



FinTrack

Tracking innovation in financial services

About This Product

Introducing FinTrack, GlobalData's financial innovations tracker.

Every month, FinTrack will showcase the latest innovations from financial providers around the world.

Each innovation is assessed and rated on key criteria, providing you with valuable insight.

FinTrack will help you to:

- Keep up-to-date with the latest innovations from your competitors.
- Develop cutting-edge product and channel strategies.
- Identify the latest trends in the delivery of financial services.

FinTrack: the inside track on the latest financial innovations.

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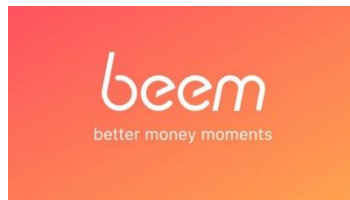
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Consumer Payments



Three of the major Australian retail banks have announced the launch of a new P2P payments service called Beem It. The service allows Australian consumers to send up to A\$200 per day between Australian bank accounts. The payments functionality is integrated into a social messaging app where users can send and request money, and split bills. The app is available to users of iOS and Android devices and is intended to be available to all Australians regardless of who they bank with; however, notably ANZ, another major bank, is not involved.



Is it original?

This is the first bank-backed P2P app in Australia, but social P2P payment services based on bank transfers are nothing new in the global market, with Paym and MobilePay, among others, being examples of this type of service that are already up and running in other markets.



Is it long-lasting?

P2P services of this type have proven their value to consumers already – MobilePay in Denmark is probably the best example of a successful bank-backed P2P payments service. Due to backing from three of the largest and most trusted bank brands in the country, Beem It has the existing audience and growth potential to become a major part of Australia's digital payments landscape.



Is it operationally game-changing for the provider?

For the three banks, the Beem It launch represents their first step into the mobile payments market – having opposed the Apple Pay launch, these three banks are likely now looking for a way to build an opposing mobile payments brand under their own control. Mobile Pay's example proves that a P2P service can grow into a point-of-sale payments service if it proves popular enough, so this ambition may be achievable provided consumer uptake is high.



Will it significantly improve the user experience?

This service is the first of its kind in Australia – while other P2P apps exist, this is the first bank-backed service based on the new instant payments infrastructure. Australian consumers will benefit from faster payment settlement speed compared to other services, as well as the ability to substitute the cumbersome bank account details for a username registered to the app when making transfers.



Is it market-changing?

This service offers real benefits to Australian consumers and while it is not an innovative concept, it has the potential to change how P2P transfers are done in Australia. Mobile Pay's example shows just how transformative an app like this can be, so the potential here is high.



TOTAL SCORE

4/5



Deutsche Bank has teamed up with airline association IATA to pilot a new online payment system for purchasing airline tickets. The new system will allow consumers to pay for airline tickets via bank transfer, which will be facilitated by the German bank. As the system is based around bank transfers, it eliminates the large fees airline companies have to pay to accept card transactions online. If successful, Deutsche Bank plans to expand it to the European level.



Is it original?

Payments from one bank account to another bank account already exist on the market. Online bank transfers are offered by other companies and banks, and Deutsche Bank does not offer any new expansion of this existing concept.



Is it long-lasting?

The new payments solution is only a pilot version soon to be released in Germany, and whether it will be long-lasting will depend on if consumers will switch to this alternative method of payment. While there is a strong interest for airline companies to embed this new system as it will save them significant amounts of money compared to accepting cards, German consumers are familiar with using online bank transfers (e.g. Sofort) which will help at the consumer end.



Is it operationally game-changing for the provider?

By facilitating payments from one bank account to another bank account, card scheme fees are eliminated – a net gain for the airline companies that will make accepting this new service very attractive to them. Deutsche Bank, as a card issuer, stands to lose revenue from card fees from this launch. However, the wider market is moving away from card-based payments and Deutsche Bank aims to make a place for itself in the changed market.



Will it significantly improve the user experience?

Although the new system will make it easier for consumers to make purchases by logging into their bank account and making the payments transfer, the airline companies will benefit too as it will save them billions currently paid on card scheme fees.



Is it market-changing?

While this new service plans to make payments seamless and vertically expand online bank transfer acceptance, it is more a symptom of wider change in the market than a catalyst of change itself. Bank transfer-based online payments are increasingly popular among German consumers, which means that Deutsche Bank has chosen the right time to bring to market this pilot service.



TOTAL SCORE

3/5

MySquar taps Uber Remit for mobile remittance service



Myanmar social media platform MySquar plans to launch a mobile P2P payment and cross-border remittance service under an agreement with Uber Remit and OK Dollar. Uber Remit will work with MySquar to promote the payment service, which will allow the transfer of up to US\$400 from 50 markets around the world. OK Dollar is providing the gateway service. Transferred funds will go to an OK Dollar wallet, which the holder can use for mobile payments or to cash out. Due to the large Myanmar diaspora, it is estimated that over US\$8bn is sent back to Myanmar from around the world each year, mainly in support of families.

Is it original?

Besides being a local P2P payment service, MySquar also allows cross-border payments – largely facilitating remittances from Myanmar individuals overseas sending money to families back home. However, this is nothing new and within the Asia Pacific region, such a service is already available via WeChat, PayTM, and ICICI Bank.

Is it long-lasting?

The integration of the low-value, high-volume money transfer service onto the local market's main messaging service provides an advantage in a newly developing market where access to bank accounts remains limited and traditional remittance services are not as economical. It is therefore likely the service will dominate for some time.

Is it operationally game-changing for the provider?

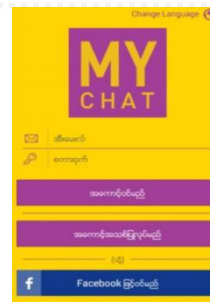
The estimated US\$8bn fund transfer market in Myanmar will definitely open up a new revenue stream for MySquar and all other entities involved. With MySquar's wide market reach as the main social messaging app, OK Dollar providing the gateway, and Uber Remit having global market access, the partners already cover the technical aspects to run the service without too much further investment and should hit the ground running.

Will it significantly improve the user experience?

MySquar estimates that less than 20% of Myanmar have access to a bank account, hence a P2P service will be much welcomed. The size of the remittance market coupled with smartphones becoming much more affordable means that mobile-based financial services is the answer to this gap in the market. Consumers in Myanmar can easily transfer funds to one another as well as receive funds from overseas without use of a bank account or remittance provider.

Is it market-changing?

The MySquar fund transfer service will change the way Myanmar send and receive money, providing greater convenience, speed, and affordability especially considering that about 80% of the population remain unbanked.



TOTAL SCORE

4/5

The background is a dark, muted blue color. It features a large, faint, light blue question mark that is the central focus. The question mark is composed of thick, rounded lines. There are also several smaller, solid light blue circles scattered around the question mark, including one in the top left, one in the bottom center, and another partially visible on the left side.

General Insurance



The UK start-up is set to launch its first policy towards the end of 2018 and offers foreign nationals living in the UK the chance to benefit from their previous driving experience when purchasing car insurance. Founded by part of the founding team at Yoti, a digital identity app, Marshmallow's core purpose is to "to improve the financial health of people who live in a foreign country."



Rewarding your international driving experience

● Discount for no-claim bonus earned abroad

We're different from the other insurers. We're going to recognise all of your driving experience, whether it was earned in the UK, the US or anywhere else. Using cutting-edge technology, we will give you a price that is fair to you and your international driving history.

Is it original?

Yes. It offers a relatively niche service aimed specifically at migrants to the UK looking for car insurance. It recognizes driving history – no claims bonuses, for example – from the UK, the US, and anywhere else, according to its website. It is looking to address the issue that migrants are often significantly overcharged by financial companies when they first move.



Is it long-lasting?

Yes. The market will always exist (at least in the traditional car insurance space), as foreign nationals tend to face higher premiums. Not yet launched, one would however expect potential issues from fully verifying records from certain countries, perhaps limiting the availability of the product. The start-up is already FCA-approved and boasts a panel of investors who were early backers of the likes of Snapchat, Monzo, and Spotify.



Is it operationally game-changing for the provider?

No. It will likely require a lot of leg-work from Marshmallow in locating and verifying people's driving records from all over the world – and a refreshing approach in taking a broader view of risks being considered – but there is nothing revolutionary about the way the policies are created.



Will it significantly improve the user experience?

Yes. With car insurance premiums extremely high at present, one insurer being able to go against the rest of the industry and allow customers to receive credit for built up experience will lead to high customer satisfaction. Other features, such as no cancellation fees for members of six months or more, is also particularly convenient for expats.



Is it market-changing?

No. As previously mentioned, it is a niche part of the market, so will just make car insurance cheaper for a particular demographic. As it is set up specifically for foreign nationals the service is tailored for them, with an online team available 24/7 and no cancellation costs, meaning it will likely offer superior customer service compared to larger insurers.



TOTAL SCORE

3/5



Perkbox is a UK-based, technology-led, employee benefits platform that aims to make a difference to workplace culture. It seeks to not only provide perks to employees but to build a better society starting in the workplace. Companies signed up to the service can provide their employees with discounts and rewards, set company challenges, and highlight employee achievements. Perkbox encourages employee wellness by providing access to fitness videos, discounts on healthy food, gyms, and massages, in addition to health insurance and dental plans. Coming soon is an HR survey tool which encourages employee feedback about their place of work.



Is it original?

Perkbox's definition of employee benefits is wider than traditional providers'. Broader than just life insurance or childcare vouchers, it also provides discounts and rewards on brands and services, and allows managers to recognize and highlight good work. Perkbox has moved beyond employee benefits to provide companies with a comprehensive tool to promote a better and more engaging workplace culture where employees feel happy and valued.

Is it long-lasting?

Workplace culture is changing and Perkbox's service aligns with this, which will make it long-lasting. As more companies seek to promote social good in acknowledgement that work and personal life are interlinked and impact productivity, more will sign up to the service.

Is it operationally game-changing for the provider?

Perkbox is primarily a technology company. Its easy-to-use digital platform makes the provision of employee benefits convenient and low cost. Perkbox is an opportunity for providers of employee benefits: for instance AXA is a partner for providing health insurance.

Will it significantly improve the user experience?

The Perkbox platform is simple to use. Employees can easily access benefits, and companies can easily manage the platform. Companies using Perkbox can track employee usage and savings, customize the platform, choose what perks to offer, and it is simple to add or remove users.

Is it market-changing?

Perkbox has thought outside of the box in providing a range of added-value services that companies can benefit from in addition to providing traditional employee benefits to improve employee engagement and productivity. Perkbox will help to not only improve the provision of workplace benefits, but improve the workplace culture as a whole.

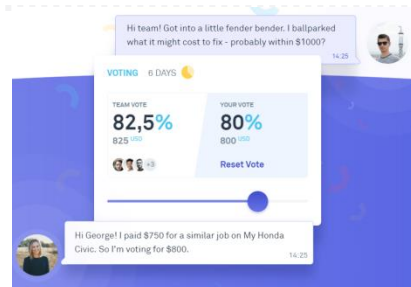


TOTAL SCORE

5/5



Peer-to-peer (P2P) insurance is a concept that has been core to a number of insurtech products. Teambrella is taking this to a new (and more complex) level – where individuals in the group vote to agree on the amount a community claimant will receive. There are currently four P2P pilot insurance groups for pet and bike insurance.



Is it original?

A number of insurtechs have already developed propositions based upon the P2P concept. However, Teambrella has embraced the model wholesale, handing power to individuals within the respective communities to vote on the amount that should be paid out in the case of a claim (which is detailed by the claimant and discussed by the group). This combined with the unique risk coefficient are the key differentiators of the product.



Is it long-lasting?

With any P2P model longevity is dependent upon ensuring there are enough individuals within the group. As a product it is also elaborate due to continued community involvement, far from the “buy-and-forget” standard policy experience. Certain products such as bike insurance are likely to experience a greater number of customers due to the product being less complex and being a base of enthusiasts willing to create groups. One downfall to Teambrella could be the use of bitcoin when claims are paid, a cryptocurrency with a volatile exchange value.



Is it operationally game-changing for the provider?

With the value of each claim being determined by individuals in each insurance group, the claims process has in part been handed to the customer base. As a result the insurer’s reputation is not at risk during the claims process.



Will it significantly improve the user experience?

P2P insurance is not a product which all consumers are comfortable with or interested in. However, for the niche of customers who embrace it, Teambrella will greatly enhance their experience of insurance in terms of empowerment, community spirit, and potentially price.



Is it market-changing?

This form of P2P is unlikely to change the market. With voting being fundamental to the proposition it will undoubtedly be seen as a risk by consumers, who feel they may not receive the full amount required for a claim, leaving them to cover the difference.



TOTAL SCORE

3/5



Retail Banking

Digipigi from Credit Suisse makes money management a rewarding experience for children



Digipigi from Credit Suisse is an internet-connected digital moneybox for children, which won Product of the Year at Retail Banker International's 2018 Global Awards. When a child deposits cash or makes a transaction on their connected Viva Kids account, Digipigi responds with facial expressions and sounds. Parents can get involved through a series of related apps that let them pay out pocket money and reward their children for completing chores. Children, too, can use a dedicated app to set and track their own savings goals. Digipigi also doubles up as an alarm clock and nightlight, thus making it a constant presence in users' lives.



Is it original?

Digipigi is not the first such product aimed at the children's market. In 2015, ASB of New Zealand launched Clever Kash, a smart piggy bank with Bluetooth connectivity, which offers very similar functionality. Nevertheless, Digipigi is a first for the Swiss market.



Is it long-lasting?

There will always be a need for parents to educate their children about money, and the growing complexity of personal finance in the digital age means that parents will increasingly have to rely on help from banks and other third parties in this respect. Digipigi fulfills this need.



Is it operationally game-changing for the provider?

Digipigi and Viva Kids have been a resounding success for Credit Suisse. Within the first two months after launch, Credit Suisse had sold 10,000 units. 60% of Digibank customers did not have a prior relationship with the bank, and the bank has increased its share of the children's market by 50%.



Will it significantly improve the user experience?

The popularity of Digipigi demonstrates how effectively it has managed to engage children with money management. Children often find it difficult to grasp the concept of money management and hence struggle to maintain interest in the subject. However, the tangible qualities of Digipigi, including its facial expressions whenever a deposit is made, are an effective reward mechanism for saving.



Is it market-changing?

Digipigi has been a huge success since its launch in 2017, and has helped Credit Suisse to significantly expand its market share. Other providers will have to respond with similarly attractive propositions to remain competitive, thus helping to stimulate innovation in the children's market.



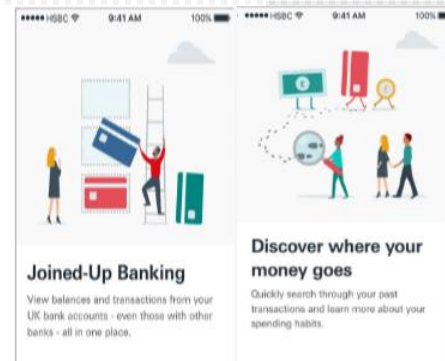
TOTAL SCORE

4/5

HSBC's Connected Money app gives users an aggregated view of their accounts with different providers



HSBC has launched Connected Money, an app that enables customers to view information about all their accounts in one place, regardless of provider. The app can aggregate accounts from up to 21 different banks, and gives customers sight of their current accounts, savings accounts, mortgages, loans, and credit cards. Connected Money also offers a spending categorization facility, as well as the balance on a user's HSBC account once future bills have been accounted for. In future, the app will offer financial guidance to users based on their spending habits, as well as the ability to round up transactions to the nearest pound and save the surplus.



Is it original?

HSBC is not the first to have conceived of such a concept. ING's Yolt money app was introduced to the UK market last year. First Direct also partnered with Bud to offer a similar service. However, this app is the first of its kind from a major brand.

Is it long-lasting?

With PSD2 and the open banking rules changing the banking landscape, HSBC's app embraces the new world of customer-owned data. This technology will encourage innovation, improve competition within the banking space, and give consumers better control of their finances.

Is it operationally game-changing for the provider?

Banks are keen to remain the go-to place for people's everyday banking as competition from fintech companies heats up. Aggregator tools such as connected money are likely to be popular with consumers. By launching this app HSBC UK has proved itself to be an early mover in response to PSD2 and open banking.

Will it significantly improve the user experience?

Connected Money includes a range of tools to help customers understand their money better and have a more complete picture of their finances. Some of its features, such as joined-up banking, spending analysis, and balance after bills, give consumers a clear vision into their finances. The app uses bank-level encryption and security to protect consumers' financial details. It is therefore a one-stop shop for consumers.

Is it market-changing?

This app offers a completely new banking experience by offering account aggregation, tailored insights, and recommendations all in one place. Hence, it makes for an effective proposition that will appeal to consumers in the open banking era.



TOTAL SCORE

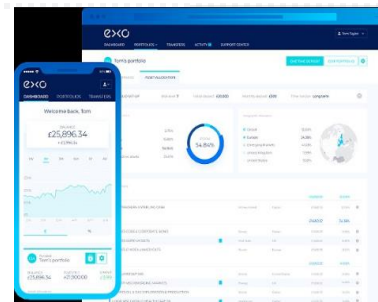
4/5



Wealth Management



In April 2018, Exo Investing announced the launch of its portfolio management platform for individual investors. Customers start the on-boarding process by filling in a questionnaire that assesses their risk appetite and financial goals, and then are given the option to choose investment areas they want to focus on (such as global equities). Exo then chooses from over 500 ETFs to create a client-specific portfolio, which is rebalanced daily. There is a minimum investment level of £10,000 and the platform fees start at 0.75% p.a. and fall to 0.5% p.a. for clients investing more than £100,000.



Is it original?

EXO Investing aims to differentiate itself from other robo-advisors by introducing daily portfolio rebalancing and truly personalized portfolios. The majority of online investment managers allocate investors to no more than 10 predefined portfolios; however, Exo gives clients the option to tailor their asset allocations. Exo is not the first to introduce this concept, however: for instance Investify in Germany allows clients to choose themes they want their portfolios weighted towards.



Is it long-lasting?

Our surveying of the market shows that 56.4% of wealth managers in the UK alone are already investing or have plans to invest in digital tools for portfolio development, proving a strong client appetite for innovation. This is a solid foundation for longevity, although Exo Investing will face competition from other robo-advisors, and will need a successful strategy to acquire clients.



Is it operationally game-changing for the provider?

This is EXO Investing's first attempt at an investment platform for individual investors, and the company's only product. Hence, its launch is a key operational change.



Will it significantly improve the user experience?

Experienced investors will welcome an offer of a portfolio custom-made from 500 ETFs that will match their investment interests. At the same time, less sophisticated individuals can skip choosing particular investment areas and their needs will still be met.



Is it market-changing ?

Exo Investing is one of the first robo-advisors to introduce such a tailored approach to portfolio management for individual investors. However, the platform does not challenge or drastically change the current model of digital wealth management and is unlikely to shift the market.



TOTAL SCORE

3/5



In May 2018 Fidelity Investments partnered with Amazon to introduce a virtual reality (VR) financial agent called 'Cora.' Cora is a virtual host that customers can interact with through VR and voice to enquire about their portfolios. Fidelity will be presenting this to customers to gain feedback as it is only a proof-of-concept at this stage and, as of yet, it is not intended for wider release.



Is it original?

Cora is the first digital human portfolio host that allows customers to interact through VR and voice. While artificial intelligence and VR are being investigated by many in the financial services industry (for example NatWest is testing an AI 'digital human' that will answer customer questions in branches), Fidelity is the first to launch a VR human-like assistant.



Is it long-lasting?

If there is a wider demand for VR tools outside the financial services industry, Fidelity will benefit from being the pioneer in VR financial agents. However, throughout the 1990s and 2000s many VR headsets were introduced across different markets but were not successful. What Fidelity will need is wider consumer adoption and demand.



Is it operationally game-changing for the provider?

Fidelity is a provider of investment management and advice, and the pilot launch of Cora is effectively just an introduction of a new user interface rather than a significant change in its operating model or sources of revenue. This is also not Fidelity's first attempt at VR: it previously launched StockCity, which combined VR with data visualization to present an investor's stock portfolio. Hence stepping into the world of VR is not a game-changer for Fidelity.



Will it significantly improve the user experience?

It is unlikely that Cora alone will drive customers to switch to Fidelity. However, certainly for those customers who are fond of innovation and gadgets, and who might want a digital human to assist in the management of their portfolios, this will be viewed as an improvement to their experience. Further development of the product is on the horizon.



Is it market-changing?

No other company has developed a VR financial agent in the same way. Although there is a positive outlook for growing demand in VR, the technology has been around for decades but has not yet become cemented in mainstream society. Wider adoption of the technology will be key in determining whether Cora can change how investment management services are accessed.



TOTAL SCORE

2/5



May 2018 saw Legal & General Investment Management (LGIM) announce the launch of The L&G Future World Gender in Leadership UK Index Fund (labeled by the company as the GIRL Fund). The fund tracks LGIM's own index of UK companies that have a minimum of 30% women across each hierarchical level: board of directors, executives, general management, and general workforce. The company want the fund's strategy to contribute to improving diversity among UK businesses. The initial size of the fund will be £50m, an amount sourced from Legal & General itself.



Is it original?

Both Lyxor and UBS have launched gender impartiality ETFs. However, the GIRL Fund will solely focus on UK companies, appealing to investors willing to have an impact on the country's economy.



Is it long-lasting?

Gender impartiality has become a hot topic across wider society, with numerous initiatives promoting gender equality suggesting it is a long term trend. Furthermore, the fund will appeal to the new generation of investors, for whom investing is becoming increasingly personal, allowing them to allocate their assets to a product supporting ideals they care about.



Is it operationally game-changing for the provider?

Product innovation is essential in the asset management business. The GIRL Fund is a new and interesting addition to the range of LGIM funds, and more specifically those aimed at impact investors. However, it does not change the company's operating model.



Will it significantly improve the user experience?

According to LGIM, the GIRL Fund is designed to promote cultural change within companies across the UK. Improving the user experience is not a main objective of the product.



Is it market-changing?

The fund is targeted at a specific demographic of investors: those for whom gender equality is an important matter. The essence of the product is not different to what asset managers offer in general, and is not entirely unique to the global industry, hence will not be shifting the market.



TOTAL SCORE

2/5

Definition of parameters

Is it original?

Is the innovation significantly different to other products or services already on the market?

Is it long-lasting?

How much longevity will the innovation have? Is the innovation more than a novelty that will only be of transient appeal to consumers? Is it sustainable for providers in the long run, with respect to the cost and complexity of provision?

Is it operationally game-changing for the provider?

How much impact will the innovation have on providers with respect to cost, speed, and efficiency of provision? Will it reduce barriers to entry or open up new revenue streams?

Will it significantly improve the user experience?

How much impact will the innovation have on consumers with respect to speed, ease of use, and cost or price? Will it enhance or add value to their experience, or will it lead to improved outcomes for consumers?

Is it market-changing?

How much overall impact will this innovation have across all market participants, both providers and end users?

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Ask the analyst

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