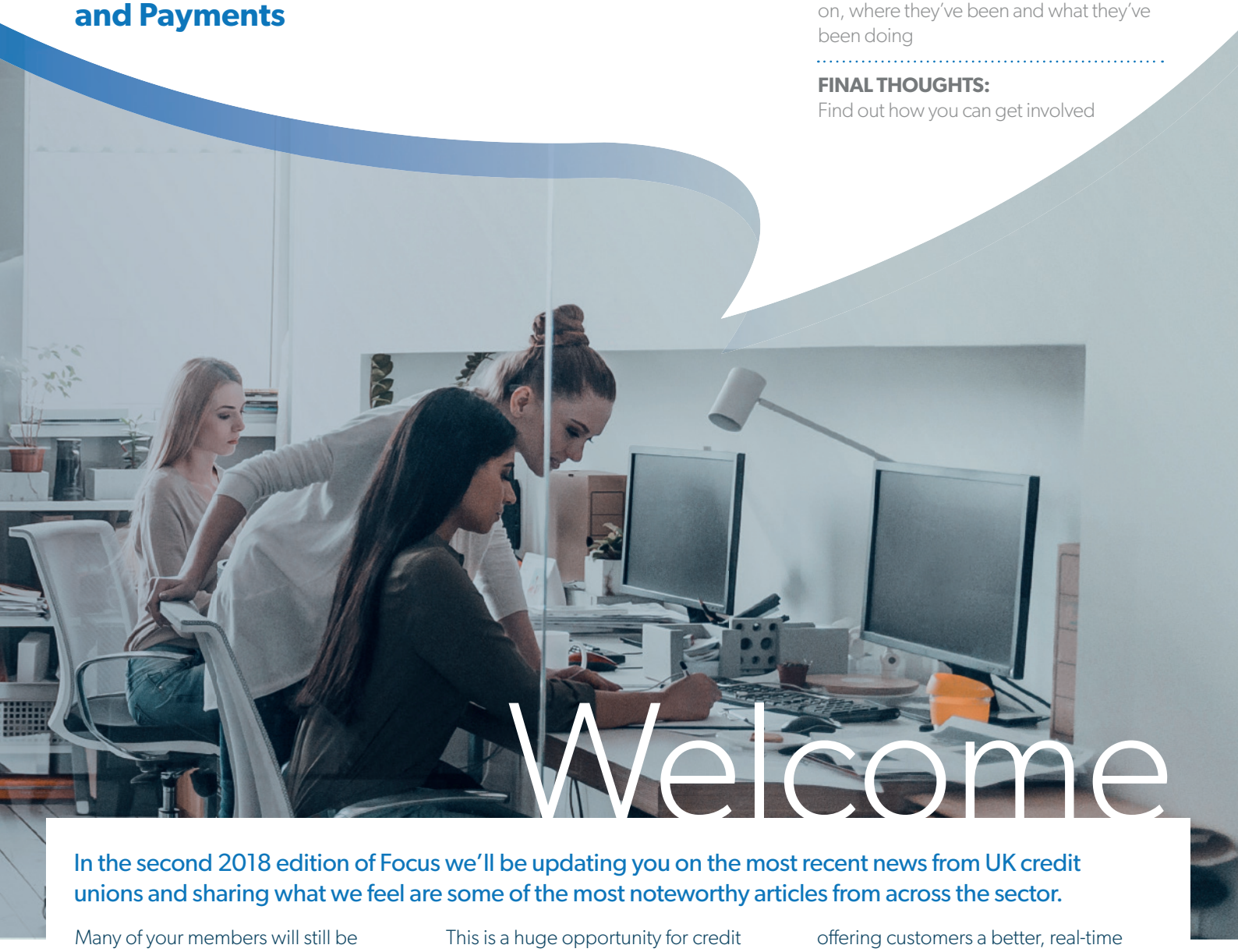
ISSN 2058-3257

focus

October 2018

On Alternative Banking and Payments

WHAT'S INSIDE?



Welcome

In the second 2018 edition of Focus we'll be updating you on the most recent news from UK credit unions and sharing what we feel are some of the most noteworthy articles from across the sector.

Many of your members will still be getting to grips with the Universal Credit system. For millions of Britons, receiving all of their benefits on a monthly basis is a significant shift, bringing with it the challenges of managing money, budgeting and being more financially independent. Those who have received benefits piecemeal for years, or even decades, are looking for support to help them navigate this challenge without falling into arrears. Often, their credit union is their first port of call.

This is a huge opportunity for credit unions.

Part of this opportunity will come from using technology more effectively to grow individual credit union businesses. By embracing digital solutions, credit unions will be in a position to better enable core revenue generating activities and an optimised member services experience.

For us, technology and 'fintech' can solve the Universal Credit problem by offering customers a better, real-time banking solution, which allows them to see all their finances in one place. They'll be able to move money, set money aside and prepare for the month ahead all from their mobile app, just like everybody else.

We believe technology is the de facto solution to the Universal Credit problem and we're hoping we can arm the front line – your credit union business – with the appropriate fintech tools.

WHAT'S IN THE LATEST EDITION OF *FOCUS?*

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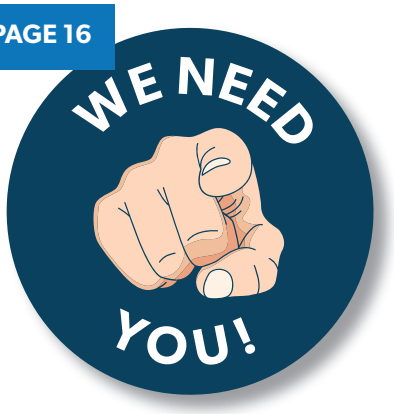


INDUSTRY IN FOCUS

"What's easy isn't always right: Doing nothing is simply not good enough in the UK credit union sector"

Dharminder Dhaliwal
Business & Finance Manager, Castle & Crystal Credit Union

Alarming statistics from the BoE which require action and challenge from CU leaders within the UK credit union movement. Digitising the member experience, driving financial inclusion and challenging the status quo must happen if we are to become a financial services force to be reckoned with.

Credit unions face a tough challenge: to compete with traditional high street banks in attracting people with fair or good credit histories. These customers are vital for credit unions as they generate sufficient income to sustain the loans to members with inferior credit histories.

To succeed in offering loans to all members, credit unions ideally need to work towards a 70/30 split in favour of customers with good credit. Attracting such customers starts online, but credit union customer digital engagement often leaves a lot to be desired.

The sector's loan to asset ratio fell from 73% in 2005 to 46% in 2015… and to just 43% in Jan 2018

Bank of England

Change starts now at **Castle & Crystal Credit Union**

We will be launching our brand new website imminently. By starting with a blank canvas we have been able to create a more efficient service, delivered digitally, that ultimately meets consumer expectations. We have adapted a number of technologies to better serve our existing customers and to attract new ones. These include automated decision engines that will deliver a loan decision within minutes and an integrated email management system to 'intelligently' communicate with our members.

As digital workstreams are continuously evolving, we see this as a dynamic project and so have built in annual testing processes as well as analytics programs to track and report on how customers use our service. In future we will also be utilising chatbot technology to conduct conversations and visual progress tracking for loan applications to make our online service as user friendly as possible.

NETFLIX

Credit unions aren't attracting the right borrowers

Companies such as Netflix and Amazon have all raised the bar in terms of customer digital engagement expectations. These are now filtering through to other sectors, including financial services. For those wanting to compete in this space, it's time to step up.

The credit union sector has been unsurprisingly slow to adopt this technological innovation boom. The sector is full of websites that are stuck in the past. Simply, credit unions do not make it easy for people to access products and services that truly meet member needs.

To attract necessary members, credit unions need to take a leaf out of the digital playbook and interact with customers more effectively.

Unify Credit Union: Loan sharks' cash used to help Wigan savers

A new incentive has been launched in Wigan to encourage residents to start saving and make them aware of the dangers of borrowing from illegal money lenders.

The England Illegal Money Lending Team (IMLT) are working in partnership with Unify Credit Union to raise awareness of the dangers of borrowing from illegal money lenders, more commonly known as loan sharks.

A joint initiative will see the team use proceeds of crime money, confiscated from convicted loan sharks, to sponsor new credit union accounts.

The first fifty people living in the postcode areas WN1, WN2 and WN7 to join Unify Credit Union before the end of September and make at least three monthly payments into their account will qualify for a savings boost of £25.

Tony Quigley, Head of the Illegal Money Lending Team, said:

"Illegal money lenders can have a horrific impact on our communities and should never be used under any circumstances.

"We'd always urge residents to look at borrowing from safe and legal alternatives, such as their local credit union. Loan sharks may appear friendly at first and act as though they're offering a community service, but don't be fooled by this behaviour as it soon changes once monies are owed.

"If you or someone you know has been a victim of a loan shark, the team are here to help on 0300 555 2222. Your call will be handled by a trained IMLT officer and all information will be treated in the strictest confidence."

Angela Fishwick, Chief Executive at Unify Credit Union, said:

"We provide savings and loan services to more than 8000 members across the borough, and sadly we've come across people who have fallen into the hands of loan sharks. We want to make loan sharks history for Wiganers so we're delighted to offer this incentive to show people there is a better, safer and more affordable way to manage their money."

Out with the old in with the new?

Not when it comes to our customers

Digital transformation to attract new customers doesn't mean we have to forget about the customers who need us most – those with poor or no credit histories. Digital services are just the first step in a customer's potential journey. For example, existing members who are declined online will always be referred to our loans officer so that an appropriate decision can be made based upon their customer history, not just their credit history.

New members who are declined online will still be encouraged to join us so as to build up a history that may benefit potential future applications.

Changing the way we operate – both as individual credit unions and as a sector – will take time and considerable effort, but doing nothing shouldn't be an option. If digital transformation isn't on your agenda, don't be surprised if you go the same way as Blockbuster.

Fair Share Credit Union: Stirchley & Brookside Parish Council invest with FAIRshare Credit Union

Stirchley and Brookside Parish Council celebrate their thirtieth birthday this year, and this coincides with a £30,000 ethical investment in their local credit union, FAIRshare, to benefit more local residents in the community.

The investment will allow FAIRshare to expand its operations in the area, introducing a new Information Point at the Sambrook Centre on Wednesday and Friday mornings, partnering with local schools to introduce School Saver Clubs run by pupils, and offering payroll saving partnerships with local employers.

Councillor Jackie Loveridge, Chair of Stirchley and Brookside Parish Council said:

"FAIRshare Credit Union does an excellent job in helping local people build up savings, avoid falling into the trap of high-interest loans and manage their finances, so they have more money to spend in the local economy or to save for the future. By investing in FAIRshare, Parish Council reserves that would usually be earning minimal interest will now be invested ethically for the benefit of local people and our community. Helping FAIRshare do more for local people seems a great way to celebrate our first 30 years."

John Harrower, General Manager of FAIRshare Credit Union said:

"We're delighted that Stirchley and Brookside Parish Council has decided to invest in FAIRshare and congratulate them on their thirtieth birthday. Investment in FAIRshare keeps money in the local area and helps us help other local people.
We currently have more than 350 FAIRshare members in the parish, more than a third of whom have a loan with FAIRshare. By working in partnership with the parish council and the local community we hope to bring our services to many more local residents."

As part of the partnership, FAIRshare's new Information Point is open from 9am – 12.30pm on Wednesdays and Fridays in the Sambrook Centre. Local residents can visit the Information Point for details about FAIRshare, assistance with membership and loan applications and other general inquiries.

Local residents and partner organisations are invited to join councillors and FAIRshare for coffee and cake at an Open Morning on Wednesday 20 June 2018, from 9am – 12.30pm, to celebrate this partnership and to find out more about how they can benefit from joining FAIRshare Credit Union.

Clockwise Credit Union

"We have accessed open banking for our members' applications and have collaborated with Engage to launch 24/7 payment services."

Theresa Manning, CEO

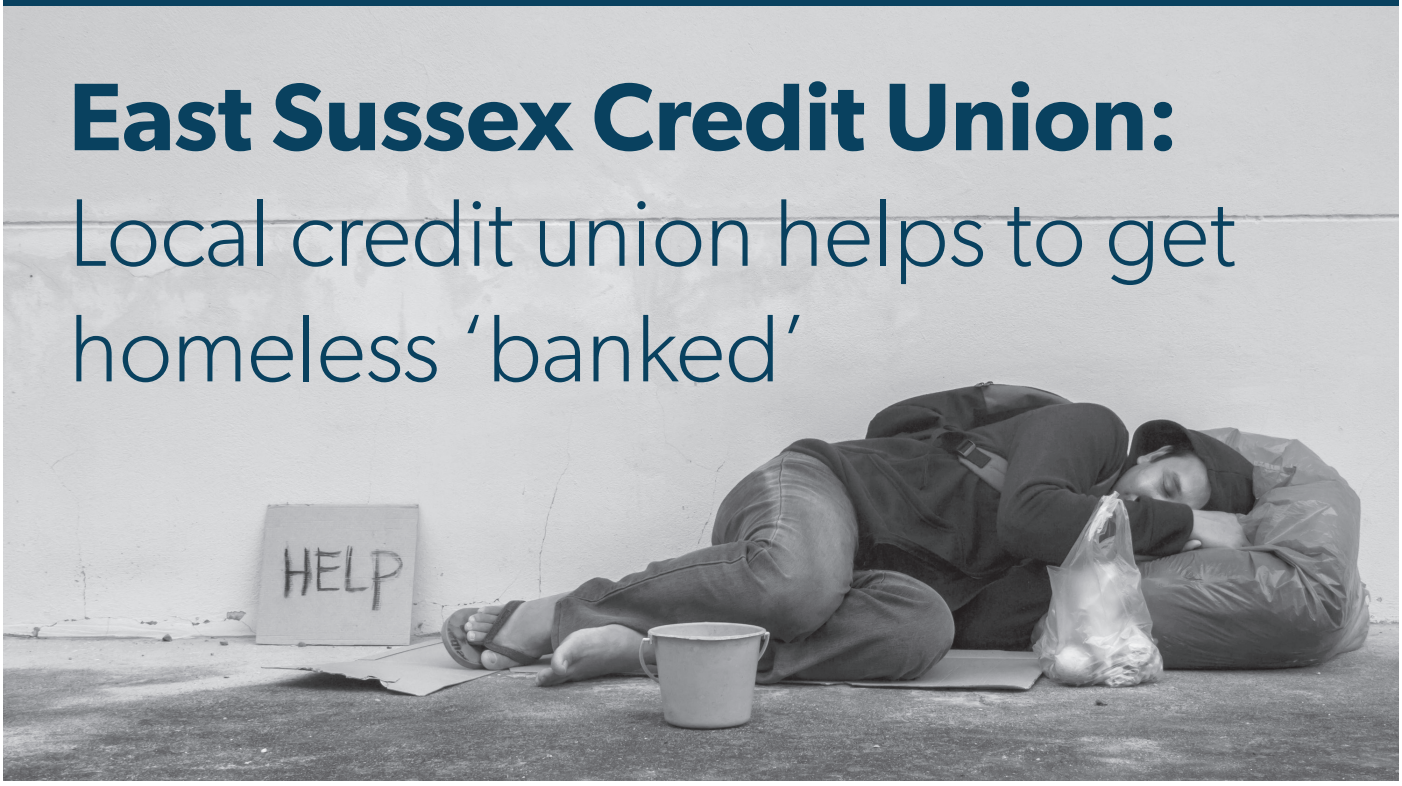
London Capital Credit Union

London Capital Credit Union are planning a major relaunch of the Engage card offer. The UK credit card industry has approximately £70 billion in outstanding debt, and with typical rates at 24% APR and rising, the public are paying too much for credit. The Credit Union is determined to eat into this lending market by using the Engage card to offer the flexibility of credit on plastic, but with typical credit union rates of 12% APR instead.

CEO Martin Groombridge said: *"Millions of UK adults are lured into borrowing on credit cards, and many fall into a cycle of problem debt as a result. We believe that our Engage card offer will encourage members to transfer high cost credit and use the Engage card in conjunction with our 'Saver Loans' as a much cheaper flexible form of credit. Good for us, the member, and for wider society."*

INDUSTRY IN FOCUS

East Sussex Credit Union: Local credit union helps to get homeless 'banked'



East Sussex Credit Union (ESCU) and the Salvation Army in Eastbourne have been working together to help over 30 people access financial services, who might otherwise have been excluded.

The change in the welfare system means that Universal Credit claimants must have their own bank account to claim benefits, and this was a barrier for the people being helped by the Salvation Army.

Many of these Eastbourne residents do not have the correct forms of ID to open an account with a high street or online bank or do not have a fixed abode. The pilot project initiated by ESCU to help the most vulnerable residents has resulted in over 30 people now being able to receive their benefits into an Engage account provided by the credit union. This means they can access the benefits system and now have a visa debit card that allows them to carry less cash – which can be an issue if you are living on the streets.

East Sussex Credit Union, the savings and loans co-operative in East Sussex, has been helping people across the county to access bank accounts.

Helen McCabe, spokesperson for ESCU, said:

"The Engage card gives people the financial freedom to receive their benefits and be rewarded for shopping. As it's a pre-paid visa card you can't go overdrawn and the money management element of Engage has meant that more people now have the facility to manage their monthly income, some for the very first time. And people aren't carrying money in their pockets which has meant that people feel safer when walking or sleeping about the town."

Another major issue which causes people to be financially excluded from high street banking is the lack of services for people with no or poor credit history. Those with a poor credit history aren't currently able to even open accounts with local banks as credit checks are completed upon application and the likelihood of being refused an account is significant, which further reduces the score.

East Sussex Credit Union offers an alternative for people in this situation as credit checks aren't done on application – meaning that membership is available for anyone and everyone that lives, works or studies in East Sussex, Brighton or Hove.

If you or someone you know is affected, contact the ESCU today and be part of a co-operative that cares for the local community.

VIEWS FROM THE NEWS

SIGNiX

Board vs CEO: Who's in charge of your credit union?

Credit union CEOs and boards of directors have different, but very important roles in the organisation. The board's role is to govern, while the management's role is to manage. When both understand and respect each other's roles the credit union is stronger and more successful.

The board of directors provides leadership and oversight. They are guardians of the mission, and they ensure compliance with legal and financial requirements. They are policymakers, ambassadors, partners with the CEO, and strategic thinkers.

The role of a credit union CEO continues to evolve for a variety of reasons, including the growth and complexity of the credit union industry, the increasing professionalism and specialisation of the operation, and the growing challenges facing many credit unions today on federal and state levels.

An effective partnership between the board and CEO requires a balance of power and authority. The board must have enough power and independence to carry out its legal responsibilities and to supervise the CEO. The CEO needs adequate authority to manage the organisation and exercise leadership in the broader community. Finding and maintaining that balance is essential to an organisation's success.

The Cornerstone Credit Union League's Annual Meeting & Expo April 22-24 features a number of educational sessions that deal with the relationship between the CEO and board of directors. Following are but a few of those sessions:

The Role of the Board: Why Boards Govern and Leave Managers to Manage, featuring Mark Lynch, long-time credit union director

At one end of the spectrum, many boards have traditionally micromanaged their manager or CEO. At the other end of the spectrum, some have allowed the manager or CEO to simply do as they wish without any real input or oversight from the board. Good board governance lies somewhere in between. While it is the most basic principle of board governance, it is also one crucial aspect that a significant number of boards get wrong.

Understanding Fiduciary Duties, featuring Kirk Cuevas of Dollar Associates, LLC

It is critical that directors and volunteers fully understand their fiduciary roles within the credit union. This is especially the case in the current economic, regulatory and legal environments. In this thought-provoking presentation, Cuevas provides a complete assessment of the fiduciary duties associated with being a credit union director.

Assessing & Rewarding CEO Performance with Mark Lynch

Assessing the CEO is one of the board's primary responsibilities. Unfortunately, many boards either fail to assess or don't do it properly. In this session, Lynch talks about clarifying the responsibilities, job expectations and annual goals of the CEO and then conducting a fair assessment of the performance of the CEO based upon agreed criteria.

While there is no one "right" role or standard job description of the CEO, the following constitute the 10 basic duties:

1. Commit to the mission.
2. Lead the staff and manage the organisation.
3. Exercise responsible financial stewardship.
4. Lead and manage business development.
5. Follow the highest ethical standards, ensure accountability, and comply with the law.
6. Engage the board in strategic planning and lead implementation of the plan.
7. Develop future leadership.
8. Build external relationships.
9. Ensure the quality and effectiveness of products/services.
10. Support the board.

The following 10 basic responsibilities of a director include:

1. Determine mission and purpose.
2. Select the CEO.
3. Support and evaluate the CEO.
4. Ensure effective planning.
5. Monitor programs and services.
6. Ensure adequate financial resources.
7. Protect assets and provide financial oversight.
8. Build a competent board.
9. Ensure legal and ethical integrity.
10. Enhance the credit union's public standing.

VIEWS FROM THE NEWS

BBC

Credit: ITV News

Customers urged to claim £321m from dormant Oyster cards

More should be done to remind Transport for London customers to claim £321m from "dormant" Oyster cards, a London Assembly member has said.

Liberal Democrat Caroline Pidgeon accused Transport for London (TfL) of keeping "incredibly quiet" about the "cash mountain".

TfL said it is "committed" to helping passengers get their money back.

More than 100 million people have used the electronic travel cards since they were launched 15 years ago. More than £321m of balances and deposits are sitting on Oyster cards that have not been used for at least a year, TfL figures show.

Ms Pidgeon, chair of City Hall's transport committee, put the "soaring" figure partly down to the number of people switching in recent years to making contactless payments with their bank cards.

She said:

"TfL never stops bombarding us with advertisements and information campaigns, but highlighting this cash mountain is one issue that they remain incredibly quiet about.

"It is time TfL devoted far more time and energy telling the public how they can get their own money back."

Oyster cards can be used to pay for journeys by Tube, rail, bus, boat and cable car. The card system costs TfL millions a year to administer, while contactless payments are run by banks.

TfL's chief technology officer, Shashi Verma, said people can reclaim their money "whenever they wish" from Tube ticket machines, at information desks or by calling the customer service team.

"We're committed to ensuring that our customers can get back the credit on their Oyster cards if that is what they want," he said.

"The Oyster card is an essential part of London and we're delighted with how popular this innovation has become in the last 15 years."

VIEWS FROM THE NEWS Balazs Fejes

How to leverage GDPR rules to enable a personalised user experience

Finextra

With the European General Data Protection Regulation (GDPR) finally coming into effect on May 25, 2018 after years of negotiation and preparation, financial services companies are facing a major challenge that goes beyond the consequences of a breach or the right to be forgotten. These are obviously major considerations given that they have been written into law, but what about maintaining the high level of personalisation that customers have come to expect from their banks and brokers?

Could it be that GDPR is actually good for personalisation? At a point when GDPR compliance demands that you stop collecting customer data without consent and PSD2 (Revised Payment Service Directive) requires that you open up your data to third parties via APIs, data best practices are changing rapidly and for the better – at least when it comes to improving the customer experience.

In theory, customers will have a better experience by default if they're comfortable with the scope of data they share with their bank or brokerage, who they likely already trust more than other vendors given the sensitive nature of the personal information one must share to open and maintain an account. As a result, financial services firms are potentially more likely to receive explicit customer consent, so they can and should take 'ownership' of the data and make sure third-party access through an API is equally compliant and respectful. Reputations are hard won, but easily lost if data is misused.

In practice, here are some areas where the GDPR impact on financial services companies will provide an opportunity to exceed customer expectations, optimise personalisation and mitigate risk:

Data privacy as a differentiator:
Don't treat GDPR as a formality when you can leverage it as a differentiator. Whether you're targeting Gen Z, Baby Boomers or any generation in between for GDPR opt-ins, privacy is a major consumer concern, so don't be shy about your compliance efforts and data stewardship.

True 1:1 personalisation:
With explicit consumer consent and unprecedented transparency around shared data, marketers within your firm can unlock true 1:1 personalisation in CRM, contextual and behavioral targeting for those who have opted in.

'Privacy by Design' to increase trust:
GDPR mandates data privacy in every service you provide, and security is among any customer's biggest digital concerns. Employing a 'Privacy by Design' approach across the enterprise puts security at the forefront, increasing consumer trust and mitigating risk.

Data governance transformation:
'Privacy by Design' also has major implications for data governance, and Chief Digital Officers should be celebrating as they now have the role of ensuring privacy- and consumer-centric data governance across the entire enterprise. The days of collecting data and storing it with no purpose are finally over!

Modules to manage consent and preferences:
Customers can own the experience at the highest level when you implement a preference and consent management dashboard to give them further control over how their data is used for personalisation, offers, targeting and more.

Short-term, need-to-know data storage:
Under GDPR, enterprises have a limit on how long they can store customer data and a requirement to pseudonymise or anonymise data they collect. These built-in, mandated layers of protection for consumer data greatly reduce the value of the bounty of a data breach.

Complying with GDPR, PSD2 and other data-directed regulations is an ongoing effort, and so is building a consumer-centric data privacy platform that enables personalisation, even in scenarios where you don't have a 360-degree view of the customer.

So, as you plan for the future and build for tomorrow, you can take solace in the fact that it likely won't be long before a similar regulation hits the US and APAC. Be prepared and take action now to make sure your infrastructure is ready to run, not crawl, and that your business is thinking about how to protect and leverage data toward differentiated, personalised customer experiences.

VIEWS FROM THE NEWS

A vision of a smart **future** for UK ATMs

Finextra

Which? has issued a report that claims the big five banks in the UK are closing their branches at the rate of 60 a month.

If this is true, it will not be the run-rate of closures for long. Barclays, HSBC, Lloyds Banking Group, RBS Group and Santander have only around 5000 branches left between them. A 60 per month closure rate implies they will all be gone in around 8 years.

Of course, all bank branches are not going to close. Many people who should know about such things believe the number of branches will bottom out at around 2500 to 3000. So not extinct, but definitely an endangered species.In essence, when there are only 3000 bank branches left, you will have to be in a decent sized city to live or work near one.

Right or wrong, that is the way it is going to be. The banks will argue that their customers are all online and that they cannot afford to operate empty branches; those of us who don't want to simply exist online will have to find a new route for avoiding that fate. In short, we will have to branch out, if you forgive the pun.

Many believe ATMs can be the local replacements for bank branches. Though it is not obvious from what you currently see at such machines in the UK, ATMs elsewhere offer all the services available at bank branches – and sometimes more. These "Smart ATMs" can be our Community Financial Services Hubs in the UK – but they have to be affordable for all participants in the chain, including our often maligned banks.

The economics of ATMs have changed over the years. Back in the 1990s, when there were very few ATMs away from bank branches, retailers often had to make payments to the banks to get a machine on their premises. I have seen a contract from those days which committed the retailer to paying for every cash delivery the ATM received.

From the dawn of the new millennium, increased competition, both among the banks themselves and from the newly-minted independent ATM operators, led to substantial rental payments to retailers and other site owners, for the right to locate an ATM on their premises.

In this new world of heightened competition, it soon became commonplace for retailers to receive £5000 or more a year if they agreed to accommodate an ATM. Contracts with major multiple retailers often guaranteed them more; I have seen rents of well over £10,000 per annum per ATM paid. Specialist sites earned even higher rents. For example, at one time ATM operators had to bid in excess of £25,000 per annum per ATM to have any hope of locating machines at London Underground stations.

Let's be honest. The whole situation has simply become too expensive, especially since much of the funding is provided by banks. Those banks are not the profit-engines they were pre-2008. They have to reduce costs in every segment of their businesses. ATM costs are now being subjected to microscopic analysis – and the banks want to save money.

So, if we are to have our Smart ATMs, delivering community financial services around our entire nation, we need some new solutions.

There will still need to be significant and properly structured funding contributions from the banks. The Smart ATMs will be providing services to their customers, so it is right that they pay a share of the costs. However, retailers will also have to adjust their expectations and forgo the rental levels they enjoyed in the heady days from 2000 to 2007. They can still enjoy massive benefits from having an ATM at their premises, but they will derive some of them from effective cross-marketing of services and merchandise, rather than relying on ATM site rentals. Finally, the public – you and me – and businesses, may need to pay reasonable fees for some of the services offered at the ATMs. Let's face it, we already do pay fees for some banking services, so it is only fair to expect to be charged for a number of the services delivered to our communities by Smart ATMs.

What is crucial for all this to work is for the banks to cooperate with the LINK ATM network to ensure innovations are available through LINK that can see Smart ATMs become workable substitutes for the lost bank branches. The banks do not necessarily have to operate the ATMs, but the functionality must be available

A vision of a smart future for UK ATMs continued.

through LINK, so that other ATM operators can step in to run ATMs around the UK. Barriers to entry to the LINK network must be low, to encourage new market entrants, fostering renewed competition and further innovation.

Two innovations I have recently highlighted as being necessary are 1) the universal cash deposit transaction, allowing cash to be deposited at any hardware-enabled ATM in the country, and 2) contactless ATM transactions, which, if implemented as a LINK transaction, would both make using ATMs a more user-friendly experience and reduce transaction times. These are just two of the innovative transactions we need to see at Smart ATMs, connected through the LINK ATM network. There are many more.

Apart from the need to ensure that LINK increases the number of services available via the network, cash itself needs to see further innovation – and not just in terms of using new materials to produce banknotes.

The whole cash supply chain needs to be reviewed to ensure it is fit for purpose. Cash is going to be a payment choice for the UK public for the foreseeable future and infrastructure needs to be in place that allows cash to be delivered conveniently and cost-effectively to end users.

So much needs to be done.

To achieve what is necessary needs all industry participants to work together, in a spirit of compromise and with the collective intent of ensuring that the needs of the public and businesses are met in every respect, including their need for convenient local access to automated cash deposit and withdrawal facilities.

SmartSearch moves AML checks to the mobile

SmartSearch's world-leading AML verification platform is used by more than 3000 businesses across the world. Now, thanks to the new app, all registered users have access to the same system on their iPhone, Android or tablet at no extra cost.

SmartAML is able to electronically verify all documents remotely, with the same capabilities as the full SmartSearch verification platform. This means users can carry out instant AML checks when they are in a client's home or office and receive the results to their handheld device in seconds.

The app reads the name, full address and date of birth from the driving license, all the user has to add is their title (Mr, Mrs, Miss, etc) and press send. SmartAML then validates the information against the credit reference databases and automatically screens the person against worldwide sanction and PEP watch-lists which contain around 2.5 million data subjects.

The results are delivered back to the user in seconds with a green tick or a red cross. The search outcome details are then automatically uploaded into the full SmartSearch system back at the office for the rare occasions that enhanced due diligence needs to be performed.

The new client's customer record will then be monitored either daily, weekly or monthly dependent on the client's risk policies, for any changes to sanction and PEP watch-lists.
If the individual that the user wants to check has no driving license, they can input their name and address into their mobile device for the same checks to be carried out.

This latest development in SmartSearch's award-winning AML platform comes at no additional costs – all current and future users will automatically have access to SmartAML.

Martin Cheek, Managing Director at SmartSearch said: "With the ever-increasing presence and risk of forged identity documents the introduction of electronic verification has brought with it confidence and certainty to AML compliance.

"We have been offering clients our award-winning automated system for seven years now and are really pleased to be able to take our technology to the next level with SmartAML.

"By enabling our clients to perform exactly the same comprehensive checks on their customers whether they are in the office or out in the marketplace, we have given them much more freedom and flexibility, so they can concentrate on spending more time serving their clients rather than being caught up in compliance red tape."

ELSEWHERE IN THE NEWS

The Balance – The pros and cons of moving to a cashless society

Technology, and its consequences, has been the subject of global news agendas recently. From IT failures at TSB to privacy issues at Facebook, worrying questions have been raised about how we use technology.

Justin Pritchard for The Balance talks us through what we can expect from technology transforming the payments world into a cashless society. It's not all hacking and fees though, we'll also see less crime and easier spending abroad.

Read the full article here:
https://www.thebalance.com/pros-and-cons-of-moving-to-a-cashless-society-4160702

Nordic Business Insider – Sweden is on the brink of becoming a cashless society

With many of us wondering how exactly a cashless society would work, others are paving the way and putting it into practice. Nordic Business Insider tells us that cash usage is dropping rapidly in Sweden, and it could soon become the world's first cashless society. According to scientists at the Royal Institute of Technology in Stockholm, the country could abandon paper money within five years as only 13% of all money transactions are made with cash today.

Read the full story here:
https://nordic.businessinsider.com/sweden-is-on-the-brink-of-becoming-a-cashless-society--/

NEWS FROM ENGAGE

Contis gains UK consumer credit licence with Paze acquisition

Contis Group ("Contis") the business that is powering the banking and payments revolution, today announces it has gained a UK consumer credit licence following its acquisition of Paze Financial Limited ("Paze").

The acquisition of a UK consumer credit licence will provide Contis with the capability to allow its B2B platform clients to offer credit to their customers alongside core banking functionality. In addition to the licence, Contis also acquired Paze's full suite of technology, including a sophisticated consumer lending system with AI analytics to make real-time affordability decisions in seconds.
Contis' acquisition of Paze follows its recent partnership with Visa to launch the FinTech fast-track Programme – an initiative providing FinTechs with access to full banking capabilities in as little as four weeks.
Commenting on the acquisition, Peter Cox, Executive Chairman and Founder of Contis, said:
"The acquisition of Paze is the latest step in our journey towards becoming the only one-stop solution for companies looking to transform the financial services industry.
"Contis now boasts a full range of licences and pan-European banking capabilities, following our acquisition of a UK consumer credit licence. We have the ability to power start-ups, helping them challenge the status quo and become major players in the wider banking and payments ecosystem."

Flavia Alzetta, Chief Executive Office of Contis, added:

"With the acquisition of Paze and a UK consumer credit licence, we are excited to begin expanding our offering into the credit space and fulfil the lending needs of new and existing clients."

NEWS FROM ENGAGE

Contis joins Sunday Times Tech Track 100

Contis, the award-winning banking and payments solutions provider, has joined the 18th annual Sunday Times Hiscox Tech Track 100 league table, after growing over 60% annually for the last four years.

The Tech Track 100 for 2018 showcases Britain's private technology, media and telecoms companies with the fastest-growing sales. For Contis, the fast-growing payment services provider, it's a validation of their success in their tenth year. Contis offers an innovative portfolio of alternative banking and payments services powering alternative banks, cryptocurrency exchanges and other financial institutions.

This recognition comes the same week that Contis announced its acquisition of Paze Finance Limited, obtaining a UK consumer credit licence and growing its technology service offering to turbocharge its growth.

CEO Flavia Alzetta stated: "Contis continues to be recognised for its cutting-edge technology and comprehensive suite of products. The success of Contis comes from our commitment to providing our customers with innovative and value-enhancing solutions. This endorsement from the Sunday Times Tech Track 100 is another milestone in our bold ambition to revolutionise the banking and payment industry."

Contis & **Wirex** triumph at PayTech Awards 2018

On Friday 13 July, Contis was awarded the Best PayTech Partnership at this year's PayTech Awards for our work with Wirex.

The PayTech Awards are new and exciting accolades that recognise excellence and innovation in the use of IT in the finance and payment industry worldwide. We provide Wirex customers with a full current account and contactless debit cards to enable them to spend money from converted cryptocurrencies, through the Wirex platform, on everyday purchases.

Congratulations to all of the team involved in the partnership, not only for the fantastic win but also for the hard work put in to make this possible. Here's what impressed the judges about our unique partnership:

"Contis Group's landmark partnership with Wirex enables consumers to spend converted cryptocurrencies on an everyday basis. Exchanging cryptocurrencies such as Bitcoin and Ethereum is currently a difficult and time-consuming process. In some cases, it can take days, during which the value of a transaction could be severely depleted, robbing consumers of their crypto gains.

"Traditional banking infrastructure was not designed to manage the conversion of cryptocurrencies. Therefore, there was a clear market opportunity for a fintech company with the back-end technology to create such an offering.

"Using Contis and Wirex, Bitcoin is transferred from a digital wallet to fiat using a simple foreign exchange via the app or website. The fiat is then held in either GBP/EUR/USD in Contis' white label current account product Canvas™. Canvas™ is a multi-currency account that allows its customers to spend money converted from cryptocurrencies (such as Bitcoin) on everyday purchases. The whole process takes a matter of minutes and the end-consumer receives a notification, informing them that their fiat is readily available.

"Using Contis and Wirex, consumers benefit from a reliable, hassle-free and state-of-the-art solution – one-of-its-kind in Europe at present. The partnership bridges the gap between the end-user and cryptocurrency, with the account effectively allowing users to shop with Bitcoin on demand."

A unique account for the cryptocurrency space

The only account in Europe to facilitate the everyday spending of converted cryptocurrencies.

Wirex is the only provider in Europe to offer a multi-currency account that allows consumers to spend fiat converted from cryptocurrencies on everyday goods and services, using the new contactless debit card issued by Contis.

It's a first-of-its-kind solution that allows trading to carry on readily between fiat currency and cryptocurrency. Using Bitcoin for transactions on the high street or online and withdrawing money from ATMs is much easier for consumers with the Wirex multi-currency account.

"Our decision to partner with Contis was based on our absolute confidence in them being the best at what they do. Their technology and easy-to-use platform means our customers will benefit from a reliable and hassle-free, state-of-the-art solution that others are years away from delivering."

Pavel Mateev, CEO, Wirex

Contis enables Google Pay to make transacting easier and more secure

Contis, a leading provider of end-to-end alternative banking, payments and processing solutions in the UK and Europe, is working with Google Pay™ to offer more people more innovative ways to pay.

Google Pay is the fast, simple way to pay in millions of places – online and in stores. It brings together everything consumers need at the checkout and makes it easy for them to keep track of purchases and redeem loyalty points.

Contis has integrated Google Pay into its award-winning, end-to-end platform which processes payments in real-time and will be offered across its entire proposition:

- **Canvas:** a white label solution that provides companies with a configurable end-to-end banking and payment platform.
- **Freedom:** a consumer current account, providing full current account services including sort code, account number, debit card, direct debits, standing orders and Faster Payments.
- **Engage:** Contis' proposition for credit unions – currently available through more than 150 credit unions nationwide.

For the first time, businesses powered by the Canvas white label banking and payments proposition will be able to offer their customers Google Pay as part of a wider functionality including Faster Payments, SEPA, and contactless debit cards.

Google Pay will also be available to credit union members through Contis' Engage banking and payments proposition, providing them with the latest mobile banking technology to help them manage their finances and shop securely.

Contis has a successful history of enabling solutions for financially-excluded customers, who may have struggled to access bank accounts in the past. By making Google Pay available to this community, Contis brings increased convenience to its existing range of features such as budgeting tools, cash-back programmes, direct debits and contactless debit cards.

Commenting on the launch, Chief Executive Officer Flavia Alzetta said:

"Integrating the latest mobile payment technology into our end-to-end platform will benefit customers across our entire portfolio, including Engage users, by allowing them to use their mobiles to shop in store or online, and track their purchases.

"We are delighted that another technology giant has chosen to partner with Contis and join us in our mission to make alternative payments possible and solidify our commitment to facilitate financial inclusion for the most under-served consumers.

"By providing Engage customers with Google Pay, we will reduce the burden they carry on a day-to-day basis and take another step towards achieving financial inclusion."

Engage has been shortlisted!

Emerging Payments Awards

We're delighted to announce that Engage has been shortlisted in two categories at this year's Emerging Payments Awards taking place in October.

Engage has been recognised in the Best Financial Inclusion Payments Programme and Best Banking Initiative categories.

The winners will be announced on 10 October at The Hilton on Park Lane.

You can view the full shortlist on EPA's website.

www.emergingpaymentsawards.com/2018-finalists/

Irish Central Bank frustrates the launch of ENGAGE® banking solution for the financially excluded via the credit unions

Contis, the leading European banking and payments solution provider, believes the Central Bank of Ireland is failing to move with the times by requiring Irish credit unions to apply for permission before they can recommend their members to join the highly successful Engage current account and debit card programme for European credit unions.

The move unnecessarily delays the much needed financial inclusion of tens of thousands of underbanked Irish families , denying them potential savings of hundreds of euros a year from becoming customers of Engage, which has been designed exclusively for the credit union movement.

Irish credit unions are focused on assisting the sizeable unbanked population and have shown significant interest in the highly successful Engage banking solution.

Engage offers Irish credit union members only an exclusive national banking solution, which delivers a full current account, Visa contactless debit card and mobile banking application for Android and Apple phone users, designed to suit all the credit union members' real-time banking needs. Only credit union members can qualify for an Engage account, so its introduction in the market should also encourage new members.

Recent reports state that there are still many tens of thousands of households in Ireland that do not have access to banking today, making it impossible for these disadvantaged persons to gain any form of true financial inclusion.

Without banking facilities, households are required to collect salaries and benefits in cash, cannot access normal utility tariffs or build a credit history, and are therefore seriously financially disadvantaged in many ways.

Despite Engage having a full e-Money licence under the UK's FCA passporting rules to operate in the Republic, the Central Bank has, through its credit union section, required that any union that wishes to take advantage of the Engage offering must gain their written approval before offering it to their members, adding that this could take up to six months.

Peter Cox, Executive Chairman, Founder of Contis and creator of Engage commented:
"The Central Bank's approach seems inappropriate, as all Engage is asking for is that Irish credit unions recommend the Engage product to their members. It seems an unnecessary process for the credit unions to have to gain explicit approval to recommend Engage – a product they do not control and are not financially invested in – as a way of assisting their members to become fully included in banking."

Their approach seems even stranger when the same Central Bank department has officially endorsed the Payac programme, which appears (at time of writing) to have no available product or proven track record. In contrast, Engage has been live in the UK for 4 years with hundreds of thousands of accounts opened and services provided to some 140 UK credit unions, of which a number are in Northern Ireland.

The average financial saving for users of Engage is £437 annually, thus allowing those on benefits to have a better life.

The Engage account was designed with the disenfranchised, under- and unbanked in mind, linking credit unions' members to a powerful exclusive banking solution that includes an award-winning budgeting tool. It helps credit unions educate members to plan their finances, allowing members to automatically safeguard their core household expenses in envelopes such as rent, loan repayments, care allowances and taxes. Thus it ensures key bills are paid on time automatically, leaving the account holder with the peace of mind that their homes are secure and they know what money they have to spend on other needs.

Engage has won significant awards and has recently been shortlisted for the 'Best Banking Initiative' and 'Best Financial Inclusion Product' at October's UK Emerging Payments Awards.

What are the next steps for Engage in Ireland?
Contis seeks to work with the regulators to allow the launch of Engage in conjunction with the credit union movement and those looking to support the financially excluded.

This mission could be greatly assisted by Irish credit unions pushing the regulators for answers and asking, for example, why a proven solution is deemed to hold less merit than the Payac proposal, which we believe requires a high cost of entry for unions, thus excluding many from offering their members a current account.

FINAL THOUGHTS

On the look-out for **charity partners**

We're on the lookout for suggestions for a charity or community project that is close to your hearts that we can support over the next year. Peter Cox, Executive Chairman and Founder of Engage, explains:

"One of our initiatives for 2018 involves a proportion of our fees going towards a charity and we would like credit unions to help us choose a worthy cause. We're looking for a good cause where this money could make a real difference so please send us your nominations."

Please email **deborah.levy@contis.com** with your nomination and an explanation of why you feel Engage should get involved with this particular cause.

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Published by

engage

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Finding Focus: We need you!

Focus is a quarterly newsletter written for credit unions. We would love to hear your thoughts on what you'd like to read about, the latest news from your credit union and each edition we'll speak to someone inside a credit union to find out what life is like for them. If you'd like to get involved, please email **deborah.levy@contis.com**

If you'd like to find out more about the **Engage** programme, please contact **Deborah Levy** on **deborah.levy@contis.com** or **+44 7976 732267**

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