The champions league

An in-depth look at the winners of the inaugural Deloitte Financial Services Innovation Awards
Faced with a wave of disruptive new entrants looking to encroach on its territory using technology, the financial services sector is embracing innovation in order to adapt to a fast-changing environment. And adapt it must: as Jack Welch, the former CEO of General Electric said, “when the rate of change on the outside exceeds the rate of change on the inside, the end is near”.

In little over three decades, Ireland has grown into a global financial services hub: 20 of the world's top 25 financial services companies, 17 of the top 20 global banks and 11 of the world’s top 15 insurance companies have a presence here. All told, there are more than 400 financial services companies in Ireland, employing over 40,000 people.

Ireland also hosts some of the biggest names in technology, and the sector employs more than 105,000 people. Between 2016 and 2018, Dublin attracted the seventh highest number of tech start-up foreign direct investment projects globally, according to FDI Intelligence.

These two sectors are converging, and it’s leading to unprecedented levels of innovation. To recognise and celebrate this effect, this year Deloitte held its inaugural Financial Services Innovation Awards programme, in partnership with Financial Services Ireland and Banking and Payments Federation Ireland.

“The financial services industry is changing, and changing rapidly. New entrants, new technologies, and changing customer expectations are driving financial services companies to evolve how their businesses and processes work. As a result, we are seeing some very strong innovations, collaborations and technology applications that are transforming the industry and bringing customer centricity to the forefront of agendas,” says David Dalton, Partner and Head of Financial Services at Deloitte Ireland.

Explaining the rationale for creating the awards, he added: “We're seeing a level of innovation in the financial services industry and an ecosystem in Ireland not seen before, and this is establishing Ireland as a league hub for innovation internationally. We think those pioneering this innovation should be recognised, not only to showcase the strength of the financial services industry in Ireland in the global marketplace, but also to highlight the potential for learning across the industry for the benefit of all. It's about recognising ideas, rewarding innovation and making an impact.”

David Dalton was one of the six-person judging panel that also included Julie Sinnamon, CEO of Enterprise Ireland; Brian Hayes, CEO of the BPFI; Joe Duffy, Chair of FSI Executive Board and Country Executive for BNY Mellon in Ireland; Ciaran Hancock, Business Editor with The Irish Times; and Mai Santamaria, Head of the Financial Advisory Team at the Department of Finance. More than 100 submissions were received for the awards, which comprised of nine categories, including an overall winner. In this article, we take a closer look at the winners in each category and hear directly from them about what made their ideas resonate not only with the judges, but with the market and their customers.
Pictured at the launch of the awards were members of the judging panel (L-R): Ciarán Hancock, Business Editor, Irish Times; Brian Hayes, CEO, Banking & Payments Federation Ireland; Julie Sinnamon, CEO, Enterprise Ireland; David Dalton, Partner and Head of Financial Services, Deloitte Ireland; Mai Santamaria, Head of Financial Advisory team, Department of Finance; and Joe Duffy, Chairperson, Executive Board, Financial Services Ireland.

Product or Service and Overall Winner
TransferMate won both the overall award and the Product or Service category for its Global Invoice Connect product. This is an international receivables product for businesses looking for a more efficient solution for receiving payments from their global customers. It addresses three pain points for businesses by reducing complexity in the global payments system, lowering the forex costs and streamlining the accounts receivable process.

Sinead Fitzmaurice, TransferMate’s CEO, explains the concept as follows: “Traditionally, banks could only offer payers the ability to make global payments through a wire transfer, which uses a network of other banks to transfer funds to the final destination and requires payers to know a significant amount of information about the beneficiary a the beneficiary’s bank. Payers often incur foreign exchange charges when converting currency to satisfy an invoice and the fees imposed by each bank in the payment chain reduces the principal amount of the transfer. In addition, any misstep in payment instructions...
can lead to delays and discrepancies in the amount received by the invoicing business which in turn places a burden on accounts staff who have to manually reconcile payments and resolve errors. So, we wanted to build a B2B platform that would eliminate the chain of banks, allowing for reduced cost and greater reconciliation."

If the theory sounds easy, the practice proved more of a challenge. The platform was four years in development, due partly to the need to align a “regulation highway” that would make the process of B2B global payments as frictionless as possible across more than 162 countries, 134 currencies, and a variety of legal and regulatory frameworks. TransferMate collaborated with Wells Fargo to bring Global Invoice Connect to the market, and it officially launched in May 2019.

Its existence reflects a changed world where cross-border business is open to all businesses, says Terry Clune, Taxback Group founder who started TransferMate in 2010. “Businesses of all sizes are connecting with suppliers, customers, vendors, and services around the world, and expect to send and receive money across borders with the same transparency and speed as their domestic payments,” he says.

**Operations**
The Institute of Banking was awarded in this category for its innovation in middle and back-office operations which improved organisational efficiencies and reduced operating costs. The Institute provides specialist education and lifelong learning to financial services professionals. 9,800 of them studying in 2018 alone.

IoB developed an innovative education platform for financial services that uses blockchain technology, in collaboration with Bank of Ireland, AIB, Ulster Bank and Deloitte. Called EdQ, it supports the verification, tracking, direct access to and management of regulatory and other professional designations, education qualifications and lifelong learning credentials, according to Kevin Gallen, the Institute’s deputy chief executive. The platform is the first of its kind in Europe.

For banks and financial services firms, the new platform will automate a substantial amount of manual processing, reducing costs. It will also mitigate operational and regulatory risk, including compliance with the Central Bank of Ireland’s Minimum Competency Code and Fitness and Probity regimes. A pilot was successfully completed at the end of July and full roll out of the new platform is planned for summer 2020. Including the banks, the new platform will support more than 1,500 firms and 30,000 individuals across Ireland.

“Ultimately for us in IoB, it’s all about helping those who work in financial services to sustain a career, and for the industry to retain and attract the best talent in banking, investment funds and international financial services – whilst ensuring the highest professional standards for the benefit of customers who are served by our industry,” he says.

**Customer Experience**
Xtremepush, the winner in the customer experience category, saw first-hand the opportunity for banks to organise their data effectively and improve how they interact with customers. “Through no-one’s fault, banks have unfortunately found themselves with a jumble of disconnected data silos. It’s frustrating and leads to irrelevant communications

“Businesses of all sizes are connecting with suppliers, customers, vendors, and services around the world, and expect to send and receive money across borders with the same transparency and speed as their domestic payments.”

Terry Clune, Executive Chairman and Founder, TransferMate
that over time erode the relationship between them and their customers,” says Xtremepush CEO Tommy Kearns. Examples of where it can go wrong include sending emails promoting first-time mortgages to customers who already have one. Or card-linked offers for nappies being sent to single men in their 20s. “These are genuine examples! When your data is cluttered and unusable, then all you can do is send the same generic content to every customer. That’s just not good enough anymore,” says Kearns.

Xtremepush provides a central repository for data, giving banks a single view of the customer across all digital campaigns. It also combines all messaging channels into one platform, avoiding a series of single-point systems that make it hard to deliver a good customer experience.

For growing numbers of businesses, customer experience looks set to be a key battleground in the future. “Customer experience is vital. It’s one of the biggest competitive differentiators right now in all sectors, but especially in banking. The consumer has so many choices nowadays compared to 15 or even five years ago,” says Kearns.

The 2019 winners of the Deloitte Financial Services Innovation Awards, pictured (L-R): Joe Dunphy, Fenergo; Sinead Fitzmaurice, TransferMate; Terry Clune, TransferMate; David Dalton, Deloitte; Denis McCarthy, Fexco; Harry Goddard, Deloitte; Mary O’Dea, The Institute of Banking; Rob Neale, Fexco; Helen Cahill, InvoiceFair; Phoebe Toale, AQMetrics; Susan Moran, Xtremepush; and Carole Donaghy, Ulster Bank.
The danger for incumbent banks isn't losing customers per se, as most consumers will keep using their established banks for saving and receiving salaries. “However, because of the superior user experience, and the added service-bundling benefits on offer too, they are transferring discretionary income to their neo-banking app and purchasing through that. And when this happens, traditional banks lose the transactional data, the raw material needed to influence their customers towards business goals and drive revenue,” he says.

RegTech
A joint winner of the RegTech award, AQMetrics was formed in 2012 to help asset service providers and investment managers address outdated and inefficient ways of managing risk and compliance. CEO Geraldine Gibson-Dautun, says the company's innovation lies in how it embeds explainable artificial intelligence (XAI) into its rules engine and workflow.

“Financial services end users are more and more sophisticated year on year. CX has been at the heart of everything at AQMetrics from inception seven years ago. However, it is most evident that customers’ curiosity towards CX has grown significantly in the past two to three years,” she says.

The other winner, Fenergo, creates innovative solutions that enable financial institutions to streamline Know Your Customer (KYC) and Anti-money Laundering (AML) compliance processes, while creating frictionless, digital client onboarding experiences.

“This award is a testament to how Fenergo leads the market when it comes to addressing regulatory pressures and providing global compliance, across all jurisdictions,” says Joe Dunphy, Global Head of Strategy and Corporate Development.

Learning
Ulster Bank won the learning award, having expanded its staff innovation programme to providing not just a classroom-based offering, but a more experiential learning experience. For its newest iteration of the programme, the bank asked employees to submit ideas for a new business or volunteer to be part of a team to develop these new ideas.

From over 70 applicants in the first year, the bank chose 15 ‘intrapreneurs’ who would work in five groups of three to develop a new product or service. The incubation programme lasts for 13 weeks, during which time the applicants leave their regular day jobs and are based at Dogpatch Labs, the technology incubator hub in Dublin. Dogpatch has been a partner of Ulster Bank since 2015 and the choice of venue is deliberate, to help immerse the bank staff in the startup ecosystem.

“It’s about getting staff to think and work like entrepreneurs. We know that entrepreneurs are typically creative and come up with great ideas, are resilient, and not afraid to fail. Those are the skills we want to build in our staff for the future,” says Neil Doyle, Innovation Consultant at Ulster Bank.

The incubation programme culminates in a five-minute pitch to the Bank’s Executive Committee, like a founder would give to a venture capitalist. Of the five ideas in the 2018 programme, Ulster Bank granted two teams further funding to build a minimum viable product.

“We know that entrepreneurs are typically creative and come up with great ideas, are resilient, and not afraid to fail. Those are the skills we want to build in our staff for the future.”

Neil Doyle, Innovation Consultant, Ulster Bank
One is an app called Farm Assistant that’s designed to store, upload and save all documents about running a farm. Currently in pilot with a selection of customers, it can help farmers when they need to submit paperwork to apply for grants, subsidies or a loan from Ulster Bank. The second product due to pilot soon is a website called Growth Hub, which is essentially “The Skyscanner for SME lending” that connects small companies with alternative funding sources.

Whether an idea becomes a product or not, the learning and development aspect of the programme remains essential, adds Doyle.

“The people on the programme come from a diverse range of roles such as Finance, Risk, Retail Banking... you can be put in a completely different workspace where you learn and develop skills that you didn't even know you had. Even if an idea isn't funded, the skills that the programme teaches them, like problem solving, presenting, and developing ideas in agile ways, are critical skills that we want our staff to have.” Proof the programme works is clear: more than 50% of the people who took part have since moved into new roles or been promoted.

Social or Sustainable Entrepreneurship
A winner in the social or sustainable entrepreneurship category, Fexco developed a mobile app called EasyDebit that is deployed in Philippines to provide virtual ATM services. It meets a pressing social need since access to cash is very difficult because there are just 20,000 ATMs spread across a nation that spans 2,000 inhabited islands.

Anyone operating a business can apply to become an accredited provider; now fuel stations, pharmacies and even schools offer cash-out services to their local communities. Instead of making half-day round trips to the nearest bank machine, people can easily withdraw cash close to where they live.

The idea was conceived by an Irish Filipino who is now chair of Fexco Philippines. Fexco was the first to market in the Philippines and the first disruptor to combine an MPOS pinpad with a mobile app to complete the transaction. Since going live in 2017, the app has processed transactions for over 100,000 cardholders totalling more than 2bn pesos (around €35m).

“It’s making a real impact to people's lives. It gives more convenient access to cash, and it’s better for merchants,” says Rob Neale, innovation product manager at Fexco. Winning the award has helped to progress conversations with banks in the region, he adds. It’s also a source of pride for Fexco’s developers in Ireland and its local 25-strong team in the Philippines. “It’s a valuable recognition and endorsement of what we’re trying to do to deliver change for good in the country.”

InvoiceFair was awarded in the Most Disruptive FinTech category at the Deloitte Financial Services Innovation Awards in September. Pictured (L-R): David Dalton, Partner and Head of Financial Services, Deloitte Ireland; Helen Cahill, CEO, InvoiceFair; and Peter Brady, CFO, InvoiceFair.

InvoiceFair was awarded in the Most Disruptive FinTech category at the Deloitte Financial Services Innovation Awards in September. Pictured (L-R): David Dalton, Partner and Head of Financial Services, Deloitte Ireland; Helen Cahill, CEO, InvoiceFair; and Peter Brady, CFO, InvoiceFair.
“The secret is not being afraid of getting things wrong, and not expecting things to go right 100% of the time. It’s about tolerance of ambiguity.”

Denis McCarthy, CEO, Fexco

Most Disruptive FinTech

Although InvoiceFair won in the category of fintech disruptor, CEO Helen Cahill prefers to think of the company in different terms. “I don’t know if we see ourselves as a disruptor – more a catalyst for growth. We sincerely feel we are changing the game for SMEs.”

InvoiceFair was set up to address the problem when small companies sell goods or services to large blue-chip multinationals, only to face long credit terms and potentially squeezed cash flow. In the past, they would have approached traditional funders whose risk appetite to provide advance funds was limited. That’s a marked contrast to markets like the US, where more than 60% of SMEs get funding from alternative sources.

InvoiceFair’s platform connects SMEs with a pool of institutional funders that eliminates both concentration risk and geographic risk. SMEs sell their receivables, invoices or purchase orders and the funders advance 90% of the value of the contract. Since InvoiceFair started trading in May 2015, it has funded more than €400 million worth of receivables.

The service has proved especially useful for export-focused SMEs that are looking to diversify beyond the Irish and UK markets, but who couldn’t access funding in the past to let them do this. “The pool of funding that we can connect SMEs with is interested in buying receivables and future receivables. That audience doesn’t discriminate by country once the credit quality of the receivable is good, such as if the customer is a large multinational,” Cahill explains.

Cahill believes winning this award will help to raise InvoiceFair’s profile even further. “There’s nothing like advocacy and credibility when you are promoting something that’s slightly new and different. Deloitte is a name that carries huge weight and credibility, and we would see it as a significant milestone.”

Leadership

Fexco CEO Denis McCarthy was an appropriate winner of the inaugural award that was created to recognise an individual who has significantly contributed to innovation in the financial services industry.

His response reveals much about his own approach to leadership. “Fexco has always been an innovative company ever since its inception, and from our earliest days we were a multi-product company. All I’m doing is building on that legacy of being entrepreneurial and trying new things,” he says. “I think that Ireland is a very entrepreneurial country and for Fexco and me personally to be recognised was a real honour.”

McCarthy describes his leadership style as “involved”. He likes to take part in the very earliest stages of product development and talking to customers to see if an idea has potential. Travelling on the same journey as the team, taking part in presentations, and leading by example are key, he says.

His background as founder of Annadale Technologies and Aviso gave McCarthy a vital grounding in leading the development of new products, and he says the experience shaped his thinking on innovation. “I learned that things never work out the way you think they’re going to. The journey you travel, and the strength of your team is a critical factor in making things a success.”
Recalling his time at Annadale, which he founded in 2004, McCarthy says very few products were successful in the way the team initially anticipated. A flexible mindset is key, he believes. “Things always take some turns, so if you’re adaptable you take that on board. The secret is not being afraid of getting things wrong, and not expecting things to go right 100% of the time. It’s about tolerance of ambiguity,” he adds.

It’s also important for leaders to recognise that moment a project needs to change direction in order to survive. “Every success we’ve had has had a pivot or right turn,” he says. Equally, he says leaders need to guard against the instinct to double down on a project when the signs don’t point to a breakthrough. “Everyone is susceptible to chasing something because they’ve already invested money or time in it. That can be hard to fight against, but it’s really important that you do it.”

Looking ahead
Change looks set to be a feature of the financial services landscape for some time to come: a perfect storm of increased competition and tighter regulation, together with technologies such as AI, automation and blockchain, means that the sector will be looking out for further opportunities to innovate. With Ireland’s mix of financial services companies and technology providers, the conditions are in place to become a hub of fintech activity.

Reflecting on the inaugural awards, Deloitte’s David Dalton said: “The calibre of winners this year reflects the wide range of opportunities to do things differently in financial services. All of the winners showed that industry is ripe for innovation, and there are many unmet needs in the industry that legacy technology can’t address. I am sure that next year’s awards will continue to reflect the wide range of ideas, execution, and cutting-edge technology that Ireland’s financial services sector has proved it can produce.”

For more information on the Deloitte Financial Services Innovation Awards, visit Deloitte.ie/fsia