

FinTrack: Awards 2019

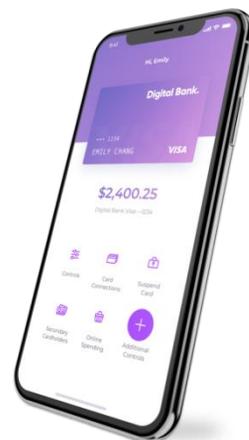
Tracking innovation in financial services



Winner – VISA



Visa Next, the API introduced by Visa in April 2019, is an ambitious launch of the type that only the international card schemes have the scale to realize. Visa Next is designed to allow Visa's clients, partners, issuers, and processors to build and test custom-built payments products and services using a central platform. A highly ambitious project, the API has the potential to quietly transform the mobile payment space and place Visa at its center. For example, it will allow issuers to build features such as letting card holders create a digital card with customized capabilities on-demand. This could include parents sending a digital card to their children, with built-in spending restrictions and parental controls. This service is thus likely to power a wide range of innovations in the years to come.



Runner up –



Launched in January 2019, Dolfin is a QR code-based mobile payments wallet – and critically the first open-loop mobile payments wallet in the Thai market. In and of itself, Dolfin does not break new ground, but it will play a key role in the development of electronic payments in Thailand, since the market is already familiar with closed-loop mobile wallets. Dolfin allows for in-store, online, and P2P payments with cards, bank accounts, or stored credit – making it not only versatile but accessible to any Thai consumer with access to a smartphone.





Winner –



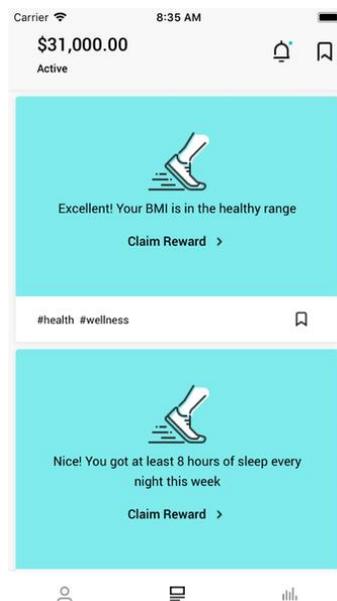
Beam is a prime example of how insurers can leverage connected devices to improve multiple areas of their business, from claims management to underwriting. Beam sells group dental insurance plans that provide all members with a smart toothbrush that can monitor brushing habits, as well as other products to improve dental hygiene. Based on brushing habits, Beam then assigns a brushing score to each group. Groups that brush well will be less likely to make a claim on Beam's dental policy and are rewarded with lower premiums. This improves the outcome for all players involved by reducing claims incidences for the insurer, lowering premiums for the customer, and improving dental health for users.



Runner up –



Avibra is an insurance provider that provides free term life insurance. Users automatically receive \$10,000 in cover for downloading the app and can increase this amount through good habits. These are monitored by Avibra's AI assistant, which collects user data from a wide range of sources including fitness trackers, social media, and credit cards. Favorable habits range from completing a college degree, sleeping eight hours a night for a week, or making a charitable donation. While Avibra is likely to polarize opinion due to the huge amount of personal data it collects, it is a good example of the use of big data and AI in the insurance industry. It also provides some insight into the future of insurance, as insurers use more and more personal data to underwrite risk on a case-by-case basis.





Winner – TANDEM



Launching in 2020, Tandem will use an API to analyze the transaction and credit history of consumers who are normally denied a mortgage. It aims to create an intelligent credit-scoring method to establish a more accurate picture of creditworthiness, such as for self-employed consumers. This will allow the bank to lend to consumers who can afford a mortgage but do not have a regular salary that conventional credit scoring relies on, or help tailor a more personalized approach.



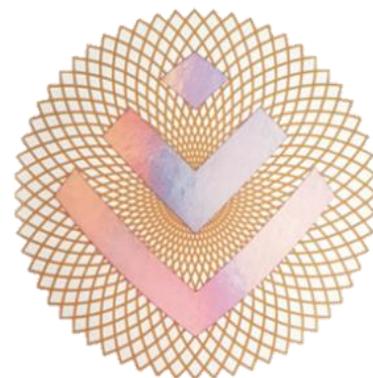
The API should also make the process simpler and quicker for consumers as they will not have to manually find documents, as these can be extracted automatically. Customers can also sign up to a steering group for co-creating mortgage products such as early automatic equity release mortgages or a flexi-mortgage that allows customers to flip between interest-only and principle plus when they want.

Runner up – Discovery Bank



Discovery Bank is the world's first behavioral bank. This model has been transposed from the insurance industry, where its parent company Vitality Insurance rewards its customers for taking better care of themselves and living healthier lives by offering cheaper premiums. Discovery aims to improve the financial health of its customers by managing five controllable behaviors: spending less than they earn, saving regularly, insuring for adverse events, paying off property, and long-term investing.

Rather than have a transactional relationship with their customers, the bank's products are aligned so that both parties gain. For example, having emergency savings makes a consumer less likely to go into default, allowing the bank to make more low-risk loans. The consumer in turn benefits from dynamic interest rates that get better as they become a safer, more profitable customer.



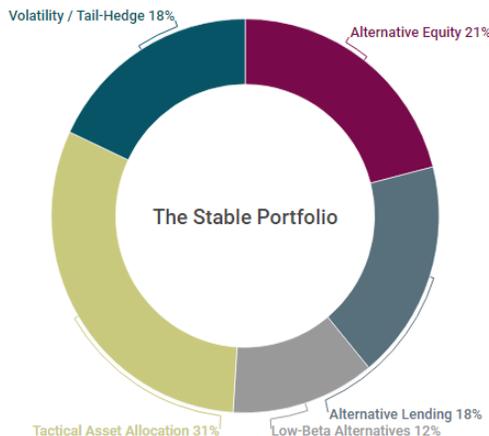


Winner –



In April 2019, Swiss fintech company Stableton Financial launched an alternative investments platform, bringing together investors, financial intermediaries, investment managers, service providers, and startups. The platform is targeted at financial intermediaries who wish to make the benefits of alternative investments accessible to their retail clients, with its minimum investment threshold set at CHF100 (\$100). Investments cover the usual range of alternatives such as hedge funds, venture capital, alternative lending, and real estate.

It also provides for co-investment with well-reputed investors via its startup and venture program. The program, delivered with investiere, allows retail investors to invest alongside some of the most sophisticated investors in Switzerland. The service opens up such investments to retail investors while relying upon a proven distribution model: financial advisors. Institutions and accredited investors are still accommodated, with tailored portfolios available at CHF500,000 (\$512,000).

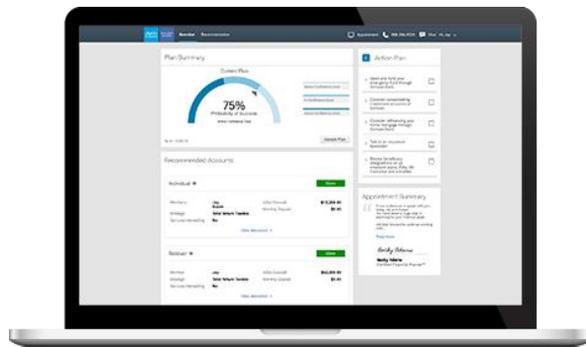


Runner up –



In March 2019, Charles Schwab announced that it was moving to a new subscription pricing model for its hybrid robo-advice service. Schwab Intelligent Portfolios Premium replaces the Schwab Intelligent Advisory proposition, which charged 0.28% of clients' assets on a monthly basis. Following an initial \$300 payment, the new service charges \$30 a month and allows unlimited access to a planning professional. While not the first robo-advisor to adopt a subscription model, this approach does make the service more attractive for investors in higher asset bands in terms of fees and access to an advisor.

A fixed fee also increases transparency, allowing for easier budgeting while providing greater value to more affluent customers. Clients, particularly younger investors, have been shown to value such transparency and are typically comfortable with subscription-fee models. The service attracted \$1bn in AUM in the first quarter after its launch.



Award criteria

Is it original?

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

Is it long-lasting?

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

Is it operationally game-changing for the provider?

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

Will it significantly improve the user experience?

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

Is it market-changing?

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

