

Rise FinTech Report 2019

Q1

rise

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Hello

Welcome to the first edition of the Rise FinTech report. Rise, created by Barclays, is a global network of the world's top innovators working together to create the future of financial services. This report is a snapshot into our global Rise network and brings you the latest FinTech insights from across the world for this quarter.

With over 400 companies across our Rise sites and over 300 alumni, we have access to a huge range of change makers in the industry. Our mission is to better connect technology, talent and trends from our network to accelerate innovation and growth for Barclays, startups and corporates. We hope you enjoy and will share these insights.

Join us and rise to the challenge to transform finance.

#HomeofFinTech

Foreword

Global innovation investment outlook

Innovation is the process by which new ideas generate economic and social value¹. The emergence of FinTech has been critical in driving innovation and is a great contributor to growth and productivity within Financial Services.

For over 325 years, innovation has been part of Barclays' DNA. It's allowed us to co-create with our rich, diverse network of colleagues, partners, customers and clients around the world. This has led to a host of industry firsts, from installing the first ATM in the UK to generating the world's first trade transaction using blockchain technology.

It's become increasingly evident that technological innovation, through the emergence of FinTechs, is critical to the future of financial services. Innovation and FinTechs are key to increasing market access, the range of product offerings, and convenience while also lowering costs.²

According to KPMG's FinTech report, investment in FinTechs reached a new record in 2018. Globally, the total number of investments, across M&A, PE and VC, doubled from \$50.8 billion in 2017 to \$111.8 billion 2018.³ This increase can be traced back to three main deals – \$17 billion investment by Blackstone in Refinitiv, the \$13 billion acquisition of UK's WorldPay by Vantiv

and the \$14 billion capital funding raised by Chinese firm Ant Financial.⁴

2018 also witnessed an increase in FinTech investment through corporate venture arms. Corporate VC investment nearly doubled last year, rising from \$11.6 billion in 2017 to \$23.1 billion in 2018.⁵ In addition, established technology companies also participated in the FinTech investments during that period – a trend which is likely to continue for the foreseeable future.

At Rise, we are committed to driving innovation within Barclays and shaping the future of financial services. Rise Growth Investment funds is new investment capital for companies who have been part of the Barclays Accelerator, powered by Techstars, programme. This allows Barclays to invest £10 million per Accelerator class, translating to £30 million capital available for investment per year across our three Accelerator classes.



Michael Beinisch
Global Head of Rise
FinTech Platform

¹ Investing in Innovation, Royal Academy of Engineering, 2015

² FinTech and market structure in financial services: Market developments and potential financial stability implications, FSF, 2019

^{3,4,5} The Pulse of FinTech, KPMG, 2018

Editorial special

FinTech trends – Q1

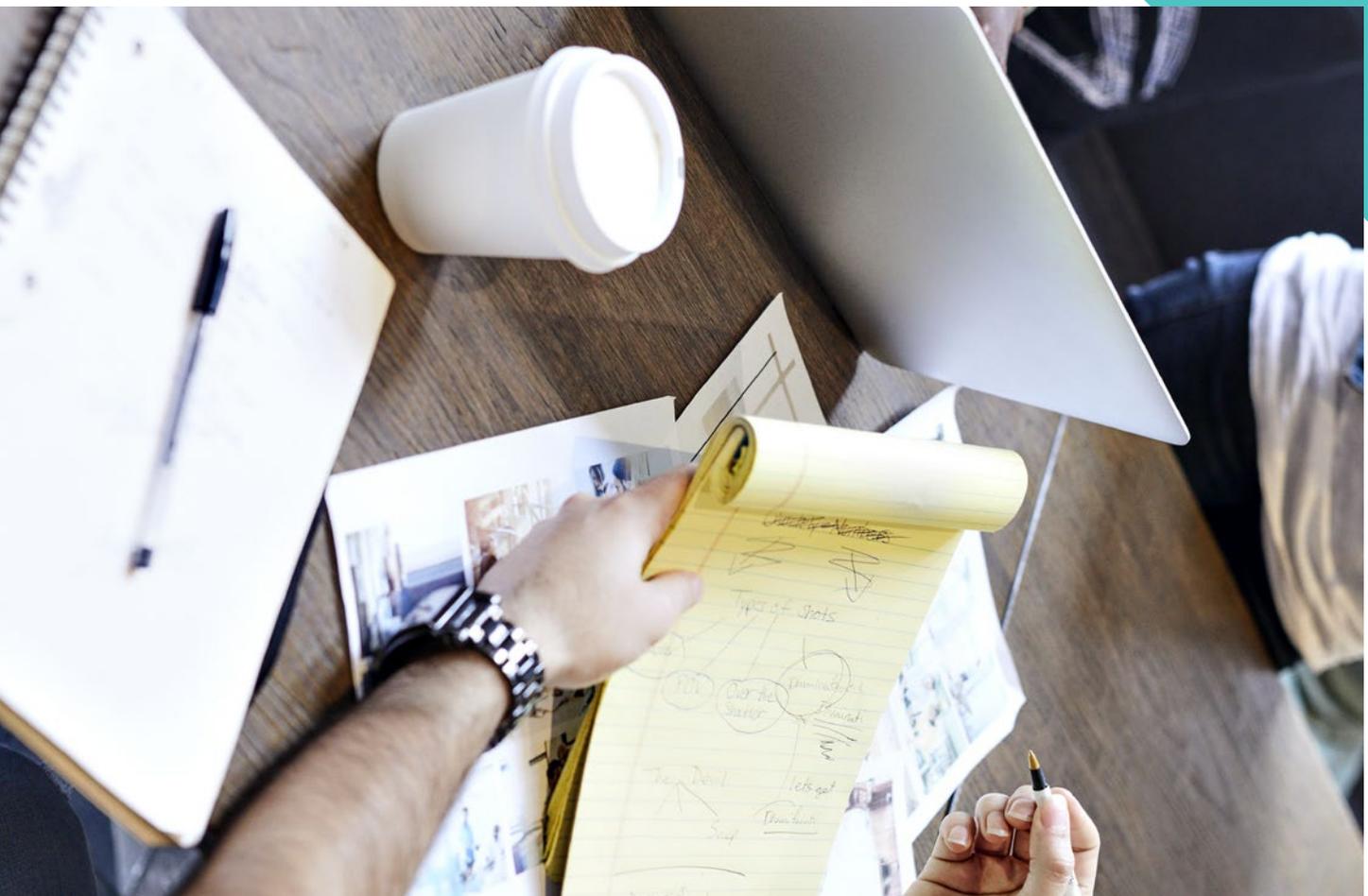
Q1 2019 has continued the trend of FinTech being the hottest thing in tech. Whether it's the launch of the Apple Card, the giant (\$400m) investment by Softbank into UK FinTech Oaknorth or the recognition by major brands like Goldman, ING and Natwest that it's time to create their own FinTechs and challenger brands (Marcus, Volt and Mettle¹ respectively). At 11:FS we talk about the war for customers taking place on the banking battlefield, whether it's incumbents, challengers or big techs we see different approaches playing out. The big banks with a base of customers, trying new ways to adopt and adapt to the market expectation challengers have created. Challengers pushing for customers with simple and delightful experiences. The big tech's beginning to encroach into the profitable bits of banking, and winning brand and mindshare from customers.

The reality is there has never been a better time to be in FinTech, and whilst the investment amounts are astronomical, there's simply so much still to do. At 11:FS we like to say "digital banking is only 1% finished". We say

this because the journey is just getting started. If you think FinTech has happened, think again. Whether it's the focus on small business banking brought about by the alternative remedies fund in the UK and challengers in the US or the slew of micro-savings/lending platforms like Acorns and Plum, FinTech is evolving. As 2019 progresses, more and more of the banking and financial services value chain will be attacked by FinTechs, with funding to follow.²



Simon Taylor
Co-Founder and
Blockchain Lead, 11:FS



¹ Disclosure: 11:FS worked to deliver Mettle for Natwest

² For more information on FinTech Trends please check out '11:FS' podcast, FinTech Insider, on iTunes or Spotify.

This quarter's spotlight: Rise London Let's talk Blockchain

We're moving into spring and we've survived the first quarter of 2019, and despite the grey weather blockchain has been highly visible.

With London Blockchain Week in February, we saw a community of experts, enthusiasts and innovators in this space gather for a week of events across the city. Over 3,000 participants took part throughout the week in various activities, including workshops and blockchain hackathon.

In addition, we witnessed the launch of a blockchain exchange-traded fund (ETF) on the London Stock Exchange this quarter. Investment management firm, Invesco, launched an ETF that targets companies with blockchain as their key offering and revenue generation.¹

A recap for novices out there, blockchain is a subset of distributed ledger technology (DLT), acting as a database that takes a number of records and groups them into 'blocks'. The blocks are assembled to form a 'chain' using a cryptographic signature. This acts as a ledger, which can be shared and corroborated by anyone with the appropriate permissions.² Blockchain has several applications within financial services, namely payments, transaction banking and trade finance, and capital markets.

Reviewing the role blockchain play in capital markets and crypto, there's a lot to get excited about. Blockchain is at the heart of developing the issuing process of tokens. Look at the use case of security token offerings (STO) as an example, the ledger technology can more safely open up accessibility and liquidity, normally seen in FX and commodities markets, to issue and sell shares in private companies. To

reference Nicola McNeely, tech lawyer and expert, the space of crypto poses the question whether we in the future can say bye to IPOs and 'hello' to STOs? Watch this space.

Blockchain in the payments sphere is also an area not to overlook. IBM have accelerated the blockchain revolution with the launch of their global payments network, IBM Blockchain World Wire. Moreover, with Chainalysis raising a series B round of \$30m with their compliance-based software for cryptocurrency transactions, we know that this space should not be underestimated.³



Magdalena Krön
Head of Rise London

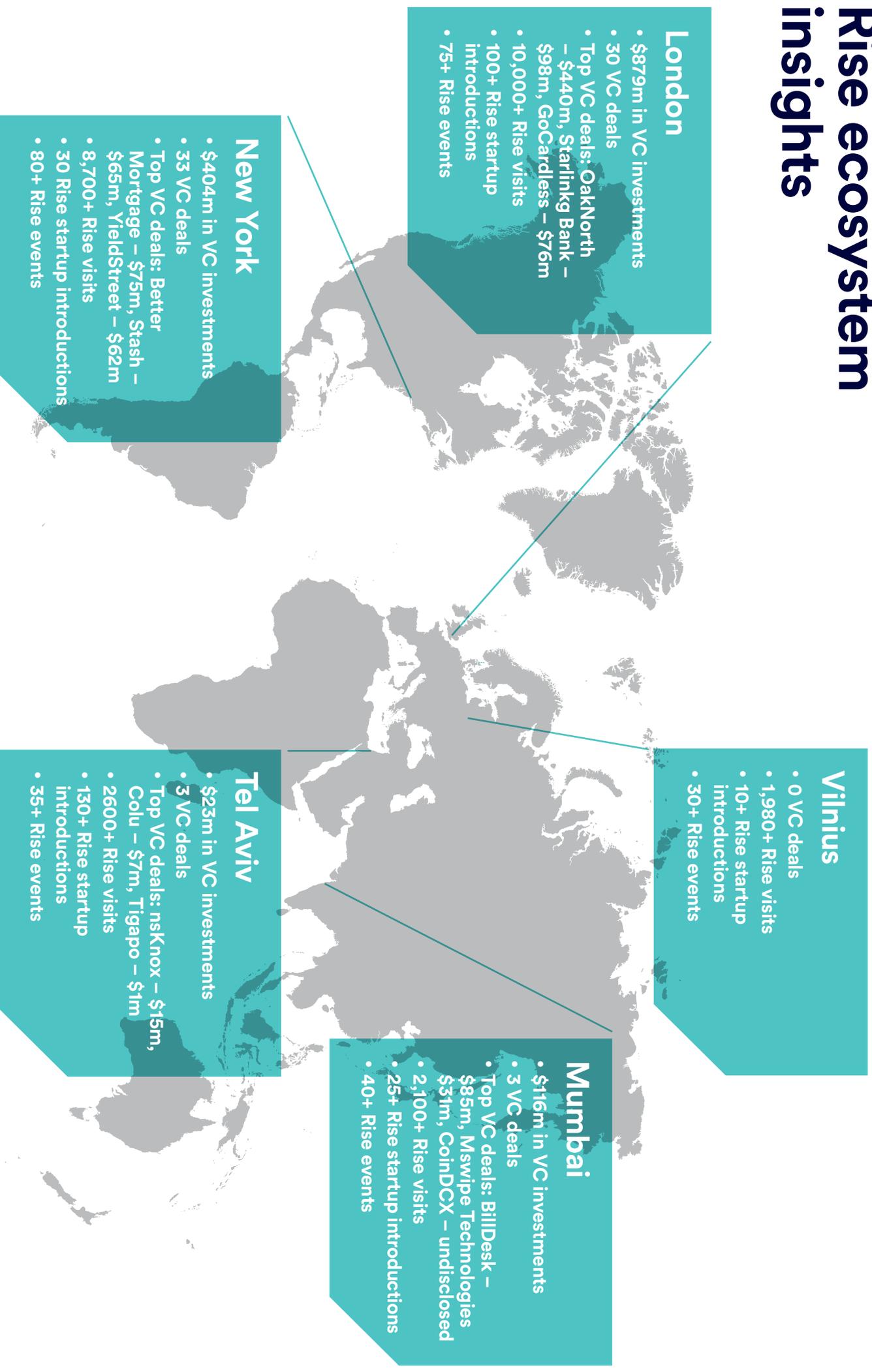


¹ Invesco blockchain ETF to launch on London Stock Exchange, 2019, Financial Times

² Distributed Ledger Technology: Beyond Block Chain, 2016, Government Office for Science

³ Blockchain Sleuthing Startup Chainalysis Raises \$30 Million, 2019, Coin Desk

Rise ecosystem insights



Case study: Flux



Digitising receipts and rewards from within your banking app.

Flux was founded on a simple idea: it's insane that you can go from using 21st-century technology of contactless payments to 100BC technology of paper receipts.

So, the team at Flux created a solution with a mission to digitise, automate and organise the world's receipts whilst creating more valuable interactions with a positive environmental footprint.

Key features

- Automatic digital receipts and loyalty points from participating retailers straight to your mobile banking app
- Makes itemised spend data available to banks, generating new insights that can be monetised
- Enables retailers to connect the offline and online world.

Value

- Enhances customer rewards ecosystem and drives value for our merchant clients
- Enables Barclays to offer services to our customers and clients that are personalised and relevant, enabling all parties to achieve commercial gains.

The Barclays partnership

Flux has integrated with Barclays' Mobile Banking test app 'Launchpad' that has 10,000 live users, and is also working with merchants who are clients of Barclaycard's acquiring business.

tryflux.com

Case study: Simudyne



Inform decision making by using predictive analytics to simulate highly complex scenarios.

Leaders have access to unprecedented quantities of information. They need to act fast, break down silos and solve big problems.

Simudyne helps senior leaders accelerate optimum performance by providing a platform to help make radically better decisions.

Key features

- Quickly build and run complex models with billions of parts
- Provide immediate answers through an easily digestible interface
- The only secure simulation platform certified by Cloudera (market leading Hadoop 'Big Data' platform).¹

Value

- Enables Barclays to do predictive analytics at a large scale and extremely low computational cost
- Simulate more detailed scenarios and understand the spectrum of possible outcomes
- Gain insights and make quicker, data-driven decisions.

The Barclays partnership

Simudyne's software has been described as 'potentially transformational' to our business and a successful pilot was completed across Barclays (Quantitative Analytics, Risk Analytics, Credit Risk, FIRM, Omni-Channel and Customer Experience). Barclays now has an Enterprise Platform License with Simudyne to help us better manage risk, as well as looking at revenue generating use cases across the business. Simudyne is also building out our talent base for data scientists.

simudyne.com

The Rise Platform Team



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INNOVATE/FINANCE

Innovate Finance is an independent membership association that represents the UK's global FinTech community. Founded in 2014, Innovate Finance is a not-for-profit that advances the country's leading position in the financial services sector by supporting the next generation of technology-led financial services innovators. More than 250 global members joining to date ranging from seed stage startups to global financial institutions and professional services firms. All benefit from Innovate Finance's leading position as a single point of access to promote enabling policy and regulation, talent development, and business opportunity and investment capital.

Learn more at innovatefinance.com

The Rise Platform
in numbers

1000+

Individual Rise members

250+

FinTech Rise members

90,000

Yearly visitors (2018)

6500+

Social media followers



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About Rise, created by Barclays

Rise, created by Barclays, is a global community of the world's top innovators working together to create the future of financial services. With a diverse network of FinTech talent, one of the world's leading accelerator programme and workspaces based in the main FinTech hubs of the world, Rise is an exclusive place for FinTech companies to connect, create and scale together with Barclays.

To join our community, or keep in touch with the latest Rise news, visit or follow us on:

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