

# FinTrack

Tracking innovation in financial services

# Introducing FinTrack, GlobalData's financial innovations tracker.

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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.

# Table of contents

## Consumer Payments

Visa introduces AI tool to prevent new account fraud

5

## Insurance

P2P bicycle insurer Laka launches Recovery policy

7

Overjet uses image recognition for dental X-rays

8

Choozi aims to digitalize and simplify life insurance purchases

9

## Retail Banking

CoGo users can measure the carbon impact of their spending

11

CBA introduces COVID-19 tool to help customers adjust their financial lives

12

Nordic digital bank looks beyond COVID-19 towards teen banking

13

## Wealth Management

Wealthify launches new SIPP product

15

DBS launches retirement planning tool with facial recognition and AI capabilities

16

Empower Retirement acquires Personal Capital

17

Four digital platforms collaborate to launch online financial education game

18



# Consumer Payments



# Visa introduces AI tool to prevent new account fraud



In the eternal cat and mouse game between payment operators and fraudsters, Visa is taking further steps to prevent fraud by implementing its Advanced Identity Score in order to help financial institutions prevent fraud on new accounts. Using AI for predictive fraud deterrence is the future for most companies that service transactions, and Visa is ahead of most of its competition.

## Is it original?

Although AI is of particular interest in the payments industry in order to fight fraud, simply correlating Visa's very large identity database of users with predictive learning is not really original. The feature itself is strong given how much data Visa has, and can make its algorithm all the more efficient. However, many fintech startups have or use a similar system.



## Is it long-lasting?

As AI and machine learning become more advanced, they will be gradually implemented in as many aspects of payments as possible in order to make the whole process more efficient. It is definitely here to stay and will only become more prevalent in fraud detection and prevention, reconciliation, transaction confirmation, billing, and payment servicing.



## Is it operationally game-changing for the provider?

The Advanced Identity Score is more of a really good upgrade to an already advanced system rather than a complete revolution in the way Visa deals with fraud. It does further cement the payment scheme's reputation for being innovative in the way it processes transactions, but will not redefine Visa's position in the market.



## Will it significantly improve the user experience?

While fraud prevention is not the most user-facing aspect of personal payments, it goes without saying that customers will always have a strong preference for a safe and stable provider. Fraud will only go up as the economy is increasingly digitized, and companies that invest early in future fraud prevention methods will keep users loyal to their platform.



## Is it market-changing?

Payment providers will always be in a constant battle against fraudsters, with both making incremental progress to the way they counter the other. Indeed, the space is defined by gradual improvement rather than huge disruptive changes. So while Visa's solid effort to combat fraud will not change the market, it will make it better and force it to adapt.



**TOTAL SCORE**

**2/5**



Insurance



# P2P bicycle insurer Laka launches Recovery policy



After raising \$4.7m in equity funding in February 2020, Laka has launched the new Recovery policy. The new product offers £1,500 in worldwide cover against accidents and injury both on and off the policyholder’s bike. The funds can be used to cover medical bills across areas including physiotherapy, dental, and mental health. The policy offers access to specialist advice and treatments, as well as virtual GP access for remote treatment.

### Is it original?

Yes. As a bicycle insurer, having a policy that offers cover for policyholders both on and off their bikes is unique, as customers who are interested in insuring their bike won’t have to take out a policy elsewhere for accident insurance that has limited cover. Its worldwide cover also acts as a level of travel insurance.



### Is it long-lasting?

Yes. Laka’s P2P business model allows it to offer cheaper premiums than conventional insurers, with the Recovery policy costing just £11 per month. With an ability to compete on price and bundle cover that is typically related to travel and accident insurance, Laka’s policy will achieve longevity and attract a range of activity-seeking customers.



### Is it operationally game-changing for the provider?

Yes. Laka previously only offered bicycle insurance that covered theft, damage, and loss of the customer’s bike. By moving into accidental and injury insurance, the insurer is expanding outside its traditional line of business.



### Will it significantly improve the user experience?

Yes. On top of cheaper premiums, Laka’s broad range of physio, dental, and mental health cover will be appealing to customers who are generally active and are at risk of physical injuries. Customers will also have worldwide cover with virtual GP access and performance coaching in order to facilitate a faster recovery process.



### Is it market-changing?

No. While the policy offers a range of covers, the level of cover (£1,500) is not sufficient to make policyholders solely reliant on this policy. As a result, consumers could still need extra cover to minimize long-term risk.



**TOTAL SCORE**

**4/5**



Clinical Intelligence  
for Practices



Automatic Claim Review  
for Payers

Overjet utilizes AI and image recognition to examine dental X-rays. It can then identify problems with a patient's dental health and help determine what treatments are needed. It can also help identify fraudulent claims and unethical behavior from dentists who pursue unnecessary treatments for their own benefit.

### Is it original?

Yes. While image recognition has already been used in the insurance industry to assist in underwriting and claims processing, using it to help examine dental X-rays is novel.

### Is it long-lasting?

Yes. There are already numerous efforts across the insurance industry to automate parts of the claims process and reduce operational costs for insurers. X-rays are frequently used to assess what dental treatments are needed. Automating the process of examining X-rays will provide long-term benefits to Overjet's users.

### Is it operationally game-changing for the provider?

Yes. Overjet will reduce the amount of time spent examining X-rays for submitted claims, allowing insurers to allocate resources elsewhere. It can also help insurers identify dental practices in their network that may be providing excessive treatment for financial gain.

### Will it significantly improve the user experience?

Yes. Overjet will allow X-rays to be examined outside of regular working hours, reducing the time needed to process a claims. It will also reduce premium costs for policyholders by identifying fraudulent claims, which represent a significant cost for insurers.

### Is it market-changing?

No. The insurance industry is already moving towards automating the claims process. While Overjet does help automate a new part of the claims process, its benefit is limited to a single line of business and a very specific function.



**TOTAL SCORE**

**4/5**





Owned by Neilson Financial Services, Choozi is an online aggregator for life insurance products in the UK. It offers a range of products online, including critical illness and life insurance policies. It has a panel of six insurance partners that provide quotes for prospective policyholders.

### Is it original?

No. Choozi is essentially a price comparison site. However, it is focusing specifically on the life sector and aiming to offer a better purchasing process than the UK's big four of MoneySuperMarket, Confused.com, Compare the Market, and GoCompare.



### Is it long-lasting?

Yes. The aggregator channel does not have a strong presence in the life insurance market. This is largely due to the need for advice, but consumers can also contact Choozi by phone. Its underwriting panel consists of Aegon, Canada Life, HSBC, LV=, Royal London, and Scottish Widows – major players that give Choozi's service credibility.



### Is it operationally game-changing for the provider?

No. The insurance partners will still offer the same critical illness and life insurance policies. They will generally be at the cheaper, more value-driven end of the price range, but there will be nothing operationally game-changing.



### Will it significantly improve the user experience?

Yes. Life insurance can be daunting for consumers, as it has a reputation of not being particularly modern and digitalized. A successful aggregator in this space would make the purchasing process quicker and easier, as the leading four UK insurance aggregators have not had huge success in the life insurance market.



### Is it market-changing?

No. Aggregators have operated in life insurance for many years, although they haven't been as successful as in personal lines. If Choozi can buck this trend it will take a share of this market, and in turn may help shape its development somewhat.



**TOTAL SCORE**

**2/5**



# Retail Banking



**CoGo – short for “connecting good” – is a mobile app that allows users to measure the carbon impact of their spending and lifestyle and more easily connect with retailers that match their ethical values. Having launched in the UK in 2019, CoGo aims to expand into other European markets, and has also partnered with the five largest banks in New Zealand to roll out its offering to customers at scale. CoGo uses open banking data to analyze users’ actual spending – a key differentiator from competitor platforms that require users to manually input data.**

### Is it original?

Measuring carbon impact via open banking data is a new idea that is much more comprehensive in terms of both the quality and quantity of data analyzed than previous carbon impact measurement apps.



### Is it long-lasting?

The increase in global awareness and concern around social issues and global inequalities – as well as the impact growth-focused policies are having on the environment – point to a notable number of users joining the platform in the long term.



### Is it operationally game-changing for the provider?

For banks that are only just increasing the analytical capabilities they offer customers this is game-changing, as combining the work of carbon footprint specialists and data scientists has never been done in this manner. But the open banking standard may lessen its impact due to the regulatory duty to allow third parties to access customer data at their request.



### Will it significantly improve the user experience?

Advanced data analytics improve the user experience as they reveal the consequences of lifestyle choices that are not otherwise apparent. By providing new information to users on the impact their lifestyles have on the environment as well as animal and human rights, it is likely to interest users and uniquely shape their behavior.



### Is it market-changing?

No. While CoGo is an innovative analytics tool, and timely due to the increasing number of consumers who place greater value on ethical considerations, it is unlikely to change the market considerably. Yet its impact on consumer behavior will be interesting.



**TOTAL SCORE**

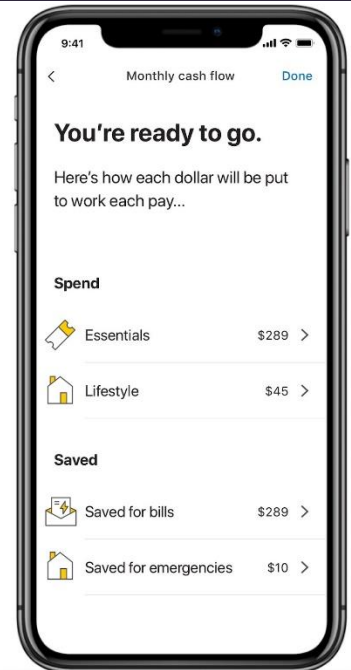
**4/5**



## Commonwealth Bank



The Commonwealth Bank of Australia (CBA) app has been updated with six new tools that provide actionable guidance to help customers plan and manage their finances. The tools include a cash flow view that offers users a clear picture of their finances; a spending tracker; a benefits finder; and a tool that helps users build an emergency budget or emergency fund. Customers can also set financial tasks and tick them off as they go along. Although the new tools are not at the cutting edge of innovation, for some customers this could mean the difference between serious financial trouble and successfully managing their finances through the COVID-19 pandemic.



### Is it original?

Yes. While some fintech firms such as Cleo in the UK have implemented similar features such as a free loan of \$250 for those affected by COVID-19, CBA is the first to implement a comprehensive set of tools related to COVID-19 financial management.



### Is it long lasting?

Yes. COVID-19 has highlighted the importance – both for banks and consumers – of being able to keep track of one's personal finances and adjust when problems occur. More and more banks in Australia and across the world are offering and improving spending tools.



### Is it operationally game changing for the provider?

Yes. The new features will likely mean fewer enquiries from customers that have to be dealt with manually by the bank.



### Will it significantly improve the user experience?

Yes. According to CBA, 44% of Australians are greatly concerned about the financial impact of COVID-19, meaning there is significant demand for tools that help customers manage their finances both during and post-COVID-19.



### Is it market changing?

No. As the Australian market is already familiar with personal financial management (PFM) tools, this development is unlikely to produce significant change.



**TOTAL SCORE**

**4/5**

# Nordic digital bank looks beyond COVID-19 towards teen banking



Digital-only bank Lunar has launched a current account and debit card specifically for 15–17 year old Scandinavians. The offering includes a range of PFM features such as free payments, instant notifications, and budgeting, saving, and spending tools – helping teenagers get ahead in their financial education. Lunar hopes that by engaging with customers at a young age it will be able to sell them products as adults, including loans, investments, insurance, and premium accounts.

## Is it original?

No – the idea of banking services for under 18s is not original. However, only a select few banks (including Starling) offer teenage accounts with similar PFM tools.

## Is it long-lasting?

Yes. Children’s banking is a popular option in Scandinavian countries. Across Denmark, Norway, Sweden, and Finland, only around 6% of respondents to GlobalData’s 2020 Banking and Payments Survey stated they did not want to open an account for their child.

## Is it operationally game-changing for the provider?

No. The operations of managing a children’s bank account will function in a similar way to an adult account in most cases.

## Will it significantly improve the user experience?

Yes. As is the case globally, Scandinavian respondents to our survey typically prioritize teaching their children the importance of money management (32%), followed by saving money for them (20%), with only 10% specifically wanting to open a current account. However, Lunar’s goal-oriented PFM features mean it is able to fulfil all of these criteria as an educational and engaging banking tool.

## Is it market-changing?

No. Lunar intends to stay in the Nordic market, meaning there is a limit to the number of 15–17 year olds it can attract. Yet our survey also found that Scandinavian under 45s are more inclined to seek out alternatives to traditional banks, such as digital-only banks, putting Lunar in a strong position to capture market share.



**TOTAL SCORE**

**2/5**



# Wealth Management



UK robo-advisor Wealthify, owned by Aviva, has introduced a new self-invested personal pension (SIPP) product. The minimum investment is £50 with a fee of 0.6%. The product is designed to allow users to have access to a pension along with their other investment products. Wealthify chooses the investments, with ethical portfolio options available, and builds the pension based on the customer's risk appetite. Customers can also transfer existing pensions or create new personal pensions alongside any others they have.

### Is it original?

Introducing a pension product to a robo-advice platform is not new. The likes of Nutmeg already offer SIPPs.



### Is it long-lasting?

According to our 2019 Banking and Payments Survey, the most important purpose for investing is to provide a retirement income stream. Introducing a pension product will allow Wealthify to cater to this need. It also reduces the risk of customers going elsewhere to a competitor that offers both general investment services and pension services.



### Is it operationally game-changing for the provider?

Although launching a pension product is new to the platform, it does not change Wealthify's core product and the operations behind it.



### Will it significantly improve the user experience?

The option of having a pension product has its benefits. Wealthify users are no longer limited to only being able to manage their general investments through Wealthify's app – they can also manage their pension in the same place. The efficiency this offers will prove attractive to consumers.



### Is it market-changing?

Wealthify has followed the footsteps of several robo-advisors by introducing a retirement or pension product, and so this move will not shift the market.



**TOTAL SCORE**

**2/5**

# DBS launches retirement planning tool with facial recognition and AI capabilities



DBS Hong Kong is set to launch a retirement planning tool that paints a visual portrait of what customers will look like at retirement. The tool, Face Your Future, uses artificial intelligence (AI) and facial recognition technology to encourage users to think about retirement planning. It estimates users' retirement costs based on their lifestyle, and allows them to adjust their lifestyle choices to define their retirement preferences, decide what age they want to retire, and visually see what they will look like.



## Is it original?

Fintechs and traditional players globally offer facial recognition for users to log into their mobile apps, but DBS will be the first to use such technology to create a visual portrait of what the user will look like in their old age.



## Is it long-lasting?

While clearly more of a marketing gimmick, the use of facial recognition technology will be welcomed by the tech-savvy next generation of investors, and is a fun way to stimulate conversations about retirement planning. And the concept is designed to help users think about how their current behavior will affect their wealth in the long term, which is forward-thinking in itself.



## Is it operationally game-changing for the provider?

This is not the first time DBS has used facial recognition, as users can log into the DBS app via Face ID.



## Will it significantly improve the user experience?

Saving for retirement is generally seen as essential. While being able to see what they will look upon retirement will spark the interest of some consumers, it will not be the deciding factor that prompts them to use DBS's services.



## Is it market-changing?

Using facial recognition technology in this way is unique but the core purpose of planning for retirement remains unchanged, so this innovation is unlikely to see the wider industry follow suit.



**TOTAL SCORE**

**2/5**



# Empower Retirement acquires Personal Capital



**US retirement services administrator Empower Retirement has acquired digital wealth management company Personal Capital. This acquisition strengthens Empower Retirement's product spectrum, as consumers will have a holistic picture of their finances with retirement planning, wealth management, and cash management all under one umbrella. Empower customers will also have access to advice at retirement, which was not the case previously as the company was a B2B firm.**

## Is it original?

Traditional players acquiring digital companies is not unique to the wealth management industry. BlackRock acquired robo-advisor Future Advisor in 2015, for example. Providing a holistic financial services platform is also not new to the market.



## Is it long-lasting?

Prior to this acquisition, Empower Retirement did not incorporate an advice aspect into its service. Demand for digital services is on the rise, so acquiring a digital wealth management company is a forward-thinking move. And the Empower brand now covers not just 401K administration but also savings and financial planning, avoiding the risk of customers needing to go elsewhere for such services once they transition to retirement.



## Is it operationally game-changing for the provider?

As pension holders within the plans it administers transition from accumulation to retirement, Empower will now be able to offer Personal Capital's hybrid digital wealth management services. It can thus capture a flow of business that previously resulted in the end of its relationship with retiring clients and a loss of assets under management.



## Will it significantly improve the user experience?

Yes. Users will now be provided with advice at retirement, a key milestone for financial planning, which Empower could not previously offer. Depending on their portfolio size, Empower users will also be able to consult human advisors.



## Is it market-changing?

No. Empower is not the first traditional player to acquire a digital wealth company to expand its services, and the deal itself will not significantly impact the market.



**TOTAL SCORE**

**3/5**

# Four digital platforms collaborate to launch online financial education game



Four digital platforms in the UK have collaborated to launch an online game to educate UK consumers on pension scams in response to the spike in online fraud. AgeWage, Smart Pension, Nutmeg, and PensionBee have teamed up to launch Scam Man & Robbin. Players must identify pension scams and how to protect pensions in an attempt to financially educate users on what to look out for and how to protect their money. The service is free to use.



## Is it original?

Scam Man and Robbin is not the first online game used to financially educate users, but this is the first online game collaboration from pension tech companies.



## Is it long-lasting?

With online fraud on the rise, especially during the coronavirus pandemic, this is a forward-thinking way to help pension holders protect themselves. The use of an online game may only cater to younger generations or digitally-savvy individuals, but even so, making them aware early on of how to protect themselves will keep pensions safer in the long term.



## Is it operationally game-changing for the provider?

None of the platforms that collaborated on Scam Man and Robbin have created online games before, so this would have been a new challenge for all.



## Will it significantly improve the user experience?

Pension holders that were not aware of what pension scams were and how to avoid them will welcome this game. Although it will not change how pensions are managed it could prevent serious damage to their retirement income.



## Is it market-changing?

With plenty of online games for financial education available in the market, this will not be a game-changer despite how useful it could be for some.



**TOTAL SCORE**

**3/5**

## Definition of parameters

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### **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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