



# FinTrack

Tracking innovation in financial services

# Introducing FinTrack, GlobalData's financial innovations tracker.

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

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

FinTrack will help you to:

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

## FinTrack: the inside track on the latest financial innovations.

# Table of contents

## Consumer Payments

PayPal launches new QR code mobile payment service

5

## Insurance

Bivvy provides pet insurance for a flat fee of \$10

7

Goodcover returns unclaimed premiums to renters

8

Getsafe's record numbers show digitization is key post-COVID-19

9

## Retail Banking

Earnd lets employees borrow from their monthly salary

11

Nationwide's COVID-19 chatbot lets customer ask about mortgage holidays

12

## Wealth Management

Kubera launches app that tracks users' net worth

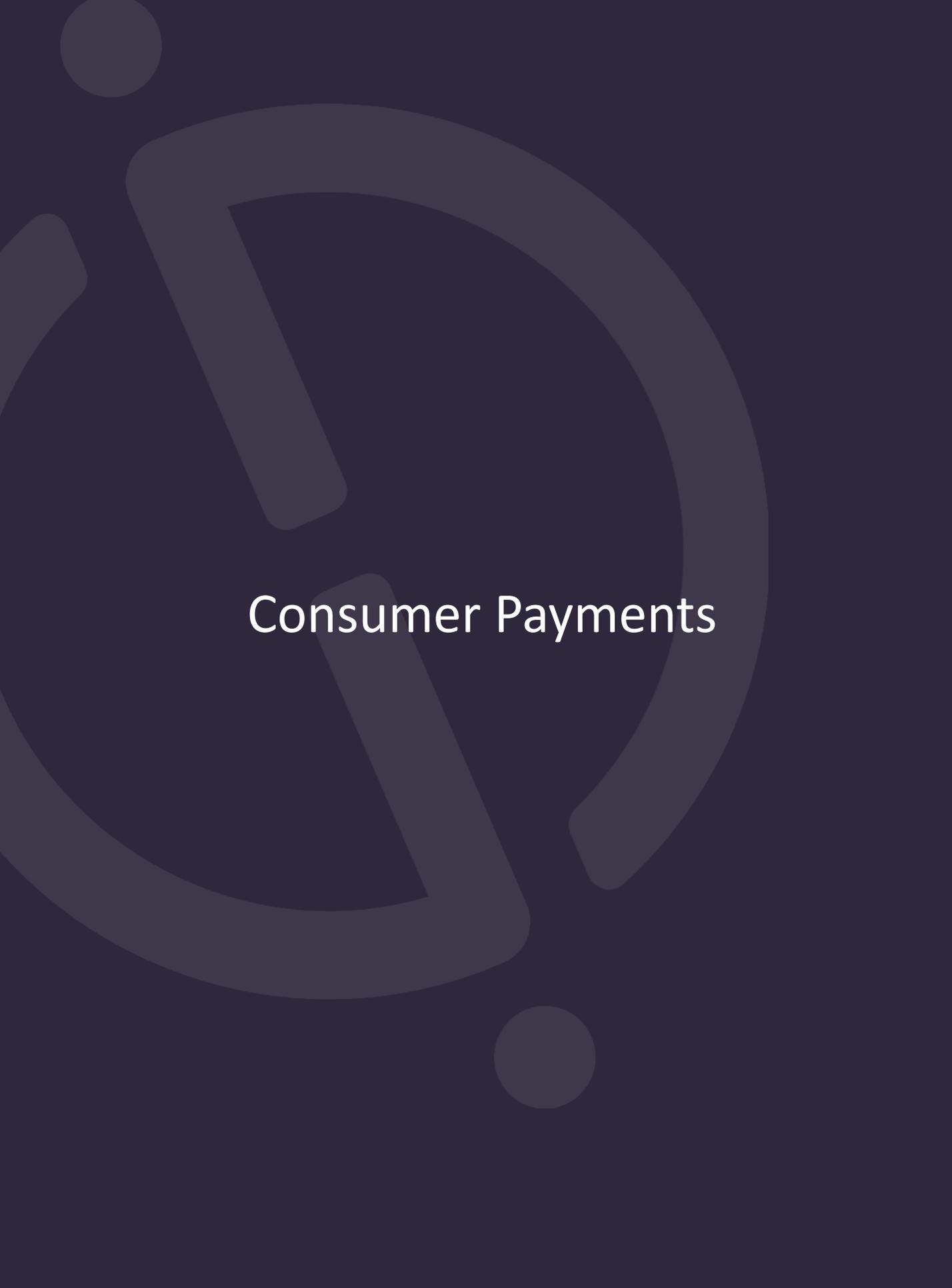
14

Cube Wealth adds educational games to its investment app

15

TalkBank launches AI-based financial assistant

16



# Consumer Payments



# PayPal launches new QR code mobile payment service



PayPal has launched a new QR code-based payment system. So far, the service does not have an official name for marketing purposes; it appears to be positioned as an extension to PayPal's existing merchant services. It is launching with the aim of riding the disruptive wave sent through consumer payments at the point of sale (POS) by COVID-19.

## Is it original?

No. QR code-based mobile payments are nothing new, having achieved tremendous success in China and Southeast Asia. The technology is also used by Starbucks in its mobile payment and loyalty system in the US. It has also been experimented with by a variety of payment companies in the West, albeit usually without much success.



## Is it long-lasting?

Yes. Conditions in the market are ripe for POS payments behavior to be disrupted. We have already seen major shifts in how consumers transact day-to-day as a result of COVID-19, and PayPal has a chance to push behavior further towards mobile payments, riding consumer concerns about exposure to disease vectors via cash and contact cards.



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

Yes. PayPal has so far had limited success with in-store payments, mostly from the sale of mobile POS devices to smaller businesses. Now it may be able to go one step further, getting consumers spending with PayPal at the POS and creating a truly omni-channel offering.



## Will it significantly improve the user experience?

Yes. For consumers concerned about exposure to potential disease vectors, a POS option that allows for compliance with social distancing as well as not having to touch PIN pads or physical cash is likely to be enticing. For merchants, the use of QR codes has similar advantages in terms of protecting staff.



## Is it market-changing?

Yes. This is a very timely launch, even though it flies in the face of the significant inertia driving card-based payments in the West. The push factor of the virus may prove enough to move consumers away from cards towards mobile, and QR codes are probably the safest way to transact from a COVID-19 exposure standpoint. But other mobile wallets are pushing NFC hard as the communication technology of choice, and PayPal has to compete not only with those platforms but with payment cards too.



**TOTAL SCORE**

**4/5**



Insurance



Bivvy provides dog and cat insurance for a fixed fee of \$10 per month – regardless of a pet’s age, size, gender, or breed and without the need for a vet exam. The provider is fully digital, with claims submitted via its website.

### Is it original?

Yes. Pet insurance premiums significantly vary due to age, gender, size, and breed as these are strong determinants of the risk associated with a given pet. Bivvy’s single price model is new to the market and represents a complete shift away from traditional underwriting practices.



### Is it long-lasting?

Yes. Pet ownership is increasing in the US. According to the North American Pet Health Insurance Association, the number of insured pets grew by 17% between 2017 and 2018. Bivvy provides a cheaper alternative for pets that are more expensive to insure, at the expense of lower policy limits.



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

Because of its fixed fee for all pets, Bivvy will be attractive to owners whose pets are higher risk and are therefore more expensive to traditionally insure. Bivvy must also capture low-risk pets and manage its overall risk levels in order to succeed.



### Will it significantly improve the user experience?

Yes. Bivvy will benefit customers who cannot afford traditional insurance policies. While there is an annual limit of \$2,000 and a coinsurance rate of 50%, Bivvy will help subsidize the cost of pet care for lower-income households or those unwilling to pay the high cost of insuring a particular pet.



### Is it market-changing?

No. While cheaper pet insurance is attractive, Bivvy’s low annual limits and high coinsurance will not appeal to the entire market. It is more likely to be used as a way to supplement self-insuring rather than as full coverage.



**TOTAL SCORE**

**4/5**



## GOODCOVER



Launched in February 2020, insurtech Goodcover is a renters' insurer operating in California. Starting at \$5 a month, it offers three different levels of coverage that can cover liability for accidental property damage and bodily injury, medical payments for in-house injuries to guests, and temporary accommodation if the policyholder's home becomes unliveable. What makes the insurer unique is that it returns unclaimed premiums to policyholders at the end of the year.

### Is it original?

Yes. Similar to other insurtechs, Goodcover has completely digitized the registration and claims process, delivering tailored policies for different needs. Yet the insurer has a unique business model, whereby it takes a 20% cut upfront, pays 80% towards indemnity or claims payouts, and passes on whatever is left to policyholders at the end of the year. Goodcover's CEO estimates that this figure will be between 5% and 10%.



### Is it long-lasting?

Yes. Goodcover operates as a managing general agent, allowing it to disperse some of the potential financial risk associated with its business model. The insurer claims it is able to reduce unnecessary costs and pass on savings to customers by eliminating paperwork, sales agents, and expensive acquisitions.



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

No. As a newly launched insurtech Goodcover is focusing exclusively on the sale of renters' insurance.



### Will it significantly improve the user experience?

Yes. Customers will feel less of a need to shop around for a cheaper premium and more comfortable that their insurer believes them when they need to make a claim, as it is in both the insurer's and customers' interest that no claims are made.



### Is it market-changing?

Yes. Goodcover's business model changes the way consumers interact with their insurance provider. It creates a greater connection to the brand, instead of being purely focused on the cost of premiums and the coverage provided.



**TOTAL SCORE**

**4/5**



# getsafe



Getsafe is a German insurtech that offers home contents and gadget insurance via its app. It has established partnerships with AXA, Hiscox, and Munich Re since its launch in 2015. It is based around the idea that customers build profiles on its app and only pay for the exact cover they need. It was meant to expand into the UK in May 2020, but this has been delayed due to COVID-19.

## Is it original?

No. It definitely has a modern approach to insurance, as it allows consumers to purchase and manage policies through its app. However, other insurtechs such as Brolly have already had success with this approach.



## Is it long-lasting?

Yes. Contactless and digital purchasing and managing of insurance policies was already a key trend before COVID-19, but it is even more so now. Insurers that can do everything without meeting customers will thrive. Getsafe has already seen this in its native Germany, where in March 2020 it registered its strongest month since launch. It recorded over 10,000 policies sold and expected a further increase in April as consumers in lockdown turn to digital insurance.



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

No. There is nothing groundbreaking about its offering, which simply focuses on digitalization and simplicity. Moving to the UK will be a big step when it happens, but the policies will be the same.



## Will it significantly improve the user experience?

Yes. Its app has a 4.8 star rating on the App Store, highlight that its customer service and ease of use are its key selling points. It facilitates purchasing, switching, and changing policies within the app and makes it very clear what customers are covered for.



## Is it market-changing?

No. Insurers like Getsafe have been entering the market over the last couple of years, especially in the home contents and gadgets space. Getsafe certainly appears to be one of the leaders in this trend, and its strong customer service should win over UK consumers keen to purchase insurance digitally following this pandemic.



**TOTAL SCORE**

**2/5**



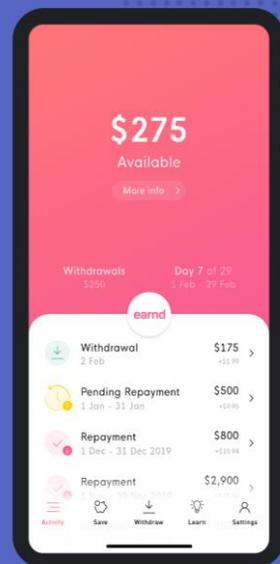
# Retail Banking

# Earnd lets employees borrow from their monthly salary



# earnd

Earnd is a consumer lender that partners with employers to let employees access up to 50% of their accrued monthly salary early. The service is on-demand and automatically deducted from payroll, with the majority of employees receiving the money instantly and at no cost as the employer pays for the service. Earnd also lets users create savings goals and automatically move part of their salary into a savings account when they are paid. Additionally, the app also offers tools that help customers budget, save, and manage their debts.



## Is it original?

No. Other firms such as fastPAYE, FreeUp, Woolit, and Wagestream offer a similar product or service that lets employed and self-employed individuals smooth their income.

## Is it long-lasting?

Yes. Accessing wages early has become increasingly popular, not only via the companies mentioned above but also among challenger banks like Monzo paying customers early and buy now, pay later users wanting to spend their wages before being paid.

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

Yes. Instead of offering unsecured credit, Earnd secures the loan against the accrued wages of the employee for that month, with payments coming directly out of the salary. This reduces risks significantly, as the only real risk is the employer not paying wages.

## Will it significantly improve the user experience?

Yes. Employees will now be able to access their salary early without relying on payday lenders, leading to no costs for the employee as well as reduced financial stress, which in turn could improve productivity. Earnd even claims it can cut employee turnover by 19%.

## Is it market-changing?

No. While Earnd has the potential to become the primary interface for low-income consumers, it still has to compete with payday loans. In addition, it is reliant upon employers adopting the service, which is likely to hamper its ability to become a dominant form of lending – particularly in the current climate.



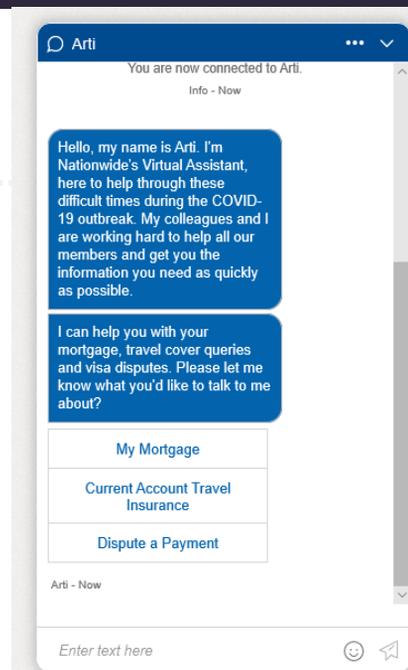
**TOTAL SCORE**

**3/5**

# Nationwide's COVID-19 chatbot lets customer ask about mortgage holidays



Within the first few days of being updated in March, the chatbot answered thousands of COVID-19-related mortgage holiday queries and has gone on to answer 350 a day since. The chatbot can handle customers requesting a mortgage payment holiday, changing overpayment rules, disputing travel insurance, and reassuring customers. This includes information about their mortgage term, credit score, and ability to switch from a tracker to a fixed mortgage. The AI assistant has also been taught how to understand multiple versions of the same question.



## Is it original?

No. Google had already developed its Rapid Response Virtual Agent program, an AI chatbot that will help companies that use the software provide information about COVID-19.



## Is it long-lasting?

Yes. Although COVID-19 will eventually become a less serious issue, chatbots will remain a common way for borrowers and customers more generally to receive information about lenders, products, and their own financial situation.



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

Yes. The chatbot has allowed the building society to automate 10,000 queries about COVID-19 mortgage policies. This has enabled Nationwide frontline staff to spend more time answering more complex queries from customers.



## Will it significantly improve the user experience?

Yes. The development will allow customers to quickly resolve problems that otherwise would have caused significant stress and confusion.



## Yes. Is it market-changing?

No. Both providers and consumers are familiar with AI chatbots, with the majority of banks already using them to answer customers' frequently asked questions.



**TOTAL SCORE**

**3/5**



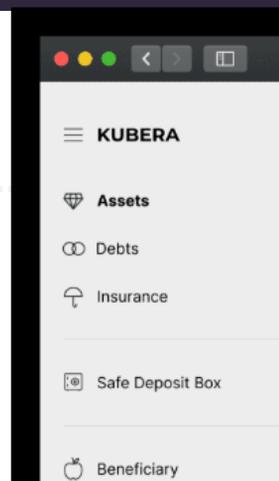
# Wealth Management

# Kubera launches app that tracks users' net worth



## KUBERA

Entrepreneur Rohit Nadhani has launched Kubera. This personal net worth tracker provides an alternative to using a spreadsheet to track belonging, investments, debts, and insurance, with exchange rates for assets in multiple jurisdictions updated automatically. It allows users to connect to thousands of financial institutions across a range of countries to fetch the latest portfolio values. Users can also nominate trusted people to get safe access to their portfolio if something unexpected happens to them. The basic service is free, but a monthly fee of \$10 is charged if users choose to have their investment values updated automatically.



### Is it original?

The service is basic in its idea, and the free component could be substituted with spreadsheet software. There are also similar services, such as Mint and YNAB. However, these are primarily budgeting tools with some net worth tracking thrown in. Kubera is the only service we are aware of that allows users to connect to external providers to automatically update their portfolio value as part of a net worth tracking service.



### Is it long-lasting?

While there is a use case for the app, the move towards open banking could potentially have a negative effect on its longevity. We expect that Kubera will face competition from the likes of Wealthfront and Betterment, which already allow users to sync external accounts as part of their wealth planning services.



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

As a startup, the net worth tracker is Kubera's only service. Its success or failure will thus be game-changing for the company.



### Will it significantly improve the user experience?

Given the rising number of financial services providers people work with and the increasing complexity of their finances, Kubera allows users to keep track of their net worth easily. In particular, users with assets in multiple jurisdictions will find the service useful.



### Is it market-changing?

As a mere tracker, the app will have no lasting impact on the wider investment or wealth management market. Trade execution, asset management, or product purchase capabilities would significantly increase its impact.

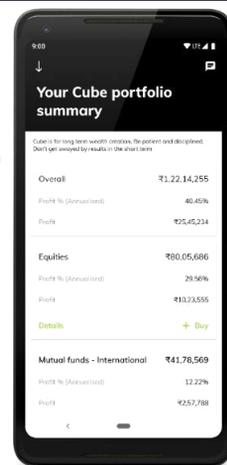


## TOTAL SCORE

## 3/5



Cube Wealth has launched three games as part of its Cube investment app: Cube Streak (single player), Cube Buddy (multi-player), and Cube Monopoly (referrals). The games are designed to educate users about investment principles and help build investing discipline. Rewards include guaranteed cash prizes, with bonus cash awards of up to INR10,000 (\$133) automatically transferred to users' bank accounts.



## Is it original?

More and more financial services providers are turning to gamification to increase adoption, participation, and engagement with the Generation Z and millennial segments. For example, in the wealth space Robinhood also offers gamified investing.

## Is it long-lasting?

Gamification as a strategy to engage with younger investor segments has recently been critiqued due to the dangers of oversimplifying the investment world, potentially attracting users to risky and complex investments. But it has become a widely used approach in the financial services industry, and is clearly here to stay.

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

The games are only an addition to Cube Wealth's investment service. Established investors are unlikely to leave their current provider for Cube Wealth because of these new features.

## Will it significantly improve the user experience?

Tailored rewards and offers as part of a gamification strategy provide a much more engaging proposition than simple educational videos or brochures.

## Is it market-changing?

The add-ons allow users to better understand financial markets. They have the potential to increase financial literacy and engagement while also providing CUBE with useful data on how investors react to different scenarios. Yet the games are unlikely to permanently alter investment behavior, and CUBE has not indicated that it is mining the game data for customer insight. As such, this move will not be market-changing.



**TOTAL SCORE**

**2/5**



Russian virtual bank TalkBank has launched Buffet, an AI-based financial assistant chatbot that integrates into users' messenger apps, including VK, Telegram, Facebook, WhatsApp, and Viber. Having access to all client activities on the TalkBank platform, Buffet leverages AI to calculate users' monthly income and expenses, analyzes personal finances, and helps with setting financial goals. The more a user interacts with the app the more the bot learns, meaning it is able to provide tailored recommendations. The service is free to TalkBank users.

### Is it original?

Other banks and service providers have developed similar automated financial assistants. For example, In March 2019 Objectway launched a chatbot that utilizes AI to answer users' wealth management questions.

### Is it long-lasting?

As machine learning and thus chatbots continue to mature, they are set to become a standard feature in the wealth management space.

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

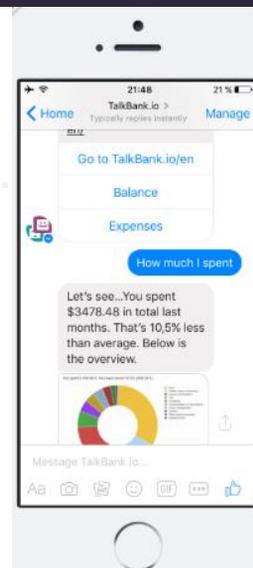
TalkBank is a virtual bank with no offices, call centers, or mobile apps. Operating solely through messengers, the service will be game-changing for the provider as it allows it to further diversify into the wealth management space without compromising its business model.

### Will it significantly improve the user experience?

Chatbots may not be able to provide tailored financial advice yet. However, our proprietary data shows strong client demand for chatbots among younger consumers. Users will benefit from being able to use mobile as an enhanced, full-service channel.

### Is it market-changing?

There is every expectation that machine learning will continue to develop and branch out into more complex tasks in the wealth and investment space. As an early adopter TalkBank is contributing to this trend, and thus will help drive the adoption of chatbots in the wealth management space.



**TOTAL SCORE**

**4/5**

## Definition of parameters

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### **Is it original?**

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

### **Is it long-lasting?**

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

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

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

### **Will it significantly improve the user experience?**

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

### **Is it market-changing?**

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

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### **Ask the analyst**

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