

FinTech's Challenges, Opportunities, and Entry Points in the Global Market



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If you want to learn about the latest trends in FinTech, block chain, cryptocurrency, crowd funding, lending, ICO's, digital advising, insurance, big data, and more, Empire Startups is the largest community of FinTech entrepreneurs, banking innovators and investors in the world.

As a B2B and FinTech enthusiast, I attended Empire Startups FinTech Conference in New York City on April 18, 2018. **Keynote Carey Kolaja**, Global Chief Product Officer at Citi FinTech spoke about the need for financial wellness, how a cashless society will help consumers save and manage money to pursue their aspirations.

[Canvas](#), launched by Citi is an open banking initiative that facilitates secure customer access to deposits, credit cards and online banking. Citi customers with deposit accounts, credit cards or online banking can apply. They'll receive insights and solutions to segment their transactions between wants and needs, and determine financial goals.

Proponents of a cashless society say it will eliminate the black market and money laundering. Others say a cashless society will eliminate free will, freedom and our privacy.

Media theorist Marshall McLuhan said, “The more the data banks record about each one of us, the less we exist.”

“The increased popularity of cryptocurrencies has raised awareness about the advantages of a cashless society. But, with governments looking closely at this development, they’re more likely to regulate cryptocurrency transactions.” – [The International Compliance Association](#), April 13, 2018. Regardless of how mainstream these systems become, many people still feel comfortable using cash.

The New ICOnomy panel discussion was moderated by Anna Irrera, Fintech Correspondent at [Reuters](#). Jeannette Spaulding of [Crypto Research Group](#), Rod McLeod of [Kik](#), Michael Steinberg of [Reciprocal Ventures](#), and David Concannon of [Latham & Watkins](#) discussed block chain, FinTech, software development, and venture funding.

Jeanette Spaulding emphasized the need for democratizing data for initial coin offerings. Venture capitalists are owning the tokens, but the goal is to get them in the mindset of building tokens for their users.

Rod McLeod said 2017 ICOs are basically dead. Cryptocurrency enabled us to change our business model, raise \$100 million with an app, and build a larger network for everyone looking to launch other apps. Gaming was one of the first partners we went after. Our partnership with [Unity Technologies](#), the world’s most widely-used real-time 3D development platform with [Kin](#), a gaming-specific software development kit (SDK) enables millions of global Unity developers to build and design.

Michael Steinberg said if you look at ICOs, they resemble early-stage registered rounds of syndicates as well as party rounds. In March, 60% of the total funds raised through ICOs were done in private sales. Increased investments by professional money managers and venture capitalists are

adapting to a new funding model. The SEC is directing subpoenas to exchanges, some ICO issuers, advisors, and a lot of Simple Agreement for Future Tokens (SAFT).

The reasoning behind the SAFT framework is the fact that there is no clear line to determine which types of tokens are securities. Utility tokens might be considered securities by the SEC, creating significant legal consequences.

David Concannon said he deals with frustrated clients all the time. Everyone is advising people to do a standard agreement for future tokens (SAFT) and that's where people are going. He referenced the, "[Howey Test](#)" which has determined regulatory oversight for decades. Since cryptocurrencies and bitcoin have huge growth potential, the SEC wants to classify and regulate them. But, distributed networks are designed to be decentralized and to evade regulation.

"SEC subpoenas show the SAFT approach to token sales is a bad idea. The SEC has been issuing a large number of subpoenas to Initial Coin Offering (ICO) issuers, targeting technology companies, and their [investors and advisors](#). Generally, subpoenas are the guided missiles of SEC enforcement actions. While the SEC has been making noise about the illegality of ICOs for months, issuers and their enablers are now firmly in the crosshairs." – [Venture Beat](#), March 13, 2018.

Hot Startups Demo was moderated by Michelle Peng Greenberg of Global Fintech & Commerce Partnerships at [MaRS](#) Discovery District in Toronto. The company works with startups and high-growth companies to enter new markets and creates an ecosystem of entrepreneurs.

Gabrielle Haddad, Founder and COO of [Sigma Ratings](#) said we're re-defining the way the world sees risk. Risks for corporations are understanding who they're doing business with and compliance is a top issue for them. There's a lack of confidence in the world.

As the world's first non-credit agency, we increase the ability to obtain capital by collecting public and private data on every company to obtain a Sigma Rating. We understand risk as it evolves, and are more transparent, faster, and understand company sentiments.

The Myth of the FinTech (Minimum Viable Products) MVP – Keys to Disruption was moderated by Claude Goetz of [Davis Wright Tremaine](#). Unlike other verticals, going to market with a FinTech MVP is nearly impossible. FinTech companies must nurture trust as consumers expect a robust experience from the first “login.”

Milind Mehere of [YieldStreet](#) said we work with lawyers and the technology is slightly simpler, but trust and credibility are the main issues. We had a \$113M financing round announced in January, including Series A and a revolving credit facility.

Tip: We focus on putting money into private deals and focusing on the financial literacy problem.



FINTECH
FINANCIAL TECHNOLOGY

Brandon Kreig CEO and Co-founder of [Stash](#) agreed and said we help the non-rich. We launched on the street and asked people, “Do you invest and save?” Then, we created a mobile-first investment platform that currently helps more than one million people to simplify investing and saving through education and an intuitive user experience.

Our friends and family provide \$500 thousand. Then, we raised four rounds in three years. Investors can customize their own

portfolio starting with as little as \$5.00 and receive ongoing guidance through the Stash App.

Tip: It's easy to build a lot of new features. Keep it simple and pay attention to your customers. Create an MVP to solve a problem.

Diwaker Choubey Founder and CEO of [MoneyLion](#) said we had to pinpoint where we were going to attack and gain experience working with regulators. We created a website that offered 50% off if you linked your Facebook account, and built-in a system of rewards, points and incentives. These offerings encourage financial wellness and helps more than two million people worldwide.

Tip: It's important to direct the people on your team to transition from Series A and do less.

The panelists offered suggestions on how to acquire early customers:

- Use content marketing
- Show (don't tell) how the value proposition of what you see is what you get
- Use performance marketing and find the right expertise
- Be data-driven and learn from experiments.
- Be nimble if you don't have capital
- Understand our heavily regulated environment

Keynote Megan Caywood, Chief Platform Officer at [Starling Bank](#) said we built a bank from scratch. Before, you received financial statements in the mail. Now, you get notifications on your smart phone with real-time insights. We know when you're traveling with your debit card, so you don't need to call ahead of time. With our bank's APIs, you can scan your card, view your insurance, investments, loans, mortgages, foreign exchange (FX), and connectivity.

B2B Innovators Moderator Jean Donnelly, Executive Director of [FinTech Sandbox](#), is a Boston-based non-profit that provides

access to data and APIs from a network of potential customers, advisors, and subject matter experts. Fintech startups don't need funding or revenue to apply. The requirements are to be incorporated, have a full-time team, and possess the ability to access our data.

Panelists Brian Dolan, Managing Director of Technology at [Barclays Investment Bank](#), Patricia Kemp Co-Founder and General Partner at [Oak HC/FT](#), and Nathan Richardson, Co-Founder of [Trade It, Inc.](#) discussed innovation in the enterprise. While partnerships seem to be in-vogue, entrepreneurs must navigate bureaucracy, compliance, cost barriers, and IP policies.

Brian Dolan said banks and FinTech's collaborate a lot more through events, like Salesforce speaking about how to help FinTech's. Barclays and Wave, a Fintech startup completed the world's first live block chain trade transaction. Wave is moving towards the investment banking world.

Banks don't have experience with regular grassroots across the boards. Tech, sales, research, banking, sales, has not be a culture of innovation. Since the financial crisis, there isn't that opportunity people are looking for.

Also, there are cultural differences. The path to success is determining if you have something that will solve a specific problem, not crazy disruptions.

Banks need to be frank with FinTechs and say, why we wouldn't buy your product. We address them head-on until they fix it, and then we're able to buy. Honesty is the number one thing. FinTechs need to be upfront about wanting direct feedback.

Patricia Kemp said there are issues with fraud, customer expectations, cost constraints, and even more acceptance from outside engineers than inside engineers. Huge legacy platforms need to build something on-top.

Typically, we think it will take longer because sponsors

inside a company can be a risk. A sponsor might leave or change jobs, then a new person won't agree, and overall, it's people changing with different agendas. Prepare for it to take two years.

Nathan Richardson said there's a lot of room for FinTech companies to challenge in a \$600 billion market. Expect the finish line to move-around with compliance, risk, marketing teams, and no roadmap or certainties. Maintain an open dialogue. Have a champion inside an organization and get a signed contract.

After the conference, I spoke with attendees to hear their takeaways:

"We live in the world of open banking in the UK. Seeing open banking recognized in the U.S illustrates the global revolution." – James Vargo, [The ID Company](#).

"There are few markets that are more significant than New York and London. Another insight is companies that partner with corporates are more likely to be successful. Outsourcing R & D startups and corporates have fully embraced innovation." – Franscesa Lorenizin, [United Kingdom's Department for International Trade](#).

"For the size of a community bank, you're in the circle of true decision-makers. Our core competency is 5200 reviews on Zillow with an "A" rating. We want to partner with FinTechs." – Zack Pellet, [NBCK bank](#).

"B2B is harder because there is so much involved to get them interested. B2B is a longer play to begin with and friction is expected. It guarantees more long-term stability." – Peter Friedman, [Invest Hong Kong](#)

"The conference was really good. A lot of C-levels. We're here from Luxembourg. FinTech gets exposure in the U.S. and vice-versa." – Robert J. Jarvis, [Luxembourg for Finance](#).

For me, attending, networking and covering the conference felt like I had obtained a four-year degree in FinTech, including cryptocurrency, block chain, digital advisory, lending, equity crowdfunding, and more.

It was exciting to be at the epicenter of all the technology-based innovation that's impacting industry structures and sectors, privacy, regulations, legal challenges, and learning about the huge growth opportunities.

About the Author: Wendy Glavin is Founder and CEO of Wendy Glavin, a NYC full-service agency. Wendy is a 20-year veteran of corporate, agency, consulting and small business ownership. She specializes in B2B2C marketing communications, PR, social and digital media. Her website is: <https://wendyglavin.com/>. Contact her at: wendy@wendyglavin.com.