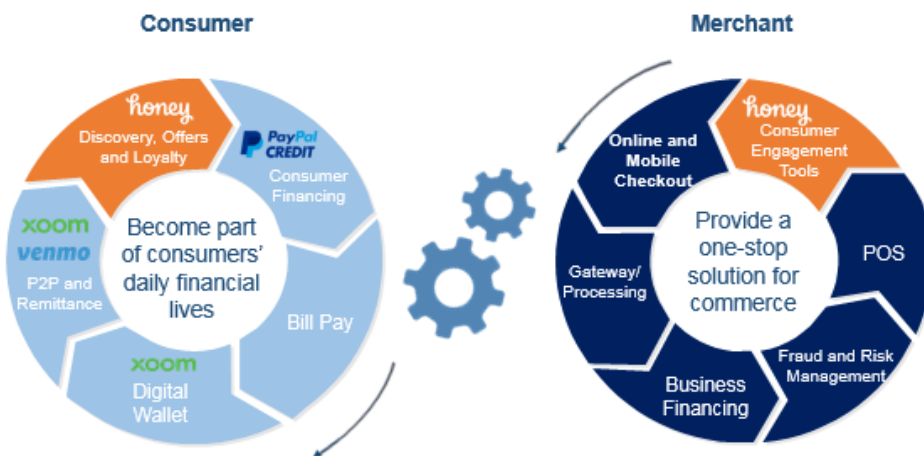


Global FinTech Weekly



Highlight of the week – Why PayPal pays US\$ 4bn for Honey?

Figure 1: Honey will add to PayPal's value proposition to both consumers and merchants – but consumers are clearly the priority



Source: PayPal, AMTD Research

PayPal to acquire shopping and rewards platform Honey for US\$ 4bn

This would mark PayPal's largest acquisition ever. Honey offers a browser extension and mobile application for consumers to find discount codes applying to their shopping cart, across 30,000 of online stores. Honey has 17 million monthly active users currently. PayPal's press release explains this move as "to reach consumers at the beginning of their shopping journeys".

PayPal's anxiety to get closer to consumers

One powerful feature of Honey is that its mobile app allows consumers to add products from different retailers in one single shopping cart. Honey also provides price tracking tools and maintains a loyalty program redeemable with leading retailers such as Amazon. However, if this justifies a US\$ 4bn valuation remains to be seen. One thing is clear - PayPal's anxiety to get closer to consumers and grow out of a pure payment tool. PayPal's management confirmed its priority over synergy on the consumer side on the acquisition conference call.

This highlights the challenges faced by standalone payment companies – how to improve their customer engagement and increase their monetization channels

Payment tools that do not own consumption scenes traditionally have limited monetization channels apart from the interchange fees. The problem lies in user engagement, the availability of consumer and merchants data, and

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if the payment tool owns customer relationship. Honey makes money by taking sales commission from the retailers. PayPal can utilize Honey's service to help its 24 million merchants for better conversion rate as well as give Honey access to its 300 million accounts. PayPal's management indicates a 6-12mth timeline to incorporate Honey's service into PayPal so that consumers can directly enjoy Honey in PayPal. This could also allow more personalized recommendations for PayPal's users.

PayPal is under attack on both retail end and merchant end

PayPal's retail checkout service is under attack from Apple Pay, Google Pay as well Square Cash. PayPal's Venmo (acquired through acquisition of Braintree) started up as the most popular mobile wallet in US, was surpassed by Square Cash in cumulative downloads in August 2018. Its payment gateway/process is also challenged by Stripe, Adyen, Square etc.. PayPal has accelerated its acquisitions in response to these new challenges.

News of the week

Mobile Payment

Africa

African Fintech OPay raises \$120m

OPay, the startup behind one of Nigeria's leading mobile payments services, has raised \$120 million in a Series B funding round joined by a host of Chinese investors. Incubated by Norwegian-based internet browser outfit Opera, OPay launched its agent-centric mobile payments service in August 2018, entering a market with a large unbanked population. The firm now has a network of over 140,000 agents and transaction volumes of more than \$10 million a day. OPay's services range from mobile payments and transfers to ride-hailing and food/grocery delivery. In a statement, the company said it plans to use its new capital to "further accelerate its expansion across its multiple verticals, as well as entering new African markets."

Source: [Finextra](#)

Payment

IPO

Australia's Tyro Payments looks to raise A\$250m in IPO

Sydney-based Tyro Payments is seeking to raise around A\$250 million by floating on the Australian Securities Exchange (ASX). The payment services provider has lodged its initial public offering prospectus with an indicative price range of A\$2.50 to A\$2.75 which, at the top end, would give it a market capitalization of A\$1.36 billion. Founded in 2003, Tyro has 450 employees and is Australia's fifth largest EFTPOS provider, processing more than A\$17.5 billion in transactions in full year 2019. However, it expects to report a fourth straight annual loss in 2020.

Source: [Finextra](#)

Digital Bank

Chime

Digital Bank Chime Will Quadruple Its Revenue In 2019

San Francisco-based Chime has seen its revenue explode over the past year. In 2019, it will reach nearly \$200 million, a fourfold increase over 2018, according to a person familiar with the matter. The neobank currently boasts 5 million accounts held by around 3.3 million customers. Chime owes its strong customer totals in large part to its lack of fees and aggressive marketing strategy. In addition to eschewing monthly service fees, Chime also charges no foreign transaction fees, has no minimum balance requirements, and even offers a \$100 fee-free overdraft cushion. Now the company plans to expand into other products like credit cards and investment services in its quest to become a full-service digital bank.

Source: [Fintechranking](#)

SME

Bill.com files for IPO

Payment

Business payments platform Bill.com has filed for an IPO on the New York Stock Exchange in a bid to raise \$100 million in capital. Bill.com hit the \$1 billion valuation mark in April thanks to an \$88 million funding round led by Franklin Templeton with participation from Mastercard and Fidelity Investments Canada. It has built up a network of more than three million members paying and getting paid with its technology and manages more than \$60 billion in annual payment volume. In its SEC filing, the company said that it had over 81,000 customers using its platform.

Source: [Finextra](#)

Acquisition

Elavon to acquire Sage Pay for £232 million

Payments Gateway

Elavon, the global merchant acquirer unit of U.S. Bancorp, is to acquire payments gateway Sage Pay for £232 million, expanding its business in the UK and Ireland. Sage announced plans to sell its payments division three months ago. The unit, which has around 50,000 small and medium-sized business customers, reported revenues of £41 million and an operating profit of £15 million in 2018. Elavon is currently the fourth-largest merchant acquirer in Europe.

Source: [Finextra](#)

SMBs

BlueVine raises \$102.5M more for banking services that target small businesses

Financing

BlueVine, a financial services startup offering financing and other banking services to SMBs, is announcing that it has raised \$102.5 million, a Series F round of equity funding that is coming from a mix of financial and notable strategic investors. BlueVine's service is mainly based around its financing products, where it provides both lines of credit and term loans (both up to \$250,000) and "factoring," where customers can arrange for BlueVine to pay up front for invoices that they select to be paid, and means that users don't need to wait for money to come in before paying for bills.

Source: [Techcrunch](#)

Digital Transaction

Deutsche Bourse and Swisscom use tokenised assets and DLT to settle securities transactions

DLT

Deutsche Bourse and Swisscom have completed a successful proof of concept for settling securities transactions using distributed ledger technology and the exchange of equity and cash tokens. For the trial, the share registry of a real Swiss enterprise was digitalized using the platform of the start-up company daura, and the shares were then tokenized. To enable the execution of a delivery-versus-payment transaction based on DLT, money was made available in the form of cash tokens. The money was deposited as collateral in the account of Eurex Clearing at the Swiss National Bank. In the following securities transactions, the banks acted as counterparties and exchanged securities tokens against cash tokens using both the Cord and Hyperledger DLT protocols.

Source: [Finextra](#)

Cryptocurrency

PayPal invests in cryptocurrency compliance startup TRM

PayPal

PayPal has joined a \$4.2 million funding round for cryptocurrency compliance and risk management platform TRM Labs. PayPal Ventures was joined by Initialized Capital, Blockchain Capital, and Y Combinator as investors, bringing the total raised in TRM's seed round to \$5.9 million. The startup aims to help financial institutions embrace the opportunities associated with cryptocurrencies by mitigating the risks. It integrates with more than a dozen blockchains, and analyses billions of virtual asset transactions to detect signs of fraud and financial crime like money laundering in real-time.

Source: [Finextra](#)

Crypto

Ledger's Vault Scores \$150 Million in Crypto Insurance From Lloyd's Syndicate

Insurance

Ledger, the creator of the iconic Nano hardware wallet, is wooing institutional investors to use its technology to custody cryptocurrency for themselves with the help of big-name insurance broker Marsh. Marsh has arranged a \$150 million insurance policy from Lloyd's of London syndicate Arch for users of the startup's Ledger Vault technology platform, the companies announced Thursday. The move is another sign that the insurance industry is gradually becoming comfortable writing coverage for digital assets – widely considered a prerequisite for institutional investment.

Source: [Coindesk](#)

Neo Bank

Starling has hit the 1 million account milestone, placing it among the three most successful UK neobanks

Starling

UK neobank Starling has achieved the 1 million account mark, Starling's founder and CEO Anne Boden confirmed to Yahoo Finance UK. The milestone places Starling among the three most successful neobanks in the UK — trailing Revolut's 8 million customers and Monzo's 3.3 million.

Source: [Fintechranking](#)

Biometric

Cornèrcard launches biometric credit card

Payment

Switzerland's Cornèrcard has teamed up with Gemalto and Visa to launch the country's first credit card featuring a biometric fingerprint reader. To register a fingerprint on the limited edition Cornèrcard biometric gold Visa credit card, users touch a sensor, with an LED signaling the successful capture. Then, for the first transaction with the card, users enter a PIN. After this, they can confirm payments at the point of sale by touching the sensor on the card with their finger.

Source: [Finextra](#)

KYC

MAS to reboot e-KYC project

Singapore

THE Monetary Authority of Singapore (MAS) will have a second go at its failed electronic know-your customer (e-KYC) project, said MAS managing director Ravi Menon on Wednesday. The centralized KYC utility idea was first proposed in 2017, and was meant to allow financial institutions to identify and verify potential customers' details in a seamless way. The e-KYC utility would have created a more efficient way of checking against sanctions and black lists. It could have fundamentally changed the way banks labor through documents to block illicit funds out of money

laundering or terrorism financing activities from being channeled through the banking system here.

Source: [Fintechranking](#)

Payment

JPMorgan Chase begins nationwide roll-out of mobile-only bank

JPM

JPMorgan Chase is taking its mobile-only banking offshoot Finn nationwide following its debut in St. Louis in October. The bank designed mobile-only Finn by working closely with millennials for more than a year to understand their unique money challenges and what influences their spending. Research found that emotions played a large part in their decisions, but they didn't have a way to understand the impact it had on their financial lives.

Source: [Fintechranking](#)

Neo Bank

Australian neo bank 86 400 rolls out digital mortgage offering

Mortgage

Just nine weeks after going live to the general public, Australian neo bank 86 400 has entered the mortgage business, offering entirely digital home loans through a network of brokers. The offering provides brokers with a digital platform embracing everything from electronic statement capture to mobile ID verification, and electronic signatures, delivering a faster time to a home loan decision with just a single piece of paperwork needed for a purchase – the contract of sale.

Source: [Fintechranking](#)

Challenger Bank

Tandem starts global expansion with Hong Kong launch

Hong Kong

Digital challenger bank Tandem is expanding to Hong Kong as it begins an international expansion strategy. The firm launched in the UK in 2016 and then swiftly, and somewhat unexpectedly, bought Harrods bank. Now it says it offers a full-service digital bank, offering a suite of financial products in the UK, including savings accounts, mortgages, credit cards and loans but has kept quiet on plans to launch in other geographies unlike other digital banks such as Revolut and Monzo. Tandem will "work closely" with Convoy Global Holdings, a Hong Kong-listed financial services giant.

Source: [Fintechranking](#)

Digital Bank

HSBC and RBS race to launch new digital banking platforms

HSBC

UK banks HSBC and RBS are both set to launch new separate digital banking platforms. HSBC has announced its app-based service for small business customers – HSBC Kinetic – is in beta testing, just as RBS, through NatWest, is gearing up to launch its new digital bank Bó to the public later this month. Formerly known as Project Iceberg, HSBC's new mobile-first banking platform is designed to analysis spend and offer cashflow features to serve the small business. RBS' neobank Bó, which is designed to help people with less than £100 in their savings, is in preparation for its public launch later this month. The challenger aims to help those 16.8 million struggling to save, showing them how to spend and budget with alerts which warn them when they are overspending.

Source: [Fintechranking](#)

Commission-free

Stock Transaction

Robinhood readies investment product for early 2020 launch in UK

Robinhood is now inviting UK customers to sign up to receive early access to commission-free stocks when the broker app launches in early 2020. With over six million US users, Robinhood's UK president Rutgers highlights how Robinhood will now provide unlimited commission-free trades through its core platform with "no account minimums and access to over 1000 global stocks to the UK customers", including flexibility with instant deposits and instant trades. Robinhood users will also have access to analyst ratings, candlestick charts, as well as financial newsletter, and can upgrade to premium market data tool Robinhood Gold.

Source: [Finextra](#)

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