fintech providers such as Volante and our own development resources helps us deliver sustainable value quickly."

Indeed, the initiative has seen no less than two services launches, integrating VolPay Hub technology. This includes BNY Mellon's bid to implement a real-time payment over the The Clearing House's new Real-Time Payments network. BNY Mellon has already worked in tandem with The Clearing House and other banks to define standards for clearing and settling payments in real-time.

In addition, BNY Mellon's also unveiled BNY Mellon Tokenized Payments, which is now available with Zelle. The launch will look to further drive the transition from paper to electronic payments for their clients. Such efforts have been very popular around the industry, accelerating the drive away from traditional payments mechanisms. This trend looks to hold in 2018, which could lead to a dramatic change in a relatively short timeframe.

For its part, Volante has developed its TCH RTP Processor Module in collaboration with BNY Mellon. This technology has been used to process real-time payments enable transactions to reach recipients within 15 seconds or less.

"Our collaboration with BNY Mellon on first-to-industry payments solutions further establishes our payments innovation capability. We are enormously proud to have played such a significant role in the historic moment of US real-time payments. Implementing the first RTP processing hub in the US is the perfect example of collaborative teamwork between BNY Mellon and Volante,

bringing greater value to BNY Mellon’s clients,” explained Vijay Odiraju, CEO, Volante Technologies.

“This successful deployment further reinforces our core principle of using automation to reduce implementation time and cost for our customers. Adding tokenized payments capability to BNY Mellon’s real-time payments technology platform is a further testament to how we continue to collaborate and help our customers build out their future payment capabilities,” he added.

[https://www.financemagnates.com/fintech/payments/bny-mellon-launches-new-payments-initiative-powered-volante-technologies/?utm\\_source=daily\\_newsletter&utm\\_medium=email&utm\\_campaign=30.01.18](https://www.financemagnates.com/fintech/payments/bny-mellon-launches-new-payments-initiative-powered-volante-technologies/?utm_source=daily_newsletter&utm_medium=email&utm_campaign=30.01.18)



**SECURITIES**

## Overstock introduces robo-advising investment platform tZERO Advisors

### Securities

1/31/18

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Overstock.com, Inc. (NASDAQ:OSTK) has introduced a digitally-driven investment platform (aka robo-advising), presented by tZERO Advisors. The service is accessible to investors through the online retailer's FinanceHub™. For a monthly fee of \$9.95, investors can either select from a group of pre-established Adaptive Dynamic Portfolios matched to their investment profiles, or create a customized blend of these portfolios.

“This service introduces robo-advising investment management services to our millions of customers and continues Overstock's commitment to bridging Wall Street and e-commerce,” shared Overstock founder and CEO Patrick M. Byrne. “Overstock currently delivers world-class service and award-winning customer experiences to as many as 40 million unique visitors per month. They trust us with their home and, more recently, auto purchases,” continued Byrne. “We are excited about this new program that offers our customers the opportunity to bring artificial intelligence to their financial planning.”

tZERO Advisors is powered by FusionIQ's B2C investment platform. FusionIQ, a fintech company that provides investment solutions that enable online investing, will utilize its proprietary algorithms and scoring system to develop and rebalance tZERO's Adaptive Dynamic Portfolios based upon dynamic market factors. In addition to robo-advising, Overstock's FinanceHub™ offers a one-stop source for brokerage and advising products, lending products, credit card products, and insurance products presented by various financial institutions.

<https://www.crowdfundinsider.com/2018/01/127780-overstock-introduces-robo-advising-investment-platform-tzero-advisors/>

## How big data and AI has revolutionized financial trading

### Securities

1/31/18

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Many banking and finance companies have already taken advantage of big data analytics to simplify the process of personalized offers, targeted cross sales and to improve their customer service. The term big data keeps expanding and today incorporates numerous new meanings, such as Deep Learning, Cluster Analysis, Neuron Networks and Artificial Intelligence.

Banks are powering their scoring models with social networking, payments, search history and other client's behavioral data. Big data systems have evolved from being simply passive supplementary technology, once used to provide more accurate targeted information, and have become the deep learning mechanisms we see today, capable of making decisions and taking actions. These technologies allow financial institutions to address much more complicated goals like fraud prevention, process adherence and regulatory compliance issues worldwide.

AI technologies are already widely used for surveillance tasks by Regulators and Exchanges. They perform the micro-structure analysis of market data, detecting and preventing issues such as insider trading, harmful algorithms and market manipulation.

In contrast, major quant hedgers have used big data/deep learning for decades, working on neuro networks to build predictive investment models and looking for the most profitable algorithms. According to Bloomberg, Big data driven machine trading has grown significantly over the past 10 years: estimates hold that it accounts for roughly 40% of trading volume in European equity markets and about 55% in U.S. equity markets. In futures markets the volume of trading of foreign exchange futures has grown to roughly 80%. HFT algorithmic trading firms have in recent years come to dominate U.S. stock trading by using supercomputers to pick off profits across dozens of electronic markets in less than a blink of an eye. Along the way, the shops have also drawn criticism from those who say they have "gamed" the system at the expense of everyone else.

Firms such as Renaissance's Medallion fund, use algorithms that analyze reams of data to find signals hidden in the noise of markets and predict changes in prices of futures, equities and currencies. This fund alone demonstrated huge annual returns of more than 70% on average (before taxes) for two decades (1994-2014), which is more than 7 times the average annual S&P gain.

This success has attracted the attention of big money and launched a new investment wave in the use of computer power in trading over the last 10 years. But this fact is also one of the reasons that profitability of quants started to decline, and currently in 2017 many of them even underscored the S&P growth. The reason for this is quite simple - as more players start using machine trading algorithms, the less effective those algos become. To understand this with more depth, we can imagine a group of AI powered mechanisms sitting around a poker table trying to beat one another, but there are no bad poker players among them anymore. In a similar way to the poker

game, the so called “dumb” money has already been wiped out from the market. In order to gain an advantage over the other players, the more data that can be considered at once, and the more accurate this data is, the better chance you have to beat others. In terms of trading software, only those systems which are capable of learning from information sources and accessing data more quickly than others, can win the party.

It is also worth pointing out that the progress of big data technologies runs in parallel with the development of visualization techniques, like Heatmap, Zooming UI and Augmented Reality where traders can navigate through large volumes of data, which was not possible before in legacy 2D visualization software.

[https://magazine.fintechweekly.com/articles/how-big-data-and-ai-has-revolutionized-financial-trading?utm\\_medium=email&utm\\_source=fintechweeklycom](https://magazine.fintechweekly.com/articles/how-big-data-and-ai-has-revolutionized-financial-trading?utm_medium=email&utm_source=fintechweeklycom)

## Coast Capital Savings introduces MX-developed PFM tool

### Securities

1/26/18

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Coast Capital Savings took another step towards its goal of becoming Canada's premier digital credit union with the launch of a next-generation personal financial management (PFM) solution, developed by financial technology leader MX Technologies, the credit union announced today. Jeff Wong, Coast Capital's Chief Business Transformation Officer, said the rollout of the Take Charge Money Manager™ PFM tool is in line with the credit union's purpose to financially empower Canadians to achieve what's important in their lives.

"Coast Capital is committed to equipping members with the very latest digital tools to help them take charge of their finances, track their progress towards financial well-being and move confidently towards their goals," Wong said. "With leading-edge technology from MX, one of the top innovators in financial software, Coast Capital's Take Charge Money Manager delivers on this commitment."

The Take Charge Money Manager is available to Coast Capital members across three channels -- Coast Online Banking, Coast Online Banking for Small Business, and Mobile Banking. It allows members to view their spending activity in a dynamic visual format and analyze their day-to-day transactions.

Members can also create monthly budgets and aggregate account information from other financial institutions on one digital dashboard, giving them the big-picture view of their financial health. Nate Gardner, Chief Customer Officer (CCO) at MX, said its PFM solution for Coast Capital maximizes user-engagement with intuitive graphics and a simple, easy-to-understand interface - all supported by robust, best-in-class technology.

"Our mission at MX is to empower the world to be financially strong, and we're always excited to work alongside similar-minded organizations like Coast Capital Savings in making that mission a reality," Gardner said. "Our partnership with Coast Capital has resulted in an innovative digital solution that will improve the financial lives of members, reducing their stress, psychological pain, and, in many cases, real heartache. Those who use the product will discover newfound financial strength."

Coast Capital's Take Charge Money Manager is the latest initiative in the credit union's ongoing plan to expand the suite of digital tools and capabilities available to existing and new members, as the institution readies for national expansion.

With a focus on continuous innovation, Coast Capital has already scheduled additional releases of the Take Charge Money Manager in the coming months to introduce even more features to its members.

Last month, Coast Capital launched a digital membership account opening platform and is planning to unveil additional digital services in future.

[https://www.finextra.com/pressarticle/72344/coast-capital-savings-introduces-mx-developed-pfm-tool?utm\\_medium=dailynewsletter&utm\\_source=2018-1-29&member=93489](https://www.finextra.com/pressarticle/72344/coast-capital-savings-introduces-mx-developed-pfm-tool?utm_medium=dailynewsletter&utm_source=2018-1-29&member=93489)



# **SPECIALTY FINANCE / ALTERNATE LENDING**

## Tuition.io to power student loan repayment for Estée Lauder employees

Specialty Finance / Alternate Lending

2/2/18

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Student loan repayment platform Tuition.io has landed a major client, Estée Lauder, reports Julie Muhn at Finovate (FinTech Futures' sister company). The beauty company can help its employees pay down debt from their student loans via the Tuition.io platform.

Through their employee benefits package, Estée Lauder's 46,000 employees will be eligible to receive up to \$10,000 in student loan contributions. The repayments will be distributed in \$100 increments each month to eligible employees' loans. These parameters were put in place by way of insurance, since Estée Lauder isn't aware of the value of its employees' outstanding student loan debt. To receive Estée Lauder's match of 100% on the first 3% and 50% on the next 4% of repayments, employees must contribute at least 7%.

Estée Lauder is one of a number of large US companies to partner with Tuition.io for student loan repayment benefits for employees. These include Live Nation, Staples, Children's Hospital & Medical Center, HP, and Fidelity Investments.

One of the intentions of Tuition.io's student loan repayment benefit offering is to attract millennials to the workforce. Millennials make up 61% of Estée Lauder's workforce and, since the benefit took place in October of last year, about 65% of employees who have signed up are aged 35 or younger.

Latricia Parker, executive director of global benefits for Estée Lauder, says that "student loans are an increasing burden for current and potential talent at The Estée Lauder companies". The implementation of Tuition.io's benefit programme "is an example of how the company is executing its goal of being the best home for talent, offering benefits that relieve the stresses of everyday life and allow employees to focus on their careers and passions", she explains.

Los Angeles-based Tuition.io operates a strict B2B business model, helping businesses to pay down student loan debt on behalf of their employees. Last September, it raised \$7 million in Series B funding, bringing its total capital to more than \$15 million.

<http://www.bankingtech.com/2018/02/tuition-io-to-power-student-loan-repayment-for-estee-lauder-employees/>

## Kabbage expands credit line, targeting larger businesses

### Specialty Finance / Alternate Lending

1/30/18

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The small business lender is eyeing up bigger fish in the sea.

After previously securing a \$200m asset-backed revolving credit facility from Credit Suisse in 2017, Kabbage has announced it will be offering lines of credit of up to \$250k in an effort to attract larger businesses.

The expanded product will provide large businesses with greater purchasing power for longer-term investments, and is the largest credit line available from any online lender yet.

A recent survey of 800 small businesses conducted by the platform showed that more than 73 per cent of businesses expect to increase their revenue by more than 20 per cent in 2018. The credit line expansion is expected to support both existing and new larger Kabbage customers with the funding needed to make these investments.

Giving small businesses the peace of mind and security to focus less on their finances and more on their passions is a key tenet at Kabbage,” said COO Bob Sharpe.

“Increasing our lines of credit to \$250,000 significantly enhances our ability to solve financial hurdles for larger and more specialized businesses that may otherwise be unachievable, which we’ve seen in the market already.”

According to the survey, over half of respondents intend to invest in mobile technologies, such as apps or text automation, and technologies that reduce manual processes and paperwork in 2018.

As always, there will be no additional fees to hold a higher line of credit with Kabbage, as well as no annual withdrawal requirements, origination costs or hidden fees. Any funding from Kabbage also comes with a Visa-backed card for use at any point-of-sale checkout, and the Kabbage mobile app for on-the-go access.

Kabbage is both a lender and licencing business, making its origination and underwriting technology available to financial institutions around the world. In October last year, the company announced the extension of its partnership with Dutch bank ING, bringing the Kabbage-powered online lending proposition to France and Italy.

The platform’s total debt funding capacity currently stands at \$750m, after an additional \$250m investment made by SoftBank in August.

[http://www.altfi.com/article/4007\\_kabbage\\_expands\\_credit\\_line\\_targeting\\_larger\\_businesses](http://www.altfi.com/article/4007_kabbage_expands_credit_line_targeting_larger_businesses)

## Banco Popular reboots Eloan for new era in online lending

### Specialty Finance / Alternate Lending

1/30/18

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One of online lending's pioneers is back, upgraded for a new digital era.

Banco Popular is relaunching E-loan (it dropped the hyphen from the name) to serve as its “fintech arm,” a stand-alone brand offering solely digital products.

Launched in 1997, Eloan re-enters a market where fintechs now account for over 30% of personal loan originations, according to TransUnion. The brand will compete for clients alongside well-financed upstarts like LendingClub as well as new offerings from banks such as Marcus from Goldman Sachs.

Banco Popular is repositioning Eloan to target digitally savvy consumers by offering greater accessibility, competitive rates, and a fully digital customer experience, said Mariel Arraiza, senior vice president of Eloan.

“We identified a strong need for Eloan’s digital offering and, after extensive research and trials, we have created a simpler, smarter platform that balances technology, data and customer profiling while delivering a unique and effective banking experience,” she said.

The first product the new Eloan is offering is a personal loan — available in all U.S. states except Massachusetts — without an origination fee that puts money in the customer’s bank account as soon as the next business day, Arraiza said.

Eloan was acquired for \$300 million by Banco Popular in 2005. Subsequently, it shifted away from lending and began offering CDs and savings products, as Banco Popular sought to increase its deposit base. Current Eloan deposit products now will be managed by Popular Direct, the direct online channel owned and operated by Banco Popular North America.

Eloan will set the terms and pricing of the loans, and power its digital lending platform with technology from Chicago-based Avant. Though Avant is itself an online lender, and potential competitor, the arrangement isn’t entirely unheard of; Regions Financial in 2016 began using Avant’s digital-lending platform to approve and fund consumer loans.

“We evaluated and thought they were the best option,” Arraiza said. “They host the platform, but it will be customized for the Eloan brand, and we will use our pricing structure.”

The move should allow Popular to target both customers it normally would not attract as well as provide credit to existing customers who previously weren’t considered creditworthy because of the cost of underwriting and processing an application, said Ian Benton, a digital banking and payments analyst at Javelin Strategy & Research.

“In a commoditized market like the one for unsecured consumer loans, customers tend to not care much where they source their credit, as long as the terms are right for them,” he explained. “The whole ‘primary financial institution’ concept goes out the window. You might hold your checking account at a particular bank, but how valuable is that if you’re going elsewhere for your credit products? The bank becomes primary in name only.”

Mariel Arraiza, senior vice president of Eloan, said it will be a standalone offering solely digital products.

Benton added it is increasingly important for banks to be able to make short-term credit available to their customers as a retention play. “Of course they want to make money on loans, but they also want to prevent the erosion of the rest of the banking relationship, which can happen if customers are turned down for a loan,” he said.

The personal loan product is just the first of many offerings to come from the new Eloan; a credit card product is likely later in 2018, said Arraiza.

“We are going step by step,” she said, regarding determining new digital products Eloan will offer in the future. “We’re going to evaluate every case and see what makes the most sense.”

<https://www.americanbanker.com/news/banco-popular-relaunches-online-lending-pioneer-eloan>

## BNI Europa to fund German SME loans via Funding Circle

### Specialty Finance / Alternate Lending

1/30/18

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The Portuguese online bank Banco BNI Europa and Funding Circle have entered into a strategic partnership to support the growth of small and medium-sized businesses in Germany.

Investment will support the funding needs of c. 600 companies and thereby help to create c. 1,500 new jobs

According to Pedro Pinto Coelho, Executive Chairman of Banco BNI Europa, “an investment in German SME - the staple of European economic stability - is a highly attractive asset class. And Funding Circle is the professional partner that convinced us with their risk assessment and credit analysis. A perfect match: both Banco BNI Europa and Funding Circle have proven that they are able to stimulate local economies through technological and financial innovation”.

Thorsten Seeger, Managing Director Germany of Funding Circle: „The partnership with Banco BNI Europa is an important signal for German SMEs - and a further step to establish up to date funding solutions for businesses. The investment of a renowned institutional partner such as Banco BNI Europa is a stamp of approval of our online lending platform model and our mission to facilitate access to finance for small businesses and reduce their dependency on an outdated banking system. Besides delivering attractive returns to investors, we also measure our success through our immediate contribution to stimulating the local economy.”

As part of the agreement, Banco BNI Europa will provide EUR 50 million funding to finance small business loans in Germany over the coming months. This is Banco BNI Europa’s largest commitment to German small businesses to date. The investment will provide access to finance for c. 600 companies and thereby help to create c. 1,500 new jobs. The long term goal is to extend the partnership to other countries where FC is active.

<https://www.finextra.com/pressarticle/72376/bni-europa-to-fund-german-sme-loans-via-funding-circle/transaction>

## Trussle launches digital mortgage monitoring service

Specialty Finance / Alternate Lending

1/26/18

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The online mortgage broker has revealed its new free notification service to help save consumers time and money.

Online mortgage broker Trussle has today launched its free service for UK homeowners to new customers, which monitors their mortgage and notifies them when a cheaper alternative becomes available. The service has already been available to existing Trussle users since December last year.

The service continually monitors over 11,000 of the latest mortgage deals from more than 90 lenders, in order to get the best deal for consumers. Trussle takes into account the borrower's current deal, inclusive of any account fees, incentives and applicable Early Repayment Charges (ERC). If another option is cheaper, the new service will immediately alert the borrower and guide them through an online remortgage process.

"We know that at least two million mortgage borrowers in the UK are failing to switch at the right time," said Trussle CEO and founder Ishaan Malhi.

"This is either because they don't realise the benefits of remortgaging, forget when their current deal is due to end, or they had such a bad experience getting their last mortgage that they put off going through the process again."

Trussle has designed its monitoring service in a way that helps to prevent consumers from slipping onto their lender's Standard Variable Rate (SVR) once their deal's initial period has ended, a move that can end up costing users hundreds of pounds in higher interest rates.

According to the platform, just one month on an SVR from the UK's top six lenders can cost the average borrower £360 in extra interest a year. There are currently at least 2m homeowners in the UK on SVRs, collectively paying close to £12bn in excess interest a year.

Once signed up to Trussle's monitoring service, users will need to update their details every 3 months to ensure the platform is finding the best deal with correct information.

"With our free monitoring service, borrowers can relax knowing that their mortgage is being proactively looked after and that they'll be alerted and guided through the switching process when the time is right," Malhi added.

"Offering this service to the UK's 11 million borrowers is another step towards our goal of completely transforming the switching process and eradicating switching inertia."

Ishaan Malhi was recently named one of Forbes' 30 under 30 for 2018, in a listing that saw UK fintech take the forefront in the technology and finance categories.

[www.altfi.com/article/3995\\_trussle\\_launches\\_digital\\_mortgage\\_monitoring\\_service](http://www.altfi.com/article/3995_trussle_launches_digital_mortgage_monitoring_service)

## MetaBank to offer personal loans via Liberty Lending

### Specialty Finance / Alternate Lending

1/26/18

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MetaBank, a wholly-owned subsidiary of Meta Financial Group, Inc. (NASDAQ: CASH) (“Meta”), and Liberty Lending, LLC (“Liberty Lending”) announced today that they have entered into a three-year program agreement whereby MetaBank will provide personal loans to Liberty Lending customers.

Meta and Liberty Lending will market the program jointly through a wide variety of marketing channels. Under this agreement, MetaBank expects to originate between \$500 million and \$1 billion in personal loans during the term of the program.

This marks the entry point for Meta into a direct-to-consumer credit business, leveraging its balance sheet to generate higher income on higher margin products. The 2016 acquisition of Specialty Consumer Services (“SCS”), now a division of MetaBank, is the platform from which the Liberty Lending program and other similar programs will be launched.

“We are excited to partner with a respected and growing brand in online lending, and look forward to working together to deliver best in class loan products to consumers,” said Brent Turner, Executive Vice President and Head of Consumer Lending at Meta. “Furthermore, leveraging the underwriting expertise and consumer credit experience of the SCS team provides us with great resources to accomplish our objectives in consumer credit.” The loan products contemplated under this agreement are closed-end installment loans ranging from \$3,500 to \$45,000 with durations of between 13 and 60 months.

“Liberty Lending’s mission is to provide innovative borrowing solutions to deserving customers. The partnership will enable Liberty Lending to further deliver on its mission to customers by leveraging Meta’s wealth of resources and expertise,” said Bill Yialamas, CFO of Liberty Lending.

[https://www.finextra.com/pressarticle/72345/metabank-to-offer-personal-loans-via-liberty-lending?utm\\_medium=dailynewsletter&utm\\_source=2018-1-29&member=93489](https://www.finextra.com/pressarticle/72345/metabank-to-offer-personal-loans-via-liberty-lending?utm_medium=dailynewsletter&utm_source=2018-1-29&member=93489)

## P2P firm RateSetter narrows commercial lending focus

Specialty Finance / Alternate Lending

1/22/18

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The company will discontinue its unsecured business lending operations.

More change at peer-to-peer lending platform RateSetter, which as of today will no longer accept unsecured business loan applications.

Henceforth, RateSetter's commercial lending activities will focus exclusively on property and asset backed loans. The company says that it will maintain its diversified approach, which entails making loans across consumer, business and motor finance markets, but that its commercial finance offering will now be limited to property-backed development and investment loans, and asset-backed business hire purchase.

“By simplifying our commercial finance product offering and focusing our resources on lending secured on property and other tangible assets, we have a clear framework around which to grow our commercial finance volumes and continue to deliver access to healthy returns to investors,” said Rhydian Lewis, founder and CEO of RateSetter.

The platform does not anticipate any material impact for its investors, and stresses that its unsecured business loans are performing in line with expectations. Outstanding unsecured business loans will continue to repay in line with their schedule.

This narrowing of focus is somewhat reminiscent of Funding Circle’s decision, made in April 2017, to wind down its property lending activities. Like Funding Circle, which elected to refocus its resources on its primary small business lending activities, RateSetter is trying to stick to what it feels it knows best.

[http://www.altfi.com/article/3978\\_p2p\\_firm\\_ratesetter\\_narrows\\_commercial\\_lending\\_focus](http://www.altfi.com/article/3978_p2p_firm_ratesetter_narrows_commercial_lending_focus)



# **DATA & ANALYTICS / IoT**

## How big data analytics is reshaping supply chain?

Data & Analytics / IoT

2/1/18

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A growing number of C-level executives are incorporating big data into their supply chain practices, according to data experts at Quantzig, a global analytics solutions provider. In its latest blog, the company said, almost every industry is looking for ways to integrate big data and advanced analytics into their business processes to help streamline operations. The supply chain and logistics industry are no exception to this trend.

The massive amount of data generated by a company's supply chain and logistics function can be fruitfully used to generate meaningful insights and give strategic direction to the company. The experts believe, Big data can significantly improve productivity and efficiency in supply chains and provide an edge over the competitors. Additionally, big data can also help companies identify new business opportunities. Here are the key highlights of the article that justifies why business leaders have already begun looking for ways to incorporate big data analytics into their supply chain systems.

### **Supply chain traceability**

One of the most critical success factors for a supply chain is the ability to pinpoint where the products are in the supply chain. Advances in digital technologies along with barcode scanners and RFID devices have enabled supply chain managers to precisely track where in the supply chain their products are located. Additionally, traceability is also a sensitive matter in the food industry as factors such as disease outbreak, chemicals used, and processing systems should be attributed to responsible parties. To track down where exactly the fault has occurred in the food supply chain, traceability is a must to know where the items originated and what processing took place at each level. This way, food and beverage sector companies can not only avoid hefty fines but also ensure customer satisfaction by providing safer and healthier food. Such sensors technologies, along with IoT and big data can enable end-to-end traceability, which helps the company quickly identify the instances of food contamination.

### **Efficient procurement**

The volume and quantity of data generated by the procurement department are immense. Processing such data with machine learning and optimization algorithms can help uncover patterns and associations amongst the datasets to make both strategic and tactical procurement decisions. Spend data, contract data, and supplier related data can provide detailed information on the supplier and help identify the ideal vendor. Additionally, mining historical data can unveil future trends and also help identify risks including supplier risk, pricing risk, compliance risk, geographical risk, and disaster risks. Predictive analytics helps the procurement teams to be prepared for a future scenario.

### **Optimized logistics network**

Big data can help the logistics industry players to optimize travel routes due to the advent of IoT and sensors technology. Today, it is possible for vehicles to communicate with each other using vehicle telematics to coordinate on best routes and alert on less desirable routes. The vast amount of data regarding routes preferences, type and size of the vehicle, traffic densities, and weather conditions can provide clues to improve driving performance, determine the exact delivery time, and identify & minimize risk areas.

### **Improved warehousing efficiency**

A warehouse is a piece of real-estate where companies store their valuable commodities. And with all such real-estate, the problem is it costs too much money, not only the rental or lease costs, but also facility management costs. Big data can help supply chain managers to maintain an optimum level of inventory just to the point that they face fewer stockout situations without overstocking the inventory. The power of big data is not only limited to stock optimization, but it can also suggest where to strategically place warehouses, what the optimum size should be, and how to arrange the stock to facilitate easy check-ins and dispatch.

<http://www.cxotoday.com/story/how-big-data-analytics-is-reshaping-supply-chain/>

## Data analytics and AI are the future of internal audit and fraud investigation

Data & Analytics / IoT

1/29/18

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Data analytics helps people better understand their business and see weaknesses and inefficiencies more clearly. Analytics can also increase revenue through pricing optimization or analyzing margin or costs to improve the efficiency of the manufacturing process. Many internal audit departments, however, are just getting on board with this trend.

Smart Business spoke with Kirstie Tiernan, data analytics managing director for BDO, Chicago at BDO USA, LLP, about data analytics, especially as it relates to internal audit and why artificial intelligence (AI) adds even more value.

### How are employers developing programs around data analytics?

Data analytics requires people, tools, infrastructure and IT, and it's an involved investment. That's why it's best for employers to start developing programs by focusing on one area, such as accounts payable. Once a program analyzes variables like duplicate vendors and payments, employers can expand into accounts receivable, journal entry review, payroll, analyzing customer behavior or pricing optimization. Employers might also benefit from working with an outside vendor, and its tools and subscriptions, so they can evaluate their baseline before purchasing anything.

### What are some risks to be aware of?

First, avoid collecting garbage data that requires time and effort to clean. When looking to make better use of data, you should review your information governance policies. How have you collected data? What data are you collecting? How long are you retaining it? Who has access to it? Are you collecting it in a way that you're able to verify it? It's critical to have a method to improve the quality, so your analysis is useful in the end. Cybersecurity is a concern as well. Make sure you're storing data appropriately and that third parties with access to your data are vetted and secure.

One pitfall of data analytics — especially with internal audit — is that people tend to focus on generating reports. They can get overwhelmed and find it hard to wrangle those results into value. As you're creating your analysis program, make sure you have the results in mind. If you get 5,000 exceptions from an analysis, it's not a good analysis. You want limited results and as few false positives as possible. That takes upfront planning. The goal is targeted analysis.

The holy grail of analytics is an alert-based program. A restaurant that looks at voided transactions on a monthly basis, for example, might find it more valuable to receive emails flagging where and when voided transactions took place. Those emails can include which voided transactions look fraudulent based on the knowledge of why voided transactions are an issue. This format moves

you away from cumbersome report reviewing and toward real-time analysis of specific problems you need to address.

### **How does AI aid fraud investigations?**

Rather than analyzing samples of data, AI incorporates statistical and advanced analytics to review entire populations for anomalies. It's a new level of analysis that reviews an entire population of data to find transactions that look different. As the advanced algorithms get smarter, looking across more industries and company data examples, they identify anomalies more quickly and efficiently.

If you suspect fraud, targeted data analytics can look for variables like your typical round dollar payments or users with inappropriate access. When you're unaware of fraud, however, it can be difficult to know where to run specific analytics. This is where AI is invaluable, running millions of data points through algorithms for a quicker focus and narrower scope. Rather than running 50 reports and sampling the results, AI looks at the entire data set. For example, in one investigation, the client had 10 million journal entries over three years of data. It knew it had a fraud issue, but wanted to understand the fraud's scope and if there were other issues beyond the ones it was aware of. Plus, the client had three days to get back to its auditors. BDO used Mindbridge to examine all 10 million entries. Of the top 10 accounts of highest risk as noted by the tool, two of those accounts had fraud. When you don't know what you're looking for or you're unsure of the scope of the fraud, advanced analytics incorporating AI can provide a quicker and lower-cost application of analytics.

<http://www.sbnonline.com/article/data-analytics-and-ai-are-the-future-of-internal-audit-and-fraud-investigation/>

**OTHERS**

## SEC moves to stop \$600 million digital coin offering

### Others

1/30/18

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The latest caper in the fast-moving world of initial coin offerings comes from a company that aimed to raise \$1 billion and claimed to raise \$600 million.

In reality, it may not have raised much more than \$1 million.

Federal regulators moved to halt the coin offering of Dallas-based AriseBank, in one of the biggest U.S. interventions yet into the world of raising money by issuing digital tokens.

Initial coin offerings have been an investing fad over the past year, attracting cash from technology investors and speculators drawn to the idea that the tokens will give them a profitable piece of the open-ledger “blockchain” technology that backs bitcoin and other virtual currencies.

Regulators though have warned of increasingly blatant fraud in the coin offerings, and Facebook Inc. Tuesday said it would ban ads on its site for products including coin offerings and cryptocurrencies because they are “frequently associated with misleading or deceptive” practices.

On Tuesday, the Securities and Exchange Commission separately said it obtained a court order, unsealed late Monday, that permits a receiver to seize cryptocurrencies held by AriseBank, which allegedly marketed and received the proceeds from the coin offering. The SEC called the deal a “scam” and alleges the company and its executives misled investors about buying a federally insured bank and its ability to offer a VISA card backed by “any of 700-plus cryptocurrencies.”

AriseBank’s ICO featured some of the hallmarks of suspicious deals that the SEC has repeatedly warned about. The company signed up a celebrity endorser—retired boxer Evander Holyfield—and made heady claims about the scope of its business, claiming to be “one of the largest cryptocurrency platforms ever built” and the world’s first “decentralized bank,” according to an SEC complaint filed in federal court in Dallas.

AriseBank apparently ran its offering on a network called BitShares, a popular cryptocurrency platform. A check of public records there shows that the bank’s initial coin “wallet” collected about \$1.1 million, according to Galen Moore, publisher of a research firm called Token Report.

Lawyers secured a “couple million” dollars worth of cryptocurrencies from the company, according to two people familiar with the matter. On Jan. 18, the company issued a press release saying it had raised \$600 million and expected to raise more than \$1 billion when it was finished.

The SEC says the people behind AriseBank, including Jared Rice Sr. and Stanley Ford, committed fraud. The hagiography on Mr. Rice’s personal website portrayed him as somebody who fought against extreme odds, with a “sad but inspiring” personal story. He lists himself as

chief executive of a firm called Dotoji, and explains his purported work as an entrepreneur and activist.

The virtual currency bitcoin continues surging to new highs as a frenzy of investors get in on the action. WSJ's Paul Vigna explains what you need to know, and how to invest should you want to join the mania. Photo: Alexander Hotz/The Wall Street Journal.

Mr. Rice, 29, told a radio interviewer last week that FBI agents on Friday raided a location where he had been sleeping. "I got woken up that morning with guns pointed at me," he said on Coast to Coast AM, a late-night radio talk show that says it delivers "the latest paranormal news." A recording of the interview was posted on YouTube.

The FBI executed a search warrant at the location, according to people familiar with the matter. Neither Mr. Rice nor Mr. Ford were available for comment.

In its complaint, the SEC faulted AriseBank for failing to tell investors that Mr. Rice is on probation for felony theft and tampering with government records. Texas state records show Mr. Rice was arrested in July 2015 on those charges, pleaded guilty and received a four-year probationary sentence.

The company's coin offering lasted from November until January, when Texas state regulators ordered the company to stop calling itself a bank. The company didn't comply with the order and issued a press release on Jan. 18 that it had acquired a federally insured bank, KFMC Bank Holding Company, which would enable it to offer clients easier access to cryptocurrencies. The SEC's complaint says the bank was never federally insured, nor does any business operating under that name appear to be registered in the U.S.

Mark Rasmussen, an attorney at law firm Jones Day, was appointed as receiver in the case, which allows him to take control of the business and identify sources of funds that could be returned to investors.

Many coin-offering sponsors claim they are a regulatory gray area and exempt from federal oversight. The SEC says they are often equivalent to regulated sales of debt or equity.

The SEC said AriseBank violated securities laws by not registering its coin offering with the regulator. AriseBank also didn't provide investors with required disclosures about its business and financial history.

AriseBank stoked controversy in December when it claimed a partnership with BitShares and Mr. Holyfield to raise \$1 billion for charities and disaster relief. Mr. Holyfield wasn't immediately available for comment.

Stan Larimer, who oversees the BitShares platform as chief executive of a private company, Cryptonomex, said the relationship was merely one of cross promotion. There were no signed

agreements or money changing hands. But he strongly supported Mr. Ford and Mr. Rice. “Far as I can tell,” he said in an interview, “all we have is a collection of false statements made about them.”

<https://www.wsj.com/articles/sec-moves-to-stop-600-million-digital-coin-offering-1517326284>