

## Global FinTech Weekly



## Highlight of the week – Facebook's Libra in dilemma

Figure 1: Regulatory authorities' views on Libra

Regulatory Authority	Date	View
Bank of Japan	2019.06.20	Libra needs to be treated with caution as a settlement method. Japan will keep in touch with relevant authorities and closely observe its dynamics.
	2019.07.06	Facebook must act responsibly and comply with regulations to provide secure and reliable payment services. <u>Central banks should be wary of Libra's impact on banks and settlement systems.</u>
	2019.07.17	Because Libra's goal is to be used globally, global policy coordination is required for regulation.
Reserve Bank of Australia	2019.06.20	Facebook's cryptocurrency project still has a long way to go.
Bank of England	2019.06.21	The UK is open to Libra, but Facebook must prove Libra's stability before it can be used.
Bank of France	2019.06.21	Libra must comply with anti-money laundering regulations, and if it provides banking services, it must apply for a banking license. France will set up a "stable currency" project team, including the Libra project.
Bank of Italy	2019.07.26	Facebook's libra white paper reveals too little information, and Facebook should provide more information for the Libra project.
Bank for International Settlements	2019.07.01	The financial projects of large technology companies such as Facebook pose challenges beyond traditional financial regulation or pose challenges to the global banking system. National regulators collaborate across borders as early as possible to respond to the risks.
U.S. Congress	2019.07.03	Congress asked Facebook to stop the Libra project immediately. Members of Parliament believe that Libra will establish a new global financial system based in Switzerland, designed to compete with US monetary policy and the US dollar. In addition, Libra has brought serious privacy, transaction, national security and monetary policy concerns to more than 2 billion Facebook users, investors, consumers and other stakeholders.
	2019.07.16	Congress held a Libra project hearing to question Facebook. Congress asked Facebook questions about user privacy, transaction security, financial stability and regulatory issues. Facebook said it would strictly abide by the law to protect user privacy and security, and would not launch Libra until it completely resolved the regulatory agency's problems.
Korea FSC	2019.07.05	Libra threatens the stability of the financial system, and bank runs may occur because people transfer their national legal currency to Libra, and Libra currency exchange and remittances are also expected to limit the central bank's ability to control international capital flows. If Libra extensively trades national legal currencies, the effectiveness of monetary policy will also be limited.
The People's Bank of China	2019.07.06	Libra creates a convertible digital currency that flows freely across borders. The emergence and development of such stable currencies, whether from the implementation of monetary policy or macro-prudential management, cannot be separated from the support and supervision of the central bank and must be incorporated into the regulatory framework of the central bank.
	2019.07.08	Libra may have a major impact on national monetary policy, financial stability, and even the international monetary system. In this regard, the central bank should issue digital currency directly to help improve the effectiveness of monetary policy, and promote the central bank's digital currency research and development in the future.
	2019.07.12	Cryptocurrency must be subject to anti-money laundering, anti-terrorism financing, information protection and other aspects of supervision.
European Central Bank	2019.07.08	It is too dangerous for Libra to develop in the regulatory gap, and financial institutions need to take quick action to deal with the Libra project.
U.S. Federal Reserve System	2019.07.10	Libra has raised many serious concerns about financial stability and consumer protection. The Fed has established a working group to track Libra development and is working with central banks in other countries. Libra is not allowed to launch before Facebook resolves regulatory issues.
Deutsche Bundesbank	2019.07.16	Libra will be a risk to the Eurozone. Due to the pressure from Libra, Eurozone banks plan to join the real-time payment system by the end of 2020.

Source: Coindesk, Bloomberg, Google news

### Libra represents a new monetary paradigm that challenges existing ones; it may lead central banks to issue digital version of fiat currency

Facebook has 2.7 billion users and Libra claims to serve 1.7 billion people without banking services worldwide. If Libra could use its stablecoin feature as a selling point, it will have the potential to cover this large group by offering cross-border micro payments initially, and gradually nibble away US dollar's international reserve currency status. We believe that Libra is unlikely to pose a threat to the US dollar in the short term, but this

#### AMTD Research

Michelle Li

+852 3163-3383

Michelle.Li@amtdgroup.com

currency system led by a technology giant is essentially a new monetary paradigm, one that challenges the existing international monetary system dominated by the US dollar and backed by the credit of states. The new system may also indirectly affect the effectiveness of monetary policy, therefore, has been closely watched by central banks around the world. On the other hand, competition between fiat currencies may also push some central banks to take the lead in launching their own digital version of fiat currency. Cryptocurrencies represented by Bitcoin were not widely adopted mainly due to their fluctuation in price and unease of use as a payment tool. It must be pointed out that Libra is different from Bitcoin as it is essentially revolving around one big corporate's creditworthiness – still very much centralised. We pointed out in our earlier issue that without transparency such stablecoin replying on a central reserve may be subject to manipulation.

### **Central banks denounce Libra**

Last week, Libra's project head David Marcus testified at the U.S. Senate hearing. The Senate Banking Committee doesn't trust Facebook, calling the company is dangerous and raising doubts over its privacy practices. European authorities showed little faith in the new cryptocurrency as well. Regulators in France, Germany and Italy have also expressed skepticism that Libra could become a "fiat currency" and operate as a "shadow bank". According to Marcus' testimony, Libra Association will be regulated by the Swiss government as it's headquartered there. Meanwhile, Libra intend to follow all U.S. tax, anti-money laundering and anti-fraud laws. Given Libra's high profile launch, we believe it will inevitably attract scrutiny from regulators around the world. On the other hand, high inflation counties that lose their own currencies may find it hard to regulate and limit the use of Libra.

### **Unexpected tax issue complicates the problem**

Libra may cause users to record taxable income, which is an unexpected problem. According to Facebook's proposal, Libra should be linked to a basket of international fiat currencies, rather than fixing its value to a single domestic currency. Therefore, Libra's value against a particular currency will fluctuate when the global exchange rates change, inevitably creating capital gains or losses for each transaction. Since most countries levy taxes on capital gains, Libra users may need to submit a tax return detailing each transaction and paying taxes accordingly. Facebook currently does not provide a satisfactory solution to tax issues, and it seems to leave tax liability to Libra users. That we believe apparently will be a major obstacle to Libra's wide adoption.

### **PBOC may launch its own digital currency**

It is reported that China's central bank PBOC started to research digital currencies five years ago, among the most proactive central banks. Libra's launch might force China to speed up on creating a digital Rmb. PBOC's former president Zhou Xiaochuan commented at an event last week that Libra will affect the existing cross-border payment systems and could weaken the position of fiat currencies. He thinks it's entirely possible to have a more convenient international reserve currency to replace the existing system. We believe that PBOC has the incentive to accelerate research on its own cryptocurrency to facilitate renminbi internationalization.

## **News of the week**

### **Cryptocurrency**

### **Facebook**

#### **Facebook to Senators: Libra Crypto Will Respect Consumer Privacy**

Facebook blockchain lead David Marcus told U.S. lawmakers that the social media giant plagued by privacy scandals won't have access to personal financial information with its new cryptocurrency.

Source: [Coindesk](#)

### **Robo-advisor**

#### **JPMorgan Rolls out Robo-advisor**

JPMorgan has rolled out a digital investment service, You Invest, targeting customers with as little as \$2500 to invest. Available on Chase.com and the Chase mobile app, the service builds portfolios to match individual consumer preferences for risk tolerance, financial goals and time horizon.

Source: [Finextra](#)

## Challenger Bank

### N26 Launches Its Challenger Bank in the US

German challenger bank N26 has launched in the US, beginning a phased roll out of its app-based account and debit card. The firm is beginning to make its app available to 100,000 Americans who signed onto a waitlist.

Source: [Finextra](#)

---

## Payment

### CPI and Fit Pay Team on Contactless Payment Objects

CPI Card, a payment technology company and leading provider of credit, debit and prepaid solutions, announced a collaboration with Fit Pay, a leader in the contactless payments space and subsidiary of Nxt-ID. Fit Pay selected CPI's embedded contactless technology, Adaptives, to power contactless transactions for Flip, its new contactless payment device. Flip allows consumers to make purchases at millions of retail locations that accept contactless payments.

Source: [Finextra](#)

---

## Neo Bank

### India's Neo Bank NiYO Raises \$35M

NiYO Solutions, a Bangalore-based neo bank that helps salaried employees and blue-collar workers access company benefits and other financial services, has raised \$35 million in a new funding round to expand its business. NiYO Solutions serves as a neo bank that relies on traditional financial institutions and offers to customers additional features such as lending and insurance.

Source: [TechCrunch](#)

---

## Payment

## Accounting & Finance

### Mastercard Launches Virtual Card Receivables Service

Mastercard is launching a Virtual Card Receivables Service, a way to digitize the reconciliation of virtual card payments for businesses of all sizes. The Virtual Card Receivables Service will aggregate information from Mastercard Issuers related to Virtual Card payments by their corporate customers and compile it into one comprehensive file, available in a digital format that is preferred by suppliers, including Microsoft Excel and CSV. This creates a digital data source that suppliers can more easily integrate into ERP systems or use for cash flow forecasting.

Source: [Finextra](#)

---

## Payment

### TangoTrade Enlists Tempus for Payment Assurance

TangoTrade, a financial software provider that empowers small and medium-sized businesses to import and export globally, announced the launch of its Payment Assurance solution with Tempus, a leading foreign exchange (FX) and international payment solutions company. Payment Assurance is the first solution to deliver a combination of payment security and market-leading FX rates that increases global trade opportunities for SMB importers and exporters.

Source: [Finextra](#)

---

Payment

### Mastercard Completes Transfast Acquisition

Mastercard announced the completion of the acquisition of Transfast, a global payments company with significant cross-border network reach. The acquisition builds on Mastercard's strength in payments and drives improved transparency and certainty in cross-border transactions, enabling people and businesses to send and receive money beyond borders with greater speed and ease.

Source: [Finextra](#)

---

Payment

### OPay Raises \$50M for Mobile Finance in Nigeria

OPay, an Africa-focused mobile payments startup founded by Norwegian browser company Opera, has raised \$50 million in funding. OPay will use the primarily to grow its digital finance business in Nigeria. OPay will also support Opera's growing commercial network in Nigeria, which includes motorcycle ride-hail app ORide and OFood delivery service.

Source: [TechCrunch](#)

---

Payment

### Remitly Raises \$220M to Expand from Money Transfers to Financial Services

Remitly, one of the biggest startups providing money transfers, is announcing that it has raised \$220 million in funding. Remitly will use the money both to help it continue to keep growing that money transfer business and to catch new opportunities as they appear, in the form of new financial services for the immigrants and migrants that make up the majority of its customer base.

Source: [TechCrunch](#)

---

Wealth Management

### Canada Wealth Management Platform d1g1t Raises CAD\$12M

d1g1t, the first provider of an enterprise wealth management platform powered by institutional-grade analytics and risk management tools, announced that it has received an additional CAD\$3 million in strategic financing from Illuminate Financial Management as an extension of their Series A round bringing the total raised to over CAD\$12 million.

Source: [Finextra](#)

---

Payment

### Samsung Pay Integrates Loan and Credit Card Applications in India

Samsung has struck a deal with Paisabazaar, an Indian online marketplace for financial products, to let people apply for things such as credit cards and loans through Samsung Pay. The service taps Paisabazaar's 'Chance of Approval' feature, which uses predictive algorithms to connect consumers with the most suitable lender with the best chance of approving a loan.

Source: [Finextra](#)

---

Samsung

InsurTech

### Meituan Mutual Assistance Program Gets 150,000 Signups

Meituan has launched a mutual assistance program. The program offers a lump sum aid payment of up to Rmb 1 million, and the single-piece apportionment is less than Rmb 0.1, covering more than 100 diseases. Currently more than 150,000 people have joined the program.

Source: [ifeng](#)

---

## Digital Banking

### Curve, the 'Over-the-top' Banking Platform, Raises \$55M.

Curve, the London-based "over-the-top banking platform," has raised \$55 million in new funding. The startup lets you consolidate all of your bank cards into a single Curve card and app to make it easier to manage your spending and access other benefits. Curve is currently available in 31 countries across Europe, with around 30% of its customer base coming from outside the U.K.

Source: [TechCrunch](#)

---

## Blockchain

### Samsung

### Samsung Teams with Banks, Telcos for Mobile ID Network Based on Blockchain

Tech giant Samsung Electronics is joining six other major South Korean firms to develop a blockchain-based certificate and ID authentication network. The service will provide a "self-sovereign" authentication solution that does away with middlemen services and allows users to verify their identity or qualifications over a blockchain, keeping more control of their own personal information. Individuals can store their data on a smart device and submit only the data they choose when certification is required.

Source: [Coindesk](#)

---

## Blockchain

### Korea's Biggest Credit Card Firm Wins Patent for Blockchain Credit System

Shinhan Card, South Korea's top credit card company, has been granted a patent for a blockchain payment system. Shinhan Financial Group affiliate said it has developed a "world-first" service based on blockchain technology that offers credit card functionality, including setting spending limits, making monthly installments and payments to merchants.

Source: [Coindesk](#)

---

## Challenger Bank

### N26 Announces N26 You, a Revamped Premium Account

Challenger bank N26 has unveiled a new premium plan called N26 You. This plan replaces N26 Black with the same benefits and a few tweaks. N26 is keeping its three-tier system with a free basic bank account, a premium account (N26 You) and a super premium account (N26 Metal). With N26's free plan, you can pay anywhere in the world without any foreign transaction fee, but there's a 1.7% markup on ATM withdrawals in a foreign currency. N26 You costs the same price as the previous premium plan N26 Black, €9.90 in the Eurozone and £4.90 in the U.K. In addition to a travel and purchase insurance package, you can withdraw money without any foreign transaction fee.

Source: [TechCrunch](#)

---

## Retail Investing

### Raisin Raises \$28M Backing from Goldman

Raisin, the fintech startup that offers a pan-European marketplace for savings and investment products, has picked up additional funding. Goldman Sachs has invested \$28 million (€25 million), following the company's \$114 million in Series D in February.

Source: [TechCrunch](#)

---

## Payment

### Billie Raises €30M for Its B2B Invoicing and Payments Platform

Billie, the Berlin-based fintech startup that offers a B2B invoicing and payments platform, has raised €30 million in Series B funding. Founded in 2017 by the same team behind SME online lending platform Zencap, which exited to Funding Circle in 2015, Billie wants to bring to B2B invoicing and payments the same level of convenience seen in B2C payments and e-commerce.

Source: [TechCrunch](#)

---

## Payment

### Fintech Startup Finix Raises \$17.5 Million

Finix, a three-year-old, 30-person startup based in San Francisco, raised \$17.5 million in Series A funding from Bain Capital Ventures, Visa and Insight Partners, among other investors. It aims to help companies manage and monetize payments by building their own payment processors.

Source: [Forbes](#)

---

## Payment

### U.K. Fintech Startup SumUp Raises \$371M

SumUp, a six-year-old electronic payments startup, secured a 330 million-euro (\$371 million) loan, backed by Bain Capital Credit, Goldman Sachs Private Capital and others to fuel its expansion. The London-based company plans to boost its customer base across 31 markets and develop its range of products, including via acquisitions. The startup makes credit-card readers to help businesses of all size receive payments faster, both in-store and online, and is working to improve contactless payments.

Source: [Bloomberg](#)

---

## Payment

### PayPal Launches Xoom across Europe

PayPal is to launch its international money transfer Xoom across 32 European markets. Acquired by PayPal in 2015, Xoom allows people to send money, pay bills or top up phones to more than 130 markets internationally. Already available in the US and Canada, the roll out across Europe is expected to increase PayPal's share of the remittance market.

Source: [Finextra](#)

---

## Retail Investing

### Tally Launches Banking App Tied to Gold Ownership

UK startup Tally has launched an app offering individual banking accounts delivering saving and spending in physical gold. When customers make a deposit through the app, they are buying Tally gold at the global wholesale price, which is kept in a secure vault in Switzerland. One Tally is one milligram of physical gold. The value of customers' holdings is accessed through individual Tally banking accounts linked to a contactless Mastercard debit card. Customers can spend anywhere that accepts Mastercard, with no fees, and holdings are 100% insured.

Source: [Finextra](#)

---

## AI

### Mastercard and Citi Invest in Flybits

Mastercard and Citi Ventures have joined a \$35 million Series C funding round for Flybits, a startup that uses AI and machine learning to help banks personalize their customer offers. Toronto-based Flybits uses proprietary customer data - such as bank account activities and time as a customer - with machine learning and external contextual data - such as propensity to consume and risk profiles - to deliver relevant and timely recommendations to customers.

Source: [Finextra](#)

---

---

## Online Lending

### Lufax Exits P2P Lending on Regulatory Crackdown

Online wealth management platform Lufax, backed by financial giant Ping An Insurance, plans to discontinue its peer-to-peer lending business and apply for a consumer finance license. Shanghai Lujiazui International Financial Asset Exchange Co., known in short as Lufax, seeks to launch a consumer finance business and transfer its P2P employees to the new department, according to various media. The reason for the transition, as reported by Reuters, was in the regulatory crackdown in China's online lending industry.

Source: [JRJ](#)

---

## Challenger Bank

### N26 Raises \$470M in Series D

German challenger bank N26 has raised its Series D funding round to \$470 million, valuing the company at \$3.5 billion. Launched in Germany and Austria in January 2015, N26 began as a current account with a Mastercard. It now operates as a fully-featured bank, serving 3.5 million customers in 24 European markets. To date, N26 has raised more than \$670 million.

Source: [Finextra](#)

---

## Payment

### Fingerprints and Giesecke + Devrient Collaborate on Biometric Payment Cards

World-leading biometrics company, Fingerprint Cards and Giesecke + Devrient Mobile Security, a global mobile security technology company, are collaborating to bring contactless biometric payment cards to the market. The card features Fingerprints' T-Shape™ module which is part of the 1300-series. It has ultra-low power consumption and is tailored to be integrated in smartcards using standard processes.

Source: [Finextra](#)

---

---

## IMPORTANT DISCLOSURES

---

### Analyst Certification

I, Michelle Li, hereby certify that (i) all of the views expressed in this research report reflect accurately my personal views about the subject companies and their securities; and (ii) no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed by me in this research report, nor is it tied to any specific investment banking transactions performed by AMTD Global Markets Limited.

### Firm Disclosure

AMTD Global Markets Limited has an investment banking relationship with Meituan and/or its affiliate(s) within the past 12 months.

---

### AMTD Global Markets Limited

**Address:** 23/F - 25/F, Nexxus Building, 41 Connaught Road Central, Hong Kong

**Tel:** (852) 3163-3288 **Fax:** (852) 3163-3289

---

## GENERAL DISCLOSURES

---

The research report is prepared by AMTD Global Markets Limited and is distributed to its selected clients.

This research report provides general information only and is not to be construed as an offer to sell or a solicitation of an offer to buy any security in any jurisdiction where such offer or solicitation would be illegal. It does not (i) constitute a personal advice or recommendation, including but not limited to accounting, legal or tax advice, or investment recommendations; or (ii) take into account any specific clients' particular needs, investment objectives and financial situation. AMTD does not act as an adviser and it accepts no fiduciary responsibility or liability for any financial or other consequences. This research report should not be taken in substitution for judgment to be exercised by clients. Clients should consider if any information, advice or recommendation in this research report is suitable for their particular circumstances and seek legal or professional advice, if appropriate.

This research report is based on information from sources that we considered reliable. We do not warrant its completeness or accuracy except with respect to any disclosures relative to AMTD and/or its affiliates. The value or price of investments referred to in this research report and the return from them may fluctuate. Past performance is not reliable indicator to future performance. Future returns are not guaranteed and a loss of original capital may occur.

The facts, estimates, opinions, forecasts and any other information contained in the research report are as of the date hereof and are subject to change without prior notification. AMTD, its group companies, or any of its or their directors or employees ("AMTD Group") do not represent or warrant, expressly or impliedly, that the information contained in the research report is correct, accurate or complete and it should not be relied upon. AMTD Group will accept no responsibilities or liabilities whatsoever for any use of or reliance upon the research report and its contents.

This research report may contain information from third parties, such as credit ratings from credit ratings agencies. The reproduction and redistribution of the third party content in any form by any mean is forbidden except with prior written consent from the relevant third party. Third party content providers do not guarantee the timeliness, completeness, accuracy or availability of any information. They are not responsible for any errors or omissions, regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability of fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the suitability of securities for investment purposes, and should not be relied on as investment advice.

To the extent allowed by relevant and applicable law and/or regulation: (i) AMTD, and/or its directors and employees may deal as principal or agent, or buy or sell, or have long or short positions in, the securities or other instruments based thereon, of issuers or securities mentioned herein; (ii) AMTD may take part or make investment in financing transactions with, or provide other services to or solicit business from issuer(s) of the securities mentioned in the research report; (iii) AMTD may make a market in the securities in respect of the issuer mentioned in the research report; (iv) AMTD may have served as manager or co-manager of a public offering of securities for, or currently may make a primary market in issues of, any or all of the entities mentioned in this research report or may be providing, or have provided within the previous 12 months, other investment banking services, or investment services in relation to the investment concerned or a related investment.

AMTD controls information flow and manages conflicts of interest through its compliance policies and procedures (such as, Chinese Wall maintenance and staff dealing monitoring).

**The research report is strictly confidential to the recipient. No part of this research report may be reproduced or redistributed in any form by any mean to any other person without the prior written consent of AMTD Global Markets Limited.**

---