



# 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.

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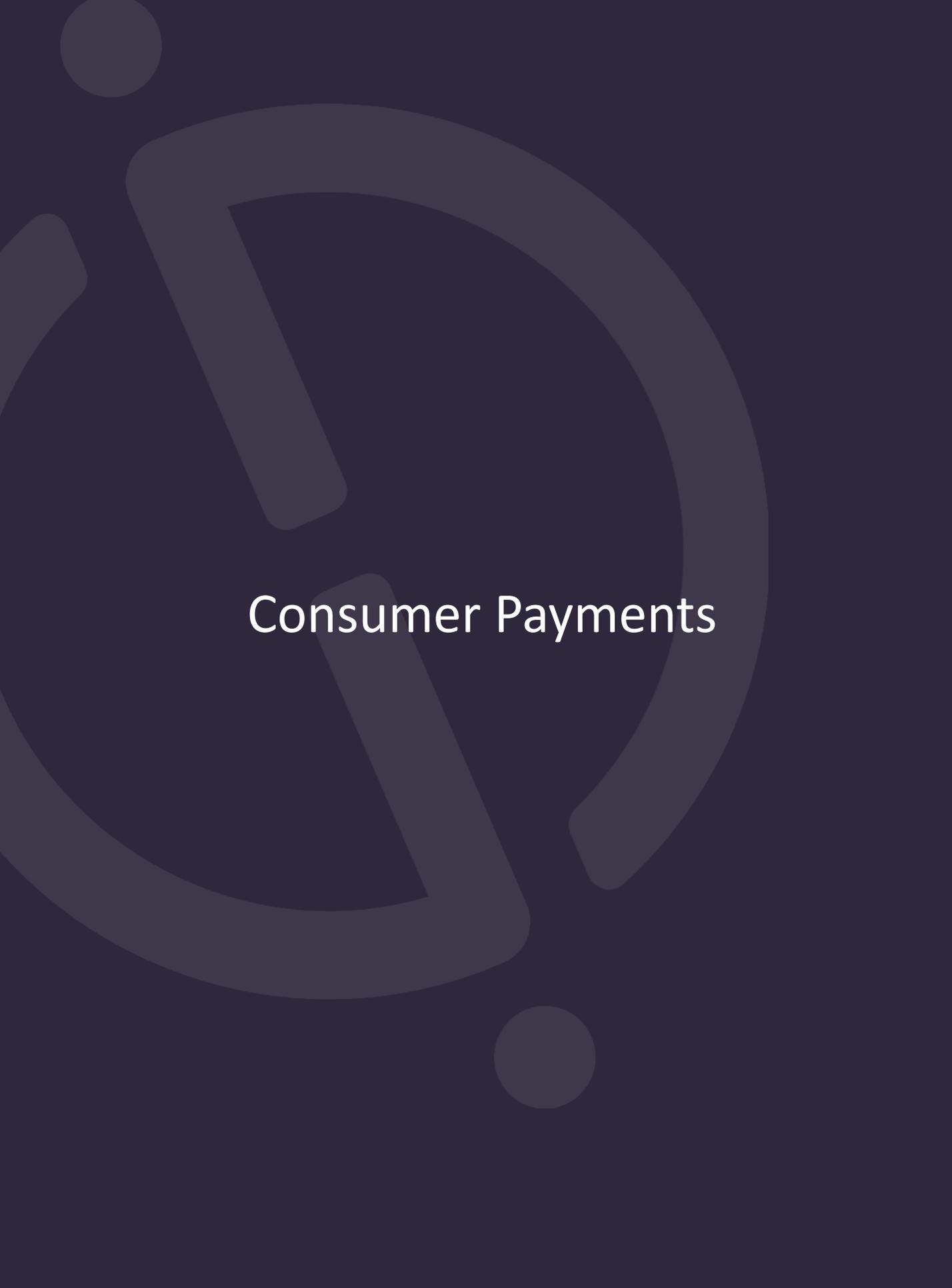
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# Consumer Payments

# PayPal introduces interest-free buy now pay later service



PayPal has launched a buy now pay later (BNPL) product called Pay in 4, bringing interest-free purchases to US customers. Amid the current changes in how people shop due to COVID-19, BNPL services have gained in popularity (although this will wane if harder economic times follow). PayPal aims to capitalize on this phenomenon with Pay in 4, offering upfront payments for merchants and six weeks to pay (in four installments) for customers.

## Is it original?

BNPL is not a new concept, although it has gained mainstream traction in the past few years. PayPal was a pioneer in this space with PayPal Credit, so this isn't even a new area of business for the company.



## Is it long-lasting?

As personal finance becomes increasingly digitized and efficient, BNPL services are only going to become more popular. Services of this type have serious potential to disrupt the credit card-dominated consumer credit market. The advent of open banking making financial institutions more intertwined with third-party providers like PayPal will only make services like this easier to operate.



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

As PayPal is a payments and fintech ecosystem in and of itself, incremental progress to one of its features will not massively change its business. Pay in 4 is a small improvement to an existing product. What could become game-changing for PayPal in this space would be for its BNPL product to become a much larger and more central part of its core business.



## Will it significantly improve the user experience?

Convenience and easing the financial burden will always be a win for the average consumer. In the case of Pay in 4, users can feel less financial pressure for purchases of between \$30 and \$600, with no interest or fees. This could theoretically lead to consumers purchasing more while spreading out the payment over a six-week period. Meanwhile, merchants are paid upfront for their product or service, eliminating risk on their end.



## Is it market-changing?

BNPL is a bit more established in Europe than the US, but this specific update for the American market could set a standard for what this type of service can be in the market. PayPal can capitalize on this given its resources and widespread adoption in the country.



**TOTAL SCORE**

**3/5**



# HSBC launches Omni Collect payment platform in India



HSBC has launched a payment collection platform in India that enables business customers to collect payments originating from various digital payment tools. Marketed as Omni Collect, the service is especially suited to the Asian market, where a host of digital payment platforms are available. This service addresses a core issue for businesses, enabling them to accept payments from the various platforms consumers are using in one place.

### Is it original?

No. There are already many other payment acceptance platforms available across other Asian markets, and most payment processors aim to provide fully integrated payment acceptance services in order to address this.



### Is it long-lasting?

With wider adoption and acceptance of digital payment platforms generally – especially in Asia, where there are a wide variety of different digital payment platforms and services – acceptance of payments from a host of platforms is essential. Therefore, HSBC Omni Collect will achieve longevity.



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

This will open up a new revenue stream for HSBC in India, and implementing the platform and service will be cost- and time-efficient. But this does not fundamentally change HSBC’s payment acceptance business – it merely improves its existing service.



### Will it significantly improve the user experience?

An integrated service that accepts multiple digital payment platforms in one place is much more convenient for merchants, meaning they do not need to sign up for individual services. And when business users want to review their payment history, they can do so in a single location instead of going through the systems of multiple different providers.



### Is it market-changing?

This service certainly provides great convenience to business users. The same goes for consumers – if merchants can accept all payment tools, consumers will have a much easier time paying with their preferred option. HSBC’s implementation is far from original, but it is leading in this space as a bank and will likely set off a ripple of change in the banking industry.



**TOTAL SCORE**

**3/5**



Insurance



STARR GATE



**Starr Gate is an insurance policy for aircraft rentals offered by STARR Insurance Companies. Pilots can purchase Starr Gate either on a monthly or yearly basis. Pilots can then collect data about their flight, which can translate into discounts on their premiums of up to 35%.**

### Is it original?

Yes. Allowing pilots to purchase aircraft renters' insurance either by the month or year is novel, as is leveraging pilots' data to offer discounts to safe fliers.



### Is it long-lasting?

Yes. Flexible insurance policies will become more popular so that consumers only need to pay for insurance when it is needed. Leveraging user data to more accurately measure risk is also a long-term trend that has been adopted in other insurance lines, including motor and home.



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

Yes. Starr Gate will be more attractive to consumers now than traditional yearly policies. The impact of coronavirus lockdowns has raised awareness of usage-based insurance, stemming from little to no use of motor vehicles during such periods. Using telematics data to monitor pilot safety will also improve underwriting and attract safer pilots, leading to a fall in claims for the provider.



### Will it significantly improve the user experience?

Yes. Pilots will benefit from the flexibility of paying for insurance only during the periods they want to fly. Safe pilots will also benefit further by receiving discounts on their premiums from the data they share.



### Is it market-changing?

Yes. Starr Gate allows seasonal fliers more flexibility when purchasing insurance as well as discounts for good behavior. This is a trend that has already been gaining traction in other lines. The use of flight data should also become more common as consumers expect more personalization in their insurance policies.



**TOTAL SCORE**

**5/5**



# Lemonade



Tap the 'Claim' button in the Lemonade app



Tell us what happened



Our AI runs dozens of anti-fraud algorithms

Lemonade provides digital home, renters', and pet insurance to customers in the US and some countries in the EU. Customers can purchase policies and initiate claims through its AI-enabled chatbot. It also donates any money not paid in claims to a non-profit organization chosen by the policyholder.

## Is it original?

Yes. When it launched, Lemonade's use of an AI bot to purchase and initiate claims was new. Its commitment to doing social good through charitable donations was also a new idea for the industry.

## Is it long-lasting?

Yes. Lemonade was one of the most well-funded insurtechs before going public in 2020. It is targeting renters and younger customers with limited assets. The company claims 90% of its customers did not switch from another provider, highlighting its marketing success. With the proportion of renters expected to increase and home insurance policy uptake low among this group, Lemonade is well positioned to continue its success.

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

Yes. As previously stated, Lemonade is targeting an underinsured demographic. Its use of AI to sell policies and initiate claims also reduces operational costs for the provider.

## Will it significantly improve the user experience?

Yes. Customers are able to purchase policies quickly through Lemonade's website and app. Customers also benefit from an easy and quick claims process. In 2017, Lemonade's AI claims bot paid a claim in three seconds. This sort of claims process will be valued by customers.

## Is it market-changing?

Yes. Lemonade has helped cement the level of service customers expect from their insurance providers. An easy sign-up process as well as a smooth claims process are at the core of what consumers want when purchasing insurance. Its commitment to change insurance into a social good is being reflected by other providers in order to align with a greater number of more ethically-conscious consumers.



**TOTAL SCORE**

**5/5**



## How It Works



Let us know that you've lost your job



We'll verify your job status through unemployment insurance



We'll pay your daycare provider on your behalf

Founded in 2020, Care Covr is launching specialized unemployment insurance that covers only the cost of childcare, in cases where policyholders are unexpectedly unemployed through no fault of their own. The insurer offers two different types of coverage: \$10 a month covering a maximum period of three months, or \$15 a month covering a maximum period of six months.

### Is it original?

Yes. Care Covr's childcare expenses insurance offers an alternative to traditionally more expensive and complicated income protection insurance. Care Covr also claims to be the first insurer to offer this kind of protection.



### Is it long-lasting?

Yes. Income protection is typically purchased in line with a mortgage or when a consumer feels they have greater financial responsibilities. However, lower-income families might not purchase income protection insurance, believing the cost of premiums outweighs the benefits. By creating a specialized unemployment insurance product, lower-income families can better mitigate their financial risks.



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

Yes. Care Covr was founded in 2020, and its childcare expenses coverage is the only product being offer by the provider.



### Will it significantly improve the user experience?

Yes. Due to the coronavirus outbreak, many jobs are currently at risk. With childcare costing an average of \$201 a month in the US, Care Covr is offering a vital insurance product at an affordable starting price.



### Is it market-changing?

Yes. Typically consumers rely on income protection insurance or even critical illness insurance to cover their expenses when they are unable to work or unemployed. However, by launching a specialized product that only targets unemployment and childcare, the insurer gives the consumer greater flexibility as to how they manage their financial risks. More insurers could look to launch similar products, giving consumers more options as to how they prioritize their expenses.



## TOTAL SCORE

# 5/5



# Retail Banking

# Bueno launches service for customers buying and maintaining property abroad



## Bueno



The Spanish digital-only bank is branching out from conventional banking, insurance, and currency exchange products with a service for foreigners who want to own and rent property abroad. Customers can open an IBAN account online within 10 minutes and receive help servicing and renting the house, such as finding an estate agent. Users can add products such as home insurance with one click, and funds can be transferred immediately if the property is connected to the account. Bueno generates revenue from one of three monthly subscriptions based on the size of the property, with prices ranging from €89 to €129. Bueno is currently rolling out this product in Spain in 2021 but plans to obtain a Europe-wide licence in the near future.

### Is it original?

Yes. While some banks offer overseas mortgages, Bueno is the first to offer a service helping foreigners manage property abroad.

### Is it long lasting?

Yes. Buying property overseas to hold or rent is likely to continue as investors seek higher yields outside their country. Propositions such as Bueno are likely to make this task much easier, particularly for non-institutional investors.

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

Yes. The bank will need to take on specialist property law and tax knowledge for all countries it plans to operate in. It will also need to form partnerships or relationships with estate agents, property managers, utility providers, and other property market players.

### Will it significantly improve the user experience?

Yes. This product will allow customers to save time by not needing specialist knowledge, while keeping them updated on changes to relevant laws and providing an interface to manage rental income and expenses. Bueno also promises to save customers money via more cost-effective purchases of utility and property management services.

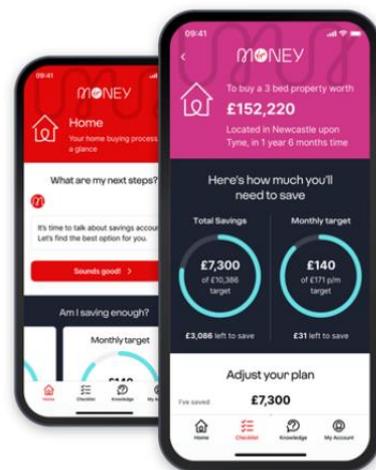
### Is it market-changing?

Yes. For investors and second home owners, Bueno's proposition makes the overseas property market significantly more accessible to hold long term. For Bueno, the bank has created a differentiated product that has no direct competitors, increases revenue, and is likely to increase cross-selling of mortgages with the bank.



**TOTAL SCORE**

**5/5**



Virgin Money is trialing a new app to help first-time buyers navigate the process of purchasing their first property. During the four-week trial, thousands of customers are being invited to download the interactive app to simplify the home-buying process. It includes a tool that can calculate what each user can afford over a range of buying timescales, and it also generates a personalized plan, timeline, and savings goals for each user. The full launch will follow completion of the beta phase, which is open to Virgin Money's Help to Buy ISA customers as well as employees.

## Is it original?

Yes, this is the first instance of a major financial services provider creating an offering of this type.

## Is it long-lasting?

Potentially. If the trial proves successful it is likely that other providers will offer similar products in order to simplify the mortgage decision and application processes.

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

Yes. As more and more young people become part of Generation Rent, Virgin's Home Buying Coach and First Time Buyer apps will change how mortgages are applied for and tracked. This will also likely see more mortgage applications via digital channels.

## Will it significantly improve the user experience?

Yes. Currently the complexity of the mortgage market and the different products being offered often leads to stress and confusion for consumers. Simplifying the process and presenting the different options available to them in the absence of a salesperson will lead to optimum conditions for impartial decision-making.

## Is it market-changing?

Virgin's new app could ultimately prove market-changing, as it democratizes the market and the options available to buyers.



**TOTAL SCORE**

**5/5**



# Wealth Management

# TaxProper offers automated solution to lower property tax



Launched in mid-2019, TaxProper has raised its first round of funding of \$2m. The fintech offers an AI-driven solution that helps customers lower their annual property taxes by checking if their property has been over-assessed. An AI algorithm analyzes submitted tax documents and assesses and compares requests with similar homes in surrounding areas using parameters such as land size, total rooms, and construction materials. If the algorithm determines the individual has paid an excess amount in fees it generates the required paperwork for refunds and files an appeal to the local authority. This entirely online process takes minutes, with any fees waived if the application is denied or if tax cannot be lowered. Otherwise users can select between two payment options: a \$149 flat fee or 30% of their tax savings.

## Is it original?

There are a number of apps designed to reduce users' tax income, but we are not aware of a similar offering using AI to determine whether properties have been over-assessed.

## Is it long-lasting?

Tax planning is an increasingly hot topic across the globe. Data from our 2020 Global Wealth Managers Survey shows that 60.4% of wealth managers report "very strong" or "quite strong" HNWI demand for tax planning services. Tools that allow users to reduce their tax bill are highly sought after and are here to stay.

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

As a startup, the property tax assessment solution is TaxProper's only service. Its success or failure will thus be game-changing for the company.

## Will it significantly improve the user experience?

Users are only charged a fee if they are granted a repayment from the tax office, which will undoubtedly enhance the user experience.

## Is it market-changing?

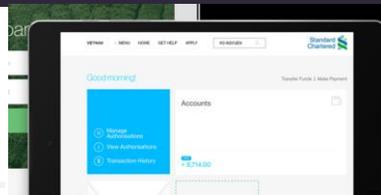
Given that the app only focuses on one particular tax it will not act as a substitute for tax advice, and as such will not have a market-changing effect on the financial advice sector.



**TOTAL SCORE**

**4/5**

# Standard Chartered launches three scenario-based simulators



Standard Chartered launched three scenario-based simulators to help clients better assess the resiliency of their Wealth Lending portfolio (an overdraft facility obtained against financial assets). The simulators allow clients to visualize the effects of different market factors on returns. The Investment Simulator simulates the rate of returns on investments, including variations based on leveraged and non-leveraged options, and allows clients to see the impact of currency switches. The Portfolio Simulator allows users to review and understand their current portfolio's health and simulate the impact of potential margin call implications, while the Bancassurance Simulator simulates the rate of returns on clients' bancassurance assets.

## Is it original?

There are numerous stock market simulator apps available free of charge. However, Standard Chartered's scenario simulators go a step further, allowing users to assess the risks of leveraging assets and the impact of different market factors on portfolio performance. We are not aware of a similar offering in Singapore.



## Is it long-lasting?

Increased stock and currency market volatility is expected to drive uptake, while better financial literacy has the potential to drive client engagement, which in turn will have a positive effect on loyalty.



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

The simulators are only an addition to Standard Chartered's Priority Banking proposition. Established investors are unlikely to leave their current provider for Standard Chartered because of these new add-ons.



## Will it significantly improve the user experience?

The simulators will have a positive effect on the overall user experience, allowing clients to better assess risk and make more informed decisions.



## Is it market-changing?

This will allow users to better understand financial markets, and could increase financial literacy and engagement while providing Standard Chartered with useful data on how investors react to different scenarios. But it is unlikely to permanently alter investor behavior.



**TOTAL SCORE**

**3/5**

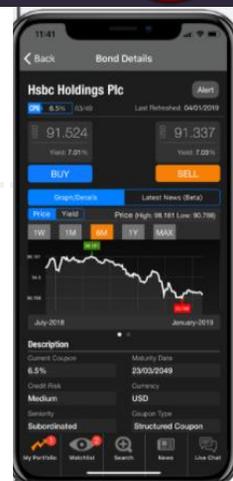
# Northern Trust and BondValue collaborate to execute blockchain-based bond trade



## BondValue

## NORTHERN TRUST

Northern Trust and BondValue executed their first trade of a fractionalized blockchain-based bond, known as BondbloX. The trade was executed on BondValue's platform with Northern Trust as the asset servicing provider. The platform leverages distributed ledger technology that allows investors to buy and sell BondbloX, which are traded electronically in sizes of \$1,000. It operates on a B2B2C model and connects to the end investor via their bank or brokerage house. BondbloX notifies new bond deals and pricing on the secondary market post-issuance via alerts. The platform also enables investors to apply filters such as country, currency, tenor, and yield to verify suitable investment options.



### Is it original?

Blockchain as a concept can no longer be regarded as new, but the technology's application in the investment universe is still growing. Commonwealth Bank has used distributed ledger technology to streamline the capital-raising process in debt capital markets. However, we are not aware of another platform facilitating blockchain-based bond trades.



### Is it long-lasting?

Using distributed ledger technology is superior to traditional bond trading, offering greater transparency, liquidity, and faster settlement while also making institutional-grade investment opportunities available to lower-tier investors.



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

BondValue was founded in 2016, but BondbloX is the fintech's most innovative launch. If successful it has the potential to significantly contribute to the firm's profitability.



### Will it significantly improve the user experience?

Using blockchain to trade bonds will increase secondary market liquidity while lowering costs. With savings potentially being passed on, investors will benefit from wider and cheaper access. Furthermore, additional levels of security will appeal to investors.



### Is it market-changing?

Blockchain technology is already revolutionizing investment processes and will replace traditional methods. Not being limited to the fixed-income universe, the application of blockchain will have a lasting and permanent effect on capital markets.



## TOTAL SCORE

## 3/5

## Definition of parameters

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### **Is it original?**

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

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

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

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

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

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

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

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

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

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### **Ask the analyst**

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