

# The Rise of Challenger Banks

Are the Apps Taking Over?



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FINANCIAL  
TECHNOLOGY  
PARTNERS

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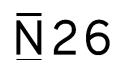


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# The Rise of Challenger Banks

## Table of Contents (cont.)

### Company Profiles



### Executive Interviews



**Dinesh Chopra**  
Chief Strategy  
Officer



**Peter Greene**  
Corporate Strategy,  
Head of Ally  
Ventures



**Andrei Cherny**  
CEO



**Chris Davison**  
CEO



**Roy Ng**  
Founder, CEO



**Chris Britt**  
Founder, CEO



**Cale Johnston**  
Founder, CEO



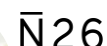
**Stuart Sopp**  
Founder, CEO



**Kalpesh Kapadia**  
Co-Founder, CEO



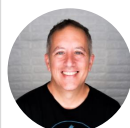
**Dee Choubey**  
Founder, CEO



**Max Tayenthal**  
Co-Founder, CFO



**George Friedman**  
Co-Founder, CEO



**Brandon Krieg**  
Co-Founder, CEO



**Ricky Knox**  
Co-Founder, CEO



**Renaud Laplanche**  
Co-Founder, CEO



**Colin Walsh**  
Co-Founder, CEO



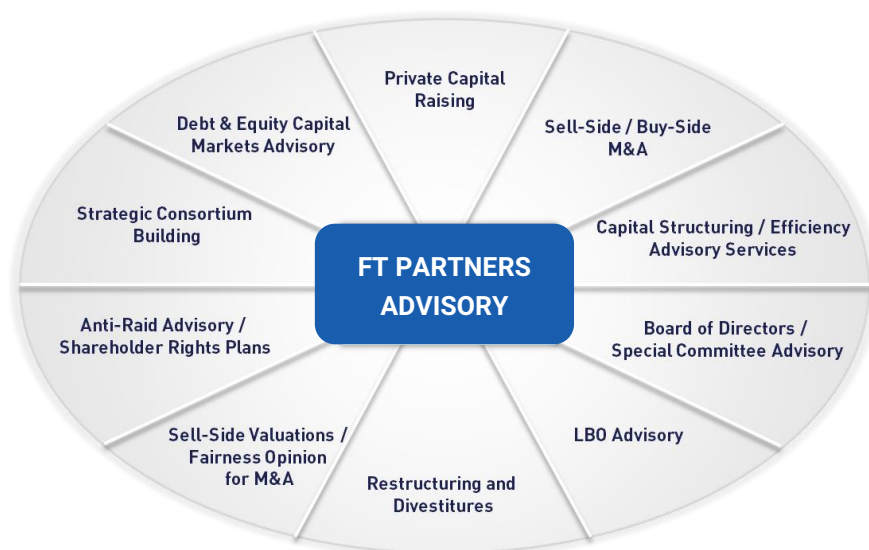
**Bryce Galen**  
Founder, CEO

# The Rise of Challenger Banks

## FT Partners Overview

- Financial Technology Partners ("FT Partners") was founded in 2001 and is the only investment banking firm focused exclusively on FinTech
- FT Partners regularly publishes research highlighting the most important transactions, trends and insights impacting the global Financial Technology landscape. Our unique insight into FinTech is a direct result of executing hundreds of transactions in the sector combined with over 18 years of exclusive focus on Financial Technology

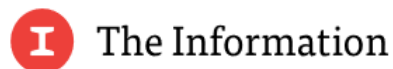
### FT Partners' Advisory Capabilities



### FT Partners' FinTech Industry Research

**FINTECH RESEARCH & INSIGHTS**

- In-Depth Industry Research Reports
- Proprietary FinTech Infographics
- Monthly FinTech Market Analysis
- FinTech M&A / Financing Transaction Profiles



Named Silicon Valley's #1 FinTech Banker (2016) and ranked #2 Overall by The Information



Ranked #1 Most Influential Person in all of FinTech in Institutional Investors "FinTech Finance 40"



Numerous Awards for Transaction Excellence including "Deal of the Decade"

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FT PARTNERS RESEARCH



# The Rise of Challenger Banks

## FT Partners' Selected Expertise in the Challenger Bank / Bank Tech Space

### Challenger Bank / Mobile Banking Platform

Financial Technology Partners LP  
FTP Securities LLC

is pleased to announce its role as  
exclusive strategic and financial advisor to



in its Series C financing with participation  
from new strategic investors



along with participation from



for total consideration of

**\$100,000,000**



The Only Investment Bank  
Focused Exclusively on Financial Technology

### Next-Gen Credit Card Provider / Processor

Financial Technology Partners LP  
FTP Securities LLC

is pleased to announce its exclusive role as  
strategic and financial advisor to



on its financing led by



for total consideration of

**\$50,000,000**



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### Personal Credit Management

Financial Technology Partners LP  
FTP Securities LLC

is pleased to announce its exclusive role as  
sole strategic and financial advisor to



on its growth financing with participation from



for total consideration of

**\$ 42,000,000**



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### Card-Issuing / Processing Platform

Financial Technology Partners LP  
FTP Securities LLC

is pleased to announce its role as  
exclusive strategic and financial advisor to



in its Series E financing led by



with participation from new investors



for total consideration of

**\$260,000,000**



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### Open Banking Platform for Savings Deposits

Financial Technology Partners LP  
FTP Securities LLC

is pleased to announce its exclusive role as  
strategic and financial advisor to



in its minority investment in



with participation from  
new and existing investors

for total consideration of

**\$100,000,000**



The Only Investment Bank  
Focused Exclusively on Financial Technology

### Card-Issuing / Processing Platform

Financial Technology Partners LP  
FTP Securities LLC

is pleased to announce its role as  
sole strategic and financial advisor to



in its minority financing by



for total consideration of

**£ 44,000,000**



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### Lending Enablement for Auto Finance Market

Financial Technology Partners LP  
FTP Securities LLC

is pleased to announce its exclusive role as  
strategic and financial advisor to



on its proposed merger with

**Nebula Acquisition Corporation**  
(NASDAQ: NEBU)

Sponsored by



**TRUE WIND**

for a total implied enterprise value of

**\$1,330,000,000**



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### Peer-to-Peer Lending

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FTP Securities LLC

is pleased to announce its exclusive role as  
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in its Series G Financing from

an investment fund co-managed by



for total consideration of

**\$ 50,000,000**



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Focused Exclusively on Financial Technology



# Executive Summary



# The Rise of Challenger Banks

## Executive Summary

### The Rise of Challenger Banks

Despite ongoing innovation and regulatory turmoil in financial services over the past couple of decades, traditional banks have largely preserved their role in the financial ecosystem. Today, there are still thousands of branch-based banks and credit unions in the U.S. and competition from new, online focused challengers has been limited. However, this may be changing as there is clearly a groundswell of new, well-funded competition emerging from “Challenger Banks.” The Challenger Bank trend first emerged in Europe and may now be gaining traction in the U.S. as well as other regions of the world. While time will tell whether the new crop of Challenger Banks will be successful, some are experiencing significant growth and investor appetite towards funding these upstarts appears to be strong.

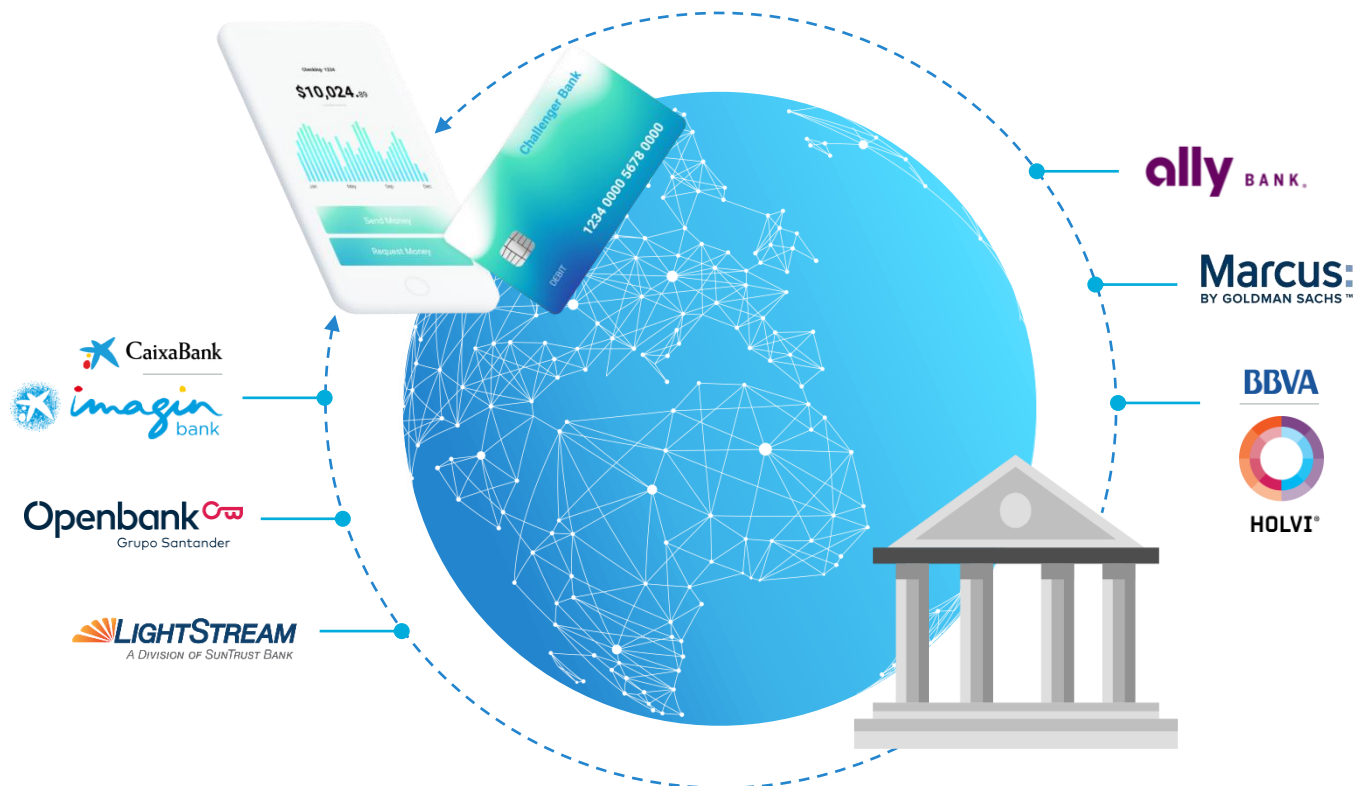


# The Rise of Challenger Banks

## Executive Summary (cont.)

### Traditional Banks Launching FinTech Brands

While Challenger Banks are beginning to nip at their heels, some traditional financial institutions are responding by creating their own FinTech brands. We saw a similar phenomenon in the early days of consumer FinTech in the late 1990's when ING launched its branchless ING Direct brand and Bank One launched WingSpan Bank amidst competition from the first online Challenger Banks, NetBank and Telebank. In 2009, GMAC transformed its banking subsidiary as the online-only Ally Bank, becoming one of the first of the new generation of Challenger Banks. Most recently, Goldman Sachs launched Marcus as a separate brand offering online loans and savings accounts. In 2013, SunTrust began offering loans through its online consumer lending division, LightStream. Whether or not this trend persists, traditional financial institutions are likely to turn to technology to defend their turfs.





# 2 Trends in the Banking Industry





# 2.1 The Rise of Challenger Banks

- EU and UK Banking Industry
- The Opportunity for Challenger Banks
- Vendor / Outsourced Providers
- Case Studies

# The Rise of Challenger Banks

## The Traditional US Banking Industry

### Traditional banks continue to raise fees while public trust remains questionable

#### Increasing Fees

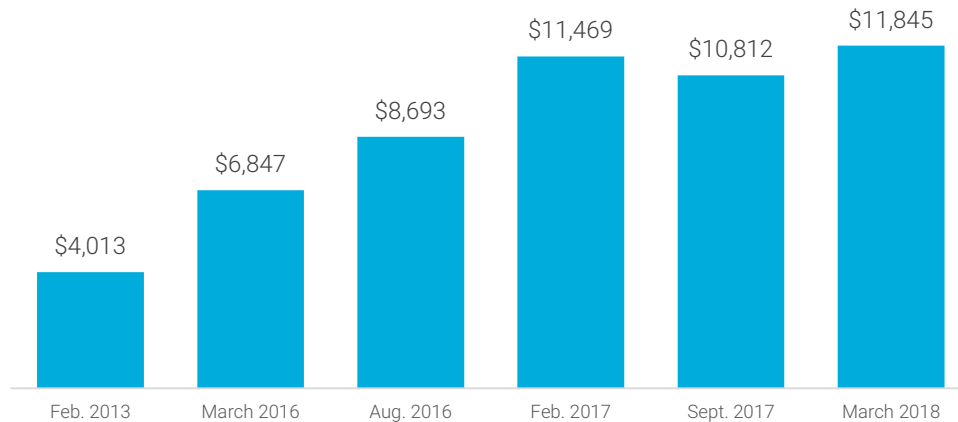
Consumers paid **\$34.4 billion** in overdraft fees in 2017 <sup>(1)</sup>

- This was the highest since 2009 <sup>(1)</sup>
- Average overdraft fees are now over **\$30**, up **50%** from **\$20** in 2000 <sup>(1)</sup>

In 2018...

- Monthly maintenance fees were up **8%** compared to 2013, averaging over **\$13** a month <sup>(2)</sup>
- ATM fees were up **10.7%** compared to 2013 <sup>(2)</sup>

#### Average Minimum Balance to Waive Maintenance Fees <sup>(2)</sup>



The number of traditional banks offering free checking accounts is dropping <sup>(2)</sup>

Feb. 2013 **37%** → Mar. 2018 **29%**

#### Public Distrust of Big Banks

"On Sept. 8, 2016, Wells Fargo admitted to the [3.5 million] fake-accounts fiasco and agreed to pay \$185 million in fines and penalties to regulators. Since then, the bank has acknowledged additional bad practices and is facing investigations and lawsuits over many more."

*Los Angeles Times*

"The crisis was a moment that cleaved our country...it also broke a sense of trust, not just in financial institutions and the government that oversaw them, but in the very idea of experts and expertise."

*The New York Times*

"[The Great Recession was] like a big boulder getting thrown into the pond, and the ripples are still going out. Everyone is much more cautious."

– Kevin Logan, Chief Economist for HSBC



"Despite some signs of economic recovery...Americans are not much more willing to express confidence in banks...It is unclear when – or if – Americans' confidence in banks will be restored to what it was a decade ago."

GALLUP

# The Rise of Challenger Banks

The Traditional US Banking Industry May be Vulnerable to Disruption



Despite the aftershock of the financial crisis and years of FinTech innovation, traditional banks have largely preserved their dominant role in the global financial services ecosystem.

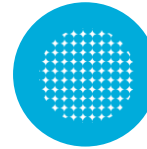
However, many believe that the time is right for Challenger Banks to gain significant market share and become the primary financial institutions not only for the next generation, but also many mainstream consumers that view traditional banks unfavorably.

In an age when consumers are becoming increasingly accustomed to easy-to-use, consumer-friendly apps, and when many consumers may no longer need to pick the bank physically closest to them, traditional banks are perceived as vulnerable to disruption.

## Perceived Issues with Traditional Banks:



Saddled with legacy tech and branch infrastructure



Oversupply – too many banks and too little differentiation



Offer unattractive rates and charge too many fees



Lack of trust / disliked brands

**WELLS FARGO** JPMORGAN CHASE & CO.

**Bank of America**  **KeyBank** 

 **PNC**  **Capital One**  **citibank** 

 **usbank**  **SUNTRUST** **BB&T**

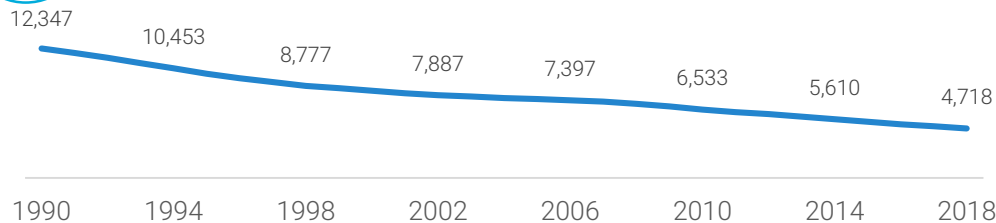
# The Rise of Challenger Banks

## The Traditional US Banking Industry (cont.)

While the number of banks and branches in the US has been declining, the total amount of customer deposits is at an all time high



Number of FDIC-Insured US Banks <sup>(1)</sup>

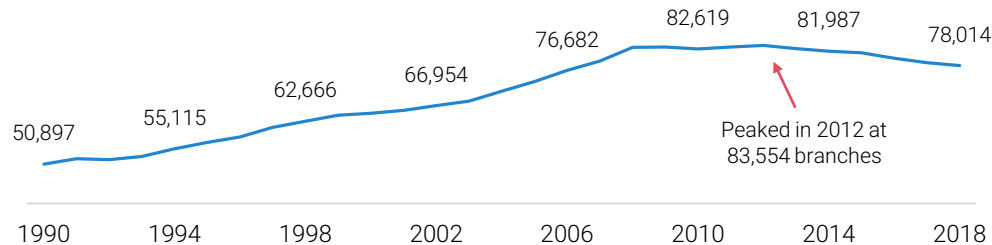


### 4,718 US FDIC-Insured Banks

The number of FDIC insured banks has declined at a 3% CAGR from 1990 through 2018



Number of US Bank Branches <sup>(1)</sup>

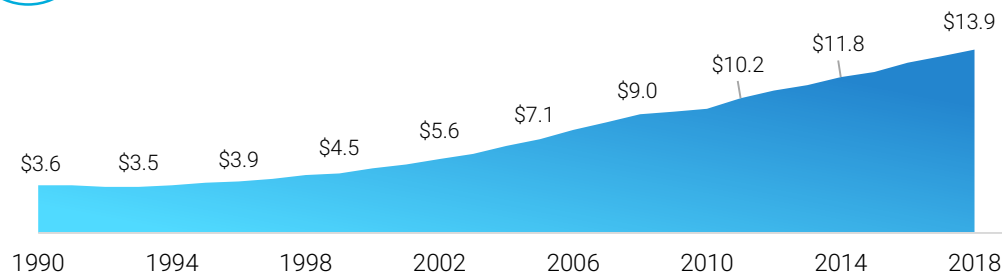


### 78,000 US Bank Branches

- The number of bank branches peaked in 2012 at 83,564
- The number of branches has fallen nearly 7% from the peak in 2012 through 2018
- Still, 65% of bank customers say it is important to have a local branch and 25% of consumers would not even open an account with a bank that did not have a local branch <sup>(2)</sup>



Total US Bank Deposits (\$ in trillions) <sup>(1)</sup>



### \$13.9 trillion in Total US Deposits

Despite the drop in the numbers of banks, total bank deposits have grown at a 5% CAGR from 1990 through 2018

# The Rise of Challenger Banks

## The Traditional US Banking Industry (cont.)

### Top 5 US Banks by Deposits <sup>(1)</sup>

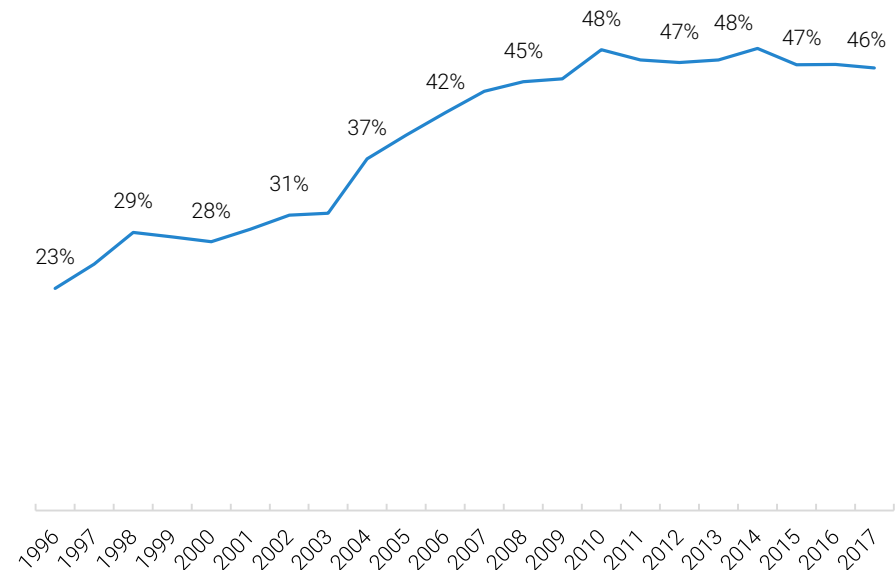
Over the last two decades, the banking industry has become much more concentrated among the top institutions

1.	JPMORGAN CHASE & CO.	\$1.47 trillion
2.	Bank of America 	\$1.38 trillion
3.	WELLS FARGO	\$1.29 trillion
4.	citibank 	\$1.01 trillion
5.	usbank 	\$345 billion

The 5 largest banks held nearly 50% of all deposits as of December 2018

### Concentration of the Assets of the Top 5 US Banks <sup>(2)</sup>

This creates an opportunity for Challenger Banks to pick off assets from the incumbent banks – the market is not as fragmented as it appears based on the large number of banks





2.1 The Rise of Challenger Banks

# EU and UK Banking Industry



# The Rise of Challenger Banks

What Is Happening in the EU & UK Banking Industries?



**The EU Banking Industry - similar to the US banking landscape – is dominated by large players. However, it is also showcasing characteristics of a market ripe for disruption through a combination of economic, regulatory & secular trends**

The UK has one of the most established and concentrated banking industries in Europe, with large financial institutions controlling significant market share and the market is supported by traditionally high regulatory barriers to entry.

UK has also led the charge across EU FinTech, as it is home to the most extensive network of established Challenger Banks in Europe.

The origins of Challenger Banks in the UK date back to the most recent crisis, during which large institutions engaged in questionable practices and undertook risks through complex business activities, difficult to comprehend for both regulators and consumers.

## UK Banking

Following the crisis, large institutions damaged their reputations and created an environment for disruptors who – supported by innovative technology – can offer competitive banking and lending services.






These disruptors are able to utilize a straightforward, simple and technology-focused business model to offer products to consumers typically unsatisfied and / or underserved by traditional large incumbents.

# The Rise of Challenger Banks

## The Traditional UK Banking Industry

### Top 5 UK Banks by Deposits <sup>(2)</sup>

Britain has the largest banking industry in Europe and the fourth largest in the world; there are more than 300 banks and over 9,000 bank branches across the country <sup>(1)</sup>

1.	 <b>HSBC</b>	\$2.61 trillion
2.	 <b>Santander</b>	\$744 billion
3.	<b>LLOYDS BANK</b> 	\$429 billion
4.	<b>Standard Chartered</b> 	\$428 billion
5.	 <b>BARCLAYS</b>	\$427 billion

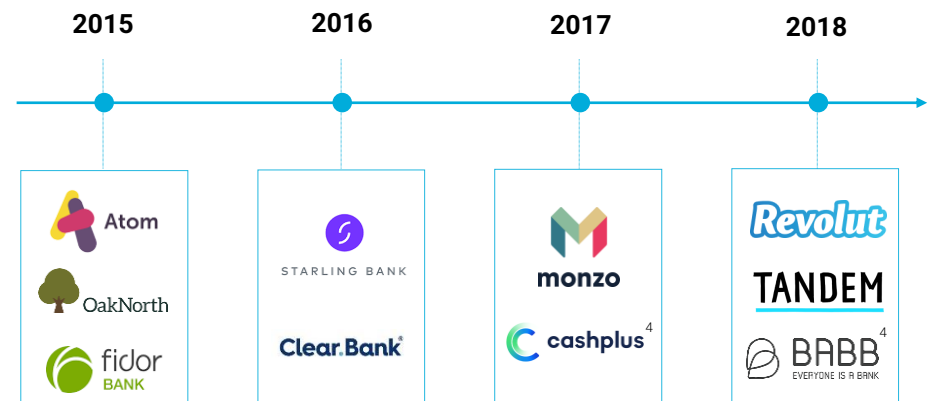
### Brexit: A Factor For Uncertainty <sup>(3)</sup>

Britain's looming exit from the EU creates inevitable uncertainties for banks conducting business within the continent, and a failure to obtain an EU banking license could threaten banks' ability to take deposits or write loans to EU clients.

This uncertainty is further heightened as less than 25% of London-based banks conducting EU business have applied for an EU banking license.

### UK-Based Challenger Banks Increasingly Applying & Receiving Full Banking Licenses

Year that Full Banking License Received



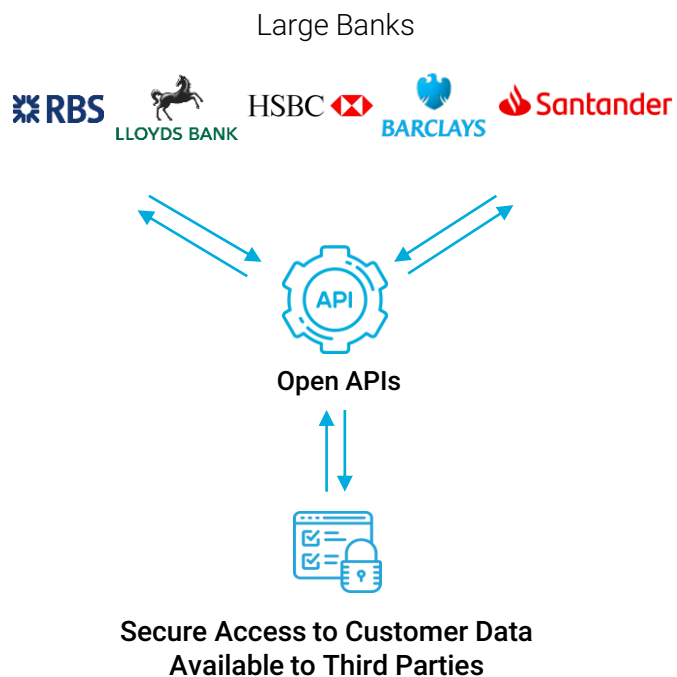
# The Rise of Challenger Banks

EU Regulations: PSD2 & GDPR

**The EU regulatory landscape, which includes the UK's Open Banking standards and the implementation of PSD2, The Second Payment Services Directive, has enabled new FinTech companies (including Challenger Banks) to develop within the banking ecosystem**

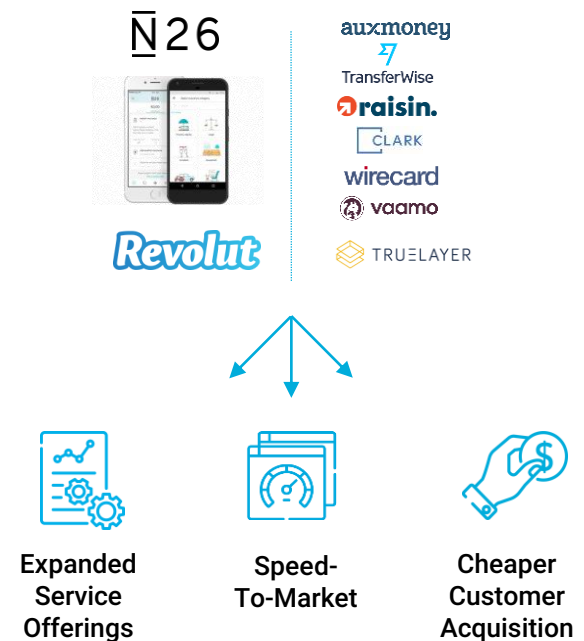
On January 13, 2018, an overhaul of the Payments Services Directive (PSD2) required banks to [open their payments infrastructure and customer data assets](#) allowing third parties to use them to develop payments and information services for consumers – essentially [PSD2 dissolved banks' monopoly on consumer financial data](#) <sup>(1)</sup>

## How do PSD2 and Open Banking regulations work?



## What do the regulations imply for Challenger Banks?

Increased Partnerships with FinTech Players



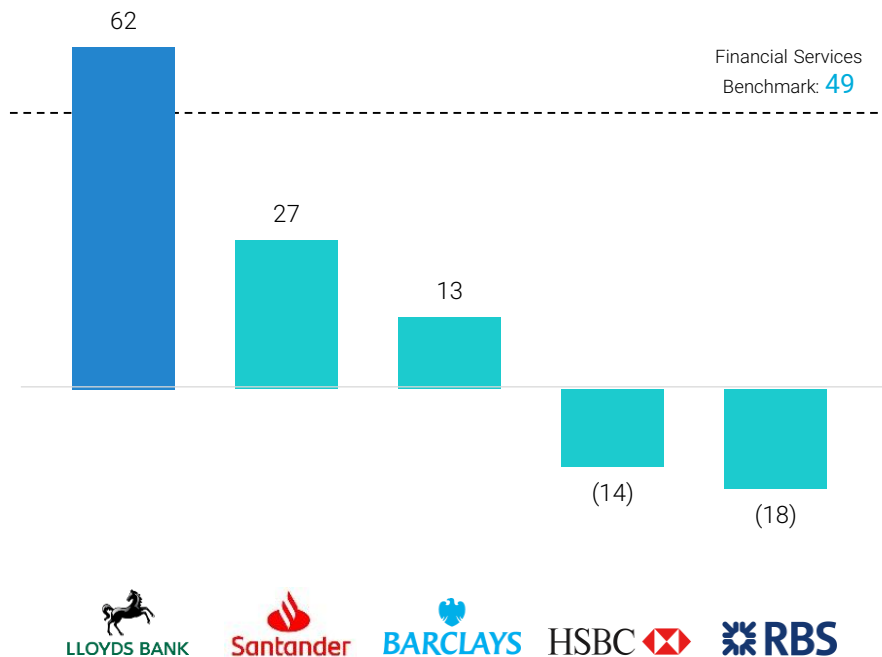
# The Rise of Challenger Banks

## EU Regulations (cont.)

### Open Banking regulations in the UK threaten to disrupt the large incumbents...

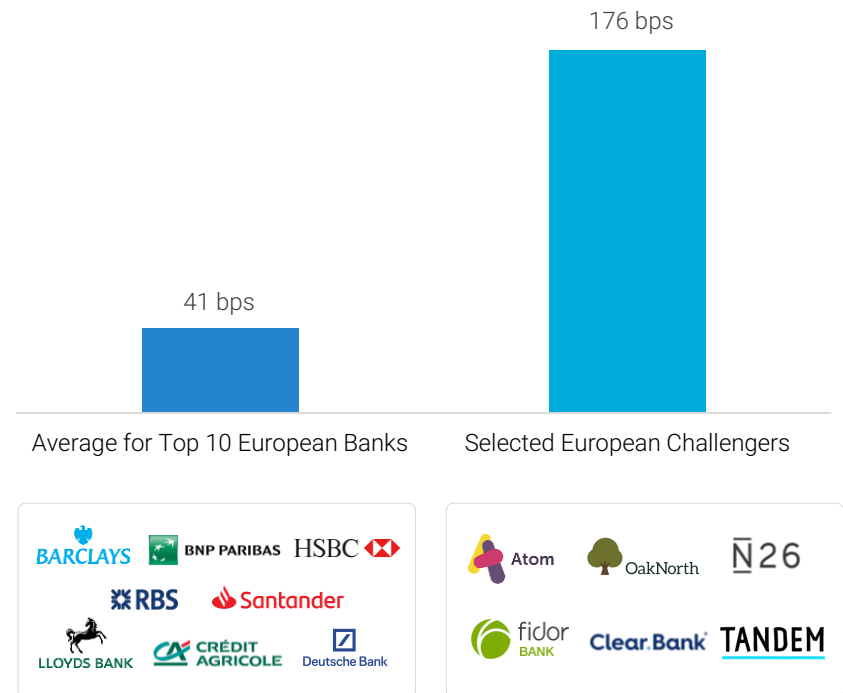
In a survey of 4,000+ UK banking customers, 63% of customers with a current account were willing to share financial information with a competing bank, FinTech company or aggregator in pursuit of a better offer <sup>(1)</sup>

#### Comparison of Net Promoter Scores <sup>(2)</sup>



Net Promoter Scores highlight the underperformance of large incumbents

#### Comparison of Rates on Savings Accounts <sup>(3)</sup>



Challenger Banks are beginning to offer attractive returns for savers

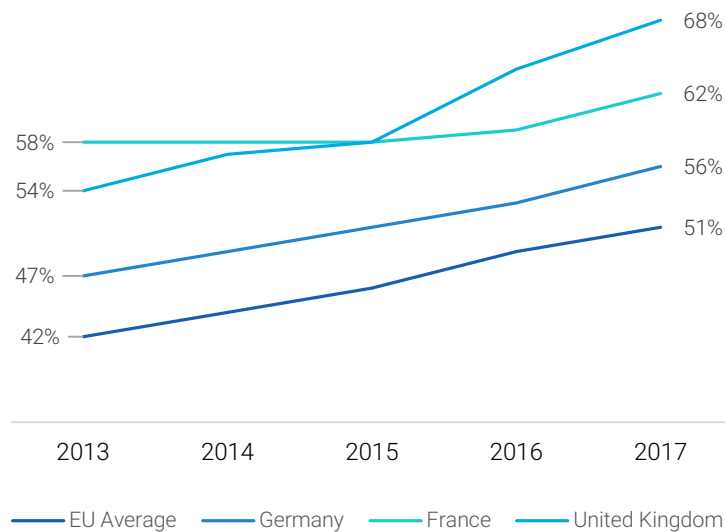


# The Rise of Challenger Banks

## Secular Drivers For Challenger Banks

### Secular trends in banking highlight a growing opportunity for Challenger Banks in Europe

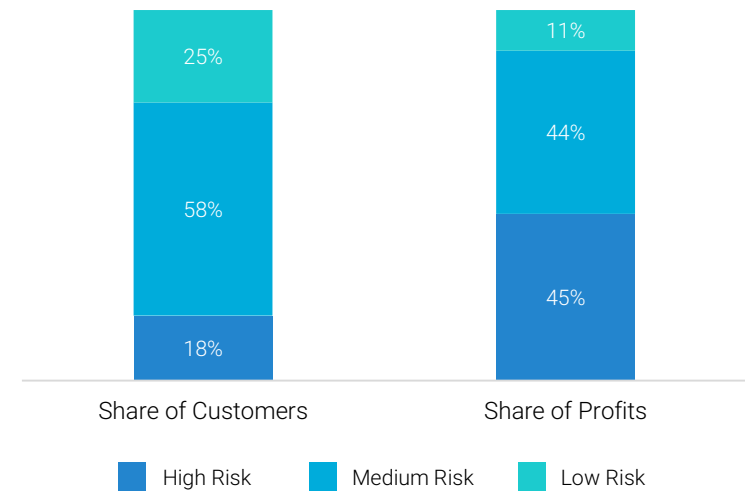
#### Users of Digital Banking Services <sup>(1)</sup>



2017 signaled a shift in banking activity, with more than half of Europeans shifting to digital forms of banking. Europe's leading economies spearheaded the shift with the UK, Germany and France outperforming the EU benchmark.

Additionally, over 20% of UK consumers – and about a third of millennials in the UK – use a Challenger Bank as their primary bank, according to a report from AT Kearny. <sup>(3)</sup>

#### Customers Likely To Switch Banks <sup>(2)</sup>



In a survey of 4,000+ UK banking customers, "High Risk" groups (i.e. most likely to switch banks) were characterized to be younger than 55 years of age with an annual household income of at least £55,000.

A majority of this group claimed to have already adopted at least one alternative FinTech solution (i.e. Apple Pay).

The study further highlights the impact of demographic factors, with the younger, more tech-savvy population as contributors to the potential rise of digitally enabled banks.

Source:

(1) Eurostat. 2017 is latest data available.

(2) Survey Of UK Banking Customers Conducted By Bain & Co., Salesforce & MatrizCX

(3) Finextra: "Third of millennial Brits say primary bank is a challenger"

# The Rise of Challenger Banks

## Case Study: Revolut's Rapid Expansion



Revolut's growth since its launch in 2015 is one of the biggest stories in the Challenger Bank space. The Company now operates in over 30 European countries and Singapore, in addition to a beta launch in Australia and plans to launch in the U.S., Japan and Canada.

- Revolut has increased its geographic presence rapidly since its launch, and as of September 2019, served over 8 million customers throughout Europe as well as Australia and Singapore
  - The Company is also planning to expand into the U.S., Japan and Canada in the near term
- The Company differentiates itself from other Challenger Banks by offering interbank exchange rates, zero-fee international money transfers and accounts that can hold/exchange several different currencies
- In July 2019, Revolut announced the launch of a commission-free stock trading platform in partnership with broker DriveWealth
  - The service will offer up to three free trades per month for standard customers, and up to 100 for Revolut Metal customers
- In October 2019, the Company announced a partnership with Mastercard to help with its U.S. expansion <sup>(1)</sup>
  - Revolut's U.S. debit cards will be Mastercard-branded, as well many of its European cards going forward

### Company Commentary

"The reality is what we're trying to achieve is to build a 10x better financial services company that is 10x cheaper as well. The only way to do it is not building only one product, but building a platform with a lot of products on top of it." <sup>(2)</sup>



**Founder & CEO**  
**Nikolay Storonsky**

### Company Statistics

**30 +**

**Countries Covered**

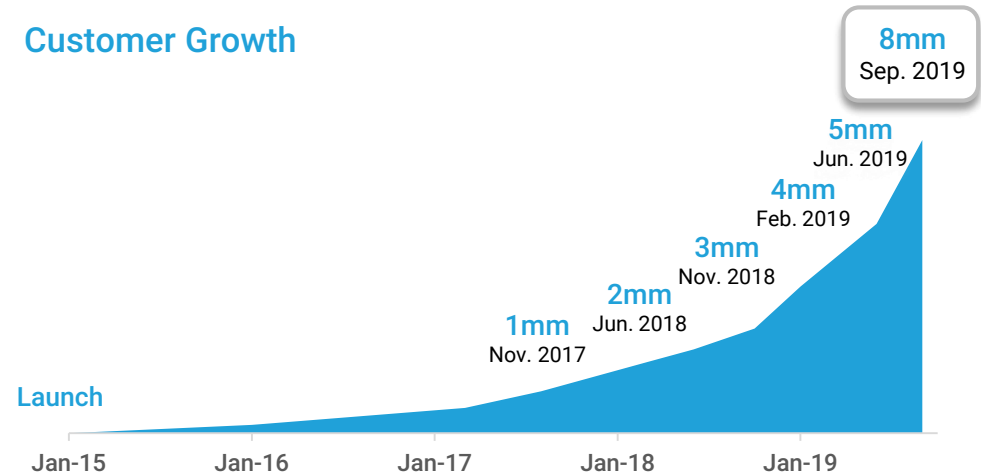
**350mm +**

**Transactions Processed**

**£40bn +**

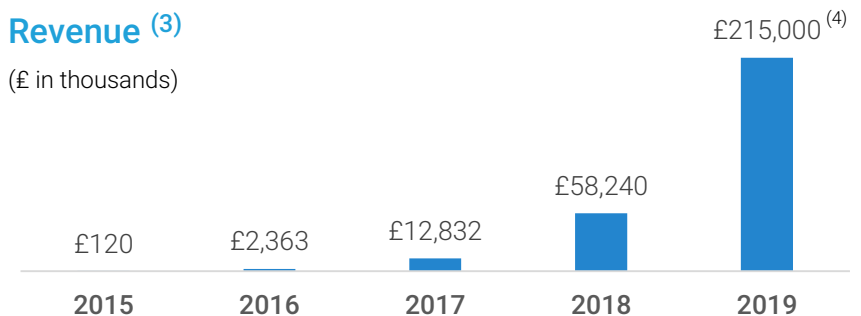
**Total Transaction Value**

### Customer Growth



### Revenue <sup>(3)</sup>

(£ in thousands)



2.1 The Rise of Challenger Banks

# Opportunities in Emerging Markets



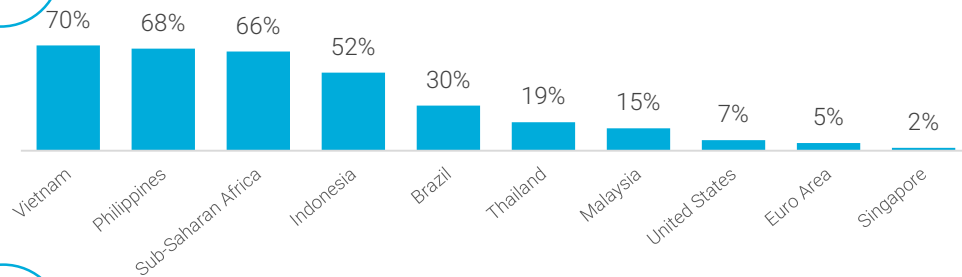
# The Rise of Challenger Banks

## Opportunities in Emerging Markets

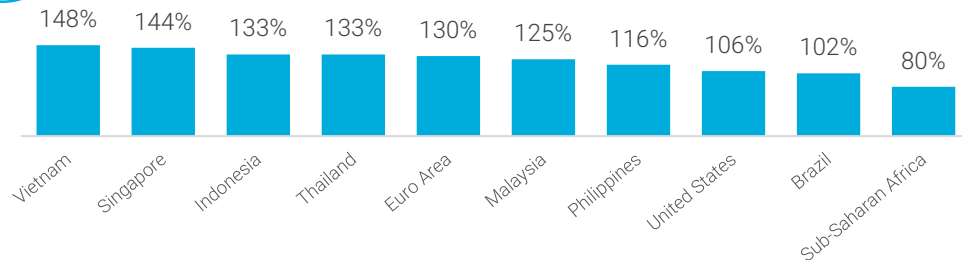
Emerging markets such as Africa, Southeast Asia and Latin America present a large opportunity for Challenger Banks, due to large unbanked populations, high mobile penetration, and growing middle classes



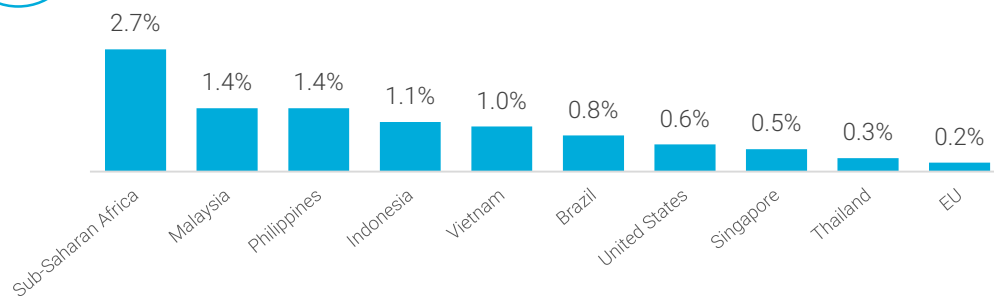
Unbanked as % of Population (1)



Mobile Penetration (2)



Population Growth, 2018 (1)



### 250mm unbanked adults in Southeast Asia

Just 27% of adults in Southeast Asia have formal bank accounts

### >100% mobile penetration in many emerging markets

- Most countries in Southeast Asia have mobile penetration of well over 100%, ahead of the United States and on par with the European market, while Brazil's is just over 100%
- Sub-Saharan Africa's 80% mobile penetration is also relatively high for the developing world

### 350 million unbanked adults in Sub-Saharan Africa

Two thirds of adults in Sub-Saharan Africa do not have bank accounts, while an estimated

### Half of global population growth through 2050 is projected to come from Africa

Africa has the world's fastest-growing middle class, with the continent's middle class population forecast to reach 1.1 billion - 42% of its total population - by 2060, according to the UN

# The Rise of Challenger Banks

## Opportunities in Emerging Markets: Spotlight on Southeast Asia

Independent challenger banks, as well as traditional banks with digital offerings, have emerged across Southeast Asia to provide financial solutions for the underbanked and unbanked



### Indonesia

Only 48% of Indonesians aged 15 years or older have a bank account <sup>(1)</sup>

### Malaysia

Over 2 million unbanked adults in Malaysia <sup>(1)</sup>

### Vietnam

Only 30% of Vietnamese aged 15 years or older have a bank account <sup>(1)</sup>

### Philippines

Only 32% of Filipinos aged 15 years or older have a bank account <sup>(1)</sup>

### Case Study: BigPay



BigPay was launched in January 2018 to serve Southeast Asia's underbanked population

- BigPay offers users in Southeast Asia an alternative to their traditional bank, and is the largest and fastest-growing pure play challenger bank in the region
- In one of the most unbanked regions of the world, but one of the fastest-growing consumer markets, users can sign up in under a few minutes to get a next generation digital account and an accompanying Mastercard
- BigPay holds proprietary licenses across multiple Southeast Asian countries, which has a highly fragmented licensing regime, leading to high barriers to entry for new entrants
  - In January 2020, BigPay announced that it had added Nepal, India and Bangladesh to its international remittance services
- As well as an everyday alternative to traditional banks, BigPay also launched a remittance product and is developing a contextualized lending platform
- The Company also offers advanced expense management tools using behavioral analytics, enabling users to track spending habits, which has led to a highly engaged and sticky user base

**1mm**

Customers in less than 2 years post-launch

**20%**

Monthly growth in transaction volumes

**35 mm**

Merchants in Mastercard network



# The Rise of Challenger Banks

## Opportunities in Emerging Markets: Spotlight on Brazil

In addition to high-profile Nubank, other challenger banks have emerged in Brazil, and legacy banks in the country have responded to changing consumer expectations and the threat from new FinTech entrants



### Mobile-based Bank with Strategic Partnership

- Launched in 2016, Banco Neon is a mobile-based bank that targets Brazilian millennials
- Offers Visa debit cards and no monthly fees, as well as personal loans, investing options, and expense management tools
- Partnered with Banco Votorantim, after its lending branch ran into regulatory issues with Brazil's Central Bank in April 2018
- Has raised approximately \$120 million in equity financing



### Digital Bank featuring Checking Accounts, Investing, Credit and Debit Cards

- Previously known as Banco JBS and formed as the financial arm of J&F Investimentos, Brazil's largest private investment holding group, in 2008
- Banco Original officially launched its Digital Retail Bank platform in 2016

## Case Study: Nubank's Continued Momentum



<b>Founded:</b>	2013
<b>Customer Accounts:</b>	15 million
<b>Total Funding:</b>	\$906 million

#### Selected Investors:



### Mobile-Managed No-Fee Credit Card

Nubank offers a **no-fee MasterCard Platinum credit card** that can be managed through a mobile app. Driven by its low-cost digital structure and advanced credit modeling and decisioning, Nubank can offer a **lower interest rate** than most current bank cards and pass cost savings onto consumers.

#### Brazilian Average

**APR: 400+% <sup>(1)</sup>**

#### Nubank

**APR: 145%**

### Online Bank Accounts

Customers can open an account in **less than three minutes**. Customers can also send and receive money in real time between NuConta accounts, or transfer via TED to any other bank account with **no fees charged**.



2.1 The Rise of Challenger Banks

# The Opportunity for Challenger Banks

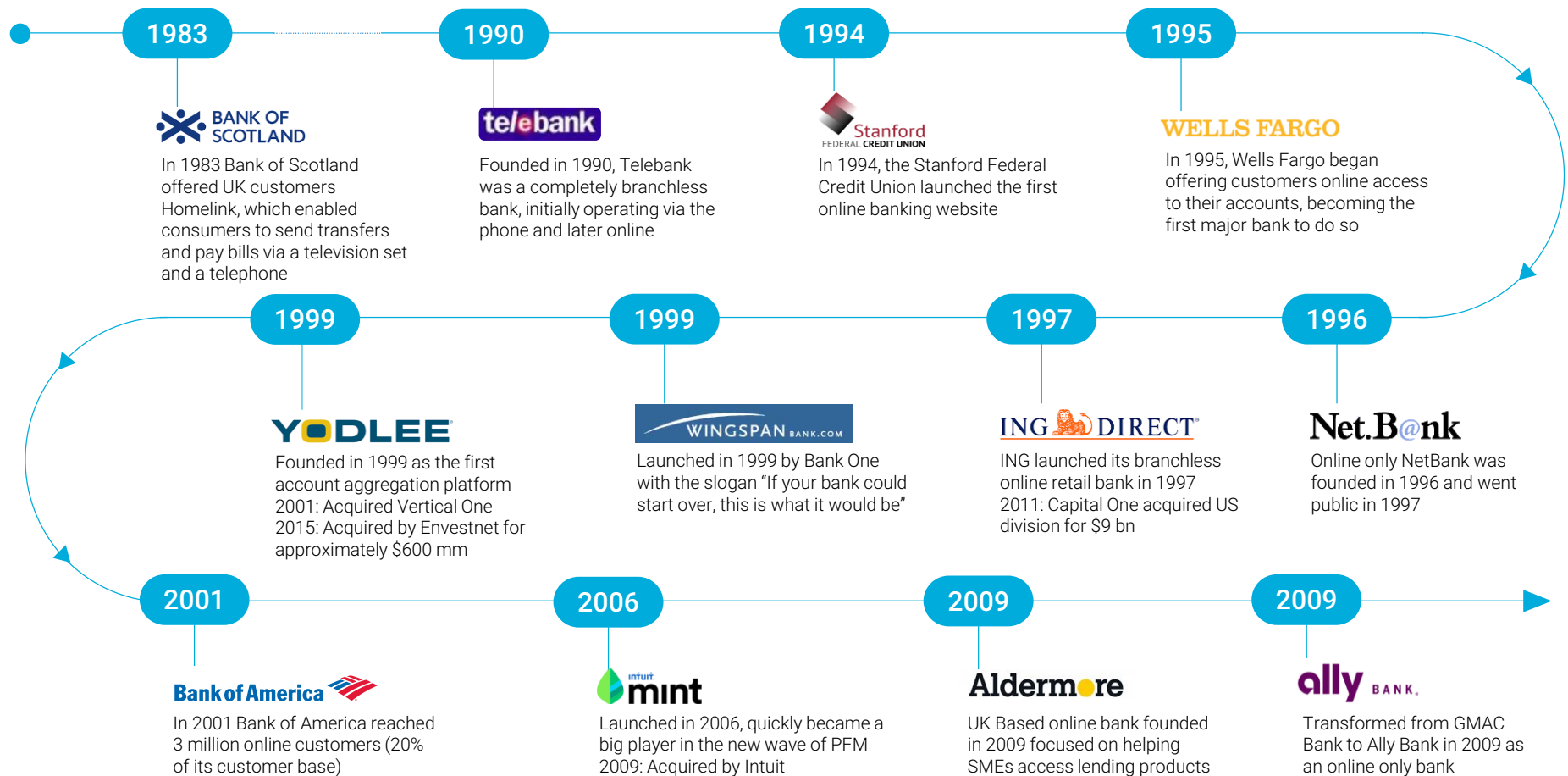


# The Rise of Challenger Banks

## History of Online Banking

With widespread broadband and mobile usage, Challenger Banks see an opportunity to finally disrupt the stranglehold of traditional banks

Online banking can be traced back to the early 1980's when pre-internet online banking and telebanking first emerged. The initial online banking trend in the 1990's spawned a handful of online-only banks as well as the introduction of online banking services from major financial institutions. Shortly thereafter, additional online solutions including account aggregation and personal financial management solutions first emerged.

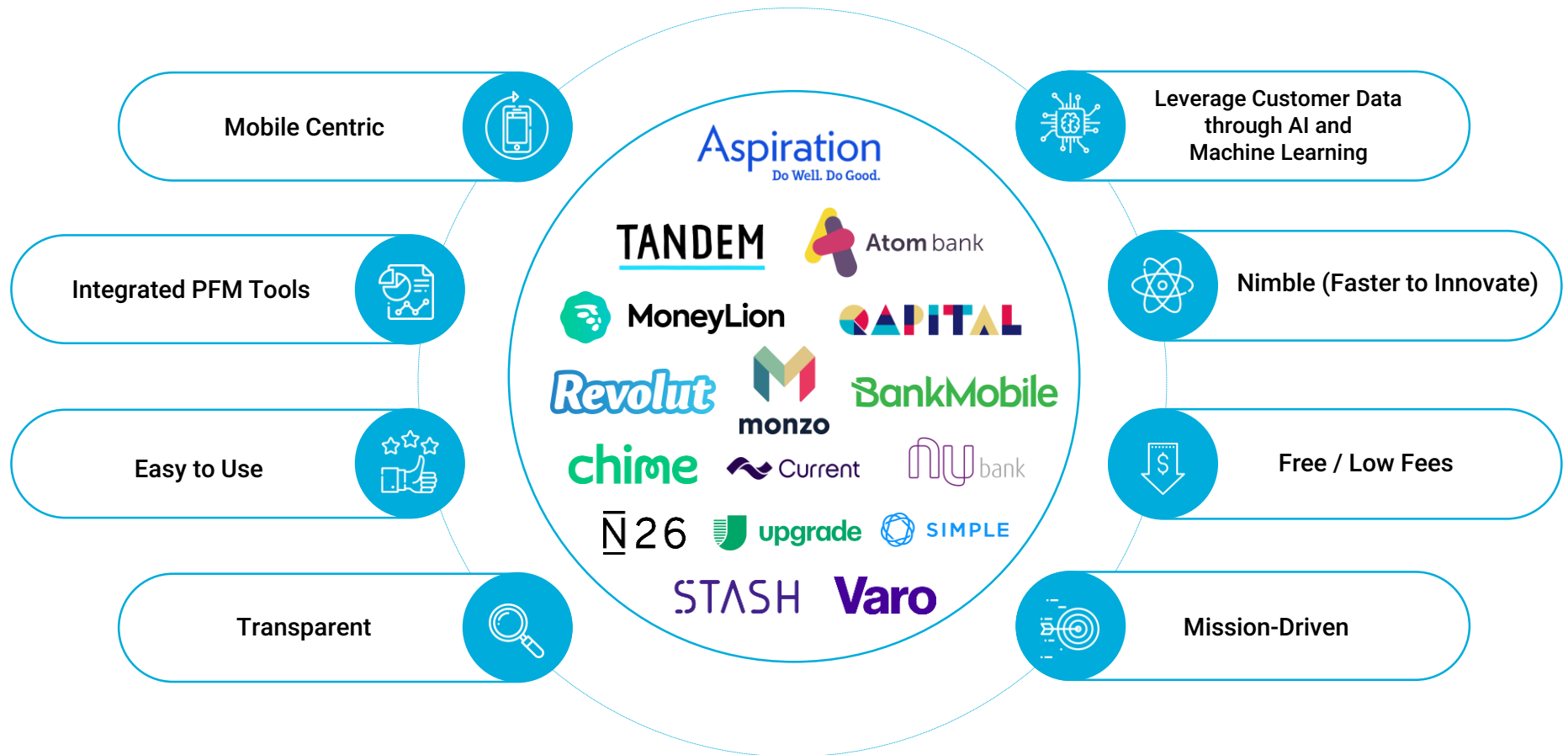


# The Rise of Challenger Banks

## The Opportunity for Challenger Banks

Challenger Banks aim to compete with traditional banks largely based on mobile-centric technology along with more consumer-friendly solutions (easy-to-use, low fees)

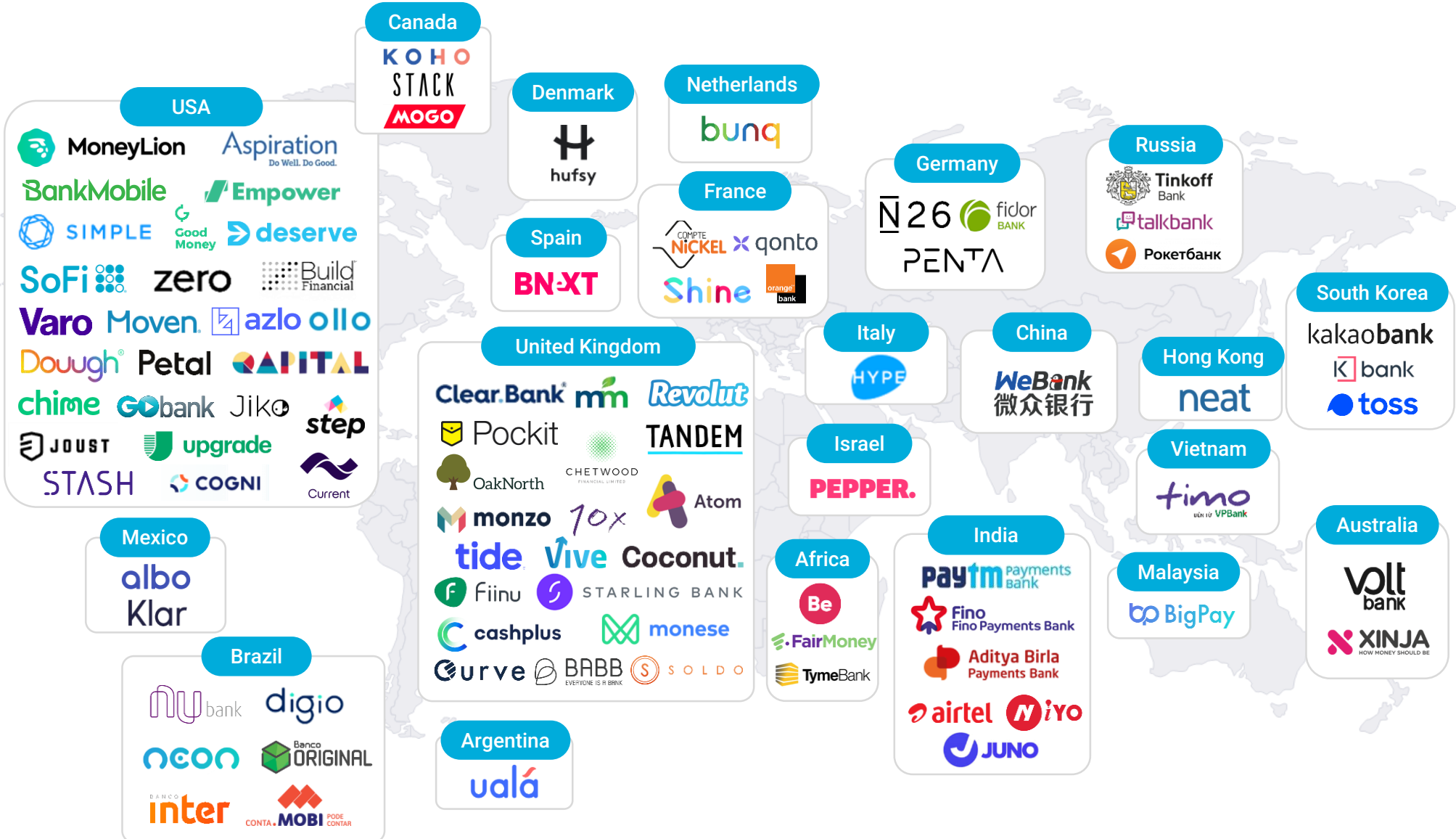
### Challenger Bank Value Proposition



# The Rise of Challenger Banks

Selected Challenger Banks by Region

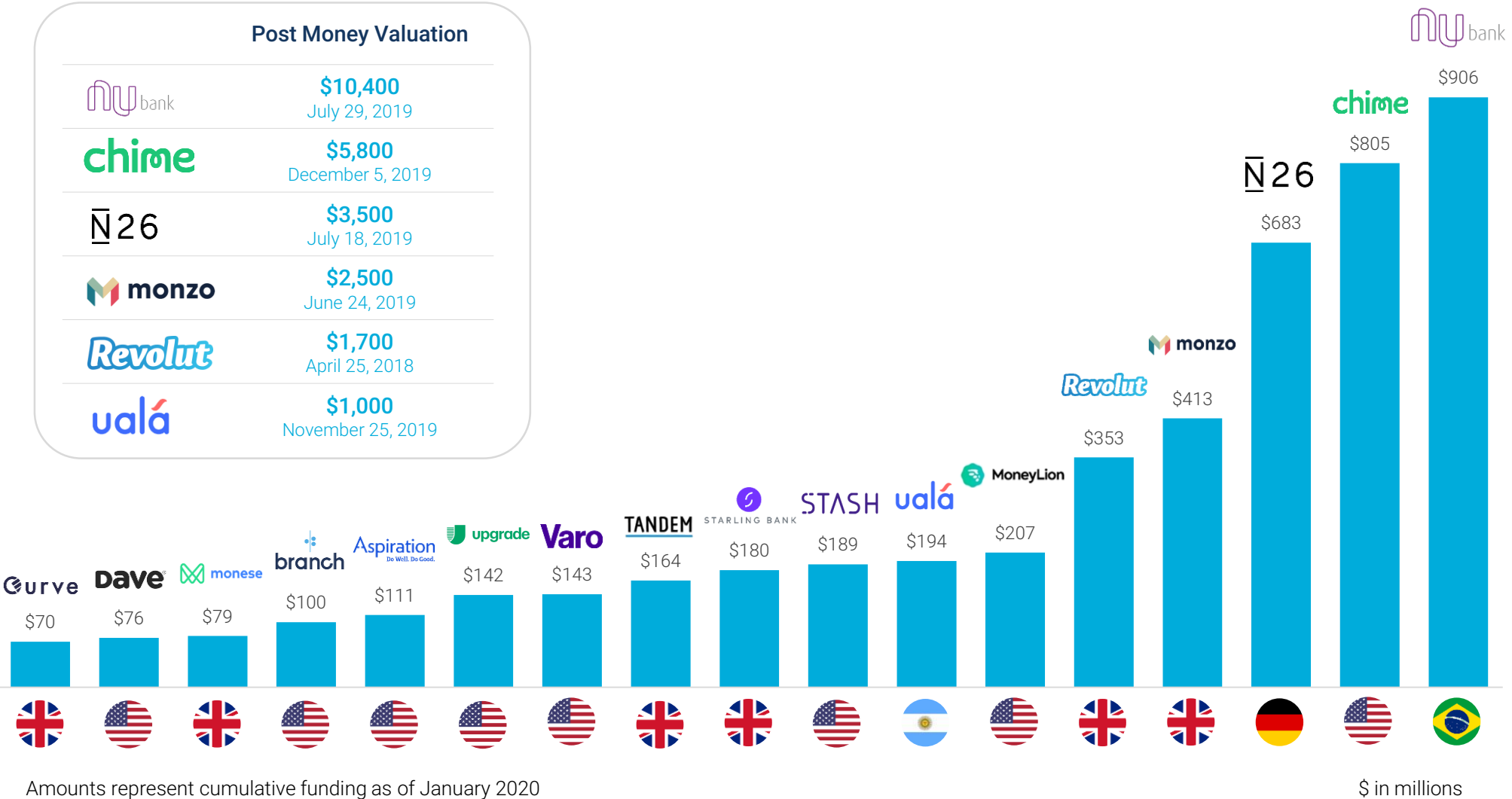
Challenger Banks are emerging across the globe



# The Rise of Challenger Banks

## Most Well-Funded Challenger Banks

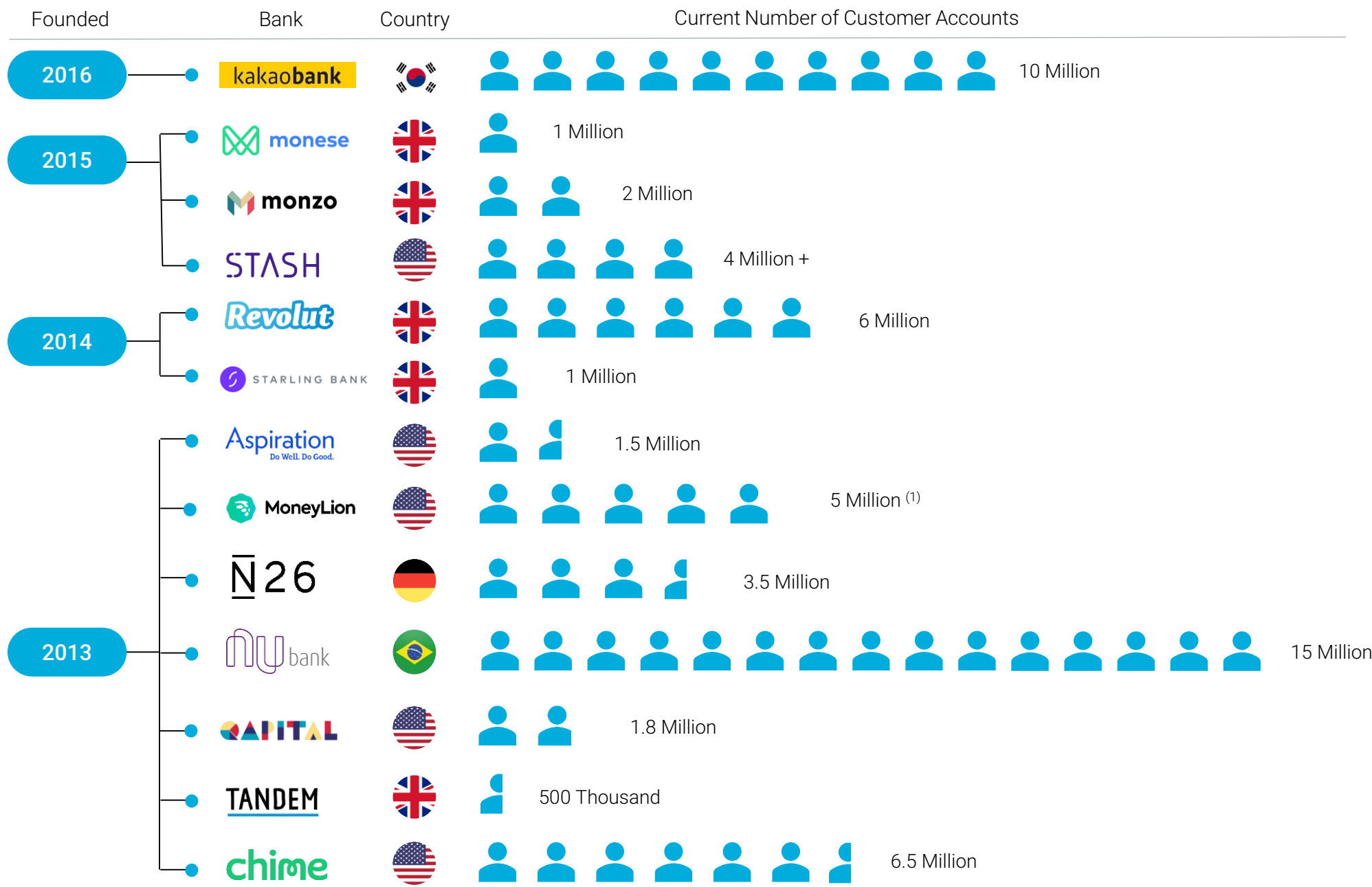
13 Challenger Banks have raised over \$100 million in equity financing, and 6 of them are valued at \$1 billion or more <sup>(1)</sup>



Source: FT Partners' Proprietary Transaction Database, PitchBook  
(1) Note: Only includes consumer-focused challenger banks

# The Rise of Challenger Banks

## Number of Challenger Bank Users



Source: All figures based off latest publicly available  
Note: (1) Includes all members across MoneyLion platform

# The Rise of Challenger Banks

## Examples of Differentiation Among Challenger Banks

Many Challenger Banks are differentiating by targeting specific customer segments or offering better, user-friendly tools

### Market Segmentation

**STASH**

**For Middle Class Americans**

**STASH was built with one mission: to create financial opportunity for all Americans, and is helping millions work towards their financial freedom, one day at a time**

- ✓ Unites investing, banking, saving, and education into one seamless experience
- ✓ Banking with no hidden fees, debit card with Stock-Back rewards, simple and flexible investing

**deserve**

**For Millennials and Gen Z**

**Leverages machine learning and alternative data to help millennials and Gen Zs gain financial independence through access to fair credit products**

- ✓ Credit card products for students and young professionals
- ✓ Credit history not required
- ✓ White label Card-as-a-Service platform for businesses

**Revolut**

**For Travelers**

**Launched to help travelers get lower foreign exchange fees on cross-border transactions and money transfers**

- ✓ Free international money transfers
- ✓ No-fee global spending
- ✓ FX always at the interbank exchange rate

**VARO**

**For Savers Building Financial Health**

**Built to help customers improve their financial health through technology and transparency**

- ✓ High-yield savings account
- ✓ Automated saving tools
- ✓ Tools to track spending, forecast cash flow

### Better PFM Tools

**MoneyLion®**

**For Financial Wellness and Advice**

**Financial Heartbeat™ provides actionable guidance around saving, spending, shield and credit score**

- ✓ Unique Credit Score factors explained
- ✓ Credit Monitoring
- ✓ Scenario-based credit improvement
- ✓ Credit Reports

**upgrade**

**For Lower-Cost Credit Products**

**Credit Health tools help customers understand and improve their credit scores**

- ✓ Helps users better understand their credit scores and the key factors influencing them
- ✓ Credit Score Simulator shows how different scenarios would impact credit score

### Mission Driven / Value Oriented

**Aspiration**  
Do Well. Do Good.

**Banking / Investing Tied to Causes**

**"A financial firm you can fall in love with - Banking and investing that puts you, your conscience and the planet first"**

- ✓ Invest in 100% Fossil Free companies
- ✓ "Pay what you think is fair"
- ✓ 10% of Aspiration's earnings go to charity
- ✓ Integrated tools for donating to causes

**TANDEM**

**"Win Win Banking"**










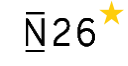














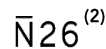

























- ✓ Tandem is the good bank that puts purpose over profit
- ✓ Tandem makes more money for customers than it does for itself every year
- ✓ Tandem donates its late fees to charity
- ✓ Tandem shares commission on any third party products sold



# The Rise of Challenger Banks

## Hypothetical Challenger Bank Product Roadmap

Challenger Banks typically start with one product, but aspire to offer a more comprehensive suite of solutions

Product	Revenue Stream	Example Companies (★ Indicates Starting Product Category)
 <b>Checking / Savings Accounts &amp; Debit / Prepaid Cards</b>	<ul style="list-style-type: none"> <li>• Interchange</li> <li>• Fee Income</li> </ul>	 ★  ★  ★  ★  ★  ★  ★  ★  ★  ★  ★  ★   ★  ★  ★   ★
 <b>Investment Products</b>	<ul style="list-style-type: none"> <li>• Fee Income</li> </ul>	    ★   ★
 <b>Installment Loans</b>	<ul style="list-style-type: none"> <li>• Interest Income (if on balance sheet)</li> <li>• Gain on Sale / Servicing Fees</li> </ul>	 ★  ★     
 <b>Student Loans</b>	<ul style="list-style-type: none"> <li>• Interest Income (if on balance sheet)</li> <li>• Gain on Sale / Servicing Fees</li> </ul>	 ★  ★
 <b>Credit Cards</b>	<ul style="list-style-type: none"> <li>• Interchange</li> <li>• Interest Income</li> <li>• Servicing Fees</li> </ul>	 ★  ★    
 <b>Home Mortgages</b>	<ul style="list-style-type: none"> <li>• Interest Income</li> <li>• Gain on Sale</li> <li>• Servicing Fees</li> </ul>	  
 <b>HELOC / Home Equity Loans</b>	<ul style="list-style-type: none"> <li>• Interest Income</li> <li>• Gain on Sale</li> <li>• Servicing Fees</li> </ul>	 ★ <sup>(3)</sup>

(1) Coming in 2020  
 (2) Currently only offered in Germany  
 (3) Not offering complete challenger bank solutions, only home equity loans at the moment.

2.1 The Rise of Challenger Banks

# Vendor / Outsourced Providers



# The Rise of Challenger Banks

## Key Vendors / Outsourced Providers

### Challenger Banks are typically dependent on a number of key external vendors

#### Agent / Issuer / Sponsor Bank / Bank in a Box:

Provide private label banking and technology solutions to non-banks; Challenger Banks typically start by using an agent bank since they can get into the market faster under this regulatory structure, but then may seek their own banking charter in order to enhance their economic opportunities

#### Account Aggregation Provider

Collect financial account information across multiple providers and bring it together into a single view – conducted through a combination of direct connections, APIs, and screen scraping

#### Account Switching Facilitator

Facilitates the conversion of customer accounts from one financial institution to another through the movement of direct deposits and recurring payments

#### Card Issuer Processors

Provide card issuance processing services to both banks and non-banks, but the processors are not banks themselves so a bank must still be involved with any card program running on an issuance processor's platform

#### Core Bank Processors

Provide core account processing services necessary for any bank or credit union to manage their individual checking and savings accounts; over the past decade, core account processors have greatly expanded their solutions into payments, card processing, loan processing and many other tangential areas

#### Co-Brand / Private-Label Card Issuers

Enable any non-bank entity to offer a credit card under their brand; cards can be co-branded with a bank and one of the networks or private-label, which can only be used at a specific retailer

#### Select Examples

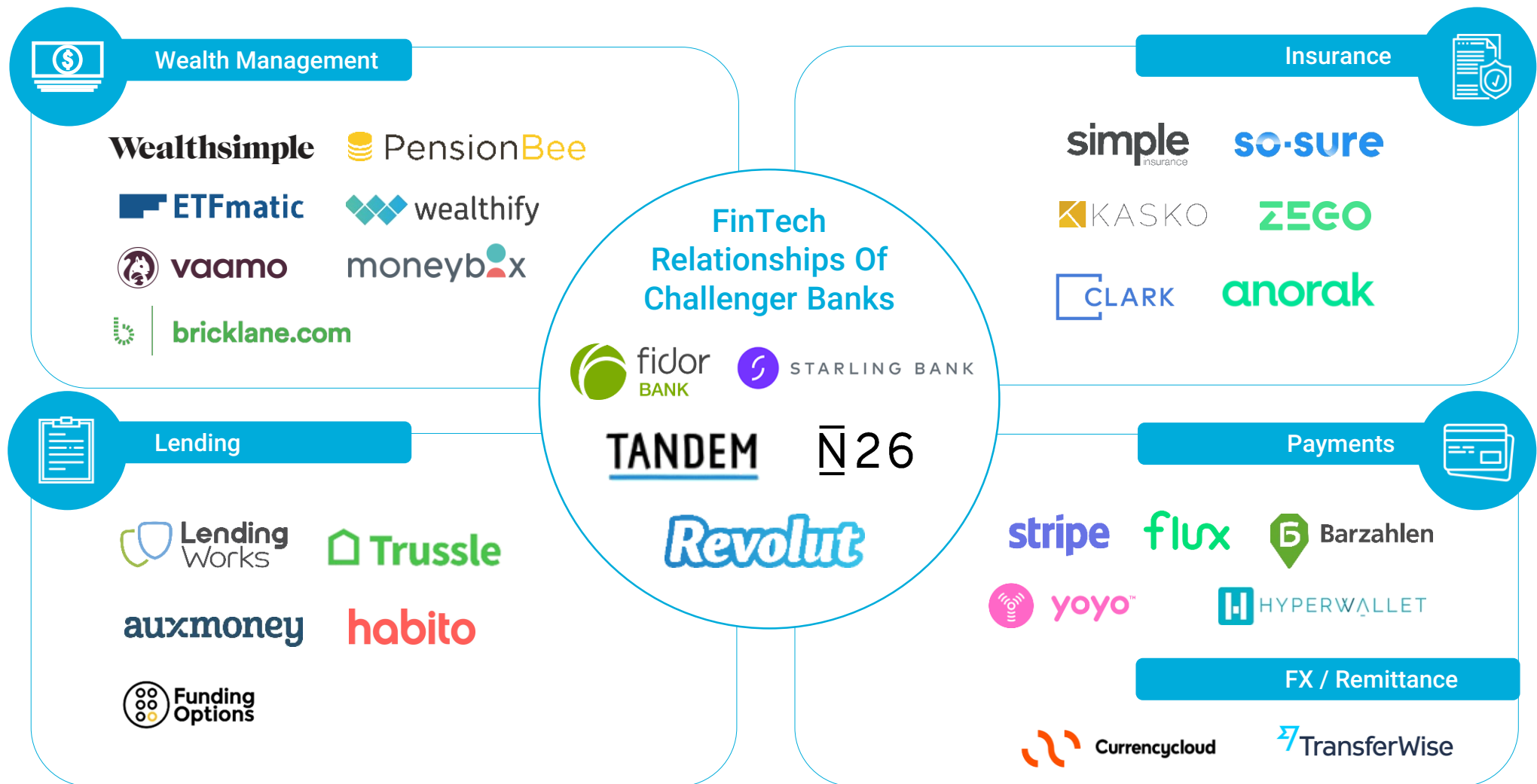


(1) Plaid acquired Quovo in January 2019. Visa announced that it is acquiring Plaid for \$5.3 billion in January 2020.

# The Rise of Challenger Banks

## Key FinTech Partnerships

Challenger Banks in Europe have begun to leverage relationships with other FinTech startups to provide a range of alternative offerings targeting the needs of customers and collectively competing with incumbent players



2.1 The Rise of Challenger Banks

# Case Studies



# The Rise of Challenger Banks

## Case Studies on US Challenger Banks



**chime**

**CEO:** Chris Britt

**Headquarters:** San Francisco, CA

**Founded:** 2013

**Chime is a challenger bank on a mission to help its members achieve financial peace of mind**

- The Company is focused on mainstream, middle income and millennial consumers

**Chime's offerings include:**

- Personal spending account with debit card
- Personal savings account
- Early direct deposit
- P2P payments

### Selected Financing History

Date	Size (\$ mm)	Investor(s)
12/05/19	\$500	DST Global; General Atlantic; Coatue; ICONIQ; Dragoneer; Menlo Ventures
03/05/19	200	DST Global; General Atlantic; Coatue; ICONIQ; Dragoneer; Cathay Innovation; Forerunner Ventures; Menlo Ventures
05/31/18	70	Menlo Ventures; Forerunner Ventures; Aspect Ventures; Cathay Innovation; Northwestern Mutual Future Ventures; Crosslink Capital; Omidyar Network
09/27/17	18	Cathay Innovation; Northwestern Mutual Future Ventures; Omidyar Network; Crosslink Capital; Aspect Ventures; Forerunner Ventures; Homebrew

**Varo**

**CEO:** Colin Walsh

**Headquarters:** San Francisco, CA

**Founded:** 2016

**Varo is a modern banking solution focused on improving consumers' financial health**

- The Company is focused on credit eligible consumers

**Varo's offerings include:**

- High-yield savings accounts
- Automated savings tools
- Tools to track spending
- Forecasting cash flow

### Selected Financing History

Date	Size (\$ mm)	Investor(s)
12/28/18	\$65	Warburg Pincus; The Rise Fund
11/08/18	46	Warburg Pincus; The Rise Fund; Undisclosed Investors
05/02/16	27	Warburg Pincus; Undisclosed Investors

**Aspiration**  
Do Well. Do Good.

**CEO:** Andrei Cherny

**Headquarters:** Los Angeles, CA

**Founded:** 2013

**Aspiration provides online banking and investing products with a "Pay What is Fair" pricing model**

- The Company is focused on digitally focused consumers
- Aspiration's product is conscious and dedicated to sustainability

**Aspiration's offerings include:**

- Checking account
- Investment account
- IRAs

### Selected Financing History

Date	Size (\$ mm)	Investor(s)
07/01/17	\$47	Social Impact Finance; Allen & Co; Omidyar; Alpha Edison; AGO Partners; Reyl & Cie; Capricorn; Undisclosed investors
09/17/15	16	Capricorn; Investment Group of Santa Barbara; GSV Capital; Undisclosed investors
12/22/14	5	Undisclosed investors

# The Rise of Challenger Banks

## Case Studies on US Challenger Banks (cont.)



**CEO:** Diwakar Choubey

**Headquarters:** New York, NY

**Founded:** 2013

**MoneyLion is America's most powerful private banking membership, providing every hardworking American with a fair change to claim their dream**

- The Company is focused on financial empowerment for middle class U.S. households, surrounding its members with access to financial products and tools on a central management hub

**MoneyLion's offerings include:**

- Personal checking account with debit card
- Investment account
- Credit, including the ability to borrow against assets

### Selected Financing History

Date	Size (\$ mm)	Investor(s)
07/23/19	\$100	Edison Partners; Greenspring Associates; Capital One; MetaBank; FinTech Collective
01/04/18	82	Edison Partners; Fintech Collective; Greenspring Associates; Grupo Sura; Veronorte; DHVC; Broadhaven; Peak 6
12/05/16	25	Edison Partners; Fintech Collective; Greenspring Associates; Grupo Sura; Broadhaven; Clocktower Technology Ventures; Citizen.vc; Montage Ventures



**CEO:** George Friedman

**Headquarters:** New York, NY

**Founded:** 2013

**Capital offers mobile centric banking solutions for consumers to help them reach short and long term saving goals**

- The Company is focused on digitally focused consumers with an emphasis on millennials

**Capital's offerings include:**

- Personal checking account with debit card
- Investment account

### Selected Financing History

Date	Size (\$ mm)	Investor(s)
04/16/18	\$30	Swedbank Robur; Northzone Ventures
03/06/17	12	Northzone Ventures; Rocketship.vc; Anthemis Exponential Ventures; Industrifonden
02/09/16	4	NA



**CEO:** Jay Sidhu

**Headquarters:** New York, NY

**Founded:** 2014

**BankMobile provides a full range of affordable mobile banking products**

- The Company is focused on digitally focused consumers and college students

**BankMobile's offerings include:**

- Personal checking account with debit card
- Credit cards
- Savings account
- Personal loans

### Company History

- BankMobile was started as a division of Customers Bank in 2015 to offer checking, savings and lines of credits to millennials and underbanked Americans
- As of August 2018, the planned merger with Flagship Community Bank has been suspended, with Flagship citing issues with the regulatory process and a valuable opportunity with T-Mobile

# The Rise of Challenger Banks

## Case Studies on US Challenger Banks (cont.)



**CEO:** Renaud Laplanche

**Headquarters:** San Francisco, CA

**Founded:** 2016

**Upgrade provides a new kind of banking experience that seeks to eliminate fees on everyday transactions, offers access to low cost loans and cards, and helps customers learn about their finances**

- The Company is focused on credit products and credit monitoring, with mobile banking coming soon

### Upgrade's offerings include:

- Upgrade Card
- Affordable personal loans
- Credit monitoring, alerts and educations

### Selected Financing History

Date	Size (\$ mm)	Investor(s)
08/23/18	\$62	Apoletto Asia; FirstMark Capital; NOAH Private Wealth Management; Vy Capital; Ribbit Capital; Sands Capital Ventures; Silicon Valley Bank; Union Square Ventures; CreditEase FinTech Investment Fund
11/15/17	20	Undisclosed Investors
04/06/17	60	Apoletto; CreditEase; FirstMark Capital; NOAH Private Wealth Management; Ribbit Capital; Sands Capital Ventures; Silicon Valley Bank; Union Square Ventures; Uprising Ventures; Vy Capital



**CEO:** Jason Wilk

**Headquarters:** Los Angeles, CA

**Founded:** 2016

**Dave is an expense tracking application designed to help users predict upcoming expenses and avoid overdraft fees**

- The Company is focused on consumers that are getting started on the path to financial security

### Dave's offerings include:

- No minimum, no overdraft checking accounts
- 0% interest cash advance
- Overdraft protection
- Automatic budgeting tools

### Selected Financing History

Date	Size (\$ mm)	Investor(s)
09/30/19	\$50	Norwest Venture Partners
04/30/18	13	Undisclosed Investors
09/17/17	13	Capital One Growth Ventures; SV Angel; The Chernin Group; Section 32; Undisclosed Investors



**CEO:** Bryce Galen

**Headquarters:** San Francisco, CA

**Founded:** 2016

**Zero provides a mobile banking experience consisting of an app, a credit card called Zerocard and an FDIC-insured checking account**

- The Company is focused on customers who value the simplicity of debit cards and the rewards offered by credit cards

### Zero's offerings include:

- Mobile bank account with minimal fees
- 0% to 1.75% annual cash back on Current Position
- Zerocard, comparable to a cash back debit card

### Selected Financing History

Date	Size (\$ mm)	Investor(s)
05/24/19	\$20	ENIAC Ventures; New Enterprise Associates; Nyca Partners; Silicon Valley Bank; SignalFire
11/16/18	na	ENIAC Ventures; New Enterprise Associates; Nyca Partners; Silicon Valley Bank
10/23/17	9	ENIAC Ventures; New Enterprise Associates; Nyca Partners; Lightbank; Middleland Capital
09/21/16	3	ENIAC Ventures; New Enterprise Associates; Nyca Partners; Lightbank; Middleland Capital



# The Rise of Challenger Banks

## Case Studies on US Challenger Banks (cont.)

### STASH

**CEO:** Brandon Krieg

**Headquarters:** New York, NY

**Founded:** 2015

**STASH is a consumer finance platform that unites investing, banking, and education into one seamless experience**

- The Company is focused on Middle Class Americans

#### STASH's offerings include:

- Personal checking account with debit card, Stock-Back rewards, and two-day early direct deposit
- Personal brokerage accounts
- Retirement accounts and custodial accounts

#### Selected Financing History

Date	Size (\$ mm)	Investor(s)
03/12/19	\$73	Breyer Capital; Coatue; Entrée Capital; Goodwater Capital; Greenspring Associates; Union Square Ventures; Valar Ventures
02/12/18	38	Union Square Ventures; Valar Ventures; Goodwater Capital; Coatue; Entrée Capital; Breyer Capital
07/13/17	40	Coatue; Valar Ventures; Goodwater Capital; Breyer Capital; Entrée Capital
12/15/16	25	Valar Ventures; Goodwater Capital; Breyer Capital; Entrée Capital

### deserve

**CEO:** Kalpesh Kapadia

**Headquarters:** Menlo Park, CA

**Founded:** 2013

**Deserve leverages machine learning and alternative data to help millennials and Gen Zs gain financial independence through access to fair credit products.**

- The Company is focused on millennials and Gen Z consumers

#### Deserve's offerings include:

- Three credit card products through Mastercard:
  - Deserve Classic
  - Deserve Edu
  - Deserve Pro

#### Selected Financing History

Date	Size (\$ mm)	Investor(s)
11/04/19	\$50	Goldman Sachs
08/27/18	19	Sallie Mae; Accel Partners; Pelion; Aspect Ventures; Mission Holdings
10/24/17	13	Accel Partners; Pelion Ventures; Aspect Ventures; Mission Holdings
08/24/16	7	Pelion Ventures; Accel Partners; Aspect Ventures

### Current

**CEO:** Stuart Sopp

**Headquarters:** New York, NY

**Founded:** 2015

**Current is a challenger bank that adapts to the way customers work and live, providing insights for smarter spending and practical saving**

- The Company is focused on customers who are spend-focused and want visibility into how they and their families spend

#### Current's offerings include:

- Personal checking accounts
- Banking for teens

#### Selected Financing History

Date	Size (\$ mm)	Investor(s)
10/24/19	\$20	Wellington Management; Galaxy EOS VC Fund; CMFG Ventures; QED Investors; Expa Capital; Elizabeth Street Ventures
12/31/18	8	CMFG Ventures; QED Investors; Elizabeth Street Ventures
07/13/18	3	QED Investors; Cota Capital; Fifth Third Capital; Future\Perfect Ventures; Human Capital; Arab Angel; Expa Labs
10/26/17	10	QED Capital; Cota Capital; Fifth Third Capital; Future\Perfect Ventures; Human Capital; Arab Angel; Expa Labs

# The Rise of Challenger Banks

## Case Studies on UK Challenger Banks



**CEO:** Tom Blomfield

**Headquarters:** London, UK

**Founded:** 2015

**Monzo offers a digital, mobile bank account to consumers across Europe**

- The Company is focused on digitally focused consumers with services expanding down to teenagers and children
- Monzo intends to be a central hub for its consumers' entire financial lives

**Monzo's offerings include:**

- Personal checking account with debit card

### Selected Financing History

Date	Size (\$ mm)	Investor(s)
06/24/19	\$144	Y Combinator; Latitude Partners; General Catalyst; Stripe; Passion Capital; Thrive Capital; Goodwater Capital; Orange Digital Ventures; Accel Partners
12/05/18	26	Undisclosed Investors
10/30/18	109	Goodwater; General Catalyst; Accel; Thrive Capital; Stripe; Orange Digital Ventures; Passion Capital
11/07/17	93	Goodwater; Stripe; Thrive Capital; Orange Digital Ventures; Passion Capital



**CEO:** Norris Koppel

**Headquarters:** London, UK

**Founded:** 2015

**Monese started to help consumers with a lack of credit history get bank accounts**

- The Company is focused on mobile customers with an emphasis on foreign nationals, expats and students

**Monese's offerings include:**

- Personal checking account with debit card
- Foreign currency exchange
- Top-ups

### Selected Financing History

Date	Size (\$ mm)	Investor(s)
06/13/19	\$3	Augmentum FinTech
09/06/18	60	Kinnevik; PayPal; Augmentum FinTech; International Airlines Group; Investec's INVC Fund
01/03/17	10	SmartCap; Seedcamp; Anthemis; Exponential Ventures; Korea Investment Partners; STE Capital
01/02/17	4	Tera Ventures; JXC Ventures; Seedcamp



**CEO:** Schachar Bialick

**Headquarters:** London, UK

**Founded:** 2015

**Curve is an "over-the-top" banking platform that consolidates all of a customer's credit cards and accounts into one smart card and app**

- Curve provides instant cashback rewards and eliminates fees for spending abroad
- The Company also provides real-time alerts on customers' spending and helps with budgeting

**Curve's offerings include:**

- Consolidated credit card and dedicated app

### Selected Financing History

Date	Size (\$ mm)	Investor(s)
07/16/19	\$55	Gauss Ventures; CreditEase; IDC Ventures; Investec; Santander InnoVentures; Breega Capital; Seedcamp; Speedinvest
07/01/17	10	Santander InnoVentures; Breega Capital; Investec; Connect Ventures; Oxford Capital Partners; Speedinvest; Samos Investments
09/20/16	3	Samos Investments; Connect Ventures
12/10/15	2	London Co-Investment Fund; Seedcamp; Speedinvest

# The Rise of Challenger Banks

## Case Studies on UK Challenger Banks (cont.)



STARLING BANK

**CEO:** Anne Boden

**Headquarters:** London, UK

**Founded:** 2014

**Starling is a mobile-centric digital bank that aims to make managing finances effortless and more empowering**

- The Company is focused on digitally focused consumers and frequent travelers
- Starling has a number of FinTech partnerships to provide its customers with a variety of products and services

**Starling's offerings include:**

- Current account for personal, joint and business
- International transfers

### Selected Financing History

Date	Size (\$ mm)	Investor(s)
02/13/19	\$97	Merian Global Investors
11/12/18	13	Undisclosed Investors
01/11/16	70	Harald McPike

## TANDEM

**CEO:** Ricky Knox

**Headquarters:** London, UK

**Founded:** 2013

**Tandem is an app-first bank which aims to benefit its customers by more than it makes from them, using machine learning algorithms to project cash flow and improve credit scoring**

- The Company is focused on digitally focused consumers
- Tandem's app aims to improve customers' financial health through spending notifications and recommendations

**Tandem's offerings include:**

- Credit cards
- Savings accounts
- Personal loans
- Mortgages
- Auto savings

### Selected Financing History

Date	Size (\$ mm)	Investor(s)
11/20/18	\$19	Convoy Financial
08/07/17	105	QIA, Omidyar, Route66, e.ventures
05/19/16	3	SEEDRS (equity crowdfunding)
05/12/16	32	Omidyar Network; Route Sixty-Six; e.ventures



Pockit

**CEO:** Danny Jatania

**Headquarters:** London, UK

**Founded:** 2011

**Pockit is a mobile banking application that provides current account functionality to the unbanked and underbanked**

- The Company issues online prepaid MasterCard-branded cards for online shopping, money management, paying bills, and everyday convenience
- The application offers cardholders the benefits of a prepaid card and savings on their household expenditures

**Pockit's offerings include:**

- Current accounts
- Prepaid cards

### Selected Financing History

Date	Size (\$ mm)	Investor(s)
04/25/17	\$4	Undisclosed Investors
05/19/14	2	Undisclosed Investors
12/01/12	1	Undisclosed Investors

# The Rise of Challenger Banks

## Case Studies on Pan-European & Other Challenger Banks



**Revolut**

**CEO:** Nikolay Storonsky

**Headquarters:** London, UK

**Founded:** 2015

**Revolut provides a digital, mobile bank account linked to a prepaid Mastercard**

- The Company is focused on working professionals and travelers as well as businesses (excluding public charities)

**Revolut's offerings include:**

- Current accounts
- Vaults
- Crypto exchange
- Multi-currency account / free international money transfer

### Selected Financing History

Date	Size (\$ mm)	Investor(s)
04/26/18	\$250	DST Global; Index Ventures; Ribbit Capital
10/06/17	66	Balderton Capital; Index Ventures; Ribbit Capital
07/30/16	5	Public investors
07/11/16	10	Balderton Capital; Ribbit Capital; NJF Capital; Index Ventures; Point Nine Capital; Seedcamp; Venrex

**N26**

**CEO:** Valentin Stalf

**Headquarters:** Berlin, Germany

**Founded:** 2013

**N26 offers a variety of financial products and services to over 3 million clients**

- The Company is focused on digitally focused consumers, freelancers, self-employed individuals and businesses
- N26 launched in the US in July 2019, and is planning further expansion going forward

**N26's offerings include:**

- Personal and business checking accounts with debit cards
- International transfers
- Investing and loans

### Selected Financing History

Date	Size (\$ mm)	Investor(s)
07/18/19	\$170	Insight Venture Partners; Valar; Allianz X; Tencent; GIC; Earlybird; Greyhound Capital
01/09/19	300	Insight Venture Partners; GIC; Allianz X; Tencent
03/23/18	160	Allianz X; Tencent
06/21/16	40	Horizons Ventures; Valar; Battery Ventures; Earlybird; Red Alpine
04/16/15	11	Valar; Earlybird; Red Alpine

**nu**bank

**CEO:** David Velez

**Headquarters:** Sao Paulo, Brazil

**Founded:** 2013

**Nubank is a financial services company offering a no-fee Mastercard Platinum credit card along with a mobile bank account**

- The Company is catered towards the young, Brazilian population

**Nubank's offerings include:**

- Credit card and rewards
- Digital savings account
- Bill pay
- Account transfers

### Selected Financing History

Date	Size (\$ mm)	Investor(s)
07/26/19	\$400	TCV; Tencent; DST Global; Sequoia; Dragoner; Ribbit Capital; Thrive Capital
10/08/18	180	Tencent
03/01/18	150	DST; Redpoint; Founders Fund; QED; Ribbit Capital; Sequoia; Tiger Global Management
12/13/16	80	Founders Fund; Tiger Global Management; Sequoia; Kaszek
01/06/16	52	QED; Tiger Global Management; Sequoia; Kaszek

# The Rise of Challenger Banks

## Acquisitions of Challenger Banks in the US

**BBVA**

acquires



**SIMPLE**

for \$117 million in February 2014 <sup>(1)</sup>

**Founded in 2009, Simple is based out of Portland, Oregon and is focused on providing personal banking services for customers including checking and savings accounts**

- The Company distinguishes its services from traditional banks with an emphasis on low-cost banking and offering customers data-rich analysis of their transactions
- The deal allowed BBVA to boost its expansion efforts in the US (where it operated through its Compass subsidiary)
- After the deal, Simple emphasized that its business and digital banking model would remain unchanged
- While Simple previously relied on Bancorp to hold its customer accounts, through the acquisition the accounts were transferred to BBVA
- Prior to the transaction, Simple had raised approximately \$15 million in three financing rounds from numerous investors including Anthemis, First Round Capital, IA Ventures, Thrive Capital and more

**Capital One**

acquires

**ING DIRECT<sup>™</sup>**  
US Division

for \$9 billion in June 2011 <sup>(2)</sup>

**ING launched its branchless US Online Retail Bank in 1997, with an appeal of higher-rate deposit accounts. The bank went on to become the nation's largest direct bank, with \$57 billion in funds and \$29 billion in mortgage approvals on its books**

- The Company specialized its services through a strong online presence catered towards digital users
- In June 2011, ING Group accepted an offer to sell its business line to Capital One for \$9 billion
- The transaction followed a restructuring of ING Group, which was forced on the bank as a condition of a \$10 billion state bailout during the 2008 financial crisis
- The transaction also furthered Capital One's strategy – Capital One began transforming itself from a credit card lender to a bank, using more stable deposits to fund its loans and it created its own online bank

# The Rise of Challenger Banks

## Acquisitions of Challenger Banks in the UK



acquires **Aldermore** for £1.1 billion

Founded in 2009, Aldermore is focused on providing commercial finance, mortgage and savings services to SMEs, homebuyers, and savers. The Company's low-cost strategy is driven largely through its branchless approach with services deployed online or through mobile

- In March 2015, The Company listed on the LSE in an IPO valuing it at £651 million, during which Aldermore had £4.5 billion in deposits and pretax profit of £56.3 million <sup>(1)</sup>
- The Company was acquired by FirstRand in March 2018, with the investment being leveraged to push in to UK business banking



BC Partners acquire



**Shawbrook Bank** for £868 million

Similar to Aldermore, Shawbrook also services UK SMEs & individuals through a variety of lending and savings products centered around commercial mortgages & lending, business credit, and secured lending

- The Bank was formed in 2011 following the acquisition by a group of investors and rebranding of Whiteaway Laidlaw Bank
- In April 2015, Shawbrook raised £90 million in an IPO (with a £725 million valuation), during which it had a pre-tax profit of £49.1 million before being acquired in August 2017



**Raises £312 million in its IPO**  
**valuing the Company at £1.25 billion**

(LSE:VM)

Virgin Money is traditionally positioned as a lender, however, in early 2018 it invested £38.3 million in developing its digital banking platform to roll out a current account and savings products to compete with the likes of Monzo and Revolut <sup>(2)</sup>

- Virgin Money is currently partnered with 10X in the development of its new Challenger Banking platform <sup>(2)</sup>
- The group acquired Northern Rock in 2011, and subsequently listed on the LSE



(LSE:MTRO)

**Completes its IPO valuing**  
**the Company at £1.6 billion**

Founded in 2007, Metro Bank primarily competes with major lenders, however, it also positions itself as Britain's first new high street bank in over 100 years, utilizing a clean reputation to challenge traditional incumbents through increased customer service and simplicity

- The bank has developed its "challenger status" through enhancing customer experience and comfort at branch locations, as opposed to digital- and mobile-first business models <sup>(3)</sup>
- In March 2016, at the time of its IPO, Metro Bank had doubled its lending volume to £3.5 billion and grew deposits to £5 billion with 700,000 customer accounts <sup>(3)</sup>

# The Rise of Challenger Banks

## North America

### Challenger Banks









	Aspiration	BankMobile	chime	Current	deserve	K O H O	Moven.
HQ	Marina Del Rey, CA, U.S.	New York, NY, U.S.	San Francisco, CA, U.S.	New York, NY, U.S.	Menlo Park, CA, U.S.	Vancouver, Canada	New York, NY, U.S.
Pricing	No Fees	No Monthly Fee	No Fees	Annual fee \$0-\$60	No Fees	No Fees	Na
Revenue (in mm)	Na	Na	Na	Na	Na	Na	Na
Gross Profit (in mm)	Na	Na	Na	Na	Na	Na	Na
Net Income (in mm)	Na	Na	Na	Na	Na	Na	Na
Countries Covered	U.S.	U.S.	U.S.	U.S.	U.S.	Canada	Canada, U.K., U.S., NZ
Customer Accounts	1.5mm	2mm	6.5mm	650k	Na	Na	500k
Primary Contact Focus	Sustainability Focused	Students	Millennials	Generation Z	Students / Young Pros New-to-Credit	Millennials	Average Consumer
Full Banking License	X	X	X	X	X	X	X
Card Issuer	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Last Funding Round (in mm)	\$47 Jul. 2017	Acquired by Flagship Community Bank <sup>(1)</sup>	\$500 Dec. 2019	\$20 Oct. 2019	\$19 Aug. 2018	\$42 May 2019	Na Apr. 2017
Cumulative Funding (in mm)	\$111	\$175	\$805	\$43	\$45	\$50+	\$25
Latest Post Money Valuation (in mm)	\$337	Na	\$5,800	Na	\$90	Na	Na

Source: Company websites, FT Partners' Proprietary Transaction Database

Note: 1). Deal is currently on hold as it was contingent on Flagship raising new capital and regulatory approval. Customers Bancorp is renegotiating its contract with Flagship with the possibility of selling BankMobile at a later date (Catalyst: "Flagship Community Bank's Deal for BankMobile Suspended")

# The Rise of Challenger Banks

North America (cont.)

Challenger Banks								
	 MoneyLion®							
HQ	New York, NY, U.S.	Wilmington, NC, U.S.	New York, NY, U.S.	Portland, OR, U.S.	San Francisco, CA, U.S.	New York, NY, U.S.	San Francisco, CA, U.S.	San Francisco, CA, U.S.
Pricing	No Fees	Annual fee \$0-\$39; \$38 Late Fee	No Fees	Na	Zero account fees	Monthly fee \$1-\$9; No hidden fees	No Fees	No Fees
Revenue (in mm)	Na	Na	Na	Na	FY17: \$650	Na	Na	Na
Gross Profit (in mm)	Na	Na	Na	Na	Na	Na	Na	Na
Net Income (in mm)	Na	Na	Na	Na	Na	Na	Na	Na
Countries Covered	U.S.	U.S.	U.S.	U.S., Argentina	Global	U.S.	U.S.	U.S.
Customer Accounts	5mm	Na	420k	100k+	500k+	4mm +	1mm	Na
Primary Contact Focus	Average Consumer	Average Consumer	Average Consumer	Saving for Future	Students, Home-Owners, Other	Average Consumer	Average Consumer	Average Consumer
Full Banking License	X	X	X	X	X	X	✓ (1)	X
Card Issuer	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Last Funding Round (in mm)	\$100 Jul. 2019	\$100 May 2018	\$30 Apr. 2018	Acquired by BBVA	\$500 May 2019	\$73 Mar. 2019	\$65 Dec. 2018	\$20 May 2019
Cumulative Funding (in mm)	\$207	\$150	\$55	Acquired for \$117mm	\$2,420	\$189	\$143	\$40+
Latest Post Money Valuation (in mm)	Na	Na	Na	Na	\$4,400	\$570	Na	Na



# The Rise of Challenger Banks







## Europe

### Challenger Banks

						
HQ	London, U.K.	London, U.K.	Netherlands, Amsterdam	Wrexham, U.K.	London, U.K.	Munich, Germany
Pricing	Na	Na	No Fees	Na	Monthly Fee	Na
Revenue (in mm)	FY18: £13.5	Na	FY17: €0.1	Na	FY18: £0.8	Na
Gross Profit (in mm)	Na	Na	Na	Na	Na	Na
Net Income (in mm)	FY18: £(16.2)	Na	FY17: €(9.0)	Na	FY18: £(24.8)	Na
Countries Covered	U.K.	U.K.	Eurozone	U.K.	U.K.	Germany, U.K.
Customer Accounts	Na	Na	Na	Na	Na	310k+
Primary Contact Focus	Average Consumer	Global	Business Owners	Underserved Consumers	Financial Institutions	Average Consumer
Full Banking License	X	X	✓	✓	✓	✓
Card Issuer	No	Yes	Yes	No	Yes	Yes
Last Funding Round (in mm)	\$43 Mar. 2019	\$2 Oct. 2018	\$6 May 2017	\$50 Jan. 2019	\$31 Mar. 2017	Acquired by Groupe BPCO
Cumulative Funding (in mm)	\$89	\$20+	\$30	\$50+	\$31+	Undisclosed Acquisition Price
Latest Post Money Valuation (in mm)	Na	Na	Na	Na	Na	Na








# The Rise of Challenger Banks

Europe (cont.)

Challenger Banks						
						
HQ	London, U.K.	London, U.K.	London, U.K.	Berlin, Germany	Berlin, Germany	London, U.K.
Pricing	Na	£4.95 / month, select fees per transaction	Na	£0 / month (standard) £6.99 / month (Black)	Na	99p fees for select transactions
Revenue (in mm)	Na	FY18: £5.5	FY18: £1.3	NA	Na	Na
Gross Profit (in mm)	Na	FY18: £(1.2)	FY18: £(33.1)	NA	Na	Na
Net Income (in mm)	Na	FY18: £(12.5)	FY18: £(30.5)	NA	Na	Na
Countries Covered	UK	Europe	U.K.	Europe (24 Countries), U.S.	Germany	U.K.
Customer Accounts	Na	1mm	2mm	3.5mm	Na	175k
Primary Contact Focus	Average Consumer	Average Consumer	Average Consumer	Average Consumer	Average Consumer	Average Consumer
Full Banking License	X	X	✓	✓	✓	X
Card Issuer	Yes	Yes	Yes	Yes	Yes	Yes
Last Funding Round (in mm)	\$6+ Jan. 2019	\$3 Jun. 2019	\$144 Jun. 2019	\$170 Jul. 2019	\$2+ Feb. 2018	\$4 Apr. 2017
Cumulative Funding (in mm)	\$14+	\$79	\$413	\$683	\$2+	\$6
Latest Post Money Valuation (in mm)	Na	Na	\$2,500	\$3,500	Na	Na







# The Rise of Challenger Banks

Europe (cont.)

Challenger Banks							
							
HQ	Paris, France	London, U.K.	London, U.K.	Berlin, Germany	London, U.K.	London, U.K.	London, U.K.
Pricing	\$1+: Freelance \$35+: Standard \$122: Premium	£0 / month (standard) £6.99 / month (premium)	Na	Transaction Fee: €0,10 Annual Card Fee: €18,00	No monthly / ATM / foreign fees	No monthly / ATM / foreign fees	Na
Revenue (in mm)	Na	FY18: £58.2	FY18: £0.7	Na	FY18: £5.1	FY18: £7.0	Na
Gross Profit (in mm)	Na	FY18: £(10.1)	FY18: £0.5	Na	Na	FY18: £(20.1)	Na
Net Income (in mm)	Na	FY18: £(32.8)	FY18: £(6.8)	Na	FY18: £(27.1)	FY18: £(26.2)	Na
Countries Covered	France	All of Europe, Australia	U.K.	Europe	U.K., Ireland	U.K.	U.K.
Customer Accounts	20k+	6mm	Na	Na	1mm	500k	70k
Primary Contact Focus	Average Consumer	Average Consumer	Business Owners	Business or Consumer	Business or Consumer	Fixed Saver / Average Consumer	Small Businesses
Full Banking License	✓	✓	✗	✓	✓	✓	✓
Card Issuer	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Last Funding Round (in mm)	\$23 Sep. 2018	\$250 April 2018	\$61 Jul. 2019	\$69+ Mar. 2018	\$39 Oct. 2019	\$19 Nov. 2018	\$6 Jun. 2019
Cumulative Funding (in mm)	\$36	\$353	\$83+	\$117+	\$219	\$164	\$32+
Latest Post Money Valuation (in mm)	\$159	\$1,700	Na	Na	Na	Na	Na

# The Rise of Challenger Banks

Asia / Africa / Latin America

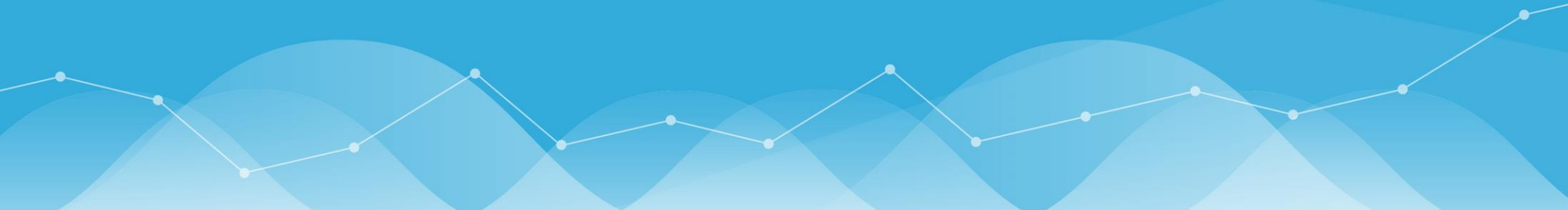
Challenger Banks						
	 BigPay	 kakao <b>bank</b>	 nu bank	 paytm payments bank	 TymeBank	 WeBank 微众银行
HQ	Singapore	Seoul, South Korea	Sao Paulo, Brazil	Noida, India	Johannesburg, South Africa	Shenzen, China
Pricing	Na	Na	No Fees	Na	No Fees	Na
Revenue (in mm)	Na	Na	Na	Na	Na	FY17: \$975.0
Gross Profit (in mm)	Na	Na	Na	Na	Na	Na
Net Income (in mm)	Na	Na	Na	Na	Na	FY17: \$203.7
Countries Covered	Malaysia, Singapore	South Korea	Brazil	India	South Africa	China
Customer Accounts	1mm	10mm	15mm	320mm	1mm	2mm+
Primary Contact Focus	Average Consumer	Average Consumer	Younger Demographic	Average Consumer in India	Lower-Income Consumers	Small Business or Consumer
Full Banking License	X	✓	✓	✓	✓	✓
Card Issuer	Yes	Yes	Yes	Yes	Yes	No
Last Funding Round (in mm)	Na	Na	\$400 Jul. 2019	\$2,200 Feb. 2018	Na Nov. 2018	\$1.0bn+ Jun. 2016
Cumulative Funding (in mm)	Na	Na	\$906+	\$2,200+	Na	\$1.0bn+
Latest Post Money Valuation (in mm)	Na	Na	\$10,400	\$8,000+	Na	\$5,500

# 2.2 New and Potential Entrants

- New FinTech Brands Launched by Big Banks
- Other New and Potential Future Entrants

2.2 New and Potential Entrants

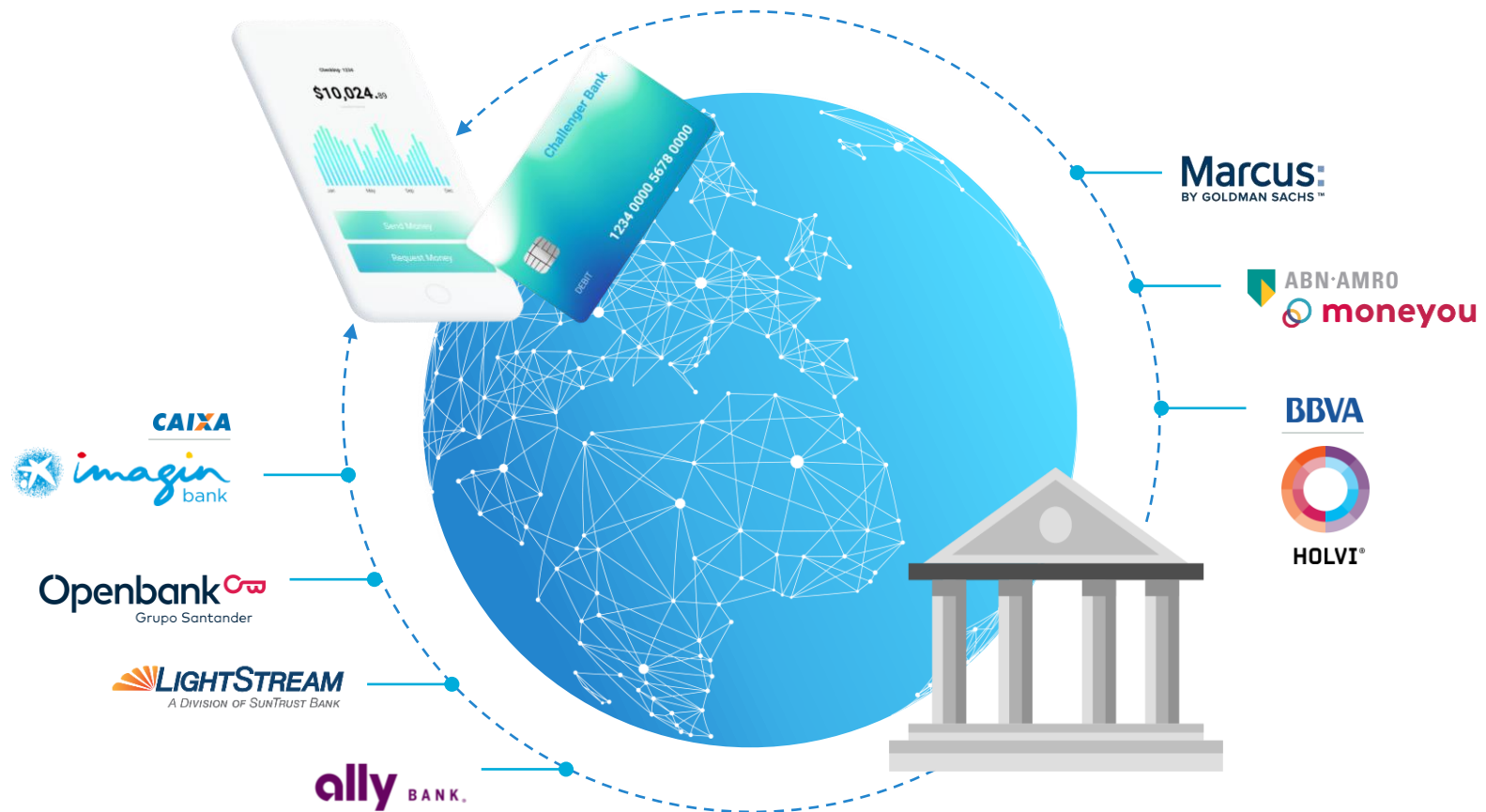
# New FinTech Brands Launched by Big Banks



# The Rise of Challenger Banks

## New FinTech Brands Launched by Big Banks

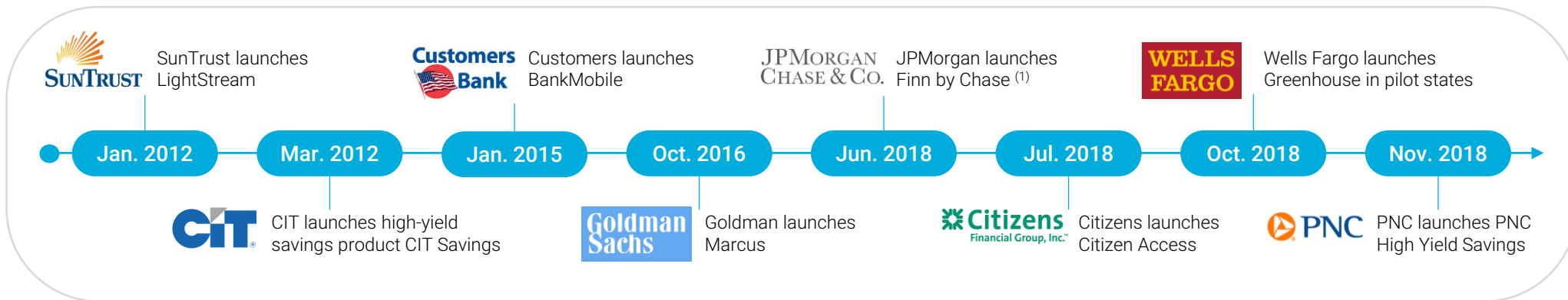
**In response to new FinTech challengers**, certain large financial institutions have begun to create (or acquire) new brands to lead their efforts in the Consumer FinTech space...as we have seen before with Bank One creating Wingspan bank in 1999.



# The Rise of Challenger Banks

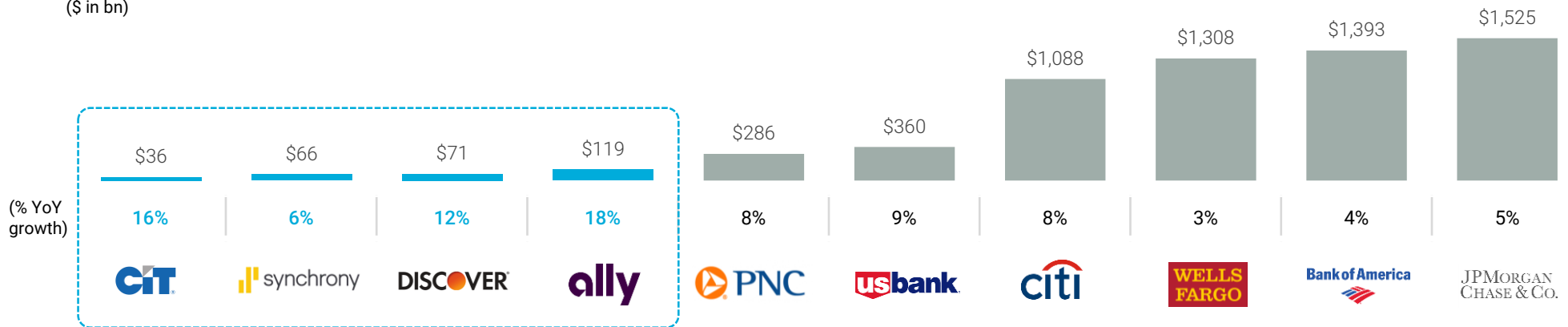
## New FinTech Brands Launched by Big Banks (cont.)

Traditional banks have started responding to Challenger Banks by offering competing online / mobile solutions.



## Q3 2019 Total Deposits

(\$ in bn)



**"The digital race is heating up as customers appear to shift more and more toward online-focused banks. Year-over-year deposit growth at digital-only banks far outpaced growth at the country's largest banks in the fourth quarter of 2018."**

S&P Global  
Market Intelligence



# The Rise of Challenger Banks

## New FinTech Brands Launched by Big Banks (cont.)



**Finn offers an all-mobile checking and savings account designed to enable users to save and spend smarter**

- Launched in 2018 by Chase bank and targeted towards millennials to provide an all-digital financial solution
- The service offers an FDIC-insured checking and savings account, providing access to over 29,000 ATMs, personalized savings rules, check deposits and money transfers through Zelle ®
- Unique features include capability for users to rate their purchases based on “wants” or “needs” and to assign emojis on how the purchases make them feel
- All checking and savings products provided by Chase Bank

On June 6, 2019, JPMorgan Chase announced that it is closing down its millennial-focused banking app Finn. Current accounts will be transferred to Chase accounts, as the Company aims to serve the younger demographic through its primary consumer brand. <sup>(1)</sup>

### Solutions Overview

#### Features



**Free Checking & Savings Accounts**



**24-hour customer service**



**Access to over 29,000 ATMs**



**Mobile check deposits**

#### Benefits



**Automatic Savings**

Designed to enable customers to save by setting personal autosave rules on their terms



**Rate Purchases**

Customers can rate transactions as something they “want” or “need”



**Spending Tracker**

Only allows customer to spend what they have & reduces overspending

# The Rise of Challenger Banks

## New FinTech Brands Launched by Big Banks (cont.)



**LightStream offers national online consumer lending to customers with strong credit profiles**

- LightStream is the online lending division of SunTrust Bank, offering loans and financing throughout all 50 states in the United States
- The division offers personal loans for almost any purpose, ranging from auto refinancing to jewelry financing
- LightStream also offers customers a rate beat program, pledging to beat competitors' interest rates by one-tenth of a percentage point

"LightStream, an offshoot of SunTrust Bank, offers excellent rates for creditworthy borrowers for non-home and auto-related personal loans...there are no fees for loan origination, prepayment, or anything else...flexible terms and high borrowing limits make it a good choice...LightStream is also speedier than peer-to-peer competitors – you can have your money in as little as a day." <sup>(1)</sup>



### Solutions Overview

#### Loan Info

- No-fee, fixed-rate loans from \$5,000 to \$100,000
- APR from 3.34 – 16.99%
- Loan term ranges of 24 to 144 months
- Easy online application with no sign up fees, no prepayment fees



Credit  
History



Assets



Income



Payment  
History

#### Loan Types

##### Vehicle Loans

- Auto Refinance
- New / Used Car

##### Home Improvement Loans

- Remodels
- Solar Financing

##### Recreation Loans

- Boats
- Timeshares

##### Family Life

- Adoption
- Dental
- Medical

##### Other

- Credit Card / Debt Consolidation
- Jewelry Financing
- Land Purchase

[and more....](#)

# The Rise of Challenger Banks

## New FinTech Brands Launched by Big Banks (cont.)



Marcus offers fixed-rate personal loans, high-yield online savings accounts and certificates of deposit


- Launched in 2016 and named after Goldman Sachs co-founder Marcus Goldman
- Focused on serving the middle class, which is a new avenue of focus for Goldman Sachs
- Marcus does not provide a mobile app and has no ATM system connections
- All loans and savings deposit products provided by Goldman Sachs Bank USA





*Head of Digital Finance*  
**Harit Talwar**


### Recent News

January 4, 2019      Announced an increase in rates on savings accounts in response to heightened competition

August 28, 2018  
 HouseCanary      Partnered with HouseCanary, a real estate analytics and valuation platform, to create the Home Addition Calculator to estimates the value of home additions

August 23, 2018  
      Marcus began offering Marcus savings accounts to UK-based employees with plans to launch to the general public in the coming months <sup>(1)</sup>

April 15, 2018  
 claritymoney      Acquired Clarity Money, a PFM mobile app

 nerdwallet      Listed on Nerdwallet's Best Savings Accounts of 2018

### Solutions Overview

#### Loan



- No-fee, fixed-rate loans from \$3,500 to \$40,000
- APR from 6.99 – 24.99%
- Loan term ranges of 36 to 72 months
- No sign up fees, no prepayment fees, no late fees

- Debt Consolidation
- Credit Card Consolidation
- Online Loans
- Unsecured Loans
- Home Improvement Loans

#### Savings



#### Online Account

- 1.7% APY
- No minimum deposit (\$1 to earn APY)

#### CD

- 2.15% APY: 12 month term
- 2.10 % APY: 3 year term
- 2.25% APY: 5 year term

### Key Metrics as of Q3 2019

\$55 billion

Retail deposits

\$5 billion

Loans originated since launch

\$5.5 billion

Loans on the balance sheet as of 9/30/19

4 million +

Customers

700+

Average FICO score of portfolio

4 – 5 %

Expected annual loss rate

# The Rise of Challenger Banks

## New FinTech Brands Launched by Big Banks (cont.)



**Ally offers a range of banking and financial solutions from personal bank accounts to direct-to-consumer home loans and online investing products.**

- Ally Bank was launched in 2009 as an online-only bank focused on disrupting the status quo, creating a new generation of Challenger Banks
- Ally Bank has consistently been named Best Online Bank by Money Magazine and Kiplinger's Personal Finance
- Its Online Savings Account pays an APR that is 20 times higher than the average paid by traditional banks
- The bank does not charge monthly maintenance fees on any accounts
- Its customer retention and satisfaction remain consistently above 90%

### Company Commentary

"When Ally Bank first launched, there were few others in the business that looked like us. We came into the market as an innovator and our goal, every day since, has been to remain at this forefront. In a sense, we've always been a Challenger brand – this is just our second act."



*Chief Strategy Officer*  
**Dinesh Chopra**



*Corporate Strategy,  
Head of Ally Ventures*  
**Peter Greene**

### Solutions Overview

#### Business Model / Growth

- **Nationwide, Zero Branches**
- **\$119 billion** in total deposits
- **1.9 million** retail deposit customers
- **39 consecutive quarters** of y-o-y double-digit percentage growth in deposit balances

#### Deposit Products

- **Interest Checking**
- **Online Savings** and **Money Market Accounts**
- **CDs and IRAs**



#### Service / Features

- **24/7** customer service
- Interest compounded daily
- **43,000 free Allpoint ATMs**
- Up to \$10 back each statement cycle for out-of-network ATM fees
- **Ally Assist** digital assistant
- **Ally Skill** for Alexa

#### Other Consumer Products

- **Ally Invest:** self-directed trading and managed portfolios
- **Ally Home:** direct-to-consumer home loan platform that offers new purchase and refinancing solutions
- **Health Credit Services (HCS):** Digital point-of-sale payment solutions for healthcare

# The Rise of Challenger Banks

## New FinTech Brands Launched by Big Banks (cont.)



Bo offers a Visa card and an account for customers' everyday spending money, allowing them to track their spending habits and save more

- In November 2019, British bank NatWest launched Bo, a digital bank that provides financial management tools as well as a Visa debit card
- Bo allows users to track their daily spending, create budgets and start saving more money
- Users receive instant alerts whenever their cards are used, and can access competitive Visa exchange rates when traveling internationally
- Bo is available to UK tax residents aged 18 and over with iPhones or Android phones

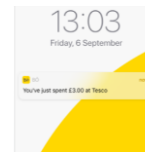
### Company Commentary

"As we're part of NatWest, people can rely on Bo to keep their money safe. But as a digital bank, built entirely on a separate cloud-based technology, Bo is also able to harness new technology and develop rapidly in line with our customers' needs and expectations."



CEO, Bo  
Mark Baillie

### Solutions Overview



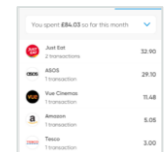
#### Keep Tabs on Spending

Users get instant alerts whenever their cards are used, so they know what they spent and where



#### Get to Know Spending Habits

Users can see everything they buy listed by retailer, category and location



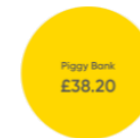
#### Monitor Account Balance

Real-time balance updates ensure that customers always know how much is in their accounts



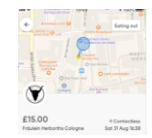
#### Create Spending Budgets

Bo's Spending Budgets allow users to save towards their goals



#### Save Little by Little

Setting a Bo goal helps users start putting money away



#### Spend Like a Local

Customers can experience more abroad with competitive Visa exchange rates

# The Rise of Challenger Banks

## Collaboration Between Challenger Banks and Incumbents



**Moven, an early player in the challenger banking space, has established relationships with several incumbent banks, including Toronto-based TD Bank Group (TD)**

- Founded in 2010 by Brett King, Moven offers direct-to-consumer financial wellness mobile banking services
- Moven's app, debit card and advice-driven savings tools provide real-time, personalized spending insights that help users make smarter decisions
- In 2016, Moven launched Moven Enterprise, which licenses its proprietary technology to banks, allowing them to offer their customers a smarter banking experience
- Among the most prominent deployments of Moven Enterprise is TD MySpend, an app launched by TD in 2016
- After reaching over 850,000 MySpend users in Canada within the first nine months after launch, TD is looking to extend its partnership with Moven into the U.S. market

### Company Commentary

"We realized early on that we couldn't get tens of millions of customers using the app across multiple geographies without collaborations with well-established banks, who bring us real scale and solve one of the biggest problems that FinTechs face today, which is recurring revenue growth."



*Founder & Executive  
Chairman, Moven*  
**Brett King**

### Selected Moven Enterprise Deployments



**MySpend**

- TD has more than 13 million active online and mobile customers in Canada and the U.S.
- TD MySpend allows users to track their spending, view their spending history by category, and receive instant spending notifications
- TD MySpend has helped TD deepen its customer relationships by providing customers with additional insights into their personal finances
- As of October 2019, MySpend has two million users, who save over 5% more than TD's other customers <sup>(1)</sup>

**Yandex Money**

- Yandex.Money is a Russian e-wallet provider with over 45 million users
- Yandex.Money engaged Moven Enterprise to help it provide personalized and contextual advice to customers using Moven's APIs and software development kits
- Moven's technology enables Yandex.Money to track and analyze its customers' spending patterns through machine learning <sup>(2)</sup>
- Through this deployment, Yandex.Money has boosted its customer engagement

2.2 New and Potential Entrants

# Other New and Potential Future Entrants



# The Rise of Challenger Banks

## Other New and Potential Future Entrants – Amazon

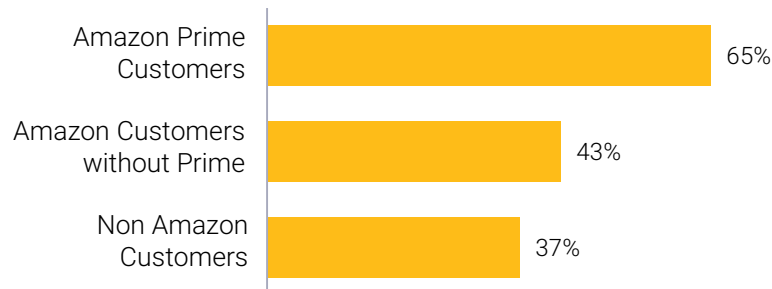


Amazon already offers a number of financial products. In March 2018, press reports indicated that Amazon was in discussions with several banks including JPMorgan Chase about offering a checking account-type product. Jeff Bezos has also been very open about his desire to expand the SMB and consumer lending arms of Amazon.

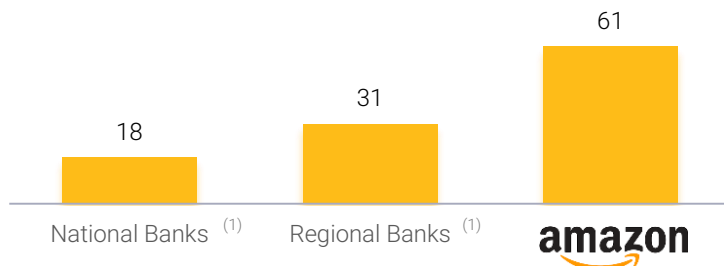
### Bain & Co recently surveyed consumers asking...

"If Amazon launched a free online bank account that offered 2% cash back on all Amazon purchases, would you sign up to try it?" <sup>(1)</sup>

#### Survey Respondents Who Answered "Yes"



#### Net Promoter Scores



Source: Company websites, NPS Benchmarks.

1) Bain & Company: "Can Amazon Take Customer Loyalty to the Bank?"

### Amazon Cash



Launched in April 2017, Amazon Cash enables customers to deposit cash to a digital account through retail partners

- Appeals to underbanked and unbanked customers – customers don't need a bank account to deposit cash
- Expanded partnership with Coinstar in May 2018 to allow customers to deposit in more locations



### Consumer Cards



#### Store Card

- Launched in 2015 with Synchrony Bank



#### Prime Rewards Visa Signature Card

- Limited benefits for non-Prime customers



#### Visa Credit Card

- Launched in 2017 with Visa for various cash back offers



#### Reload

- Digital debit card only available to Prime members, either reloadable or linked directly to checking accounts



# The Rise of Challenger Banks

## Other New and Potential Future Entrants – Apple

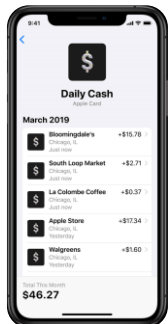


On March 25, 2019, Apple announced a partnership with Goldman Sachs and Mastercard to offer the Apple Card, a digital and physical credit card designed to live out of the Apple Wallet.

### Logistics

- **Network** – The Apple Card utilizes Mastercard's payment network
- **Issuing** – Goldman has partnered with Apple to issue its first consumer credit card
- **Availability** – Apple launched the card for U.S. customers in August 2019

### Daily Cash Rewards



**No annual, late, cash-advance, international or other hidden fees**

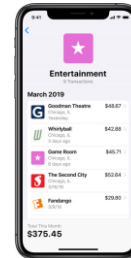
**3%** – On all Apple / App Store purchases

**2%** – On all Apple Pay purchases

**1%** – On every other purchases with the card

Source: Apple press release

### Card Features

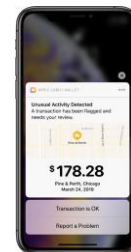
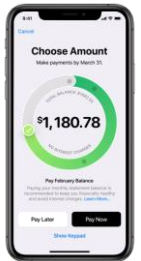


#### Detailed Spending Tracking

- Weekly and monthly summaries, colored by spending category, directly in Apple Wallet's app
- Apple Maps integration to pinpoint charges

#### Payments and Interest

- Payments due at the end of each month, with iPhone notification reminders
- In-app estimated interest costs based on payment amount



#### Real-Time Fraud Prevention

- Instant notifications for every purchase with unusual activity flagged
- One tap solution for fraudulent charges

#### Privacy and Security

- Unique device number for each card, one-time dynamic security code for each purchase, authorized via Face or Touch ID
- No physical number or CVV on the card



# The Rise of Challenger Banks

## Other New and Potential Future Entrants – Betterment

### Betterment

Betterment, a leading robo-advisor, announced in July 2019 the launch of a savings and checking platform, called Betterment Everyday. Savings accounts are available now, while Betterment Everyday Checking accounts will be widely available later in 2020.

“The biggest challenge for Americans when it comes to their money is saving for the future, and unfortunately a majority of the traditional banks they depend on charge extra fees, encourage cash-holding and upsell unnecessary products. Right now, it's nearly impossible to find a banking solution that has its customers' best interests at heart. Betterment Everyday is the solution to the longstanding industry problem.”



Betterment CEO  
Jon Stein

### Company Description

- Betterment is an automated, independent online financial advisor with over **\$16 billion** in client assets
- Betterment provides personalized advice for retirement, building wealth and other financial goals, in addition to automated money management tools and Tax Smart strategies to help minimize taxes across accounts
- The Company charges low and transparent fees across its lines of service

### Betterment Everyday Savings Account

<b>FDIC Insured</b> Up to \$1 million	<b>No limits</b> On withdrawals	<b>1 – 2 Day</b> Transfers
<b>No Fees</b> On balance	<b>Fast &amp; Easy</b> Setup	<b>No Minimum</b> Balance

### High Yield Interest

#### Betterment

1.83%

vs.

#### National Average

0.10%

### Overview of Services

**Betterment Everyday Cash Reserve:** An FDIC-insured (up to \$1 million) savings vehicle with up to a 1.83% APY on the entire balance, no minimum balance and no withdrawal limits.

**Betterment Everyday Checking:** “An FDIC-insured (up to \$250,000) checking product that will have no account fees, overdraft fees, minimum balances or monthly maintenance fees. Checking also comes with the Betterment Visa Debit Card. Betterment will reimburse all ATM fees, offering users unlimited ATM access worldwide.” <sup>(1)</sup>

Source: Company website, press release

1) “Betterment Unveils Banking Services With Launch of Betterment Everyday”, Press Release

# The Rise of Challenger Banks

## Other New and Potential Future Entrants – Facebook

### FACEBOOK

On November 12, 2019, Facebook announced the launch of Facebook Pay, a payments platform that allows users to send money to friends, make online purchases, and donate to fundraisers, all through Facebook, Messenger, Instagram, and WhatsApp.

"Facebook Pay is part of our ongoing work to make commerce more convenient, accessible and secure for people on our apps. And in doing so, we believe we can help businesses grow and empower people everywhere to buy and sell things online. We'll continue to develop Facebook Pay and look for ways to make it even more valuable for people on our apps." <sup>(1)</sup>



*VP, Marketplace  
& Commerce*  
**Deborah Liu**

### Background Information

- Facebook announced Facebook Pay several weeks after every major U.S. payment processor exited the Libra Association, which was formed to govern Facebook's planned cryptocurrency, Libra
- Facebook Pay was initially rolled out on Facebook and Messenger in the U.S. for fundraisers, in-game purchases, event tickets, person-to-person payments on Messenger and select purchases on Facebook Marketplace
- Facebook Pay supports most major debit and credit cards as well as PayPal, and payments will be processed in partnership with PayPal, Stripe and others <sup>(1)</sup>

### Facebook Pay



#### Pay on Facebook

- Make purchases using Facebook Pay in Facebook Marketplace
- Purchase games, tickets to events, or premium content on Facebook Watch, and donate to Facebook Fundraisers



#### Pay on Messenger

- Send money instantly to friends and family on Facebook Messenger, as quickly and securely as sending a message



#### Pay on Instagram

- Shop posts from popular brands, and check out without ever leaving Instagram
- Donate using the Instagram donation sticker to show support and bring awareness to meaningful causes



#### Pay on WhatsApp

- Send or receive money directly in WhatsApp, as quickly and securely as sending a message

# The Rise of Challenger Banks

## Other New and Potential Future Entrants – Google



On November 13, 2019, the Wall Street Journal reported that Google plans to offer personal checking accounts through Google Pay, working with partners such as Citigroup and Stanford Federal Credit Union. The project, called “Cache,” is expected to launch in 2020.

“Our approach is going to be to partner deeply with banks and the financial system. It may be the slightly longer path, but it’s more sustainable... If we can help more people do more stuff in a digital way online, it’s good for the internet and good for us.” <sup>(1)</sup>



*GM, Payments*  
**Caesar Sengupta**

### Background Information

- Google Pay was launched in January 2018 in order to consolidate all of Google’s payment-related products: Android Pay, Google Wallet, and Chrome’s stored payment information
- The planned introduction of checking accounts will bolster Google Pay’s status as a one-stop shop for payments and banking-related services, and could also improve the stickiness of the Company’s ecosystem
- Citigroup and other financial institution partners will handle financial and compliance-related functions, though privacy concerns have already been raised surrounding the potential use of customers’ financial data

### Google Pay Overview



#### Online and In-App Payments

- Google Pay makes it easy to check out quickly within apps and websites
- Users can choose to Pay with Google on sites and apps such as Kayak, Instacart and DoorDash



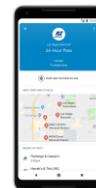
#### Easily Send and Receive Money

- Send money to friends and family with Google Pay
- If the recipient has an email address or phone number, they can be paid via Google Pay
- Users can transfer money straight to their bank accounts for free



#### Pay in Stores with Speed and Security

- Users can link cards to their Google Pay accounts and make payments in stores using their phones
- Google Pay uses an encrypted number rather than the actual card number so details stay secure



#### Commute with Convenience

- Users can travel on public transit in cities such as Chicago, Las Vegas, London and Portland using just an Android smartphone

# The Rise of Challenger Banks

## Other New and Potential Future Entrants – Robinhood



On December 13, 2018, Robinhood announced a new checking and savings account for consumers with no monthly or overdraft fees and an attractive 3 percent interest rate. However, after the negative reaction from regulatory bodies, the Company took a step back, stating, “We plan to work closely with regulator as we prepare to launch our cash management program, and we’re revamping our marketing materials, including the name.” <sup>(1)</sup> Robinhood announced its revamped Cash Management Accounts in October 2019, offering a 1.80% interest rate, and withdrew its bank charter application in November 2019.

### Company Description

- Robinhood provides a new way to invest in the stock market through a mobile, no-fee trading platform and now offers cash management accounts to consumers
- The Company’s mission is to democratize access to the financial markets
- Robinhood wants to empower the millennial generation to take greater ownership in their financial future to help shrink the wealth gap between the “haves” and “have nots”

### Original Investing Services



#### Robinhood Crypto

- Ability to trade cryptocurrencies, stocks, ETFs, and options in one place
- Instant access to funds



#### Robinhood Instant / for Web

- Instant access to deposits and immediate access to funds
- Transfer up to \$1,000 instantly
- Curated data feeds by sector and categories with Wall Street analyst ratings



#### Robinhood Options Trading

- Buy calls and puts
- Allows users to take larger positions with less funds

### Checking & Savings Accounts <sup>(2)</sup>



1.80%



0.82%



0.01% - 0.06%



0.01% - 0.04%



0.01%

# The Rise of Challenger Banks

## Other New and Potential Future Entrants – Square



Square already offers small business lending and has made additional banking moves. Recently, the Company has made public statements about adding banking services to its cash app.

“Anything you do today with a bank account, you should look to the Cash App to begin to emulate more and more of that,” September 2018



*Former Square CFO*  
**Sarah Friar**

- **December 2018** – Refiled application for bank license with US state and federal regulators
- **July 2018** – Withdrew application to open depository bank, but has plans to refile
- **September 2017** – Filed an application for a industrial loan company (ILC) license
- **August 2016** – Partners with Upserve to offer small business loans to non-Square merchants

### Square Capital

**\$5.5 billion+**  
Funds  
extended

**275K+**  
Merchants  
served

**\$500-\$250,000**  
Loan  
amounts

“We are now transitioning from a merchant cash advance to a flexible loan product to help us expand the program [...] With flexible loans, we now offer an early repayment option, which gives you flexibility to repay when you choose..”



*Capital Lead,*  
**Jacqueline Reses**

### Cash App

#### Evolving into a banking service

- Person-to-person payments
- Debit card
- Buy bitcoin

“[Square] added the ability to store money in a virtual account (and did away with automatic next-day transfer). It gave users a virtual routing and account number to receive direct deposits. It gave them a debit card. And it gave them the option to store their money in bitcoin instead of U.S. dollars ”

**The Motley Fool**

# The Rise of Challenger Banks

## Other New and Potential Future Entrants – STASH

STASH

STASH, one of the leading consumer investing apps, launched banking services in March 2019 in partnership with Green Dot. STASH offers bank accounts with no overdraft fees, tools to track spending, and direct deposits up to two days in advance of payday. The Company also offers Stock-Back rewards, a debit card rewards program that allows users to earn pieces of stocks and funds on qualifying purchases.

“There are more than 100 million Americans who need a banking product just like the one we are building with Green Dot. STASH is committed to being a true partner and source of support for our clients, and for those who have systematically been left behind” <sup>(1)</sup>



Co-Founder & CEO  
Brandon Krieg

### Company Description

- STASH is one of the fastest-growing consumer investing and banking platforms in the U.S., bringing together banking, investing and education into one seamless experience
- STASH offers a full suite of products including personal investment accounts, Traditional and Roth IRAs, custodial investment accounts, and banking services including checking accounts and debit cards
- STASH is adding thousands of new banking customers daily

### STASH Bank Account

FDIC Insured Up to \$250,000	2 day Early direct deposit	No Hidden fees
No Minimum balance	Fast & Easy Setup	\$1/Month Starting Flat Fee

### How Stock-Back Rewards Work

“Stock-Back rewards are like points, but they can actually grow. While most points programs are designed to make you buy/spend more, Stock-Back helps customers build a stronger financial future as they spend on life’s necessities. Customers will automatically earn fractional shares of stock on qualified purchases by simply using their STASH debit card, building portfolios that reflect their spending habits by investing directly in the companies they shop, eat, watch, listen, and live with. Now, everyone can truly invest in what they buy. For example, if you buy a meal at a local restaurant, make a purchase at a local bookstore, or pay your parking meter, you’ll earn Stock-Back in a STASH-approved ETF3. When customers buy a burrito at Chipotle, pay T-Mobile bills, or shop at Amazon or Walmart they’ll earn a piece of each companies’ publicly traded stock (i.e., CMG, TMUS, AMZN, WMT). All Stock-Back rewards will be invested in customers’ STASH personal investment accounts.” <sup>(1)</sup>

Source: Company website  
1) Company Press Release



# The Rise of Challenger Banks

Other New and Potential Future Entrants – T-Mobile



On April 18 2019, T-Mobile (NASDAQ:TMUS), one of the leading phone service providers in the U.S., announced that it will be offering consumers a no-fee, high yield checking account entirely through its mobile app, T-Mobile MONEY.

"Traditional banks aren't mobile-first, and they're definitely not customer-first. As more and more people use their smartphones to manage money, we saw an opportunity to address another customer pain point. You work hard for your money...you should keep it...and with T-Mobile MONEY, you can!"



CEO  
John Legere

## Logistics

- T-Mobile has partnered with BankMobile, Customers Bank's challenger bank division, to launch T-Mobile MONEY
- This partnership gives MONEY accounts FDIC insurance up to \$250,000 and helps enable key account features like Zero Liability Protection and debit card issuing

## T-Mobile MONEY

4.00% Interest up to \$3,000	1.00% Interest above \$3,000	Zero Account fees
FDIC Insured Up to \$250,000	55,000 No-fee ATMs	Completely Mobile

## Account Features

"T-Mobile MONEY is built to be mobile-first, and you can do all the things you need to do every day with your checking account right from the app – make mobile check deposits, set up direct deposit, pay bills, send a check, pay with a mobile wallet such as Apple Pay, Google Pay and Samsung Pay, transfer money, even make payments person to person. The app offers biometric security with fingerprint and Face ID login, account alerts and debit card disabling.

Plus, T-Mobile MONEY comes with a Mastercard® debit card you can use at more than 55,000 Allpoint ATMs worldwide – more ATMs than Bank of America, Chase or Wells Fargo. And you can use the T-Mobile MONEY app or web site to locate the ATM nearest you. Plus, your T-Mobile MONEY Mastercard offers Mastercard Zero Liability Protection." (1)

Source: Company website, Company press release  
1) Business Wire: "Bye, Big Banks. Hello, T-Mobile MONEY. Introducing Your No-Fee, Interest-Earning, Mobile-First Checking Account"



# The Rise of Challenger Banks

## Other New and Potential Future Entrants – Uber

# Uber

On October 28, 2019, Uber announced the formation of a new division, Uber Money,

which will house all of the Company's financial services efforts, including Uber Wallet, Uber Debit Account and Uber Debit Card, and Uber Credit Card.

"[T]he needs of our partners in the U.S. and in Brazil and in Australia and in India mirror in many ways the needs of consumers as well, particularly in the cash-heavy economies. And the opportunity that we have is to expand to help all of those people have access to financial services."<sup>(1)</sup>



Head of Uber Money  
Peter Hazlehurst

### Features<sup>(2)</sup>

**5.00%**

Cash back on  
Uber purchases

**3.00%**

Cash back on  
hospitality

**1.00%**

Cash back on all  
other purchases

**Zero**

Account  
fees

**Zero**

Overdraft fees  
up to \$100

**Free**

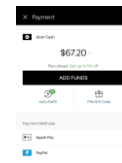
Cash out up to 5  
times per day

### Uber Money Overview



#### Uber Wallet

- Users can easily track their earning and spending history, manage and move money, and discover Uber's other financial products all in one place



#### Uber Cash

- Uber Cash can be used to pay for rides, orders with Uber Eats, and JUMP bikes and scooters
- Users can save up to 5% when adding to Uber Cash balance
- Funds can be added via credit or debit card, Venmo or PayPal, among other methods



#### Uber Debit Account and Uber Debit Card

- Exclusive checking account from GoBank designed exclusively for drivers
- No minimum balance, no overdraft charges, and no setup, monthly or annual fees
- Free instant pay, and access to GoBank's ATM network



#### Uber Credit Card

- Users earn Uber Cash every time they use their credit cards, including 5% on Uber purchases



#### Uber Pay

- Uber Pay lets partners integrate seamlessly with Uber's platform
- Partners can use Uber's API to easily enable new payment methods on Uber and grow their transaction volume, and let customers turn membership points into Uber Cash

Source: Company website, Company press release

1) CNBC: "Uber announces deeper push into financial services with Uber Money"

2) Cash back features are for credit card, account fees and cash out apply to debit card and debit account

# The Rise of Challenger Banks

## Other New and Potential Future Entrants – Wealthfront



Wealthfront, one of the leading robo-advisor investment firms, announced in February

2019 that it is moving forward in its expansion of its financial services suite with the introduction of a high yield savings account, called Wealthfront Cash Account. The Company also plans to allow customers to apply for third-party mortgages through its platform beginning in 2020.

“Our clients hold almost \$12 billion in cash and a lot of it is earning next to nothing. We think they have an opportunity to get more out of it” <sup>(1)</sup>



*Wealthfront Founder &  
Chief Strategy Officer*  
**Dan Carroll**

### Company Description

- Wealthfront is an automated investment service with around **\$20 billion** in client assets
- Wealthfront is among the only robo-advisors to offer the combination of financial planning, investment management and banking-related services exclusively through software
- The Company is now offering Portfolio Lines of Credit and a High Yield Savings Account as it moves more into banking services for its clients
- In December 2019, Wealthfront announced that it plans to allow customers to access third-party mortgages through its platform

Source: Company website

1) Reuters: “Robo-Adviser” Wealthfront Launches Cash Account”

2) MarketWatch: “Wealthfront Tempts Traditional Bank Customers with 2.24% Interest on Cash Accounts”

### Wealthfront Cash Account

**FDIC Insured**  
Up to \$1 million

**Unlimited**  
Free transfers

**No**  
Market risk

**No Fees**  
For services

**Fast & Easy**  
Setup

**\$1 Minimum**  
Deposit

### High Yield Interest



**1.82%**

vs.

National Average

**0.10%**

### How it Works

“Wealthfront is using the brokered deposit model. The Company has formed partnerships with four banks – including East West Bank and New York Community Bank (Wealthfront said it was not authorized to reveal the identity of the other two banks). When Wealthfront’s customers deposit money into their cash accounts, those funds are then transferred into actual bank accounts at Wealthfront’s partner institutions. Those bank accounts then earn interest that is passed onto the customers. This brokered-deposit strategy also allows Wealthfront’s cash accounts to qualify for FDIC coverage – as a non-bank, Wealthfront is otherwise ineligible for deposit insurance.” <sup>(2)</sup>

# The Rise of Challenger Banks

Other New and Potential Future Entrants – Circle, Zopa, Rakuten, Credit Karma

“Circle Internet Financial, one of the world’s most valuable cryptocurrency platforms, is looking to make a big leap into the highly regulated real of U.S. banks and brokerages...A bank charter would make Circle less dependent on traditional lenders, potentially letting it hold customer assets in the form of digital coins or government-issued currencies such as U.S. dollars. It could also plug into other components of the financial system.” <sup>(1)</sup>



“[Zopa] is now looking to expand, through the launch of the new challenger bank ‘soon,’ offering FSCS-protected deposit accounts for savers, a range of peer-to-peer investment products for investors, and personal loans, car finance, and credit cards for people looking to borrow.” <sup>(2)</sup>



“Japanese online merchant Rakuten Inc. wants to open a bank in Utah to offer loans, credit cards and other financial services to customers of its existing U.S. cashback-shopping business... Rakuten is applying to be an industrial-loan company, a charter that permits firms outside of the financial services industry to operate banks without being subject to Fed oversight.” <sup>(3)</sup>



“Credit Karma... will start offering consumers the option to open a high-yield savings account and manage their funds through its app and website. Credit Karma’s new savings option, which will not charge any fees and does not require a minimum deposit to open, is set to offer a savings rate of 2.03% APY. That’s over 22 times the average rate of 0.09% for savings accounts nationwide.” <sup>(4)</sup>



Over half of the consumers surveyed for PYMNTS.com’s “Where Will We Bank Next” report were open to banking with non-bank alternatives such as PayPal, Amazon or Google to name a few. <sup>(5)</sup>

Source:

(1) Bloomberg: “Crypto Unicorn Circle Aims to Expand Into Regulated Banking”

(2) Finextra: “Zopa Tops up Funding Round for New Digital Bank”

(3) Wall Street Journal: “Japanese Online Retailer Rakuten Seeks U.S. Bank Charter”

(4) CNBC: “Credit Karma Launches a High-yield Savings Account”

(5) PYMNTS.com: “Where Will We Bank Next?”



# Executive Interviews



# The Rise of Challenger Banks

Interview with Ally – Chief Strategy Officer, Head Ally Ventures



**Dinesh Chopra**

Chief Strategy Officer



Dinesh Chopra is the Chief Strategy Officer of Ally Financial. In this role, Chopra leads Ally's Corporate Strategy team, responsible for developing and executing business strategies that foster product and enterprise growth, and further Ally's position as a leader in digital financial services. Chopra is also responsible for Ally's corporate development activities and Ally Ventures, including strategic alliances and identifying and acquiring companies and technologies that align with its strategic plans. Prior to Ally, Dinesh held leadership positions at Citigroup, Capital One and McKinsey & Co.



**Peter Greene**

MD, Corporate Strategy,  
Head of Ally Ventures



Peter Greene has over 20 years of experience in various strategy, banking and investing roles in the financial services industry. Greene joined Ally in May 2010 and co-founded Ally Ventures in mid-2016 to identify key strategic start-ups for both investment and to enhance or diversify Ally's core capabilities. He concurrently serves as a Managing Director in Ally's Corporate Strategy Group where he is involved in developing and executing the firm's corporate strategy, business development and M&A initiatives. Prior to joining Ally, Peter worked at Flexpoint Ford and Bear Stearns.

**"When Ally Bank first launched, there were few others in the business that looked like us. We came into the market as an innovator and our goal, every day since, has been to remain at this forefront. In a sense, we've always been a Challenger brand – this is just our second act."**

# The Rise of Challenger Banks

Interview with Ally – Chief Strategy Officer, Head Ally Ventures (cont.)



## Exclusive Interview – Dinesh Chopra, Peter Greene

“We realized the world didn’t need another bank – it needed a better one. A modern, digital bank that could stand on the commitment to customers and put a promise in our name.”

**Ally Financial’s history dates to the early 1900s while at the same time, Ally could be viewed as a Challenger Bank. Can you discuss the Company’s unique journey and what it has become today?**

Our origins began at a pivotal part of history, as did our later re-creation as Ally Bank.

We initially opened in 1919 as GMAC to help dealers finance and maintain their inventory. It was a key component of the auto industry as the invention of the assembly line drove dealers to buy vehicles in large quantities. In the 1920s, we revolutionized auto financing by making it convenient for customers to get financing right at the dealership, when customers previously had to pay cash or finance through their banks, which typically didn’t give car loans. That business extended during World War II in supporting the war effort, supplying Allies with submarine engines, airplanes, trucks and tanks before we began financing home appliances, the first electric cars, homes and more.

In short, we have provided financial solutions throughout some of America’s most pivotal times. We were there again in 2009 – during one of the most significant economic downturns in U.S. history. It was an opportunity for us to review our business model, define our competitive advantages and build on our strengths. We realized the world didn’t need another bank – it needed a better one. A modern, digital bank that could stand on the commitment to customers and put a promise in our name. We officially transformed our banking subsidiary and gave it a new name – Ally Bank. As an online bank without physical branch locations, we were able to offer greater value with consistently competitive rates and convenient, around-the-clock support when our customers needed it.

When Ally Bank first launched, there were few others in the business that looked like us. We came into the market as an innovator and our goal, every day since, has been to remain at this forefront. In a sense, we’ve always been a Challenger brand – this is just our second act.

# The Rise of Challenger Banks

Interview with Ally – Chief Strategy Officer, Head Ally Ventures (cont.)



## Exclusive Interview – Dinesh Chopra, Peter Greene

“We want to bring the best possible experience to the customer in the most expedient manner while delivering adequate returns for our shareholders and select go to market strategy that aligns with those criteria.”

### Who is your primary target customer base today and how do you see that changing in the future?

We have built products that we believe attract wide segments of customers. We aim to be customers' always on digital financial partner and thus target any that wants to have a seamless, always on, personalized, digital banking experience with a company dedicated to doing right by the customer.

### How have you approached product development to best meet the needs of your target customers?

We have approached product development and innovation in general by simply identifying what helps makes someone's life better. How can we improve the lives of our customers whether it's in streamlining processes, providing unique products or fostering a human connection in a digital era? And is there a part of the financial products and services aspect that we're missing that our customers want?

### As Ally expands its product offering, how do you think about the buy vs. build decision? Are there any specific new product areas or segments you are targeting?

To identify future growth opportunities, we start by looking at white spaces in our business, pain-points or unmet needs of our customers that we can solve in an innovative way. Then, we assess whether to build, buy or partner and the answer depends on the situation. We want to bring the best possible experience to the customer in the most expedient manner while delivering adequate returns for our shareholders and select the go to market strategy that aligns with those criteria.

Ally Ventures - our investment arm is a key component of our growth strategy. Through Ally Ventures, we identify early stage companies for both investment and to enhance or diversify our capabilities. Through those growth opportunities and the pipeline they create, we continue to diversify and evolve as a digital financial services provider – whether organically through products and talent, acquisitions or partnership.

# The Rise of Challenger Banks

Interview with Ally – Chief Strategy Officer, Head Ally Ventures (cont.)



Exclusive Interview – Dinesh Chopra, Peter Greene

**TradeKing was an acquisition you made in 2016. Can you discuss how this business has been integrated into Ally Financial? What about other recent acquisitions?**

The acquisition of TradeKing became Ally Invest, our wealth management and brokerage platform, which offers a wide range of self-directed and managed investment products for nearly every level of investor, with some of the industry's lowest fees. The acquisition and creation of Ally Invest was a key step in our digital product evolution.

In 2017, we acquired the auto finance platform BlueYield (now Clearlane), an online marketplace that connects consumers with leading auto finance providers to finance and refinance or secure financing for the purchase of their lease vehicle using a simple and straightforward process that provides consumers with quotes from a robust network of finance providers.

Ally's digital-forward model allows us to be agile. We have the ability to identify opportunities and execute quickly – bringing in talent and partners where it will make us stronger. Through our acquisitions, we are looking to leverage businesses and technologies that improve our core product offerings.

**"Ally's digital-forward model allows us to be agile. We have the ability to identify opportunities and execute quickly – bringing in talent and partners where it will make us stronger."**



# The Rise of Challenger Banks

Interview with Ally – Chief Strategy Officer, Head Ally Ventures (cont.)



Exclusive Interview – Dinesh Chopra, Peter Greene

**We've obviously seen several Challenger Banks enter the market and raise capital. Given Ally's experience growing its customer base, expanding its product offering, and building its brand, how do you think about these new entrants and the market opportunity?**

The trend toward digitally based financial services continues to gain momentum with consumers in general, and we see greater opportunities ahead particularly as millennials begin to require a broader selection of financial products, ranging from mortgages to wealth management. Given this opportunity, there is little wonder why we have seen several challenger banks enter the market.

At Ally, we have experience as a digital financial services company, but were created based on a culture of innovation and creativity. Staying nimble has always been a priority so we can ensure we deliver solutions that best position the business and our customers. As an early challenger bank, we have always offered seamless, digital banking solutions, with a low fee structure that is now being replicated by newer entrants. We are constantly evolving and responding to the changing customer needs and competitive landscape. Over time, we have added a broad suite of products for our customers. With us, our customers get the stability of an established bank and the innovation, nimbleness and customer focused experience of a 'challenger bank.'

**"With us, our customers get the stability of an established bank and the innovation, nimbleness and customer focused experience of a 'challenger bank.'"**

# The Rise of Challenger Banks

Interview with Ally – Chief Strategy Officer, Head Ally Ventures (cont.)



Exclusive Interview – Dinesh Chopra, Peter Greene

“Our immediate and long-term strategy is keenly focused on being an end-to-end financial partner that is seamlessly integrated into the lives of our customers.

**What do the trends you are seeing across Ally Financial suggest for the health of consumers?**

At Ally, we continue to see a healthy customer and, because of our business model, be a top choice particularly for affluent millennials. We also see a prime customer who is savvy about where and how their money is managed.

**What is the ultimate vision for Ally Financial? Where do you see the Company in the next ten years?**

We are a modern, digital bank and continuing to grow Ally Financial as a leading digital financial services company with innovative digital experiences, 24/7 customer service, great rates and rewarding credit and lending products is our number one goal. We also prioritize creating a seamless customer experience. Our immediate and long-term strategy is keenly focused on being an end-to-end financial partner that is seamlessly integrated into the lives of our customers.

# The Rise of Challenger Banks

Interview with Aspiration – CEO

**Aspiration**  
Do Well. Do Good.  
**Andrei Cherny**  
CEO



Andrei Cherny is CEO of Aspiration, an online financial platform with a conscience that is founded on the idea that we can do well and do good at the same time. Andrei has been an advisor to Fortune 100 companies including some of America's largest financial institutions, a senior fellow at Harvard's John F. Kennedy School of Government and at the Center for American Progress, a Navy reserve officer, a financial fraud prosecutor, and a senior aide in the Clinton White House. He is the bestselling author of "The Next Deal" and "The Candy Bombers." He graduated from Harvard University and from the University of California Berkeley law school.

## What was the vision behind founding Aspiration?

**"The only fee our customers ever pay for any of our products or services is the Pay What is Fair fee they choose – even if it is zero."**

Aspiration is a financial firm built on trust that puts customers, their conscience, and the planet first. The relationship between Americans and their banks has been broken. Less than ten percent of Americans trust their own financial institution. The primary reason for this is not a failure of technological innovation or a lack of cool features in mobile apps. It is the fundamental failure of a business model that has created a misalignment of interests and values.

At Aspiration, we "Solve for Trust." The only fee our customers ever pay for any of our products or services is the Pay What Is Fair fee they choose – even if it is zero. That means customers know we will always be on their side. We donate 10% of what we earn to charitable giving – putting us in the lead of financial institutions when it comes to our commitment to giving.

And all of our products help our customers "Do Well" and "Do Good." That means they deliver on both value and values. Our company was the only FinTech named NerdWallet's Best for Checking in 2019 because of our high interest rate and no fees.

We also offer fossil fuel free deposits and investment options in addition to our proprietary Aspiration Impact Measurement that allows our customers to see the impact of their spending on people and the planet.

# The Rise of Challenger Banks

Interview with Aspiration – CEO (cont.)



## Exclusive CEO Interview – Andrei Cherny

“Today, in a world where consumers can open an account with just about any bank on their mobile phone, they pick based on what brand is closest to them .”

**Banking is obviously a huge market, but a crowded one with thousands of financial institutions. How is Aspiration differentiating itself from other Challenger Banks from a product perspective?**

Traditionally, people would pick their bank based on what branch was closest to them. Today, in a world where consumers can open an account with just about any bank on their mobile phone, they pick based on what brand is closest to them.

Aspiration has invented the category of socially-conscience, sustainable consumer banking. Our customers are coming to us because we offer products and services and a business model that let them put their money where their heart is while still getting the best of the best financial outcomes.

**What are the typical demographics of your customers?**

Our customers reflect the broad diversity of the country in terms of income and geography. What sets them apart is that they are mostly under 35 years of age and care about spending, saving, and investing with a conscience.

**How is your “name your fee” pricing model working? Do you view this as a sustainable, long-term model?**

Pay What Is Fair has really been something that has come to define why Aspiration is so special and unique in this space. We see the great majority of our customers being so wowed, amazed, and delighted by their Aspiration experience that they choose to, in effect, pay a fee to their bank when they could just as easily be paying zero. This shows the depth of the relationship we are building with our customers. As a result of Pay What Is Fair, customers know we will always be on their side, unlocking a feeling of trust that is rarely seen in financial services.

# The Rise of Challenger Banks

Interview with Aspiration – CEO (cont.)



## Exclusive CEO Interview – Andrei Cherny

### Do you plan on pursuing your own bank charter?

**“In 2019, we’ll be building out the full range of financial services that our customers are looking for.”**

We spent 2018 investing the time and resources to become a FINRA registered broker/dealer. This makes Aspiration the first US “challenger bank” to become independent of a sponsor bank model. By presenting our core banking services through an Aspiration cash management account, we are able to present to our customers everything they expect from a checking account (including FDIC insured deposits) while giving Aspiration full ownership of the customer relationship, the freedom and flexibility to innovate, and total control of the economics of the account.

### What’s the long-term vision for the Company? In addition to checking accounts, retirement and investment products, what new products and services are on the horizon in the coming years?

From day one, it’s been clear that customers are coming to Aspiration not just for a single product or feature, but because they want to make Aspiration their financial home. From early on, we’ve offered banking, investing, retirement, and giving. In 2019 and beyond, we’ll be building out the full range of financial services that our customers are looking for.

# The Rise of Challenger Banks

Interview with BigPay – CEO



**Chris Davison**

Founder, CEO



Chris Davison is the Co-Founder and CEO of BigPay, a FinTech company launched by Malaysian airline AirAsia. Chris is originally from London where he worked in investment banking and venture capital, with a strong track record of investing in and setting up successful FinTech and data analytics companies. He holds an undergraduate degree from Oxford and a masters from Cambridge.

**“By offering a fair and transparent alternative to banks, BigPay has experienced exponential growth and has become the largest regional challenger bank.”**

## What was the vision behind starting BigPay? Please explain the relationship with AirAsia.

BigPay's vision is to deliver a mobile only banking app across Southeast Asia. BigPay's founding team saw a gap in the market, where traditional banks were not meeting the needs of customers and other regional FinTechs were focusing on proprietary network QR discount payments. By offering a fair and transparent alternative to banks, BigPay has experienced exponential growth and has become the largest regional challenger bank. To date AirAsia is the main shareholder, but BigPay is also founder and employee owned which is key to align incentives and has driven the success of the business.

## What are the core products / services you are offering today?

Today BigPay offers an everyday alternative to your bank. We issue on Mastercard where you can pay at home or abroad (where we offer the real exchange rate), spending and real time analytics, peer to peer transfers for free, international remittances to banks across SE Asia and soon we are launching a credit product.

## How is BigPay different from traditional banks as well as other challenger banks in the region?

BigPay is the largest new card issuer in Malaysia, outcompeting most of the traditional banks and is the largest e-money issuer by transactional volume, outcompeting other FinTechs in the market. To date BigPay is the largest and only ASEAN challenger bank in the region. BigPay has focused on delivering a great product, while offering value for money and transparency for our users.

# The Rise of Challenger Banks

Interview with BigPay – CEO (cont.)



## Exclusive CEO Interview – Chris Davison

“BigPay is a pure play focus on Southeast Asia market. The market demographics are highly favorable, but require adaptability and agility in a fragmented and competitive market.”

**How are you acquiring customers and what are their typical demographic profiles? Is BigPay meant to replace existing banking relationships (for users that already have bank accounts) or are you targeting new-to-banking customers?**

BigPay acquisition is mainly organic and user referral driven. We also use social media and content based marketing to help inform and build trust with our users. Most of our customers have bank accounts, but from our metrics and analytics, it's evident that BigPay is the top wallet choice – both domestically and abroad.

**What makes the Southeast Asian market attractive from a banking innovation standpoint?**

Southeast Asia is a market of 700 million people, where half the population is under 30 years of age, and a rapidly growing consumer and digital economy. However, it is a highly fragmented market with no passporting of licenses across the region. Hence, hyper localization and market product fit are key advantages BigPay has to scale across Southeast Asia.

**What are your geographic expansion plans?**

BigPay is a pure play focus on Southeast Asia market. The market demographics are highly favorable, but require adaptability and agility in a fragmented and competitive market. BigPay has just launched a closed beta product in Singapore, introducing lending in Malaysia in Q1 as well as entering 3 new markets across Asia in 2020. BigPay is also expanding its remittance product to enable our users to seamlessly and affordably send money internationally.

# The Rise of Challenger Banks

Interview with BigPay – CEO (cont.)



## Exclusive CEO Interview – Chris Davison

“BigPay can provide an end to end financial services platform that reduces costs, improves efficiency, allows people to send money overseas at low cost and get access to credit in real time at a fair and transparent price, by using technology and data effectively.”

### Can you share any growth metrics on the business with us?

BigPay is the largest new card program in Malaysia in the last 12 months and is also the largest licensed e-money issuer by transactional volume. BigPay has over 1 million customers, and is growing exponentially.

### What are the biggest challenges you face in running a fast-growing, dynamic company?

The biggest challenge is the fragmented licensing regime to build a regional challenger bank, but it is also the biggest opportunity. The other biggest challenge is hiring – it's a challenge in any rapidly growing tech company - but it is accentuated due to the relatively nascent technology ecosystem in Southeast Asia, especially in hiring engineers and specialist FinTech roles.

### What's the long-term vision for BigPay? What new products and services will you be offering in the coming years?

The long-term vision is to create a next generation bank for people across Southeast Asia. BigPay can provide an end to end financial services platform that reduces costs, improves efficiency, allows people to send money overseas at low cost and get access to credit in real time at a fair and transparent price, by using technology and data effectively. We want to help a new generation of people take back control of their money.



# The Rise of Challenger Banks

Interview with Bond – CEO



**Roy Ng**

Co-Founder & CEO



Roy is the co-founder and CEO of Bond, an enterprise-grade financial technology platform streamlining the integration between brands and banks. Roy previously served as Chief Operating Officer of Twilio, Mapbox and SAP's Cloud Business. Prior to that, Roy was Vice President and Head of West Coast Software Investment Banking at Goldman Sachs. He graduated from the University of California at Berkeley with a BA in Political Science and a BS in Business Administration.

## What was the vision behind founding Bond? What fundamental problems is Bond solving for its customers?

**"Bond powers 'Fintech 2.0', an approach to more systematically launch, administer, iterate and innovate on highly compliant banking products by brands and FIs."**

Access to capital has affected social mobility since the beginning of time. At a time when consumers are able to order dinner or a car ride from their phones, some 22% of US households, or about 55 million US adults, are considered unbanked or underbanked in 2017 according to the Federal Reserve. As an immigrant 30+ years ago, I experienced first-hand the challenges of building credit in the US. While significant advancements have enabled payments to be more ubiquitous, distributing core financial products to the right people, in the right context is still a challenge. This friction has stifled the pace of financial innovation and access to capital.

Bond is an enterprise-grade financial technology platform streamlining the integration between brands and financial institutions (FIs), dramatically reducing friction and creating a more repeatable model. We enable brands to better engage their customers by offering personalized and compliant banking products.

## Can you describe the dynamics of the partnerships between brands and financial institutions that Bond powers? What are the causes of friction in the integration process, and how does Bond alleviate them?

With the previous generation of brand and FI partnerships, these "FinTech 1.0" relationships have been very bespoke, manual, costly and time consuming to launch and administer. Management of these relationships at scale continues to be a challenge for many brands and FIs. Bond powers "FinTech 2.0", an approach to more systematically launch, administer, iterate and innovate on highly compliant banking products by brands and FIs.

# The Rise of Challenger Banks

Interview with Bond – CEO (cont.)



## Exclusive CEO Interview – Roy Ng

**“By enabling digital brands to offer financial products at the right place, at the right time, to the right customer, we see Bond reshaping financial services experiences and making them more accessible.”**

### Who are Bond’s typical or target customers, both in terms of brands and financial institutions?

We’ve had an especially high level of interest from FIs with existing FinTech programs, as well as FIs just starting to launch beyond their first one to two programs. For brands, we are in discussions with very large FinTechs looking to better manage and scale out their programs, as well as high-potential, early stage neobanks and FinTechs looking to bring their first product to market.

### How are you acquiring your clients?

We’ve been heads down building our platform in stealth mode since inception. Our initial partners and clients have been referred to us by word of mouth.

### How do you view Bond’s overall market opportunity?

We’re fundamentally redefining how consumers and businesses adopt and interact with financial products. By enabling digital brands to offer financial products at the right place, at the right time, to the right customer, we see Bond reshaping financial services experiences and making them more accessible, enabling all brands to become FinTechs. There is huge appetite across the globe for alternative financial product experiences. The rise of neobanks is just the beginning. Our platform will power not only innovative neobanks, but also brands with strong loyal customer bases.

# The Rise of Challenger Banks

Interview with Bond – CEO (cont.)



## Exclusive CEO Interview – Roy Ng

**“We have the opportunity to address new product categories such as asset management, mortgages, leases, etc. in the longer term.”**

**Bond’s founding team has experience from BlackRock, Goldman Sachs, SAP, SoFi, and Twilio. What makes this the right team to tackle such a large and complex problem?**

We’re building a data platform. Solving this large and complex problem requires deep understanding in data, technology, banking and business models. Our founding team has a rich set of experiences in banking, early-stage startups, leading FinTechs and developer-focused platform companies. More importantly, we’ve been fortunate to be able to attract an incredible team of software and platform engineers, data and machine learning engineers, bank executives and senior advisors to jointly work on solving this massive problem in a tech forward and highly-compliant manner.

**What are the biggest challenges you face in running Bond on a day-to-day basis? What do you see as the biggest hurdle to the Company’s long-term success?**

The need for the Bond platform in the market is clear, and we have an ambitious product roadmap. We want to stay focused every day on what our FI and brand partners need.

**What’s the long-term vision for Bond? What products and services will you be offering in the coming years?**

Bond looks to become the de-facto platform to extend access for brands to offer financial products. We are initially focused on core banking products, including deposits, debit cards, personal and business lending. We have the opportunity to address new product categories such as asset management, mortgages, leases, etc. in the longer term. Our platform provides FIs with the ability to oversee their brand partners in a more efficient manner leveraging their compliance expertise at scale, reducing bias and increasing transparency without encroaching on operations.

# The Rise of Challenger Banks

Interview with Chime – CEO

**chime**

**Chris Britt**

Founder, CEO



Chris Britt is the Founder and CEO of Chime. Chris previously served as the Chief Product Officer and SVP of Corporate Development at Green Dot from 2007 – 2012, and prior was a senior product leader at Visa and an executive at Comscore. He graduated from Tulane University with a BA in History and a minor in Economics.

“Given the rise of smartphones and the accelerating demise of the bank branch, we feel we’re still in the early days of an industry transformation.”

## What was the vision behind founding Chime?

Chime was born as a modern, mobile and more connected approach to banking with a mission to help our members achieve financial peace of mind. Having worked in payments for more than a decade, it was clear there was an opportunity to offer a more consumer friendly approach to banking that didn’t rely on fees and actually looked out for the best interests of consumers. Given the rise of smartphones and the accelerating demise of the bank branch, we feel we’re still in the early days of an industry transformation.

## What lessons did you learn from your experience at Green Dot that you have been able to apply to Chime?

I’m so proud of the what we accomplished at Green Dot. I was inspired to create products at Chime that appealed to a more mainstream audience (rather than the unbanked which was their core customer). For Chime, this meant creating an everyday relationship that centered around a checking account rather than a prepaid card. My experience in payments businesses at both Visa and Green Dot definitely provided an advantage in designing a business that not only addresses real consumer needs but also enjoys healthy unit economics.

## Banking is obviously a crowded space with thousands of competitors. How does Chime break through the noise and resonate with new customers? How is Chime differentiated from other Challenger Banks?

We opened up over 300,000 FDIC insured bank accounts last month – so I’d argue we’re breaking through pretty effectively. We’re building services focused on the needs of a mainstream consumer segment that’s not well served by the big banks. Our members love our Automatic Savings, our Get Paid Early feature and of course the lack of fees. That said, consumer banking is a huge category and not a winner take all situation.

# The Rise of Challenger Banks

Interview with Chime – CEO (cont.)



## Exclusive CEO Interview – Chris Britt

“Chime is really a technology company that creates financial service products.”

**Many banks are dependent on nuisance fees for a significant amount of their profits. How are you able to make the economics work behind a no-fee banking platform?**

Chime is really a technology company that creates financial service products. By building the majority of our tech stack in-house, we operate with a much lower cost structure than others. This allows us to differentiate by not relying on fee income and having a business model that’s completely aligned with the interests of our members.

**What are the typical demographics of your customers?**

Chime’s members are digitally savvy, everyday Americans. We initially skewed millennial but increasingly we’re seeing people of all ages join.

**How do you think about financial management tools for your customers? What do you offer your customers today? Are you planning on offering a free credit score and any tools to help your customers manage their credit score?**

One of the best financial management tools is automation. Last year, we helped Americans save almost \$500 Million using our Automated Savings features. In terms of credit and credit building, we recently acquired a company called Pinch and that team is actively working on products in this area – stay tuned.

**Do you plan on pursuing your own bank charter?**

Not at this time. For now we’re more focused on building new products and scaling our services. If a bank charter allows us to do this more effectively, we’ll consider it.

# The Rise of Challenger Banks

Interview with Chime – CEO (cont.)



## Exclusive CEO Interview – Chris Britt

“Over time, we’ll look to expand into the areas of credit building, borrowing and investing.”

### Can you share any financial or growth metrics with us?

We don’t disclose financials but we continue to see YoY growth well into the triple digits. At the same time, we’re seeing an increasing percentage of enrollments from organic, word of mouth and referrals as a result of our brand building.

### What are the biggest challenges you face in running a dynamic, fast-growing business?

There’s a war for talent in in Silicon Valley, so that’s always a challenge, but I think we really benefit by offering services that are a positive force in the world.

### What’s the long-term vision for the Company? What new products and services will you be offering in the coming years?

There’s a huge opportunity for Chime to help reduce the anxiety that millions of people feel when they think about their finances. This begins with a no fee bank account that actually helps you manage your spending and saving. Over time, we’ll look to expand into the areas of credit building, borrowing and investing. By doing this, we’ll be even better positioned to help our members achieve financial peace of mind.

# The Rise of Challenger Banks

Interview with ClickSWITCH – CEO

ClickSWITCH

Cale Johnston

Founder, CEO



Cale's extensive experience in financial services technology enables ClickSWITCH to be a superior provider of financial services. Cale has experience serving financial institutions large and small, domestic and global. Prior to forming ClickSWITCH, Cale was Vice President of Sales for Cachet Financial Solutions, Inc. In this position, he was responsible for the sales and marketing of their Mobile Check Capture solution. It was in this role, Cale recognized the need for easy-to-implement, consumer friendly financial services and set out with intent to create an outstanding solution.

**What is your background and what was the inspiration behind starting ClickSWITCH?**

**"We've built a very robust database on the backend that has thousands of merchants and employers."**

I started ClickSWITCH when I was 26. Before starting ClickSWITCH I was working at another startup that was providing Mobile Deposit functionality to Banks and Credit Unions. During that time, I saw an opportunity to provide a service that would assist customers with switching their direct deposits and recurring payments at the time the new account is opened – delivering the new FI a profitable and primary account holder. ClickSWITCH now has over 400 Financial Institutions and FinTechs using the platform.

**What is the secret sauce behind your solution? What prevents others from offering a similar solution?**

We've built a very robust database on the backend that has thousands of merchants and employers. We know how each of those merchants take payment change notifications and how employers handle direct deposit change requests. The database grows with every switch. The customer simply tells us who they work for (to switch their DD) and selects merchants they want to change for the payments to be pulled from their new bank account. As soon as the customer hits "submit" we utilize our database to make the change for the customer.

# The Rise of Challenger Banks

Interview with ClickSWITCH – CEO (cont.)

## ◀ ClickSWITCH ▶ Exclusive CEO Interview – Cale Johnston

“Our service enables consumer choice and lets the customer decide who they want to bank with. Our job is to make it easy on the customer.”

Can you provide any data around the typical number of automatic payments you are switching per customer account? Are you able to automate the process entirely or is there still some amount of manual processing involved?

Typically, every switch is initiated with switching the direct deposit. The customer then has the option to switch their automatic payments. On average we see 1 DD and 3-6 automatic payments switched for every user. Our backed database sits at about 80% automation today. If a switch hits our backend system and is classified as “unknown,” it takes a research team from ClickSWITCH to track down the merchant or employer to figure out what their process is to handle payment change requests. There will always be an element of unknown switches that occur as we explore new markets and communities. Our clients see great value in our process because we do the research and labor instead of putting the onus on the customer.

You are serving challenger banks, smaller banks and credit unions as well as some of the largest financial institutions. Do you have to tailor your service for these different groups and has there been any tension in serving multiple competitors?

Our product works for banks of all sizes and FinTech's looking to capture direct deposits for their customers. The banking landscape has always been very competitive. Our service enables consumer choice and lets the customer decide who they want to bank with. Our job is to make it easy on the customer once they've made their decision to switch their banking provider.

How do you balance using partners for distribution vs. direct sales?

We use distribution partners that we can easily integrate with. When our solution integrates into different banking platforms, we see a higher number for consumer adoption. Direct sales typically occur when we are selling our product as a stand-alone service that requires no integration for the bank or credit union.



# The Rise of Challenger Banks

Interview with ClickSWITCH – CEO (cont.)

## ◀ ClickSWITCH ▶ Exclusive CEO Interview – Cale Johnston

“We are focused on creating an entire onboarding platform for our clients and prospects.”

### Do you see the account aggregators as friends or foes?

Friends. We use aggregation as a front-end service to easily identify which payments need to be switched for the customer. Once the customer hits “submit” on the switch, we then utilize our database to make sure the change is successful.

### You recently raised your Series B round. Can you discuss the fundraising process and how you selected your investors?

I’ve met with and formed relationships with hundreds of Ventures over the past couple years. We chose the ventures who were most excited about our business and shared the same vision as our team. Commerce Ventures and Point72 (amongst our other investors) are the perfect fit for ClickSWITCH and the platform we are expanding on. They not only provide capital to the business, but their industry knowledge and expertise help take the business to new levels.

### What is the long-term vision for the Company? What new products and services will you be adding in the future?

Our latest capital raise will expedite our product roadmap initiatives. We will be expanding our service beyond just switching the customers direct deposit and recurring payments. We are focused on creating an entire onboarding platform for our clients and prospects.

# The Rise of Challenger Banks

Interview with Current – CEO

  
**Stuart Sopp**  
Founder, CEO



Before founding Current, Stuart was the Head of Trading at a foreign exchange unit at Morgan Stanley, New York. He has also worked at trading desks in London, Sydney, Singapore and Hong Kong with Citibank and Deutsche Bank. He founded Current to help make the movement and control of money easier with the technology based on a ledger based system and API infrastructure.

**“Traditional banking was made for a lifestyle that doesn’t exist anymore. Current is designed to address the needs of modern life.”**

## What was the vision behind founding Current?

I spent years working as a foreign exchange trader on Wall Street and most recently heading up a foreign exchange trading unit at Morgan Stanley. Trading currencies and crossing borders, I realized that the truly exciting things happening in finance were happening outside of traditional banking — in cryptocurrency and FinTech. It became clear that what it meant to be a bank was fundamentally changing.

That’s how Current got started. We — myself and my CTO Trevor Marshall — envisioned banks as service providers, with a focus on connecting people and making banking as simple and transparent as possible.

## Why did you choose to initially go after the teen market?

Traditional banking was made for a lifestyle that doesn’t exist anymore. Current is designed to address the needs of modern life, and the changing nature of the family unit is the first aspect that we chose to tackle because it is so clearly underserved by existing financial institutions.

## How is Current differentiating its products versus other Challenger Banks?

It’s our features, which help you get money faster, that set us apart. Members get access to direct deposits up to two days early, instant gas hold credits, mobile check deposits, and plenty more. We also leverage data and our tech to offer better insights into spending, and automated savings. Current offers a modern, mobile-first banking solution that adapts to the way you work and live, and seamlessly connects your money to the people in your life.

# The Rise of Challenger Banks

Interview with Current – CEO (cont.)



**Current** Exclusive CEO Interview – Stuart Sopp

**“We built Current as a mobile-first bank, all from the ground-up. Unlike other FinTech companies, we chose to build our own banking core ourselves.”**

**You’ve spent the time and money to build a large amount of your tech stack in-house. Why did you choose to go down this path and what advantages does this provide for you?**

We built Current as a mobile-first bank, all from the ground-up. Unlike other FinTech companies, we chose to build our own banking core ourselves. This removes the vendor and bank partner lock-in that other FinTech companies struggle with at scale. Since we didn’t have to rely on banks to process transactions, it meant we could offer lower fees. And, with 80% of Americans living paycheck-to-paycheck, it’s becoming increasingly important for a huge segment of people to keep fees low, get paid faster, and have a bank that’s simple and transparent.

**What is your marketing strategy? How do you ensure an attractive LTV / CAC?**

For acquiring new users, we have a performance strategy that includes the conventional digital channels like Facebook/Instagram, Google, Snapchat, and other mobile ad networks, but we know how CACs can rise greatly at scale. In-app and word-of-mouth referrals are an important driver to reducing our acquisition costs, and we are increasing LTV with the continued addition of new products and services.

**Do you plan on pursuing your own bank charter down the road?**

Not at this time. The flexibility of building our own banking core has enabled us already to add multiple bank partners into a single seamless experience for our users. If we determine that it’s advantageous to provide a better product for our users in the future we will reassess.

# The Rise of Challenger Banks

Interview with Current – CEO (cont.)



Current

Exclusive CEO Interview – Stuart Sopp

**“We are building a global financial platform connecting people to their financial data for a better life.”**

**What’s the long-term vision for the Company? What new products and services are on the horizon in the coming years?**

We are building a global financial platform connecting people to their financial data for a better life. Expanding on our access to faster money through early direct deposits and gas hold crediting, we see numerous opportunities to build responsible credit solutions for our customers.

**What are the biggest challenges you face in running a dynamic, fast-growing business?**

Continuing to earn customers’ trust without a physical brand presence, which we do by building best-in-class UX and investing heavily in our customer success team.

# The Rise of Challenger Banks

Interview with Deserve – CEO

  
**Kalpesh Kapadia**  
Co-Founder, CEO



Kalpesh is the Co-Founder and current CEO of Deserve. Following a Masters in Engineering from the New Jersey Institute of Technology and an MBA from Carnegie Mellon, Kalpesh had a very successful career as an investor in the tech sector. He founded and led Equanum Capital Management for 7 years, making global tech investments before founding Deserve.

## Please describe your background and the motivation behind founding Deserve.

My story began some 24 years ago when I came to the US from Bombay, India to do my Masters in Engineering and MBA. I came from the top 1% in a vast country of India with a billion people. And then I arrived in the US, and the financial and credit system treated me as if I was invisible. I got declined for a number of credit cards and found it difficult to establish myself financially. I worked for several years after my MBA on Wall Street, first as a top sell side analyst and then as a money manager. During all of that time, I thought the system of originating, underwriting, managing and servicing credit was completely broken and left too many deserving people disadvantaged – especially when it came to young people and new immigrants. Furthermore, it was stuck in the 20th century and was built on what I call the three Fs; FICO, First Data and Fees. It was one-sided and clearly favored the financial instates. Customers were left with no one in their corner. I wanted to change that so I founded Deserve.

**“I thought the system of originating, underwriting, managing and servicing credit was completely broken and left too many deserving people disadvantaged – especially when it came to young people and new immigrants.”**

# The Rise of Challenger Banks

Interview with Deserve – CEO (cont.)



## Exclusive CEO Interview – Kalpesh Kapadia

“Our unique underwriting process allows us to underwrite without social security numbers or credit scores which is particularly appealing for the new-to-credit and new-to-country populations.”

### What products are you offering today and what is on the product roadmap for the next couple of years?

For consumers, we currently offer three credit cards targeted at the Gen Z and Millennial (18-29) demographics (college students, young professionals and new to credit): Edu, Pro and Classic. We have two new products targeted at gig economy and small businesses on the roadmap.

Most of products have rich rewards: No hassle cash back, No annual fee, No foreign transaction fees, Mastercard Platinum benefits, and card specific Perks such as Apple discounts, Amazon Prime Student, and Priority Pass among others. Each card product comes with a state-of-the-art user experience including mobile apps, mobile wallet integration, virtual cards, and subscription management.

On the B2B side, we have a complete end-to-end turnkey Credit Card Program Platform. Banks, FinTechs, and Leading Consumer Brands can quickly and easily launch a private label suite of credit products and utilize all or as much of our modules that they may need. We can do everything from acquisition to underwriting to originating to servicing to providing the full capital stack. Sallie Mae credit card offerings are powered by Deserve's Platform.

### What differentiates Deserve from other credit card issuers?

Our unique underwriting process allows us to underwrite without social security numbers or credit scores, which is particularly appealing for the new-to-credit and new-to-country populations. By using AI Machine Learning and a wide variety of alternative data sets, more no-file or thin-file applicants will qualify for a Deserve Credit Card than a legacy bankcard. We also strongly believe in education surrounding credit and financial health. The importance of responsible use of credit is promoted in our product experience and encourages and rewards good credit behavior. Our modern platform allows us to offer a superior user experience with mobile apps, wallet integration and virtual card. We have no annual fee and rich rewards, making Deserve a compelling value proposition.

# The Rise of Challenger Banks

Interview with Deserve – CEO (cont.)



## Exclusive CEO Interview – Kalpesh Kapadia

**“We are a leader in the industry in the use of AI and Machine Learning for all aspects of the business (Fast Company just recognized us as One of the Most Innovative Companies of 2019 for the way we utilized AI).”**

### How big is the market you are serving? Do you plan on expanding internationally?

The market for thin-file, no-file individuals is around 45 million, which includes our core demographics of Gen Z and Millennials (18-29 students and young professionals). Additionally, through partnerships such as Sallie Mae, we will address the entire market of 190 million people in the US who currently have a credit card. As credit cards are a global product, we have also been approached by banks outside of North America to design card solutions for their customers and markets.

### Building a new consumer financial services brand can be very difficult. What are you doing to stand out from deep-pocketed competitors?

As I highlighted above, in addition to providing access to deserving but underserved (without needing SSN and FICO) and leading with advocacy, we are differentiating with a superior user experience while matching price and rewards from bigger competitors. We have a large diverse set of traditional and non-traditional channels where we acquire new cardholders including a very robust Refer A Friend program. We also plan to achieve minimum efficient scale (MES) through strategic partnerships that utilize our platform such as the one with Sallie Mae. Private label and co-branded products will contribute substantially to our rapid growth. On the technology side, we are a leader in the industry in the use of AI and Machine Learning for all aspects of the business (Fast Company just recognized us as One of the Most Innovative Companies of 2019 for the way we utilized AI). Finally, the full stack of our platform is architected on a modern cloud platform that allows us to be more nimble, agile and secure than legacy platforms.

# The Rise of Challenger Banks

Interview with Deserve – CEO (cont.)



## Exclusive CEO Interview – Kalpesh Kapadia

**“We have managed to successfully launch award winning card products and acquire customers at an attractive cost, which is a remarkable feat.”**

### Are there any key lessons you have learned from others that have tried and failed to enter the card-issuing space?

The demand for credit and credit cards in the economy is greater than ever. Credit Cards offer the highest ROA/ROE of any lending products for banks as well as opportunity to build a brand through daily customer interaction. However, it is one of the most complex products to build and requires certain scale to compete. We have managed to successfully launch award winning card products and acquire customers at an attractive cost, which is a remarkable feat. Our next challenge is to quickly acquire scale and to that end, our platform business is adding more partners. We also keep a keen eye on credit and fraud risk, and with our 5th generation machine learning, we are continuously upgrading and refining our underwriting, fraud and credit modules.

### How do you leverage machine learning and alternative data in making credit decisions?

The current state of the art in credit card underwriting is doing logistic regression on credit bureau attributes. The genesis of our founding was to underwrite a no file customer, so we have developed a proprietary underwriting engine with two different models in production that leverage machine learning. First is our income estimation model based on an individual's banking account transaction history. Second is our dynamic SelfScore that is meant to provide a more responsive view for the customers to see what their FICO score will most likely be in the future.

### Can you describe Deserve's technology platform and are there opportunities to leverage what you've built on to the B2B2C side?

We have built a highly scalable, state of the art CaaS (Credit Card as a Service) platform that provides modular functionality around origination, underwriting, management and servicing using an entirely modern API microservices-based platform that leverages cloud (and not mainframe). Our first strategic partner, Sallie Mae, currently leverages this end-to-end. We are in active discussion with other banks, FinTechs and retail players who want to utilize the platform for their own branded or co-branded affinity credit card programs. We will have more exciting news on this front in 2H 2019.



# The Rise of Challenger Banks

Interview with Deserve – CEO (cont.)



## Exclusive CEO Interview – Kalpesh Kapadia

**“It is used by students from more than 165 countries at over 2,400 colleges across all 50 states. We are running at over \$100M in annualized transaction volume.”**

### How are you funding your credit card receivables?

We currently have a \$50M receivable funding facility with Keystone National Group, which could further scale to \$100M in the near future.

### Can you share any growth metrics on the business with us?

We have over half a million consumers that have applied for our products and over fifty thousand active customers in our portfolio. Our EDU product has been named as the best student credit card by Time/Money magazine, Nerdwallet and others. It is used by students from more than 165 countries at over 2,400 colleges across all 50 states. We are running at over \$100M in annualized transaction volume.

### What are the biggest challenges you face in running a fast-growing FinTech company?

Finding the best talent, and prioritizing resources to the most pressing needs of our consumer customers and business partners are the biggest challenges.

# The Rise of Challenger Banks

Interview with MoneyLion - CEO

 **MoneyLion**  
**Dee Choubey**  
Founder, CEO



After beginning his career in investment banking, Dee co-founded MoneyLion in 2013 with the goal of combining AI, machine-learning technology and behavioral science to bring consumer finance into the future. During his time on Wall Street, Dee held senior positions at leading financial firms including Goldman Sachs, Citadel and Barclays Capital, where he advised M&A and capital raising deals with a specific focus on payments and specialty finance companies. Dee holds a Bachelor of Arts in Economics with Honors from the University of Chicago.

## MoneyLion is much more than just a Challenger Bank. What is the best way to describe the company and its mission?

**“We don’t love the word ‘Challenger Bank,’ we like thinking of ourselves as a complete digital financial institution for the hard working American.”**

We don’t love the word “Challenger Bank,” we like thinking of ourselves as a complete digital financial institution for the hard working American. Our vision statement, “Private banking for the rest of us,” hits home the idea that we want to help every American reclaim their right to wealth. MoneyLion is America’s most powerful and rewarding financial membership, a community of “we” and “us” empowering people to take control of their finances to achieve their overall life goals.

Since its launch in 2013, MoneyLion has amassed more than 4.0 million loyal members and has earned its customers’ trust with new banking and investment capabilities that offer a one-of-a-kind rewards program, no-fee checking account, overdraft protection, and credit products funded in 15 seconds or less. From a single application platform, users can get a holistic snapshot of their entire financial lives while having access to personalized & contextualized tips and tools to improve their credit and achieve everyday savings.

We tell a story of financial empowerment to the consumer : with the notion that good habits are formed over time, and MoneyLion rewards users for each decision along that journey. The success of MoneyLion relies on finding ways to make the members’ money work as hard as they do. Digitally transformative methods like the application of machine learning, big data analytics and fancy computer science techniques all come down to one thing: providing a tailored and reimaged consumer financial experience.

# The Rise of Challenger Banks

Interview with MoneyLion – CEO (cont.)



## Exclusive CEO Interview – Dee Choubey

**“Through our financial empowerment approach, we build products that protect, secure and foster real money growth.”**

### What do you see as the problems with traditional financial services offerings that you are trying to solve?

The business model of inertia drives the revenue model of global financial services: NSF fees, ATM fees, overdraft fees, transfer fees, account maintenance fees, bloated infrastructure, and expensive legacy. The top 10 banks earn over \$100bn in these types of fees – supporting a large amount of market capitalization in the public markets. Through our financial empowerment approach, we build products that protect, secure, and foster real money growth. Key examples are the personalized financial advice we offer through our Financial Heartbeat, which gives each American CFP level financial planning, advice, and recommendations. We endeavor to build a lifestyle around the financial life ; examples include our partnerships with organizations such as NASCAR and Semper Fi; we take the customer out of an adversarial relationship with the bank and surround them with accessible, personal, modern, and efficient solutions that align with their values and ultimately improve their lifestyle. We are changing the way individuals think about and interact with finance on a daily habitual basis – the narrative is not only about the inherent conflict vs banks, but also creating an improved lifestyle for our customers.

### What products are you currently offering today? What do you plan on adding in the near future?

MoneyLion has built an interface layer on top of the bank, brokerage account, credit capabilities, payments, and rewards technology. The Firm today offers a comprehensive suite of products including banking, savings, personal loans, investment secured loans, credit monitoring, cash and salary advances, rewards/cashback, remittance, and as mentioned above a personalized financial advisor, as well as a B2B business solution (MoneyLion Bonus).

# The Rise of Challenger Banks

Interview with MoneyLion – CEO (cont.)



## Exclusive CEO Interview – Dee Choubey

Please discuss your unique membership model and why this is key to your offering.

The time is now for membership. We launched a re-bundled banking solution in December 2017 to the market inside a membership model. We are changing the way Americans interact with financial products and financial services on a day-to-day basis

What content is for Netflix, surrounding the customer with valuable features and product is for MoneyLion. Our memberships can be consumed in 3 tiers.

### Membership Tiers

#### Lite Tier

- Award-winning mobile app
- Budgeting
- Credit monitoring
- Personalized financial advice
- Comprehensive rewards; nationwide cashback offers
- Financial literacy content

#### Core Tier (all of Lite and...)

- No-fee digital checking
- 55k free ATMs
- Bill pay
- Fully-managed investment account
- Cash advances
- Receive funds instantly
- International money transfers
- Virtual cards

#### Plus Tier (all and...)

- Salary advances
- Overdraft protection and emergency loans at 5.99% APR
- Up to \$50k in personalized loans at below market rates
- Zero-fee investing without any minimums
- General Purpose Loans secured against assets
- Supercharged rewards
- VIP access to events

# The Rise of Challenger Banks

Interview with MoneyLion – CEO (cont.)



## Exclusive CEO Interview – Dee Choubey

**“We categorically believe we at MoneyLion have an edge in designing the customer acquisition and customer retention platform of the future.”**

### What are typical demographics of your customers?

We’ve identified 4 consumer segments, two “high value brand driven” segments and two “high affinity product driven” segments, based on product fit and propensity to take action. Our biggest segment is the Builder, typically stable and secure, financially and personally. The Builder is a long-term saver with concrete plans for the future. Next is the Optimist, on the upswing after financial hardship. We help the Optimist with long term planning. The third is the Hopeful who is in dire straits financially but trying to build healthy financial habits. We educate the Hopeful. Last is the Adventurer, a risk-taker who finds investing fun and exciting, and thus has no aversion to borrow and invest simultaneously

### Can you please discuss your innovative approach to marketing and customer acquisition?

MoneyLion marries performance marketing with a mass market brand marketing engine. We created a “Here We Roar” brand campaign strategy which established us as a trustworthy iconic American lifestyle brand, famous for its membership.

### How do you think about competing against vs. partnering with traditional financial institutions?

Our investment in AI, a massive proprietary data advantage, and digitally transformative technology is the backbone of our company: ultimately this is our competitive advantage against incumbent institutions and new entrants in the US market. What Goldman Sachs and Chase say they will do in the future with digital innovation we are already doing today. We are using the power of technology to deliver the private bank to everybody, the Goldman Sachs and the Chase Private Bank experience to everybody. MoneyLion will pose the largest threat to the traditional bank with a customer centric membership model that always expands features and value in a way the banks are not built to accommodate or innovate. We have a lot of respect for the traditional banking system and we’ll continue to partner on infrastructure and balance sheet ; but we categorically believe we at MoneyLion have an edge in designing the customer acquisition and customer retention platform of the future.

# The Rise of Challenger Banks

Interview with MoneyLion – CEO (cont.)



## Exclusive CEO Interview – Dee Choubey

“The long-term vision for MoneyLion is to make MoneyLion an iconic American Brand that impacts millions of lives and creates financial avenues that previously didn’t exist.”

### Do you plan on pursuing your own bank charter?

Anything’s possible.

### Can you share any financial or growth metrics with us?

Over four million users at the beginning of 2019 vs nearly two million at the end of 2017 , with over 100% YoY growth.

60%+ daily active users with multiple sessions each day.

83% of members have started investing for the first time.

70% of Plus members raised their credit by 30+ points. 20% of members make additional deposits to their investment account.

### What is the long-term vision for MoneyLion?

We are redesigning what the bank of the future looks like: the business model of inertia needs to be challenged with the power of centralized user data, A.I., and modern work flows. MoneyLion will continue to push for our membership to encompass innovative products across all financial inflection points and level the playing field for all hard working Americans. The long-term vision for MoneyLion is to make MoneyLion an iconic American Brand that impacts millions of lives and creates financial avenues that previously didn’t exist. Customers love our products and we are growing fast; MoneyLion ought to be in the hands of anyone with a bank account and smartphone.

# The Rise of Challenger Banks

Interview with N26 – Co-Founder, CFO

## N26

Maximilian Tayenthal

Co-Founder, CFO



Maximilian Tayenthal is co-founder and CFO of N26. Previously, Max worked in a variety of consulting and financial roles at leading professional services firms, including CMS and Booz & Company. Max holds bachelor's and master's degrees in economics and business administration from the University of Vienna. He also has a master's degree in economics from the Community of European Management Schools, as well as a law degree from the University of Vienna. Max is a CFA charter holder.

**"N26 was designed to be a customer-centric and mobile-first retail bank, allowing users to enjoy a simple, elegant and easy-to-use banking app – anywhere, anytime."**

### What was the vision behind founding N26?

My friend Valentin Stalf and I founded N26 in 2013. We were frustrated by the lack of transparency, digital innovation, personalized service and offerings at existing banks, and decided to build one of our own. N26 was designed to be a customer-centric and mobile-first retail bank, allowing users to enjoy a simple, elegant and easy-to-use banking app – anywhere, anytime.

Our inspiration came from brands such as Spotify and Netflix, which offer a great user experience. We had a vision of creating a global bank that the world loves to use and that our customers feel a part of. Today, we are the leading mobile bank in Europe, with over 3.5 million customers in 26 markets, and we've recently launched our mobile banking app in the U.S.

### Why is now the right time for a Challenger Bank like N26? What's wrong with the offerings from traditional banks? What are the pain points consumers are feeling?

Globally, customer needs have changed dramatically in recent years - from offline to online to mobile. Consumers are used to mobile services like Netflix, Spotify and Airbnb, so why shouldn't they expect their banks to be just as flexible and simple when it comes to the mobile customer experience? Opening an account at N26 is completely paperless and is done directly via a smartphone in a matter of minutes. Customers can track their spending in real-time and organize their finances with just a few taps. We believe that N26 is closer to its customers than traditional players because we give people more control over their financial world by making the entire banking experience flexible and suitable for the smartphone. Customers open our app several times a day to share or move money seamlessly, enabling them to make quicker decisions that reflect their daily financial needs. Customers also can conveniently contact us through digital channels such as our chat where we are able to respond on average within 30 seconds.

*Continued on next page*

# The Rise of Challenger Banks

Interview with N26 – Co-Founder, CFO (cont.)

**N26**

## Exclusive Co-Founder, CFO Interview – Maximilian Tayenthal

*Continued from prior page*

Essentially, N26 makes banking simple with a flexible account tailored to the needs of our digital generation. With our full banking license, state-of-the-art technology and no branch network, N26 is redesigning banking for the 21st century.

“The principles of open banking... will help people make more informed financial decisions, access new service providers and push innovation and competition between banks.”

### What is the typical demographic profile of an N26 customer?

The majority of our customers are so called “digital-natives” aged 18-34. That said, 40% of our customer base is over that threshold. N26 is attractive for all customers seeking the best mobile banking experience available.

### How has Open Banking in the U.K. changed the game for FinTech companies like N26?

The principles of open banking – promoting real time sharing of data, faster payments and the comparison of products via apps – will help people make more informed financial decisions, access new service providers and push innovation and competition between banks. In an open banking era, we believe the real challenge will be one of philosophy. Five years ago, some of the major banks didn’t share our vision of the future of banking and yet today we’re Europe’s leading mobile bank. This is a hugely exciting time for the mobile banks operating in the UK, and for the industry as a whole, where the worlds of banking, technology and innovation are converging to increase customers’ rights and control over their finances.

We see that our focus on user experience and transparency will continue to differentiate our offering, and our goal to build a platform that serves as the financial home of our customers. We believe that banking should be flexible and designed to seamlessly support the way a customer chooses to live and bank every day.



# The Rise of Challenger Banks

Interview with N26 – Co-Founder, CFO (cont.)

**N26**

**Exclusive Co-Founder, CFO Interview – Maximilian Tayenthal**

“N26 has redesigned banking for the smartphone; we have not just developed another interface or app which is added to an existing offering with old IT infrastructure.”

**Can you discuss how the U.S. launch has gone so far? How do you see the U.S. market as being different from European markets?**

Every market we have entered has presented its own unique challenges and idiosyncrasies. The US is a huge opportunity for N26. Though the fintech environment is well-developed, offerings for US customers comprise primarily niche and individual solutions. The financial market is very fragmented, with no clear leader or wide adoption of a digital banking solution. We believe that N26 can become the first truly mobile-first banking product that is considered as a full replacement to any other bank account.

It has been a couple of months since N26 launched in the US. We successfully signed up more than 100,000 people from the waitlist during the summer and are now focusing on adding more innovative features. For example, the US product currently offers a feature where users get paid up to two days early with direct deposit. It also has a feature called Perks that rewards customers with cashback on some of their most loved subscriptions like TIDAL, Aaptiv and Luminary. These are the kinds of innovative services we think will help differentiate N26 in the US market.

**How do you expect the traditional banks to respond to the growing popularity of Challenger Banks?**

We are currently seeing huge changes in the banking industry driven by the evolution of the digital landscape. As we look ahead and consider our strategy for the future, we don't think along the lines of traditional or challenger – but about how people want to bank and the tools they need to manage their finances.

N26 has re-designed banking for the smartphone, not just developed another interface or app which is added to an existing offering and old IT infrastructure. It's not about the frontend or the app itself. Every underlying process must be mobile banking compatible for the benefit of a real mobile banking user experience. We were the first truly mobile bank in the market and our growth numbers prove our strategy is working and that there is rapidly increasing demand for mobile banking.

# The Rise of Challenger Banks

Interview with N26 – Co-Founder, CFO (cont.)

N26

Exclusive Co-Founder, CFO Interview – Maximilian Tayenthal

“As a global business, we would advocate for increased alignment of global regulation.”

**What is the long-term vision for the Company? What countries do you ultimately expect to enter? What new products and services will you be offering?**

From the outset, the vision for N26 has been simple: to build a bank the world loves to use. We will strongly concentrate on products that make our customers' daily lives simpler. Over the coming months, for example, we are currently rolling out a shared sub-account feature. Helping our customers to solve their daily financial challenges is how we have established a dedicated user base who enjoy the user experience we provide and have recommended us to their friends and family. We are focused on driving our international expansion and will launch in Brazil in 2020, with more markets to follow. It is a matter of expanding our company sustainably, with the goal to have 100 million customers in the future.

**What are the biggest challenges you face in building a fast-growing, global Challenger Bank? What is the biggest hurdle to N26's long-term success?**

Regulation hasn't advanced at the same speed as innovation in banking in recent years. As a global business, we would advocate for increased alignment of global regulation. We are currently operating on a European Passport (a banking licence granted by the German regulator Bafin and the European Central Bank), but we see that a pan-European banking alignment is missing. The same applies to compliance topics, such as IBAN discrimination. Although there is a European standard on IBAN, we are seeing customers experience discrimination in some countries.

Within our business our focus is remaining agile. Innovation and the drive to solve problems is critical to the success of growing companies, regardless of whether you have 300, 600, or 6000 employees. This is one of the most significant challenges for our long-term vision and a focus that we keep front of mind every day.

# The Rise of Challenger Banks

Interview with Qapital - CEO

  
**George Friedman**  
Co-Founder, CEO



George Friedman started his career in financial services at Nomura in NYC and went back to Sweden to lead projects at Avanza, Scandinavia's largest brokerage bank. After spending a few years at Avanza, George decided to create an app that he would like to use to help him save. Today, George is the face of Qapital, an app that has helped customers save more than \$1 billion.

## With many different banking options available to consumers, how has Qapital differentiated itself?

**"We've expanded our toolbox so that people can save, spend and invest with us but it's always with a focus on helping them achieve their most meaningful goals while covering life's necessities."**

Well we were a bit different from the outset because our focus was on giving people a better way to save rather than trying to invent a new way to bank. We pretty quickly validated our approach of focusing on concrete, meaningful savings goals and then automating how you save for them so then it was a case of figuring out how we could go wider to take into account people's whole financial world.

Over time we've expanded our toolbox so that people can save, spend and invest with us but it's always with a focus on helping them achieve their most meaningful goals while covering life's necessities. That's because we believe it's better to spend happily than to try and spend your way to happiness. A happy relationship with money has more to do with someone's ability to put it towards what will bring lasting happiness than it does the amount of zeros in their balance.

It's easy enough to talk about happiness but there's always solid science behind what we do. Our tools are designed in collaboration with world-renowned behavioral economist Dan Ariely and our members save an average of \$4,200 every year. In other words, it works!

## How are you acquiring customers?

Our 1.8m members have largely come to us organically via word of mouth. As our app store reviews show, we have a very passionate and loyal user base and they are our strongest source of new customers. Customer referrals has always been a major channel for us.

We also see significant growth from features such as group-based savings, meaning if a user is going on a vacation with friends, or a couple is saving for their child's education or a new home, Qapital provides the tools to contribute to a goal together, watching their savings grow in a community-like setting.

# The Rise of Challenger Banks

Interview with Qapital – CEO (cont.)



## Exclusive CEO Interview – George Friedman

“Our belief is that the only way to provide truly independent, transparent support is to be up front with our fees, instead of making money on hidden commissions.”

### What are the typical demographics of your customers?

70% of Qapital’s users are women. 80% of all spending in the U.S. is controlled by women and women in the U.S. hold more than \$14 trillion in assets. Since we focus on spending, saving and investing, and we have a female co-founder, we have found a natural fit with this group.

We also have a strong following of highly educated millennials. 65% of Qapital users are at minimum college-educated and 56% fall between the ages of 25-39.

### What is Qapital’s international expansion strategy?

Qapital is currently focused on the U.S. market.

### Why did you decide to introduce a subscription model? How have your customers reacted?

We are moving to a membership model so that we can continue to do what’s right for our customers. This means creating simple, transparent membership tiers with no hidden fees or minimums. We want to be up front with our users as to how we monetize our business – our belief is that the only way to provide truly independent, transparent support is to be up front with our fees, instead of making money on hidden commissions.

After carefully evaluating every possible model, we made the decision to move to a membership model because it aligns most closely with our people-focused mission. We genuinely want to empower and help people – and we believe this is the best way we can do so while continuing to run a growing, healthy business.

# The Rise of Challenger Banks

Interview with Qapital – CEO (cont.)



## Exclusive CEO Interview – George Friedman

“What we’ve found most validating is that the app actually works in changing our users’ financial lives. Many of our users have gone from zero in savings to saving over \$3,000 a year.”

### What has your customer reaction been to the new features you continue to roll out?

What we’ve found most validating is that the app actually works in changing our users’ financial lives. Many of our users have gone from zero in savings to saving over \$3,000 a year and what we’re seeing is that those who add the new features save even more while also enjoying the greater possibilities of the new tools. There’s a reason Qapital has over 50,000 5-star app store reviews and was awarded Google’s “Most Innovative App of the Year.”

### Which products and features have you seen the most excitement about?

Users have really enjoyed Money Missions, Payday Divvy and Spending Sweet Spot.

Money Missions are fun challenges that help our members think a bit deeper about their spending. Members unlock helpful insights into how they use their money now so they can use it better in the future.

Payday Divvy allows members to spread a paycheck to cover bills and fund goals as soon as the money hits their checking account, leaving just what they need to cover day-to-day expenses. It makes the act of splitting a paycheck automatic and immediate, and eliminates the need to think about paying bills and saving money.

Spending Sweet Spot provides a new way to think about budgeting. Users can manage everyday expenses by setting a weekly budget and receive real-time notifications and balance updates so they can track what they spend and where. The intent is to focus on weekly expenses (i.e. coffee, transportation, groceries, etc.) and not break into every minuscule purchase – which can ultimately make them feel bad. Once the Sweet Spot is established, if users come in under, the remaining balance is saved into goals of their choice.

### What are some new features we can look forward to?

Joint account and family account solutions that are elegant and work.

# The Rise of Challenger Banks

Interview with STASH - CEO

**STASH**

**Brandon Krieg**

Co-Founder, CEO



As STASH's Co-Founder and CEO, Brandon Krieg's core focus is finding new ways to harness technology to simplify the financial services industry and create opportunities for people of all demographics and financial backgrounds. He has over 20 years of experience in the fintech industry, most notably as Co-Founder of EdgeTrade, one of the first and largest electronic trade execution and software firms (later acquired by Knight Capital Group), and as Head of Electronic Execution at Macquarie Securities Group.

**"Our ultimate goal is to help each and every one of our customers reach their financial goals, and helping them better manage their everyday spending is absolutely central to this."**

## What was the vision behind founding STASH?

With over 20 years of financial services experience, my co-founder Ed Robinson and I left our jobs on Wall Street to launch STASH with the belief that everyone—regardless of background, net-worth or education—deserves access to financial opportunity, including investing, banking and education. We started with fractional share investing, with just \$5 at a time, and soon launched retirement savings and custodial accounts. Ultimately, personal finance begins with spending and saving, so we launched banking last year as part of our mission to completely redefine the future of personal finance—uniting investing, banking, and education into one seamless experience.

## The banking space is obviously very crowded. How does STASH distinguish itself from other challenger banks?

We like to think of STASH as our customers' "financial home"—a one-stop-shop for all their money needs. Our ultimate goal is to help each and every one of our customers reach their financial goals, and helping them better manage their everyday spending is absolutely central to this. That's why we're pioneering a smarter banking experience—no hidden fees, early payday (up to 2 days early) with direct deposit, 19,000+ fee-free ATMs, spending insights, budgeting tools, and Stock-Back Rewards. In fact, Stock-Back Rewards is the only rewards program that invests for customers as they spend. Customers can automatically earn fractional shares of stock or funds by using their STASH debit card, building portfolios that reflect their spending habits by investing directly in the companies where they shop, eat, watch, listen and live. Today, over 500K+ customers have opened banking accounts, and 5K+ more are joining daily.

# The Rise of Challenger Banks

Interview with Stash – CEO (cont.)

STASH

## Exclusive CEO Interview – Brandon Krieg

“Over 80% of our 4M+ customers are first-time investors. They look just like America. They’re around 29 years old, earning ~\$50K in annual household income.”

### What does the typical STASH customer look like?

Over 80% of our 4M+ customers are first-time investors. They look just like America. They’re around 29 years old, earning ~\$50K in annual household income. STASH helps them make lasting financial progress through guidance and structure.

### STASH offers a subscription pricing model. Do you view this as a sustainable, long-term model?

Absolutely, our subscription pricing model gives the customer complete control. Regardless of where they are in life, they can choose the plan that is right for them, with the option to upgrade as time goes on. With the STASH platform, our customers are given the tools they need to succeed, and achieve financial progress across all parts of their financial lives. We plan to be with our customers for the long-run, growing with them throughout all of life’s pivotal moments (from having children to saving for a house and beyond).

### What’s the long-term vision for STASH? What new products and services will you offer in the years to come?

We plan to help millions of Americans make financial progress with personalized tools and advice so they can reach their goals. Since day one, our mission has remained unchanged—offering the most comprehensive financial services experience possible, while removing entry barriers along the way. Our long-term strategy will mirror that mission as we continue to provide easy-to-understand, hyper-personalized and data-powered products that cover all of our customers’ financial needs. Simply put, we plan to become their financial home.



# The Rise of Challenger Banks

Interview with Tandem - CEO

**TANDEM**

**Ricky Knox**

Co-Founder, CEO



Ricky Knox is a serial entrepreneur and investor, having built five technology companies across the FinTech and telecom industries. Notably, Ricky disrupted the remittance industry with Azimo and Small World Financial Services before moving to his current venture, Tandem. He also simultaneously is the Managing Partner of the FinTech-focused private equity firm, Hexagon Partners. Ricky holds an MBA from INSEAD and a degree from Bristol University.

“Back then we referred to Tandem as the Good Bank and set ourselves the goal of finding solutions to people’s money problems by building fair financial services.”

## What was the vision behind founding Tandem?

Myself and my Co-Founders, Matt Cooper and Michael Kent, founded Tandem to be a new kind of purpose-driven digital bank. Back then we referred to Tandem as the Good Bank and set ourselves the goal of finding solutions to people’s money problems by building fair financial services.

## Why is the market receptive to Challenger Banks? What’s wrong with the offerings from traditional banks? What are the pain points consumers are feeling?

For some time now, traditional banks have been delivering little more than the bare minimum, safe in the knowledge that most people are unlikely to switch banks. Their services, whether in-branch or in-app, feel impersonal, costly, inefficient and focused on selling products as opposed to helping customers solve financial problems. With the technological disruption in other areas of financial services, customers expect more from their banks, be that daily insight on their spending or products that make their lives with money that little bit easier. The biggest pain points the customers face are getting through end of the month and inability to save. We have focused our initial products to help solve these problems via Cashfinder and Savings coach.

## You’ve started Tandem with an app, credit card, and savings account. Why did you choose to launch with this product set? What products are on the road map?

The products that Tandem launched with made perfect sense. People need an app from which to manage their money, a product they can spend and borrow with and somewhere to set money aside and earn interest. Those three products cover the core services people need in their daily lives. Our next services are focused on helping customers with longer terms financial planning including debt reducer which reduces customers’ credit cost and future fund which helps customers with mortgages and investments.



# The Rise of Challenger Banks

Interview with Tandem – CEO (cont.)

## TANDEM

### Exclusive CEO Interview – Ricky Knox

**“Tandem is ahead of other digital challenger banks in terms of the ability to leverage data and underwrite credit products.”**

#### What is your customer acquisition strategy?

Tandem is able to acquire customers at a low acquisition cost due to its customer first approach and its emphasis on solving customer problems rather than selling a financial product. The most important short-term financial problems customers face today are getting through the end of the month and inability to save. At the core of Tandem's services lies Tandem's proprietary machine learning (ML) algorithms which analyzes customers' transactions dynamically to come up with “Safe to Spend” and “Safe to Save” amount

Tandem's service Cashfinder allows customers to aggregate all their bank accounts and get a holistic view of their finances. The aggregation feature is supplemented by our credit card that helps customers during months when “Safe to Spend” amount is negative.

Tandem's service Savings Coach leverages the aggregated accounts to help customers save by way of automated and manual rules that saves money aside into a Tandem account. This automation helps customers take their first step in saving and establishes healthy financial behavior.

#### What differentiates Tandem vs other Challenger Banks?

Tandem is ahead of other digital challenger banks in terms of the ability to leverage data and underwrite credit products. Tandem leverages more than 100 million financial data points acquired by way of account aggregation and strategic acquisitions (acquisition of Pariti and Harrods Bank). This data allows Tandem to underwrite customers much more efficiently than other incumbents. E.g. we are able to offer credit cards for thin credit file customers using their transaction data while other incumbents would reject if the credit bureau data were insufficient.

# The Rise of Challenger Banks

Interview with Tandem – CEO (cont.)

## TANDEM

### Exclusive CEO Interview – Ricky Knox

“Tandem leverages its data to offer a personalized experience and is able to underwrite customers better than traditional banks.”

#### How has Open Banking changed the game for FinTech companies like Tandem?

Tandem is the first bank built from the ground up with Open Banking in mind. Our core offerings Cashfinder and Savings Coach benefit from Open Banking giving Tandem an ability to analyze customers transactions and make transfers / savings on customers' behalf. Before Open Banking, FinTechs relied on screen scraping, leaving out key bits of information about transactions. Open Banking enables transparency and puts customers in control of their accounts.

#### How do you expect the traditional banks to respond to the growing popularity of Challenger Banks?

Traditional banks have started responding by digitizing their offerings but the cultural inertia and legacy infrastructure leads to a slower pace of innovation. Incumbents are using their apps to only service the customers and not originate the customers. This leaves a lot of friction in the customer journeys and does not provide a seamless experience.

#### How do you balance offering your own products (i.e. using your own balance sheet) vs. offering the products of others?

While Tandem's services and products, especially the cashback credit card, are market leading, it does not shy away from offering third party products to customers if that is right for the customer. For example, traditional banks are able to offer mortgages at cheaper rates due to their scale and Tandem is happy to offer third party products if it is in best interest of the customer. Tandem leverages its data to offer a personalized experience and is able to underwrite customers better than traditional banks.

# The Rise of Challenger Banks

Interview with Tandem – CEO (cont.)

## TANDEM

### Exclusive CEO Interview – Ricky Knox

“As we grow as a bank, both in the UK and overseas, we have to scale our operations to ensure we maintain the same high quality of service for customers. We take that extremely seriously.”

#### How do you size the market opportunity for Tandem? Can you share your international expansion plans?

Tandem’s ambitions are global and following its success in UK in 2018, we have already started international expansion. We have already partnered with Hong Kong based FinTech who applied for a virtual banking license. In addition, we are actively pursuing opportunities in Europe and America.

#### Can you share any growth metrics with us?

Tandem has grown its customer base to over 500k since launch in Jan 2018 with c. 40% month on month growth. Tandem is ahead of other challenger banks in terms of monetization and generated £23m+ run rate revenue in Dec 2018 from its 500k+ customers.

#### What are the biggest challenges you face in building a fast-growing Challenger Bank?

As we grow as a bank, both in the UK and overseas, we have to scale our operations to ensure we maintain the same high quality of service for customers. We take that extremely seriously.

# The Rise of Challenger Banks

Interview with Upgrade - CEO



**Renaud Laplanche**

Co-Founder, CEO



In his capacity as Upgrade's CEO, Renaud presides over the Company's business strategy and oversees its execution. Prior to co-founding Upgrade, Renaud co-founded and ran Lending Club, America's largest online marketplace connecting borrowers and investors. In recent years Renaud received multiple awards and nominations: among other distinctions, Renaud was recognized on Bloomberg Markets' 2015 Most Influential List, and in 2014 he won the Economist Innovation Award in the consumer products category.

## After co-founding and running Lending Club, what are the key lessons you've learned that are driving Upgrade's development? How is Upgrade similar / different?

I was very fortunate to found one of the first consumer FinTech companies, take it public and achieve a \$10 billion public valuation. I learned a lot in the process and the Upgrade platform incorporates these learnings in all aspects of the business - from product strategy and user experience to credit underwriting and compliance. One key learning was shaping the user experience in a way that creates more engagement and builds brand equity through a deeper, on-going relationship with our users.

In that spirit Upgrade is creating a full-service challenger bank built on a credit foundation. While Loans and Cards are the economic engine of the business, other banking services like online checking and bill payments gives us more data and a closer relationship with our users. Other complementary products like Credit Health, a suite of credit monitoring and education tools, help us build that ongoing relationship with our users and give us the opportunity to be helpful to them outside of any particular transaction.

**"I was very fortunate to found one of the first consumer FinTech companies, take it public and achieve a \$10 billion public valuation. I learned a lot in the process and the Upgrade platform incorporates these learnings in all aspects of the business - from product strategy and user experience to credit underwriting and compliance."**

# The Rise of Challenger Banks

Interview with Upgrade – CEO (cont.)



**upgrade** Exclusive CEO Interview – Renaud Laplanche

**You just announced the launch of the Upgrade Card – please walk us through the key highlights of this product and how it combines features of both traditional credit cards and personal loans.**

**“This form of installment lending is more responsible and helps our users avoid the revolving debt trap of traditional credit cards.”**

This product innovation was a long time coming. Credit cards and personal loans have been around for decades; now Upgrade Card combines them both into a single product that acts as a credit card (flexible, convenient, available at millions of retail locations) and comes with a line of credit, but then the monthly balance turns into an installment plan payable over 12 to 36 months, at a fixed rate and fixed monthly payments to make it more predictable and easier to budget for. This form of installment lending is more responsible and helps our users avoid the revolving debt trap of traditional credit cards: instead of making only a “monthly minimum payment” that keeps the balance outstanding for 25 years and costs over 100% in interest, our users commit to paying off the full balance over 1 to 3 years and save thousands of dollars in interest.

So Upgrade Card has the payments features of a credit card and the credit features of a personal loan, which really is the best of both worlds. Rates also start lower than most credit cards at 6.49% APR. That’s half the rate of an Apple Card for comparison.

**What’s next on the product roadmap for Upgrade?**

We’re launching a full mobile bank next quarter.

# The Rise of Challenger Banks

Interview with Upgrade – CEO (cont.)



**upgrade** Exclusive CEO Interview – Renaud Laplanche

“Credit is 70% of banks’ revenue and is the number one feature most customers expect from their bank, so sooner or later if you’re going to be in banking, you’ll need to be in credit.”

The consumer personal finance market is obviously a very large market, but also a crowded one with thousands of traditional banks, many non-bank lenders, and numerous FinTech companies including Challenger Banks. What is Upgrade’s key differentiation and how do you get that message out to consumers?

Product design starts with the customer. Over 8 million people have applied for an Upgrade loan or card over the last 2 years, and we unfortunately decline most of those applicants, so anything that gives us the ability to say “yes” more often is obviously critical to improving user experience. A mobile banking account with unique benefits tied to a direct deposit is a way for us to lower the barriers to entry into the Upgrade ecosystem and start approving millions of accounts, instead of rejecting them upfront. For our customers, getting an easier path to an Upgrade loan or card, and potentially access to lower rates, is obviously a significant reason for opening an account with us.

On the FinTech front, we are seeing numerous companies moving into banking. Some have started with a banking product, others have started from the investment side, while you have started on the lending side. How do you think about the difficulty in moving from lending into other banking products, vs. starting somewhere else and then adding lending?

If you look at the most successful neobanks around the world like NuBank and Tinkoff, they often started from the credit side. Credit is 70% of banks’ revenue and is the number one feature most customers expect from their bank, so sooner or later if you’re going to be in banking, you’ll need to be in credit. Credit underwriting, loan servicing, capital markets operations, all these things take time to build and are harder than they seem. We’re glad we started with that side and got it done, we have built a strong track record of performance and now have the opportunity to expand into a full suite of banking products that will also help us get more data about our customers and say “yes” more often.

# The Rise of Challenger Banks

Interview with Upgrade – CEO (cont.)



**upgrade**

**Exclusive CEO Interview – Renaud Laplanche**

**“Instead of matching assets and liabilities within our own balance sheet like a bank would, we are doing so in a distributed way across multiple banks.”**

**Funding is always a key issue for any non-bank lender. How are you funding your loans and the new card product and how do you ensure that you will have stable, long-term funding sources?**

The majority of our funding today comes from banks and credit unions; these are deep and stable funding sources. The mobile banking account is going to further enhance funding as we can funnel excess deposits to our bank partners and help them match loan and card receivable purchases with stable, low cost deposits. Instead of matching assets and liabilities within our own balance sheet like a bank would, we are doing so in a distributed way across multiple banks.

**Can you share any financial or growth metrics for the Company?**

We're at about \$80 million annual revenue run rate and growing very fast. Over 8 million people have already applied for an Upgrade loan, including more than 2 million in the last quarter. We've issued over \$2 billion in loans.

**Looking out over the next 5-10 years, what's the long-term vision for Upgrade?**

We're building a challenger bank for mainstream consumers. We will continue to deliver affordable and responsible credit products, and banking features that offer value and a delightful experience.

# The Rise of Challenger Banks

Interview with Varo Money - CEO

## Varo

Colin Walsh

Co-Founder, CEO



Colin founded Varo with a specific vision: to help million of people improve their financial lives. Colin is uniquely positioned to lead the mobile bank revolution and has more than 25 years of experience in consumer banking at large financial institutions. He led Europe's largest credit and charge card business as an EVP at American Express. Colin also led the UK's largest mortgage and savings businesses at Lloyds Banking Group and served as Managing Director for the firm's retail bancassurance, credit debit and merchant acquiring businesses.

**"We are different. From day one, we said 'no fees ever' and offered a high-yield savings account."**

## What was the vision behind founding Varo?

Varo was founded because we believe the world needs better banks; ones that will use technology to improve customers' financial lives.

With 25 years experience in retail financial services, I understood that incumbents were not well placed to meet the needs of younger generations. For instance, banks have too much embedded revenue from fees and bank charges and they can't afford to re-price their deposit book.

These fees and lack of meaningful interest on savings are major pain points for US consumers and have created an opportunity for disruptors like Varo to enter the market and help customers achieve better financial outcomes.

## Why is now the right time for a new bank like Varo to emerge?

For several reasons. First, the state of consumers' personal finances is pretty grim. A recent Varo/Qualtrics survey showed that six in ten millennials don't have \$500 to cover an unexpected expense. Between student loans and the high costs of living, too many young Americans are not getting ahead — and banks are not helping. We are different. From day one, we said "no fees ever" and offered a high-yield savings account.

Second, consumer behavior is changing rapidly. 56% of Americans claim mobile is their primary and preferred banking channel. It's over 90% for millennials. Furthermore millennials are much more likely to switch banks, particularly if they are charged fees.

Third, trust in banks is at an all time low. Almost three quarters of Americans say they don't trust banks. The \$250 billion in fines that banks have paid regulators over the past decade help explain why trust is so low.

Lastly, the regulators are more receptive to chartering new banks with seasoned management teams and strong backers.



# The Rise of Challenger Banks

Interview with Varo Money – CEO (cont.)

**Varo**

**Exclusive CEO Interview – Colin Walsh**

**“A complete full-stack mobile-native chartered bank, built from the ground up on the latest technology—with a social mission to help people get ahead”**

**Banking is obviously a crowded space with thousands of competitors. How does Varo break through the noise and resonate with new customers? How is Varo differentiated from other Challenger Banks?**

There is no one else doing exactly what we are doing right now — offering a complete full-stack mobile-native chartered bank, built from the ground up on the latest technology—with a social mission to help people get ahead.

Of course, there are a lot of players in the fintech space. You hear a lot about companies like Chime or Stash that have a more limited offering, e.g. only bank accounts or only investing accounts. They can only serve a portion of the population and only serve one area of their finances. We are a more holistic solution — high-yield savings with a fee free mobile bank account plus personal loans and tools to manage your money. With much more on the way as we continue to build out our roadmap.

**You recently received preliminary approval for a national bank charter from the OCC. What is the significance of this announcement and why did you pursue your own charter?**

Despite being somewhat contrarian, it's been part of our strategy from day one. Banking is about relationships — and it's hard to have a relationship with someone if you're simply a point solution. A bank charter allows us to serve our customers better in all parts of their financial lives, have a broader product range and lower funding cost that can be used to create more value in our products. The OCC national bank charter will create a moat around our business.

# The Rise of Challenger Banks

Interview with Varo Money – CEO (cont.)



## Exclusive CEO Interview – Colin Walsh

**“These efficiencies enable us to invest in providing more value to customers through fee free banking and high yield savings”**

### What are the typical demographics of your customers? Do you expect Varo to replace your customers’ existing banking relationships?

Varo’s target customers are 22-45 in age, live in all 50 states, have above average incomes and want a bank that’s going to help them get ahead.

I recently received a note from a new college grad, who was looking to grow her savings in the long term so she switched to Varo because of our high-yield savings. Young professionals are hungry to do the right thing with their money and build their financial foundation—they don’t want financial stress. So yes, we will replace customers’ existing banks because they want to go somewhere that is actually serving their best interests. Today,  $\frac{3}{4}$  of our savers with money in their account are using one of our automatic savings tools.

### Help us understand the economic model. What do you need to reach profitability?

Varo has very attractive unit economics. We earn interchange revenue from debit card purchases, interest income from loans and revenue from partner products. Our model is built on engaged relationships and our platform is proving we can meet multiple customer needs from banking and savings to lending, insurance, and more.

As a national bank, we will be able to fund our loan book with stable low-cost funding from our deposits, allowing us to provide more value to consumers.

Furthermore, as a fully digital platform, we do not have the expense of branches, ATM networks, and legacy technology. We are currently acquiring customers at a fraction of the cost of incumbent banks. These efficiencies enable us to invest in providing more value to customers through fee free banking and high yield savings.

We expect to be profitable not long after opening the bank.

### Can you share any financial or growth metrics with us?

We’re growing fast, in fact our customer base grew 600% last year. We saw another significant increase in growth when we introduced Android in late 2018. At current run rates, we are on track to be serving millions of customers in the next couple years.

# The Rise of Challenger Banks

Interview with Varo Money – CEO (cont.)

**Varo**

**Exclusive CEO Interview – Colin Walsh**

**“We will meet a wide range of consumer financial needs; banking savings, investing, lending, insurance, home ownership”**

**What’s the long-term vision for the Company? What new products and services will you be offering in the coming years**

I would like Varo to be a major force for good in the financial services industry. We will meet a wide range of consumer financial needs; banking savings, investing, lending, insurance, home ownership - all with the goal of helping our customers get ahead and succeed financially.

As a company we are obsessed with doing the right thing for our customers. We listen carefully and iterate on solutions to ensure they are not just meeting customer needs, but delighting our users. We already have an NPS score in the top 1% of all banks and quickly headed toward the top 1% of technology companies. This will continue to strengthen as we scale and build a larger community of users.

We believe our business model will succeed on a global basis and we plan to launch in international markets after we have become a profitable national bank in the US.

**What do you see as the most likely outcome for Varo, an IPO or a trade sale?**

We plan to become a publicly traded company.

**What are the biggest challenges you face in running Varo on a day-to-day basis? What do you see as the biggest hurdle to Varo’s long-term success?**

We’re in a thrilling time for Varo. The challenges day-to-day are those that come with a rapidly scaling business. If you have read Reid Hoffman’s latest book, Blitzscaling, you will know what I am talking about. We are scaling our team, our processes, our partnerships, our capital base and our relationship with our customers. The biggest hurdle is just finding enough hours in the day.

# The Rise of Challenger Banks

Interview with Zero - CEO

**zero**

**Bryce Galen**

Founder, CEO



Bryce is founder and CEO of Zero, where he developed the initial idea and leads the company. Bryce was previously a Senior Product Manager at Zynga, where he led product development for Words with Friends and topped app store charts. Prior to that, Bryce worked for Fidelity Investments. He also founded and ran a business based in NYC that he grew to 55 employees and sold in a strategic acquisition.

## What was the vision behind founding Zero?

**“[People] want the simplicity of a debit card, yet they don’t want to give up the opportunity to earn with credit cards’ cash back programs.”**

Zero is a bank replacement that combines the simplicity of a debit card with the cash back of a credit card through an app. Your money is safe and secure in an FDIC-insured checking account and you earn rewards on your net deposits competitive with high-yield savings account rates, plus unlimited 1% to 3% cash back on your purchases with Zerocard, a World Mastercard. There are no foreign transaction fees, annual fees, account minimums, or monthly maintenance fees, and our support team in California is available 24 hours a day, 7 days a week.

## Why do you think now is the right time for Zero’s unique offering?

With increasingly busy and mobile lifestyles, people today don’t have time to worry about multiple apps, credit card statements, balances and due dates in the name of chasing down rewards. They want the simplicity of a debit card, yet they don’t want to give up the opportunity to earn with credit cards’ cash back programs on spending. Zero is the first modern banking experience to solve this.

## How will you be marketing Zero?

We believe that rewarding people for spreading the word about a product they love is a great marketing strategy. When you become a customer, you start with the entry-level Zerocard Quartz, which earns 1.0% cash back, and earn progressively more cash back as you level up to Zerocard Carbon, which earns 3.0% cash back. You level up and maintain your status by meeting a minimum annual spend requirement or by referring others to become Zero customers.

# The Rise of Challenger Banks

Interview with Zero – CEO (cont.)

**zero**

**Exclusive CEO Interview – Bryce Galen**

“Anyone who wants to move beyond this tradeoff and benefit from better economics on both deposits and spending will benefit by replacing their existing banking relationships with Zero.”

**What types of customers are you targeting? Is Zero meant to completely replace their existing banking relationships?**

Debit cards are the fastest growing major payment type, rising in popularity across all demographics. Before Zero, people who wanted to benefit from the simplicity and spending oversight of debit cards were forced to give up on the valuable rewards that only credit cards can offer. Anyone who wants to move beyond this tradeoff and benefit from better economics on both deposits and spending will benefit by replacing their existing banking relationships with Zero.

**How do you think about financial management tools for your customers? What do you offer your customers today? Are you planning on offering a free credit score and any tools to help your customers manage their credit scores?**

We believe that a modern banking app should allow customers to manage their finances seamlessly and effortlessly. Because the Zero app discourages overspending and encourages automatic payments of your Zerocard balance, especially with the Debit-style Experience turned on, proper use of your Zerocard may increase your credit score.

**Your value proposition to consumers seems very clear, but how will you make the economics of offering both very attractive rewards and relatively high levels of interest on balances work?**

Typical banks spend a fortune on marketing, legacy tech, inefficient staffing and outdated branches. We deliver on our value proposition and avoid these costs by harnessing the power of referrals to grow our customer base and leveraging the efficiencies of modern, purpose-built tech.

# The Rise of Challenger Banks

Interview with Zero – CEO (cont.)

**zero**

**Exclusive CEO Interview – Bryce Galen**

“We believe that people everywhere need a way to manage the inflow, accumulation of, and outflow of value that is oriented towards the transcendence of legacy institutions, financial products, currencies, and intermediaries. ”

## Do you plan on pursuing your own bank charter over time?

Our business model is built on partnerships with banks and we don't currently have plans to pursue our own bank charter.

## Recognizing that you just recently launched Zero, can you share any longer-term customer or financial goals with us?

Our mission is to deliver “Banking with Zero Compromises” to as many people as we can, which we believe will be many millions of people in the future.

## What do you think are the biggest hurdles to Zero's success?

Because our value proposition is significantly better than typical banks, one hurdle to success is being dismissed by potential customers who ask, “What's the catch?” and don't understand that our value proposition is real.

## What's the long-term vision for the Company? What new products and services will you be offering in the coming years?

















We believe that people everywhere need a way to manage the inflow, accumulation of, and outflow of value that is oriented towards the transcendence of legacy institutions, financial products, currencies, and intermediaries. As we grow as a company, we will broaden the ability for more people to benefit from our products and enrich the services that customers receive in order to deliver greater value with zero compromises.



# 4 Selected M&A and Financing Transactions

# The Rise of Challenger Banks

Selected Challenger Bank Transactions: 2013 – 2019

Announced Date	Company	Selected Buyers / Investors	Transaction Type	Amount (\$mm)	Research Profile
12/11/19		Valar Ventures	Financing	\$18	
12/06/19		DST Global; Coatue; General Atlantic; ICONIQ; Dragoneer; Menlo Ventures	Financing	500	<a href="#">VIEW</a>
12/04/19		Kaszek Ventures; Ribbit Capital	Financing	10	
11/28/19		Drive Capital; NAventures	Financing	19	
11/25/19		Tencent; Goldman Sachs Investment Partners; Jefferies & Company; SoftBank Innovation Fund; Monashees Capital; Ribbit Capital; Soros Fund Management; Endeavor Catalyst	Financing	150	<a href="#">VIEW</a>
11/18/19		Banco Votorantim; General Atlantic; Monashees Capital; Omidyar Network; Propel Venture Partners; Quona Capital	Financing	95	<a href="#">VIEW</a>
11/06/19		Accomplice; Walkabout Ventures; Mucker Capital; Index Ventures; SciFi VC	Financing	4	
11/04/19		Goldman Sachs; Sallie Mae; Accel; Aspect Ventures; Pelion Venture Partners; Mission Holdings	Financing	50	<a href="#">VIEW</a>
10/24/19		Wellington Management; Galaxy EOS VC Fund; CMFG Ventures; QED Investors; Expa Capital; Elizabeth Street Ventures	Financing	20	
10/23/19		Hard Yaka; Barclays Accelerator; The CXO Fund; WorldQuant Ventures; Hanwha Investment & Securities; Undisclosed Investors	Financing	5	
10/23/19		Merian Chrysalis Investment Company; JTC Group	Financing	39	
10/15/19		Inspired Capital	Financing	5	
10/10/19		Undisclosed Investors	Financing	4	
10/09/19		Polychain Capital; Surge; Dragonfly Capital; Astar Ventures; Singapore Angel Network; Consensus Labs;	Financing	3	
10/07/19		Augmentum FinTech; SBI Holdings	Financing	54	
10/03/19		CARDUUS Asset Management; Binance; Polychain Capital	Financing	10	









# The Rise of Challenger Banks

Selected Challenger Bank Transactions: 2013 – 2019 (cont.)

Announced Date	Company	Selected Buyers / Investors	Transaction Type	Amount (\$mm)	Research Profile
10/01/19	<b>BNXT</b>	DN Capital; Redalpine Venture Partner; Speedinvest; Founders Future; USM Capital Group; Cometa; Enern; Conexo Ventures	Financing	\$25	
09/30/19	<b>dave</b>	Norwest Venture Partners	Financing	50	<a href="#">VIEW</a>
09/26/19	 <b>MERCURY</b>	Charles River Ventures; Andreessen Horowitz; Dreamers Fund; Thirty Five Ventures	Financing	20	
09/25/19	<b>Klar</b>	Quona Capital; Aspect Ventures; FJ Labs; Western Technology Investment; Santander InnoVentures	Financing	8	
09/16/19	 <b>FairMoney</b>	Flourish; NewFund Capital; Speedinvest; Le Studio VC	Financing	11	
08/21/19	<b>lunar way</b>	SEED Capital	Financing	29	
08/08/19	 <b>toss</b>	Aspex Management, Kleiner Perkins, Altos Ventures, GIC, Sequoia Capital China, Goodwater Capital, Bessemer Venture Partners	Financing	64	<a href="#">VIEW</a>
07/26/19	 <b>ny bank</b>	TCV; Tencent; DST Global; Sequoia; Dragoneer; Ribbit Capital; Thrive Capital	Financing	400	<a href="#">VIEW</a>
07/23/19	 <b>MoneyLion</b>	Edison Partners; Greenspring Associates; Capital One; FinTech Collective; MetaBank	Financing	100	<a href="#">VIEW</a>
07/22/19	 <b>Atom bank</b>	BBVA Group; Toscafund; Woodford Investment Management; Perscitus	Financing	62	<a href="#">VIEW</a>
07/18/19	<b>N26</b>	Insight Partners; GIC; Tencent; Allianz X; Valar Ventures; Earlybird Venture Capital; Greyhound Capital	Financing	170	<a href="#">VIEW</a>
07/16/19	 <b>Curve</b>	Gauss Ventures; CreditEase; IDC Ventures; Investec; Santander InnoVentures; Breega Capital; Seedcamp; Speedinvest	Financing	55	<a href="#">VIEW</a>
07/09/19	 <b>niyo</b>	Horizons Ventures; Tencent; JS Capital Management	Financing	35	
07/08/19	 <b>SOLDO</b>	Battery Ventures; Dawn Capital; Accel Partners; Connect Ventures; Silicon Valley Bank	Financing	61	
06/28/19	<b>JAJA</b>	Silverstripe International Holdings; Centerbridge Partners; Celeres Investments	Financing	25	

















# The Rise of Challenger Banks

Selected Challenger Bank Transactions: 2013 – 2019 (cont.)

Announced Date	Company	Selected Buyers / Investors	Transaction Type	Amount (\$mm)	Research Profile
06/25/19	 <b>open</b>	Tiger Global; Tanglin Venture Partners; 3one4 Capital; Speedinvest; BetterCapital AngelList Syndicate	Financing	\$30	
06/24/19	 <b>monzo</b>	Y Combinator; Latitude Partners; General Catalyst; Stripe; Passion Capital; Thrive Capital; Goodwater Capital; Accel; Orange Digital Ventures	Financing	144	<a href="#">VIEW</a>
06/20/19	 <b>Dough</b>	Monex Group	Financing	na	
06/13/19	 <b>monese</b>	Augmentum FinTech	Financing	3	
06/06/19	 <b>step</b>	Stripe; Dreamers Fund; WndrCo; Crosslink Capital; Collaborative Fund; Sesame Ventures	Financing	23	
05/29/19	 <b>SoFi</b>	Qatar Investment Authority	Financing	500	<a href="#">VIEW</a>
05/24/19	<b>zero</b>	NEA; SignalFire; ENIAC Ventures; Nyca Partners; Silicon Valley Bank	Financing	20	
05/16/19	 <b>YOU TRIP</b>	Insignia Venture Partners; Undisclosed Investors	Financing	26	
05/15/19	 <b>K O H O</b>	Portag3 Ventures; Greyhound Capital; Undisclosed Investors	Financing	42	
05/01/19	<b>dozens</b>	Undisclosed Investors	Financing	5	
04/24/19	 <b>ualá</b>	Tencent	Financing	na	
04/08/19	 <b>branch</b>	Foundation Capital; Visa; Trinity Ventures; Formation 8; Victory Park Capital; Andreessen Horowitz; International Finance Corporation; CreditEase FinTech Investment Fund; Greenspring Associates; Foxhaven Asset Management; B Capital Group	Financing	68	<a href="#">VIEW</a>
03/29/19	 <b>MOVO®</b>	Undisclosed Investors	Financing	7	
03/22/19	 <b>brand new DAY</b>	VVAA Group; Hartwig; ASR	Financing	28	
03/12/19	<b>STASH</b>	Breyer Capital; Coatue; Entrée Capital; Goodwater Capital; Greenspring Associates; Union Square Ventures; Valar Ventures	Financing	73	


# The Rise of Challenger Banks

Selected Challenger Bank Transactions: 2013 – 2019 (cont.)

Announced Date	Company	Selected Buyers / Investors	Transaction Type	Amount (\$mm)	Research Profile
03/07/19		Nationwide Building Society; Ping An; Oliver Wyman	Financing	\$43	
03/05/19		DST Global; Coatue; General Atlantic; ICONIQ; Dragoneer; Menlo Ventures; Forerunner Ventures; Cathay Innovation	Financing	200	<a href="#">VIEW</a>
03/05/19		Undisclosed Investors	Financing	2	
02/23/19		Collection House	Financing	6	
02/13/19		Merian Chrysalis Investment Company; Merian Global Investors	Financing	97	<a href="#">VIEW</a>
02/11/19		SEED Capital; Greyhound Capital; Socii Capital	Financing	15	
02/07/19		SoftBank Vision Fund; The Clermont Group	Financing	440	<a href="#">VIEW</a>
02/05/19		Kinetik	Financing	11	
01/31/19		Crosslink Capital; Collaborative Fund; Sesame Ventures	Financing	4	
01/28/19		NBCUniversal Media; BlackRock; Bain Capital ventures; the Rise Fund; DST Global; MSD Capital; Comcast Ventures	Financing	105	
01/24/19		Mountain Nazca; Omidyar Network; Greyhound Capital	Financing	7	
01/16/19		Celeres Investments	Financing	2	
01/09/19		Insight Venture Partners; GIC; Undisclosed Investors	Financing	300	<a href="#">VIEW</a>
01/07/19		Bó	Financing	6	
01/07/19		Elliott Advisors	Financing	50	
12/28/18		Warburg Pincus; The Rise Fund	Financing	65	















# The Rise of Challenger Banks

Selected Challenger Bank Transactions: 2013 – 2019 (cont.)

Announced Date	Company	Selected Buyers / Investors	Transaction Type	Amount (\$mm)	Research Profile
12/18/18	 B-SOCIAL	Undisclosed Investors	Financing	\$4	
12/10/18	 Good Money	Galaxy Digital Ventures; Breyer Capital; BlockTower Capital; Boost VC; Blockchange Ventures; Cross Culture Ventures; Undisclosed Investors	Financing	30	
12/06/18	 branch	Drive Capital; Great North Labs	Financing	8	
12/05/18	 monzo	Undisclosed Investors	Financing	26	
11/20/18	<u>TANDEM</u>	Convoy Financial	Financing	19	
11/16/18	zero	ENIAC Ventures; New Enterprise Associates; Nyca Partners; Silicon Valley Bank	Financing	16	
11/13/18	 泛付 panpay	Source Code Capital	Financing	na	
11/12/18	 STARLING BANK	Undisclosed Investors	Financing	13	
11/07/18	JAJA	Undisclosed Investors	Financing	6	
10/30/18	 monzo	Goodwater Capital; General Catalyst Partners; Accel Partners; Thrive Capital; Stripe; Orange Digital Ventures; Passion Capital	Financing	109	<a href="#">VIEW</a>
10/30/18	 mm	Ground1 Ventures	Financing	na	
10/23/18	neat	Linear Capital; Dymon Asia Ventures; Portag3 Ventures; Sagamore	Financing	3	
10/22/18	 C	BEENEXT; Asuka Holdings; 500 Startups	Financing	2	
10/15/18	PENTA	Inception Venture Capital	Financing	8	
10/11/18	 BRBB EVERYONE IS A BANK	Undisclosed Investors	Financing	2	

















# The Rise of Challenger Banks

Selected Challenger Bank Transactions: 2013 – 2019 (cont.)

Announced Date	Company	Selected Buyers / Investors	Transaction Type	Amount (\$mm)	Research Profile
10/08/18	 ny bank	Tencent	Financing	\$180	<a href="#">VIEW</a>
10/03/18	 uala	Goldman Sachs Investment Partners; Ribbit Capital; Jefferies & Company; Point72 Ventures; Soros Fund Management	Financing	34	
10/02/18	 Kontist	Haufe Group	Financing	na	
09/27/18	 SEBA	Undisclosed Investors	Financing	103	
09/27/18	 masthaven	Varde Partners	Financing	79	
09/24/18	 qonto	Alven Capital; Valar Ventures; European Investment Bank	Financing	23	
09/19/18	 Empower banking	Initialized Capital; Sequoia Capital	Financing	5	
09/06/18	 monese	Kinnevik; PayPal; Augmentum; International Airlines Group; Investec's INVC Fund; Anthemis Group	Financing	60	<a href="#">VIEW</a>
09/06/18	 OakNorth	EDBI; NIBC Bank; The Clermont Group; GIC; Coltrane Asset Management	Financing	100	<a href="#">VIEW</a>
09/03/18	 Shine	XAnge Private Equity; Daphni; Undisclosed Investors	Financing	9	
09/03/18	 JAJA	The Blystad Group; Silverstripe International Holdings; Pollen Street Capital	Financing	9	
09/03/18	 Counting up	Forward Partners; JamJar Investments; Frontline Ventures	Financing	3	
08/27/18	 deserve	Accel Partners; Aspect Ventures; Pelion Venture Partners; GDP Venture; Mission Holdings; Alumni Ventures Group; Sallie Mae	Financing	17	<a href="#">VIEW</a>
08/23/18	 clearPAY	Afterpay Australia	M&A	13	
08/20/18	 tide	Augmentum Fintech; Anthemis Group; Passion Capital; Localglobe; Creandum	Financing	10	
08/14/18	 MoneyLion	Peak6 Investments; Edison Partners; FinTech Collective; Grupo SURA; Greenspring Associates; Danhua Capital	Financing	40	
07/04/18	 neat	Dymon Asia Ventures; Portag3 Ventures	Financing	2	

















# The Rise of Challenger Banks

Selected Challenger Bank Transactions: 2013 – 2019 (cont.)

Announced Date	Company	Selected Buyers / Investors	Transaction Type	Amount (\$mm)	Research Profile
05/31/18		Menlo Ventures; Forerunner Ventures; Aspect Ventures; Cathay Innovation; Northwestern Mutual Future Ventures; Crosslink Capital; Omidyar Network	Financing	\$70	<a href="#">VIEW</a>
05/14/18		Orogen Group	Financing	100	<a href="#">VIEW</a>
05/09/18		BlackRock	Financing	na	
05/03/18		Propel Venture Partners; Monashees Capital; Quona Capital; Omidyar Network; Tera Ventures; Yellow Ventures	Financing	22	
04/26/18		DST Global; Index Ventures; Ribbit Capital	Financing	250	<a href="#">VIEW</a>
04/16/18		Swedbank Robur; Northzone Ventures	Financing	30	
03/29/18		CreditEase FinTech Investment Fund; Andreessen Horowitz; Trinity Ventures; International Finance Corporation; Victory Park Capital	Financing	70	<a href="#">VIEW</a>
03/22/18		Tekton Ventures; Pipeline Capital Partners; Founders Future; SociosQ	Financing	2	
03/19/18		Undisclosed Investors; Tencent; Allianz X	Financing	160	<a href="#">VIEW</a>
03/16/18		Undisclosed Investors	Financing	1	
03/07/18		BBVA Group; Toscafund Asset Management	Financing	207	<a href="#">VIEW</a>
03/01/18		Founders Fund; DST Global; Redpoint Ventures; Ribbit Capital; QED Investors; Dragoneer Investment Group; Thrive Capital	Financing	150	<a href="#">VIEW</a>
02/28/18		Undisclosed Investors	Financing	2	
02/12/18		Union Square Ventures; Breyer Capital; Coatue; Goodwater Capital; Entrée Capital; Valar Ventures	Financing	38	
02/06/18		Soros Fund Management; Recharge Capital; Point72 Ventures; Jefferies & Company; Greyhound Capital; Undisclosed Investors	Financing	10	
02/05/18		Inception Venture Capital	Financing	3	

















# The Rise of Challenger Banks

Selected Challenger Bank Transactions: 2013 – 2019 (cont.)

Announced Date	Company	Selected Buyers / Investors	Transaction Type	Amount (\$mm)	Research Profile
02/05/18	 Moven	SBI Holdings	Financing	na	
01/18/18	 Varo	Warburg Pincus; The Rise Fund; Undisclosed Investors	Financing	\$46	
01/12/18	 acorns	The Rise Fund	Financing	na	
01/10/18	 iyo	Social Capital; JS Capital Management; Horizons Ventures; Prime Venture Partners	Financing	13	
01/04/18	 MoneyLion	Edison Partners; FinTech Collective; Grupo SURA; Greenspring Associates; Danhua Capital; Peak6 Investments	Financing	42	<a href="#">VIEW</a>
12/15/17	 LOOT	Power Corporation; Portag3 Ventures; Speedinvest	Financing	3	
12/12/17	 Aspiration	Social Impact Finance; Allen & Company, Inc.; Omidyar Network; Alpha Edison; AGO Partners; Reyl & Cie; Capricorn Investment Group; Undisclosed Investors	Financing	47	<a href="#">VIEW</a>
11/23/17	 paytm	Paytm; Undisclosed Investors	Financing	19	
11/06/17	 monzo	Goodwater Capital; Stripe; Undisclosed Investors; Passion Capital; Thrive Capital; Orange Digital	Financing	93	<a href="#">VIEW</a>
11/06/17	 Dough	Choice Financial	Financing	na	
11/03/17	 OakNorth	GIC	Financing	118	<a href="#">VIEW</a>
10/25/17	 Jiko	Upfront Ventures; Radicle Impact; Social Capital; 500 Startups; Digital Currency Group; Core Innovation Capital; Embark Group; Story Ventures	Financing	8	
10/24/17	 deserve	Strawberry Creek Ventures; Accel Partners; Alumni Ventures Group; GDP Venture; Mission Holdings; Aspect Ventures; Pelion Venture Partners	Financing	12	
10/23/17	 zero	ENIAC Ventures; New Enterprise Associates; Nyca Partners; Lightbank; Middleland Capital	Financing	9	
10/23/17	 Countingup	Frontline Ventures; Undisclosed Investors	Financing	1	
10/12/17	 OakNorth	Toscafund Asset Management; Coltrane Asset Management; The Clermont Group	Financing	203	

# The Rise of Challenger Banks



Selected Challenger Bank Transactions: 2013 – 2019 (cont.)

Announced Date	Company	Selected Buyers / Investors	Transaction Type	Amount (\$mm)	Research Profile
10/06/17	 talkbank	Internet Initiatives Development Fund; Undisclosed Investors	Financing	\$1	
09/27/17	 chime	Cathay Innovation; Northwestern Mutual Future Ventures; Omidyar Network; Crosslink Capital; Aspect Ventures; Forerunner Ventures; Homebrew	Financing	18	
09/25/17	 KOH O	Portag3 Ventures	Financing	8	
09/21/17	 fox	Oliver Wyman; Ping An Voyager Fund	Financing	46	
09/14/17	 Coconut.	Wild Blue Cohort; TechStars; Angel Investment Network; Techstars London Accelerator	Financing	na	
09/06/17	 paytm	Undisclosed Investors	Financing	9	
08/07/17	 TANDEM	QIA; Omidyar; Route66; e.ventures	Financing	105	
08/02/17	 branch	March Capital Partners; CrossCut Ventures; Techstars; Hyde Park Angels; Bonfire Ventures; Matchstick Ventures	Financing	7	
07/30/17	 Revolut	Undisclosed Investors	Financing	5	
07/13/17	 STASH	Coatue; Breyer Capital; Goodwater Capital; Valar Ventures	Financing	40	
07/11/17	 Shine	Daphni; Kima Ventures; Undisclosed Investors	Financing	3	
07/11/17	 Curve	Santander InnoVentures; Investec; Undisclosed Investors; Connect Ventures; Oxford Capital Partners; Breega Capital; Speedinvest; Samos Investments	Financing	10	
07/11/17	 Revolut	Index Ventures; Balderton Capital; Ribbit Capital	Financing	66	<a href="#">VIEW</a>
07/06/17	 Koosmik	Undisclosed Investors	Financing	1	
07/04/17	 tide.	Anthemis Group; Creandum; Passion Capital; Localglobe	Financing	14	
07/03/17	 qonto	Valar Ventures; Alven Capital	Financing	11	


















# The Rise of Challenger Banks

Selected Challenger Bank Transactions: 2013 – 2019 (cont.)

Announced Date	Company	Selected Buyers / Investors	Transaction Type	Amount (\$mm)	Research Profile
06/29/17	 FOLIO	Undisclosed Investors	Financing	na	
06/21/17	 SOLDO	Accel Partners; Connect Ventures; InReach Ventures; U-Start; R204 Partners	Financing	\$11	
05/29/17	 CUBE	Undisclosed Investors	Financing	na	
05/11/17	 lunar way	SEED Capital; Nykredit	Financing	5	
05/09/17	 Empower banking	Sequoia Capital	Financing	na	
04/25/17	 Pockit	Undisclosed Investors	Financing	4	
03/24/17	 FAIRSQUARE FINANCIAL	Pine Brook	Financing	na	
03/08/17	 BankMobile	Flagship Community Bank	M&A	175	
03/06/17	 CAPITAL	Northzone Ventures; Rocketship.vc; Anthemis Exponential Ventures; Industrifonden	Financing	12	
03/03/17	 Atom bank	BBVA Group; Toscafund Asset Management; Woodford Investment Management	Financing	102	<a href="#">VIEW</a>
03/01/17	 Clear.Bank	PPF Group; CFFI Ventures; Undisclosed Investors	Financing	31	
02/26/17	 acorns	Undisclosed Investors	Financing	1	
02/24/17	 SoFi	Silver Lake; SoftBank; GPI Capital	Financing	500	<a href="#">VIEW</a>
02/23/17	 monzo	Thrive Capital; Passion Capital; Orange Digital Ventures	Financing	24	
01/17/17	 qonto	Alven Capital; Valar Ventures; Undisclosed Investors	Financing	2	

# The Rise of Challenger Banks

Selected Challenger Bank Transactions: 2013 – 2019 (cont.)

Announced Date	Company	Selected Buyers / Investors	Transaction Type	Amount (\$mm)	Research Profile
01/11/17	 Fino	ICICI Prudential Life Insurance; ICICI Lombard	Financing	\$22	
01/03/17	 monese	SmartCap; Seedcamp; Anthemis Exponential Ventures; Korea Investment Partners; STE Capital; Tera Ventures; JXC Ventures; Seedcamp; Undisclosed Investors	Financing	14	
12/14/16	 STASH	Valar Ventures; Breyer Capital; Goodwater Capital; entrée Capital	Financing	25	
12/12/16	 lunar way	SEED Capital	Financing	5	
12/09/16	 branch	M25 Group; Matchstick Ventures; March Capital Partners	Financing	4	
12/07/16	 ny bank	DST Global; Sequoia Capital; Tiger Global Management; QED Investors; Founders Fund	Financing	80	<a href="#">VIEW</a>
12/05/16	 MoneyLion	Edison Partners; FinTech Collective; Citizen.VC; Clocktower Technology Ventures; Broadhaven Capital Partners; Montage Ventures; Undisclosed Investors	Financing	23	
11/22/16	 acorns	Point72 Ventures	Financing	2	
11/15/16	 Varo	Undisclosed Investors	Financing	5	
11/11/16	 Imali Mobile	IDT	Financing	na	
11/07/16	 LOOT	Portag3 Ventures; Speedinvest; Global Founders Capital	Financing	3	
10/31/16	 AinFin <small>Banking services. For everyone.</small>	Undisclosed Investors	Financing	<1	
10/26/16	 clearlane	Ally Financial	M&A	na	
10/20/16	 monzo	Passion Capital	Financing	6	
10/12/16	 Kontist	Founders; Vækstfonden	Financing	2	












# The Rise of Challenger Banks

Selected Challenger Bank Transactions: 2013 – 2019 (cont.)

Announced Date	Company	Selected Buyers / Investors	Transaction Type	Amount (\$mm)	Research Profile
09/21/16	<b>zero</b>	ENIAC Ventures; New Enterprise Associates; Nyca Partners; Lightbank; Middleland Capital	Financing	\$3	
09/20/16	<b>Curve</b>	Samos Investments; Connect Ventures	Financing	3	
09/07/16	<b>MOVVO</b>	Tech Coast Angels	Financing	2	
08/24/16	<b>deserve</b>	Pelion Venture Partners; Accel Partners; Aspect Ventures	Financing	7	
08/17/16	<b>lunar way</b>	Nykredit	Financing	na	
08/07/16	<b>STASH</b>	Goodwater Capital; Valar Ventures; entrée Capital	Financing	9	
08/02/16	<b>MOVVO</b>	Undisclosed Investors	Financing	1	
07/29/16	<b>Fino</b>	BPCL	Financing	38	
07/28/16	<b>fidor BANK</b>	Groupe BPCE	M&A	na	
07/25/16	<b>tide</b>	Passion Capital; Localglobe; Undisclosed Investors	Financing	2	
07/13/16	<b>Revolut</b>	Undisclosed Investors	Financing	16	
07/11/16	<b>Revolut</b>	Balderton Capital; Index Ventures; Point Nine Capital; Venrex Investment Management; Seedcamp; Ribbit Capital	Financing	9	
06/21/16	<b>N26</b>	Valar Ventures; Earlybird Venture Capital; Redalpine Venture Partner; Battery Ventures; Horizons Ventures; Undisclosed Investors	Financing	40	<a href="#">VIEW</a>
06/21/16	<b>LOOT</b>	Speedinvest; Global Founders Capital	Financing	2	
05/19/16	<b>chime</b>	Aspect Ventures; Crosslink Capital; Homebrew; PivotNorth Capital; Forerunner Ventures; Undisclosed Investors	Financing	9	












# The Rise of Challenger Banks

Selected Challenger Bank Transactions: 2013 – 2019 (cont.)

Announced Date	Company	Selected Buyers / Investors	Transaction Type	Amount (\$mm)	Research Profile
05/19/16	<b>TANDEM</b>	Undisclosed Investors	Financing	\$3	
05/12/16	<b>TANDEM</b>	Omidyar Network; e.ventures; Route 66 Ventures	Financing	32	
05/02/16	<b>Varo</b>	Undisclosed Investors; Warburg Pincus	Financing	27	
04/21/16	 acorns	Rakuten FinTech Fund; PayPal	Financing	30	
04/12/16	 Rocketbank	Otkritie	M&A	na	
04/10/16	 KOHO	Power Financial	Financing	na	
04/05/16	 TradeKing	Ally Financial	M&A	275	<a href="#">VIEW</a>
03/31/16	 branch	Andreessen Horowitz; Formation 8; Khosla Impact	Financing	9	
03/07/16	 HOLVI	BBVA	M&A	na	
03/03/16	 monzo	Undisclosed Investors	Financing	1	
02/23/16	 MOVVO®	Cox Orange; Undisclosed Investors	Financing	1	
02/15/16	 monzo	Passion Capital	Financing	7	
02/09/16	 CAPITAL	Undisclosed Investors	Financing	4	
02/09/16	<b>STASH</b>	Goodwater Capital; entrée Capital	Financing	3	
02/04/16	 Revolut	Index Ventures; Balderton Capital; Seedcamp; Point Nine Capital; Venrex Investment Management; Undisclosed Investors	Financing	5	










# The Rise of Challenger Banks

Selected Challenger Bank Transactions: 2013 – 2019 (cont.)

Announced Date	Company	Selected Buyers / Investors	Transaction Type	Amount (\$mm)	Research Profile
01/11/16	 STARLING BANK	Undisclosed Investors	Financing	\$70	<a href="#">VIEW</a>
01/06/16		Founders Fund; Kaszek Ventures; Sequoia Capital; Tiger Global Management	Financing	52	<a href="#">VIEW</a>
12/10/15		The London Co-Investment Fund; Seedcamp; Speedinvest; Undisclosed Investors	Financing	2	
11/24/15		BBVA Group; Polar Capital; Toscafund Asset Management; Marathon Asset Management; Woodford Investment Management	Financing	128	<a href="#">VIEW</a>
11/13/15		Indiabulls Financial Services	Financing	100	
10/08/15		Anthemis Group; MoneyTime Ventures; Route 66 Ventures	Financing	12	
09/17/15		Capricorn Investment Group; Investment Group of Santa Barbara; G Squared (fka: GSV Capital); Renren; Undisclosed Investors	Financing	16	
08/19/15		Baseline Ventures; DCM; IVP; Renren; Wellington Management Company; Third Point Ventures; SoftBank; Undisclosed Investors	Financing	1,000	<a href="#">VIEW</a>
08/11/15		Undisclosed Investors	Financing	1	
07/20/15		Balderton Capital	Financing	2	
06/30/15		Passion Capital	Financing	3	
06/30/15		Kima Ventures	Financing	na	
06/18/15		Undisclosed Investors	Financing	7	
06/02/15		Tiger Global Management; QED Investors; Sequoia Capital; Kaszek Ventures	Financing	30	
05/28/15		Seedcamp; Undisclosed Investors	Financing	2	












# The Rise of Challenger Banks

Selected Challenger Bank Transactions: 2013 – 2019 (cont.)

Announced Date	Company	Selected Buyers / Investors	Transaction Type	Amount (\$mm)	Research Profile
05/28/15	 KOHO	Undisclosed Investors; Ferst Capital; Hedgewood; Highline; Stanley Park Ventures	Financing	\$1	
04/16/15	 N26	Valar Ventures; Earlybird Venture Capital; Redalpine Venture Partner; Undisclosed Investors	Financing	11	
04/15/15	 acorns	Garland Capital; Greycroft Partners; e.ventures; MATH Venture Partners; Sound Ventures; Great Oaks Venture Capital	Financing	23	
04/15/15	 MoneyLion	Montage Ventures	Financing	na	
02/02/15	 SoFi	Wellington Management Company; Third Point Ventures; IVP	Financing	200	<a href="#">VIEW</a>
12/22/14	 Aspiration	Undisclosed Investors	Financing	5	
12/19/14	 CAPITAL	Northzone Ventures	Financing	1	
12/04/14	 Atom bank	Undisclosed Investors; Polar Capital; Anthemis Group	Financing	31	
11/04/14	 chime	PivotNorth Capital; Crosslink Capital; Homebrew; Forerunner Ventures	Financing	8	
09/25/14	 ny bank	Kaszek Ventures; Sequoia Capital; Undisclosed Investors	Financing	14	
08/05/14	 SoFi	Undisclosed Investors	Financing	50	
07/01/14	 Atom bank	Middleton Enterprises	Financing	na	
07/01/14	 Moven	SBT Venture Capital; Anthemis Group; Route 66 Ventures; Standard Bank; New York Angels; Undisclosed Investors	Financing	8	
06/19/14	 N26	Redalpine Venture Partner; Axel Springer; Earlybird Venture Capital	Financing	3	
05/19/14	 Pockit	Undisclosed Investors	Financing	2	

# The Rise of Challenger Banks

Selected Challenger Bank Transactions: 2013 – 2019 (cont.)

Announced Date	Company	Selected Buyers / Investors	Transaction Type	Amount (\$mm)	Research Profile
04/30/14	 <b>MoneyLion</b>	Citizen.VC; FinTech Collective	Financing	\$2	
04/03/14	 <b>SoFi</b>	Baseline Ventures; DCM; Renren; Thomvest Ventures; RPM Ventures; QED Investors; SG VC; Discovery Capital Management; Wicklow Capital; Undisclosed Investors; Thiel Capital	Financing	80	
03/12/14	 <b>acorns</b>	Jacobs Asset Management	Financing	6	
02/20/14	 <b>SIMPLE</b>	BBVA Group	M&A	117	
10/02/13	 <b>Rocketbank</b>	Runa Capital	Financing	2	
10/01/13	 <b>acorns</b>	Groundswell Investments; Cruttenden Partners; Steelpoint Capital Partners	Financing	3	
09/16/13	 <b>fidor BANK</b>	JZ International	Financing	na	
09/09/13	 <b>MoneyLion</b>	FinTech Collective; Citizen.VC; Undisclosed Investors	Financing	na	
08/22/13	 <b>Moven</b>	Life.SREDA	Financing	na	
06/11/13	 <b>SIMPLE</b>	Undisclosed Investors	Financing	2	
05/16/13	 <b>CAPITAL</b>	Undisclosed Investors	Financing	<1	



# 5 Consumer FinTech Industry Landscape



# The Rise of Challenger Banks

## Selected Consumer Finance Landscape

### Challenger Banks



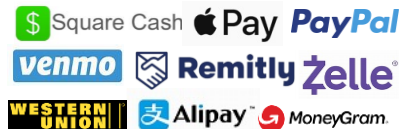
### Investing



### Deposit Solutions



### Payments



### Personal Financial Management



### Personal Credit Management



### Lending – Focused Price Comparison / Lead Generation



### Credit Cards



### Alternative / Non-Bank Lenders

#### Installment Based Loans



#### Payroll Advance / Short Term



#### Purchase Financing



#### Home Loans



#### Auto



#### Student



### Insurance

#### Auto



#### Home / Renters



#### Life



#### Diversified





# Selected Company Profiles



# The Rise of Challenger Banks

## Acorns

### Company Overview



CEO:	Noah Kerner
Headquarters:	Irvine, CA
Founded:	2014

- Acorns was founded in 2014 by Walter and Jeff Cruttenden to make investing accessible to everyone by offering a mobile application designed to automate micro investments into exchange traded funds
- The Company's software application uses a proprietary financial engine, which allows customers to round up spare change from everyday purchases and invest these sub-dollar amounts into a professionally managed portfolio of index funds

### Selected Equity Financing History

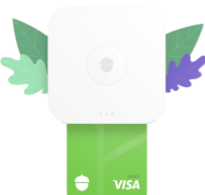
Date	Size (\$ mm)	Investor(s)
01/28/19	\$105	NBCUniversal; Comcast Ventures; BlackRock; Bain Capital Ventures; The Rise Fund; DST; MSD Capital
05/09/18	50	BlackRock
01/12/18	na	The Rise Fund
11/22/16	2	Point72 Ventures
04/21/16	30	PayPal; Rakuten FinTech Fund

### Products & Services Overview



#### Invest

- Acorns Core: Allows users to micro-invest spare change
- Acorns Later: Allows users to invest in an IRA chosen by Acorns



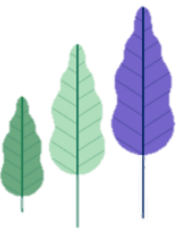
#### Spend

- A checking account with a debit card that saves, invests, and earns for users
- No minimum balance or overdraft fees



#### Earn

- 200+ Found Money Partners that will automatically invest in users' Acorns Core accounts when they shop with them



#### Grow

- Original content on the app that helps users grow their money knowledge
- New partnership with CNBC to expand the platform

# The Rise of Challenger Banks

Ally

## Company Overview



CEO:	Jeffrey Brown
Headquarters:	Detroit, MI
Founded:	1919

- Ally is a leading digital financial-services company with \$181.5 billion in assets as of September 30, 2019
- As a customer-centric company with passionate customer service and innovative financial solutions, Ally is relentlessly focused on “Doing It Right” and being a trusted financial-services provider
- Ally is one of the largest full-service automotive-finance operations in the country and offers a wide range of financial services and insurance products to automotive dealerships and consumers
- The Company’s online bank offers mortgage-lending services and a full range of banking products, it offers securities-brokerage and investment-advisory services through Ally Invest, and its corporate-finance business offers capital for equity sponsors and middle-market companies

### Stock Chart (NYSE:ALLY)



Source: Company, FT Partners' Proprietary Transaction Database, PitchBook, Capital IQ  
(1) As of 01/07/20

## Products & Services Overview

### Banking



- With \$119 billion in total deposits, Ally Bank is changing the banking marketplace with award-winning digital experiences, 24/7 customer service, low rates and credit and lending products. Member FDIC.

### Dealer Financial Services



- Independent provider of financing, leasing, commercial insurance, and vehicle protection products for dealers and consumers. Services approximately 18,200 dealers, 4.4 million auto customers and 2 million insurance customers in the U.S.

### Home Loans



- Variety of fixed-rate and adjustable-rate home loans and consistently competitive rates to help consumers reach their home financing goals. Provides a direct-to-consumer home loan platform that offers new purchase and refinancing solutions.

### Investing



- Wide range of self-directed and managed portfolio products, as well as low fees to help customers manage their investments. Approximately 336,000 customer brokerage accounts that total \$7.1 billion in assets and growing.

### Corporate Finance



- Trusted source of capital for equity sponsors and middle-market companies with transactions ranging from \$15 million to \$250 million. Diverse portfolio spans 100+ relationships and includes cash flow and asset-based loans.

### Point of Sale Financing



- Top four technology-driven, patient financing provider offering affordable healthcare financing options across 50 states.

# The Rise of Challenger Banks

## Atom Bank

### Company Overview



<b>CEO:</b>	Mark Mullen
<b>Headquarters:</b>	London, UK
<b>Founded:</b>	2014

- Atom Bank is a UK-based startup that has built an exclusively mobile-only bank
- In addition to personal banking and savings, Atom Bank aims to offer other services such as business banking, loans and mortgages
- The Company's App utilizes new communication innovations like push messaging, machine learning and anticipatory computing

### Selected Equity Financing History

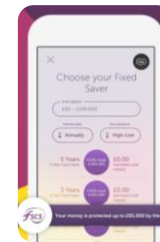
Date	Size (\$ mm)	Investor(s)
07/22/19	\$62	BBVA; ToscaFund; Woodford; Perscitus
03/07/18	207	BBVA; ToscaFund; Woodford
03/03/17	102	BBVA, ToscaFund; Woodford
11/24/15	128	BBVA, ToscaFund; Woodford; Marathon Asset Management; Polar Capital
12/04/14	31	Anthemis Group; Woodford; Polar Capital

### Products & Services Overview



#### An entire bank packed into the App

- Personalize the App by naming the bank and receive a unique Atom logo
- Easily open an account in a few taps
- Access the App using face and voice recognition



#### Fixed Saver: know in advance the interest that will be earned

- Open as many accounts as needed with a minimum of £50 each and save up to £100,000
- Interest paid monthly or annually that stays the same for the duration
- No withdrawals allowed before maturity
- Choose interest rates for 1, 2, 3 or 5 year options

#### Digital Mortgages: for residential and SME lending



- Broad range of residential lending products via independent advisers
- Accept mortgage offers and receive all updates and communications via the App
- Mortgages backed by automated systems so everything is done in real time
- Also offers secured business loans with simple, straightforward variable rate loans

# The Rise of Challenger Banks

## Aspiration

### Company Overview



CEO:	Andrei Cherny
Headquarters:	Los Angeles, CA
Founded:	2013

- Aspiration provides online banking and investing products that puts consumers' consciences and values first
- The Company provides a checking account that offers up to 1% annual interest with no ATM fees and a personal impact score
- Aspiration offers several professionally managed funds that are completely fossil fuel free
- Aspiration has pioneered the "Pay What Is Fair" pricing model
- Consumers choose their own fee to pay, even if it is zero
- The Company donates 10% of its earnings to charity

### Selected Equity Financing History

Date	Size (\$ mm)	Investor(s)
12/12/17	\$47	Social Impact Finance
09/17/15	16	RenRen
12/22/14	5	NA

### Products & Services Overview

**Pay What Is Fair**  
Consumers set fees for their bank and investment accounts, even if it is zero

**"Dimes Worth of Difference"**  
Aspiration donates 10% of earnings to charities

**Fairer Products Built for All**  
Aspiration brings best-in-class financial choices to everyone

### Summit Account



- High-yield checking account
- \$10 minimum opening deposit
- 1% annual percentage yield
- Zero monthly service fees
- No ATM fees worldwide
- Personal impact score

### Redwood Fund / IRA (REDWX)



- Fossil fuel free investments in companies with sustainable environmental and employee practices
- \$100 minimum opening deposit
- Professionally managed

### Flagship Fund / IRA (ASAFX)



- Low-volatility investing with a long-term growth strategy
- \$100 minimum opening deposit
- Professionally managed

### Giving



- 7 charitable causes
- Vetted non-profit organizations
- Tax-deductible donations

# The Rise of Challenger Banks

## BankMobile

### Company Overview



CEO:	Jay Sidhu
Headquarters:	New York, NY
Founded:	2015

- BankMobile provides a full range of mobile banking products and services to retail customers
- The Company’s customers can access banking services at any time through a smartphone or other web-enabled device
- The Company’s revenues are largely derived from interchange fees from customer debit card use
- At December 31, 2016, the Company had approximately 1.7 million student checking accounts and approximately \$500 million in non-interest bearing deposits
- The Company’s target customers are college students, the underbanked and middle-income households in the US
- On June 16, 2016, BankMobile acquired Higher One’s Disbursements business, adding to its offerings for students
- BankMobile Disbursements currently provides processing and disbursement services to over 800 college campuses

### Products & Services Overview

#### Checking Account



- No fee account comes with BankMobile-issued debit card
- Access to a network of 55,000 free ATMs
- VIP benefits (for customers with direct deposit) include ATM fee refunds and access to a personal financial coach
- BankMobile Vibe offers a checking account designed specifically for students

#### Savings Account



- No fee, high yield savings account
- Guaranteed higher interest rate than top 4 banks
- Current annual percentage yield of 0.75

#### Line of Credit



- Helps qualified customers build credit or protect against bounces and denial

#### BankMobile Disbursements



- Refund management service for colleges and universities, helping them process and disburse financial aid credit balances

#### BankMobile’s mobile app offers the following features



- Mobile check deposit
- Peer to peer payments
- Mobile bill payment
- Budgeting and personal financial management



# The Rise of Challenger Banks

## BigPay

### Company Overview



<b>CEO &amp; Co-Founder:</b>	Chris Davison
<b>Headquarters:</b>	Singapore
<b>Founded:</b>	2017

- BigPay aims to re-imagine financial services across Southeast Asia by using technology to deliver a fair and transparent alternative to traditional banks
- The Company was founded in 2017 by Co-Founders Chris Davison, Navin Rajagopalan and Salim Dhanani
- BigPay launched in January 2018 in Malaysia:
  - Largest new card program in Malaysia (2019)
  - Largest e-money issuer in Malaysia (2019) by GTV
  - Launched international remittance product in Q3 2019
  - Launched closed Beta in Singapore in December 2019
- The Company has proprietary licenses across Southeast Asia
- BigPay plans to expand into additional markets in Southeast Asia in the near term, in addition to offering loan products

### Selected Equity Financing History

Date	Size (\$ mm)	Investor(s)
2017 - 2019	\$35	AirAsia Group

### Products & Services Overview



#### A Card Together with an App

- Spend anywhere in the world at low cost

#### Send & Receive Money Instantly

- Send money to friends is as easily as a text

#### Integrated Expense Manager

- Tracks your spending with advanced analytics

#### No Hidden Fees, Full Transparency

- Building trust and a highly engaged base

#### Real Time Credit

- Launching first fully digital lending product (2020)

#### Money Marketplace

- Savings, insurance, alt assets, premium accounts, SME products all coming soon!



### Management Commentary

*"BigPay is re-imagining banking across Southeast Asia by building a state-of-the-art technology platform to deliver fair and transparent financial services."*



**Chris Davison**  
CEO & Co-Founder



# The Rise of Challenger Banks

## Bond Financial Technologies

### Company Overview



<b>CEO:</b>	Roy Ng
<b>Headquarters:</b>	San Francisco, CA
<b>Founded:</b>	2019

- Bond Financial Technologies operates an enterprise-grade technology platform streamlining the integration between brands and banks, dramatically reducing friction and creating a more repeatable model
- The Company's platform, through its AI-powered infrastructure, streamlines the integration between brands and banks, enabling digital brands to better engage their customers by offering personalized and compliant banking products
- As brands increasingly look to offer financial products to their customers, Bond's technology platform vastly reduces the friction involved in connecting those brands with financial services firms, a process that has historically been opaque, manual, expensive and slow
- Bond's founding team includes former executives from BlackRock, Goldman Sachs, SAP, SoFi, and Twilio

### Selected Equity Financing History

Date	Size (\$ mm)	Investor(s)
08/27/19	\$10	Canaan Partners; Coatue

### Company Commentary

"There are thousands of regional banks and community lenders in the US, but only a dozen or so have been able to get [brand] partnerships off the ground. Progress is painfully slow because of compliance, operational, and regulatory requirements on the one hand, and complex technical integrations on the other. Rather than have every app and every bank recreate the wheel for each new partnership, Bond now does the hard work in the middle so banks and brands can each concentrate on what they do best." <sup>(1)</sup>



**Roy Ng**  
CEO & Co-Founder



"Bond will empower a new wave of banks and brands, big and small, to open up whole new markets. We're excited by Roy and this team of industry veterans who have come together to build this platform, re-define the fintech ecosystem and provide a new model that reshapes how banks, brands and regulators can work together to promote financial services innovation and inclusion."

**COATUE**

**Thomas Laffont**  
Co-Founder



# The Rise of Challenger Banks

## Cambr

### Company Overview



CEO (StoneCastle):	Joshua Siegel
CEO (Q2):	Matt Flake
Headquarters:	Newport Beach, CA
Founded:	2018

- Cambr is a joint venture launched by StoneCastle and Q2 in 2018 to help companies extend their solutions and products into the financial services sector
- StoneCastle oversees \$14 billion in AUM providing tech-enabled investment and cash management strategies for community banks, treasury professionals, fixed income investors and financial intermediaries
- Q2 is a leading cloud-based banking and technology solutions provider
- Cambr is a full-stack end-to-end banking solution combining StoneCastle's Distributed Deposit Network with Q2's CorePro processing technology
- The Company powers spending / account / card related products on a developer friendly platform with open API, enabling an economical solution for digital go to market strategies

### Products & Services Overview



#### Accounts

- Flexible, interest-earning checking, savings and joint accounts
- Integrated digital onboarding
- Direct deposits, recurring contributions, market-leading interest, \$100mm in FDIC interest

#### Cards

- White labeled debit cards
- Virtual and physical cards
- Issuing, production and delivery
- 55k ATM network worldwide



#### Payments

- Automated digital bill pay
- Instant settlement and native presentment
- Cash back rewards
- Connected external accounts

#### Data & Controls

- Hundreds of transaction and account data points
- Spending controls, fraud management, approved merchant categories and real-time authorization



# The Rise of Challenger Banks

## Chime

### Company Overview



CEO:	Chris Britt
Headquarters:	San Francisco, CA
Founded:	2013

- Chime is a “challenger bank” on a mission to help its members lead healthier financial lives
- The Company’s mobile bank account helps people avoid fees, save money automatically and improve their finances
- Chime earns money from Visa every time members use their Chime debit card

### Selected Equity Financing History

Date	Size (\$ mm)	Investor(s)
12/05/19	\$500	DST Global; Coatue; General Atlantic; ICONIQ; Dragoneer; Menlo Ventures
03/05/19	200	DST Global; Coatue; General Atlantic; ICONIQ; Dragoneer; Menlo Ventures; Forerunner Ventures; Cathay Innovation
05/31/18	70	Menlo Ventures; Forerunner Ventures; Aspect Ventures; Cathay Innovation; Northwestern Mutual Future Ventures; Crosslink Capital; Omidyar Network
09/27/17	18	Cathay Innovation; Northwestern Mutual Future Ventures; Omidyar Network; Crosslink Capital; Aspect Ventures; Forerunner Ventures; Homebrew
05/19/16	9	Aspect Ventures; Crosslink Capital; Homebrew; PivotNorth Capital; Forerunner Ventures; Undisclosed Investors

Source: Company, FT Partners’ Proprietary Transaction Database, PitchBook

### Products & Services Overview

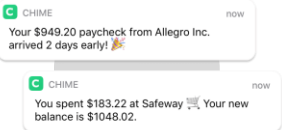


Chime offers its members a Chime Visa Debit Card, a Spending Account and an optional Savings Accounts, all managed through a mobile banking app



Set up direct deposit and receive paychecks up to 2 days earlier

No hidden fees, no overdraft, no minimum balance, no monthly service fees, no foreign transaction fees or no transfer fees



Always know your financial situation with daily notifications and instant alerts

Reach your financial goals faster by saving money automatically



# The Rise of Challenger Banks

ClickSWITCH

## Company Overview



CEO:	Cale Johnson
Headquarters:	Minneapolis, MN
Founded:	2014


- ClickSWITCH is an automated account switch platform, simplifying the process of switching direct deposits and automatic payments
- The company's platform enables financial institutions to engage account holders and drive deposit growth
- This process increases customer engagement, acts as a retention tool during inter-bank acquisitions, and expedites the customer onboarding process

### Selected Equity Financing History


Date	Size (\$ mm)	Investor(s)
05/14/19	\$13	Point72 Ventures; Commerce Ventures
08/08/18	4	Commerce Ventures; Undisclosed Investors

## Products & Services Overview


### Direct Deposits




Payroll




Pension and Retirement




Social Security




Annuities and Other investments




Close Accounts



Car Payment



Gym Membership



Student Loans

### Trusted by Financial Institutions and Employers of All Sizes

#### Select Employers



#### Select Financial Institutions



# The Rise of Challenger Banks

## Current

### Company Overview



CEO:	Stuart Sopp
Headquarters:	New York, NY
Founded:	2015

- Current is a challenger bank that adapts to the way customers work and live, providing insights for smarter spending and practical saving
- The Company is built for people that are spend-focused and want visibility into how they and their families spend
- Current provides its customers with early deposits on their paychecks and instant gas hold credits, in addition to services such as mobile check deposits and free ATM withdrawals

### Selected Equity Financing History

Date	Size (\$ mm)	Investor(s)
10/24/19	\$20	Wellington Management; Galaxy EOS VC Fund; CMFG Ventures; QED Investors; Expa Capital; Elizabeth Street Ventures
12/31/18	8	CMFG Ventures; QED Investors; Elizabeth Street Ventures
07/13/18	3	QED Investors; Cota Capital; Fifth Third Capital; Future\Perfect Ventures; Human Capital; Arab Angel; Expa Labs
10/26/17	10	QED Capital; Cota Capital; Fifth Third Capital; Future\Perfect Ventures; Human Capital; Arab Angel; Expa Labs

### Products & Services Overview



#### Personal Checking

- Customers get paid two days early with direct deposits
- Refunds immediately after paying at any gas pump
- FDIC insured up to \$250K
- Instant transfers with no hidden fees

#### Banking for Teens

- Easy saving with round-ups, automated transfers, and goal setting
- Instant notifications to track balance
- Parental guidance through instant transfers, blocked brands and categories, and allowance management
- Donate directly to one of over 2 million registered non-profits



Sign up in minutes



Connect your bank



Get your card in the mail

# The Rise of Challenger Banks

## Curve

### Company Overview



CEO:	Schachar Bialick
Headquarters:	London, UK
Founded:	2015

- Curve allows users to consolidate all of their bank cards into a single card, easily accessible and managed through the Curve app
- The Company enables consumers to spend across borders with zero to limited fees
- Curve's Time Travel service allows customers to go back up to 14 days and change which card was used for a historical purchase

### Selected Equity Financing History

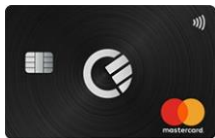
Date	Size (\$ mm)	Investor(s)
07/16/19	\$55	Gauss Ventures; CreditEase; IDC Ventures; Investec; Santander InnoVentures; Breaga Capital; Seedcamp; Speedinvest
07/01/17	10	Santander InnoVentures; Investec; Connect Ventures; Oxford Capital Partners; Breaga Capital; Speedinvest; Samos Investments
09/20/16	3	Samos Investments; Connect Ventures
12/10/15	2	London Co-Investment Fund; Seedcamp; Speedinvest
06/30/15	na	Kima Ventures

### Products & Services Overview



#### Curve Blue

- No annual fee
- 1% cashback at 3 retailers
- Free domestic ATM withdrawal up to £200 per month
- Move purchases up to £1000 between



#### Curve Black

- £50 annual fee
- Tumi wallet
- 1% cashback at 6 retailers
- Free domestic ATM withdrawal up to £400 per month
- Move purchases up to £1000 between accounts within 14 days of purchase

### Both support all Visa and Mastercard debit / credit cards

- Automatically categorized travel reports and spending insights
- Real time alerts in local and user currencies, instant locking options for fraud prevention
- Simplified expensing options and employee benefits for businesses

# The Rise of Challenger Banks

Dave

## Company Overview

# Dave®

**CEO:** Jason Wilk  
**Headquarters:** Los Angeles, CA  
**Founded:** 2016

- Dave is an expense tracking application designed to help users predict upcoming expenses
- Dave enables users to avoid overdraft fees, plan for upcoming expenses, and get access to instant cash
- The Company offers a full suite of money management tools to protect consumers from overdrafting by predicting future expenses and unlocking upcoming paychecks
- The application now has 4 million users and has approximately 800,000 people on the waiting list
- Dave charges \$1 per month for access to its financial management tools and gives customers the ability to access between \$50 to \$75 to avoid overdraft fees

### Selected Equity Financing History

Date	Size (\$ mm)	Investor(s)
09/30/19	\$50	Norwest Venture Partners
04/30/18	13	Undisclosed Investors
09/17/17	13	Capital One Growth Ventures; SV Angel; The Chernin Group; Section 32; Undisclosed Investors

## Products & Services Overview



### Bank with Dave

The Company offers no minimum, no overdraft checking accounts

### 0% Interest Cash Advance

Dave offers Payday cash advance solutions up to \$100 with no interest and no credit check

### True Overdraft Protection

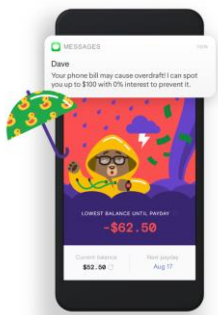
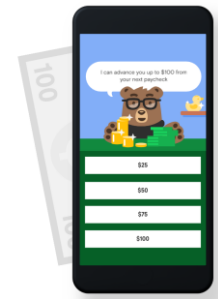
The app alerts users ahead of time if they can't afford a bill or are at risk of being charged an overdraft fee

### Build Credit with Rent

Dave has partnered with CreditPop to let users report rent payments to credit bureaus to build their credit

### Automatic Budgeting

The app automatically creates budgets for upcoming expenses





# The Rise of Challenger Banks

Deserve

## Company Overview



CEO:	Kalpesh Kapadia
Headquarters:	Menlo Park, CA
Founded:	2013

- Deserve leverages machine learning and alternative data to help millennials and Gen Zs gain financial independence through access to fair credit products.
- The Company currently offers three credit card products through MasterCard: Deserve Classic, Deserve Edu, Deserve Pro
- For businesses, the company offers a robust end-to-end, turnkey, co-branded or private label credit card program platform designed for Banks, FinTech companies, and Leading Consumer Brands, allowing them to issue credit cards quickly and efficiently

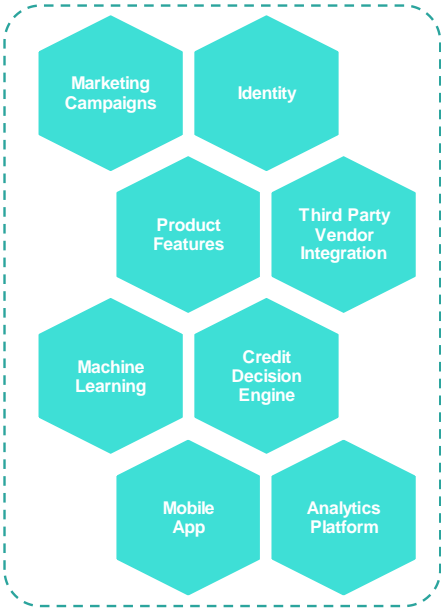
### Selected Equity Financing History

Date	Size (\$ mm)	Investor(s)
11/04/19	\$50	Goldman Sachs
08/27/18	19	Sallie Mae; Accel Partners; Pelion; Aspect Ventures; Mission Holdings
10/24/17	13	Accel Partners; Pelion Ventures, Aspect Ventures, Mission Holdings
08/24/16	7	Pelion Ventures, Accel Partners; Aspect Ventures
06/18/15	7	Accel Partners, Aspect Ventures

## Products & Services Overview

### Products

- Deserve EDU: domestic and international students (no credit required)
- Deserve PRO: general market / young professionals (w/ established credit)
- Deserve Classic: general market (w/o established credit)



### Deserve Platform

- State-of-the-art CaaS (Credit Card as a Service) platform
- Turnkey Cloud-based / API driven and modular functionality around origination, underwriting and servicing and every aspect of credit card issuing
- Designed for Banks, FinTech companies, and Leading Consumer brands to build white label and co-branded cards



# The Rise of Challenger Banks

Even Financial

## Company Overview



<b>CEO:</b>	Phillip Rosen
<b>Headquarters:</b>	New York, NY
<b>Founded:</b>	2015

- Even is the first and leading API for financial services search, acquisition and monetization
- Even connects financial institutions and channel partners through its API, turning any consumer touchpoint into an ROI-driven, programmatic acquisition source - with full compliance and security across loans, savings, credit cards, and more - matching consumers with best fit products in context
- Even is proven to lower the cost of acquisition, improve monetization, monitor compliance and deliver transparency at scale for its partners

### Selected Equity Financing History

Date	Size (\$ mm)	Investor(s)
09/04/19	\$29	Citi Ventures; MassMutual Ventures; AmEx Ventures; LendingClub; GreatPoint Ventures; Canaan Partners; F-Prime Capital Partners; Goldman Sachs
08/07/18	16	GreatPoint Ventures; Goldman Sachs; Canaan Partners; F-Prime Capital Partners; Lerer Hippeau Ventures; AmEx Ventures
02/20/18	3	AmEx Ventures; Plug and Play Ventures; Arab Angel Fund
03/12/15	3	Canaan Partners; 555 Capital; Brooklyn Bridge Ventures; Conversion Capital; Social Leverage; Lerer Hippeau Ventures
01/05/15	2	Homebrew; Slow Ventures; Red Swan

## Products & Services Overview

### For Channel Partners

*Greater monetization, comprehensive turnkey FI access, managed compliance, backed by machine learning recommendation engine*



Pre-Approval API



Real-Time Pricing



Embeddable Widgets & Content



Machine Learning Optimization

### For Financial Institutions

*Lower cost of acquisition, lower delinquencies, lower charge offs, access to vast high-quality organic network to reach consumers*



Programmatic Compliance



Consumer Marketplace



Price Optimization & Risk Mitigation



Data & Analytics

# The Rise of Challenger Banks

Green Dot / GoBank

## Company Overview



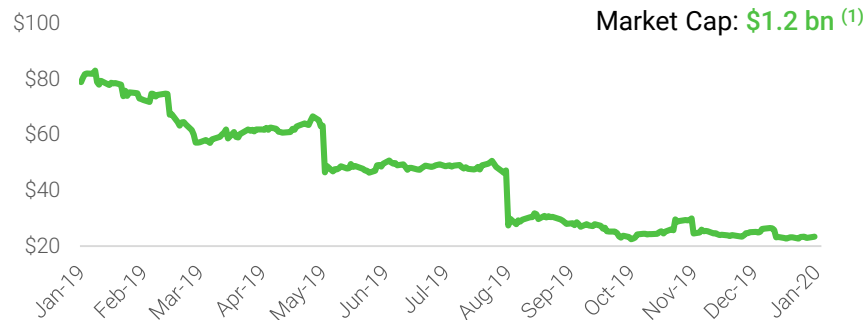
**CEO:** Steven Streit (Green Dot)

**Headquarters:** Monrovia, CA

**Founded:** 2013

- GoBank operates under Green Dot and offers a bank account targeting the mobile generation
- The Company offers a variety of banking services including custom Visa debit cards, mobile despoths, online checkbooks, a massive ATM network and money transfer services between consumers and for bill payment
- GoBank also offers easy to use and understand budgeting solutions to help users spend money in a smart manner while increasing their savings
- The Company also provides comprehensive tax solutions to help users file taxes and get refunds in a timely manner

### Stock Chart (NYSE:GDOT)



## Products & Services Overview



### Massive ATM Network

- Free ATM withdrawals
- Huge network of ATMs nationwide
- Deposit cash at participating retailers



### Direct Deposit

- Users can access their paychecks up to 2 days before payday
- Card account monthly fee waived



### Send Money

- Personal checks with simple tracking
- Transfer money online to other consumers or for bill payments



### MoneyPak

- Allows users to add cash to a prepaid or bank debit card for thousands of retailers across the nation



### Fortune Teller

- Automatic budgeting within GoBank's mobile app
- Checks purchase amounts against user's balance and budget and notifies user in real time

# The Rise of Challenger Banks

## Kakao Bank

### Company Overview



Co-CEO:	Lee Yong-woo
Co-CEO	Yun Ho-young
Headquarters:	Pangyo, South Korea
Founded:	2016

- Kakao Bank is Korea's leading, online-only bank
- The Company provides a range of services, from personal bank accounts to consumer remittances to consumer loans
- Kakao is also developing its own credit scoring program and aims to launch additional credit loan products as well

### Selected Company History

- Nov. 2015** 11 joint co-promoters including Kakao, KB Kookmin Bank and Korea Investment Holdings apply for preliminary banking approval
- Jan. 2016** Consortium of co-promoters establish Korea Kakao Corporation and Kakao Bank
- Apr. 2017** Kakao Bank officially approved by regulators for banking license
- Jul. 2017** Kakao Bank fully launched, offering consumers an online / mobile only banking service

### Overview (cont.)

#### Key Stats as of June 30, 2019 <sup>(1)</sup>

Customer Accounts	10 million
Total Deposits	\$15.1 billion
Credit Loans	\$9.7 billion
Debit Cards Issued	9 million

### Management Commentary

"By launching new services, we will further expand our business foundation. Based on such a consolidated basis, we will begin to prepare for an initial public offering starting next year. The actual market debut will be made around 2020, though the time frame is flexible. Through the IPO, our present and future value will be better evaluated, and we will be able to accelerate our future innovation. Inconvenience that the existing banking services caused to customers was where we've started. By making strenuous efforts for innovation, we will continue to offer whole new experiences." <sup>(2)</sup>



Lee Yong-woo  
Co-CEO

# The Rise of Challenger Banks

KOHO

## Company Overview



**CEO:** Daniel Eberhard

**Headquarters:** Vancouver, Canada

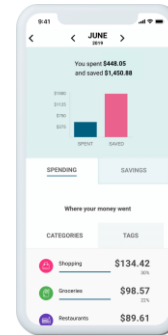
**Founded:** 2014

- KOHO is a FinTech company that aims to provide Canadians with an alternative to the traditional banking experience
- With an integrated app and reloadable Visa card, KOHO offers users real-time insights into their money, along with automated savings goals, instant cashback and more
- The Company has custom built much of the banking and payments infrastructure required for Canada, where the oligopolistic banking industry typically prevents new entrants from coming to the market
- KOHO has ongoing B2B projects with many of Canada's leading wealth managers, robo-advisors and insurance companies to accelerate distribution
- As of May 2019, KOHO had over 120,000 customer accounts, over \$500 million in annualized transactions, and a Net Promoter Score of 80 <sup>(1)</sup>

## Selected Equity Financing History

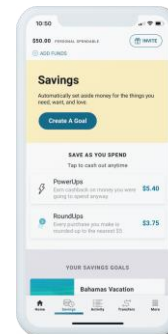
Date	Size (\$ mm)	Investor(s)
05/15/19	\$42	Portag3 Ventures; Greyhound Capital
09/24/17	8	Portag3 Ventures
05/28/15	1	Ferst Capital; Hedgewood; Highline; Stanley Park Ventures

## Products & Services Overview



### Spending

- Reloadable card that works like a debit card and is accepted anywhere Visa is
- Provides balance updates after each purchase and offers ability to track spending with category insights
- Also allows users to open joint accounts



### Savings

- Offers financial coaching tools
- Provides 0.5% cashback
- Includes a RoundUp feature to stash spare change
- No monthly account fees, no NSF fees, no e-transfer fees and no interest charges



### Premium Card

- \$9.00 monthly fee
- 2% cashback on three categories
- No FX fees
- Price matching and best price guarantee service
- Out of country ATM

# The Rise of Challenger Banks

## Mogo

### Company Overview



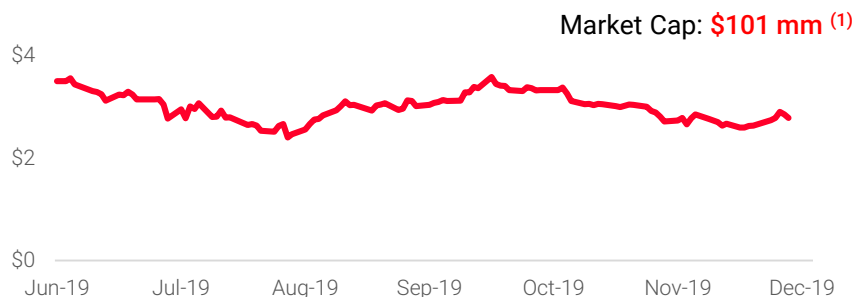
**CEO:** David Feller

**Headquarters:** Vancouver, Canada

**Founded:** 2003

- Mogo is a Canadian digital challenger bank, empowering members with solutions to help them manage their finances
- Members can sign up for free accounts in just three minutes and access services such as credit score monitoring, identity fraud protection, a prepaid Visa card, and more
- Mogo has over 250 employees and 900,000 members, and went public in 2015, listing on the Toronto Stock Exchange
  - In June 2019 Mogo merged with Difference Capital, creating a new publicly traded entity
- The Company generated over C\$61 million in revenue in 2018, representing annual growth of over 25%

### Stock Chart (TSX:MOGO)



### Products & Services Overview



#### Free Credit Score Monitoring

- Free monthly credit score updates with no impact on member's credit score
- Ongoing education on how to improve credit scores



#### MogoProtect

- Subscription-based product to help members protect themselves against identity fraud
- Alerts members every time a credit inquiry is made



#### MogoCard

- Prepaid Visa card with no monthly fees
- Offers 1.5% cashback on domestic purchases and 3% cashback on foreign purchases



#### MogoMortgage

- Allows members to apply for mortgages quickly and without stress, and provides ongoing guidance on a digital dashboard
- The Company does not carry mortgages on its balance sheet



#### MogoMoney

- Long-term unsecured installment loans up to \$35,000 with terms of up to 5 years, and annual interest rates from 5.9% to 45.9%
- Members can reduce rates through good payment history



#### MogoCrypto

- Simple and trusted way for members to add bitcoin to their financial holdings instantly from their mobile devices
- Members can sell and withdraw funds at any time on a low-fee basis

# The Rise of Challenger Banks

## MoneyLion

### Company Overview



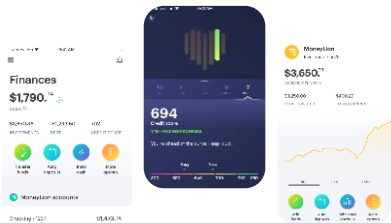
**CEO:** Diwakar Choubey  
**Headquarters:** New York, NY  
**Founded:** 2013

- MoneyLion is America’s most powerful financial membership, providing a comprehensive private banking membership for the hardworking American
- Through the Company’s web and mobile platform, consumers can conveniently borrow money, manage and aggregate finances, as well as invest in future goals through a proprietary digital advisor
- MoneyLion’s edge is in its proprietary data-drive platform, which benefits from both credit outcomes and broad consumer decisions around everyday financial inflection points
- The Company leverages this superior access to proprietary behavior data to build a comprehensive view of users’ personal financial lives
- Using a system of literacy, referrals, nudges, points and rewards, the Company endorses positive financial habit building

### Selected Equity Financing History

Date	Size (\$ mm)	Investor(s)
07/23/19	\$100	Edison Partners; Greenspring Associates; FinTech Collective; Capital One; MetaBank
01/04/18	82	Edison Partners; FinTech Collective; Greenspring Associates; Grupo Sora; VeroNorte; DHVC; Broadhaven; Peak 6
12/05/16	25	Edison Partners; FinTech Collective; Grupo Sora; Clockwork Technology Ventures; Broadhaven; Citizen.vc; Montage

### Products & Services Overview



### Key Stats

- More than 5 million members
- Over 1,000% annual account growth
- 55,000 + fee-free ATMs



### MoneyLion Plus

- The private banking membership for everyone
- Creating the private bank for Middle America



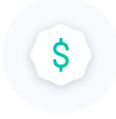
### Digital Checking Account

- Zero overdraft fees
- Massive fee-free ATM network



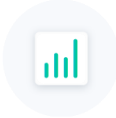
### Credit Score

- Track, monitor and simulate TransUnion credit score for free
- 70% of users increase their credit score by an average of 30 points in 2018



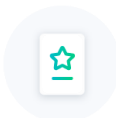
### Personal Loans

- Personal loans from \$500 - \$35,000
- Reduce rates, increase borrowing power and repay anytime without fees



### Investing

- Fully-managed investment accounts tailored to individual needs



### Salary Advance

- Up to \$250 instant salary advance at 0% APR



### Ways to Save

- Step-by-step directions to increase daily savings
- Real-time alerts through mobile notifications

# The Rise of Challenger Banks

## Monzo

### Company Overview



CEO:	Tom Blomfield
Headquarters:	London, U.K.
Founded:	2015

- Monzo offers a digital, mobile bank account for individuals to spend, transfer and exchange money
- Monzo is one of several new challenger banks offering digital banking products to consumers in the United Kingdom and Europe
- The Company originally operated through a mobile app as a prepaid debit card, however in April 2017 it received a full UK Banking License
- The Company currently has 800,000 active users and 300 employees

#### Selected Equity Financing History

Date	Size (\$ mm)	Investor(s)
06/24/19	\$144	Y Combinator; Latitude Partners; General Catalyst; Stripe; Passion Capital; Thrive Capital; Goodwater Capital; Orange Digital Ventures; Accel
12/05/18	26	Undisclosed investors
10/31/18	109	General Catalyst; Goodwater; Stripe; Accel; Thrive Capital; Orange Digital Ventures; Passion Capital
11/07/17	93	General Catalyst; Goodwater; Stripe; Thrive Capital; Orange Digital Ventures; Passion Capital
02/23/17	24	Thrive Capital; Orange Digital Ventures; Passion Capital

### Products & Services Overview

#### Mobile Application



- Offers instant payment notifications
- Offers budget breakdowns and spending categorization to enable users to track expenditures
- Enables users to make payments instant and split bills between individuals
- In-app chat connects users with support staff

#### Current Account



- Sort Code and Account Number enables users to send and receive money and salary through fully functional account
- Direct Debit allows users to pay bills and utilities
- Standing Orders enables users to set up recurring payments from bank account
- FSCS Protection up to total of £85,000

#### Issued Cards



- The Company's Mastercard debit card enables users to transact at all locations that accept Mastercard around the world
- Enables users to make free purchases with Monzo card in the U.K. and abroad
- Enables users to instantly freeze card with one tap in the event of a lost / stolen card

# The Rise of Challenger Banks

N26

## Company Overview



<b>CEO:</b>	Valentin Stalf
<b>Headquarters:</b>	Berlin, Germany
<b>Founded:</b>	2013

- N26 began as a “mobile-first” online bank and has since expanded to offer a variety of financial products and services to over 3 million customers
- The Company categorizes its services within six distinct segments: N26 Black, N26 Credit, N26 Business, N26 Overdraft, N26 Invest and N26 Insurance
- As of July 2016, N26 received a Full German Banking License by FFSA and the European Central Bank
- The Company launched in the U.S. in July 2019
- To date, N26 has raised a total of over \$680 million in funding

### Selected Equity Financing History

Date	Size (\$ mm)	Investor(s)
07/18/19	\$170	Insight Venture Partners; GIC; Tencent; Allianz X; Valar; Earlybird; Greyhound Capital
01/09/19	300	Insight Venture Partners; GIC
03/23/18	160	Allianz; Tencent
06/21/16	40	Horizons Ventures; Battery Ventures; Valar; Earlybird; Red Alpine
04/16/15	11	Valar; Earlybird; Red Alpine

## Products & Services Overview

### Bank Account



- Send and receive money through MoneyBeam



- Advanced security features



- International money transfer through Transferwise partnership



- AI-driven statistics on spending habits
- Organizational tagging for specific events and purposes

### Financial Product Suite



#### N26 Black

Debit card linked to N26 bank account



#### N26 Credit

Direct loans from N26 or auxmoney



#### N26 Invest

Affordable, easily managed investment plans



#### N26 Overdraft

Fast and reliable with daily updates



#### N26 Business

Mobile accounts for business purposes



#### N26 Insurance

Manage and optimize insurance policies



# The Rise of Challenger Banks

Neat

## Company Overview



CEO:	David Rosa
Headquarters:	Hong Kong
Founded:	2015

- Neat is a Hong Kong-based challenger bank focused on user experience and engagement
- The Company offers both business and personal banking solutions
- Neat aims to be completely transparent with fair pricing for its clients
- A consumer or business can complete Neat’s 10 minute application process and have an online account up and running same day

### Selected Equity Financing History

Date	Size (\$ mm)	Investor(s)
10/23/18	\$3	Linear Capital; Dymon Asia Ventures; Portag3 Ventures; Sagamore
07/04/18	2	Dymon Asia Ventures; Portag3 Ventures

## Products & Services Overview

### Business



#### Dedicated Account

- Hong Kong bank account number



#### Payment Monitoring

- Budgeting and transaction verification



#### Payment Gateway

- Connect payment gateways and eCommerce platforms



#### Transaction Data

- Transactions automatically recorded and categorized



#### Corporate Cards

- Corporate Mastercard with leading exchange rates



#### P2P Payments

- Local and international transfers

### Personal



#### Payment

- Local Hong Kong bank account for making and accepting payments



#### No Fees

- No annual fees or commissions



#### Online Account

- Completely online / mobile accounts



#### Global Spending

- Global use of prepaid card with exchange rates for 50 currencies



#### Prepaid Card

- Prepaid Mastercard through the Neat app



#### P2P Payments

- In-app P2P payment solution

# The Rise of Challenger Banks

Neon

## Company Overview



CEO:	Pedro Conrade
Headquarters:	Sao Paulo, Brazil
Founded:	2016

- Neon is a mobile-based challenger bank that targets Brazilian millennials
- The Company offers both a physical and virtual credit card with numerous payment options including installments
- Neon provides the typical features associated with mobile banking, such as checking balances, making transfers and paying bills, but also offers a number of additional services
- The Company's two major growth segments are services and products for individuals, small businesses and entrepreneurs
- Neon offers free investing services for its users to help them make smart decisions for their financial well-being
- On September 17, 2019, Neon acquired MEI Facil, a company that supports microentrepreneurs with their legal obligations and financial transactions

### Selected Equity Financing History

Date	Size (\$ mm)	Investor(s)
11/18/19	\$95	Banco Votorantim; General Atlantic; Monashees Capital; Omidyar Network; Propel Venture Partners; Quona Capital
05/03/18	22	Propel Venture Partners; Monashees Capital; Quona Capital; Omidyar Network; Tera Ventures; Yellow Ventures

## Products & Services Overview



### Online Accounts

100% online account opening and management



### No Fees

No annual or monthly fees on Neon's credit card



### Automatic Debit

Automatic payments of credit card bills through Neon account



### Virtual Card

Shop securely online through the Neon app with invoices and instalments



### Investing

Free investing options to meet customers' long-term goals



### Personal Loans

Personal loans with monthly interest rates ranging from 2.6% to 6.98%



### Neon Pejota

Digital account tailored for individual microentrepreneurs (MEIs) and small businesses for transfers, payments and debit and virutal cards



### Additional Services

- 24 hour withdrawals
- Control expenses in real time
- Transfers and bill payments

# The Rise of Challenger Banks

## Nubank

### Company Overview



**CEO:** David Velez

**Headquarters:** Sao Paulo, Brazil

**Founded:** 2013

- Nubank is a Brazilian financial services company that offers a no-fee MasterCard Platinum credit card that customers can manage using their mobile phone along with a mobile bank account
- The mobile app features real-time spending notifications, personalized categories for tracking payments and the ability to lock and unlock the credit card directly from the app
- The Company generates revenue through merchant fees, foreign exchange fees for international transactions and interest on unpaid balances

### Selected Equity Financing History

Date	Size (\$ mm)	Investor(s)
07/26/19	\$400	TCV; Tencent; DST Global; Dragoneer; Sequoia; Ribbit Capital; Thrive Capital
10/08/18	180	Tencent
03/01/18	150	DST; Redpoint; Dragoneer; QED; Thrive Capital; Ribbit Capital; Founders Fund
12/13/16	80	DST; Redpoint; QED; Ribbit Capital; Founders Fund; Sequoia; Tiger
01/06/16	52	Founders Fund; Tiger; Sequoia; Kaszek
06/02/15	30	QED; Tiger; Sequoia; Kaszek
09/25/14	14	Sequoia; Kaszek; QED

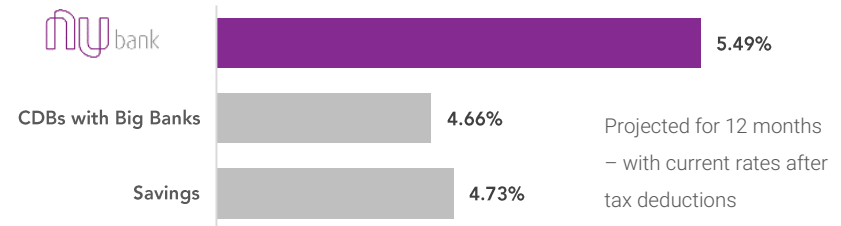
### Products & Services Overview



#### Account

- ✓ Open an account in less than 3 minutes
- ✓ No branches, with everything done through the app
- ✓ Send and receive money in real-time between NuContas, or transfer via TED to any other bank account with no fees charged

#### Nubank's account lets users earn more interest than regular savings accounts



#### Nubank Card

- ✓ Get discounts by anticipating purchase installments through the mobile app
- ✓ Control spending and control credit limit
- ✓ Earn points for every Brazilian Real spent with Nubank card



# The Rise of Challenger Banks

OakNorth

## Company Overview



CEO:	Rishi Khosla
Headquarters:	London, U.K.
Founded:	2015

- OakNorth is a challenger bank based in the UK
- The Company was founded to provide fast, flexible and accessible debt financing to high-growth companies and property developers
- The Company has an efficient credit process with early stage “Yes” or “No” decisions to accelerate the approval process
- OakNorth provides business loans, property finance, and a range of savings accounts for both businesses and individuals
- The Company received its full UK Banking License in 2015

### Selected Equity Financing History

Date	Size (\$ mm)	Investor(s)
02/07/19	\$440	SoftBank Vision Fund; Clermont Group
09/06/18	100	EDBI; NIBC; GIC; Clermont; Coltrane
11/03/17	118	GIC
10/12/17	203	GIC; ToscaFund; Clermont; Coltrane

## Products & Services Overview

**£1.5 bn+**  
Lent to  
entrepreneurs



Quick and decisive  
credit process

**20,000+**  
Retail deposit  
customers



Access to OakNorth  
decision makers

**250+**  
Transactions  
since inception



Bespoke solutions  
for each borrower

### Savings Accounts

#### Personal Savings

- ✓ Three different accounts available: Notice, Fixed Term, & Easy Access

#### Business Savings

- ✓ Term of 3 – 6 months
- ✓ 0.51% AER to 1.61% AER

### Business Loans

- ✓ No off-the-shelf solutions
- ✓ Flexible repayments
- ✓ Structured loans from £500,000 to £30 mm
- ✓ Transparent credit decision process

### Property Finance

- ✓ Fast and flexible development finance
- ✓ Flexible repayments based on the build program
- ✓ Loans up to 75% loan-to-cost and 65% loan-to-gross-development value
- ✓ Supports property-to-let investments

# The Rise of Challenger Banks

Fair Square / Olo

## Company Overview



CEO:	Rob Habgood
Headquarters:	Wilmington, DE
Founded:	2016

- Fair Square Financial, through its Olo card product, focuses on providing consumers with competitive credit card products
- The Company utilizes advanced analytics, data and modeling to identify segments of customers to whom it can provide a differentiated, superior solution
- Olo customers get clear and simple products, streamlined servicing and credit that grows with them
- Olo focuses on borrowers with credit scores between 600 and 700 on a scale of 300 to 850
- Olo cards have no penalty rate increases, no annual fees, no return-payment fees, no over-limit fees, and no foreign-transaction fees

### Selected Equity Financing History

Date	Size (\$ mm)	Investor(s)
05/14/18	\$100	Orogen Group

## Products & Services Overview



### Olo Platinum

- No Annual Fee
- Automatic credit line increase reviews
- No surprise fees – no over the limit, no returned check, no foreign transaction fees
- No rate hike when you pay late



### Olo Rewards

- 2% cash back on gas station, grocery store, and drugstore purchases
- 1% cash back on all other purchases
- Unlimited rewards, no expiration date
- No surprise fees – no over the limit, no returned check, no foreign transaction fees
- Low annual fee

# The Rise of Challenger Banks

Petal

## Company Overview

# Petal

CEO:	Jason Gross
Headquarters:	New York, NY
Founded:	2015

- Petal provides a credit card with higher limits and competitive rates
- The Company's card uses a technology called cashflow underwriting that evaluates an individual's digital financial record and measures objective components of individual's creditworthiness
- Petal looks beyond the user's credit score, enabling consumers to build credit, track spending and manage money better, all with no credit score required

### Selected Equity Financing History

Date	Size (\$ mm)	Investor(s)
01/29/19	\$30	Valar Ventures; Greyhound Capital; Third Prime Capital; Rosecliff Ventures; Story Ventures; RiverPark Ventures; Afore Capital
01/10/18	13	Valar Ventures; Brooklyn Bridge Ventures; Afore Capital; Rosecliff Ventures; Great Oaks Venture Capital; New Ground Ventures; Abstract Ventures; Ride Ventures; Story Ventures; Gramercy Fund; Third Prime Capital; RiverPark Ventures; The Social Entrepreneur
09/08/17	4	Silicon Badia; Story Ventures; Great Oaks Venture Capital; Guild Capital; Rosecliff Ventures; Afore Capital; Brooklyn Bridge Venture

## Products & Services Overview



### 1% – 1.5% cash back

Automatically earn 1% cash back on purchases made on the Petal card



### \$500 - \$10,000 limits

Higher limits tailored to keep utilization low



### No Fees

No annual fees, late payment fees, foreign transaction fees



### Money Management

Users can manage money and track spending all in one place



### Credit Score

Users can grow their credit scores with responsible spending and on-time payments



### Safety and Security

Petal encrypts and protects account data to protect user information

# The Rise of Challenger Banks

## Pockit

### Company Overview



CEO:	Danny Jatania
Headquarters:	London, United Kingdom
Founded:	2011

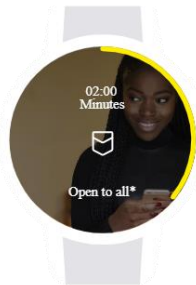
- Pockit is a mobile banking application that provides current account functionality
- The Company issues online prepaid MasterCard-branded cards for online shopping, money management, paying bills, and everyday convenience
- The application offers cardholders the benefits of a prepaid card and savings on their household expenditures

### Selected Equity Financing History

Date	Size (\$ mm)	Investor(s)
04/25/17	\$4	Undisclosed investors
05/19/14	2	Undisclosed investors
12/01/12	1	Undisclosed investors

### Products & Services Overview

#### How it Works

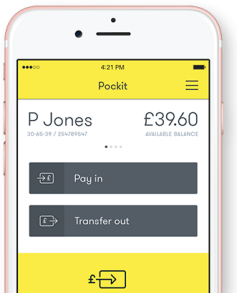


##### Open an account in 2 minutes

- Apply with an online form by filling out a few details and make an one-off 99p payment
- Receive the Pockit Mastercard in 48 hours

##### Pay in and spend

- Pay immediately via bank transfers or in cash at 28,000 PayPoint across the UK
- Withdraw cash from UK and international ATMs



##### Pockit on-the-go

- Bank anywhere via online or app
- Notifications sent to mobile devices
- No overdraft
- Add cards to accounts to share funds

# The Rise of Challenger Banks

## Qapital

### Company Overview



CEO:	George Friedman
Headquarters:	New York, NY
Founded:	2013

- Qapital provides consumers with a new way to bank through a mobile app that is designed to help people achieve their unique financial goals
- The Company combines technology and behavioral economics to help consumers better understand their spending and saving habits
- Qapital is bringing savings, spending and investing together in one mobile platform to change the way people think about money management

### Selected Equity Financing History

Date	Size (\$ mm)	Investor(s)
04/16/18	\$30	Swedbank Robur; Northzone Ventures
03/06/17	12	Northzone Ventures; Rocketship.vc; Anthemis Exponential Ventures; Industrifonden
02/09/16	4	Undisclosed Investors
12/19/14	1	Northzone Ventures
05/16/13	1	Undisclosed Investors

Source: Company, FT Partners' Proprietary Transaction Database, PitchBook

### Products & Services Overview

#### Qapital is banking designed with your goals in mind



#### With Qapital, users get...

- Checking accounts for spending and goals
- A Qapital Visa card
- A simple and mobile banking app
- eChecks
- Interest on all accounts

#### Traditional Banks Qapital

Checking Account	✓	✓
Chip-enabled Debit Card	✓	✓
Sending Checks	✓	✓
Fraud Monitoring	✓	✓
Remote Card Lock	Maybe	✓
Goal-based Accounts	No	✓
Required Opening Deposit	\$25+	\$0
Annual / Monthly Fees	\$10+/Month	None
Overdraft Fees	\$30+	None
Minimum Balance	Yes	None
Negative Account Balance Fee	\$15 every 5 days	None



# The Rise of Challenger Banks

## Revolut

### Company Overview



<b>CEO:</b>	Nikolay Storonsky
<b>Headquarters:</b>	London, UK
<b>Founded:</b>	2014

- Revolut provides a digital, mobile bank account linked to a pre-paid Mastercard ("RevolutCard") that consumers can use to spend, transfer and exchange money worldwide
- Revolut is one of several new challenger banks offering digital banking products to consumers
- Revolut differentiates itself from other challenger banks by offering interbank exchange rates, zero-fee international money transfer and an account that can hold/exchange several different currencies
- Revolut has over 6 million users around the world

### Selected Equity Financing History

Date	Size (\$ mm)	Investor(s)
04/26/18	\$250	DST Global; Index Ventures; Ribbit Capital
10/06/17	66	Balderton Capital; Index Ventures; Ribbit Capital
07/30/16	5	Public investors
07/11/16	10	Balderton Capital; Ribbit Capital; NJF Capital; Index Ventures; Point Nine Capital; Seedcamp; Venrex

### Products & Services Overview



#### RevolutCard

- Use at any merchant that accepts Mastercard
- Spend in 90 currencies with automatic conversion at the best possible rate
- ATM withdrawals



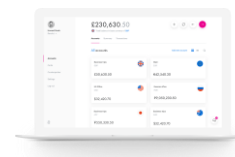
#### Mobile App

- Add funds to account via debit card payment
- Foreign exchange at interbank rate
- Global money transfer for 23 currencies
- Peer-to-peer payments
- Expense tracking
- Credit (supplied by P2P lending partner)
- Card security



#### Premium

- 2x ATM withdrawal limit
- Unlimited foreign exchange
- "Turbo" money transfers
- Global express card delivery
- Exclusive card design
- Exclusive support
- Spare card



#### Business

- Hold, receive and exchange 25 currencies
- Instant transfers
- International payments
- Multi-currency corporate cards
- Real time tracking
- Expense reporting

# The Rise of Challenger Banks

## Situate

### Company Overview



CEO:	Kiefer le Moigne
Headquarters:	Los Angeles, CA
Founded:	2018

- Situate is a mobile banking platform that provides expatriates and executive transferees access to credit and banking products in their new countries at similar rates and levels as in their home countries
- Situate’s comprehensive banking platform enables professionals to settle in new countries more rapidly and efficiently
- The Company offers a variety of products to address the relative lack of local credit expatriates have in their new home:
  - Situate takes users’ financial information and employment agreements to issue credit products at the same or similar values as their existing credit portfolios in their home countries
  - The Company also offers vehicle loans, with rates that are based on brand, model, and the applicant’s vehicle loan history in their home country
  - Situate’s debit account allows clients to choose whether they’re paid locally or abroad, enabling clients to save on fees from transferring money internationally
  - In addition, Situate reports clients’ payments directly to their host countries’ credit reporting systems so that users can build their credit as quickly as possible

### Products & Services Overview

#### Credit Products

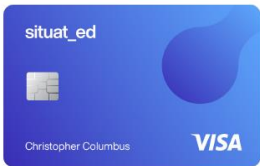


##### Situat\_e+

- Premium credit card product
- Minimum credit limit of \$25,000 and a maximum initial limit of \$75,000
- 0% on foreign transactions.
- 2 points for every \$1 spent

##### Situate

- Core credit product account
- Allows customers to build their credit in a new country
- Minimum credit limit of \$1,000 and a maximum initial limit of \$25,000
- 1 point for every \$1 spent



##### Situat\_ed

- Student credit account that allows students to build their credit
- Minimum credit limit of \$500 and a maximum initial limit of \$5,000
- 1 point for every \$1 spent
- This card can be co-signed by a parent or legal guardian for those that have no payment history

#### Debit Products

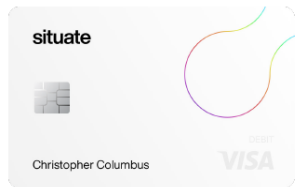


##### Situat\_e+

- Plus checking account that gives new residents a safe and secure place to manage their money
- Members receive free travel insurance and access to premium tier services on platforms such as Resy, Uber, and more

##### Situate

- Core checking account
- No-fee account with no fees for monthly maintenance, ATM withdrawals, transfers, and more



##### Situat\_ed

- Student checking account
- Allows students to receive money abroad for no fee for up to 3 senders
- No monthly account servicing fees

# The Rise of Challenger Banks

SoFi

## Company Overview



CEO:	Anthony Noto
Headquarters:	San Francisco, CA
Founded:	2011


- SoFi is a consumer finance company that provides online financial services such as student loan refinancing, personal and mortgage loans, wealth management and insurance
- The Company’s underwriting method focuses on graduates of top-tier universities with responsible financial history and stable monthly cash flow and income
- The Company also offers career services for its members, such as professional advice, career coaching programs, entrepreneur mentoring and six-month deferments for business development

### Selected Equity Financing History




Date	Size (\$ mm)	Investor(s)
05/29/19	\$500	Qatar Investment Authority
02/24/17	500	Silver Lake; SoftBank; GPI Capital
08/19/15	1,000	Baseline Ventures; DCM; IVP; Renren; Wellington Management; Third Point Ventures; SoftBank
02/02/15	200	Wellington Management; Third Point Ventures; IVP
08/05/14	50	Undisclosed Investors

## Products & Services Overview



### Banking

-  **SoFi Money:** Checking and savings merged into one hybrid account
  - Completely mobile
  - Zero account fees
  - 2.25% APY
  - Free ATM access


### Lending

-  **Student Loan Refinancing:** enables eligible borrowers to refinance federal or private student loans
-  **Mortgages:** offers mortgage loans up to \$3 mm for primary owner-occupied residences and second homes; offers options for mortgage refinancing
-  **Personal Loans:** offers unsecured personal loans from \$5,000 to \$100,000



### Investing

-  **Wealth Management:** offers investments in diversified ETF portfolios based on risk tolerance; provides automatic rebalancing and live advisory services
-  **Private Placements:** provides qualified accredited investors with investment opportunities within SoFi’s portfolio of consumer credit

### Insurance

-  **Term Life Insurance:** offers life insurance coverage at a fixed price for a specific period of time through partnership with Protective

### Additional Services

-  **Financial Wellness:** enables employers to offer student loan refinancing and student loan contribution benefits
-  **Career Services:** provides members with career-focused services such as job search coaching and an entrepreneurship program

# The Rise of Challenger Banks

## Starling Bank

### Company Overview



CEO:	Anne Boden
Headquarters:	London, UK
Founded:	2014

- Starling is a mobile-centric bank that aims to make managing finances effortless and more empowering
- The Company offers a comprehensive banking solution all through its mobile application
- Customers can easily apply for a current accounts to deposit money and get access to features including a virtual debit card and insights into savings and spending habits

### Selected Equity Financing History

Date	Size (\$ mm)	Investor(s)
10/23/19	\$39	Merian Chrysalis Investment Company; JTC Group
02/13/19	97	Merian Global Investors; Merian Chrysalis Investment Company
11/12/18	13	Undisclosed investors
01/11/16	70	Harald McPike

### Products & Services Overview



Contactless Mastercard  
Debit Card

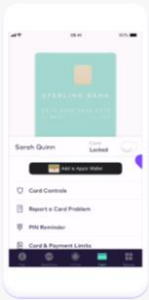
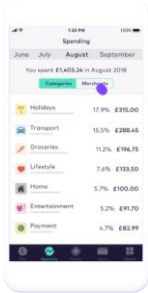
Standing Orders, Payments  
and Direct Debits

Connects with Apple Pay, Google Pay,  
Samsung Pay and Fitbit Pay

Set up Saving Goals

Comprehensive Spending Insights

Real Time Notifications for all  
Payment Activity



Physical and Digital  
Card Security

Simplified Money Transfer  
through Settle Up

# The Rise of Challenger Banks

## STASH

### Company Overview

STASH

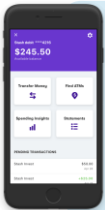
CEO:	Brandon Krieg
Headquarters:	New York, NY
Founded:	2015

- STASH started as a digital investment product, offering consumers curated portfolios starting with initial investments as low as \$5
- Over 80% of STASH's 4 million + consumers are first time investors
- The Company also offers retirement accounts and a no-hidden-fee banking product
- STASH's banking product encourages consumers to manage their spending and improve their financial well-being

### Selected Equity Financing History

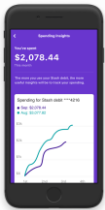
Date	Size (\$ mm)	Investor(s)
03/12/19	\$73	Breyer Capital; Coatue; Entrée Capital; Goodwater Capital; Greenspring Associates; Union Square Ventures; Valar Ventures
02/12/18	38	Union Square Ventures; Breyer Capital; Entrée Capital; Coatue; Valar Ventures; Goodwater Capital
07/13/17	40	Coatue; Breyer Capital; Goodwater Capital; Valar Ventures
12/14/16	25	Valar Ventures; Breyer Capital; Goodwater Capital; entrée Capital

### Products & Services Overview



#### No Hidden Fees on Debit Account

- No set-up, monthly, minimum balance or overdraft fees
- Access to thousands of ATMs with no withdrawal fees



#### Saving Solutions

- Spending guidance
- Smart transfers
- Automatic saving plans



#### Advice & Education

- Personalized financial coaching tool
- Easy-to-understand educational platform
- Portfolio Builder



#### Stock-Back (Introduced Mar. 12, 2019)

Stock-Back is the only rewards program that invests for clients as they spend. Clients can automatically earn fractional shares of stock or funds by using their STASH debit card, building portfolios that reflect their spending habits by investing directly in the companies where they shop, eat, watch, listen and live. All Stock-Back rewards are invested in clients' STASH personal investment accounts. The program also offers a rotating selection of up to 5% bonus Stock-Back rewards at popular retailers.

# The Rise of Challenger Banks

## Tandem

### Company Overview

# TANDEM

CEO:	Ricky Knox
Headquarters:	London, United Kingdom
Founded:	2013

- Tandem is an app-only challenger bank providing digital retail banking services
- The Company received its banking license in November 2015 and has over 500,000 customers using its mobile banking app
- The Company also offers a number of credit cards with varying APR and cashback rewards
- Tandem also offers a fixed savings account where customers make one deposit and cannot withdraw from their account until the end of its term

### Selected Equity Financing History

Date	Size (\$ mm)	Investor(s)
11/20/18	\$19	Convoy Financial
02/16/18	6	Undisclosed Investors
12/18/17	13	Undisclosed Investors
08/14/17	5	Undisclosed Investors

### Products & Services Overview



#### The Tandem App

- Completely mobile banking experience
- Automatically tracks spending and savings
- Bill payment, notification and reduction recommendations



#### Tandem Credit Cards

- Journey card
  - For consumers with limited credit history
  - 24.9% APR
- Cashback card
  - For consumers with good credit history
  - 18.9%



#### Fixed Saver Account

- One deposit, no withdrawals during fixed term
- Interest rates of 2.0% - 2.4% for 1 - 3 year terms, respectively
- Minimum deposit of £1,000, maximum deposit of £2,500,00

# The Rise of Challenger Banks

## Tinkoff Bank

### Company Overview

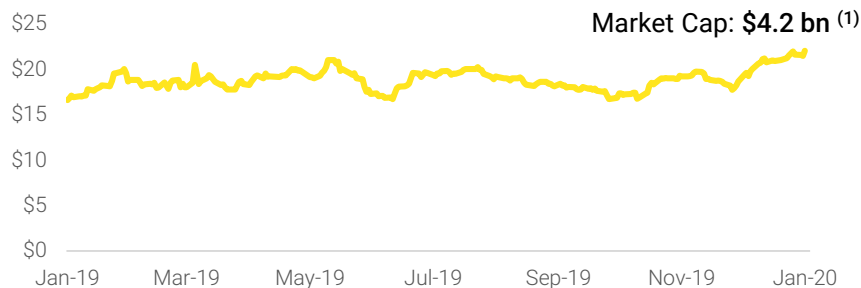


**Tinkoff  
Bank**

<b>CEO:</b>	Oleg Tinkov
<b>Headquarters:</b>	Moscow, Russia
<b>Employees:</b>	24,000
<b>Founded:</b>	2006

- Tinkoff is Russia's leading provider of online financial services
- The Company's broad suite of products includes customer current accounts; savings, deposits, and investment savings products; custody services; credit and debit cards; consumer loans; and brokerage services
- Tinkoff also provides insurance products, including accident, property, travelers', financial risks, and auto insurance products
- In addition to its wide array of consumer-focused services, Tinkoff also provides banking services to small and medium-sized businesses
- Tinkoff started trading on the London Stock Exchange in October 2013
- In December 2019, Tinkoff launched its "super-app" which integrates all of the Company's services in one location, and features its own marketplace to which external partners can connect via open API

### Stock Chart (LSE: TCS)



### Products & Services Overview

#### Tinkoff Consumer Banking



- Credit/Debit Cards
- Cash Loans
- Payments
- Refinancing
- Car Loans
- Deposits

#### Tinkoff Business Banking



- Payment Account
- Acquiring
- Loans
- Government Procurement
- Sales Tracking and CRM
- Bookkeeping

#### Tinkoff Investments



- Stock Trading
- Premium Subscriptions

#### Tinkoff Mobile



- Free Mobile Data
- SIM Card Management

### Key Stats <sup>(1)</sup>

<b>Current Account Customers:</b>	<b>6.3 million</b>
<b>SME Accounts</b>	<b>514k</b>
<b>LTM Revenue</b>	<b>\$1,216 million</b>
<b>LTM Net Income</b>	<b>\$522 million</b>
<b>Net Income Margin</b>	<b>43%</b>
<b>Total Assets</b>	<b>\$8 billion</b>

# The Rise of Challenger Banks

Toss

## Company Overview



<b>CEO:</b>	Lee Seung-gun
<b>Headquarters:</b>	Seoul, South Korea
<b>Founded:</b>	2013

- Founded in 2013, Viva Republica launched Korea's first P2P money transfer service, Toss, in 2015
- In addition to the platform's P2P money transfer and payments system, Toss provides a suite of financial services including banking services, a financial dashboard, credit score management tools, and investment products
- The Company is the number one P2P transfer service in Korea with 30 million downloads, 36 trillion won transferred, and zero security breaches

### Selected Equity Financing History

Date	Size (\$ mm)	Investor(s)
08/08/19	\$64	Aspex Management; Kleiner Perkins; Altos Ventures; GIC; Sequoia Capital China; Goodwater Capital; Bessemer Venture Partners
12/09/18	80	Kleiner Perkins; Ribbit Capital; Qualcomm Ventures; PayPal; Bessemer Venture Partners; KTB Network; Altos Ventures; Goodwater Capital; Novel
06/18/18	40	GIC, Sequoia Capital China
03/09/17	48	Goodwater Capital; Altos Ventures; PayPal; Bessemer Venture Partners; Partech Ventures
04/13/16	23	Goodwater Capital, Qualcomm Ventures, Altos Ventures, Novel, KTB Network

## Products & Services Overview

### Seamless Money Transfer



- Supporting features include auto-filling of bank information, "split the bill" functionality, automatic / recurring transfer set up, and QR code payment options

### Bank and Bill Management



- Access to bank accounts with fingerprint identification
- View all card statements at once and check statements within seconds

### Loan & Securities Account Management



- 1.3% interest account with unlimited free transfers on up to 2 million won per day
- Fund investment, P2P investment, and micro-investment in real estate services

### Insurance Products



- Insurance comparison tools and custom recommendations based on situation parameters and budget across 36 providers



# The Rise of Challenger Banks

Ualá

## Company Overview



CEO:	Pierpaolo Barbieri
Headquarters:	Argentina
Founded:	2016

- Ualá is a mobile personal financial management app that also offers a prepaid Mastercard
- The Company offers its account and card for free to any consumers that are Argentinian residents and over the age of 13 years old
- Users simply have to download the Ualá app and apply to get approved for an account within 48 hours

### Selected Equity Financing History

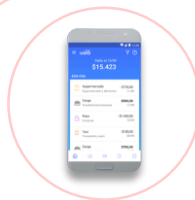
Date	Size (\$ mm)	Investor(s)
11/25/19	\$150	Tencent; Goldman Sachs Investment Partners; Jefferies; SoftBank Innovation Fund; Monashees Capital; Ribbit Capital; Soros Fund Management; Endeavor Catalyst
04/24/19	na	Tencent
10/03/18	34	Goldman Sachs Investment Partners; Ribbit Capital; Jefferies; Point72 Ventures; Soros Fund Management
02/06/18	10	Soros Fund Management; Recharge Capital; Point72 Ventures; Jefferies; Greyhound Capital

## Products & Services Overview



### Prepaid Card

- Make purchases at any online or physical merchant that accepts Mastercard
- International acceptance
- Withdraw cash from any Banelco or Link ATM throughout Argentina for free or for a small fee around the world
- Real-time mobile notifications



### Mobile App

- Detailed transaction history
- Free P2P money transfer between Ualá users
- Electronic control of prepaid card
- Mobile top up
- Expense tracking and saving solutions



Download



Register



Approval



Card Sent  
in 15 Days

# The Rise of Challenger Banks

## Upgrade

### Company Overview



**CEO:** Renaud Laplanche

**Headquarters:** San Francisco, CA

**Founded:** 2016

- Upgrade has been quietly building a neobank on a credit foundation (cards & loans) that will help the company better serve its customers and secure better economics
- The founding team includes FinTech pioneer Renaud Laplanche, the only FinTech founder who achieved a \$10 billion public market capitalization
- Upgrade already issued over \$2 billion in loans and recently launched the innovative Upgrade Card that brings installment lending to millions of points of sale
- Upgrade has 270 employees and has raised close to \$150 million in equity

### Selected Equity Financing History

Date	Size (\$ mm)	Investor(s)
08/23/18	\$62	Apoletto Asia; FirstMark Capital; NOAH Private Wealth Management; Ribbit Capital; Sands Capital Ventures; Silicon Valley Bank; Union Square Ventures; Vy Capital; CreditEase FinTech Investment Fund
11/15/17	20	Undisclosed Investors
04/06/17	60	Apoletto; CreditEase; FirstMark Capital; NOAH Private Wealth Management; Ribbit Capital; Sands Capital Ventures; Silicon Valley Bank; Union Square Ventures; Uprising Ventures; Vy Capital

### Products & Services Overview



#### 1. Upgrade Loans: Affordable and responsible credit for mainstream customers

##### Loan Characteristics

APR	6.98 – 35.97%
Amount	\$1,000 - \$50,000
Term	36 months or 60 months
Origination Fee	1.5 – 6%
Minimum Credit Score	620

#### 2. Upgrade Card: Lower cost than traditional credit cards

- Credit line up to \$50,000
- No fees
- Use wherever Visa is accepted
- Rates start at 6.49% APR
- Combines convenience of credit cards with low cost and responsible borrowing of installment lending
- Brings installment lending to millions of retail locations
- Monthly balances turn into installment plans paid over 12 to 36 months



#### 3 Upgrade Account: Online checking for mainstream consumers (launching Q1 2020)

- Easier path to Upgrade Loans and Card, discount with direct deposit into Upgrade Account
- No fees, ATM fee refund
- Generous debit rewards
- Partnerships with multiple banks to allocate deposits and fund loans & cards

# The Rise of Challenger Banks

Varo

## Company Overview

# Varo


CEO:	Colin Walsh
Headquarters:	San Francisco, CA
Founded:	2016

- Varo integrates basic banking products (deposits, savings, and lending) with financial health tools (cash flow projections, spend tracking, and smart alerts), to offer a unique, consumer-friendly banking offering
- The Company provides its no-cost, premium services exclusively through its app
- Varo’s social mission is to lower the cost of banking and help consumers improve their financial lives
- In September 2018, Varo was granted preliminary approval by the Office of the Comptroller of the Currency (OCC) of its application for a national bank charter

### Selected Equity Financing History

Date	Size (\$ mm)	Investor(s)
12/28/18	\$65	Warburg Pincus; The Rise Fund
01/18/18	45	Warburg Pincus; The Rise Fund
05/02/16	27	Warburg Pincus

## Products & Services Overview



- ✓ Keep more of your money with no fees
- ✓ Make money on your money with a 2.12% APY Savings account and automated tools to help save
- ✓ Fee-free access to 55k+ ATMs nationwide
- ✓ Manage money easier with in-app budgeting, forecasting and other tools

	Traditional Banks	Specialty Banks	FinTech Banking Apps	Specialized Lenders	Varo
Account Aggregation	✓		✓		✓
Bank & Savings Account	✓	✓	✓		✓
Direct Deposit, Bill Pay	✓	✓	✓		✓
Customer-friendly Fees		✓	✓		✓
Competitively-priced Credit Products	✓			✓	✓
Alerts & Notifications	✓		✓	✓	✓
Automated Goals & Spend Tracking			✓		✓
Cash Flow Projections			✓		✓

# The Rise of Challenger Banks

Zero

## Company Overview

zero

CEO:	Bryce Galen
Headquarters:	San Francisco, CA
Founded:	2016

- Zero provides a mobile banking experience consisting of an app, a credit card called Zerocard and an FDIC-insured checking account called Zero Checking
- The Company combines the simplicity of a debit card and the rewards of a credit card with no foreign transaction fees, no maintenance fees or minimums and 24/7 support
- Zero features rewards on deposits that are competitive with high-yield savings account rates and unlimited 1% and 3% cash back on purchases with Zerocard, a World Mastercard

### Selected Equity Financing History

Date	Size (\$ mm)	Investor(s)
05/24/19	\$20	ENIAC Ventures; New Enterprise Associates; Nyca Partners; Silicon Valley Bank; SignalFire
11/16/18	na	ENIAC Ventures; New Enterprise Associates; Nyca Partners; Silicon Valley Bank
10/23/17	9	ENIAC Ventures; New Enterprise Associates; Nyca Partners; Lightbank; Middleland Capital
09/21/16	3	ENIAC Ventures; New Enterprise Associates; Nyca Partners; Lightbank; Middleland Capital

## Products & Services Overview

### Zero Checking



- Completely mobile banking account
- 0% to 1.75% annual cash back on Current Position
  - Zero Checking minus Zerocard balance
- No fees for:
  - Overdraft
  - Bill pay
  - Foreign currency
  - Add-on ATM
  - Maintenance
  - Inactivity
  - Annual account

### Zerocard



- Comparable to a cash back debit card
- Purchases and deposits are immediately reflected within the account
- Unique spending and saving features
- 1.0% to 3.0% cash back on spending
- No expiration on cash back rewards
- No foreign transaction fees

**“You can have a credit card with world-beating cash-back rewards. You can have an elegant app that tells you exactly how much money you have and keeps you from spending any more. You can have a checking account that seamlessly pays off that credit card with no late fees or interest, ever. You can get a generous cash-back reward—up to 3 percent, a better overall offer than almost any credit card. All that, in one package.”**

**The New York Times**

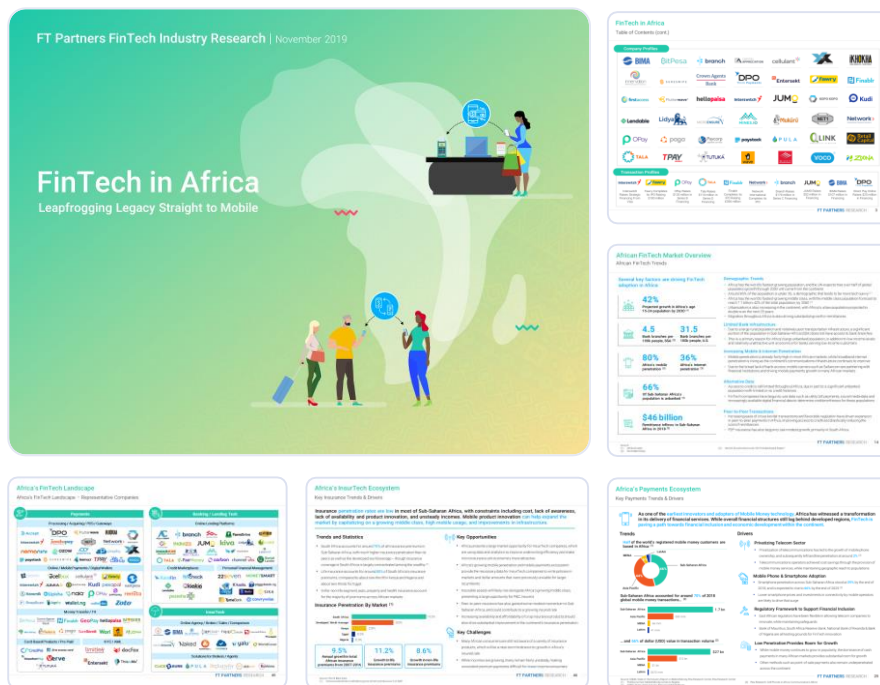


# Overview of FT Partners

# FT Partners – Focused Exclusively on FinTech

New FT Partners Research – FinTech in Africa

## FinTech in Africa: Leapfrogging Legacy Straight to Mobile



Click pictures to view report

**FT Partners' report** provides an in-depth look at the FinTech ecosystem in Africa. FinTech is rapidly spreading into Africa. As mobile proliferation and internet penetration continue to accelerate, financial services in many African markets are bypassing traditional banking infrastructure in favor of tech-enabled solutions such as mobile payments, mobile banking and digital lending.

With a large, rapidly-growing population and several of the world's fastest-growing economies, Africa represents a large and attractive market opportunity for FinTech companies given its relatively underdeveloped financial services ecosystem. Africa has a massive underbanked and unbanked population, but its growing middle class, increasing mobile penetration and improving communications infrastructure make it uniquely conducive to FinTech innovation and mobile financial services.

### The report includes:

- An overview of trends in the FinTech markets in Egypt and Sub-Saharan Africa, particularly Kenya, Nigeria, and South Africa
- A detailed landscape of FinTech players, and profiles of 42 FinTech companies operating in Africa
- Proprietary list of financing and M&A transactions
- Overview of selected active FinTech investors in Africa

# FT Partners – Focused Exclusively on FinTech

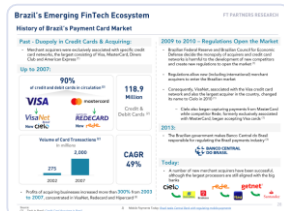
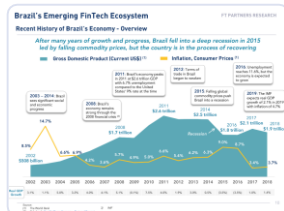
## New FT Partners Research – Brazil's Emerging FinTech Ecosystem

### Brazil's Emerging FinTech Ecosystem A Fertile Environment for Disruption and Innovation



**Brazil's Emerging FinTech Ecosystem**  
Selected Private Company FinTech Financings in Brazil, 2013 – 2019 YTD

Company	Amount	Round	Investor(s)	Valuation
Stone	\$100M	Series A	Stone	\$100M
Alipay	\$100M	Series A	Alipay	\$100M
Getnet	\$100M	Series A	Getnet	\$100M
Bidu	\$100M	Series A	Bidu	\$100M
Cielo	\$100M	Series A	Cielo	\$100M
Megatone	\$100M	Series A	Megatone	\$100M
Contafut	\$100M	Series A	Contafut	\$100M
Stone	\$100M	Series A	Stone	\$100M
Stone	\$100M	Series A	Stone	\$100M
Stone	\$100M	Series A	Stone	\$100M



Click pictures to view report

**FT Partners' report** provides an in-depth look at the FinTech ecosystem in Brazil. Brazil is in the midst of a FinTech revolution as the confluence of a number of forces has created a very fertile environment for innovation and disruption across various financial, technology and business services. With the world's fifth largest population, the ninth largest economy and a government encouraging greater competition for a highly concentrated banking ecosystem, Brazil represents a very attractive market and a huge growth opportunity for technology-driven financial solutions across Payments, Banking, Lending, Insurance, Wealth Management, and other sectors.

#### Highlights of the report include:

- Social, economic and FinTech trends in Brazil
- Regulatory environment in Brazil and recent updates
- Brazilian Payments, Banking, Lending, InsurTech, Financial Management Solutions, and WealthTech sector overviews
- 14 exclusive interviews with FinTech executives, entrepreneurs and investors in Brazil
- A detailed market landscape of FinTech companies operating in Brazil
- Individual profiles of 26 companies playing a significant role in the Brazilian FinTech universe
- Highlights of active investors in the space and recent financing transactions



### Beyond the Credit Score: What's Next in Consumer Credit Management



Click pictures to view report

**FT Partners' report** provides an in-depth look at the consumer credit space. Today, while many companies offer free credit scores, few offer free credit monitoring, and even fewer offer key insights about what impacts consumers' credit worthiness. After getting access to their credit scores, consumers are often at a loss of what to do and are largely left on their own to make important credit decisions. This contrasts with the asset side of consumers' balance sheets where financial advisors and, increasingly, robo advisors are using data and analytics to alleviate consumers of the burden of making investment decisions for their specific goals. Consequently, we expect financial service providers to move beyond offering free access to credit information and move towards providing complete credit lifecycle management solutions.

*Additional highlights of the report include:*

- History of the free credit score and new trends in the credit and PFM space
- Consumer FinTech landscape including multiple sub-categories
- Exclusive interviews of executives in the space
- Proprietary list of financing and M&A transactions
- Detailed company profiles of both private and public players



### WEALTHTECH The Digitization of Wealth Management



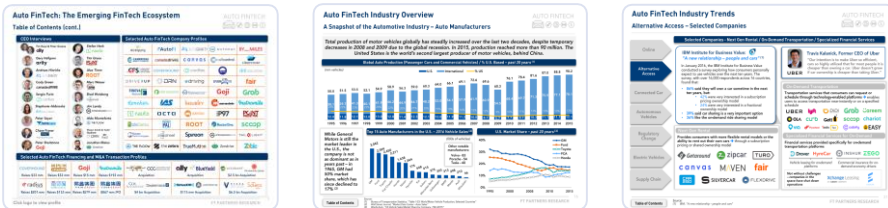
Click pictures to view report

FT Partners' 177-page report is an in-depth examination of the dramatic changes sweeping across the wealth management industry. The traditional investment management and registered investment advisor (“RIA”) industries are facing numerous threats, and while firms in the industry recognize the need to respond, technology-driven innovation is not a core expertise of most RIAs and investment managers. Consequently, there has been a groundswell of FinTech companies bringing digital capabilities to the traditional wealth management industries. Collectively, we label this segment of FinTech as WealthTech.

*Additional highlights of the report include:*

- Visual WealthTech industry landscape including multiple sub-categories
- Exclusive interviews of CEOs at notable disruptive companies
- Proprietary list of financing and M&A transactions in the space
- Detailed company profiles of both private and public players

### Auto FinTech: The Emerging FinTech Ecosystem Surrounding the Auto Industry



Click pictures to view report

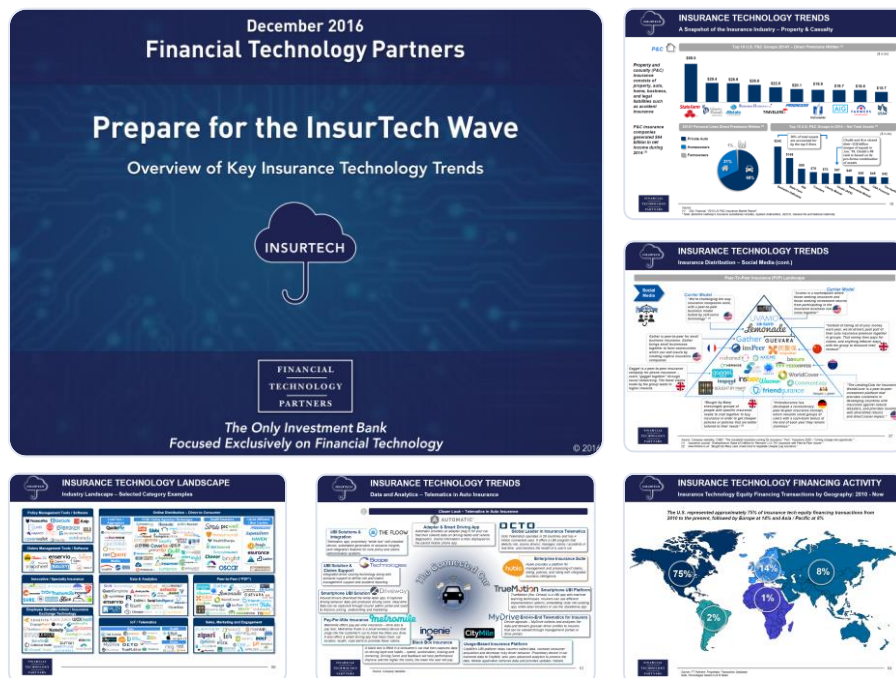
FT Partners' 200+ page report provides an in-depth look at the FinTech ecosystem surrounding the auto industry:

As the automotive industry continues to innovate, consumers and businesses will expect the financial services and processes surrounding this massive industry to modernize and adapt as well. Similarly, as new advances change the way consumers and businesses use cars, both traditional financial services and FinTech companies can distinguish themselves by offering new, innovative solutions.

The report includes:

- Trends regarding the transformation of the auto industry and innovations in auto lending, insurance and payments
- The activity among traditional players in the space such as partnerships, investments and acquisitions
- Proprietary financing and M&A transactions in the space
- A detailed industry landscape of Auto FinTech players and company profiles

### Prepare for the InsurTech Wave: Overview of Key InsurTech Trends



Click pictures to view report

**FT Partners' 268-page report** provides an in-depth look at the major waves of innovation and disruption that are beginning to radically alter the insurance industry.

*Additional highlights of the report include:*

- An analysis of specific trends across: Insurance Distribution, Sales, Marketing and Engagement, Data and Analytics and Insurance Administration
- The responses of incumbents to date including the innovations, investments, partnerships and acquisitions being made to stay ahead of the game
- Proprietary InsurTech financing and M&A statistics and a comprehensive list of transactions in the space
- A detailed industry landscape of InsurTech providers as well as other innovative, tangential companies and profiles of 54 companies operating in the InsurTech ecosystem

# FT Partners – Focused Exclusively on FinTech

Leading Advisor Across the Banking Tech Sector

<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its role as IPO Advisor to</p> <p><b>GreenSky™</b></p> <p>in its</p> <p><b>\$1,010,000,000</b> <b>Initial Public Offering</b></p> <p>for a total enterprise value of</p> <p><b>\$4,500,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its role as exclusive strategic and financial advisor to</p> <p><b>MoneyLion</b></p> <p>in its Series C financing with participation from new strategic investors</p> <p><b>Capital One</b> <b>MetaBank</b></p> <p>along with participation from</p> <p><b>FINTech COLLECTIVE</b> <b>edison</b> <b>GREENSPRING ASSOCIATES</b></p> <p>for total consideration of</p> <p><b>\$ 100,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its role as advisor to</p> <p><b>Kabbage®</b></p> <p>in its Series E minority financing led by</p> <p><b>HCIP</b> <b>REFERENCE CAPITAL PARTNERS</b> <b>ING</b> <b>Scotiabank®</b></p> <p>for total consideration of</p> <p><b>\$ 135,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p><b>SWIFT   FINANCIAL</b></p> <p>in its sale to</p> <p><b>PayPal</b></p> <p>for approximately</p> <p><b>\$ 200,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p><b>PROSPER</b></p> <p>in its Series G financing from an investment fund co-managed by</p> <p><b>FinEX ASIA</b></p> <p>for total consideration of</p> <p><b>\$ 50,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its role as advisor to</p> <p><b>capitalG</b></p> <p>in its lead investment in</p> <p><b>credit karma</b></p> <p>with additional participation from</p> <p><b>TIGER</b> <b>SIG</b> <b>Ribbit Capital</b></p> <p>for approximately</p> <p><b>\$ 85,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as strategic and financial advisor to</p> <p><b>VITRUVIAN PARTNERS</b></p> <p>in its minority investment in</p> <p><b>DEPOSIT SOLUTIONS</b></p> <p>with participation from new and existing investors</p> <p>for total consideration of</p> <p><b>\$100,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>
<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its role as exclusive financial advisor to</p> <p><b>BlueVine</b></p> <p>on its Series F financing led by</p> <p><b>ION</b></p> <p>for total consideration of</p> <p><b>\$ 102,500,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as Capital Markets &amp; IPO Advisor to</p> <p><b>EllieMae®</b></p> <p>in its</p> <p><b>\$45,000,000</b> <b>Initial Public Offering</b></p> <p>valuing the equity at approximately</p> <p><b>\$ 146,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its role as strategic and financial advisor to</p> <p><b>better.com</b></p> <p>on its Series C financing from new investors</p> <p><b>ACTIVANT CAPITAL</b> <b>CHINA PINGAN</b> <b>HOOPP</b></p> <p><b>citi</b> <b>VENTURES</b> <b>AGNC</b> <b>ally</b></p> <p>along with participation from existing investors</p> <p>for total consideration of</p> <p><b>\$ 160,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p><b>credit sesame</b></p> <p>on its growth financing with participation from</p> <p><b>ICP</b> <b>VENTUS</b> <b>GLOBAL PARTNERS</b> <b>SF CAPITAL</b></p> <p>for total consideration of</p> <p><b>\$ 42,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its role as exclusive strategic and financial advisor to</p> <p><b>FIRST ASSOCIATES</b></p> <p>in its recapitalization by</p> <p><b>STONE POINT CAPITAL</b></p> <p>and merger with</p> <p><b>PFSC</b> <b>PORTFOLIO FINANCIAL SERVICES CO.</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p><b>WebEquity solutions™</b></p> <p>in its sale to</p> <p><b>Moody's</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its role as exclusive strategic and financial advisor to</p> <p><b>DATAx</b></p> <p>in its sale to</p> <p><b>EQUIFAX</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>
<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p><b>FLEET ONE</b></p> <p>in its cash sale to</p> <p><b>wex</b></p> <p>for total consideration of approximately</p> <p><b>\$ 369,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p><b>L2C inc</b></p> <p>in its sale to</p> <p><b>TransUnion™</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as strategic and financial advisor to</p> <p><b>deserve</b></p> <p>on its financing led by</p> <p><b>Goldman Sachs</b></p> <p>for total consideration of</p> <p><b>\$ 50,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p><b>F2ST PAY</b></p> <p>in its growth financing from</p> <p><b>OAK HC/FT</b></p> <p>for total consideration of approximately</p> <p><b>\$ 15,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its role as exclusive strategic and financial advisor to</p> <p><b>ZAFIN</b></p> <p>in its Series B Financing led by</p> <p><b>Beedie</b> <b>VISTARA</b> <b>ACCENTURE VENTURES</b></p> <p>for total consideration of</p> <p><b>\$ 17,200,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p><b>custom credit systems</b></p> <p>a portfolio company of</p> <p><b>Triton Pacific Capital Partners, LLC</b></p> <p>in its sale to</p> <p><b>MISYS</b></p> <p>a portfolio company of</p> <p><b>Vista Equity Partners</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole debt capital advisor to</p> <p><b>jack henry &amp; ASSOCIATES INC.</b></p> <p>in its acquisition of</p> <p><b>iPay Technologies</b></p> <p>for total consideration of approximately</p> <p><b>\$ 300,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS</p> <p>The Only Investment Bank Focused Exclusively on Financial Technology</p>



# FT Partners – Focused Exclusively on FinTech

Strong Track Record of Success in the Alternative Lending / Credit Space

## White Label Loan Management

Financial Technology Partners LP  
FTP Securities LLC

is pleased to announce its exclusive role as  
sole strategic and financial advisor to



in its Series D financing led by



with participation from



for total consideration of

**\$ 50,000,000**



The Only Investment Bank  
Focused Exclusively on Financial Technology

## Consumer Home Improvement Financing

Financial Technology Partners LP  
FTP Securities LLC

is pleased to announce its  
exclusive role as financial advisor to



in its minority investment from



for total consideration of

**\$ 300,000,000**



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Focused Exclusively on Financial Technology

## Consumer Marketing / Credit Lead Generation

Financial Technology Partners LP  
FTP Securities LLC

is pleased to announce its role as advisor to



with additional participation from



for approximately

**\$ 85,000,000**



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Focused Exclusively on Financial Technology

## SMB Credit Tools / Financing

Financial Technology Partners LP  
FTP Securities LLC

is pleased to announce its role as  
exclusive strategic and financial advisor to



in its Series C financing led by



for total consideration of

**\$44,800,000**



The Only Investment Bank  
Focused Exclusively on Financial Technology

## SMB Financing

Financial Technology Partners LP  
FTP Securities LLC

is pleased to announce its  
role as advisor to



in its Series E minority financing led by



for total consideration of

**\$ 135,000,000**



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Focused Exclusively on Financial Technology

## Peer-to-Peer Lending

Financial Technology Partners LP  
FTP Securities LLC

is pleased to announce its exclusive role as  
sole strategic and financial advisor to



in its loan purchase agreement with a  
consortium of institutional investors

Affiliates of



THIRD POINT

for up to

**\$ 5,000,000,000**



The Only Investment Bank  
Focused Exclusively on Financial Technology

## Lending Enablement for Auto Finance Market

Financial Technology Partners LP  
FTP Securities LLC

is pleased to announce its exclusive role as  
strategic and financial advisor to



on its proposed merger with

**Nebula Acquisition Corporation**  
(NASDAQ: NEBU)

Sponsored by



TRUE WIND

for a total implied enterprise value of

**\$1,330,000,000**



The Only Investment Bank  
Focused Exclusively on Financial Technology

## SMB Financing

Financial Technology Partners LP  
FTP Securities LLC

is pleased to announce its role as  
exclusive financial advisor to



on its Series F financing led by



for total consideration of

**\$102,500,000**



The Only Investment Bank  
Focused Exclusively on Financial Technology

## Supplier Finance Solutions

Financial Technology Partners LP  
FTP Securities LLC

is pleased to announce its exclusive role as  
financial advisor to



in its investment from



for total consideration of approximately

**\$ 65,000,000**



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Focused Exclusively on Financial Technology

## SaaS-based Loan Origination

Financial Technology Partners LP  
FTP Securities LLC

is pleased to announce its exclusive role as  
sole strategic and financial advisor to



in its sale to



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# FT Partners – Focused Exclusively on FinTech

FT Partners Advised on Many of the Largest Alternative Lending Transactions

Company	Selected Investor(s)	Amount Raised
<b>PROSPER</b>	<b>Affiliates of Jefferies</b> NEW RESIDENTIAL THIRD POINT	<b>\$5,000,000,000</b> Loan Commitment
<b>GreenSky™</b>	<b>FIFTH THIRD BANK</b>	<b>50,000,000</b> Investment <b>2,000,000,000</b> Loan Commitment
<b>OpenLending</b>	Nebula Acquisition Corp	<b>1,330,000,000</b>
<b>GreenSky™</b>	Initial Public Offering	<b>1,010,000,000</b>
<b>GreenSky™</b>	TPG DST ICONIQ WELLINGTON MANAGEMENT	<b>300,000,000</b>
<b>GreenSky™</b>	PIMCO	<b>200,000,000</b>
<b>Kabbage®</b>	RCP REVERENCE CAPITAL PARTNERS ING Scotiabank®	<b>135,000,000</b>
<b>BlueVine</b>	ION MUFG MUFG Innovation Partners O.G. TECH PARTNERS	<b>102,500,000</b>
<b>earnest</b>	ADAMS STREET BV BATTERY VENTURES maveron	<b>75,000,000</b>
<b>taulia</b>	QUESTMARK PARTNERS zouk BBVA edbi	<b>65,000,000</b>
<b>aura</b> formerly known as INSIKT	Coppel FIRSTMARK revolution Colchis CAPITAL	<b>50,000,000</b>
<b>PROSPER</b>	Fund Co-Managed by: FinEX ASIA	<b>50,000,000</b>
<b>Nav</b>	Goldman Sachs experian. 宜信 POINT72 VENTURES ARIES Capital Partners	<b>45,000,000</b>

In addition to these large rounds, FT Partners has advised on a number of other prominent Lending Tech / Alt Lending transactions

<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as Capital Markets &amp; IPO Advisor to</p> <p><b>EllieMae</b></p> <p>in its \$45,000,000 Initial Public Offering valuing the equity at approximately <b>\$ 146,000,000</b></p> <p>with additional participation from TIGER SIG Rabbitt Capital for approximately <b>\$ 85,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p><b>capitalIG</b></p> <p>in its lead investment in <b>credit karma</b></p> <p>for approximately <b>\$ 55,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p><b>defi SOLUTIONS</b></p> <p>in its Series C Investment from <b>BainCapital VENTURES</b></p> <p>for total consideration of <b>\$ 47,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p><b>oakam'</b></p> <p>in its debt financing from <b>VICTORY PARK CAPITAL</b></p> <p>for total consideration of approximately <b>\$ 47,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS The Only Investment Bank Focused Exclusively on Financial Technology</p>
<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p><b>credit sesame</b></p> <p>on its growth financing with participation from M ICP INVESTORS (via CLORISSIN CAPITAL PARTNERS) for total consideration of <b>\$ 42,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p><b>Upstart</b></p> <p>in its Series C financing led by THIRD POINT with additional participation from khosla ventures for approximately <b>\$ 35,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p><b>F2ST P2Y</b></p> <p>in its growth financing from <b>OAK HC/FT</b></p> <p>for total consideration of approximately <b>\$ 15,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p><b>BlueTape</b></p> <p>in its financing, including investment from HIGHLAND LONGRIDGE TRINITY for approximately <b>\$ 15,000,000</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS The Only Investment Bank Focused Exclusively on Financial Technology</p>
<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p><b>DATAx</b></p> <p>in its sale to <b>EQUIFAX</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p><b>WebEquity solutions</b></p> <p>in its sale to <b>MOODY'S</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p><b>L2C inc</b></p> <p>in its sale to <b>TransUnion</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS The Only Investment Bank Focused Exclusively on Financial Technology</p>	<p>Financial Technology Partners LP FTP Securities LLC</p> <p>is pleased to announce its exclusive role as sole strategic and financial advisor to</p> <p><b>FIRST ASSOCIATES</b></p> <p>in its recapitalization by <b>STONE POINT CAPITAL</b> and merger with <b>PORTFOLIO FINANCIAL SERVICES</b></p> <p>FINANCIAL TECHNOLOGY PARTNERS The Only Investment Bank Focused Exclusively on Financial Technology</p>

# FT Partners – Focused Exclusively on FinTech

## FT Partners Advises GreenSky on its IPO

### Overview of Transaction

- On May 23, 2018, GreenSky (Nasdaq: GSKY) priced its IPO at \$23 per share, raising approximately \$1.01 billion
- Due to strong demand, the deal priced at the high end of the initial \$21 - \$23 filing range and the number of shares was increased by 3.9 million, or 11%
- GreenSky will use the IPO proceeds to purchase Holdco units and Class A common stock from its CEO and other officers as well as early equity investors
- GreenSky is a leading FinTech company that powers commerce at the point of sale; the Company's technology platform facilitates merchants sales, while reducing the friction, and improving the economics, associated with a consumer making a purchase and a bank extending financing for that purchase
- GreenSky has approximately 12,000 active merchants on its platform and the Company has enabled 1.7 million consumers to finance over \$12 billion of transactions since its inception through March 31, 2018

### Significance of Transaction

- GreenSky's IPO is the largest U.S. Technology IPO of 2018 and is also the largest U.S. FinTech IPO in over two years<sup>1</sup>
- This transaction further supports FT Partners' continued success advising leading FinTech growth companies and also highlights the long-term nature of many of the Firm's advisory relationships

### FT Partners' Role

- FT Partners served as IPO Advisor to GreenSky on this transaction
- FT Partners previously advised GreenSky on its [\\$300 million investment by TPG, Iconiq, Wellington, and DST in 2014](#), its [\\$2 billion loan purchase agreement and \\$50 million investment by Fifth Third Bank in 2016](#), and its [\\$200 million investment by PIMCO in 2017](#)
- FT Partners has leveraged its deep industry knowledge, extensive transaction expertise, and broad scope of relationships to consistently achieve favorable outcomes for GreenSky

## Financial Technology Partners LP FTP Securities LLC

*is pleased to announce its role as  
IPO Advisor to*



*in its*

**\$1,010,000,000**  
**Initial Public Offering**

*for a total enterprise value of*

**\$4,500,000,000**



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Focused Exclusively on Financial Technology*

## FT Partners – Focused Exclusively on FinTech

### FT Partners Advises Open Lending on its \$1.3 billion Merger with Nebula Acquisition Corporation

#### Overview of Transaction

- On January 6, 2020, Nebula Acquisition Corporation "Nebula" (Nasdaq: NEBU), a special purpose acquisition company ("SPAC"), sponsored by True Wind Capital, announced a definitive merger agreement with Open Lending, valuing the Company, at closing, at an implied enterprise value of approximately \$1.3 billion
  - The transaction represents a 12.2x EV / 2020E EBITDA multiple
- Upon the close of the transaction, the combined Company intends to change its name to Open Lending Corporation and is expected to trade on Nasdaq
- Open Lending is a lending enablement platform for the automotive finance market powered by proprietary data, advanced decisioning analytics, an innovative insurance structure and scaled distribution

#### Significance of Transaction

- While creating significant liquidity for existing shareholders, Open Lending's Management team will continue to lead the merged Company as over 70% of their existing equity is expected to be rolled as part of the transaction
- Open Lending will pursue significant growth opportunities within its existing customer base of credit unions, banks, and OEM Captives, as well as through new channels, asset classes, and geographies

#### FT Partners' Role

- FT Partners served as exclusive strategic and financial advisor to Open Lending
- Exemplifies FT Partners ability to deploy expertise for a complex business operating at the intersection of consumer finance, InsurTech, and Auto FinTech
- Builds on FT Partners' expertise in navigating the unique process in selling companies to SPACs, and follows highly successful sales of FT Partners' clients [CardConnect](#) and [REPAY](#)

**Financial Technology Partners LP**  
**FTP Securities LLC**

*is pleased to announce its exclusive role as  
strategic and financial advisor to*

  
*on its proposed merger with*

**Nebula Acquisition Corporation**  
**(NASDAQ: NEBU)**

*Sponsored by*

  
**TRUE WIND**

*for a total implied enterprise value of*

**\$1,330,000,000**

**FINANCIAL  
TECHNOLOGY  
PARTNERS**

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Focused Exclusively on Financial Technology*



## FT Partners – Focused Exclusively on FinTech

### FT Partners Advises BlueVine on its \$103 million Series F Financing

#### Overview of Transaction

- On November 19, 2019, BlueVine announced it has raised \$102.5 million in Series F financing, led by ION Crossover Partners
  - The round includes participation from new investors including MUFG Innovation Partners Co., Ltd, O.G. Tech - Eyal Ofer's VC, Vintage Investment Partners, ION Group, and existing investors including Lightspeed Venture Partners, Menlo Ventures, 83North, SVB Capital, Nationwide, Citi Ventures, M12 (Microsoft) and additional private investors
- Founded in 2013, BlueVine provides innovative banking solutions built for small businesses
- BlueVine offers a suite of products designed to meet the diverse financial needs of today's business owners including BlueVine Business Checking, Line of Credit, Term Loan, and Invoice Factoring up to \$5 million
- BlueVine has served over 20,000 small and medium-sized businesses and provided access to over \$2.5 billion in financing

#### Significance of Transaction

- BlueVine will use the funding to further build and scale its vision for BlueVine Business Banking, an end-to-end banking platform featuring a business checking account seamlessly integrated with BlueVine's technology-enabled suite of online financing products

#### FT Partners' Role

- FT Partners served as exclusive financial advisor to BlueVine and its board of directors on its \$102.5 million Series F financing
- This transaction highlights FT Partners' deep domain expertise in Banking Tech and Alternative Lending, as well as its successful track record generating highly favorable outcomes for high growth FinTech companies globally

**Financial Technology Partners LP**  
**FTP Securities LLC**  
*is pleased to announce its role as  
exclusive financial advisor to*

  
*on its Series F financing led by*

**ION**  
CROSSOVER PARTNERS  
*for total consideration of*

**\$102,500,000**

**FINANCIAL  
TECHNOLOGY  
PARTNERS**

*The Only Investment Bank  
Focused Exclusively on Financial Technology*

## FT Partners – Focused Exclusively on FinTech

### FT Partners Advises MoneyLion on its \$100 million Series C Financing

#### Overview of Transaction

- On July 23, 2019, MoneyLion announced it has raised \$100 million in Series C financing, which included strategic investments from Capital One and MetaBank in addition to participation from Edison Partners, Greenspring Associates and FinTech Collective
- MoneyLion is a mobile banking platform that allows members to conveniently borrow money, manage and aggregate finances, as well as invest in future goals through a proprietary digital advisor
- MoneyLion serves over 5 million members, and in 2018 the Company helped its members avoid over \$7 million in traditional banking fees, in addition to helping 70% of members improve their credit scores by 30 points

#### Significance of Transaction

- MoneyLion will use the latest round of financing to accelerate its customer growth in the U.S., and to expand its product offerings to include 0% APR daily cash advances, high-yield cash accounts and a stock trading platform
- With this latest round, MoneyLion has now raised a total of over \$200 million in equity financing

#### FT Partners' Role

- FT Partners served as exclusive strategic and financial advisor to MoneyLion and its board of directors on its \$100 million in Series C financing
- FT Partners previously advised MoneyLion on its \$82 million Series B financing in 2018
- This transaction highlights FT Partners' deep domain expertise in the banking technology sector, and its successful track record generating highly favorable outcomes for high growth FinTech companies globally

**Financial Technology Partners LP**  
**FTP Securities LLC**  
*is pleased to announce its role as  
exclusive strategic and financial advisor to*

 **MoneyLion**

*in its Series C financing with participation  
from new strategic investors*

*along with participation from*

*for total consideration of*

**\$100,000,000**



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## FT Partners – Focused Exclusively on FinTech

### FT Partners Advises Google Capital on its Lead Investment in Credit Karma

#### Overview of Transaction

- On March 12, 2014, Credit Karma announced it closed an \$85 mm equity round led by new investor Google Capital (now known as CapitalG)
- David Lawee, Partner at Google Capital, will join Credit Karma's Board
- Credit Karma's existing investors, Ribbit Capital and Susquehanna Growth Equity, also participated in the round, as well as new investor, Tiger Global Management
- The investment follows a year of exponential growth for Credit Karma, including triple-digit percentage growth in site membership, revenue and headcount
- Credit Karma is a consumer finance and technology company that provides more than 20 million consumers with free access to their credit scores and free monitoring of their credit and financial accounts
- Google Capital is a growth equity fund backed by Google that invests in companies that use technology to change the way people experience the world

#### Significance of Transaction

- Credit Karma will use the new capital to invest heavily in new, free services to help consumers understand and manage their finances
- Additional capital also supports continued efforts to make finding and applying for new financial services products intelligent and seamless
- Credit Karma also plans on accelerating employee hiring in order to meet these goals

#### FT Partners' Role

- FT Partners served as the advisor to Google Capital on its lead role in the investment
- Highlights FT Partners' continued success in advising a broad range of top-tier financial investors

#### Financial Technology Partners LP FTP Securities LLC

*is pleased to announce its role as advisor to*

capitalG

*in its lead investment in*

credit karma

*with additional participation from*

**TIGER**  
Tiger Global Management, LLC

**SIG**  
SUSQUEHANNA  
GROWTH EQUITY, LLC

**Ribbit Capital**

*for approximately*

**\$ 85,000,000**

**FINANCIAL  
TECHNOLOGY  
PARTNERS**

*The Only Investment Bank  
Focused Exclusively on Financial Technology*

## FT Partners – Focused Exclusively on FinTech

### FT Partners Advises Deserve on its \$50 million Financing

#### Overview of Transaction

- On November 4, 2019, Deserve announced it has raised \$50 million in financing led by Goldman Sachs (NYSE: GS) with participation from existing backers Sallie Mae, Accel, Aspect Ventures, Pelion Venture Partners and Mission Holdings
- Deserve is a leading alternative credit card platform and Card-as-a-Service (CaaS) company that designs and powers customized credit card programs for top financial institutions, FinTech players, universities, and consumer brands to ultimately assist thin-credit file consumers in achieving financial independence
  - The proprietary platform enables customers to launch any type of credit card product, underwritten for their specific target audiences, utilizing non-traditional data points and advanced machine learning algorithms to determine credit eligibility

#### Significance of Transaction

- With the new funding, Deserve will focus on further developing its CaaS offering, hiring engineers and data scientists to build out the platform's infrastructure, tools, APIs and machine learning capabilities, as well as expanding its B2B sales and marketing division

#### FT Partners' Role

- FT Partners served as exclusive strategic and financial advisor to Deserve
- FT Partners previously advised Deserve on its [\\$17 million financing](#) led by Sallie Mae in 2018
- This transaction underscores FT Partners' deep Banking Tech domain expertise and its successful track record generating highly favorable outcomes for high growth FinTech companies globally

### Financial Technology Partners LP FTP Securities LLC

*is pleased to announce its exclusive role as  
strategic and financial advisor to*



*on its financing led by*

**Goldman  
Sachs**

*for total consideration of*

**\$50,000,000**



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## FT Partners – Focused Exclusively on FinTech

### FT Partners Advises Nav on its \$45 million Series C Financing

#### Overview of Transaction

- On February 11, 2018, Nav announced it has raised \$44.8 million in Series C Financing led by Goldman Sachs Principal Strategic Investments
  - Point72 Ventures, Experian Ventures, Aries and CreditEase FinTech Investment Fund also participated in the round
- Nav is a leading business financial management app that helps small business find the best financing by giving them free access to business and personal credit reports from major commercial and consumer credit bureaus
  - The Nav platform also helps small business owners make informed business credit decisions and hosts a robust marketplace with more than 110 business financing products such as loans and credit cards
  - To date, more than 1 million small business owners have access to their credit data and insights powered by Nav

#### Significance of Transaction

- Nav will use the funding to expand enterprise partnerships, introduce more small business owners to its platform and drive additional data insights for its customers
- As part of Goldman Sachs' investment, Rana Yared, Managing Director in the Goldman Sachs Principal Strategic Investment group, moved from an observer on Nav's board to a voting director

#### FT Partners' Role

- FT Partners served as exclusive strategic and financial advisor to Nav
- FT Partners also previously advised Nav on its [\\$38 million Series B financing](#)
- This transaction underscores FT Partners' versatility and expertise across the FinTech universe and highlights its position as the "Advisor of Choice" to leading FinTech companies

### Financial Technology Partners LP FTP Securities LLC

*is pleased to announce its role as  
exclusive strategic and financial advisor to*

# Nav

*in its Series C financing led by*



*for total consideration of*

## \$44,800,000



*The Only Investment Bank  
Focused Exclusively on Financial Technology*

## FT Partners – Focused Exclusively on FinTech

### FT Partners Advises Credit Sesame on its Growth Financing

#### Overview of Transaction

- On October 25, 2017, Credit Sesame announced it has raised over \$42 million in equity and venture debt
- The funding comes from existing and new investors including Menlo Ventures, Inventus Capital, Globespan Capital, IA Capital, SF Capital, among others, along with a strategic investor
- The \$42 million in funding is comprised of \$26.6 million in equity and \$15.5 million in venture debt, bringing the Company's total funding to over \$77 million
- Headquartered in Mountain View, CA, Credit Sesame was founded in 2011 and has provided credit and loan management tools to over 12 million members
- The mobile and web solution provides consumers with tools to build a path to achieve financial wellness, including free access to their credit profile complete with their credit score, credit report grades, credit monitoring, interactive step-by-step tools and recommendations for better lending options

#### Significance of Transaction

- The funds will be used to accelerate the company's growth, hiring, and member acquisition, and to advance its analytics, robo-advisor and machine learning technologies
- A new strategic investor has also joined Credit Sesame's consortium of investors in this round and a separate strategic partnership may be announced in the near future that will allow millions more to benefit from Credit Sesame's services

#### FT Partners' Role

- FT Partners served as exclusive strategic and financial advisor to Credit Sesame in this transaction
- This transaction further demonstrates FT Partners' continued success advising both leading consumer FinTech brands as well as companies across the Credit / Lending Tech landscape

### Financial Technology Partners LP FTP Securities LLC

*is pleased to announce its exclusive role as  
sole strategic and financial advisor to*

**credit sesame**

*on its growth financing with participation from*



*for total consideration of*

**\$ 42,000,000**

**FINANCIAL  
TECHNOLOGY  
PARTNERS**

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Focused Exclusively on Financial Technology*

# FT Partners – Focused Exclusively on FinTech

Award-Winning Investment Banking Franchise Focused on Superior Client Results



**2018** Top Investment Bank in FinTech



Institutional Investor  
Annual Ranking

**2018** Steve McLaughlin Ranked #1 for the Second Year in a Row on Institutional Investor's FinTech 40 List

**2017** Ranked #1 on Institutional Investor's FinTech 40 List

**2015 & 2016** Ranked Top 5 on Institutional Investor's FinTech 35 List

**2006 – 2008** Consecutively Ranked (2006, 2007 and 2008) among the Top Bankers on Institutional Investor's "Online Finance 40"



**2016** Ranked #2 Top Technology Investment Banker on The Information's "Silicon Valley's Most Popular Dealmakers"



M&A Advisor  
Awards

**2019** Technology Deal of the Year

**2018** Corporate / Strategic Deal of the Year

**2018** Cross Border Deal of the Year

**2017** Investment Banker of the Year

**2016** Investment Banking Firm of the Year

**2016** Cross Border Deal of the Year

**2015** Dealmaker of the Year

**2015** Technology Deal of the Year

**2014** Equity Financing Deal of the Year

**2014** Professional Services Deal of the Year, \$100 mm+

**2012** Dealmaker of the Year

**2012** Professional Services Deal of the Year, \$100 mm+

**2011** Boutique Investment Bank of the Year

**2011** Deal of the Decade

**2010** Upper Middle Market Deal of the Year, \$500 mm+

**2010** IT Services Deal of the Year, Below \$500 mm

**2010** Cross-Border Deal of the Year, Below \$500 mm

**2007** Dealmaker of the Year – Steve McLaughlin

**2007** Business to Business Services Deal of the Year

**2007** Computer & Information Tech Deal of the Year, \$100 mm+

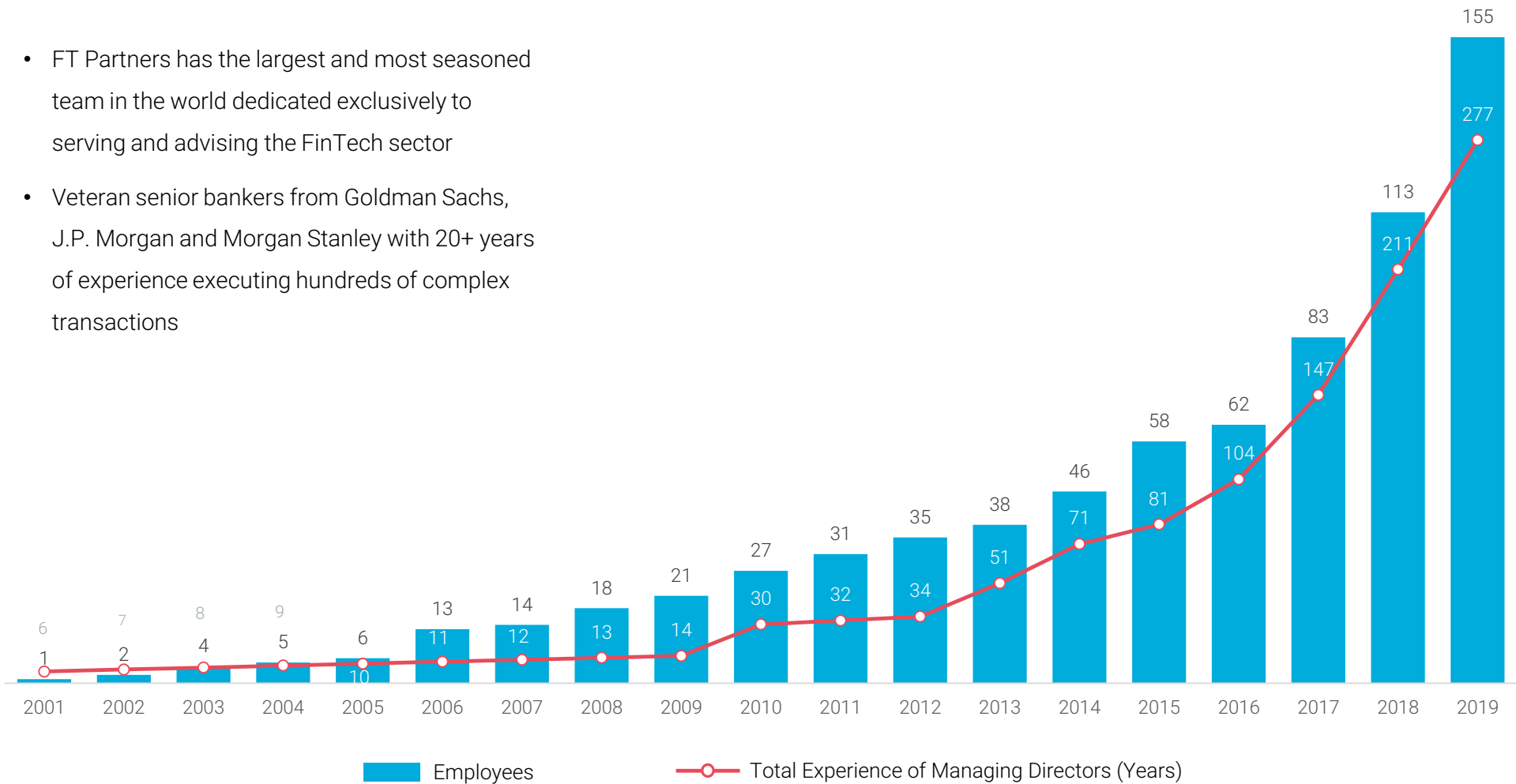
**2007** Financial Services Deal of the Year, \$100 mm+

**2004** Investment Bank of the Year

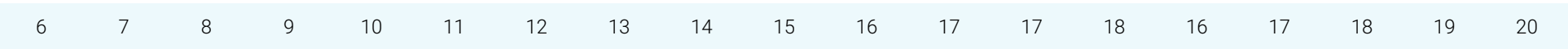
# FT Partners – Focused Exclusively on FinTech

The Largest FinTech Advisory Platform in the World

- FT Partners has the largest and most seasoned team in the world dedicated exclusively to serving and advising the FinTech sector
- Veteran senior bankers from Goldman Sachs, J.P. Morgan and Morgan Stanley with 20+ years of experience executing hundreds of complex transactions



Average Experience of Managing Directors (Years)





# FT Partners – Focused Exclusively on FinTech

## The FT Partners Senior Banker Team

Name / Position	Prior Background	Experience / Education	Years of Experience
<b>Steve McLaughlin</b> Founder, CEO and Managing Partner		<ul style="list-style-type: none"> <li>Formerly with Goldman Sachs in New York and San Francisco from 1995-2002</li> <li>Formerly Co-Head of Goldman Sachs' Financial Technology Group (#1 market share)</li> <li>Wharton M.B.A.</li> </ul>	24
<b>Mohit Agnihotri</b> Managing Director		<ul style="list-style-type: none"> <li>Formerly Managing Director and Global Head of Payments Investment Banking at J.P. Morgan</li> <li>Wharton M.B.A.</li> </ul>	17
<b>Kate Crespo</b> Managing Director		<ul style="list-style-type: none"> <li>Formerly with Raymond James' Technology &amp; Services investment banking</li> <li>13+ years of FinTech transaction execution experience</li> <li>Dartmouth M.B.A.</li> </ul>	17
<b>Larry Furlong</b> Managing Director		<ul style="list-style-type: none"> <li>Formerly with Goldman Sachs in New York, London and Los Angeles from 1995-2004</li> <li>Wharton M.B.A.</li> </ul>	23
<b>Osman Khan</b> Managing Director		<ul style="list-style-type: none"> <li>Formerly Managing Director and Head of FIG M&amp;A at Alvarez &amp; Marsal</li> <li>15+ years FIG deal, consulting and assurance experience at PwC</li> <li>40 Under 40 M&amp;A Advisor Award Winner in 2013</li> </ul>	22
<b>Randall Little</b> Managing Director		<ul style="list-style-type: none"> <li>12 years as FIG / Capital Markets FinTech investment banker at J.P. Morgan</li> <li>10 years as financial services technology consultant at Sun Microsystems and Ernst &amp; Young</li> <li>NYU Stern M.B.A. (MBA w/Distinction)</li> </ul>	23
<b>Andrew McLaughlin</b> Managing Director		<ul style="list-style-type: none"> <li>20+ years experience executing / implementing financial and operational strategy</li> <li>Formerly with Deloitte Consulting</li> </ul>	13
<b>Amar Mehta</b> Managing Director		<ul style="list-style-type: none"> <li>Formerly with J.P. Morgan's Technology (FinTech &amp; Technology Services) team in New York</li> <li>7+ years of FinTech transaction execution experience</li> <li>MBA from IIM-K (India), Bachelor's in Computer Engineering from NTU (Singapore)</li> </ul>	15
<b>Mike Nelson</b> Managing Director		<ul style="list-style-type: none"> <li>Formerly head of FinTech M&amp;A at SunTrust Robinson Humphrey</li> <li>Kellogg M.B.A.</li> </ul>	19
<b>Timm Schipporeit</b> Managing Director		<ul style="list-style-type: none"> <li>Formerly with Morgan Stanley as Senior Executive Director of European Technology Investment Banking Team in London</li> <li>Formerly a Venture and Growth Investor focused on FinTech at Index Ventures</li> </ul>	16
<b>Greg Smith</b> Managing Director		<ul style="list-style-type: none"> <li>Formerly award winning Equity Research Analyst at Merrill Lynch, J.P. Morgan and Hambrecht &amp; Quist</li> <li>20+ years of experience covering FinTech as both an Analyst and Investment Banker</li> </ul>	23
<b>Tim Wolfe</b> Managing Director		<ul style="list-style-type: none"> <li>Formerly with Goldman Sachs from 2000-2002</li> <li>40 Under 40 M&amp;A Advisor Award Winner 2013</li> <li>Harvard M.B.A.</li> </ul>	17