

# Global FinTech Weekly



## Highlight of the week – VISA acquires open banking startup Plaid for US\$ 5.3bn

Figure 1: VISA's vision for the Network of Networks money movement strategy

### Global Reach Through Integrated Payments



Source: VISA, AMTD Research

### Plaid the data exchange platform, will contribute to VISA's network of networks money movement strategy

Plaid, developers of financial services APIs, has been helping FinTech apps connect to major U.S. banks. Through Plaid, FinTech apps are able to retrieve transaction data, account balance, assets and verify identities from traditional financial institutions and each other user. Plaid is utilizing both API and screen scrapping to achieve this. Plaid's FinTech customers include 2,600+ FinTech startups such as Square Cash, Venmo, Acorn and Betterment. Plaid's network covers 11,000 financial institutions as the data source with 200+ million accounts linked to Plaid. Plaid is also integrated with Stripe to process ACH transactions. Previously Plaid received investments from VISA and Mastercard at the end of 2018 for a valuation of US\$ 2.65 billion. VISA's acquisition of Plaid doubled this valuation and shows VISA's satisfaction with Plaid's performance since then.

### VISA accelerates acquisitions to ride the FinTech boom while bank cards could become less relevant

The core value of Plaid to VISA is its networks of traditional financial institutions and FinTech startups whose money flows and data flows are largely not captured in VISA's card network. This adds to VISA's investment into Earthport, an independent global ACH network in 2019 which can unleash VISA's capability in facilitate fast and cheap remittance. A few days after Plaid new, VISA acquired data security company Very Good Security. These investments would enhance VISA's coverage of P2P and B2C use cases by integrating connector and payment services for FinTech.

### Open banking is an irreversible trend

With consumers' increasing acceptance of open banking, and regulators' push, open banking is taking off globally. Open banking gives start-ups the chance to compete with traditional banks and gives consumers more options for financial products and services. Bigger banks' reluctant to open up its database and connect to FinTech apps

would soon encounter competition from smaller banks offering such options. However, in emerging markets where banking penetration is relevant low, plugging into banks' database may not be startups' priority.

## News of the week

Investment

### Days after Plaid acquisition, VISA splashes the cash again to investment VGS

VISA

Days after splashing out \$5.3 billion to acquire data sharing startup Plaid, VISA has opened its wallet again to invest an undisclosed sum in data security outfit Very Good Security. VGS acts as a liability buffer for fintech startups by storing sensitive data, such as account numbers and personal information, while fast-tracking compliance certifications like PCI, SOC2, CCPA, GDPR. This means that card issuers and VGS customers like Petal and Mission Lane can focus on business growth without having to deal with the hassle of handling personally identifiable information or payment card numbers.

Source: [Finextra](#)

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Financing

### Revolut is on course to achieve a \$5 billion valuation

Revolut

UK-based Revolut is on course to achieve a \$5 billion valuation during an upcoming funding round, according to documents from lead investor Technology Crossover ventures (TCV). Financial News, which has viewed the prospectus, says the round is expected to close later this month. Revolut, which is working on a global expansion strategy to take its bank-like services beyond Europe, had been hoping to prise more cash out of investors, placing a more optimistic \$7-\$8 billion valuation on its business last year.

Source: [Finextra](#)

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Supply Chain

### Tradeshift closes in on \$240m funding

Financing

Supply chain finance outfit Tradeshift is closing in on a \$240 million equity and debt funding round as it seeks to hit profitability in the "near future". The new round, which is already more than two-thirds closed. Goldman Sachs and HSBC were among the participants in a \$250 million Series A round in 2018. Launched in 2010, the Danish firm's ecosystem now enables alternatives for trade financing, spend and receivables management, lending and payments, and etc., helping to unlock what it claims is \$9 trillion of capital trapped in online payments.

Source: [Finextra](#)

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Tencent

### Tencent and UnionPay integrate QR code systems

UnionPay

Tencent and state-owned China UnionPay are integrating their QR code systems for mobile payments, according to local media reports. The move will let Tencent WeChat Pay and UnionPay Quickpass users transfer and spend money using the same QR codes. Currently, merchants and consumers need different QR codes for different operators. The unified QR code system is being trialled in Fuzhou city. The two firms are also working together on facial-recognition-based payments.

Source: [Finextra](#)

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Payment

Tencent

### Tencent leads EUR40m round for French mobile payments firm Lydia

French mobile payments startup Lydia has raised EUR40 million in a Series B funding round led by Chinese giant Tencent and joined by Open CNP, XAnge and New Alpha. Launched in 2013, the Lydia P2P payments service now has three million users and a 25% market share among French millennials. Like its American counterpart Venmo, the brand has even entered the lexicon as a verb. Recently, the company has diversified, enabling users to get accounts, payment cards, loans, insurance and gift cards. Some of these products are developed inhouse, with other provided by third parties through a marketplace.

Source: [Finextra](#)

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Virtual Bank

Hong Kong

### The First virtual bank in Hong Kong to launch pilot trial

ZA Bank announced on 13 Jan the launch of its pilot trial to offer banking services to selected retail banking users in Hong Kong before full business launch to the general public. ZA Bank Pilot aims to target around 2,000 retail users initially in order to gather practical feedback from invited users for further improvement on its banking service platform before its full official business launch. Taking into account the evaluation of operational and technical readiness as well, ZA Bank will discuss with the regulator to determine the timing of full business launch.

Source: [Financial IT](#)

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Starling

IPO Plan

### Starling eyes IPO and forecasts break-even by year-end

Digital challenger bank Starling is eyeing a float on the London Stock Exchange within the next three years as it forecasts a first full year in profit by the end of 2021. In 2019, the fledgling startup passed one million customer accounts and £1 billion on deposit, at the same time more than doubling employee headcount to 900+. It has raised £263 million since its founding in 2014.

Source: [Finextra](#)

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Starling

Monetization

### Starling extends its offering for business customers

Starling is now providing unsecured loans of up to £250K and is increasing its overdraft limits to £150K from the £10K it was previously. In addition, business customers will be offered a Business Toolkit, which provides tools for monitoring cash-flow, tracking invoices, tracking how much tax and VAT is owed, and submitting returns. The Business Toolkit will cost a monthly fee of £7 for sole traders and £12 for limited companies. Starling is asking its business customers to sign up for a waiting list for the Toolkit, with the first 500 customers to do so receiving the services free for the next five years.

Source: [Finextra](#)

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Innovation Lab

Ping An

### Ping An Technology and Intel form innovation lab

Ping An Technology and Intel are building an innovation lab in Shenzhen to experiment in areas such as cloud, AI, security and storage. Ericson Chan, CEO, Ping An Technology, says: "Partnering with Intel will give Ping An an edge to boost our cloud technologies and to supercharge our AI-based services and solutions. We will further strengthen our data protection with Intel hardware-enabled security in finance and healthcare, two areas where it is so critical."

Source: [Finextra](#)

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Marketplace

### **Icici Bank opens API portal to developers**

India's Icici Bank has opened an online marketplace comprising nearly 250 APIs for third party developers to connect to and communicate with the bank's applications. Available to prospective partner companies, APIs are available across an array of categories including payments and collections, accounts and deposits and cards and loans.

Open API

Source: [Finextra](#)

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M&A

### **Credit card issuer Newday to purchase finance platform Deko**

UK credit card issuer NewDay is set to acquire retail finance platform Deko in bid to diversify its offering. Deko offers instalment credit and consumer loans via a panel of lenders, processing more than £2 billion in lending volumes over the last decade. The deal is worth a reported £40m, in what is NewDay's first transaction under new chief executive John Hourican.

Loan

Source: [Finextra](#)

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Cross Border

### **Siam Commercial Bank delivers Ripple-powered upgrade to mobile app**

Siam Commercial Bank has used technology from Ripple to upgrade its mobile payments application SCB Easy to deliver instant, low-cost cross-border payments. The 112-year old Thai bank believes the application will be a boon to overseas workers and tourists looking for a fast, efficient way to send and receive funds across borders. SCB's SVP of Commercial Banking says: "It is so difficult to send and receive money today. People must physically go to a bank branch, fill out long and complicated forms and wait for payments to be received—with no transparency. With our service, their loved ones from abroad can transfer payment and receive money immediately."

Thailand

Source: [Finextra](#)

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Digital Bank

### **Digital business Bank Qonto opens in Germany**

Qonto, a neo-bank for business accounts that was launched in France two years ago, has expanded to Germany, following previous openings in Italy and Spain. The online-only bank for SMEs, freelancers, and startups offers expense management, company card issuing and cash flow services to 65,000 accounts internationally. In 2019, Qonto managed transactions worth €10 billion, compared to €3.5 billion in the prior year.

Source: [Finextra](#)

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TONIK

### **First pure-play digital bank in SEA receives bank license approval to operate in the Philippines**

TONIK Financial's subsidiary in the Philippines, TONIK Digital Bank, has received approval for a new banking license from the Central Bank of the Philippines that will allow it to provide a full range of retail banking services, focused primarily on retail deposits and consumer loans, through the first digital-only branchless bank licensed platform in the Philippines.

Philippines

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Source: [Business Times](#)

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NFC

### **NTT Docomo taps UWB for hands-free payments**

Payment

Japanese telco NTT Docomo has teamed up with Sony and NXP Semiconductors to trial technology that lets shoppers make NFC payments without having to take their phones out of their pockets. The system taps NXP's Ultra-Wideband (UWB) technology which can track user movement and 360 degree positioning with location accuracy of a few centimetres. A concept POS device that uses the UWB technology and NXP's mobile chipset, along with the Sony Felica Rfid system, enables contactless payments without users having to take their handset out of their pockets or bags.

Source: [Finextra](#)

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Citi

### **Citi partners YieldStreet to offer credit investment opportunities to the masses**

Credit Investment

Digital wealth management platform YieldStreet has struck a deal with Citi to make the bank's credit investments available to retail investors. The partnership will see YieldStreet users get access to investment opportunities across private credit markets, including real estate, shipping and telecommunications. YieldStreet, which has originated more than \$1.2 billion of investment opportunities since launching in 2015, says the Citi tie-up will enable it to respond to growing customer demand. About \$2 billion of assets will be made available on the platform over two years, according to Bloomberg.

Source: [Finextra](#)

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Unicorn

### **HighRadius raises \$125m and has joined the unicorn club**

Financing

HighRadius, a startup specialising in AI-powered order-to-cash and treasury management software, has joined the unicorn club thanks to a \$125 million Series B round led by Iconiq Capital and joined by Citi Ventures and Susquehanna Growth Equity. Houston-based HighRadius provides its integrated platform for accounts receivables and treasury management to more than 400 firms, including Citi and Bank of America Merrill Lynch. The system optimises cash flow through automation of receivables and payments processes across credit, collections, cash application, deductions, electronic billing and payment processing.

Source: [Finextra](#)

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Digital Bank

### **Malaysia's central bank to issue up to five digital banking licenses**

Malaysia

Malaysia's central bank is set to issue up to five digital banking licenses to qualified applicants looking. Bank Negara Malaysia (BNM) unveiled the proposed framework for the licensing of digital banks. Those banks intend to offer products and services to address market gaps in Malaysia's underserved and unserved segments. The framework serves as part of a series of measures adopted by the central bank to enable innovative integration of technology to the financial sector, according to a statement. BNM said that it looks to take a balanced approach to enable the admission of digital banks with strong value propositions while securing the stability of the financial system.

Source: [TechinAsia](#)

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