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TRENDS AND SIGNALS FROM CULTURE

BRANDPIE

We believe in the power of co-creation, working with organizations large and small, from multi-nationals to startups, aligning leadership teams, building strong cultures, and delivering powerful campaigns, all to make great brands.

We help leaders define their organization's purpose. We then activate that purpose to help the organization grow and achieve its full potential, developing strategies and creative solutions that make a big impact.

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magpie
Trends and signals from culture
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BRANDPIE

A revolution's unexpected traces

I found it when I was last at my parents' house, a few weeks ago. It's a little tattered around the edges now, as you might expect of a small book more than 30 years old. But still clear on the front cover are the words *Griffin Savers: Oxford Dictionary*. And on its back, a note of who gave it to me: 'Midland. The Listening Bank.' For those of you outside of the UK (and indeed younger British readers) Midland Bank was one of the country's most-storied banks, until it was taken over by HSBC in 1992.

It says something about the type of relationships that the majority of us have with financial services brands that a freebie given to me when my dad opened the account for me in 1989 means that I'm still banking with HSBC to this very day. And yet, this comfortable inertia is, in theory, about to be blown away by the fintech revolution.

Our travels and researches for issue 4 of *Magpie* have confirmed that rapid, dislocating change is here, and reshaping the sector. Whether it's trust, the impact of the blockchain, or working culture and diversity, financial services are going to look radically different than they are today; we give a flavour of how this future will look and feel. We take the view that a revolution isn't really a revolution until it leaves traces in unexpected places – so if our list of fintechs to watch startles, so much the better.

Too often though, thinking about financial services tomorrow forgets some core ideas: that financial capability and literacy remains important, that old technology doesn't just disappear, and that money has this rather annoying tendency to dematerialize, and not just from our wallets. We muse on that and more. But we're pretty sure of one thing: that some of the brands featured in this issue will become as beloved in people's lives as Midland is still in mine.

Do let me know what you think of the issue, via **hello@brandpie.com**; any digital doubloons in appreciation gratefully received. **— RD**

TAKE OFF

FEATURES

TAILPIECE

METAL LIS O BJECTS AND TH IN PP IECES OF PLASTI C

The cashless society is – nearly – here. But what will life be like in 2318 when there is no physical money to handle? How will we remember notes and coins? Kim Nguyen speculates.

It's 8:37 a.m. when Debbie Card is awakened by the gentle pulse of her bed's integrated alarm. Showered and dressed by 8:44 a.m., she rushes out her front door and catches one of the hypercrafts that passes her house every 30 seconds. Hopping aboard, she places the index finger of her right hand on the LCD screen and waits for the beep. Once she's scanned the Mollusc Chip inserted under her skin, deducting 50p, the craft speeds off on its three-mile journey to the office, which takes six minutes.

As she approaches the National Archives, where she works as an archivist, she has just enough time to stop at the coffee machine, selecting a cappuccino and glancing at the retina scanner, which sets the machine whirring into action after deducting £1 from her Pupil Plus current account. She's at her desk by 9.00 a.m., like "clockwork" – quaint, how that term lingers long after the technology it described has disappeared.

Debbie's big project at work involves gathering evidence of how people in recent history paid for goods and services. She spends her day digitizing then filing images of people handling "notes", thin rectangles of plastic and paper, and round metallic objects, which were known as "coins."

Hundreds of years ago, before retina scanners and finger-chips were invented, people found themselves burdened with the need to remember to bring these notes and coins with them wherever they went, so that they would be able to pay for the goods and services they needed.

Because of the universal use of this primitive technology, Debbie has plenty of images showing people frantically searching their bags and pockets, wondering whether they've dropped their notes or coins, as well as handing these objects over shop counters in return for provisions.

"Technology both simultaneously solves and causes problems."

After a morning of collating and filing, Debbie has a meeting over lunch with Richard Pound, a curator from a nearby local museum, who wants to organize an exhibition charting the lives of these ancient coin and note people.

Debbie and Richard agree that the exhibition needs to reflect how society has progressed significantly since the days of notes and coins, but that there is still plenty to learn from the past. With that in mind, after lunch Debbie starts to pick out not only images of people floundering over the payment process while searching for these ancient materials, but also occasions when more recent technology has not worked as it should have, such as static holographic sketches of people who cut their finger struggling to pay with their finger-chip, along with people having their retina scanners declined due to an eye infection.

Tentatively called "In the pockets of gods: The lives of the coin and note people," the exhibition will through its displays, explore how technology both simultaneously solves and causes problems, and show that there will always be a need for innovative businesses and human ingenuity to find ways to improve people's everyday lives.

Debbie spends the rest of the afternoon writing captions for the various photographs she has selected with Richard:

Artist Unknown
Take Notes (2018)
Colour photograph
National Archives collection

Labelling exhibits makes for a long-feeling day. Debbie packs her bag at 5.02 p.m. on the dot and heads home. She waits 20 seconds for a hypercraft to pass, jumps in and places her finger on the screen, heading back home for a quiet evening in.

A quick dinner later – though "dinner" hardly seems to be the right word for the vegan Wellington Debbie consumes via quick release intravenous device – she begins to drift off, idly flicking through the TV's automatically suggested programming, with her attention only grabbed briefly when she notices a documentary on the Deep History Channel showing the Royal Mint, a state-sponsored "company" that once produced coins.

She winks four times at her screen, paying to download the documentary and gain access to behind-the-scenes content, before heading up to bed, where she dreams of ancient times.

THE ATM: EIGHT MEDITATIONS

As use of cash declines in modern economies, isn't the cash machine similarly doomed?

Not so fast says, *Rishi Dastidar.*

01 HOLE IN THE WALL

I'm fond of technologies that become so obvious, so useful in our lives that we stop thinking about them. The Automated Teller Machine (ATM) is one such device. Seriously, when did one last cross your thoughts? Maybe when you used one – though if you believe the news, that was a long time ago. Or perhaps when UK bank Barclays decided to rename all their ATMs as "holes in the wall," a linguistic innovation that didn't catch on.

02 NO MONEY UNTIL MONDAY

It's rare to have the moment when the idea for a new technology arrived accurately recorded, but the ATM is one innovation where the creation myth is complete. John Shepherd-Barron was walking down the street in Dorking, a small town in the south of the UK, on a Saturday morning in 1967. On a mission to reach the bank, to draw out pocket money for his son, he arrived at midday – and the doors shut in his face. No money until Monday. What to do? Shepherd-Barron came up with an idea for a machine that could deliver banknotes, 24/7.

03 BANK CARD NO MORE

Soon, inserting your bank card won't be the only way to access your money from a cash machine: Barclays is rolling out contactless card ATMs in the UK. Meanwhile in the US, Citibank is trialling a machine with no screen at all. How do you get your dollars? By having your retina scanned. Slightly less creepy is the miniature ATM, developed by Diebold – just 1.5 times the width of a dollar bill. Less a hole, more a sliver in the wall.

04 ORIGINAL MOBILE BANKING

There's something romantic about the notion of an ATM on the back of a truck. Long before "mobile banking" described moving money on your phone, it meant putting a branch on wheels to reach those living in rural areas who otherwise might not get access to banking services. You can still find some of these ATMs on wheels today: Royal Bank of Scotland has a mobile branch that travels through the Scottish Highlands on a set schedule , while the Bank of Bird-In-Hand (the best name for a bank ever) in rural Pennsylvania has a 29-foot long "bankmobile," complete with full ATM, to serve its customers in the Amish community.

Photo by Phu Cuong Pham on Unsplash

05 AROUND THE WORLD

Just because you think the ATM is old fashioned, doesn't mean it isn't popular. There are 3.2 million cash machines around the world, 600,000 of those in Europe alone, and installations are rising in the BRIC countries. For many people they still remain the main physical interface they might have with their bank. Four out of five people still say that they are convenient to use.

06 GOLD DIGGERS

While the ATM might have been invented in the UK, the cutting edge of what you can do via the machine is to be found elsewhere. Fancy buying lottery tickets, or tickets to football matches? You can at ATMs in the US and Spain, respectively. Or if you need to pay stamp duty on a property, you can do that at Hong Kong ATMs. And if you're in the market for gold bars, there's a hole in the wall – mine in the wall? – in Dubai that will sort you out.

07 LIVES MADE EASIER

You're probably thinking that the ATM, like the cash it dispenses, is due to go the way of the dodo – and soon. But don't be so sure about either of those things happening. There are still over 70,000 cash machines in the UK, and the annual average value of cash withdrawn from them in the UK is £194bn. There's still life to be found in the hole in the wall. Why? As the plaque next to the first one, in Enfield, north London says: "The world's first cash machine was installed here on 27 June 1967. Lives made much easier."

08 BRANCH IN A BOX

For a technology supposedly on the way out, there's a lot of thought going into what an ATM of the future might look like. NCR, one of the biggest makers of cash machines, clearly has a vested interest in them surviving, but the "branch in a box" concept it rolled out in 2017 shows that with touch screen technology, video calling and location-enabled services, you can do 80% of what you might do in a branch, out of hours.

ALMOST IMPLEMENTED

Artificial Intelligence might be the next wrenching change that upends the financial services sector, writes *Dustin Lawrence*, but chances are it will be employees that feel the effect of technology first.

THE UK'S FINANCIAL SERVICES SECTOR appears to be as monolithic as the buildings that house the global banks, insurers and investors in London's City and Canary Wharf. The industry is by any measure an imposing edifice: in 2017, it employed well over one million people and contributed £119bn to the UK economy – or if you prefer, 6.5% of the country's total economic output, according to data from Parliamentary Research Briefing.

But behind all that smoky glass and steel, companies are preparing for significant amounts of change. Whatever effect Brexit has on financial services brands operating in the UK, observers say the future of the sector is one that will combine the sharpest human minds with the best that Artificial Intelligence (AI) has to offer.

AI has arrived in financial services, even if you might not quite have noticed yet – or rather, already take for granted technology such as chatbots that pop up to offer help and advice on digital banking websites.

But many stakeholders believe we shouldn't get carried away with the current pace at which AI applications are arriving or the benefits for customers and employees. Firas Khnaisser, Head of Decisioning at Standard Life and also Chair of the Direct Marketing Association Scotland, believes, "When you look at actual – compared to perceived – applications, the current use of AI in financial services is low."

He adds, "A lot of solutions are touted as AI, either because there is a lack of understanding about what AI actually is, or because using the latest buzzword seems to attract sufficient investment, or both. However, the opportunities are immense and the people getting their heads around how AI can help customers, and in turn businesses, will build real competitive advantage for the future."

> **AI has arrived in financial services, even if you might not quite have noticed yet – or rather, already take for granted technology such as chatbots that pop up to offer help and advice...**

BUILDING THE BLACK BOX

TEPHEN BROWNING is Challenge Director – Next Generation Services at Innovate UK, part of government-backed agency UK Research and Innovation, which coordinates and invests in research and development across a range of sectors. He also thinks there's a need for a more realistic take on the financial sector's progress towards an AI-driven future: "In most cases, when people talk about AI, it's really machine learning. We are still in a developmental phase and the capabilities of this technology are quite narrow at present."

Narrow they might be, but such services are starting to spring up. Browning points to telematics. In layman's terms, this is a type of "black-box technology" that, in this instance, is a boon to insurers as it can monitor motorists' driving habits and vehicle performance. Data is collected and can be fed back to both insurers and service centers. As a result, it's likely that future insurance premiums will be set individually, based on risk factors described by the driving data, rather than the deductions of an actuary.

While potential benefits of AI for consumers are starting to filter through, it's less clear how positive the effects on employees in financial services will be. Estimates of job losses – or indeed new jobs created – differ wildly across various government reports and sector consultations.

Browning takes a positive view. "The reality is that technologies classed as AI today have zero intelligence," he says. "We don't even have a pathway to getting a genuinely intelligent machine. I don't think these technologies will wholesale put people out of work. They will substantially deal with specific tasks people do rather than replacing whole jobs."

> **You can use automation to remove a lot of donkey work from processes, freeing up employee time to do more interesting things...**

AUTOMATION FOR YOUR PEOPLE

OB STARK, COMMERCIAL DIRECTOR at pensions specialist Portafina, also forecasts certain employees' roles within the sector may change, but for the better. Automation could take away some of the menial parts of their jobs, allowing them to focus their efforts on adding value to their organizations. He states, "You can use automation to remove a lot of donkey work from processes, freeing up employee time to do more interesting things. That does rely on management having the foresight to plan ahead and train staff to be able to make the best use of their time."

Planning will be critical, agrees Khnaisser, as the financial services workforce gets to grips with the burgeoning role of technology, and as humans and machines start to learn to work side by side rather than one being used as a tool by the other. "The real challenge is, how do we support employees in the right way to be able to upskill them into new roles that are being created, using the experience they have obtained from years of working within the industry?" And don't expect this to be a quick process. "It's an exciting start but it will take some time before organizations come to grips with AI's capability and its potential applications," Khnaisser adds.

Judging by the amount of investment going into the technology, it will be an inexorable process. According to business analyst Tractica, investment in AI within financial services will exceed US$4.5 bn by 2025. But understanding how to use that capital to design products and services that are of real value to customers, while also shaping the roles of employees who are tasked to deliver them, will be a huge challenge.

On the one hand, Khnaisser believes, "It's pivotal that organizations consider the [customer] problem they are trying to solve and how AI actually helps solve it."

On the other hand, an "inside-out" approach to developing services could prove a better focus, says Browning. "It's hard to predict the effect of technology, but if we look back at how it has affected markets across industries, there's a lot of evidence to say that in price-driven sectors – such as insurance – by offering new products you bring prices down and customer demand goes up. That price elasticity can be driven by the company."

The extent to which systems should be automated is another quandary facing management teams. The answer will likely, as ever, be determined by resource, especially the budgets companies are willing to commit in the early stages of this change. Will the big banks throw money at AI in a bid to outmaneuver the fintechs that are snapping at their heels? And what's the role of Small Medium Enterprises (SMEs) in driving the tech revolution?

As part of a smaller organization, Stark comments, "You have to be realistic in that you aren't Google, so the smart thing to do is leverage the technology that is now available from larger players who are experts in this field. The elements you can bring to the party are your knowledge of your own sector, clients and internal processes."

He adds, "We [at Portafina] use technology heavily to bring efficiencies needed to provide a full advice service to clients who have smaller amounts to invest than most independent financial advisers would consider. We have a ten-strong systems team and we keep them busy."

Ensuring employees stay busy is the key factor running through the pros and cons of an automated future in financial services. Browning concludes: "We haven't really begun to consider the subtleties of human interpretation of technology. Instead of AI, perhaps we should talk about intelligent augmentation, which I think better describes how people and algorithms could combine to deliver improved results."

NOT QUITE

WHAT THE **** IS BLOCKCHAIN?

Yes, we know you've heard of the most revolutionary technology to hit finance since the abacus. But do you actually know what it's about?

Relax, as *Magpie* has demystified it for you.

1

Essentially a blockchain is a type of database. A network of "blocks" acts as a digital ledger, making a permanent record of any transactions that are completed across that network, which is public. The ledger can't be edited without an enormous amount of computer power.

2

The information held on each "block" isn't kept in one place. Instead, it is held by many, many computers simultaneously. Every 10 minutes, the network reconciles each transaction that has occurred across every computer in this period and creates new blocks as needed.

3

You'll have spotted by now that, at root, blockchain is just another way to store data. But people are excited about it because it's the new frontier of secure information sharing and data storage. As every transaction is recorded across the whole network, everyone accessing the network can see what has happened – but won't be able to corrupt the data. Which makes it fantastic for keeping records public that can't be tampered with.

4

That said, a blockchain network doesn't have to be visible to the whole world. Organizations can make private networks that are only accessible to people who have a private key. This means that the technology can be adapted for a wider range of business uses.

WHAT'S THE LINK BETWEEN BLOCKCHAIN AND BITCOIN?

Bitcoin is essentially payment for adding transactions to blocks in the chain. Computers across the network verify, then record transactions on each block by solving mathematical problems. This process is commonly known as "Bitcoin mining." Miners receive their payment for completing these problems in Bitcoins.

Across different networks alternative cryptocurrencies are used, like Litecoin and Ethereum.

BLOCKCHAIN! HUH! WHAT IS IT GOOD FOR?

NOT ABSOLUTELY NOTHING AS IT TURNS OUT…

BANK TRANSFERS:

Using blockchain provides a secure, traceable and instant way to transfer funds to another party, eliminating the need for an intermediary – which, in the case of a bank transfer, is the bank.

MICROPAYMENTS:

Making payments is an expensive business, a fact which has inhibited the take-off of micropayments – effectively recipients lose money as they spend more on bank fees. By sending transactions directly via blockchain and cutting out the banking middleman, micropayments could become commonplace.

LENDING MONEY:

Peer-to-peer lending can be a scary prospect as it requires total trust, so a middleman is usually introduced to defuse these concerns. But as blockchain allows transactions to be made directly between two parties, this minimizes the amount of trust needed – and creates an open, permanent record of the loan.

PROVING ASSET OWNERSHIP:

Blockchain makes it possible to trace the entire ownership history of an asset – and as the chain can't be edited, it's definitive. Startups such as Provenance (provenance.org) are attempting to do something similar for physical products.

TRADE STOCKS AND SHARES:

Theoretically, blockchain could have a huge impact on buying shares. Record keeping, audits, transferring assets and trade verification can all be performed with the technology, and intermediary fees would disappear – trades would be faster and more secure. Blockchain could also provide a place for initial public offerings – an alternative to the stock exchange, where companies could instead list tokens for people to buy.

THE ABCs OF FINANCIAL LITERACY

Image courtesy of SFGB

SARAH PORETTA Strategy and insights director

Financial capability – and the underlying issue of financial literacy – is a subject rapidly rising up policymakers' agendas. Without either, many of the potential benefits of the fintech revolution might be lost.

So what's the situation in the UK like? *Magpie* found out.

A third of people struggle to calculate change and nearly half struggle to understand simple supermarket discounts, according to a survey exploring financial literacy in the UK. The poll of 9,000 consumers, a joint study between Cambridge University and University College London, points to a stark problem: if people struggle with basic numeracy, let alone get to grips with financial products, can we expect them to take more important financial decisions elsewhere in their lives?

How can these crucial skills be bolstered and how much responsibility should our financial institutions take in contributing to the nation's economic education? *Magpie* spoke to Sarah Porretta, Strategy and Insights Director at the newly formed Single Financial Guidance Body (SFGB), to find out.

MAGPIE: What is the SFGB and what does it do?
Sarah Poretta: SFGB is a new non-departmental public body combining the Money Advice Service, Pension Wise and the Pensions Advisory Service. We offer free, impartial financial guidance and information to millions of people in the UK over the phone, online and in person. Our mission is to help people make the most of their money at every life stage. A key part of this is improving financial literacy, knowledge and skills.

How would you describe the general state of financial literacy in the UK among adults and children?
A quarter of Britons are "financially squeezed," meaning they could get into financial difficulty with one unexpected bill. Some 16 million working age people have less than £300 in savings, and eight million of us are in serious debt.[1]

Low levels of financial capability can result in people making poor financial decisions. Our research has shown that people are managing their money day to day, but far fewer are preparing financially for life events such as income loss, bereavement or retirement. Without the basics in place, dealing with potential income shocks is that much harder. Improving financial capability leads to much better individual and social outcomes.

Our research shows children have a reasonable understanding about money. They recognize some financial products and concepts, are cautious about debt and have a theoretical understanding of the importance of savings and "value for money." However, we also know that 39% of 16- and 17-year-olds don't have a current account and 60% don't have a savings account. Children who never save are the least likely to be confident about managing their money. Only 28% of those who never save say they are confident compared to 63% of those who save often.[2]

How can the financial sector help consumers become more financially literate?
It's vital that the financial services industry works together to build the financial capability of consumers. Almost four in 10 adults don't feel confident managing their money and an additional 12.9 million people have no savings to fall back on.

The Financial Capability Lab, a partnership between the Money Advice Service, Behavioural Insights Team[3] and Ipsos MORI,[4] encourages greater collaboration between firms in the sector to improve people's money management. It was set up in 2016 to generate and rapidly test new, behaviorally informed ideas to solve money challenges. Working with public, private and charitable partners, the next step is to develop the most promising of these ideas into field pilots, building the case for new, effective products and services at scale.

In November 2018, NEST Insight[5] and the Money Advice Service launched one of the first of these ideas. It is a "sidecar savings" trial which will explore whether the model can improve workers' financial resilience today and in retirement, by creating an optimal level of savings. In a "sidecar" structure, contributions that are greater than the auto-enrollment minimum would be managed through a mechanism designed to create an optimal level of liquid savings, while also maximizing long-term savings. Timpson will be the first employer to roll out the trial to more than 5,600 workers. Organizations can visit fincap.org.uk to find out more.

1 —
2018 Financial Capability Survey

2 —
Financial Capability of Children, Young People and their Parents in the UK 2016: www.fincap.org.uk/en/articles/financial-capability-uk

3 —
Colloquially known as "The Nudge Unit," the Behavioural Insights Team is a UK government spin-off which applies insights from behavioral economics, psychology and other disciplines to try and solve social policy and other problems: www.bi.team/

4 —
The opinion polling and market research firm

5 —
Pension think tank associated with the UK's workplace pension scheme: www.nestinsight.org.uk/about-nest-corporation/

What can other organizations do to help?
Charities can help prevent various groups within society from making poor financial decisions. They can also integrate financial capability into their programs. Any program that intends to offer a holistic solution in this way, for example, mental health issues or unemployment, will need to consider the role financial capability plays. Money worries can have a knock-on effect on physical and mental wellbeing; problems which charities are often trying to solve.

The education sector has an important role to play in teaching children about money to help them make the most of their finances in the future, plan ahead and avoid getting into debt problems. Research shows that young people who report having had some financial education at school are more likely to save frequently, have a bank account and be confident managing their money.

Lastly, employers play a key role in building the financial wellbeing of their employees. Money worries have a clear impact of how people feel and behave, both in their day-to-day lives and at work. It's proven that financial worries, and a perception that employers aren't helping alleviate them, can provoke less effort among employees. Employers could have a positive impact on reducing stress and improving productivity and loyalty by providing support around money issues and encouraging people to seek advice.

Organizations should consider how they can better meet their customers' needs by building support into their services and communications. There are a range of resources available to organizations on the FinCap website, such as an evaluation toolkit and customer content. Other initiatives offering useful resources include Open Banking for Good, Fair by Design and the Finance Innovation Lab.

How can technology help with financial literacy?
Through the Financial Capability Lab, new research and trials are exploring ways technology can help people make better money decisions. The lab recently partnered with startup Monzo to develop new technologies that increase the financial wellbeing and capability of UK consumers. The technologies will give people more power over the way they use their money by adding controls they can switch on and off. This could include things like letting customers set and work toward goals, or nominate a trusted person who can be notified and asked to approve certain transactions.

You can find out more about the UK's Single Financial Guidance Body at singlefinancialguidancebody.org.uk

THE UN£XPECTED FINTECH$

As the financial technology revolution gathers pace, we've taken a step back to bring you a list of those companies that, at first glance might not appear to be on the bleeding edge of change, but are actually using the opportunities brought about by fintech to disrupt sectors, the economy – even themselves.

Chosen and compiled by:
Sally Bye, Ian McCawley, Edward Parshotam, Nick Ranger and Lucinda Vaughan-Steel

20 FOR 2025

MAKING A MARK

There is a revolution is sweeping through finance. You're no doubt part of it – but it probably doesn't feel that way to you, as you use your contactless card to pay for your journey to work, or wave your phone to pay for your coffee.

But it is happening, and it is upending financial services business models. At the same time its changing traditional ideas of what customer service is, how people can access and make the most of their money, and how trading can be done faster and faster...

However a revolution is not truly a revolution unless it leaves a trace, a mark, in places that you might not expect. Which got us thinking: who are the companies that are taking advantage of the opportunities new technology is affording them to start embracing fintech to create seamless, frictionless services in the wider economy? Whether it's in food and drink, travel, energy, entertainment and shopping, who are the companies doing fintech but don't look like financial services companies? Who are the unexpected fintechs?

While you'll find plenty of frictionless payments and experiments with blockchain on our list, you'll also see a broadening of the institutions doing what we might consider traditional transactions: issuing loans, accepting savings and underwriting insurance. You'll discover how car manufacturers are becoming labs for financial innovation. And don't be surprised if you find the cutting edge of fintech... in a cheesecake.

DON'T BE SURPRISED IF YOU FIND THE CUTTING EDGE OF FINTECH... IN A CHEESECAKE

HOW WE CHOSE OUR FINTECHS

We wanted our fintechs to be genuinely unexpected. That meant any business that is heavily associated with the finance or technology sector didn't make the cut.

From Amazon and Facebook to Google and Samsung, a wealth of some of the world's largest businesses are investing heavily in fintech. Some are also doing so in ways that you might not expect; Amazon, for instance, is seeking to enter the insurance space. Even so, these companies didn't make our list. While they might be entering fintech in unexpected ways, they're also established innovators in the finance or technology sectors – or both.

However, what's more important than why companies didn't make the cut is why our 20 choices did. To count as an unexpected fintech, there had to be clarity of purpose to the organization's entry into the sector. That means not simply innovating for the sake of innovation, but also improving the customer experience in some way. They are making things simpler, more convenient, more personalized or more affordable.

Also, they aren't simply becoming arms-length investors into fintech, or mere facilitators of innovation, but are instead actively applying the innovation generated by their investments, or accelerators they create, within their own businesses.

Presented in no particular order, these businesses aren't simply grasping on to new fintech innovation in a scattergun manner – although a bold approach to innovation counts for something – but instead have a clear strategic rationale behind their investment in the sector.

One other consideration was the businesses' potential longevity. Our working title for this list was "20 for 2025;" we fully expect these companies, unlike many other startups, to use the technology they are experimenting with and using to solidify their position within their respective markets.

20 for 2025

01 – 05

Your list of unexpected fintechs starts here...

JAGUAR LAND ROVER

i-Type

—

Jaguar Land Rover (JLR) has repositioned its entire business to become a technology company that makes cars. This includes starting the JLR Tech Fest,[1] which was launched in 2017 and showcases the company's adoption of fintech and digital solutions.

The automotive business has also created InMotion, a venture capital fund that invests in startups and early-stage companies. InMotion[2] has so far invested in 11 different startups, ranging from fintech insurance to blockchain businesses, providing innovative rewards programs for customers. These include Lyft, the fastest growing ride-sharing platform in the US; By Miles[3], which offers dynamically priced insurance policies for low-mileage drivers in the UK through telematics data; and Go Kid, a carpool app for parents.

BRITISH GAS (CENTRICA)

Tech, it's a gas gas gas

—

British Gas, owned by energy conglomerate Centrica, has taken part in artificial intelligence (AI)-driven experiments exploring new and fairer ways for consumers to pay for their energy.

Working with AI company Verv[4], this has included a blockchain-based trial on an east London housing estate, which used the technology to keep a record of each resident's energy consumption, and explored how residents could cut their bills if they sold the excess energy provided to their flats to their neighbors.

This commitment to identifying innovations that can benefit customers has been further underlined with the creation of Centrica Innovations. This arm of the company has invested in a series of startup businesses, including L03 Energy[5], which is in the process of commercializing a platform that will enable peer-to-peer energy marketplaces.

THOMAS COOK

Travellers' tech

—

An example of a travel business improving the holiday experience through innovative fintech partnerships, Thomas Cook has worked with credit card giant Mastercard to create Lyk,[8] a prepaid travel card that can be preloaded with travellers' currency of choice.

And, in a first for the UK travel sector, the company has created a wearable prepaid payments device, the Waveband Lyk.[9] Travellers simply preload the waterproof wristband with the local currency of their destination, and can enjoy the rest of their trip not worrying about carrying large amounts of cash.

7-ELEVEN

Grab, go, bank

—

Retail behemoth 7-Eleven is investing heavily in fintech as a route to offering a better consumer experience. This has included everything from testing "scan and go" technology that allows shoppers to use their mobile phones to pay – avoiding the need to wait for a cashier or self-service checkout to become available – along with a partnership with startup soCash[6] to enable cardless cash withdrawals in its stores.

7-Eleven is also investing in solutions that will improve the shopping experience for international consumers, with the brand in Canada announcing that it will accept payments via the Chinese instant messaging app WeChat[7].

Meanwhile, outlets across Asia have begun offering banking services, with customers of the Government Savings Bank in Thailand able to deposit and withdraw funds at more than 10,000 stores across the country.

NANDO'S

Tech takes wing

—

The Peri-Peri chicken specialists at Nando's are turning to fintech to improve the customer experience. This has included a Nando's app, which not only allows for ordering and payments, but also incorporates the restaurant's loyalty program.

In addition, Nando's has partnered with hospitality fintech provider Flyt[10] to ensure diners can benefit from the convenience of frictionless payments, including ordering, paying and splitting bills.

1 — jlrtechfest.com
2 — inmotionventures.com/about/
3 — bymiles.co.uk
4 — verv.energy
5 — lo3energy.com
6 — www.socash.io
7 — web.wechat.com
8 — lykcard.com
9 — lykcard.com/waveband
10 — flyt.io

A NEW ANATOMY OF TRUST

Hannah Conway reports.

At the heart of financial services is trust, something which collapsed after the catastrophic events of 2008. And yet the industry didn't change in the way people were expecting. Can technology-driven new entrants to the sector finally begin to repair the confidence that the public needs to have in it?

Ten years after the near collapse of the global financial system and the subsequent 'Great Recession,' it has become apparent that there is still an ongoing crisis of 'trust,' especially in the Western world. Whether it is financial services, wider business, government or journalism, there are record levels of distrust across almost every major institution that underpins society. Not for nothing did Dictionary.com name "misinformation" as its word of 2018 – not just a reflection of the 'fake news' phenomenon, but also of the general wariness that many people feel about the news, data and stories they're receiving and consuming.

Yet many of the biggest companies that have emerged since 2008 rely deeply on trust. In today's world, people allow strangers to inhabit their homes, drive their cars, even walk their dogs.

And not only do we trust strangers, we also appear to be relatively happy to trust faceless computers, and willing to share our most personal information with them online. A 2017 study by YouGov reported that 48% of millennials feel comfortable sharing their data with companies that they do business with, as long as it leads to cost savings – the highest percentage of any generation surveyed.[1]

1 — prnewswire.com/news-releases/survey-despite-privacy-concerns-consumers-will-share-personal-data-if-it-saves-money-or-resolves-customer-service-issues-300440038.html

TRUSTING MR BANKS?

This ambivalence around trust is especially apparent in financial services. The idea of banking has always been premised on the notion of security. Traditionally, banks have used their structures to showcase their ability to keep money safe: classical buildings with vaults, security at the door, tellers and other staff dressed in uniforms, all to project an image of stability and safety.

But the events of ten years ago significantly damaged that vision for many people. And now, new entrants in this sector – many driven by technology and unlikely to have a physical presence – now must answer a new question: how do you communicate security – how do we trust you? – when you are offering an intangible service?

According to the 2018 Edelman Trust Barometer, for the past five years technology has ranked as the most trusted industry in the world, financial services the least.[2] This poses two interesting questions – how do you rebuild trust in financial services generally, for a public still wary from the events of 11 years ago? And what is technology's role within this?

For a slew of online players, whether they're banks, micro-investment firms or even AI-powered savings accounts, the answer to that lies in creating a new language, actively listening and responding to customers and seamless user experience, to communicate their integrity, how secure they are and, perhaps most importantly, their sense of inherent trustworthiness.

2 — edelman.com/trust-barometer

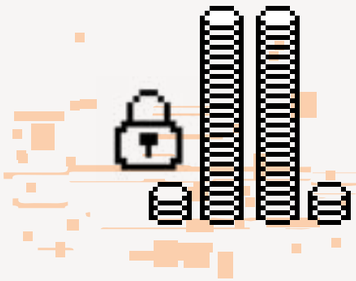
21ST CENTURY COMMUNITY BANKING

UK-based Monzo is one such startup. Its manifesto reads, "We're building a new kind of bank. A bank that lives on your smartphone and built for the way you live today. By solving your problems, treating you fairly and being totally transparent, we believe we can make banking better."

The digital-only platform claims to be delivering this by building a product with their user at its core – but with 21st century concerns front and center. Monzo's users are able to deposit and withdraw money, pay businesses and peers directly, and even send money internationally, all at reduced fees. Crucially, the brand has also invested heavily in building its "Monzo Community," a forum that facilitates a flow of feedback from their customers, which it can then use to adapt constantly in response to those questions, concerns and desires – listen, tweak, test, now deliver. In this way, Monzo has managed to grow organically, spreading via word of mouth and reaching half a million users in a couple of years.

Digit follows a different model, differentiating itself from banks by positioning itself as an automatized solution to the struggles that people have when it comes to budgeting. Digit says the platform "analyzes your spending and automatically saves the perfect amount every day, so you don't have to think about it." The brand doesn't use the word "bank" to describe its service – rather the emphasis is on the outcome it provides: savings for people's short-term goals.

Though different in the services they provide, Monzo and Digit are using similar positionings in their efforts to capture younger users. Both make a lot of being startups, emphasizing a different way of doing things, as compared to older financial services brands. The use of simple and more informal language, as opposed to jargon. Easy-to-use, mobile-first platforms. The fact that they are (or at least claim to be) agile and transparent in their offerings. These verbal and visual tactics convey the "newness" of these services, setting them apart from more traditional financial establishments.



INVESTING FOR THE MASSES

One consequence – maybe "fallout" is a better word – from the financial crash of 2008 has been the rise of populist movements around the world. Judging from events such as the election of far-right candidate Jair Bolsonaro as president of Brazil, and the gilets jaunes movement in France, this phenomenon is unlikely to disappear any time soon.

Powering many of these movements has been a sense of inequality, both of income and more broadly between social classes. There exists a widespread notion that a ten-year period of stagnating wages but rapid growth in asset values has created a situation where any economic gains of the past decade have gone unequally to a small slice of the population.

Whatever your belief, it is clear that there is a growing wealth gap in many countries between higher-rate taxpayers and those in lower economic brackets. Take the US. According to the 2018 US Bureau of Economic Analysis, there is a vast difference between Americans who save and those who do not. The top 25% of the population has more than $200,000 stashed away, as compared to the bottom 30% who have $5,000 and less to call upon in their retirement.[3] There is also a divide in how people grow their wealth. In India, for example, between 2002 and 2011, varying investment returns accounted for 84% of the increase in inequality of wealth held in equities.[4]

If we accept the premise that increasing the wealth of an individual depends on both having the funds to invest and access to investment providers, then it becomes clear why investment is an activity only available to the already wealthy. However, a number of startups are challenging this assumption.

US-based Robinhood reflects its anti-establishment nature in its name, describing its mission as nothing less than "democratizing access to the American financial system." The micro-investing platform allows users to sign up for free, and there is no minimum cost to invest – a key differentiator from most firms, which generally ask for a minimum primary deposit. The company makes good on its promise to bring the middle class into being able to invest, providing easy to understand graphics to illustrate stock listings and financial news in their app.

Established in 2013, Robinhood has seen a huge jump in customers, growing from five to six million users in the past 12 months.

Acorns is another American platform that targets first time investors, with remarkable success: over four million people currently use the service. The micro-investment app is based on the idea that even by investing pennies, people can see a return: "We [are] led by the belief that anyone can grow wealth." Acorns enables users to invest spare change by rounding up the sum of each purchase made on an individual's debit or credit card, and then automatically investing that sum. For example, that $4.91 latte becomes an even $5, with $0.09 moving directly to your investment fund. The service also allows you to "earn money," by partnering with retailers who will give money to the customer's Acorns fund when they make a purchase. And again, there's no minimum initial investment.

In addition to their no-cost entry, both Acorns and Robinhood feature education as a prominent part of their brand. Each offers short blog posts on their apps, such as "Investing 101," giving consumers facts on the importance of investment, how to start and then succeed at it.

MONEY DOES YOU GOOD

Another, less remarked upon, reason why consumers might not trust financial services providers is their ethical – or lack of – investment policies. Over the last decade, the wider public has started to become more aware that their (and their proxies') investment decisions can in turn finance industries that they might not approve of: the gun trade, or oil and gas, for example.

This awareness is starting to translate into pressure on investors to, at a minimum, take ethical considerations into account when making their investment decisions. The US Forum for Sustainable and Responsible investment recently reported that "investors now consider environmental, social, and governance factors for $12 trillion of professionally managed assets… a 38% increase from 2016."[5]

Diversity is another issue that investors and financial services brands are recognizing has to be grappled with, especially when it comes to funding startups led by entrepreneurs from non-traditional backgrounds. As reported by *Wired*, "All-female startups received just 2% of venture capital funds in 2017, while all-male teams received nearly 80%, according to data gathered by the VC and private equity database PitchBook. People of color have similarly been left out."[6]

3 — cnbc.com/2018/08/27/1-in-3-americans-have-less-than-5000-dollars-saved-for-retirement.html

4 — livemint.com/Politics/WiOxBnrLQlVkIObgF9LqII/Snap-Fact-How-investments-impact-wealth-inequality.html

5 — qz.com/1490365/esg-investing-risks-becoming-a-victim-of-its-own-success/

6 — wired.com/story/saudi-arabia-tech-ethical-crisis/

7 — bloomberg.com/news/articles/2018-08-28/google-partners-with-banks-to-launch-digital-lending-in-india

8 — wsj.com/articles/china-tech-giants-costly-wars-to-go-cashless-1528977600

So in a world where a company's purpose is more important than ever before, new entrants to financial services are setting themselves apart by creating investment options that allow consumers to align their financial goals with their moral compasses.

Take Canadian company Wealthsimple, which offers "Responsible Investing" and "Halal Investing" options for its users. The Responsible Investing fund has within it portfolios investing in companies with low carbon emissions, that support gender diversity and promote affordable housing. Meanwhile the Halal Investing principles are tailored specifically to Muslim investors' interests, with funds screened by a third-party committee of Shariah (Islamic law) scholars; there is "no investment in companies that profit from gambling, arms, tobacco or other restricted industries."

Ellevest works in the reverse: rather than investing in specific causes, the company targets female investors as the customer group most in need of building up its wealth. The startup cites the gender pay gap as the essential reason for women needing to invest more than their male peers: "Because of the gender pay gap, [women] have about $320,000 less when they retire at 67… so [their] money could last six years less than [a man's], even though she's likely to live three to five years longer." The company also examines other problems that women face, using their magazine as a platform to cover issues such as "divorce inequality" and "paid family leave" that have implications for female financial wellbeing.

AN INVISIBLE HAND

When considering the role of technology in rebuilding trust in financial services, it's impossible to ignore the big tech companies. Google, Apple, Facebook and Amazon have all made in-roads into different aspects of consumer finance a process which won't be stopping soon.

Amazon was one of the first to innovate in this space, thanks to introducing one-click ordering as early as 2000. Facebook incorporated peer-to-peer payment into their messenger app in 2015. ApplePay is now available in 33 countries worldwide since its launch in 2014. And in August 2018, Google announced it was partnering with four Indian banks to offer instant, pre-approved loans to customers right within Google Pay in a matter of seconds.[7]

China's equivalent big tech companies are doing something similar. Tencent has built payment functionality directly into the WeChat platform, a smart move in recognition that a significant proportion of Chinese citizens spend over four hours daily on the app.[8] As Kathy Xu, the founder of Capital Today Group which oversees funds that invest in emerging Chinese tech companies, says, "Consumers are lazy. They are already on WeChat, and they don't want to click away."

This speaks to a key building block of trust for financial services in the future – seamlessness. These applications, introduced upon platforms with already-high consumer engagement, create a level of widespread expectation of ease of use that extends to all financial companies.

Of course, what links these platforms is that they have a built-in level of trust from their customers, thanks to the other services they provide – and it is this trust that is being relied upon as these brands move into financial services. New entrants to the sector – and indeed older players – might find they have to work much harder to be granted the same levels of acceptance from their users.

One thing remains clear: whether trust comes or goes, financial services brands, old and new, simply can't do business without it.

THE BUILDING BLOCKS OF FINANCE

While financial transactions are a near-universal human experience, the way they are conducted is evolving – fast. Here is a round-up of some easy ways financial services brands can build trust in an age of rapid change:

Be seamless: As use of online platforms and networks increases, integrating easily into already trusted services means financial brands can extend their range.

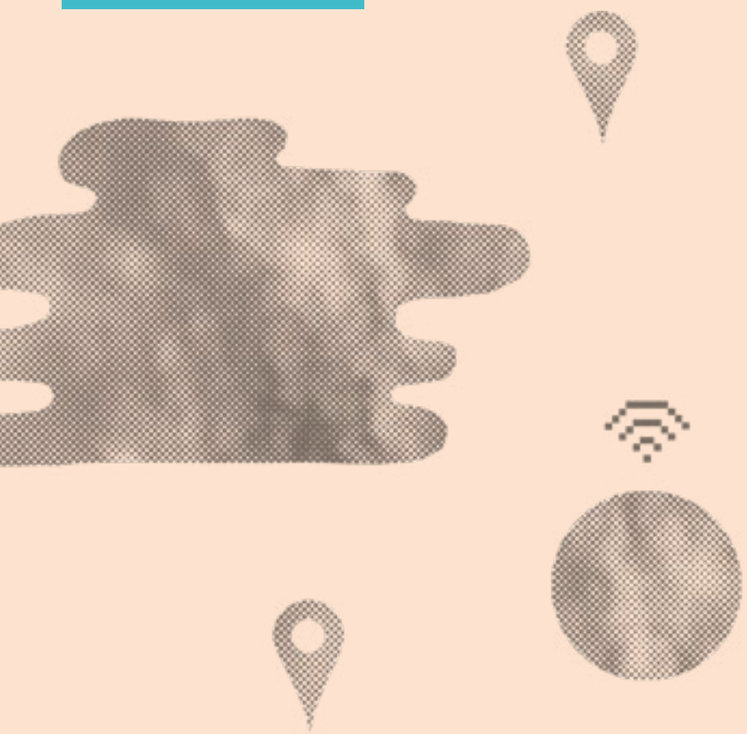
Be straightforward: Brands can start a conversation by using easy-to-understand language that speaks to consumer needs. Fintech companies are already going a step further, by providing education to their users.

Be empathetic: To create an emotional connection with users, brands must show a true understanding of past consumer issues and speak to the ways they can resolve these problems, whether that's through technology, or a business model.

Be good: Increasingly people flock to brands who they believe are making a positive difference in the world. Services that are able to align money-building with social good gain consumer trust by showing people where their money is going.

20 for 2025

06 – 15



STARBUCKS
Call me cutting edge

—

Not just the largest coffee chain by number of stores worldwide, Starbucks also possesses one of the most popular mobile payment app in America, maintaining a lead over the likes of Apple Pay, Google Pay and Samsung Pay.

Around 25 million people in the US are said to have made a mobile payment transaction using the Starbucks app in 2018, according to data from eMarketer.

Starbucks' foray into fintech is not just impressive because of scale; the company is also exploring cutting-edge innovations in cryptocurrency and blockchain to expand the number of ways customers can pay.

COSTA COFFEE
Cup to the future

—

Only a mug could fail to appreciate the innovation involved in Costa's new contactless payment solution – given that it is, in fact, a cup. The UK coffee chain's "Clever Cups" turn customers' reusable coffee cups into smart, convenient ways to pay.

Powered by UK credit card provider Barclaycard's bPay[1] technology, the cup contains a contactless chip in a detachable, washable base. This can also be used to pay at other retailers, and allows shoppers to track spending, top up their balance and even block the contactless element temporarily should the cup be lost.

The Clever Cups form part of Costa's wider relaunch of its reusable range, which follows the company's pledge to recycle 500 million cups by 2020. Costa has also partnered with the fintech startup Flux[2] to offer customers paperless receipts in-store, sending bills via text message or email.

EXPEDIA
Explorers of fintech

—

Some businesses have earned their place on this list through an innovative approach to Bitcoin. And some are even earlier adopters. Take Expedia, so ahead of the curve that it launched – and has since discontinued – an offer to pay with the cryptocurrency.

Testing and ending Bitcoin payments wouldn't justify inclusion in this list by itself, but Expedia has also partnered with fintech startup Affirm[3] to allow consumers to spread the cost of holidays over 12 months. Affirm, um, affirm that its solution not only avoids compounding interest and hidden fees, but it can also offer credit to a broader section of consumers through advanced analytics that look beyond traditional credit score systems.

As an international organization, Expedia Group – which encompasses CarRentals, CheapTickets, Expedia, HomeAway, Hotels.com, Hotwire, Orbitz, Travelocity, trivago, and Venere – is committed to fintech innovations that offer a better experience to consumers across the globe, including solutions that enable travellers to pay in their native currency.

Block, Bit, Boom!

WALMART
Go-go groceries

—

While many businesses have invested in fintech to directly benefit their customers, Walmart has also considered how it can boost employee engagement, believing that a more engaged workforce ultimately provides a better service to Walmart customers.

The retailing juggernaut has rolled-out Even,[4] an app that allows employees to manage their money; they can also use it to access their monthly wages earlier than their official pay day, if they need to.

Walmart is also exploring a range of uses for blockchain technology, including a package delivery system, and is engaged in a blockchain partnership with IBM aimed at improving food traceability.

BMW
Ultimate fintech machine?

—

An example of a business so committed to innovation that it has created its own innovation lab, BMW is providing startup tech and fintech businesses with funding and mentoring – then trialling these products within BMW.

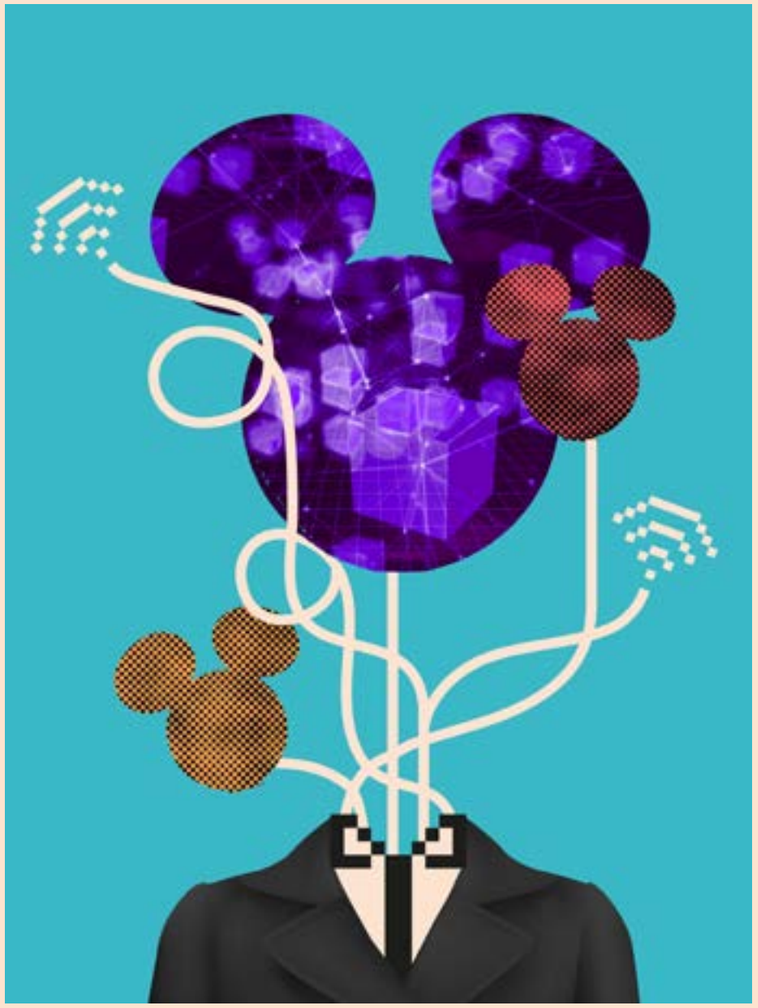
Startups taking part in the UK in 2018 included Ocasta,[5] which has built a platform to improve communication between employees; easyCar Club,[6] which offers peer-to-peer car and van hire; Proximi.io,[7] which enables companies to create location-based advertising; and DOVU,[8] which uses blockchain to offer rewards to drivers who share data about their travel.

Such has been the success BMW has enjoyed with the lab, it has now expanded the concept into the US, where it is similarly financing the development of next-generation fintech businesses.

BMW has also partnered with a blockchain startup to develop a customer lending solution, providing a convenient and more affordable way to finance the purchase of new cars, expanding BMW's potential customer base.

1 — bpay.co.uk
2 — tryflux.com
3 — affirm.com
4 — even.com
5 — ocasta.com
6 — carclub.easycar.com
7 — proximi.io
8 — dovu.io

Cash, Slash, Sashim?



WALT DISNEY COMPANY
Mickey on the block

—

Now a multi-technology entertainment company, Disney has invested heavily in fintech, including the blockchain startup Dragonchain.[9] It has announced plans to open a cashless resort for both purchases and services.

It also has developed a wearable payment solution, MagicBands,[10] which can be used at its resorts along with electronic payments such as Apple Pay, Samsung Pay and Google Pay.

These new payment solutions have been devised with a view to creating a frictionless experience at resorts, allowing visitors to pay in advance for attractions. Data will be used to reallocate staff to busier rides, or to send tailored offers to incentivize visitors away from the busiest areas of the resort at peak times.

H&M
Flash cash

—

While innovative retailers are seeking to understand how best to work with Klarna, a Swedish fintech business that offers customers the chance to pay for items in monthly installments, fashion giant H&M has gone a step further by investing US$20m in the startup.

The H&M deal also means that Klarna is integrated into the retailer's physical and online stores, helping it reach a broader range of customers and building their loyalty.

DOMINO'S
Technology toppings

—

Domino's Pizza CEO Patrick Doyle has famously described the company as a "technology business that sells pizza" and this is apparent in its approach to fintech, which includes a partnership with $PAC[11] to accept cryptocurrency payments.

Domino's approach to embracing the latest technology has resulted in its stock price rising by 2,000% over seven years, with a proprietary point-of-sale system and a best-in-class app proving powerful growth drivers.

Domino's has also partnered with AI startups to offer its own virtual assistant that will help customers with orders, including conversations about menus, ingredients and store hours, all with the aim of driving increased e-commerce sales.

GRAB
Lend on the go

—

Singaporean business Grab has demonstrated that it is far more than a simple ride-hailing app, having created a separate division, Grab Financial, in partnership with Credit Saison,[12] one of Japan's largest financial consumer lending companies.

The joint venture has been built to provide loans and lending services to millions of unbanked and underbanked consumers, micro-entrepreneurs and small businesses across southeast Asia.

While many customers use Grab, which has merged with Uber, simply to book taxis, the business has predicted that its main growth area will be its digital payments solutions for small businesses and entrepreneurs, anticipating it will provide 20 times the revenue of its transportation service. The significant success of the business has resulted in Toyota investing US$1bn in Grab in 2018.

WEWORK
TheyFintech

—

Serviced office business WeWork, part of the WeCorporation (which has the aim of 'elevating the world's consciousness'), provides more than just a building for its tenants – it partners with fintech business Paymentech to offer a guaranteed discount on the cost of processing client invoices. Under the partnership, tenants can bring across any three client invoices and WeWork will guarantee a lower rate than that charged by their existing providers.

WeWork has also partnered with the fintech SoFi[13] in the US, offering a 0.125% rate discount on student loan refinancing or Parents PLUS loans.

9 — dragonchain.com
10 — disneyworld.disney.go.com/en_GB/plan/my-disney-experience/bands-cards/
11 — paccoin.net
12 — corporate.saisoncard.co.jp/en/
13 — sofi.com

BEYOND THE PALE, MALE AND STALE

Once a bastion of old-fashioned – if not downright distasteful – standards of behavior and employment practices, the financial services sector has quietly become one of the industries that is becoming more diverse and inclusive. *Sophie Lutman* surveys the brands that are on the front line of this progress.

Traditionally considered the ultimate of boys' clubs, old and young, the financial sector has struggled to shake off its image of being very male, even paler – and as a result of that, very stale in the 21st century.

Look beneath the surface, however, and a different and better story about diversity within the sector is emerging. Thanks to both external pressure and government initiatives, such as the Women in Finance Charter in the UK, it is clear that the financial industry has been making changes that are starting to create a more inclusive environment for its employees.

As you might expect, many of the businesses leading the charge are innovative fintechs. But big industry players are also taking significant steps towards making their organizations more diverse and inclusive. Whether it's established brands like MasterCard and RBS, or newer ones like Stripe and GoCardless, the sector is challenging its reputation to create a better working environment for all its employees.

THE CASE FOR DIVERSITY

Why is it important for financial services companies to become more diverse and inclusive? Simply put, companies that are diverse – that are more representative of their customer base – are better at solving problems , leading to improved customer service and innovation. A diverse workforce is also a benefit when it comes to recruitment, enabling companies to find and retain top talent. 54% of women and 45% of men research a company's diversity and inclusivity policies when deciding whether to accept a job role.

As Robert Crowley, Head of HR at peer-to-peer lender RateSetter says, "Diversity leads to better perspective, decision making, productivity, acceptance and richer experiences for everyone." He also points out that it is a crucial aspect that underpins how brands should think about customer experience. "It should flow through product design, customer service – what you're delivering as a company is almost the other side of the coin to how you are running your company. How is that perceived by the customer? It's what they are experiencing too."

The UK Government has encouraged financial service companies to broaden their hiring scope, with initiatives such as its Women in Finance Charter. This asks firms to commit to supporting the progression of women into senior roles, set targets for diversity and publicly report on whether or not they are delivering against these targets. Earlier this year the government also announced the Race at Work Charter, signed by companies across all industries, to encourage real action in reducing ethnicity barriers within hiring.

Not everyone in the industry has caught on as to the need for – and the competitive advantage of – diversity and inclusion. Take for example the wage gap between men and women in financial services: it currently stands at 22%, with the gap growing to 46% for bonuses. Meanwhile the number of BAME employees who are in senior or significant management positions in the sector is just 6%.

While this suggests progress might not be as fast as some people would like, others believe that positive change is inevitable and inexorable. As Jane Ayaduray, Head of Diversity and Inclusion at BNP Paribas UK says, "Organizations are recognizing the inherent risks of a lack of diversity, and there are a lot of people who seek out a diverse and inclusive workplace. The world has changed and businesses which don't, or don't want to reflect that, are at real risk of being left behind."

LEADING THE CHANGE

We've surveyed some of the key brands in financial services that are driving diversity within the sector forward. What's clear is that progress depends not just on the commitment and buy-in of senior management, but the imagination and thought given to conceiving, then implementing policies that both act as a beacon to the outside world, but also to change culture within organizations.

BNP Paribas: BNP Paribas has been at the forefront of diversity and inclusion within financial services for years. By establishing a dedicated team of 35 diversity officers 15 years ago, it was able to achieve a target of having 25% of senior management positions held by women early in 2014.

Since then it has won numerous awards including the Top Employers Europe label, awarded for outstanding employee conditions, and its nurturing and development of talent, for five years running.

Explaining how BNP Paribas approaches diversity and inclusion, Ayaduray explains that it begins with a simple premise. "It starts with asking how do we do our business in the right way? Making sure that we're managing our risk, treating people with respect, and reflecting the diverse needs of our clients and customers."

The bank also runs diversity and inclusion weeks to increase awareness of the importance of corporate diversity. There were over 70 events held in the UK alone during October 2018, while thousands of employees participated in events worldwide.

Bloomberg: With an impassioned philanthropist at the helm, it comes as no surprise that the financial information provider Bloomberg is one of the leaders when it comes to corporate inclusivity. In 2015, when he returned to lead the firm he founded, Michael Bloomberg launched a company-wide review of its gender diversity. Since then the business has established several initiatives to encourage diversity and acceptance, including setting up communities for disabled, black, Latino, LGBT, military veteran, Pan-Asian and female employees, as well as working families. It has also appointed a Chief Diversity and Inclusion Officer, and a global Diversity and Inclusion team.

Bloomberg isn't just focusing its efforts internally. It has launched a Financial Services Gender-Equality Index, to aggregate data on gender stats, employee policies, gender-conscious product offerings and external community support and engagement activities for other companies and investors. It's also started an initiative called Women's Voices, which aims to increase the number of female experts and officials quoted in Bloomberg's own media channels.

> **Diversity leads to better perspective, decision making, productivity... richer experiences for everyone**

Lloyds Banking Group: The UK-based retail banking group has put its efforts in improving diversity and inclusion front and center of its brand image. For example, its #GetTheInsideOut campaign, promoting conversation around mental health, put together in partnership with Mental Health UK, included national television advertising and was crowned as one of the Best Campaigns of 2018 by Marketing Week.

Lloyds has also been heavily involved in Channel 4's #PurpleLightUp campaign, raising awareness around disability, commissioning a report into how advertising reflects modern Britain, with a focus on inclusion and diversity. It has also been a sponsor of the Pink News Awards for the last three years.

Away from marketing, the bank has been holding focus groups with disabled customers to improve the inclusivity of its products and customer service, as well as running a series of events promoting diversity, such as Diversity By Default and Women of the Future Ambassadors.

RateSetter: RateSetter signed the Women in Finance Charter in 2017, and a number of its employees appeared on the recent Innovate Finance's Women in Fintech Power List.

Crowley describes RateSetter's approach to diversity as vital to the business. "RateSetter has been built on inclusion and a new way of investing and borrowing money," he says. "We're very keen on opening investment up to the population of the UK making it accessible as possible. That means a very diverse population can invest. So it's important that when you think about your employees that you reflect the kind of investors that you want to reach."

He also points to the need for the sector to become more broadly like the people they're trying to woo, in a business sense. "That's one of the criticisms being levelled at the financial services sector – they don't represent the customer in any way shape or form. There's a real opportunity for fintechs, like RateSetter and newer businesses, to be more like the customer base they're serving."

As well as signing the Charter, RateSetter has made significant commitments to the number of women in its senior teams, aiming to improve the on the quarter of its workforce at senior levels that are female.

Stripe: Stripe sits at the intersection of two industries – finance and technology – often cited as challenging when comes to improving diversity within them. Rather than relying on setting itself initiatives and targets, it is trying to embed positive attitudes towards diversity and inclusion into its day-to-day culture.

Techniques to try and do this have included a high-profile experiment where Stripe turned its recruitment processes upside down. "Bring Your Own Team" encouraged potential employees to apply for jobs together in a bid to increase diversity in employment. The scheme saw people applying in more diverse groups, such as husband and wives – but ultimately it didn't have the intended impact and was scrapped after a year; as it turned out, people still were more likely to apply for a job on their own.

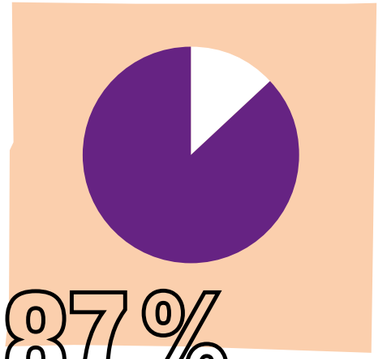
However, this willingness to think differently about recruiting is a testament to Stripe's desire to develop a diverse and inclusive environment. It also has a diversity recruiting program lead, who amongst other things advises on how to adjust the interview process so as to avoid the risk of stereotyping candidates.

Stripe's efforts at creating an inclusive culture have been supported by its hiring of Susan Fowler, who blew the whistle on a non-inclusive culture at Uber, including allegations of sexual harassment. She joined Stripe in 2017 as editor-in-chief of its quarterly publication *Increment*. Fowler is also an advisor to AllVoices, an anonymous reporting tool that enables employees to report harassment, bias and culture issues.

OTHER TOP PERFORMERS

RBS: The UK's biggest banking group appointed Alison Rose as Deputy Chief Executive, its first female boss, in December 2018, which has been heralded as marking a significant step forward in its inclusion efforts, which are regarded as relatively advanced; 87% of staff say the organization is doing a good job at supporting diversity. It has featured on The Times' Top Employers for Women every year since the list's inception.

Virgin Money UK: The Women In Finance Charter is led by the bank's CEO, Jayne-Anne Gadhia, who practices what she preaches, with women representing 29% of its senior management roles. It also has a shared parental leave policy.



87%

of RBS staff say the organization is doing a good job at supporting diversity

GoCardless: The platform for taking recurring payments has 9% of its workforce identifying as LGBTQ, comfortably above the 4% that is the benchmark in the UK. It also hosts Trans*Code London, an event drawing attention to transgender issues and opportunities. In addition, 25% of its senior leaders are female.

MasterCard: 40% of the global credit card giant's senior management are female, and perhaps because of that it has been focused and open about the company's gender pay gap. For every $1 earned by men in the business, $0.991 is earned by women. MasterCard is also heavily involved in promoting diversity in its technology teams. It has entered into an employer partnership with US-based educational non-profit LaunchCode to hire more women into technology roles, and founded the global initiative Girls4Tech to encourage girls to take up science, technology, engineering and mathematics (STEM) subjects.

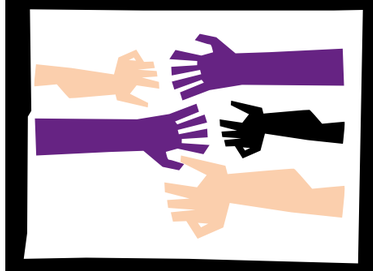
Bank of America: Bank of America has been one of the leaders in pioneering greater diversity in its corporate governance, with 46% of its independent board of directors being female. It also has partnerships with the UK-based technology education programs Code First: Girls and STEMettes, designed to encourage greater numbers of women to take up careers in technology. It is also involved with mentorship programs with Vital Voices and the Cherie Blair Foundation.

HOW CAN FINANCIAL SERVICES BRANDS BECOME MORE DIVERSE AND INCLUSIVE?

Becoming more diverse and inclusive is not a one-off, easily accomplished task, according to Dr. Gonzalo Shoobridge, Head of Action Consultancy at Great Place To Work, who specialize in surveying companies worldwide to measure and help advise on what makes a great workplace. It has to be thought of much more as a process.

He adds that many financial organizations are good at constructing a diverse workforce, however, many may have not yet figured out how to create an atmosphere in which all people feel valued and respected and have access to the same opportunities.

The key for the success of any diversity and inclusion initiative is that it needs to be driven by the most senior people in the organization. HR has a big role to play and is a huge partner in the whole corporate D&I initiative, but diversity and inclusion has to be owned and championed by the business as a whole. If it is not owned by the business, if it is not aligned with corporate strategies, mission and vision, then this initiative will not be sustainable and simply will not achieve its corporate aims and objectives.



20 for 2025

16 – 20

Bite into the future...

KFC (YUM HOLDINGS)

Colonel 2.0

—

KFC has never felt the need to deviate from the Colonel's original recipe of 11 herbs and spices, but that doesn't mean the chicken restaurant hasn't been sitting on its wings, but instead realizing the benefits of investing in new fintech innovation.

In China, this has included a "smile to pay" facial recognition system created with the aim of tempting younger diners into its outlets. Meanwhile, in Canada it has launched the Bitcoin Bucket,[1] providing diners with a special meal deal that they can only pay for using the cryptocurrency.

CHEESECAKE FACTORY

A bite of Bitcoin

—

Can't have your cake and eat it? At US restaurant the Cheesecake Factory, you can download an app and get a free slice, which seems almost as good.

The CakePay mobile app[2] allows Cheesecake Factory diners to pay for their food without waiting for the receipt, split bills amongst their table, and pick up that complimentary slice of cake when they first sign up.

And, for those who prefer to pay using cryptocurrency, the Cheesecake Factory is among the few restaurants currently accepting Bitcoin payment.

1 — colonelandco.ca/products/the-bitcoin-bucket
2 — play.google.com/store/apps/details?id=com.ccf&hl=en_GB

MAJOR LEAGUE BASEBALL
7th innings block

—

Major League Baseball (MLB) has hit a home run when it comes to boosting fan engagement, with the creation of a collectable game on blockchain in partnership with the game developer Lucid Sight.[3]

MLB's focus on innovation has also been shown through its commitment to improving the in-stadium experience, with investments in improving WiFi and cellular connectivity making it possible for fans to order food, drinks and t-shirts from their seats.

BT GROUP
Fintech calling

—

BT has launched a financial services innovation showcase that features more than 20 fintech startups and their solutions for customer interaction, employee productivity, operational efficiency and security.

The British telco has also partnered with Cobalt,[4] a London-based fintech, to offer solutions that improve financial institutions' foreign exchange post-trade systems, with a cloud-based solution that reduces risk and post-trade costs by up to 80%.

Meanwhile, BT has joined forces with fintech startup ipushpull[5] to enable live data sharing and collaboration services to members of the BT Radianz Cloud,[6] one of the world's largest, secure-networked financial communities.

3 — lucidsight.com
4 — cobaltdl.com
5 — ipushpull.com
6 — globalservices.bt.com/en/solutions/products/radianz-services
7 — bink.com
8 — intl.alipay.com
9 — usehero.com

HARVEY NICHOLS
Fintech in style

—

Harvey Nichols' fintech partnerships include the startup Bink,[7] through which the retailer links shoppers' personal payment cards to Harvey Nichols' loyalty program.

The brand is also capitalizing on the increasing number of Chinese tourists visiting the UK by working with the Chinese fintech mobile payments platform Alipay.[8]

The retailer's commitment to exploring the latest innovation also extends to a partnership with the tech startup Hero,[9] which offers real-time chat and live video streaming with a stylist, allowing shoppers to access a personalized service from home when making purchases.

OPEN SESAME!

One of the factors underpinning the fintech revolution, in the UK at least, is a key regulatory change, called Open Banking. Here's some bluffer's notes to what's going on.

Your guide: *Rishi Dastidar.*

So what's the deal? "Open banking" sounds quite good.

Well, it certainly has the potential to be. Simply put, it's a program to open up banking data in the UK.

Neat. How long has it been going on for?

It came into force in January 2018.

I sense an EU directive behind all of this, am I right?

You are. The catchily-named Payments Services Directive 2 (PSD2) is in part designed to try and create more competition in retail banking. The directive forces banks to share information about their customers with other licensed providers of financial services.

OK, so what's actually going on here?

According to Open Banking,[1] the body set up by the Competition and Markets Authority on behalf of the UK government to implement the directive, the change "is designed to bring more competition and innovation to financial services." Britain's biggest banks, including HSBC, Barclays and RBS will, when asked, have to release data in a secure and standardized form, so that it can be shared between other approved organizations. Crucially, customers have to give their explicit consent that information about their accounts can be shared. As Open Banking says, the change "puts [the customer] in control of your data: an easier way to move, manage, and make more of your money."

1 — openbanking.org.uk

Data just wants to be free, huh?

Well, it has to be if we want there be innovation, greater competition and new services in consumer-focused financial services.

What data are being liberated?

Simple items for sure, like branch locations, but the real payload is the records of what we spend, what we lend and what we borrow – think about all the transactions that go through your current (checking) account on a regular basis. Banks have all of this good stuff, but don't really do anything much with it, bar trying to cross-sell you some of their products.

So what good things will I soon be seeing?

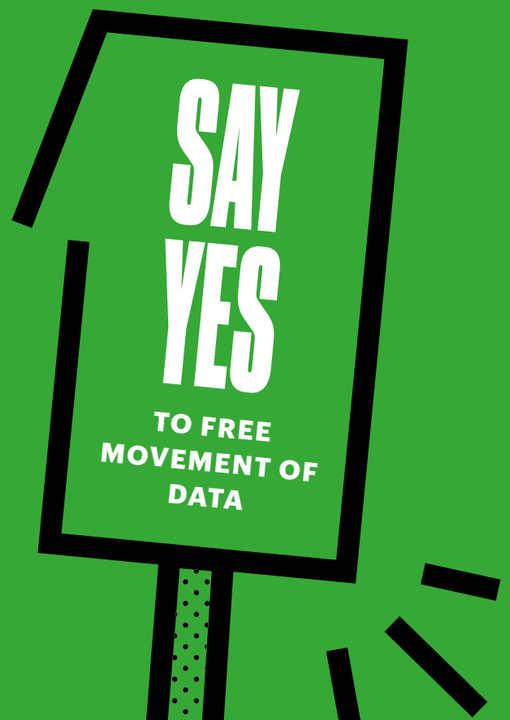
Well, in theory, once third-party providers get their hands on this data, they can use it to start to create and develop new apps, new services… of course, as with all innovation, it's difficult to truly predict what some bright spark will come up with presented with this mass of information. But broadly, you can expect money management to be easier (especially if you have different accounts with different banks), faster lending (especially for SMEs) and smoother payment solutions, that hopefully cut out the middlemen.

But does it mean the entire internet will know much I spend on takeaway pizza every week?

As if! If anything, you should expect services to actually be more secure than most of those that are currently provided. Only providers that are approved by the Financial Services Authority will be allowed to use the system, and those firms will have to use strong customer authentication, as mandated by law. But bear in mind: using an Open Banking service means you would only share your banking login with the bank – everything else happens behind the scenes.

OK, I'm sold. When does my life change?

Hold your horses. Truthfully, we just don't know yet. What we do know is that there will be much clunkiness to begin with – integration and data-sharing won't be perfect straight off. And as *The Economist* reported in January 2019, "There is little sign of a stampede to switch banks." But it's a reasonable bet that the pace of innovation will pick up as more people start to see the potential and power in saying yes to allowing their data to move more freely.



Direct to consumer business models have shaken up many sectors in the last few years,

"IF YOU THINK CRYPTO, EXPENSIVE HEDGING PRODUCTS OR OPTIONS TRADING, THAT IS GREAT FOR THE COMPANY, BUT BAD FOR CUSTOMERS."

but disruption has been slower in reaching the investment industry.

Betterment is one of a number of startups seeking to change that.

Magpie met with its co-founder and CEO to find out how it's going about it.

Interview by *Rosanna Beart.*

“PEOPLE JOIN US SAYING, “I WAS JUST SICK OF MAKING RICH PEOPLE RICHER.”

Many of the world’s biggest startups today – think Warby Parker, mattress brand Casper, or Dollar Shave Club (bought by Unilever in 2016 for US$1bn) – disrupted their industries through offering a direct to consumer model (DTC). Yet the financial industry – arguably one of the sectors most in need of disruption – seems to have lagged behind, with new entrants touting a DTC approach taking longer to reach, let alone penetrate, the everyday consumer market.

Magpie spoke to Jon Stein, co-founder and CEO of Betterment, one of the fastest growing American fintechs, to hear his view on why that might be the case, and why it won’t be the case for much longer.

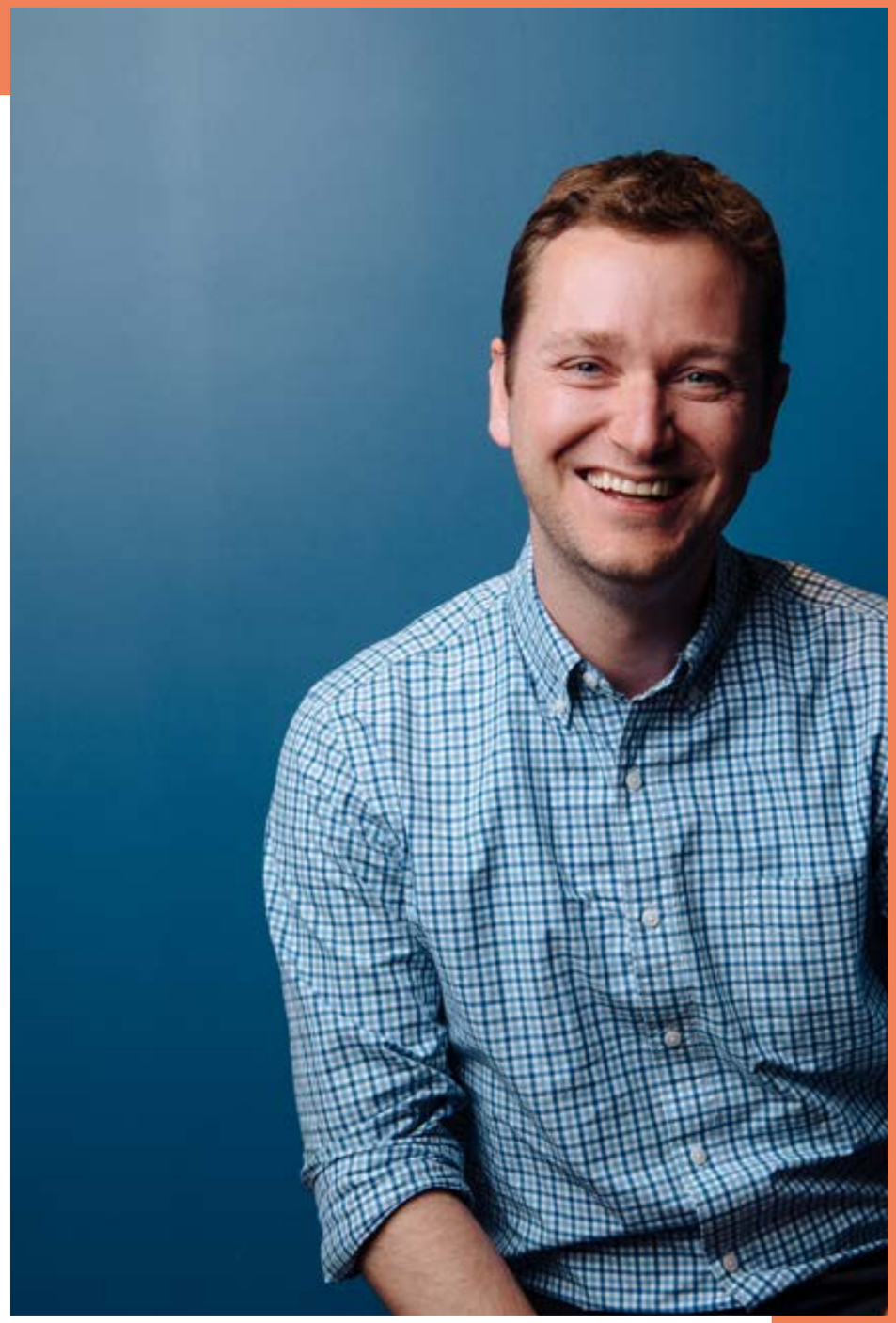
Launched in 2010 in New York, Betterment is the DTC version of an investment company. Cutting out banks and brokers, it offers customers unbiased advice on what they should do with their savings. During the sign-up process the service asks you questions – it doesn’t take more than five minutes to answer them – to assess your needs before offering you options of preselected investment portfolios. You can see exactly why you are being suggested those funds and what they are made up of. It’s quick, transparent and easy.

Thanks to his previous Wall Street career, Stein has had a ringside view of trends in financial innovation. And he suggests that while there certainly wasn’t a lack of brainpower, what was missing was a lack of consideration for who was actually benefitting from these innovations.

“You know, in the crisis of 2008, I had the pleasure of working with some of the countries largest banks and brokers. And I saw a number of things first hand there where they were really mistreating customers. Charging them ridiculous fees and hiding those fees, in what I would consider criminal ways. I saw that most often they weren't thinking about how to make the most money for their customers, but how to make the most money off of their customers.”

Is this perhaps why it has taken so long for companies like Betterment to disrupt the financial space? Stein concurs. “If you think about crypto, expensive hedging products or options trading, that is innovation that is great for the company, but bad for customers.” He adds that this is perhaps to be expected, suggesting that it isn’t surprising when your driving motive as a financial company is to make money – the customer becomes a secondary consideration. Betterment, he stresses, was founded to flip the priority back to serving the customer.

Starting with the customer as one of the twin engines of its purpose is, Stein believes, a huge driver of Betterment’s current success. (The other is “pursuing happiness,” according to Stein.) It has also proved crucial in attracting talent to the firm. “People have come here from all the traditional financial services incumbents,” he says. “They left those firms because they felt they weren't having a real impact. They say when joining us, ‘I was sick of just making the big institutions richer, or making rich people richer. I want to do something that is good for the world.’”



Betterment co-founder and CEO Jon Stein

THE $5,000 QUESTION

But even if you are creating a truly innovative service that is designed around consumer needs, you still need to communicate the difference between you and what has come before. In the investment industry, that can be complicated.

Consider that the average person on Main Street is pretty well versed in the nuances of their day-to-day banking needs, and it’s straightforward for them to articulate how it can be improved. For example, UK-based startup Monzo has an open blog through which they’ve crowdsourced some of their best innovations. People can easily suggest where improvements can be made, for example doing away with the annoying fee when paying back your friend for dinner.

But that ability to be articulate falls away when the average customer starts to consider the act of investing. Understanding the lexicon in use let alone the nuances of the system is immediately a higher barrier of entry. As a result, people naturally turn to institutions they trust. As Stein puts it, “When people have these hard, difficult, painful decisions to make about the long term, one of the easy ways to make them is just to rely on known brands.” He cites Marcus, the recent DTC personal savings offer, as an example of this, which carries the heft and explicit reputation of the Goldman Sachs brand.

In comparison Betterment is a relatively unknown entity. So how does a startup build consumer trust when understanding is limited and the stakes – your personal savings – are so high?

Stein thinks education isn’t enough. “I’ve always said I think financial education only goes so far, because education is often a thing that we think of as during your school years, or a one-time thing. That kind of education isn't super valuable when it comes to ‘Hey, what should I do with this extra $5,000 that I have right now?’”

Even the word education implies theoretical knowledge, not practical applications. And as Stein says, “Really, you need great financial advice as you go in the moment about these things. Of course, you need the education and the mindset to be able to understand that advice. But ultimately, it's up to us as providers of financial advice to make that advice acceptable and relatable to anyone, so that they can implement the right things.”

Images courtesy of Betterment

> **IT'S UP TO US AS PROVIDERS OF FINANCIAL ADVICE TO MAKE THAT ADVICE ACCEPTABLE AND RELATABLE TO ANYONE.**

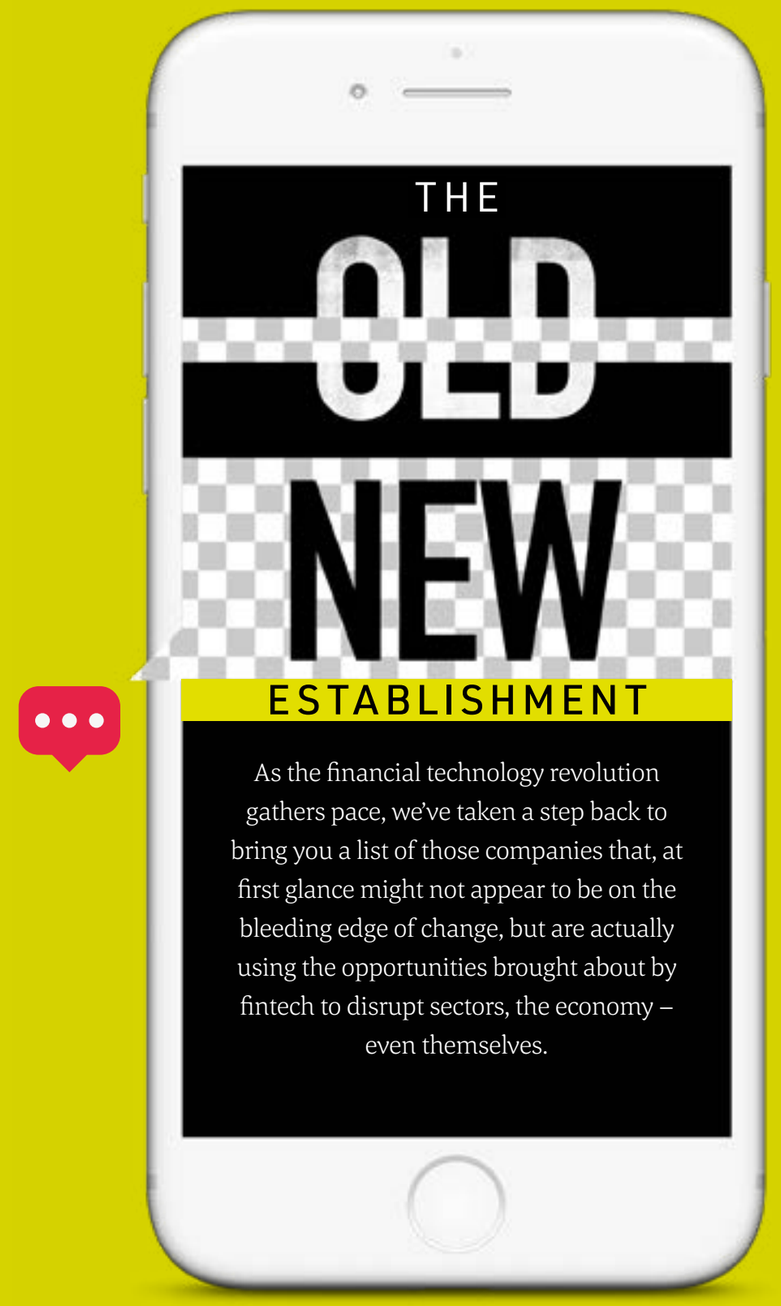
WINNING THE LONG GAME

Stein believes that the most effective way to build trust at the start is to explain the basics, be honest and transparent about why your company exists, and then let the service and results speak for themselves. And so Betterment has taken that approach from the start. "They [customers] start to see oh, this is easy, this company is working for me, and we talk about the kinds of smart things that we're doing for you all the time. The automation, the rebalancing, the tax optimization and reduction work that we do. All of that we make transparent so our customers understand the value that we're providing."

And while it is clear that Betterment's approach, one that puts genuine customer-centric innovation front and center, is something that plays well to the reduced levels of trust in financial brands post the 2008 financial crisis, Stein highlights a bigger challenge: the rise of short-termism in our lives. "Nobody likes to think about their finances or retirement or long-term things," he explains. "It's just the last thing on our minds. We're evolved to think about whether we're going to eat something good for dinner tonight. So thinking about long term, and even talking to people about the long term, is uncomfortable and awkward."

Just getting people to listen, to converse and engage on this topic is one of the biggest barriers to overcome. But while there may be no instant gratification with fintechs in the same way as other DTC models, the benefits might be farther reaching and longer lasting.

For more information about Betterment, visit betterment.com



Chosen and compiled by:
Sally Bye, Ian McCawley, Edward Parshotam, Nick Ranger and Lucinda Vaughan-Steel

FREEAGENT
CLOUD HIGH THINKING

A startup that had attracted the attention of the biggest players in finance, FreeAgent is a cloud-based accounting software targeting freelancers, micro-businesses and their accountants. It allows customers to run their entire business from anywhere, including expenses, invoicing, cash flow management and tax returns.

Purchased by UK-based RBS in 2018 for £53m, FreeAgent recently started working with RBS-owned banking brand NatWest, providing free online cloud accounting software to all the latter's business banking customers.

The company became one of the first UK companies to receive "Open Banking" registration from the Financial Conduct Authority, enabling it to provide open banking services to freelancers, contractors, small business owners and their accountants.

Visit: freeagent.com

NEW GROUND IS BEING BROKEN EVERY DAY

REVOLUT
SPIN MOVES

Revolut is disrupting the banking space by aiming to build a fair and frictionless platform to use and manage money around the world. It is a secure, mobile-based current (checking) account allows you to hold, exchange and transfer without fees in 25 different currencies – you can hold and exchange those currencies in the app too.

It also allows you to send domestic and international money transfers for free, spend abroad with no fees in over 130 currencies with a contactless MasterCard or Visa, and make £200 per month of free international ATM withdrawals, with a 2% fee thereafter.

In 2018, Revolut was granted a full European banking license and announced plans to launch in Australia and the US.

Visit: revolut.com

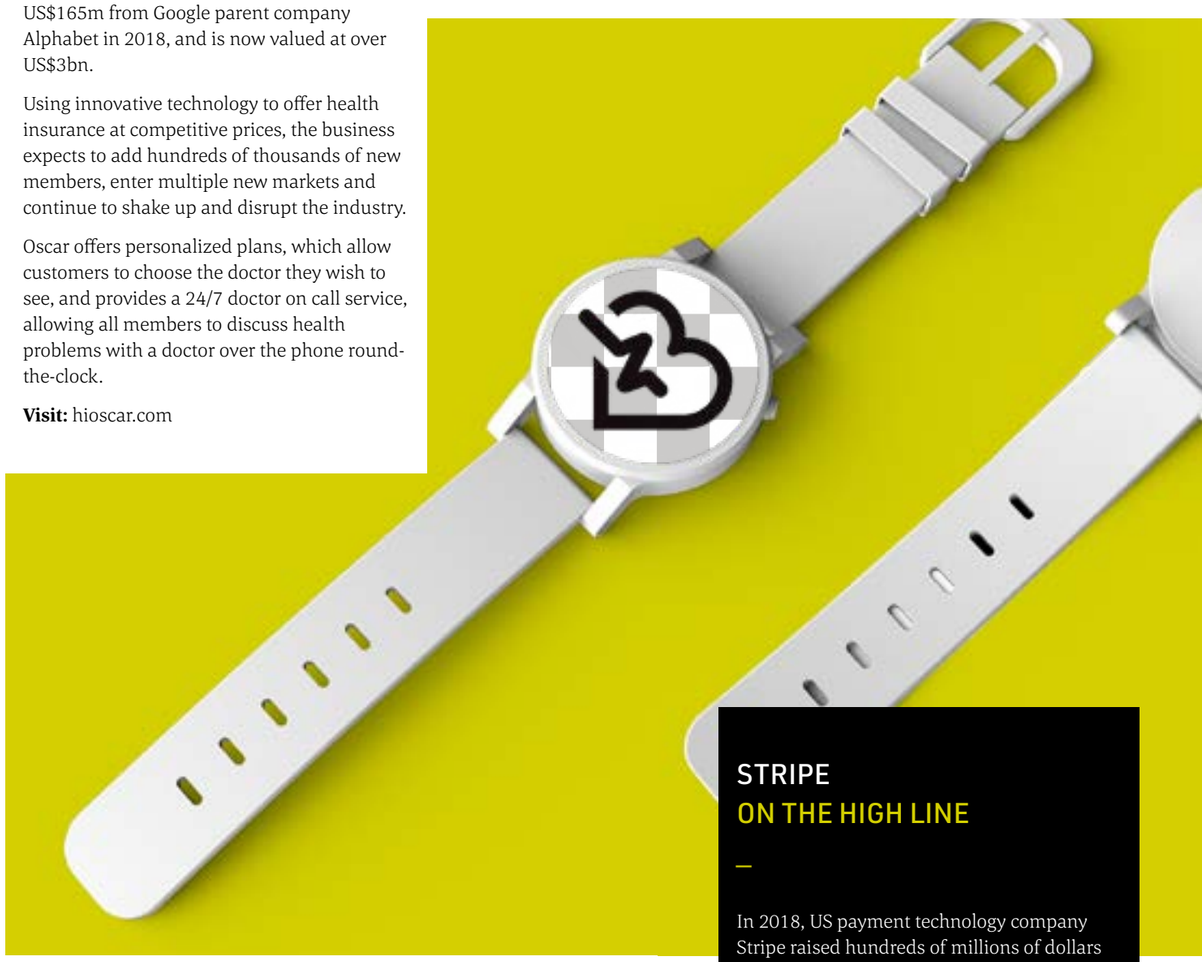
OSCAR HEALTH
THE WINNER COULD BE...

Health insurance disruptor Oscar Health was founded in New York City in 2012, raised US$165m from Google parent company Alphabet in 2018, and is now valued at over US$3bn.

Using innovative technology to offer health insurance at competitive prices, the business expects to add hundreds of thousands of new members, enter multiple new markets and continue to shake up and disrupt the industry.

Oscar offers personalized plans, which allow customers to choose the doctor they wish to see, and provides a 24/7 doctor on call service, allowing all members to discuss health problems with a doctor over the phone round-the-clock.

Visit: hioscar.com



TRUSSLE
UNTYING MORTGAGES

As the UK's first online mortgage broker, Trussle has spawned a series of similar businesses in its wake. Powered by vast amounts of data and machine learning, the brand makes it significantly easier to switch mortgage when a better deal or lower interest rate becomes available.

Major investors have recognized Trussle's huge potential; it recently closed £13.6m Series B funding round led by investment bank Goldman Sachs.

Visit: trussle.com

STRIPE
ON THE HIGH LINE

In 2018, US payment technology company Stripe raised hundreds of millions of dollars in a new funding round, giving the startup a £15bn (US$19.4bn) valuation.

Founded by Irish brothers John and Patrick Collison, who are now two of the world's youngest self-made billionaires, Stripe acts as the backbone of online payment systems for high-profile businesses including Amazon.

The company broke new ground last year by issuing physical credit cards, signalling another attempt to innovate and disrupt the financial sector. In April 2018, it debuted its Radar anti-fraud AI tools for big businesses, and claims to have halted US$4bn fraud to date.

Visit: stripe.com

VENMO
SHARE THING

While we're all used to "googling" for information and "ubering" to our destinations, there's a fintech that is also increasingly becoming a verb among millennial consumers: Venmo. The digital wallet allows people to make and share payments with friends, who increasingly ask each other to "Venmo me." The business handled US$17bn in transactions in the third quarter of 2018, up 78% in volume.

Towards the end of 2018, the startup partnered with Shopify to add its service as a payment and checkout option for mobile and online merchants. This will open up Venmo to millions of additional consumers who use smartphones and desktops to make e-commerce purchases.

The brand has also announced the launch of a physical debit card to increase brand recognition, familiarity and loyalty tie-ins.

Visit: venmo.com

CLEO
QUEEN OF MONEY ADVICE

Cleo is a money management AI chatbot that connects directly to users' bank accounts and offers smart, tailored advice – "an intelligent assistant for your money," as it puts it. The huge potential of the tool was recently recognized in a Series A funding round, in which the London-based firm raised US$10m.

Users can send money via Facebook Messenger to contacts via Cleo, donate to charity, receive insight into spending habits and set spending goals and alerts.

Visit: meetcleo.com

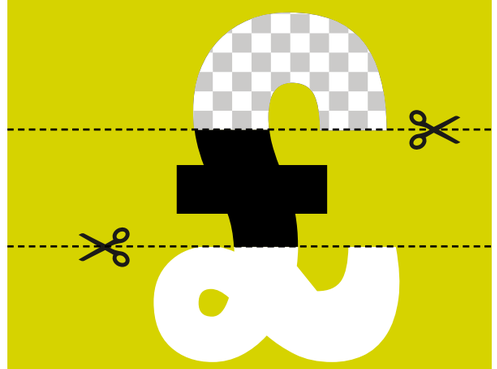
DIVIDO
FUNCTIONAL FINANCE

Creating wins for all parties will always be a powerful route to success, which in part explains how Divido – a UK-based point-of-sale finance platform that allows consumers to pay for goods or services in installments – while the merchant gets paid in full – has captured the attention of major businesses.

Divido claims that it differs from its competitors by providing omnichannel payment instore, online and via mobile, and working across global markets and currencies, so that international retailers only need to set it up once.

The company recently raised US$15m in Series A funding, with Mastercard and American Express among the investors participating.

Visit: divido.com



ANNA
CASH KITTY

When it comes to innovative startups prepared to apply lessons from other fields, it's hard to beat ANNA, a debit card aimed at entrepreneurs and small business owners that "miaows" when customers use it.

ANNA was created to emit the "miaow" sound after design experts and an animal psychologist suggested small business owners associate cats with financial advice.

However, for larger businesses looking to the likes of ANNA for inspiration, the card's real strength is in combining creativity with solid, reliable functions that unquestionably make entrepreneurs' lives easier, like 24/7 support, personalized reports, same-day set-up and a system that ensures customers need never create an invoice again. That should make them purr.

Visit: anna.money

KLARNA
SMOOTH TECH

Already mentioned within our top 20 thanks to the H&M investment, Swedish firm Klarna also belongs in this list as a highly successful startup that allows consumers to spread the cost of their purchases. It currently works with more than 600 merchants in the UK and beyond, including Samsung, Mothercare, and GAME.

Like Divido, Klarna pays the retailer for the consumers' purchases and takes on the debt. Shoppers get up to 30 days to choose which items to keep; Klarna takes a percentage of the purchase.

The solution aims to boost conversion rates, order value and loyalty for the merchant, while offering consumers increased affordability and payer protection, so that shoppers don't pay anything if they receive wrong or broken goods. Klarna also guarantees that payments will be paused if shoppers raise an issue with goods they have received.

In its native Sweden, Klarna processes around 40% of all e-commerce sales, handling US$21bn in online sales in 2017, and achieving a valuation of at least US$2.5bn.

Visit: klarna.com

LOLCATS BECOME CASH CATS

TILTING THE SCALES

Chris Holmes finds out what the differences are in working at smaller financial startup as compared to a bigger bank – and what Napoleon has to do with it.

AS THE FINTECH REVOLUTION TAKES OFF, IS IT HAVING AN IMPACT ON THE WAY THAT PEOPLE IN FINANCIAL INSTITUTIONS WORK?

'Big is better, bigger is best.' This has been, from outside appearances at least, the governing axiom for the development of financial services throughout history. It makes sense of course: bigger institutions means more money can be lent, more risk can be pooled – but it can also lead to "too big to fail," as the events of 2008 so conclusively proved.

So size isn't everything in finance, and this is especially true when it comes to considering the culture of smaller firms, as compared to megalithic corporations.

As the financial sector reboots for a technology-driven future, how employees work within a firm – whatever the size of the institution concerned – is also undergoing a revolution. A new generation of employees seeking flexible working and different ideals are just as much of a factor as millions of consumers still angry with banks' perceived role in the last recession.

A growing army of startups, from Monzo to Habito, are riding this wave of change. For employees, they offer flatter structures than behemoth banks and potentially more fulfilment as part of a promised work-life balance. Yet there are signs the bigger institutions are also beginning to recognize that the old ways of working won't wash anymore.

FINANCE BONAPARTE

David Erixon, chief marketing officer of Royal Bank of Scotland's nascent digital bank Bó, has held senior roles at big and small financial companies including Ulster Bank, Yolt and South African fintech 22seven. He recognizes the trend of employees starting to hold more sway within the sector, saying, "Before, businesses operated under a Napoleonic paradigm. Leadership, information and command flowed from the top down in a rigid structure. Now we're changing to a network structure. Companies need to build a high level of autonomy and collaboration, yet still be able to align people to go in the right direction. It's a much more complex environment."

"People want to be empowered to do great things," he continues. "The internet has changed all dynamics, allowing the "soldiers" to talk to each other so organizations require strong leadership."

Andrew Fundell, director at 40-strong international investment and payment solutions firm GC Partners, also thinks new, flatter and less siloed structures are the gateway to future success. He says, "We don't have many corporate layers. Most senior staff interact with the board on a daily basis. The most important thing is that employees are engaged with the technological evolution. They are very involved if we bring in a new system."

Having spent most of his career at small and medium-sized financial businesses, Fundell believes the employee culture to be found in them is very different to the working environment at bigger banks. "The lower the headcount, the greater the impact staff feel they can make," he states. "You're a really important cog, whereas in bigger organizations it can be hard to see what difference you're making." Fundell goes on to say that the multi-layered structure at huge banks breeds a culture where risk is assiduously avoided, ultimately impacting client service as "costs are prohibitively high and they are scared to do business."

Erixon agrees. "Much of banking is about reducing risk – it's part of the business model and individuals are also risk averse. Leaders should inspire and innovate, but the higher up you go the more personal risk you have. This creates a cultural phenomenon that is akin to apathy."

From the off, Bó is setting out to be a place where entrepreneurial individuals can gather to put new ideas into practice, Erixon says. "We're outside the current RBS infrastructure, in a separate building," he explains. "It's deliberate. We want to be able to focus on our purpose, which is to help people do money better. It's a positive model – we only make money if customers save and manage money well – so we can do things differently."

For Erixon, purpose is a key factor in the current financial sector shake-up. "The industry has forgotten why it's around," he says. "Greed took over, and that led to the financial crisis. But money is a measurement – it's a means to an end, not the end." He uses the example of Raiffeisen Bank, the Romanian subsidiary of which he helped when it was struggling to define its purpose. "They simply forgot to look back at the reason the Austrian founder set up the bank in the first place, which was to take people out of poverty. Sometimes you have to go back into a brand's history to find purpose."

Echoing Fundell's point about staff having a say in a company's direction, Erixon thinks it's not just the job of the business to allow this to happen; it's incumbent on each employee to take part, no matter the size of the organization. "There's much more responsibility for people to contribute now," he says. "You can no longer be a passive recipient of "control and command," you must actively influence. Great organizations I've worked for had employees with high degrees of personal responsibility and overall alignment [with purpose]." He cites Amazon as a good example of decentralized accountability.

'DOING YOUR TIME' IS OUT OF TIME

And personal responsibility means, as Fundell suggests, a fundamental challenge to traditional career pathways through financial institutions. Describing GC Partners he says, "We are not a company where you have to 'do your time' before eventually getting a promotion." He feels established firms need to adopt a mentality of rewarding ability rather than sticking to rigid timescales.

Yet despite his reservations about the culture of bigger financial businesses he believes they still have much to teach smaller players. "We have to be careful that, in being agile, our employees aren't making off-the-cuff decisions," he says. "Large organizations are very good at procedure so looking to them for help can be useful. It's about finding a middle ground so we follow a process that cuts out knee-jerk reactions but do things quicker than big banks can."

Purpose, technology, and new company structures and culture are reshaping recruitment in the financial sector. Both big and smaller businesses are looking for different types of people, Fundell says. "When we recruit from bigger banks it's not too successful as candidates are often institutionalized and good at doing one thing well. An organization where you do 10 things is very different. I'd rather have someone with an entrepreneurial attitude than a [previous] tiny role."

Erixon adds that technology is rapidly overhauling the skills employees will need for a successful future in finance. "Jobs are changing dramatically as more traditional tasks are done by machines," he observes. "If you're interested in financial services, I'd say you need to go down the route of user experience, design, technology, data or behavioral change. It's not about counting money and looking at spreadsheets anymore, it's about true customer-centricity."

With growth set to come from several sources, including smaller companies such as GC Partners and new ventures like Bó spun out of traditional institutions, it's clear that employee culture in financial services is entering a period of unprecedented evolution. As Erixon puts it, "The nature of change is changing. You can't just do what you already do, but faster. You need to do it differently – that's the real cultural challenge."

TAILPIECE

With new entrants aplenty into financial services, the days of tried, tested and – dare we say it – dull logos are over. But how do you communicate ideas like trust, security and accessibility in this new landscape? *Melvyn Johnson and Katy Scott* survey some of the emerging trends in the visual identities of financial services brands.

The look of lucre

The banking crisis of 2008 did more than cause severe damage to the global economy – it changed how the world viewed banks, money and security. No longer could a stuffy aesthetic of serif fonts, modest color palettes, and restrained layouts be associated with security and trust.

This breaking of design tradition has given new entrants a chance to reinvent the design language used in the sector to create a new idea of what a deeper and more secure relationship between financial brands and their customers might look like.

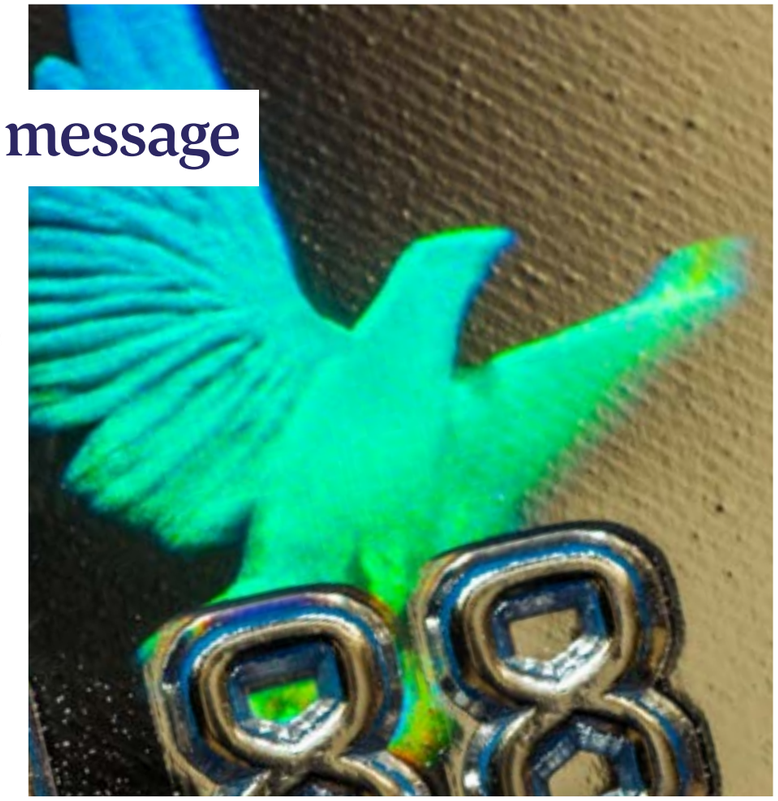
Sans limits

Tradition has had it for many years that a financial services brand communicated both how secure it was, and the important place it had in people's lives, through using a serif font in its typeface.

However, the new breed of financial upstarts are challenging this view, with sans serif typefaces predominating amongst younger companies. At one level they communicate that the brands are fresh and modern alternatives to traditional banks. But they also reflect a wider trend, as serifs appear to be falling out of fashion everywhere, especially those companies and sectors where ideas of heritage still dominate. Who needs fiddly bits on your letters when what matters is a clean and simple approach?

The rainbow message

Color conveys emotion faster than words, so it is no surprise that banks – and especially startup banks – are using new and unexpected colorways to send a strong message. Take Monzo with its hot coral, and Starling Bank with its equivalent eye-popping neon green. They might seem unlikely choices if you're thinking of old-world ways to convey trust, but used in the unapologetic manner that both brands do, it conveys a fun, ambitious and optimistic outlook. Indeed Monzo's use of hot coral, especially on its card, has become iconic enough to be referenced in wider culture, such as on the cover of 2018's *Money: A User's Guide* by Laura Whateley.



Scripting trust

Photo by Toa Heftiba on Unsplash

Old-fashioned it may be, but using handwriting to convey trust is an idea as old as the very first banknotes, beautifully adorned as they were with the names of the banks that issued them and signatures of those who promised to pay the bearer of the notes. Yolt, a budgeting app helping people to "unthink money," has revived this idea, by asking its brand advocates to use placards when spreading its message about how it helps people control their finances. Not only is it a distinct alternative to flashy advertising campaigns, it's a great way of humanizing an app and building trust.

A human type

Tandem is another brand embracing its human side. It does this primarily through its main typeface being created by hand, a nod to the idea that the new bank has been built from the ground up by 100 co-founders; it now has 10,000 people building a community "defined by its values, not its value." And the tape-inspired wordmark, imprecise as it is, suggests this is a brand that will stick by customers, too.

Icons telling stories

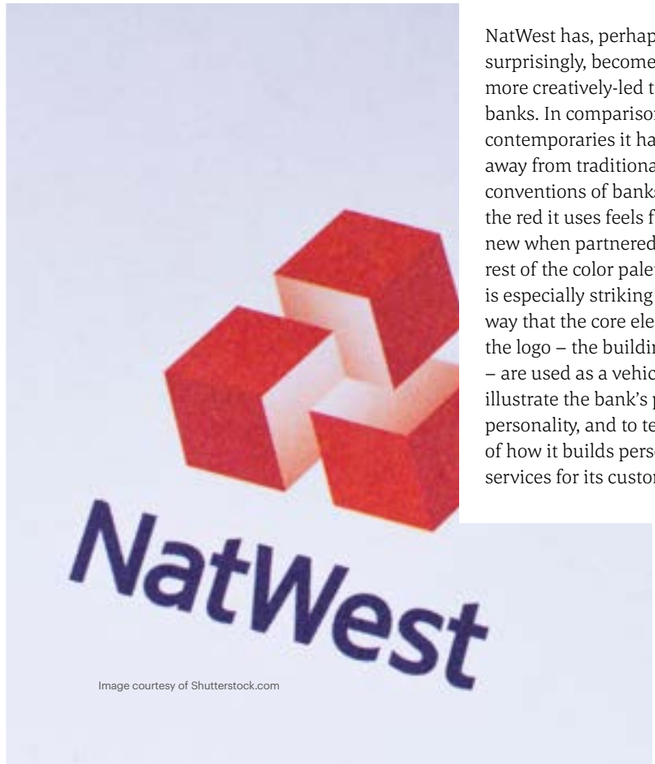


Image courtesy of Shutterstock.com

NatWest has, perhaps surprisingly, become one of the more creatively-led traditional banks. In comparison to its contemporaries it has moved away from traditional design conventions of banks: even the red it uses feels fresh and new when partnered with the rest of the color palette. What is especially striking is the way that the core element of the logo – the building blocks – are used as a vehicle to illustrate the bank's proactive personality, and to tell stories of how it builds personalized services for its customers.

Another brand doing something subtle visually to communicate a bigger idea is Salary Finance, a startup that is trying to reframe the conversation around wellbeing, mental health and finance. It does this by cleverly setting the colloquial language it uses, and its wordmark, in a playful manner subtly resembling a smile. It suggests that this is a brand that cares about its customers.

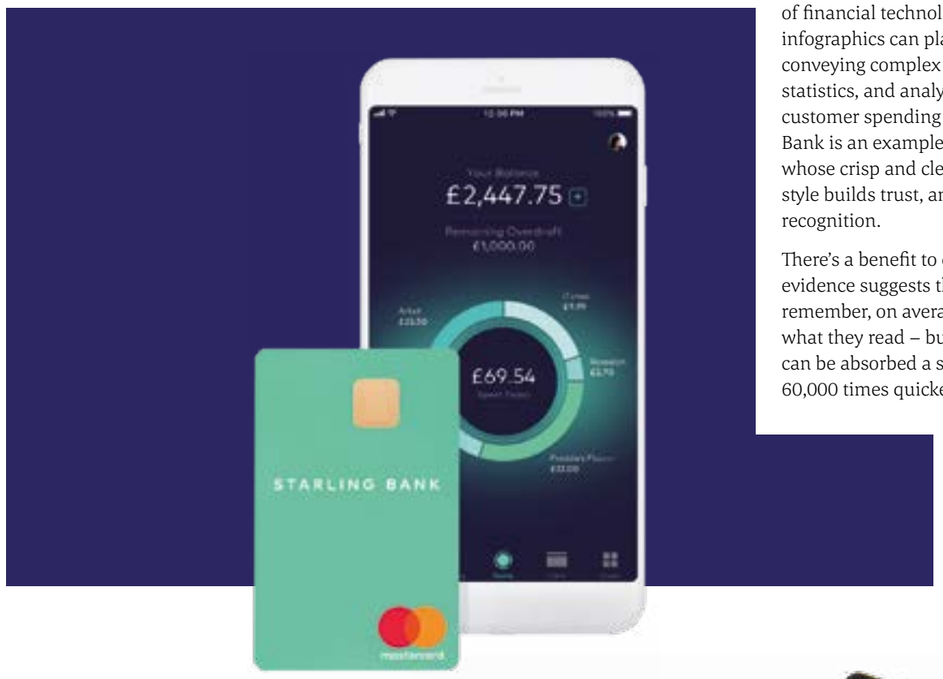
SALARY FINANCE

Infographics for the people

There's a reason why clichés like "a picture is worth a thousand words" linger; it's because they're true – and especially in the world of financial technology, where infographics can play a key role, conveying complex processes, statistics, and analysis, such as on customer spending habits. Starling Bank is an example of a brand whose crisp and clear infographic style builds trust, and also visual recognition.

There's a benefit to customers too: evidence suggests that users only remember, on average, 20% of what they read – but infographics can be absorbed a staggering 60,000 times quicker than text.

Image courtesy of Starling Bank



Shine on

Of course a brand doesn't just manifest itself through intangible design elements – a real world physical experience still matters, however much we need to make user experience slick and seamless. And one way of reminding us of that fact is to challenge what cards are made of. Plastic? How passé.

If you're a premium account customer of smartphone bank N26, you can opt to get a contactless card… with a stainless steel front.

Image courtesy of N26

DEAR BANK, I'M CLOSING MY ACCOUNT

Dustin Lawrence's money has something to say that it's needed to get off its chest for quite a while now…

Dear Bank,

I've been thinking about this – us – for a long time now.

It's time we end this. Us.

I don't think this will come as a surprise to you. But if it does, well, that's part of the problem.

I know, I know. You've been trying to change for the better.

To show some interest in me. To pay me some interest on the current account where I live.

But you've taken too damn long.

I've changed – and you haven't.

I didn't mean to start looking around, to fall for another bank.

But the heart – and the wallet – will have its way.

Now I belong to another and I can't lie about it anymore.

Who they are doesn't matter.

What's important is that they have what we never had between us.

They get me. We get each other.

We met online and within moments we connected, opened up to each other.

It was only an instant, but it felt like we'd known each other for years – even longer than us.

And I didn't have to wait years for transactions to start happening.

Dustin loves them too. Today he was invited to contribute towards their "Moneyfesto," personalize his banking space and even invest in them. Already!

I feel like we're making something together. A shared and better future.

Sure, sure, I'm walking out on your legacy, but that's just the way you're built – and what does that mean to me? It's none of my business.

The truth is – I've never felt more satisfied.

With my new service, everything feels more natural – like it's been made for me. I speak, they listen and then they actually do something about it.

They're open and honest, every step of the way. Empowering me with clear, easy and engaging interactions, so I can't be apathetic any more.

And instead, I'm back in control of me.

That's right, Bank, I said it – ME.

Let that sink in.

Looking back, right from the beginning of our relationship, it was always a struggle. We never really spoke the same language.

Maybe we never really were compatible.

You always claimed you had so much to offer, but I couldn't really understand half of it or even why I ever needed any of it.

You kept saying you could give me what I need – but you never listened about what I needed to solve my problems.

And I know we've talked about being in an open relationship, but you were never really that into it.

That's so typical of you – making promises you can't keep.

You've always been good at spinning me a story. About how I'd grow bigger, work harder, make Dustin happier if I stayed with you.

But that's all it was. A story.

Bank, it's time you got real. You've gotta change. Or it'll be more than just me who walks out of the door without looking back.

Yours never more,
Dustin's Money

P.S. Stop emailing me – I don't open them.

All that is solid melts into air

Money has always been in the habit of disappearing, as *Rishi Dastidar* discovers in the British Museum.

They say money talks but mine just waves goodbye. A bad joke perhaps, but within it is the kernal of an eternal truth. For something that is so integral to all our lives, money has a rather annoying habit of disappearing.

And not just in the sense of there never being enough of it. Look at the story of money, both as an idea, and also as a series of objects, and you can quickly discern that one trend has been consistent over the four millennia that we as humans have had the concept in our lives – that the tokens we use to represent currency have gradually been getting smaller and smaller, to the point of disappearing – and now they are; or rather transforming from something physical into something you can't grasp, zeroes and ones, pulses of electricity.

The Misers – Two old men sitting behind a table strewn with coins, money bags, a jewel, an eyeglass and an accounting book
© The Trustees of the British Museum

A jaunt around the Money Gallery of the British Museum is enough to convince you of the truth of this dematerialization, and the fact that it has been going on almost from the moment that we stopped bartering things and started to pick representative items to act as tradeable stores of currency. As you enter on the left-hand side of the room, the cases on either side of you are testament to the variety of objects used to do this – pieces of jade, Chinese bowls, even early coins that weren't coins but rather tools – a money spade, would you believe?

Of course, tokens that we recognize as coins are not far behind in making their appearance – and as well as their monetary role, they're being pressed into service to project power that rulers might have; Nero's portrait on his coinage from Rome circa AD 50 is particularly fetching. And people also felt that they were useful as charms, amulets, even religious souvenirs.

Oddities abound too – did you know that between 1649 and 1672 Britain didn't issue any small change? Me neither. What it did mean was that shopkeepers had to issue tokens to act as change – booksellers, barbers, apothecaries, coffee houses too.

You're also struck by the fact that paper money – another Chinese invention – when it first arrived was massive, almost the size of a broadsheet newspaper, with enough space for a picture of the 1,000 coins stacked up that the note was equivalent too. Like coinage, it rapidly started to shrink in size; the attractive handbills with copperplate script, issued by the multitude of local banks that sprung up giving way to the shrunken strips of paper (more lately plastic), designed for anti-counterfeiting technology first and aesthetics second.

This ever-present theme of money losing its forms continues as you turn to face the case that asks whether cash is coming to an end: some of the first contactless payment terminals, early credit cards, even travellers cheques. And then a curious thing strikes you: as the notes and coins get ever smaller, the amounts that they represent – the amounts of trust we put in them – gets ever bigger.

Because, at root, money – whatever technology is used to represent it – is all about trust. But more than that, as Yuval Noah Harari puts it, *Sapiens*, "Money is the most universal and most efficient system of mutual trust ever devised." A network of economic relations that only works if we all believe in them. And generally we do, "the apogee of human tolerance," in Harari's ringing phrase.

However, as you leave the gallery, on your left is a reminder of how this trust and tolerance can break down, and fast: a front page of The Zimbabwean newspaper printed on worthless Zimbabwean dollars because, as the headline puts it, "It's cheaper to print this on money than paper." Now, that's a real bit of money talking.

The Money Gallery can be found in room 68 of the British Museum in London; more details at :

www.britishmuseum.org/visiting/galleries/themes/room_68_money.aspx

magpie