



Headlines

Open Banking – A market barely structured

- **FRANCE** - Pennylane creates a wallet for professionals with Swan
- **FRANCE** - Societe Generale partners with Kyriba to optimize cash management
- **EUROPEAN UNION** - Instead of Plaid, Visa acquires Tink
- **EUROPEAN UNION** - UK and Nordic countries confirm their lead in Open-banking

The open banking system was driven by the second Payment Services Directive (PSD2), offering the ability to aggregate accounts and open access to third parties. Many FinTech have taken advantage of this to expand their service offerings by aggregating them with other bricks into a functional ecosystem. Starting from a singular entry point such as invoice management and accounting, FinTech like Pennylane can develop a large panel of services to help their client have an exhaustive response to their needs within an integrated interface. But FinTechs are no longer the only ones taking advantage of this opportunity; incumbent players are following with the idea of modernizing their offerings more quickly, like Société Générale with Kyriba. What follows is a tremendous push for collaboration, in the payment world and beyond.

While banks and financial institutions are now required by regulation to offer open banking interfaces, there is no single standard. Open banking platforms that develop application interfaces, allow their FinTech clients to access their customers' bank account data and potentially interact with them at various financial institutions. This data is particularly coveted; especially by payment schemes that see in the initiation of transfers a real source of disintermediation of their infrastructure. This is one of the reasons why Tink was acquired by Visa.

Request to Pay - Launch of a new European payment standard

- **SPAIN** – Spain connects to the European Request to Pay scheme
- **EUROPEAN UNION** – The European Request To Pay standard comes into force on 15 June 2021
- **EUROPEAN UNION** – ACI Worldwide: Winner of the "Most Creative RtP Solution" at EBADay.

On June 15, a new European standard was born in the field of payments. It is an instant messaging system that allows for the definition of an instantaneous and irrevocable account-to-account transfer. Although the uses have already been identified, such as contactless payment from one individual to another, payment from the merchant to the consumer's cell phone (by QR-code, Bluetooth or NFC) or in the retail sector, or even tax payment, implementation is still in unmaturation. As Request to Pay is a European standard, it could allow all third-party players within this economic area to implement a same technology. This will require acceptance by banks and other players in the payment chain. Without waiting for these use cases to be put in place, by 2022, national and European payment infrastructures are mobilizing to accelerate and facilitate their development, as it is the case with Iberpay in Spain, which wants to take the lead in this payment revolution that could lead to economic opportunities. Finally, the flexibility inherent in the RTP service, including payment facilities, will significantly reduce invoice processing and reconciliation costs, which may prove to be an additional argument for adoption.

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DIGITAL IDENTITY

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Stripe gets into authentication with Stripe Identity

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A word on...

Player's Strategy

- **GREECE** - Payment specialist **Worldline** has just announced that it has acquired 92.5% of the capital of Greek card payment acceptance specialist **Cardlink**. Cardlink's CEO, George Drimiotis, retains 7.5% of the capital but Worldline has an option to buy back this stake after 5 years. The purchase price is estimated at 130 million euros. Founded in 2004, Cardlink covers more than 240,000 points of sale, representing 46% of local point of sale transactions. The company also manages approximately 500 million transactions per year (53% market share) and has revenues of approximately €40 million. The transaction is expected to be completed in the second half of 2021, subject to the final conditions precedent. This acquisition will officially allow Worldline to take the lead in the Greek payment market. This position also allows the European giant to extend its activities to merchants in Southern Europe. After the pandemic, Worldline confirms its interest in merchant services, its primary business. The group continues the trend of concentration in the sector by acquiring Cardlink, and underlines its reinforced ambitions for international development.
- **UNITED KINGDOM** - **Curve** has just broken a record by raising the largest amount of equity funding on Crowdcube, the UK's participatory finance platform. The FinTech has indeed managed to mobilize nearly 12,000 investors to raise a total of £9.9 million. And this in only 54 hours. These new funds will allow Curve to : continue its rapid growth in Europe and the United States ; recruit nearly 200 new employees by the end of 2021. By 2020, Curve had already hired over 100 new employees. The FinTech had in fact doubled its customer base and seen its transaction volume processed increase by more than £1 billion to £2.6 billion, despite the pandemic environment. Curve now has an estimated valuation of £592 million.
- **INTERNATIONAL** - After buying **Ingenico** in 2020 for €7.8 billion, Worldline is continuing its strategic thinking on which assets to sell and which to keep. Ingenico's payment terminals business could fall into the hands of a trio of American funds, according to a report in Les Echos. Three private equity heavyweights, Cerberus, Apollo and Platinum, have made offers to buy the European manufacturer's payment terminals. This activity of Ingenico would be valued at 2.5 billion euros. In this market, historical players such as Ingenico and the American Verifone share 95% of the market. It is this hegemony that attracts investors today, as well as a unique territorial network, which means that these terminals are present everywhere. Even if they seem destined to undergo a profound transformation (from a hardware model to a software model), these terminals remain a valuable asset for a player who would like to sell various payment solutions to this huge network of merchants. If the transaction goes through, Worldline could retain a minority stake in the business, allowing it to maintain its commercial ties with it.

INGENICO KEY FIGURES

Coverage of 70% of the world's 30 largest retail brands

More than 300,000 merchants equipped with its terminals

- **UNITED STATES** - The Dutch payment platform **Adyen** has broken all records in Europe. At the end of 2020, the unicorn took the place of banks such as Société Générale and BBVA as one of the largest European market capitalizations in the Euro Stoxx 50. Its excellent financial health was also confirmed last February after the publication of its annual results. It was therefore necessary for the company to take up a new challenge, and to do so outside its European borders. The FinTech obtained a banking license in the United States. This expansion in the U.S. is not the only internationalization commitment for Adyen, which also obtained approval from the Monetary Authority of Singapore (MAS) to export its offer there, just before announcing that it was also setting up in the United Arab Emirates.

- **UNITED KINGDOM** - The United Kingdom has passed the milestone of 100 UK technology companies valued at \$1 billion or more according to observations from the national network of UK entrepreneurs Tech Nation and Dealroom, providers of data on startups, growth companies and technology ecosystems in Europe and around the world. The 100th UK **unicorn** spot went to **Tractable**, an Artificial Intelligence startup, after a \$60 million Series D fundraising round. Collectively, the UK's 100 unicorns have raised nearly €28.9 billion in venture capital investments across several technology sectors (e-commerce, InsurTech, cybersecurity and energy). But the most buoyant sector remains FinTech, which accounts for 34% of the UK unicorns created. The 100 mark has been passed thanks to a strong national momentum; the creation of tech unicorns has increased by 127% over the last 3 years in the country. And this growth seems to be exponential, as 13 of these unicorns were born in 2021 while 7 startups had achieved the status over the entire year 2020. The UK becomes the third country after China and the US to have cradled more than 100 unicorns. In Europe, the country largely dominates Germany (which has 42), France (22) and the Netherlands (18).

- **NETHERLANDS** - Dutch PSP **Mollie** offers online payment solutions to e-retailers. It has just announced a record-breaking €665 million funding round. The round was led by funds managed by Blackstone Growth (BXG), Blackstone's high-growth investment fund. Other investors include EQT Growth, General Atlantic, HMI Capital, TCV and Alkeon Capital. Exponential growth : Mollie had indeed managed to raise €25 million in July 2019, then €90 million last September bringing the total amount raised by the company to over €780 million. Mollie has thus become one of the fastest growing payment service providers (PSPs) in Europe. With the new funds, Mollie plans to expand internationally, hire and fund its R&D.
KEY FIGURES:
 - 2004: creation
 - more than 120,000 active merchants per month
 - more than 10 billion euros of transactions recorded in 2020 and already more than 20 billion in 2021
 - 480 employees and 300 new hires announced
 - 5.4 billion euros valuation
 - one of the 5 most valuable private FinTechs in Europe

- **UNITED KINGDOM** - **Volt**, one of the UK's leading open payment gateways, was founded in 2009. It has since developed its model as a platform that allows merchants to track payments until they are actually posted to their accounts. It has now seen its efforts crowned with a successful \$23.5 million Series A funding round led by EQT Ventures. Historic FinTech investors (Augmentum Fintech PLC and Fuel Ventures) also participated in this round alongside new investors such as Robert Kraal (co-founder of Adyen) and Gabriel de Montessus (Group President at FIS Worldpay). Its objective is now to expand its Volt Connect instant payment offering internationally. It provides seamless access to open banking payments in Europe, connecting over 5,000 banks across the UK and EU, and leads the way in bringing together the next generation account-to-account (A2A) payment infrastructure to a single point of access.

POS checkout & mPOS

- **GERMANY** - Global Payments has announced the launch of an application in Austria that will turn a cell phone into a payment terminal. Called GP Tom, the new application will allow merchants to accept card payments with their own cell phone instead of a traditional terminal. The application works on all cell phones with an Android operating system and an NFC chip. This saves merchants the cost of renting hardware payment terminals. The gradual democratization of software terminals continues. To the point that Gilles Grapinet of Worldline recently stated, "terminals with embedded proprietary software are destined to be replaced by open software systems in the cloud, which will concentrate services".

KEY FIGURES :

- Global Payments terminals in Central Europe currently process approximately 890,000 transactions/day, 180,000 more than before the pandemic in a 25% increase
- The average retail transaction amount has also increased from €22 to €25

Credit Transfer & Direct Debit

- **FRANCE** - Since the end of 2018, the French instant payment interbank exchange system is operational and connected to the European instant transfer system. Technically, French retailers can receive and issue instant transfers and thus, simplify the payment by transfer as much as possible for their customers. The FinTech dedicated to professionals, **Qonto**, has decided to further simplify its use by integrating it into a widget. Available on iOS, this widget will allow Qonto customers equipped with an iPhone to access this instant payment feature in one click from the main screen of their smartphone. As a reminder, a widget is a small module to be added on the homepage of smartphones, allowing to control certain features of applications or to access certain information faster. Qonto promises that the operation is thus shortened, thanks to a direct access to this unique feature.
- **EUROPE** - This service, which allows an individual or a company to request the initiation of a payment to settle an invoice, will strengthen security and confidence in the new digital payment methods. Technically, this new service is an instant messaging system based on SEPA credit transfer technology. It allows a company or an individual to send a message to its debtor along with an invoice. The advantages of **Request to Pay** : it allows the inclusion of an invoice reference in the message, which facilitates accounting reconciliation; it also reduces the number of customer reminders and therefore payment delays; it avoids the need to use interbank networks such as CB, Mastercard and Visa, which charge a commission for each transaction. As Request to Pay is a European standard, it could allow all third-party players within this area to implement a single technology. But for this to happen, it will have to be accepted by the banks and other players in the payment chain. In the United Kingdom, RtP has already been tested for a year, based on the "Faster Payments" infrastructure and the dedicated Pay.UK scheme. For the time being, its adoption in the UK is still emerging due to the near absence of concrete use cases, but it could be slowed down by several factors, including the very strong anchoring of direct debit for recurring payments in the UK market (which would represent a share of nearly 72% of these transactions). Mastercard launched a Request to Pay interface for UK consumers in April 2021, which could quickly change the landscape. Worldline, for its part, has set up a platform with Request to Pay services to optimize BtoB, BtoC and GtoC (government to consumer) invoice collections.

Open Banking

- **FRANCE** - Market Pay, the European payment platform initially designed to meet the challenges of Carrefour's omnichannel commerce, is adding a new payment solution to its offering: payment initiation. The target: all its e-merchant customers. A simplified bank transfer solution, payment initiation will enable Market Pay customers to improve their conversion rate. This new payment method is integrated with Market Pay's reporting and analysis tools. In order to offer this new service, Market Pay has the PISP approval, controlled and delivered by the ACPR.

KEY FIGURES

1.3 billion payment transactions accepted in 2019
 45,000 supervised terminals
 5 million cards managed
 4 countries covered: France, Spain, Italy, Belgium

Cards

Novus, a new committed banking application

United Kingdom

Novus is a FinTech that holds the promise of a new banking offering combining lifestyle and CSR values within the same app. It has just signed with [Visa](#) and UK banking-as-a-service platform [Railsbank](#) to launch its offering in the UK, reigniting interest in positive impact banking solutions.

FACTS

- Novus has partnered with Visa and Railsbank to launch its new mobile banking app that rewards consumers who prefer to make sustainable purchases with the goal of generating a positive impact (social or environmental) via their daily payments.
- Novus' model combines:
 - a classic current account,
 - a debit card,
 - a PFM and account aggregation option allowing users to track all their finances,
 - a space for introducing ethical partners where Novus customers are invited to spend their money on various purchases (from food to health, fashion or even travel).
- Novus is based on redistribution: the FinTech rewards its community members with points that can be stored and tracked via the app. These points are then transformed into donations to support different causes: the fight against inequality, the fight against hunger, the de-pollution of the ocean, etc.
- The application allows its users to track their social and environmental impact in real time and to visualize their carbon footprint as a consumer.
- Nearly 15,000 people have signed up for the Novus app waiting list. The app will be available to the general public this summer.

CHALLENGES

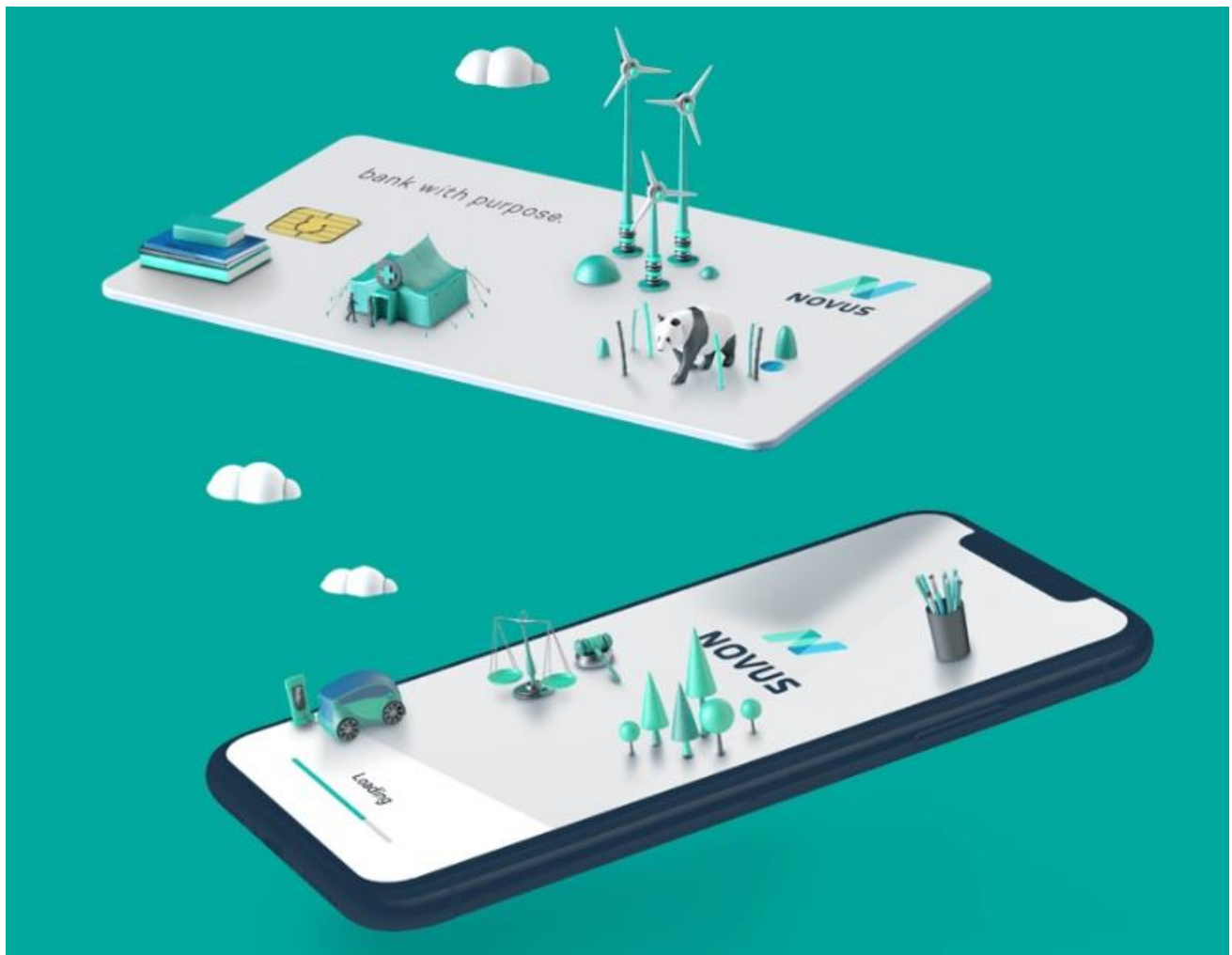
- **Strengthening the positive impact banking market:** PixPay, Meniga, Aspiration and NewB all have models of citizen or ecological neo-banks that illustrate the emerging trend of this new generation of financial services displaying values that echo the concerns of customers.
- **Incentivizing commitment:** beyond the salutary awareness made possible by tracking one's carbon footprint, for example, Novus includes in its offering a practical solution allowing its clients to contribute directly to specific causes.
- **A committed business model:** to allow its customers to donate to associations, Novus has chosen to cut back on its interchange revenues. A portion of its revenues is used to reward its customers for participating in the support of selected causes.

MARKET PERSPECTIVE

- In December 2019, Mastercard announced its partnership with Swedish startup Doconomy. The goal then was to offer Mastercard cardholders an overview of the carbon impact of each of their purchases. Last April, the payment giant allowed any bank to integrate the calculator through its dedicated APIs.
- 85% of adults surveyed in 24 countries say they want to get more involved in protecting the environment.

[Video](#)

Source : [Startups Magazine](#)



Oney makes fragmented payments universal

France

Oney, an innovative player in the payment sector, is looking to revolutionize the fragmented payment market with a new proposal that allows its users to apply its fragmented payment offer at any merchant in France and abroad. This initiative is reminiscent of the strategy of Klarna, which has just entered the French market.

FACTS

- Oney, a subsidiary of the BPCE group, co-owned by Auchan, is an innovative player in the field of payment. They have been offering fractional payments since 2008.
- Today, they are one of the main players on the French market with 1.4 billion euros in outstandings (i.e. 1/3 of purchases made via this payment method) and 5 million customers out of the 8 million that the Oney group has.
- To take things a step further, Oney is presenting Oney+, which consists of a card, a mobile application and a fractional payment offer that is described as universal, i.e., it can be triggered regardless of the merchant where the expense is made, in a store or online, in France or abroad.
- The application allows users to aggregate all their bank accounts and choose which account to debit for each expense made with the Visa card issued by Oney. It also offers an instant view of each expense, with the option of applying or not applying the split after the fact, from the mobile application.
- The rates are clearly displayed at the time of the splitting operation:
 - 1.45% for a payment in 3 installments (or maximum 15 euros)
 - 2.20 % for a payment in 4 times (or maximum 30 euros)
- The amount of split purchases is limited to 1,000 euros over 30 days.

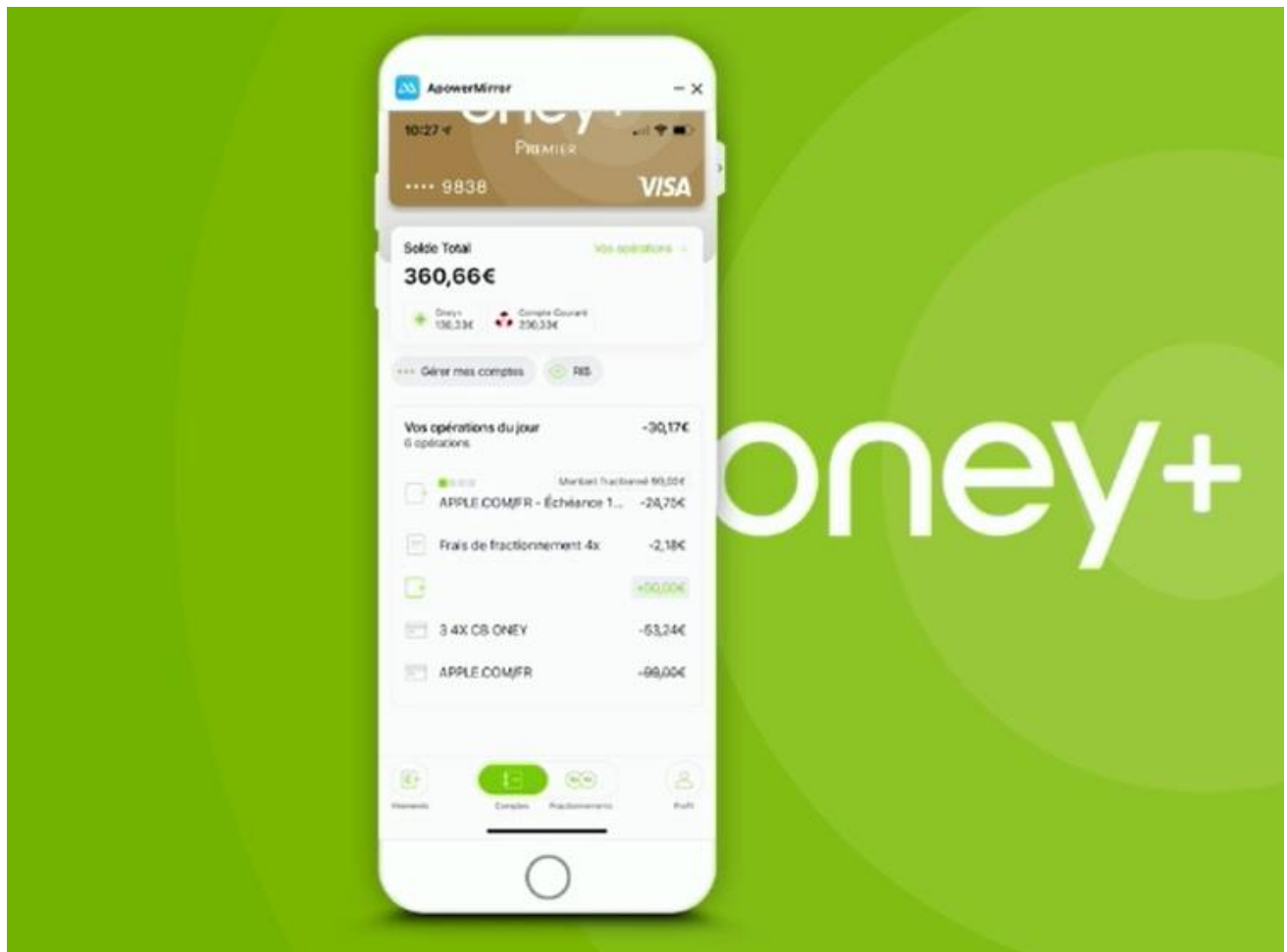
CHALLENGES

- **Be at the forefront of innovation:** While Klarna is entering the French market with its fractional payment offer and launching its universal fractional payment application and service (not linked to a merchant) only in the United Kingdom, Oney is getting ahead of the FinTech star by launching universal fractional payment in France before it. This post-purchase split is a facility that is not offered by the other players in the market (notably Floa). Only FinTech Curve has experimented with it in the UK with its Go back in time feature.
- **Facilitating budget management:** Oney also wants to simplify budget management for its customers with a range of tools accessible through account aggregation. Splitting is at the heart of this value proposition, which aims to enable consumers to better manage their spending. The possibilities offered by open-banking are not directly exploited to score the customer, but the usage data from the card and the app will be added to give Oney more precision, on a product that the FinTech considers low risk given the amounts and repayment periods.

MARKET PERSPECTIVE

- Oney offers one of the fastest subscription processes on the market, in less than five minutes.
- This offer was developed by 150 Oney employees in one year.
- Facing the current criticism directed to fragmented payments, Jean-Pierre Viboud, Oney's CEO, defends this model, which, thanks to its very short 30-day period, is more conducive to repayment than traditional credit products. In fact, the rate of non-payment is the lowest of all the credit products offered by Oney (less than 1%).

Source : [Press release](#)



Mobile services

Vodacom and Alipay launch a super-app in Africa

South africa

FACTS

- Africa's largest telecom operator, Vodacom, has announced the launch of a super-app embedding financial and lifestyle services in the coming weeks. Called VodaPay, it has been developed in partnership with Alipay.
- Vodacom's new super-app will offer many services including:
 - loans and insurance, especially for small businesses
 - savings,
 - online payments, via QR or between individuals,
 - entertainment (e.g. music),
 - personalized shopping experiences.
- VodaPay will be available to South African customers in the coming weeks.
- Alipay proceeds as a technology provider alongside Vodacom.

KEY FIGURES

Vodacom has :

- 123.7 million customers
- 57.7 million customers for its financial services, +12.9% in 2020
- + 4.2% profit growth in 2020

CHALLENGES

- **Promoting financial inclusion:** More than 11 million South Africans still do not have a bank account. The deployment of services such as this Super-App is a way to make loans and other financial services available to a target group that was previously inaccessible.
- **Continued growth:** The announcement of the launch of its future super-app is coordinated with the publication of the Vodacom Group's annual results. With revenues up 8.3% (to R98.3 billion, or nearly €6 billion), the group was able to turn the tables after acquiring m-Pesa with Safaricom at the beginning of 2020.
- **Taking advantage of a high-potential market:** Long before the formation of the joint venture between Vodacom and Safaricom, M-Pesa had already inked partnerships with a number of payment giants such as [PayPal](#) and Alipay. M-Pesa illustrates the relevance of the financial inclusion model based on the use of mobile channels. By mid 2020, the service had 24.5 million customers in Kenya, a country with a population of 53 million. The service has since expanded to Tanzania, Mozambique, the Democratic Republic of Congo, Lesotho, Ghana, Egypt, Afghanistan and South Africa.

MARKET PERSPECTIVE

- Alipay's positioning in the African market is not new. Kenya-based regional financial institution Equity Bank and Singapore-based online payment company Red Dot, for example, signed a memorandum of understanding to introduce Alipay and WeChat Pay in East African countries in June 2018.

- These efforts by Alipay to deploy in Africa illustrate the global strategy of many Chinese players engaged in developing projects on the continent. The stakes are both political and economic.
- However, the shares of Chinese companies remain marginal compared to those of Western countries. The pandemic has also slowed down their development, even if their growth remains significant.
- According to Alicia Garcia Herrero, senior fellow at the European think-tank [Bruegel](#), 72% of Chinese projects are in the services sector and 15% in manufacturing.

Source : [Press release](#)



Open Banking

Pennylane creates a wallet for professionals with Swan

France

FACTS

- French FinTech [Pennylane](#), which offers a digital and augmented accounting solution, has announced a partnership with Swan, a French start-up that offers Banking-as-a-Service solutions in BtoB.
- The objective of this partnership: to develop a new payment solution dedicated to professionals and, thus, to integrate Swan's financial services to Pennylane's accounting offer.
- This approach leads to an offer accessible to Pennylane's customers. They will be able to access various payment options from its interface, thanks to Swan's APIs:
 - pay multiple invoices and different suppliers at the same time,
 - use deferred payment,
 - automatic reconciliation of invoices and payments.
- Called Wallet Pennylane, this service includes various features:
 - a customer billing tool (with invoice reconciliation and collection)
 - a tool for centralizing and paying for purchases (through instant transfers made via Bridge by Bankin')
 - an expense categorization and cash flow forecasting tool
- All Pennylane customers have free access to this new service from now on.

CHALLENGES

- **Respond to a real need identified through the accounting support:** entrepreneurs spend an average of 10 hours per week manually entering their invoices. Hence a need for optimization that Pennylane wishes to cover.
- **Pursue a diversification strategy started in early 2021, just after a fundraising.** The French FinTech said it wanted to become a complete financial services marketplace, with a focus on payments. To that end, Pennylane was already offering bank account aggregation with Bankin' and a wire transfer initiation solution for bill payment, designed with Fintecture. This new option completes the positioning of Pennylane as a financial neo-player.
- **Pennylane** is modeled after an American player and world leader in its market, Quickbooks. Pennylane's new service is based on an offer developed in January 2020 by Quickbooks and its local French partner Libeo.

MARKET PERSPECTIVE

- Pennylane is seeking to establish itself in a highly competitive market where the rapid advances in SaaS and BaaS are constantly disrupting offerings. This evolution of services is part of a global trend aiming at creating marketplaces centralizing all management services to avoid the counterproductive effect of drowning users in applications and other accounts.
- The whole point of centralizing data, creating marketplaces and, more generally, using APIs is to facilitate all financial and business management processes in a unified and truly optimized global approach.

PENNYLANE KEY FIGURES

- 2020: creation
- more than 1,000 business leaders supported
- 100 partner accounting firms
- + more than 100 million euros of invoicing
- 15 million euros raised in January 2021

Source : [Press release](#)



Tink and Novalnet partner to offer payment initiation

Germany

FACTS

- The Swedish-based open-banking start-up, Tink, has just announced a partnership with Novalnet, a German payment service provider, around the launch of a payment initiation service on a European scale.
- This initiative will allow the PSP to offer its e-merchants an instant transfer payment solution adapted to local uses.
- Novalnet has just adopted Tink's payment initiation technology solution to launch a real-time payment functionality for merchants throughout Europe. Online transactions will be immediate; the merchants' account can be credited instantly.
- The new real-time payment functionality will be launched first in Germany and the UK. It will then be integrated in other European markets in the second half of 2021.
- Technically, it is based on Tink's payment initiation solution.

CHALLENGES

- Through this partnership, Novalnet and Tink are looking to accelerate innovation by offering new payment solutions on the European market in order to be able to offer instantaneous payments to their customers.
- Reaching a new dimension: founded in 2007 and based in Munich, Novalnet offers innovative payment solutions and automated and centralized financial services. With Tink, Novalnet can now extend the payment functionalities offered and deploy it in Europe.
- For Tink, the signature of this partnership with a German player represents a confirmation of its interest in the German market. Indeed, Tink acquired its German alter ego, FintecSystems, a specialist in open banking infrastructures, barely a month ago.

MARKET PERSPECTIVE

- At the end of 2020, Tink committed to expanding its payment initiation services from five to ten markets, fueling this ambition by completing an 85 million euro financing round.
- This opening to Germany represents a major step for the FinTech, which is expanding its European network and establishing itself as a reference in terms of payment initiation.

KEY FIGURES

- 2012: creation
- 400 employees
- 300 banks and FinTech clients
- Offices in 13 countries
- Coverage of 18 European markets
- over 3,400 connected banks
- Over 250 million end customers reached
- Daily News
- Source : [Press release](#)



Instead of Plaid, Visa acquires Tink

Europe

A few months after the failure of the Plaid takeover, payment giant Visa has just announced the acquisition of Tink, leader in the open banking market in Europe. A major transaction that illustrates the tensions at work in this area and the effervescence of this market in Europe.

FACTS

- The partnership with Visa will allow Tink to further develop its organization, products and services in order to better serve its clients.
- Its brand will continue to exist as such, and independently, within the Visa group. It will also keep its management team and its head office in Stockholm.
- Tink will rely on this support to accelerate its deployment in Europe and worldwide.
- The value of the transaction is estimated at 1.8 billion euros. The transaction remains subject to regulatory approvals and other customary closing conditions.

CHALLENGES

- **Fighting disruption:** the regulatory and political context, with PSD2 and the creation of a European Payment Infrastructure (EPI) scheme, is increasing pressure on traditional players and creating opportunities for emerging players to develop their own payment rails. Visa is counting on Tink to establish itself in the market at the European level and take advantage of its strong momentum while developing synergies. The American company plans to use its network to expand the Swedish solution.
- **Consolidate the European market:** the acquisition of [Plaid](#) was cancelled after the US Department of Justice (DoJ) opened an antitrust investigation linked to Plaid's quasi-monopoly situation on the US market; on the other hand, Tink operates on a very competitive market where the support of a player like Visa will allow it to develop its ambitions while protecting itself from those of Plaid and its slightly over-inflated valuation.
- **Facing the competition.** For Visa, it is also a question of positioning itself vis-à-vis its competitors: [Mastercard](#), which is showing some maturity in open-banking and which, following failed discussions with Tink, had snapped up Finicity, an American player. But also with regard to American Express, which recently announced that it had signed a partnership with Tink to improve the integration process of its new cardholders.

MARKET PERSPECTIVE

- As a reminder, Tink claims 300 clients (both banks and fintechs) across 18 European markets. Among them: Lydia, PayPal, ABN Amro, BNP Paribas, Sopra Banking, American Express, NatWest, Hello Bank!, Caixa Geral de Depositos, Nordea...
- In 10 years, Tink has succeeded in developing a technology that easily connects traditional bank accounts to a new generation of financial services. It has established itself as a reference in Europe and attracts numerous partners.

Source : [website link](#)

VISA

tink 

Feedback: UK and Nordic countries confirm their lead in Open-banking

Europe

FACTS

- Mastercard has just published a report on the progress of open banking in Europe, called "Open Banking Readiness Index: The Future of Open Banking in Europe".
- Unsurprisingly, the UK and the Northern countries stand out for their lead in this field.
- Methodology: Mastercard has conducted a study on 10 European countries (United Kingdom, France, Italy, Spain, Germany, Denmark, Norway, Sweden, Poland and Hungary) in order to analyze the state of the art in Open-banking at a local level and to compare the progress of each country in this field.
- Several criteria are reviewed in this report:
 - the general characteristics of connectivity and access to digital services for residents,
 - the progress of regulation,
 - the readiness of the digital banking infrastructure,
 - notable open-banking and API initiatives in the country,
 - banking maturity.
- It finds that the UK and Nordic countries are best positioned to make the most of Open-banking thanks to a high number of banking APIs, but also progressive regulators and better consumer readiness.
- The report also highlights key differences in how countries approach open banking:
 - France, Italy, Spain: open-banking is driving the digital transformation of domestic payment ecosystems ;
 - Germany: a collaborative approach specific to the country to foster open banking development
 - Denmark, Norway, Sweden: Nordic collaborative model build on the P27 initiative to provide a common open banking system across countries;
 - Poland, Hungary: the open banking system is used as a vehicle to renew legacy banking infrastructures.

CHALLENGES

- **The push for an open banking system** towards a more global approach to finance is driven by several factors: consumer pressure, regulatory obligations, and a greater awareness of privacy concerns.
- **An obvious finding:** the Open Banking Implementation Entity (OBIE), established by the UK Competition and Markets Authority (CMA) in 2016 to provide open banking services, found that UK counts around 294 FinTech and PSPs. 102 of them, have direct offering on the market. This dynamism was further confirmed by the fact that the UK just welcomed its 100th unicorn, positioning the country at the forefront of innovation in financial services and especially in Open-banking. In addition, payment API volume in the U.K. increased by more than 70 percent between Q4 2020 and Q1 2021, to exceed 2 billion API calls for the first time this year.
- **A singular approach :** Collaborative models between the Nordic countries, through the [P27 initiative](#) for example, contribute to their progress. P27 is a joint initiative of Danske Bank, Handelsbanken, Nordea, OP Financial Group, SEB and Swedbank, exploring the possibility of establishing a pan-Nordic payment infrastructure for domestic and cross-border payments in the Nordic currencies and the euro. The name P27 comes from the project's goal of improving payments for the 27 million people in the Nordic countries.

MARKET PERSPECTIVE

- OBIE published statistics on the use of open banking technologies last October. The country is clearly ahead of the game and the use cases have been developed in particular with the availability of data from

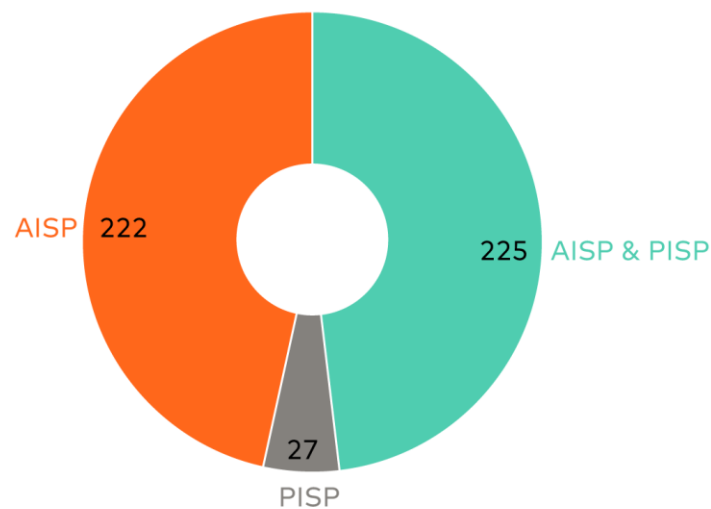
the 9 main British banks (AIB, Bank of Ireland, Barclays, Danske, HSBC, Lloyds, Nationwide, RBS and Santander).

- British players are making their mark on the subject internationally, such as the British Banking-as-a-Service platform Railsbank, which has just signed [a major transatlantic partnership](#) with the American FinTech Plaid.
- The Nordic countries, meanwhile, can rely on references that have managed to establish themselves on a European scale. Tink has just confirmed its lead, as the FinTech announced the signing of a partnership with Novalnet to develop a payment initiation service in Europe.

Source : [Press release](#)

Third-party registrations by type

AISP = Account information service provider
PISP = Payment initiation service provider



Konsentus analysis of NCA and EBA registers; At 31 March 2021

Money transfer

PaySend, the other FinTech to watch

United kingdom

FACTS

- PaySend is a FinTech specialized in international money transfers. It has just completed a new round of financing in line with its ambitions and rapid growth.
- Specialized in international money transfers, PaySend has managed to impose its service on a market dominated by historical references such as WesternUnion or Moneygram.
- PaySend currently supports connections between 12 billion cards worldwide through Mastercard, Visa or China UnionPay.
- Card-to-card payment and transfers are almost instantaneous.
- Business model: fixed fees per transaction, £1 charged per transfer in the UK for example. According to its creators, the PaySend application allows money transfers to be made at a cost of up to 60% less than the fees charged by other providers.
- PaySend is constantly enriching its offer and also provides alternative banking services to companies and SMEs to help them operate their business internationally. These services include:
 - an international business account,
 - a global card acceptance service,
 - alternative payment methods,
 - a payroll solution for employees around the world.
- The London-based startup closed a \$125 million Series B funding round.

KEY FIGURES

- Launched in 2017
- 3.7+ million individual customers and 17,000 SMBs
- Operates across 60 countries and transfers funds to nearly 110 countries
- 720 million in valuation

CHALLENGES

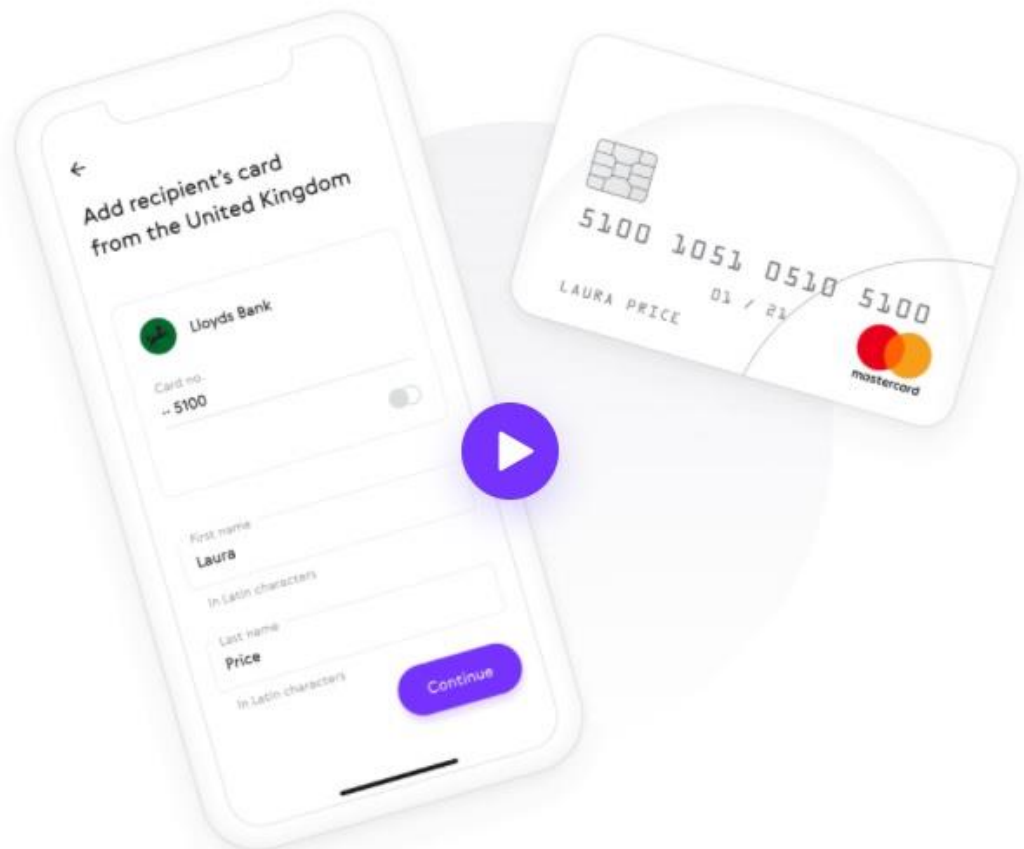
- **Conquering new territories:** the new fundraising by PaySend is primarily aimed at supporting the geographical deployment of the FinTech, particularly through a partnership with Alipay.
- **Ensuring internal growth:** new recruitments are also planned in order to promote the development of new products and services distributed by PaySend.
- **Deal with the competition:** Money transfers, international payments and banking services for small businesses are all services already offered by well-known players such as PayPal, Wise (formerly "TransferWise") and Revolut. But, PaySend can count on a transparent (and fixed) business model to stand out.

MARKET PERSPECTIVE

- The fact that a relatively "off the radar" company can grow to this size speaks volumes about the market opportunity, now estimated at \$133Tn.

- Last month, Paysend announced a collaboration with Plaid, an open-banking platform, that will provide it with instant authentication when customers are redirected to third-party banking providers. Investors see this as an opportunity for Paysend to enhance its service offerings for business customers.

Source : [Press release](#)



TapTap Send raises funds to lower the cost of money transfers

United States

In the flourishing international money transfer market, the historical services are now being challenged by many new players who are upsetting the established rules. TapTapSend, and its latest fundraising, confirms this trend.

FACTS

- Launched in 2018, TapTap Send offers a mobile money transfer service from 8 countries (France, Germany, Belgium, Spain, Italy, the Netherlands, the United Kingdom and Canada) to 15 others (Bangladesh, Senegal, Cameroon, Ivory Coast, Ghana, Guinea, Kenya, Madagascar, Mali, Morocco, Democratic Republic of Congo, Republic of Congo, Sri Lanka, Vietnam and Zambia).
- The service is now raising \$13.4 million in a Series A round led by Canaan Partners, Reid Hoffman and other anonymous investors.
- TapTap Send is based on a mobile application that allows users in the countries offering the service to send money easily from their smartphone to their family or friends in the countries receiving the funds.
- The latter can receive the funds sent via TapTap Send on mobile money accounts and wallets offered by local telecom operators such as MTN, M-Pesa or Orange for example.
- According to TapTap Send, 90% of transfers are made in less than 5 minutes and the service is presented as instantaneous.
- In terms of pricing, the FinTech is counting on
 - free service to Bangladesh, Ghana, Guinea, Kenya, Madagascar, Morocco, Democratic Republic of Congo, Sri Lanka, Vietnam and Zambia,
 - a fixed fee of 2 euros per transaction charged on shipments to Senegal and the Ivory Coast,
 - a fixed fee of 2.50 euros per transaction for shipments to Cameroon and the Republic of Congo,
 - a fixed fee of 3 euros per transaction for shipments to Mali.

CHALLENGES

- **Making remittances more accountable:** The UN has set a goal that prices and fees for remittances should not exceed 3% of the total sent from any service. The overall costs of these services must also be reduced by 2030. TapTap Send is playing just that. The FinTech is the third entrepreneurial achievement of Michael Faye, a development economist who previously worked for the United Nations.
- **Expanding its services:** TapTap Send does not communicate much about its numbers, but it seems that the application currently has over 100,000 active users per month. It would have allowed hundreds of millions of dollars in transfers. The service would have seen a 5-fold growth in 2020 alone. It will leverage its new funds to expand to new countries.
- **Reducing its margins to attract new users:** TapTapSend reduces its margins to the maximum and does not charge any commission fees, but rather pays itself on the exchange rates to reduce the costs for its users. Indeed, the operator relies on economies of scale to improve its margins.

MARKET PERSPECTIVE

- According to the World Bank report released last month, cross-border transfers fell by 1.6 percent in 2020 to \$540 billion from \$548 billion in 2019. A minimal decline in this time of pandemic. Cross-border remittances are a major market and therefore inevitably attractive for many players, increasingly varied.

- Faced with the historical players WesternUnion or MoneyGram, FinTechs and other alternative players are trying to impose themselves today like Remitly, Wise or Nickel for example.

Source : [Techcrunch](https://www.techcrunch.com)



E-commerce & E-payment

Feedback: Fragmented payment attracts one third of French people

France

FACTS

- Leader in the fragmented payment market in France, Floa Bank has conducted the 3rd wave of its barometer with Opinion Way to assess the use of these payment facilities, which are booming in France.
- The survey shows that the French are indeed increasingly in favor of this payment facility.
- Methodology: survey conducted by OpinionWay among 1001 French adults last April.
- The number of users of split payment solutions has increased by 6 points compared to 2020. Nearly 31% of French people used split payments in 2020. 25% have also used a deferred payment service to pay for a purchase in 14 or 30 days.
- 79% of French people who have already used this payment method want to use it again in the coming months.
- Transaction characteristics :
 - On average, four purchases are made online or in-store each year by the French using the 3 or 4 payment method.
 - Two out of three French people (62%) use it for expenses of less than 500 euros.
- Type of users: the OpinionWay survey reveals that 37% of the CSP+ have used split payments in the last twelve months, compared to 24% of inactive people. Half of those surveyed said they used split payments to balance their budget and a quarter to deal with an unexpected expense.

CHALLENGES

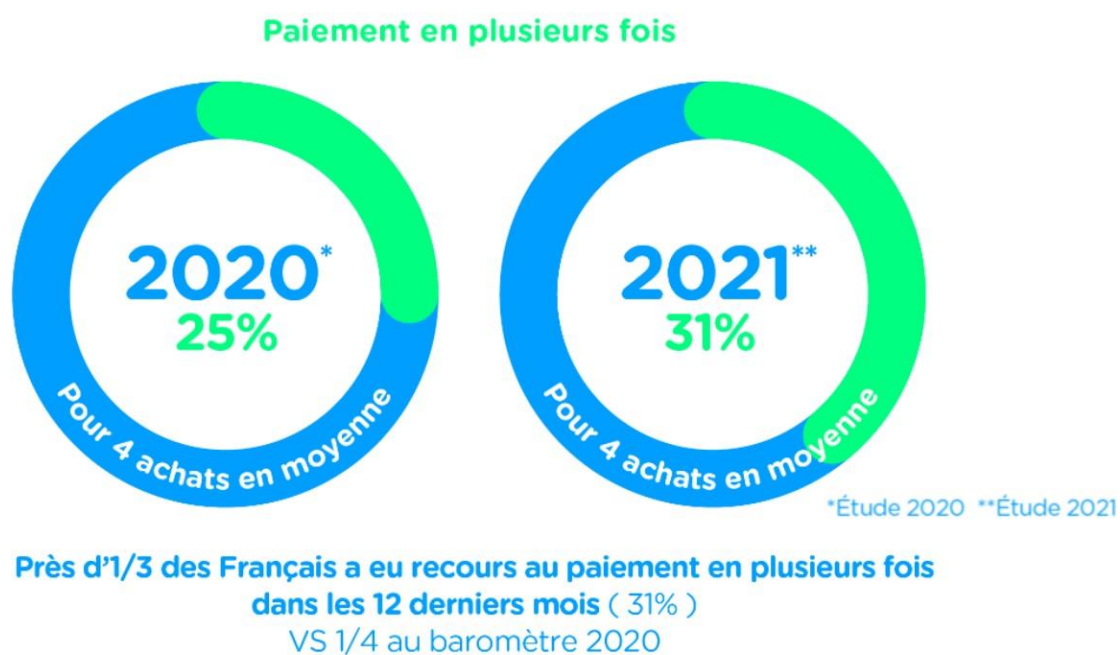
- The main finding of this new wave is that the use of split payments is becoming established in the French population. The figures for future intentions continue to rise, as does the proportion of customers who would be willing to change brands to take advantage of this payment facility (nearly 80%).
- Split payment is a growing market. In 2019, it exceeded 6 billion euros and could reach 25 billion euros by 2025. Players like Oney have seen the demand for their fragmented payment solution explode (+51% in the 1st confinement). In France, as in Europe, the market has become highly competitive.

MARKET PERSPECTIVE

- The Banque de France recently published the first issue of its monthly Financial Inclusion Barometer, which is designed to monitor the issue of overindebtedness in France. According to these figures, overindebtedness is 20% below its 2019 level, thanks to a 24% drop in the number of filings recorded as a result of the lock-down. However, the risk could rise again and even intensify in a consumer recovery situation.
- While fragmented payments is still under the radar of the Banque de France, due to the fact that they only involve small amounts and are not considered as credits, the explosion of this payment facility remains subject to strong scrutiny. The UK Treasury has been working with the FCA since February 2021 to bring BNPL businesses under its supervision and under the Consumer Credit Act.
- Floa Bank, for its part, is the target of a complaint from UFC Que Choisir for its "Coup de Pouce" mini-credit. A revision of the European directive on consumer credit will also lead to a reinforcement of the information provided to households on the risks linked to the multiplication of new credit or payment

solutions in France. Fragmented payments, like overdraft authorizations, are therefore a problem in the fight against overindebtedness, particularly in a context of economic and consumer recovery.

Source : [Press release](#)



PayPal acquires startup Happy Returns

United States

FACTS

Several weeks after the first announcement, made exclusively by Le Figaro, the Swedish fragmented payment unicorn Klarna concretizes its ambitions of expansion by launching its service in France. It is its 17th market.

- The launch of "Pay in 3", a deferred payment solution, is the first service to be introduced in France.
- Partners: French users will be able to benefit from this service at a dozen partner e-commerçants, including Boohoo, Nasty Gal, Spartoo, Volcom, Revolution Beauty and Lounge Underwear.
- French consumers will also be able to use Klarna's mobile shopping app, which offers various features such as
 - saving favorite items in a wish list,
 - tracking and managing payments,
 - order, delivery or package tracking,
 - returns and refunds management,
 - setting up price drop notifications on registered items,
 - tracking carbon emissions related to its consumption.
- The idea is to generate traffic to merchants. Eventually, Klarna should also offer them affiliate programs and communication on social networks, already available in the United States and the United Kingdom.

CHALLENGES

- **Surfing on the growth of e-commerce:** according to a study conducted by Kantar, 2.5 million new online buyers were registered in the first half of 2020 in France. Online purchases in 2020 are estimated at 112 billion euros, an increase of 8.9% compared to 2019. More than 17,400 additional e-commerce sites have already been launched this year, according to recent data published by the Federation of e-commerce and distance selling (Fevad). Regarding fragmented payment, this growth is also very visible, as confirmed by the latest edition of the OpinionWay Floa Bank barometer. Nearly 80% of users would be willing to change brands to benefit from split payments.
- **A step-by-step deployment:** in terms of partnerships, Klarna is currently available to small local e-retailers (clothing specialists, initially). However, major retailers who are already partners internationally, such as Samsung, Asos, Ray-Ban and H&M, could follow soon, representing a real opportunity for Klarna to gain market share in France. In a few weeks, users of the application will also be able to benefit from Klarna's fragmented payment at any online retailer, whether a Klarna partner or not.

MARKET PERSPECTIVE

- In France, Floa Bank relies on Open-banking to score its customers, even though France does not have a positive matching file. Klarna does not specify it, at this stage, but we can think that its scoring will also be based on account aggregation data.
- In addition to competition from French start-ups (such as Alma), Klarna will also have to compete with other international fragmented payment giants, such as Afterpay, which will launch in France in March 2021 under the Clearpay brand. However, Klarna intends to stand out thanks to its mobile application, which offers many additional services to end users.

KEY FIGURES

- 90 million end-users worldwide
- 250,000 merchant partners
- 2 million transactions per day
- 3,500 employees

- E-commerce market share in Northern Europe: 10
- Valuation of more than \$31 billion

Source : [website link](#)

Klarna.

POS Checkout & mPOS

Worldline presents its Pick-Go-Pay solution

Netherlands

FACTS

- Payment giant Worldline has just formalized a partnership with Innovend to improve the automated store experience.
- This is through a solution called Pick-Go-Pay, launched in a pilot phase. It promises an autonomous shopping experience, based on lockers and a frictionless checkout system.
- The Pick-Go-Pay solution is integrated with Innovend's lockblox & Zuply solutions, a locker system that enables self-service merchandise sales without the constant presence of salespeople or security guards.
- The initial customer experience proposed by Innovend:
 - Customers visit an Innovend-equipped store at any time of the day,
 - no human presence is required to allow them to make their purchases,
 - the arrival of customers is automatically detected and their visit is monitored to secure sales and limit fraud,
 - They can select the desired products on a terminal with a touch screen placed near the racks housing the goods,
 - Payment can then be made contactless, again directly on the kiosks.
- Worldline is optimizing this system by dedicating a mobile application to it:
 - this application allows consumers to scan the QR codes displayed on the lockers housing the desired products,
 - They then simply validate their purchase and pay for the locker to be unlocked.
- A first pilot was launched in June in the Netherlands, in the city of Nieuwendijk. It involves Worldline's partners: Innovend and Fruitschuur, a fruit and vegetable producer and seller.

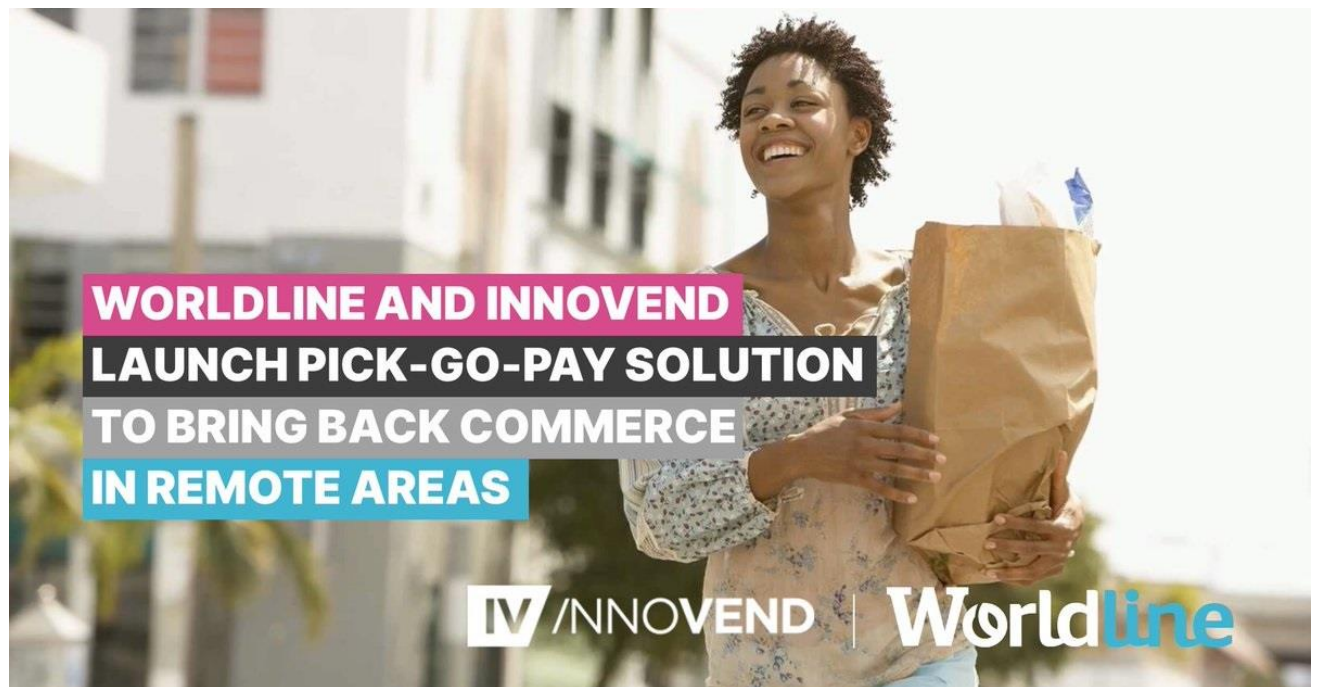
CHALLENGES

- **To alleviate the desertification of rural areas:** Pick-Go-Pay is primarily presented as an alternative to shops in rural or remote areas. Worldline and Innovend plan to test the deployment of their service in villages where shops are no longer profitable but where the automation of stores could keep them open.
- **Avoiding contact as much as possible:** the application proposed by Worldline makes it possible to further reduce contact between consumers and their environment, an advantage in times of pandemics.

MARKET PERSPECTIVE

- Worldline and Innovend present their vision of the cashless store, which is now in vogue. Like Caper and Sensei, for example, their initiative stands out from Amazon Go with a solution that targets small businesses, with a real objective of democratization.
- In the meantime, Worldline has also announced a partnership with Toshiba for the implementation of an "all-in-one" kiosk to improve the fluidity of checkout and payment, by providing more self-service touch points.

Source : [Press release](#)



Credit Transfer & Direct Debit

Spain connects to the European Request to Pay scheme

Spain

FACTS

- A new association has been created around the Request To Pay. The Spanish clearing house Iberpay has just announced that it has worked with EBA Clearing to present an interoperable payment service.
- Interoperability of services is a key to the democratization of innovative payment solutions. EBA Clearing and Iberpay are setting an example by their partnership and illustrating the still emerging potential of RtoP services.
- Iberpay will offer payment functionalities that comply with the new SEPA Request to Pay Scheme (SRTP) created by the European Payments Council (EPC).
- These new services are primarily aimed at Payment Service Providers (PSPs) who will now be able to rely on the technical infrastructure developed by Iberpay and EBA Clearing to process end-to-end SRTP payments in a fraction of a second and across Europe.

CHALLENGES

- **Accelerating RtP:** Spanish clearing house Iberpay and pan-European interbank payment infrastructure provider EBA Clearing are merging their work and combining their strength to move to the next level at a time when payments are undergoing a slow but profound transformation around the world. This important step will make possible a multitude of use cases that will rely on instantaneous transfers.
- **A European first:** Iberpay and EBA Clearing are in fact the first European infrastructure providers ready to provide this new functionality. Although Mastercard has a similar initiative in the UK, based on the Pay.UK scheme, it is not based on the European scheme.

MARKET PERSPECTIVE

- In the face of EPI or the PSP alliance, the combination of EBA Clearing and Iberpay should also play an important role in the renewal of payments on a European and global scale.
- Recall that Iberpay processed 25 million instant transfers in 2019; today, this flow is around 1.1 million instant transfers processed each day (38% of the total volume of transfers processed in the country), confirming that Spain has fully embraced this new payment method.

KEY FIGURES

Iberpay

- 2005: creation
- 13 major Spanish banks involved
- 2.2 billion payment transactions processed in 2020 for a total amount of 1.91 billion euros

EBA Clearing

- 1998: creation
- 48 European banks involved

Source : [Press release](#)



Connected cars and objects

Evering: the new payment ring supported by Visa

Japan

FACTS

Japanese company MTG has just opened pre-orders for its new e-wallet. Backed by Visa, it is materialized as a ring.

- This smart ring is embedding a contactless payment solution compatible with Visa Contactless services. It is available for pre-order in Japan since May 17.
- 3,000 units were available, but pre-orders were quickly closed due to a stockout.
- Named Evering, this smart ring is priced at 19,800 Yen, approximately 150 euros.
- Characteristics of the ring :
 - it embeds an electronic chip
 - 1 year warranty
 - delivered with an expiry date, like for a payment card. This date is fixed at 4 years.
 - limit of use: limit of 1 million yen (about 7,500 euros). Monthly payments can reach 120 000 yens (900 euros)
 - the ring is waterproof and does not require reloading to operate
 - it is linked to a payment card; a compatible mobile application allows to follow the transaction history
- MTG plans to ship its first rings by this summer to fulfill pre-orders.

KEY FIGURES

- MTG went public in 2018 on a startup market; it plans to sell its subsidiary Evering within months.
- Evering is expected to reach a market cap of 100 billion yen, compared to MTG's 60.4 billion.
- The company posted an operating profit of 1.2 billion yen in its last fiscal year, but the results were plagued by an accounting scandal.
- MTG's shares have risen about 34 percent this year, after climbing 30 percent last year.

CHALLENGES

- **For MTG, becoming a new reference for payment:** simply wave the ring in front of a Visa-compatible acceptance terminal to pay for a contactless transaction. Evering intends to make payments as easy as possible, but also plans to expand into new functionalities: ticketing, public transport, keys or even payment between individuals.
- **For VISA, pursuing a global strategy:** Visa has been committed for a long time now to offering payment experiences based on digital technology, especially via connected objects. The group is counting on new players for this, expanding its Visa Fintech Partner Connect incubator globally. The network has worked extensively on pilots for payment via a wristband, or even integrated directly into clothing. Today, the pandemic has given a boost to these alternative payment media, with the growing success of contactless.

MARKET PERSPECTIVE

- While MTG is initially focusing on payment, it is already planning to open it up to associated services, linked to the "wearable device", promoting contactless data exchange.
- If payment was already based on glasses, watches and bracelets, the ring is another possible support.

Source : [Press release](#)

Q EVERING

先行予約開始

5.17 Mon. 2021



Player's Strategies

American Express opens Kabbage accounts for businesses

United States

FACTS

Following its acquisition by American Express, Kabbage is now re-launching its U.S. small business account as an Amex brand.

- The service, called Kabbage Checking, is the renewal of an existing service launched by Kabbage just before its acquisition by American Express. But, for American Express it is a very first time.
- The group will therefore offer a business current account aimed primarily at small American businesses.
- The accounts will pay 1.1% interest on a maximum balance of \$100,000.
- No fees will be applied.
- Service Features:
 - an account opening service in minutes and without receipts
 - a mobile account management application
 - a debit card
 - reserves" to put money aside
 - a physical cash deposit service
 - a mobile check deposit solution
 - access to a network of 19,000 ATMs
 - a supplier invoice management and scheduling tool

CHALLENGES

- **Centralize cash flow:** Traditionally a leader in the small business card market, AmEx, like many of its competitors, is embarking on a transformation to become a global provider of cash management, transaction and lending services for small businesses. Key to this strategy is the current account, which provides access to deposits - an anchor for offering additional services and cash flow data.
- **Supporting small business development:** American Express and Kabbage are committed here to democratizing a no-fee account with many additional features to establish itself as a unique player in helping cash management. American Express has also launched Kabbage Funding, a flexible credit offer between \$1,000 and \$150,000.

MARKET PERSPECTIVE

- Kabbage is a FinTech specialized in alternative scoring for small merchants. It was acquired by American Express in late 2020, after months of negotiations and rumors.
- It must be said that the combination of the payment giant and the FinTech leads to the creation of a major player in financing for American small businesses and merchants.

Source : [Press release](#)



Kabbage, an American Express
Company, Launches Kabbage
Checking™ for U.S. Small Businesses

Fragmented payment: Divido raises new funds

United kingdom

FACTS

- UK financing platform Divido, which is specialized in Buy Now Pay Later (BNPL) deferred payment solutions, has just completed a major new round of funding involving legacy banks.
- Divido's new funding round was led by HSBC and ING, with participation from Sony Innovation Fund by IGV, SBI Investment, OCS, Global Brain and DG Daiwa Ventures; as well as existing investors DN Capital, Dawn Capital, IQ Capital and Amex Ventures.
- The FinTech has raised nearly \$30 million in a Series B round.

KEY FIGURES

- Launched in 2014, Divido now has more than 1,000 customers and operates in 10 markets in Europe and the United States.
- Divido claims that its product generates up to 20-40% more sales for merchants who implement it.
- Divido offers its customers the ability to reach 234 million end customers through a single integration.

ISSUES

- According to the press release, the funds raised should **enable Divido to continue its international expansion**. However, this rapid expansion has obviously not been driven exactly as it should, as Divido only operates in 10 markets on two continents, whereas it had already planned to double this target in 2018. The pandemic one explanation which has forced many start-ups to scale back their international development plans, but the fact is that Divido has had a lot to do to settle its domestic markets before continuing its expansion.
- **An peculiar model:** operating in an ultra-competitive market, Divido stands out from its competitors by its white label model aimed at merchants and lenders. This is different from the positioning of Klarna, for example, which implements its solution at merchants' premises, but under its own brand name and which addresses buyers directly. In addition, the startup operates a model where lenders compete to offer the most appropriate line of credit to consumers. This also means that it does not need a banking license and can therefore (in theory) move more quickly into new markets.

MARKET PERSPECTIVE

- Divido has been operating in the France since 2019, working with major e-commerce platforms and PSPs. Among these 1,000 customers and partners, Divido works with BNP Paribas, BMW and Lastminute, among others. Divido was welcomed aboard the Plug and Play Lafayette gas pedal program. It also won the Worldline payments hackathon, working with clients such as AccorHotels.
- In France, it is instead players such as Pledg or Alma that have monopolized this white-label fractional payment market.
- In 2019, Divido continued its efforts by partnering with Splitit in particular to establish itself in the flourishing fractional payment market. It also partnered with prestashop, one of the world's most popular e-commerce platforms, in several European markets.

Source : [website link](#)



Feedback: N26 growth and diversification

France

FACTS

The German neo-bank N26 has been operating in France for a little more than 4 years now. It has just passed the 2 million customers in France, a good opportunity to take a look at its journey.

- This figure has been achieved thanks to constant growth. N26 states that it has been attracting 2,000 new customers per day for the past 18 months.
- N26 in France represents a volume of more than 1 billion euros of transactions per month on average over the last 6 months. It has announced its intention to become the main account for 5 million French people by 2024.
- In terms of customer typology, 40% of N26 customers in France are over 35 years old and live in more than 13,000 metropolitan areas.
- A still important potential of prospection:
 - N26 estimates that 3 out of 4 French people have never heard of its offer. They therefore represent as many potential prospects for the future. Especially since, according to the FinTech, 1 in 5 French people are thinking of changing banks in the next 6 months.
- Reinforced teams
 - 250 of the FinTech's 1,500 employees are dedicated to the French market. A reinforced team that should allow N26 to support its local deployment; a new Paris office is also now home to the N26 France management team.

CHALLENGES

- **A positive evolution towards profitability:** N26 specifies that, over the last 8 months, half of its French customers have opted for its paying formula. Last November, the challenger announced the creation of a new mid-range offer, charged 4.90 euros per month, including the standard free offer with some additional services. Until then, the first premium offer, N26 You, started at 9.90 euros per month. This is a positive development for the neo-bank, which is counting on this business model to reach profitability this year.
- **Continuing its diversification and leadership:** N26 specifies that its ambition is now to complete its range of products to meet the expectations of the French. Between now and this summer, N26 will launch new features in its 24 European markets, including:
 - virtual IBANs, for each sub-account [Spaces](#),
 - a feature for sharing bills with friends or family,
 - a payment solution in several instalments.

MARKET PERSPECTIVE

- In addition to its results, N26 also continues to leverage its expertise and data to mark its positioning. Just recently, the FinTech looked at the subscription model in a survey of 6,000 consumers in France:
 - nearly a third of respondents have increased their number of subscriptions compared to the pre-pandemic period;

- 41% of Europeans subscribe to two or three services;
- Paid packages for entertainment services have attracted more customers during the crisis and young people are particularly inclined to pay for these services (33% of 18-34 year olds have more than 4 and spend an average of €47.74 per month).

Source : [website link](#)



Price increase for PayPal business customers

United States

PayPal has updated its price list for its services intended for its American professional customers, in particular small and medium-sized businesses. Carried by figures in strong acceleration, the American giant of the electronic payment feels in capacity to impose its prices; a decision which could nevertheless leave it more vulnerable in front of the competition.

FACTS

- PayPal's payment products such as PayPal Checkout, Pay with Venmo, PayPal Credit, Pay in 4, PayPal Pay with Rewards, Checkout with crypto, which include seller protection on eligible transactions, will see their rates increase to 3.49% + \$0.491 per transaction starting August 2.
- Paypal or Venmo's QR code payment services will remain unchanged:
 - 2.40% + \$0.05 for transactions under \$10,
 - 1.90% + \$0.10 for transactions above that amount.
- A pricing effort has been made by PayPal for processing online payments made with Visa and Mastercard debit and credit cards to better compete with its main rivals such as Stripe and Authorize.net
- These announcements have driven PayPal's stock price higher.

KEY FIGURES

- PayPal has 392 million active accounts, including 31 million merchants worldwide.
- According to PayPal, consumers who choose PayPal as a payment method are 60% more likely to complete their purchase than consumers who choose other online payment methods.
- Consumers are nearly three times more likely to complete their purchase when PayPal is available at checkout.
- The recently announced Buy Now, Pay Later solutions have resulted in a 15% increase in payment volume for businesses.

CHALLENGES

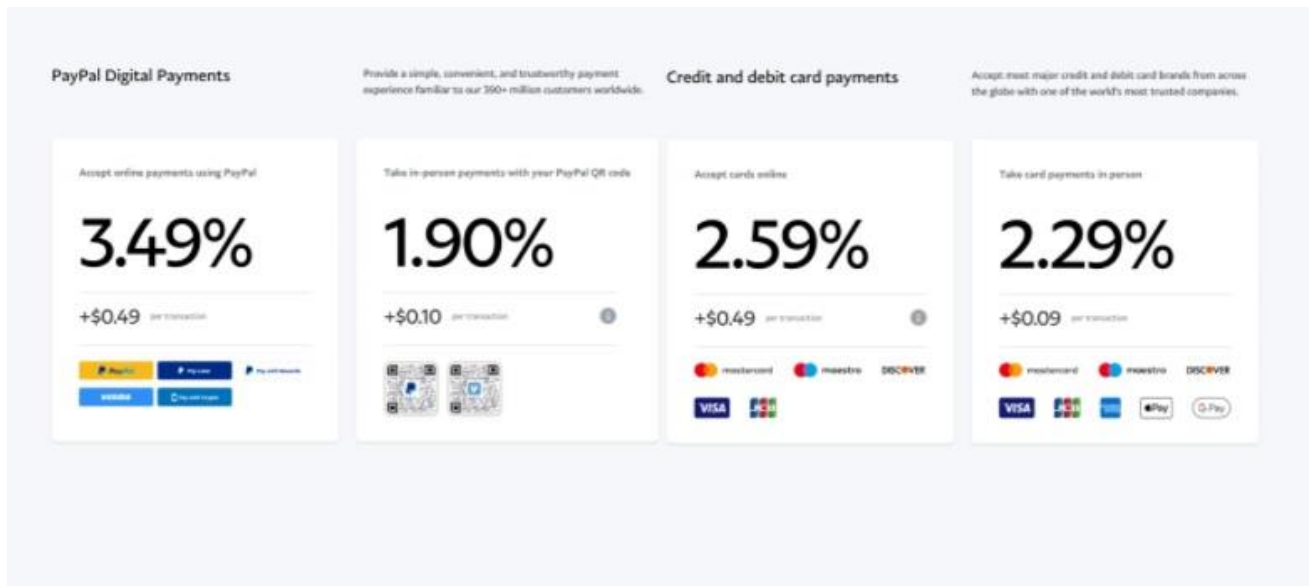
- **Reposition the value of its offering:** For PayPal, this increase in fees is justified by the many features that have been added to its tools, in particular new fraud analysis services, as well as other payment options such as Pay in 4 (BNPL), at no additional cost to the consumer.
- **Establish its status as a key intermediary:** Despite the dynamism of this market and the growing importance of competition, PayPal's strategic choice to position itself at both the payment and consumer levels gives it a key position vis-à-vis merchants, as evidenced by the statistics revealed by PayPal concerning its conversion rates.
- **Accelerate to fulfill its ambitions:** Other mega-players are starting to emerge on the market, starting with Klarna, which with its record valuation no longer denies itself any ambition. Its shopping application, which is particularly aimed at merchants by promising them a range of services related to payment and beyond, could overshadow PayPal, which is also aiming for the super app model.

MARKET PERSPECTIVE

- PayPal's decision illustrates the challenge of the platformization of the economy and the omnipotence of the GAFAs. Their strength in certain sectors raises the issue of market access and the regulation necessary for the proper development of economic activity.

- Reuters called PayPal's increases "a bold move in an increasingly competitive digital payments industry."

Source : [Press release](#)



Revolut hits record losses

International

The British neo-bank Revolut has just published the results of its activity for 2020. Its recently posted profitability is now giving way to significant losses, which do not, however, hinder its progress on all other indicators. A growth that is obviously expensive, as the ACPR report on the financial situation of FinTechs and neo-banks pointed out a few months ago.

FACTS

- When releasing its results for the year 2020, Revolut naturally preferred to highlight certain figures:
 - its gross margin multiplied by 3 in 2020,
 - 57% increase in revenue from £166 million in 2019 to £261 million in 2020,
 - a 45% jump in the number of its customers, now estimated at 14.5 million for individuals and 500,000 business customers
 - gross profits that have increased by 215% from £39 million in 2019 to £123 million.
- However, the FinTech is showing a sharp increase in operating losses (+60%). Over the whole of the 2020 financial year, they have thus increased from £107 million in 2019 to £168 million today.

CHALLENGES

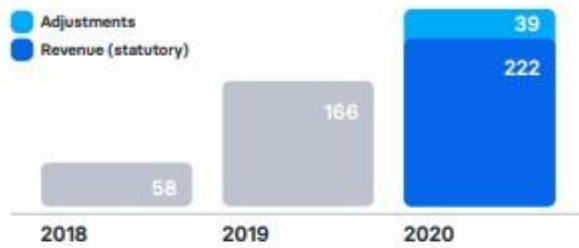
- **The superapp model:** Revolut attributes the growth of its customer portfolio to the pandemic, in part, but mainly to the relevance of its strategy, which combines the model of a financial superapp with paying offers that attract more and more customers (+51% for Metal and Premium customers).
- **A very fragile profitability:** Revolut attributes the increase of its operating losses to :
 - the increase in its administrative costs, which have more than doubled from 125 to 266 million pounds sterling;
 - its investments, particularly in innovation (24 new products launched in 2020), which also includes recruitment and investments in compliance;
 - its international deployment (in the United States, Australia, Japan and soon in India): unlike its competitors, notably Starling Bank, which has taken a much more cautious approach since the health crisis, Revolut has very quickly focused on international expansion, which has cost it a lot in terms of investment. In comparison, Starling, which has been profitable for several months, paused its plans in 2020, then resumed opening new countries in 2021.

MARKET PERSPECTIVE

- For comparison, N26 recently reported losses of €100 million (compared to about 200 for Revolut), for about 7 million customers.
- Revolut, valued at \$5.5 billion, is considering a new round of financing that could take the British startup to a valuation of over \$20 billion.
- It has also started the process of obtaining a banking license in the UK, which would allow it to offer loans to its British customers.

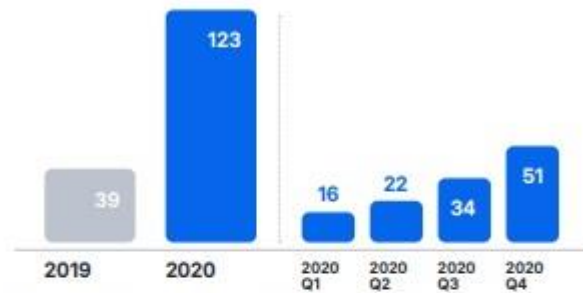
Source : [Press release](#)

Adjusted revenue up 57% to £261m (£m)



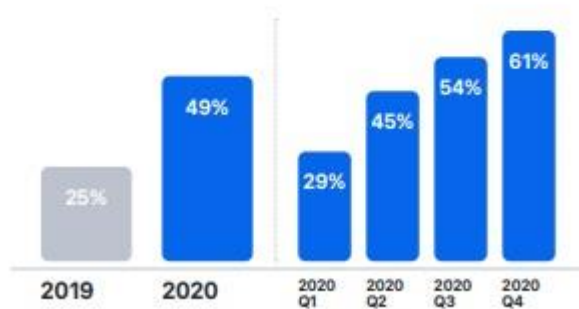
Adjusted revenue for 2020 comprises statutory revenue of £222m and fair value gains on cryptocurrency assets of £39m recognised in other comprehensive income. See note 5 for further details.

Gross Profit up 215% vs. 2019 (£m)



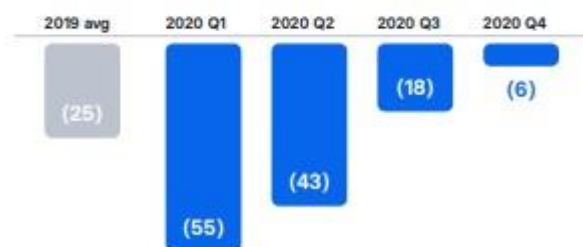
Gross profit as reported above is an APM and is defined as adjusted revenue less direct costs, excluding net onboarding costs. See appendix for further details.

Gross margin improved to 61%



Gross margin as reported is an APM and is defined as gross profit as a percentage of adjusted revenue excluding onboarding income. See appendix for further details.

Quarterly adjusted operating losses reduced (£m)



Adjusted operating loss excludes non-cash share-based payments charge.

Blockchain & Virtual Currencies

MoneyTrack raises funds for its insurance-directed payment platform

France

FACTS

- FinTech MoneyTrack has just completed a new round of funding to support its directed payment model and deploy it specifically in the health sector.
- MoneyTrack is a start-up that created a payment platform dedicated to "directed money". It allows companies, communities or institutions to make a payment under conditions for individuals. The beneficiaries of these payments can then spend them only with partners or within a predefined consumption universe.
- MoneyTrack's platform relies on blockchain technology to make these payments digital but also to secure the exchanges and control the proper use of the money paid by its partners to the recipients of the funds.
- In particular, the startup has developed a third-party payment platform in the healthcare sector. It allows to :
 - authenticate the actors of the health care pathway (alternative medicine practitioners for example);
 - to consult all the guarantees of the policyholders' contracts to check their rights;
 - generate payments between the insurer, the complementary health care provider and the practitioner, without the insured having to pay in advance.
- Business model: MoneyTrack charges a 3.5% fee to the insurer on transactions made via its platform.
- Its model has attracted the interest of investors who have mobilized to participate in its latest round of financing. Truffle Capital, business angels and the social protection group AG2R La Mondiale have all contributed €2.3 million to MoneyTrack. This operation brings the company's total financing to €5.4 million.

KEY FIGURES

- 2018: creation
- 800,000 policyholders covered thanks to the recent acquisition of Progexia, which digitalizes the offerings of complementary health insurance companies
- 6,000 connected healthcare practitioners
- A goal of doubling turnover by 2023, to reach €100 million

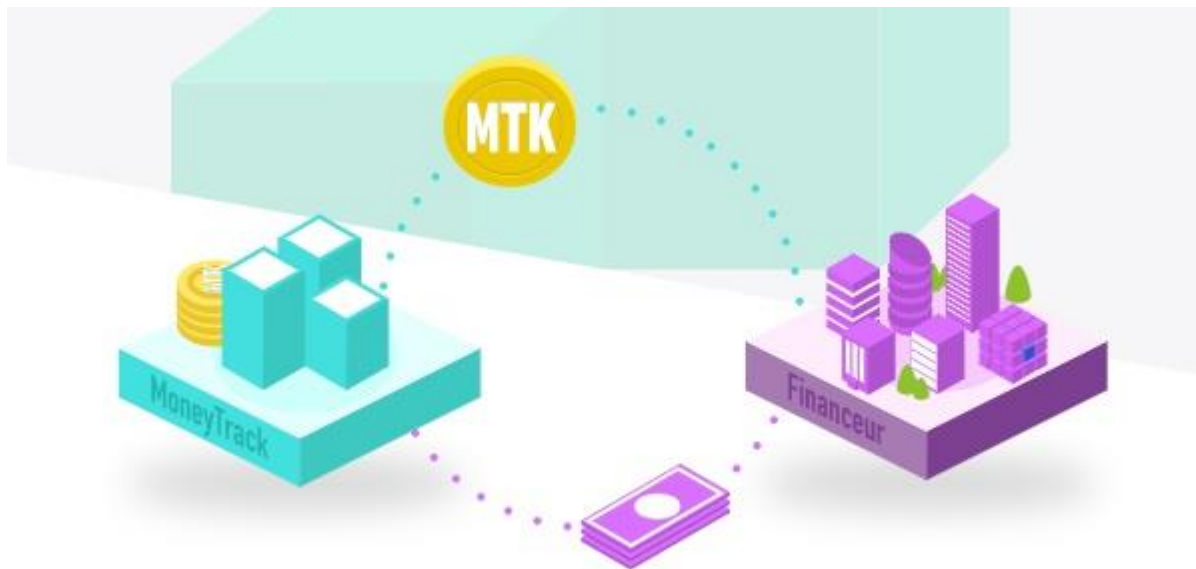
CHALLENGES

- **Strengthen itself through the complementarities of its partners:** with its new fundraising, MoneyTrack has just announced the acquisition of the Marseille-based start-up Progexia, which will help it to fully integrate into the complementary health care ecosystem. Progexia works with a dozen mutual insurance companies (including Muta Santé, Unéo, and several overseas mutuals) that covers over 800,000 people.
- **MoneyTrack relies on the implementation of smart contracts,** registered within a blockchain, to trigger the transaction between the insured and the health care provider, from the verification of guarantees to the payment. A complex process that benefits from an extremely simplified customer journey thanks to the technology implemented by MoneyTrack.

MARKET PERSPECTIVE

- The managed money market is estimated to be between 3 and 5% of global GDP. Insurance compensation (home, health), affected consumer credit, discount coupons, fuel or gift cards, public social policies (transport assistance, back-to-school assistance, social payments to protected persons, etc.), humanitarian aid, etc... So many possible applications for directed money, which make it an attractive market for MoneyTrack's solution.
- In the wake of the health crisis, the economic recovery tools used by financial institutions have raised many doubts as to their effectiveness. The consulting firm Fabernovel, which dedicated a study to the uses of crypto-currencies in the face of the crisis, identifies three types of risks: exclusion, evaporation and inflation. Blockchain technology and crypto-currencies are now mature and could enable the traceability of these financial aids in a post health crisis context.

Source : [French Web](#)



Square prepares its physical wallet dedicated to cryptocurrencies

United States

FACTS

- The co-founder of electronic payment company Square, Jack Dorsey, just announced that his FinTech is currently working on creating a physical wallet (hard wallet) for storing Bitcoin and other crypto-currencies.
- This project is organized in a totally open and collaborative framework. The Square community is thus called upon to work on the entire design of this product, from software to hardware design.
- According to the first tracks evoked, this physical wallet would be linked with the users' smartphone (as the Square cash dongle originally is).
- The hardware would indeed work in direct link with the Square Cash application which already allows to buy and sell bitcoins.

"Square is considering making a hardware wallet for #bitcoin. If we do it, we would build it entirely in the open, from software to hardware design, and in collaboration with the community. We want to kick off this thinking the right way: by sharing some of our guiding principles."

- jack (@jack) June 4, 2021

CHALLENGES

- **A buoyant market:** In France, the success of Ledger, which has become a reference in crypto-currency storage hardwallets, perfectly illustrates the opportunities of this market. Ledger has just raised a new round of funding of \$380 million, bringing its valuation to over \$1.5 billion. It is the fifteenth French unicorn.
- **Reinforcing its momentum:** Square has established itself as a reference in the alternative financial services market. The launch of a physical wallet for crypto-assets represents a diversification lever for the company, which already considers itself as a neo-bank, via the success of Cash App.
- **Participate in global inclusion by promoting the adoption of crypto-currencies:** this is a personal belief of Jack Dorsey, who does not cease to value Bitcoin and has invested heavily in the crypto-currency. Bitcoin represents about 5% of Square's cash flow. He has also created a fund to encourage the development and adoption of Bitcoin in the world, especially in Africa and India. For him, this democratization will necessarily involve access to assisted self-storage services.

MARKET PERSPECTIVE

- The price of Bitcoin has plummeted following contradictory announcements by another pygmalion of the technology sector, Elon Musk. Yet within weeks, the adoption of Bitcoin as the legal tender of El Salvador had the opposite effect. This back and forth once again reinforces the fragility of the crypto-currency market and its susceptibility to the most fanciful announcements. Jack Dorsey's announcement, meanwhile, helped Square's stock rise 2.7 percent on the stock market.
- In the United States, a provider of retirement savings plans ForUsAll, announced that it would offer employees, whose funds it manages, to invest up to 5% of their contributions in cryptocurrencies.

Source : [Twitter](#)



Europe: a central bank digital currency is being tested

France / Switzerland

FACTS

- The Banque de France, the Swiss National Bank and the Bank for International Settlements (BIS) have just joined forces to experiment with a Central Bank Digital Currency (CBDC) to facilitate cross-border payments on a European scale.
- The exploratory project, called "Jura", will allow the exchange of a wholesale CBDC in euros for a wholesale CBDC in Swiss francs, via a payment-for-payment settlement mechanism involves banks based in France and Switzerland.
- Wholesale CBDCs are generally limited to a small circle of users, such as financial institutions holding accounts with central banks. They are therefore different from retail NBMs, which are accessible to the general public.
- The Banque de France, the Swiss National Bank and the BIS have therefore decided to create a joint venture (GME) with several partners: Credit Suisse, Natixis, the R3 consortium, UBS, SIX Digital Exchange and Accenture, as technical partner of the operation.

CHALLENGES

- **Digitize foreign exchange:** This project aims to facilitate cross-border payments in euros to the Swiss franc and vice versa, on a platform using distributed ledger technology (DLT) in order to automate the exchange of CBDCs.
- **Preparatory experiments for the launch of the future digital euro?** This new experiment shows how strategic the preparatory work for the launch of a digital currency has become for central banks in Europe. Improving cross-border payments is also considered a priority by the G20, which has defined a medium-term roadmap to coordinate the efforts of European financial players.
- **For Accenture**, already involved in the launch of the [Digital Dollar Project](#) in the United States, this project represents a new way to establish itself as a reference technology partner for central banks with CBDC projects on a global scale.

MARKET PERSPECTIVE

- This test follows another project conducted by [the Banque de France](#), in connection with CBDCs. Last April, it tested their use for the settlement of bonds issued by the European Investment Bank (EIB) in partnership with Société Générale.
- This experiment comes at a time when the central banks of China and the United Arab Emirates have just launched a cross-border digital currency project, called "m-bridge", in partnership with the BIS innovation department based in Hong Kong.
- In addition to the Banque de France's CBDC projects, the R3 consortium, which brings together nearly 40 participants from some 15 countries, has since its inception had the ambition to develop applications for blockchain technology. In the race to deploy MDBC, this technology is making its mark. Despite some setbacks, it allows the consortium to reach its goals.

Source : [Press release](#)

FRAUD PREVENTION AND SECURITY

Tinkoff's chatbot specializes in the fight against fraud

Russia

FACTS

- In August 2019, Tinkoff announced the launch of its chatbot named Oleg, positioned as an everyday assistant for its customers. The bank then adopted a somewhat offbeat strategy by choosing to market it so that third parties could integrate its technology.
- Today, the Russian bank is moving towards an operational launch for Oleg, which is also getting a specialization: the Lifestyle assistant is becoming an assistant in the fight against spam and fraud.
- Oleg is now available in a new beta version, called Defender Oleg, for all customers of Russian mobile operators.
- The chatbot will now be able to help its users avoid spam, unwanted calls, intrusive marketing approaches and, more generally, all unwanted approaches and other commercial solicitations by third parties.
- In addition to traditional communication services (email and phone), Oleg will also protect its users on the social networks Telegram and VKontakte.
- How does it do?
 - Oleg can answer, record and transcribe calls or messages from suspicious contacts or unknown numbers.
 - It then activates specific conversation scripts to analyze the fraud or spam risk of these contacts.
 - It then filters out fraudsters and spammers without requiring user intervention.
- Currently, Oleg can respond to over 100 different call scenarios.

CHALLENGES

- **Strengthen a unique positioning:** Tinkoff Bank has always claimed to be a technology player, rather than a financial player. It therefore adopts the same strategy as the Big Tech companies by marketing its technology to third parties.
- This choice is also in line with Tinkoff's stated **strategy of offering a Super-app**. To this end, the bank relies on its proprietary voice recognition technologies (Tinkoff VoiceKit), which enable it to navigate fluidly between voice and text conversations to propose adapted responses according to the cases detected.
- **Valuing an expertise linked to its core business:** The fight against fraud and the securing of exchanges is part of the expertise specific to the banking business. By unveiling a new and technologically advanced service in this field, based on machine learning, Tinkoff also enhances its competitive advantage.

MARKET PERSPECTIVE

- Tinkoff Mobile subscribers have been able to use Oleg services since December 2019. The new version of Defender Oleg available to all Russian mobile subscribers has been under development since March 2020: it has been trained on more than 110 million calls.
- Oleg becomes a life assistant in the broadest sense, capable of protecting personal data and ultimately even, the peace of mind of its users thanks to its Artificial Intelligence and Machine Learning technologies.

Source : [website link](#)

Defender Oleg



TINKOFF

oleg.tinkoff.ru

Societe Generale helps companies fight fraud

France

FACTS

- Societe Generale has signed a new partnership, with FinTech Trustpair, to help businesses combat the rising incidence of money transfer fraud.
- The fintech Trustpair specializes in the control of payment data and the fight against transfer fraud.
- Its partnership with Société Générale aims to help mid-sized companies (ETI) and large companies in France to fight against transfer fraud, which has increased with the Covid-19 crisis.
- The two partners are committed to offering the financial departments of targeted companies a common solution for automating the control of banking data of their service providers operating in France and abroad.
- A one-year pilot phase was necessary to validate a service model that can be integrated as a data control solution for the entire payment chain of companies, directly within the technical environment of the latter.

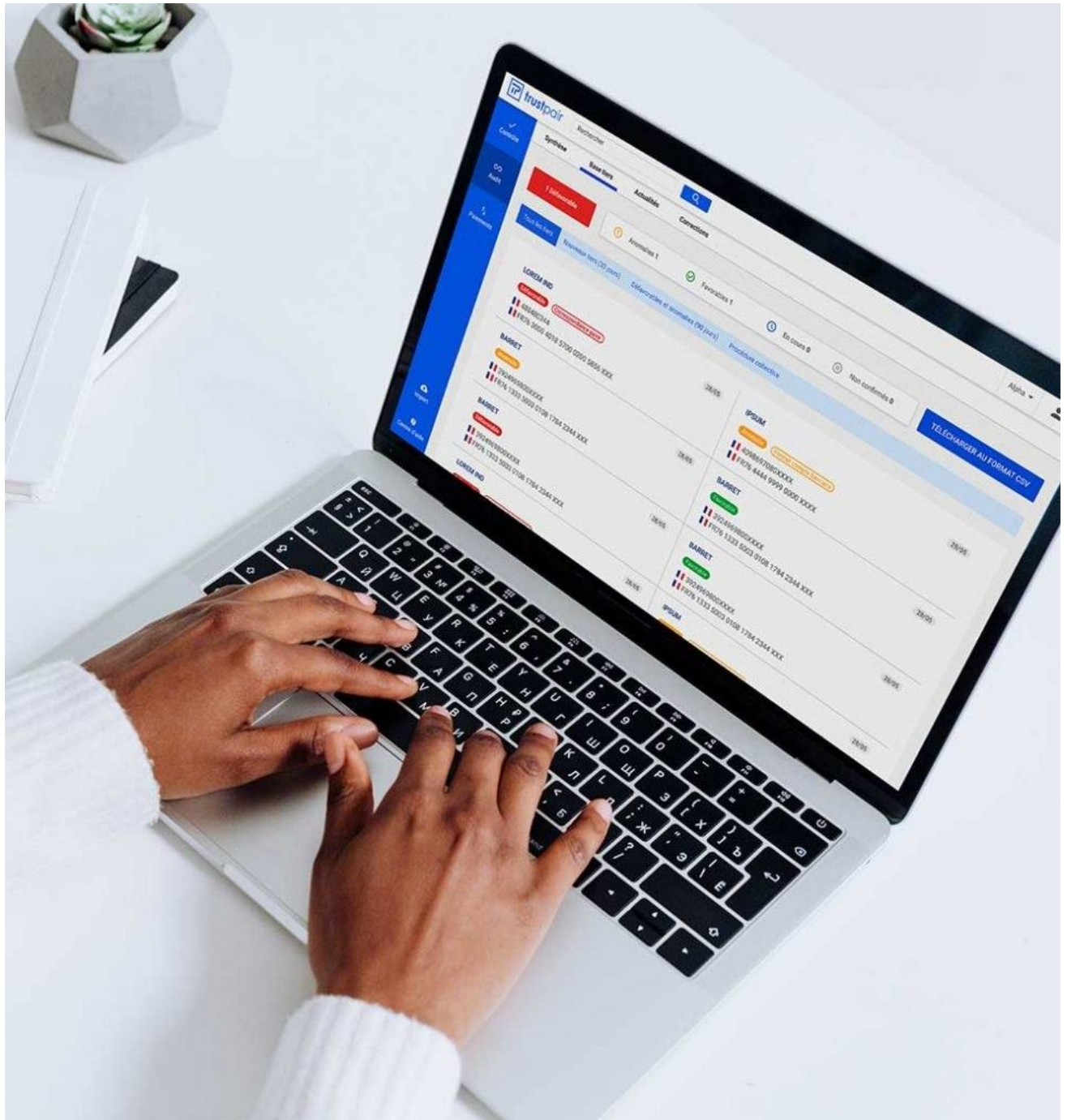
CHALLENGES

- **Pursuing a strategy resolutely focused on partnerships:** This new announcement represents yet another way for Societe Generale to confirm its global strategy focused on supporting businesses and working with the most innovative players in the market.
- **Validating the relevance of its model:** Societe Generale recently partnered with another FinTech, Kyriba, to reinvent its corporate cash management offering. Kyriba is also one of TrustPair's partners. Societe Generale's partnership strategy therefore takes the form of an ecosystem capable of mutually enriching each other.
- **Adapting to a critical situation:** The health crisis has acted as a fraud accelerator for companies. To respond quickly to their needs, Societe Generale has chosen to partner with them to accelerate the launch of these new offers and free itself from the inertia that can characterize innovation in large groups.
- **Extending its coverage:** Société Générale's last innovative initiatives in the corporate market were mainly targeted at small businesses. Its partnership with TrustPair aims this time to better cover the needs of large companies.

MARKET PERSPECTIVE

- False international transfer orders (FITs) are types of financial scams that involve getting the victim to make transfers, unplanned, from their account to the scammer's account.
- In 2019, 1 in 4 businesses were victims of fraud. Yet the health crisis related to COVID-19 has spurred an increase in these frauds. In 2021, the fight against fraud has become a major issue for 86% of financial departments according to a study "Companies facing transfer fraud in 2021" conducted by Accenture, Option Finance and Trustpair in January 2021.
- The increase in fraud risks does not only affect France or companies. And the historical banks are taking this problem very seriously and are mobilizing to counter this global threat, like the latest initiatives of Tinkoff in Russia, for example, or HSBC which has chosen to launch a free application in the United Kingdom, relying on education. Open to all, it is particularly aimed at company managers.

Source : [Press release](#)



Digital Identity

Stripe gets into authentication with Stripe Identity

United States

FACTS

Online payment giant Stripe continues to diversify its services. It has just introduced Stripe Identity, a tool for verifying the identity of online shoppers.

- Target: any business, including non-customers of Stripe. The FinTech first addresses its new Identity service to e-retailers in order to help them authenticate their customers when they are paying on their website; but also to many other market players who are not necessarily linked to a payment path.
- Use cases addressed:
 - Identity verification during an online payment process
 - Verification of legal age to access certain services
 - Certain KYC procedures
 - Authentication in case of sensitive transactions, especially on a bank account
- Stripe Identity relies on artificial intelligence and machine learning technologies to operate. Moreover, the FinTech takes care of managing customer data in an encrypted format.
- Technical journey:
 - On the end-consumer side, it is necessary to send a photo of one's ID when creating an account with e-retailers using Stripe Identity.
 - The consumer will then be asked to send a dynamic selfie every time he wants to validate a payment on the e-merchant's website,
 - the authentication process is then automated, thanks to a real-time reconciliation (15 seconds, according to Stripe) of the dynamic selfie with the ID registered for each customer account.
- Business model: Stripe will charge for the use of Stripe Identity on a per-transaction basis, without giving details on the amounts charged.
 - Currently in beta, Stripe Identity is used by about 30 test customers.

CHALLENGES

- **Leveraging Stripe's internal expertise**: Stripe's competence in identity verification is intimately linked to its expertise in the fields of payment flows and fraud. Leveraging this expertise in as-a-service mode could be compared to the strategy of the US tech players (GAFA), such as Amazon with Amazon cloud, which, capitalizing on their technological bricks, have developed their offer outside their core business. Stripe provides companies with technology developed in-house and used for over 10 years.
- **Simplify the fight against fraud**: Stripe relies on its strength, expertise and API model to simplify this sensitive step of authentication and storage of biometric data. In addition, e-commerce is booming, but this growth is also synonymous with an increase in fraud risks. Stripe is committed to managing the e-commerce boom to maintain consumer confidence.
- **Expanding its reach**. For Stripe, this launch means a potential diversification of its customer base, as the PSP now goes far beyond the payment stage. As confirmed by the typology of the first testers of its solution, the latter is used in cases where payment is not present.

MARKET PERSPECTIVE

- The issue of security and authentication at the time of payment is pushing payment giants to embark on the democratization of biometric authentication technologies, like Visa for example. Mastercard also recently announced the acquisition of Ekata, a digital identity player.

Source : [Press release](#)

