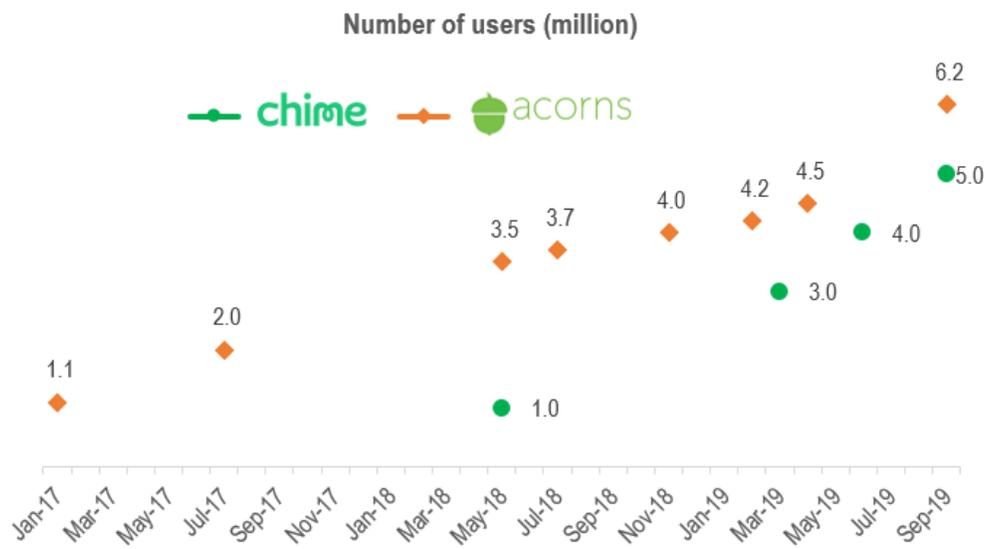


Global FinTech Weekly



Highlight of the week – US Neobank Chime quadruples valuation in 9 months

Figure 1: Chime's user growth trajectory vs rival Acorns



Source: Crunchbase, AMTD Research

Chime's recent funding round brings valuation to US\$5.8bn, up from US\$1.5bn in March 2019

The recent E round led by DST with US\$ 500 million being raised, is the single largest investment in a challenger bank, even bigger than the US\$400 million raised by Nubank in Brazil. Since its US\$ 70 million C round in May 2018, Chime has entered a growth hacker phase with its number of users growing 5 times from 1 million in May 2018 to 5 million in September 2019. With the recent rounds of venture capital backing, Chime has picked momentum and catches up with rival Acorns. This new valuation comes as a surprise as UK companies have largely been leading in the global challenger bank landscape due to more proactive regulations.

Users drawn by Chime's zero-fee account and early paycheck feature

Same as most challenger banks, Chime offers zero fee accounts and has no minimum balance requirements. The most popular feature of Chime is its early paycheck advances which allows users to get their paycheck up to 2 days in advance. Users can receive cashback on certain spending and Chime can help users automatically put money into savings.

Venture capitalists are becoming more enthusiastic about US FinTech space

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FinTech financing in the US in 1H19 jumped by 60% yoy to \$12.7 billion according to Accenture, demonstrating an increasing enthusiasm in the US FinTech space. The number of deals remained flat, as deals raised more money. Incumbents and fintech companies are actively launching innovative products. Square Cash launched its stock trading feature and allows for fractional stock trading. The consolidation is taking place among incumbents. Charles Schwab is buying TD Ameritrade amid zero-commission wave.

With exponential growth comes with the pain

Chime reached 1 million user base after 4 years but since has picked up the speed dramatically. In October 2019, users reported a series of outage at Chime when Chime cards were declined and Chime mobile app went blank. The company attributed the failure to its third-party processor Galileo which is a popular card processor behind many leading digital banks such as Chime, Monzo, Robinhood and Transferwise. This does raise concerns on too much focus on growth and reliability of newly emerging third-party partners for infrastructure. The reliability issue could eventually undermine user confidence in these newly emerging retail banking brands.

News of the week

Payment

Nigerian fintech gets \$360M, mints unicorn, draws Chinese VC

November 2019 saw \$360 million invested in Nigerian-focused payment ventures. That is equivalent to roughly one-third of all the startup VC raised for the entire continent in 2018, according to Partech stats. Before the big Chinese-backed rounds, one of Nigeria's earliest fintech companies, Interswitch, confirmed its \$1 billion valuation after Visa took a minority stake in the company. Sky News reported pegged it at \$200 million for 20%. Founded in 2002 by Mitchell Elegbe, Interswitch pioneered the infrastructure to digitize Nigeria's then predominantly paper-ledger and cash-based economy.

Source: [Techcrunch](#)

Investment

Africa

Biometric Payment

NatWest tests biometric payment fob

NatWest is issuing a payment fob linked to a customer's fingerprint that will allow contactless payments of up to £100 to be made without the use of a bank card or mobile phone. This is the first biometric payment fob issued by a UK bank and NatWest's second venture into the biometrics space following a biometric card trial launched in October 2018. NatWest is working with Visa and Giesecke+Devrient Mobile Security to trial the service in UK markets - an attempt to overcome the issue of back-and-forth message verifications required in other forms of biometric payments.

Source: [Finextra](#)

Online Payment

Buy-now, pay-later firm FinAccel raises \$90 million to broaden financial services offering

FinAccel, a Singapore-headquartered financial technology company that enables Indonesian consumers to buy online and pay later under the brand Kredivo, has raised \$90 million in a Series C equity funding round. The capital injection brings the total raised by the company in 2019 alone to more than US\$200 million, across both debt and equity. With a presence at the checkout of most of the top Indonesian e-commerce merchants, FinAccel plans to use the funds to double down on growth in the region, hire talent, and expand its range of financial services offerings into more bank-like territory.

Southeast Asia

Source: [Finextra](#)

Challenger Bank

Teens

Pixpay is a challenger bank for teens focused on pocket money

Pixpay, a French startup that wants to replace cash when parents are handing out pocket money to kids. Anybody who is older than 10 years old can create a Pixpay account, get a debit card and manage pocket money. Pixpay, like Kard, wants to offer modern payment methods to teens so that you can ditch cash altogether. Parents and kids both download the Pixpay app to interact with the service. Pixpay costs €2.99 per month per card. Payments and ATM withdrawals in the Eurozone are free. Transactions in foreign currencies cost 2% in foreign exchange and ATM withdrawals outside of the Eurozone cost €2. The startup has raised \$3.4 million (€3.1 million) from Global Founders Capital.

Source: [Techcrunch](#)

Starling Bank

Neo Bank

Starling adds legal services to its digital offering

Starling Bank has announced a partnership with legal services provider Sparqa, the latest addition to the challenger's in-app Marketplace. Providing Starling's 88,000 small business customers with customisable and affordable legal services, the lawtech partnership will enable the Starling customer base to access a wealth of legal information tailored to their specific commercial needs.

Source: [Finextra](#)

SMB

Financing

Mexican SMB lender Konfio lands \$100 million in funding

Mexican small business lender Konfio has completed a \$100 million funding round led by SoftBank's Latin American fund. Founded in 2014, Konfio uses technology, data analytics, and artificial intelligence to provide funding for companies, many without any formal credit history. The latest equity injection comes just three months after the firm secured \$100 million in funding from Goldman Sachs.

Source: [Finextra](#)

Mobile ATM

Hong Kong

Hang Seng introduces mobile ATM withdrawals in Hong Kong

Hang Seng Bank customers will soon be able to withdraw cash from 600 ATMs in Hong Kong by waving their phones over an NFC reader or QR code. From early December, users will have the option to initiate cash withdrawal instructions on their phones through the Hang Seng app. Then, when they get to any ATM they can choose its NFC connection or QR code to complete the withdrawal. A text message or email notification will be sent to customers on completion. The use of NFC is a first for Hong Kong, where QR codes dominate mobile payments.

Source: [Finextra](#)

Open Banking

Marketplace

YES Bank launches API marketplace

India's YES Bank has launched an online marketplace where startups from a host of sectors can pitch tools integrated with the lender's APIs. The YES Scale Marketplace already hosts more than 100 offerings from startups working in areas such as logistics, healthcare, agritech and edtech. The platform is designed to make it simple for startups to jointly go to market with YES Bank, offering their services, complete with banking integrations, to corporate and MSME clients. The bank's clients can

scroll through the market, exploring the tools, request demos, and add those they want to use to their cart.

Source: [Finextra](#)

Open Banking

HSBC inks global deal with Open Banking outfit Bud

HSBC

HSBC has expanded its relationship with Bud, striking a global deal to access the startup's Open Banking aggregation, data intelligence and marketplace APIs. The deal will see a phased rollout of Bud's technology, initially within first direct, with HSBC's UK bank set to follow suit later in 2020. Bud has worked with HSBC in the UK since February 2018 when it launched a proof-of-concept app called artha with first direct, which ran for a year in the FCA Sandbox and tested a number of features including financial management tools and third-party product marketplace functionality.

Source: [Finextra](#)

Tinkoff

Tinkoff preps super-app

Russia's Tinkoff is beta-testing a new super-app, combining traditional banking services with lifestyle and leisure features and a marketplace for third party API-based in-app options. Shortly to be publicly released in version 5.0 for iOS, the app offers digital banking services, combined with an array of lifestyle connections for leisure pursuits, an in-app marketplace for products provided by approved third party partners, and end-to-end integration with the bank's robot voice assistant Oleg.

Source: [Finextra](#)

Blockchain

Tencent's WeBank to Provide Infrastructure for China's National Blockchain Consortium

WeBank

WeBank, a digital bank that makes loans to small businesses and individuals, has become the first technical infrastructure provider for the nation's blockchain network. The Shenzhen-based company will provide the Blockchain-Based Service Network (BSN) with its patented open consortium chain FISCO BCOS, according to a Chinese state media report. Rather than a single blockchain, the consortium chain is a set of blockchain applications to serve the general public, according to a statement from the company. BSN's 14-member consortium, launched last week, will develop and operate blockchain-based applications in the network using their individual expertise and technologies. Members of the consortium include WeBank, Huobi China, the State Information Center, and state-owned tech giants China UnionPay, China Mobile and China Telecom.

Source: [Coindesk](#)

Regulation

US regulators approve alternative data to assess creditworthiness

Alternative Data

Federal banking regulators in the US have given their support to the use of the alternative data other than traditional credit scores in determining creditworthiness. The move could open up the market to a wave of fintech firms relying on alternative data sources to provide credit to consumers who would traditionally be turned away by financial firms applying strict credit scoring tools. As many as 50 million US consumers are estimated to lack the payments history to generate reliable credit scores.

Source: [Finextra](#)

Retail Brokerage**Charles Schwab to acquire TD Ameritrade for \$26 billion**

Charles Schwab has agreed to acquire rival discount brokerage TD Ameritrade in an all-stock transaction valued at approximately \$26 billion. The acquisition will reshape the retail brokerage industry, creating a combined company serving 24 million client accounts with more than \$5 trillion in client assets. Taken together, the two firms recently generated total annualised revenue and pre-tax profits of approximately \$17 billion and \$8 billion, respectively.

Source: [Finextra](#)

M&A**Bond Workflow****LuxSE acquires stake in bond issuance startup Origin**

The Luxembourg Stock Exchange has acquired a ten percent stake in London-based bond workflow outfit Origin. Founded in 2015, Origin connects frequent borrowers and investment banks in the international debt capital markets in an online marketplace for private placements. Origin claims to have 22 dealers and 85 issuers using the platform to generate, share and approve fully customizable term sheets and final terms. directly on the platform. So far this year, debt instruments worth \$20 billion have been originated on the marketplace. LuxSE is the first institutional investor to invest in Origin.

Source: [Finextra](#)

Acquirement

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