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FUTURE OF MONEY

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FUTURE OF MONEY

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USER EXPERIENCE

Designing banking apps that work for all ages

Older people may be using smartphone banking apps more than they were this time last year, but banks should be doing more to improve their user experience

Rich McEachran

The death of cash has been heralded for some time and the coronavirus pandemic has seen society take a big step towards becoming cashless. Health and safety concerns have led to some businesses insisting on contactless transactions, while banks continue to nudge customers to rely on online services as more and more high street branches remain shuttered.

For Yvonne, 82, the pandemic has meant using a smartphone banking app for the first time. Like many older people, she's been heavily reliant on cash in the past and is not as familiar with technology as young customers.

"My family has reassured me my money is secure, that nothing can happen to it, and I'm slowly feeling more confident using [smartphone banking]. But I worry about pressing a wrong button and locking myself out of my account and losing access to my savings," she says.

With the pandemic making it harder for older people to go to bank branches, ATMs and post offices, many have had no choice but to adopt digital banking to manage their money and bills, according to the results of a survey by Mastercard, published in November.

Fifty-two per cent of people aged 65 and older have used a banking app since the start of the pandemic, with 58 per cent finding them easier to use than expected and 23 per cent feeling more confident as a result.

Despite the Mastercard research also revealing that 88 per cent of people aged 65 and older think contactless payments are more convenient, only 45 per cent said they will be less reliant on cash in the future, so the accelerating shift towards digital banking threatens to leave some older customers behind.

Traditional banks are being encouraged to design user experiences (UX) that are more age friendly.

Peter Ballard, co-founder of Foolproof, a product and service design company whose previous clients include TSB, argues although traditional banks are known for running on legacy systems, it's not the technology itself that's holding them back, rather their "legacy thinking".

He says: "Until the pandemic, the accepted wisdom was older people preferred traditional banking methods. What this ignored was how

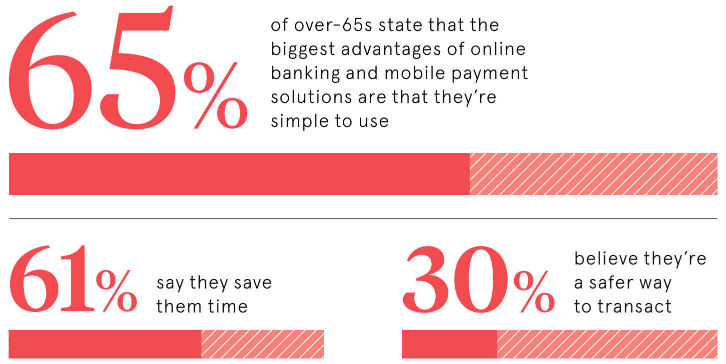
MoMo Productions via GettyImages

some older people have felt excluded from digital banking because it's poorly designed for their needs or level of comfort with technology."

One area where banks can improve their digital offerings is by considering larger screen formats and the devices they support, adds Ballard. Some older people use iPads as they prefer the larger text and may have difficulties in clicking a call to action on smaller screens.

Screens shouldn't be overloaded with information and elements should be arranged and coloured in a way that makes them stand out and helps older people to navigate apps more easily, advises Sabrina Duda, head of UX at human insights agency VERJ.

"Older users may have worse eyesight or may get tired more quickly, so user journeys have to be as concise and short as possible," says Duda, adding that while younger customers enjoy the frictionless nature of digital banking, older customers could benefit from friction being added into their user journey. This could be in the form of extra layers of authentication or verification to slow down the journey before the user makes a financial decision.



Mastercard 2020

Another area where there's plenty of room for improvement is onboarding. Liam Gillespie, vice president of design at personal savings app Chip, says the sign-up process needs to be as clear and straightforward as possible. Building an app that isn't specifically for older people, but can be used by them – Chip's oldest customer is 92 – means explaining things as clearly as possible and not letting the digital offering get bogged down by boring financial jargon.

Ballard agrees. Older people aren't afraid of digital banking as such, but are concerned about making mistakes with their money, he says. A more streamlined, simpler onboarding process will enable them to manage their money with confidence.

Boosting confidence in smartphone banking is, ultimately, going to be key if banks want to bridge the digital divide and ensure older people don't become unbanked. According to the *Access to Cash Review,* the UK's cash system has reached a tipping point and is likely to be obsolete by 2035, with fewer than 10 per cent of transactions being cash-based by the end of this decade.

As vital as it is for banks to improve their digital UX, there will still be a need for them to maintain and offer traditional channels of communication. Some older people will always prefer telephone banking to digital banking regardless of how well they get to grips with smartphone apps.

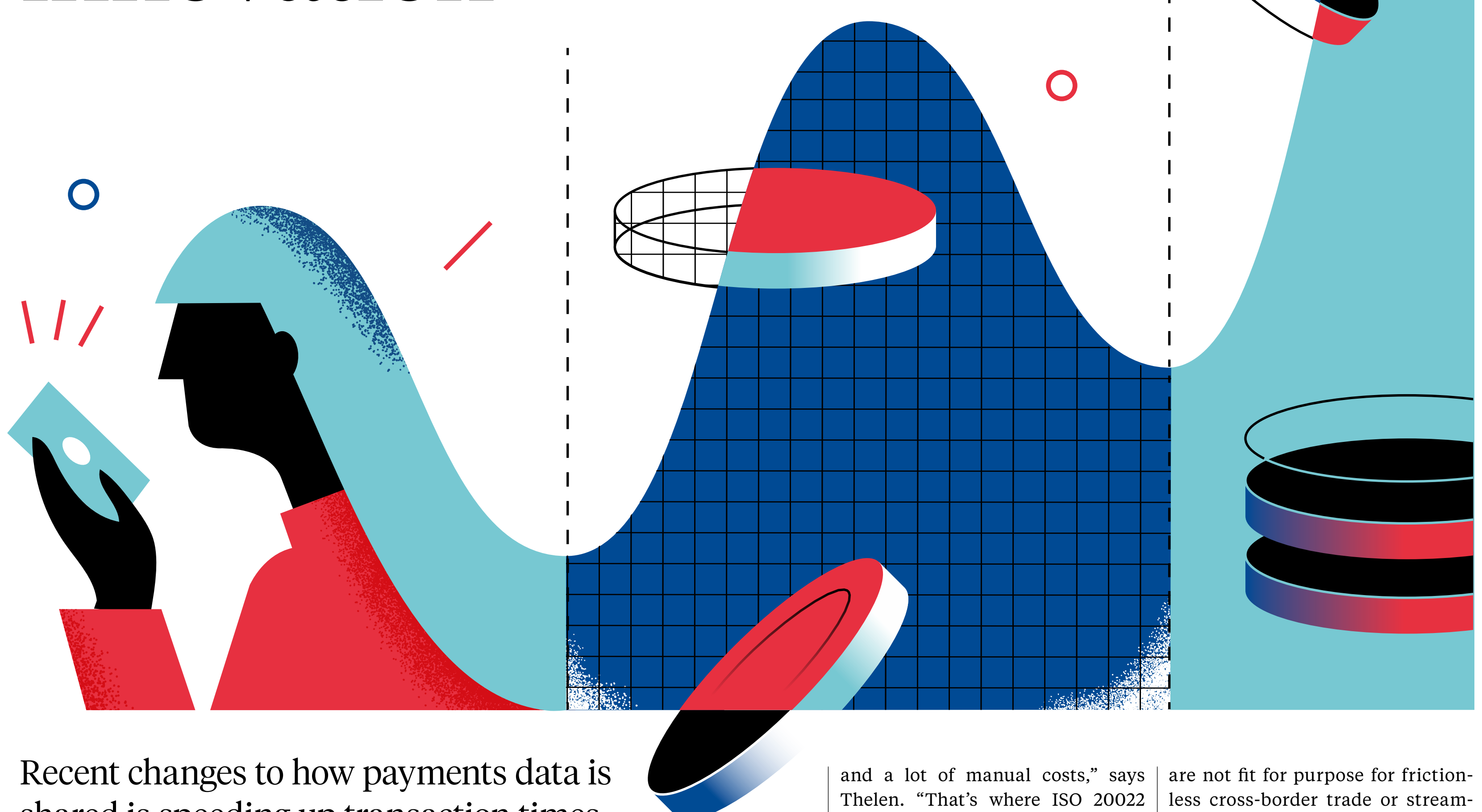
"When people speak about designing [UX with] empathy, they often talk of doing this by making technology more human, and this can often be misinterpreted as making technology more human, and you end up with bad chatbots that are over-friendly," says Ballard. "Designing empathy means allowing customers to speak with a real human when they need to."

That said, the needs of older customers shouldn't be overstated. Security, stability and access to advice and support are what customers need to trust their bank, regardless of their age.

"At a basic level, older customers just want the same as younger customers: an intuitive, easy-to-use and simple-to-understand way of managing their money," Ballard concludes.

PAYMENTS

Why data is the key to unlocking payments innovation



Recent changes to how payments data is shared is speeding up transaction times, unlocking deeper insights for businesses and encouraging greater collaboration across the payments industry

56

countries now have a live real-time payments scheme, compared to

14

countries, six years ago

FIS Global 2020

Ben Edwards

Making cross-border payments has traditionally been a cumbersome task. A typical transaction could take several days to clear while the recipient's bank carries out the necessary compliance checks. Delays are common, sometimes payments fail. For global businesses, this can have a negative impact on supply chains and fulfilling customers' orders.

A new international payment standard currently being rolled out, known as ISO 20022, could start to change all that by harmonising payments data around the world.

"This format is the emerging de facto standard for new types of real-time payments systems that are in development globally," says Aleks Stefanovski, vice president of strategy at Currencycloud, a cross-border payments platform. "That's important because it enables fintechs to establish connectivity to different real-time payments systems around the world in a way that removes friction and improves the speed and customer experience of cross-border payments, reducing what, maybe ten years ago, took two or three days to just a matter of seconds."

The new ISO standard follows recent regulatory changes in Europe with PSD2, the new payment services directive that underpins open banking and makes payments more secure, which came fully into force in the European Union at the start of this year. While the two are unconnected, both are critical cogs in building what blockchain-based payments network Ripple's vice president of global account management Pat Thelen calls the "internet of value", a future where he envisions money will move around the world like information does today.

"In the legacy world, you have very fragmented data and restricted, closed environments, which creates two things: poor user experiences and a lot of manual costs," says Thelen. "That's where ISO 20022 steps in, providing a rich data format that allows for more payment information to be tied to an individual payment in a way never done before. Then with PSD2 you get to the last mile, the ability to have open access to that data and allow different payment schemes to connect with one another."

One of the issues with a lack of harmonisation when it comes to cross-border payments, particularly in an increasingly globalised digital economy, is that companies making or receiving payments in different jurisdictions are exposed to different regulatory regimes and standards.

"The payment information that the UK regulator requires is different to what the regulator in, for example, India requires and a lot of it is driven by each of them developing their rules in isolation and they are not fit for purpose for frictionless cross-border trade or streamlined international operations," says Stefanovski.

The second challenge is the existing infrastructure that supports global payments activity was built in a pre-digital era.

"Many of these payment systems were developed decades ago," says Stefanovski. "They were developed primarily to process domestic payments at a time when there was no expectation for a lot of data to be attached to each payment instruction."

Hong Kong's old low-value payments system, for example, supported fewer than 20 characters of information, just enough to show which account to debit and which to credit, he adds.

All those different data standards and formats create a barrier to innovation, but it is something that data harmonisation and access to richer data will start to address, says Kuba Zmuda, chief strategy officer at business payments platform Modulr.

"Harmonisation doesn't solve all the problems, but it certainly helps with the ability to accelerate innovation by making certain things easier and more consistent," he says.

An area where richer data could help drive innovation is with payment reconciliation, particularly for businesses that need to process high volumes of incoming payments.

"There is a lot of excitement around providing additional detail associated with invoices so the recipient of a payment can see exactly what the invoice payment relates to," says Zmuda.

Another area where richer data could help improve payments is by attaching greater detail for cross-border transactions to satisfy compliance requirements, ensuring payments can be approved faster.

"For cross-border payments, you have to include information about the payer and the reason for the payment, so the receiving bank looking at it will be able to run its checks on their side to make sure the payer or payers are not on any sanctions list and they're not processing payments on behalf of any individuals for whom they have concerns around potential fraud, money laundering or terrorism financing," says Stefanovski.

This backdrop is already creating opportunities for collaboration across the industry. Modulr, for instance, has used its payments technology to enable challenger bank Revolut to credit its customers' salaries into their accounts a day earlier than would otherwise be possible.

"The data is only as good as what you do with it," says Zmuda. "Businesses increasingly need a payments partner that can keep them on the front foot and have the digital infrastructure in place to benefit from these changes."

Wider benefits of the changes also extend to merchants and consumers. Take payment initiation, a PSD2-enabled service that makes online payments more seamless and secure.

"As a customer, you can make payments with a merchant online and be redirected to your banking app to authenticate yourself without ever having to enter your card number, so there's a huge amount of scope to improve the experience for the end-customer," says Alan Irwin, head of product and customer solutions at payments technology provider Global Payments.

That is also enabling merchants to benefit from faster, lower-cost payments. "Whereas in the past, card payments might take up to three days to settle, now those payments can land in the merchant's account in a matter of seconds," Irwin says. "The impacts are going to be huge."

> "Harmonisation doesn't solve all the problems, but it certainly helps with the ability to accelerate innovation by making certain things easier and more consistent

OPINION

'We can begin to envisage a future when paying for things is virtually frictionless, safer and smarter'

It is not difficult to imagine a world without coins and paper money. Cash has been in steady decline over the last 20 years. Our mobiles are morphing into our wallets and our wallets are home to cards, not bank notes. New ways to pay are coming at pace.

The statistics are well known but worth reiterating. At the start of the millennium, 50 per cent of transactions used cash; it is now less than 25 per cent. Cards now account for more than half of payments; 21 per cent of payments are made using contactless technology, up from 3 per cent in 2015.

As in so many other areas, coronavirus has sped up this shift: 90 per cent of card payments were contactless in 2020.

The speed of change is prompting some important questions about the role of cash in our economy and in society. Although contactless might be growing, cash is still preferred by a great many people. Taking away that option altogether would not be a responsible move.

Financial services providers, innovative new providers, the cash industry and government are coming together to manage the decline of cash.

Legislation and regulation undoubtedly have a role to play. Last year the government floated the idea of "cashback without a purchase" whereby shops would, in effect, act as ATMs. This could help reduce the costs for businesses of handling cash, one of the main reasons for its decline, thereby maintaining the availability of physical money.

Innovation is important too. It may seem counterintuitive that new technologies can help preserve the old, but we are seeing examples of this. There are already startups creating apps that enable consumers to withdraw cash for free from local shops. This is a simple but effective example of combining the new and old.

We are also seeing how new banking platform technologies, the building blocks of modern banks, are helping revolutionise traditional financial services offerings. For example, credit unions are using new and inexpensive technologies to offer a raft of new services to their customers, including cash withdrawals via the Post Office.

Meanwhile, there are entirely new frontiers being opened up in the payments world. New methods of online payment are being created that don't require cards, never mind cash.

Open banking, a new and secure way to give providers access to your financial information, is at the heart of this change. It is driving the creation of online services, called payment initiation services, which access a user's bank account to transfer funds on their behalf, safely and efficiently. It's an alternative to paying with a debit or credit card online.

Payment initiation services could be a particular benefit to small businesses trading online, since they are likely to reduce the cost of processing payments compared to credit and debit cards. They will also receive their money instantly, rather than having to wait three days for the funds to appear in their business account. Open banking is still in its infancy, but these services could drive yet another dramatic shift in payments.

The speed of change and the number of possibilities are incredibly exciting. We can begin to envisage a future where paying for things is virtually frictionless, safer and smarter.

In all this, we must keep consumer choice front and centre. Many people want to stick with cash and that is their choice. This does, of course, prompt difficult questions about the cost of maintaining a cash system. Part of the answer does lie with technology: we must encourage the innovation that manages rapid change as much as the innovation that creates it.

Charlotte Crosswell
Chief executive
Innovate Finance

Commercial feature

Journey to next-level commerce

As merchants adapt to a fast-changing landscape, new innovations in touchless commerce are ushering in an age of frictionless, secure checkout experiences, with data at its heart

Payments technology has transformed over the last decade and specifically in the past 12 months the coronavirus pandemic has been a catalyst for a shift in strategic thinking. Merchants have had to pivot from their in-store operations and quickly. With COVID-19 as an added stimulant, ecommerce sales in the UK increased by 36 per cent in 2020, the highest annual growth in 13 years, according to the *IMRG Capgemini Online Retail Index*.

The pandemic has accelerated implementation and adoption of payment technology. By enabling merchants to quickly meet customer expectations for online and mobile payments, touchless commerce became mainstream sooner than expected. Supported by new solutions, including Apple Pay, Samsung Pay, Google Pay and integrated digital wallets, customers can now have complete control of their checkout and payment data.

"This only further supports the urgent need for businesses to have the latest technology and omnichannel capabilities," says Christopher Kronenthal, president and chief technology officer at FreedomPay, a data-driven commerce platform specialising in robust solutions across payments, security, identity and data analytics.

"To survive, businesses must meet the changing demands and preferences of their customers. Across the board, and particularly in the last year, we have seen a strong move towards omnichannel and movement from in-store to cloud-based ecommerce sales."

The past 12 months have also seen a complete transformation in thinking towards data-driven commerce. Keen to improve customer acquisition and retention, and use data to drive customer loyalty and incentives, technology leaders have been increasingly hungry for new insights to help them identify purchasing trends and anticipate consumer needs.

But despite most businesses claiming to operate in-store and online, the reality is most of these channels have not been integrated and data is siloed, which can misrepresent the customer.

The first step to retaining customers is understanding who they are, how they prefer to shop and pay, and what they want to purchase. A full 360-degree customer view is crucial if merchants want to meet their needs and drive continued loyalty. To gain that picture, merchants are seeking the right partner to build their payment architecture; a partner that is system agnostic, provides an open unified platform and operates on a global scale.

The FreedomPay Commerce Platform provides these capabilities, allowing merchants to simplify complex payment environments. As the industry's first transatlantic payments solution with integrations across top point of sale, device manufacturers and payment processors, supported by rapid application programming interface adoption, it is helping to drive the future of commerce.

"We take merchants to that next level, helping to evolve disparate, siloed and outdated payment solutions with a single, secure unified platform, which gives merchants solutions and tools for 21st-century payments, such as business intelligence, loyalty and security," says Kronenthal. "Our data-driven commerce platform enables end-to-end consumer experiences by delivering real-time loyalty and incentives, a customised checkout experience and data analytics through business intelligence across all channels globally.

"With the change to online and in-app purchases, security and fraud have also become a bigger issue than ever before. It is crucial for merchants to invest in technologies and partner with payment solution providers such as FreedomPay to prevent security breaches by continuously updating their fraud detection and prevention services. Our Payment Card Industry-validated P2PE [point-to-point encryption] solution and fully integrated solution puts both merchants and consumers at ease."

As businesses seek a competitive edge in the post-pandemic economic rebound and beyond, payments and commerce more generally are only set to become more digital, more omnichannel and with an even strong focus on the customer. They will be increasingly mobile, with the ability to self-serve via a kiosk or virtual checkout, and loyalty and payments will merge while the use of cash slowly dies off in many industrialised countries.

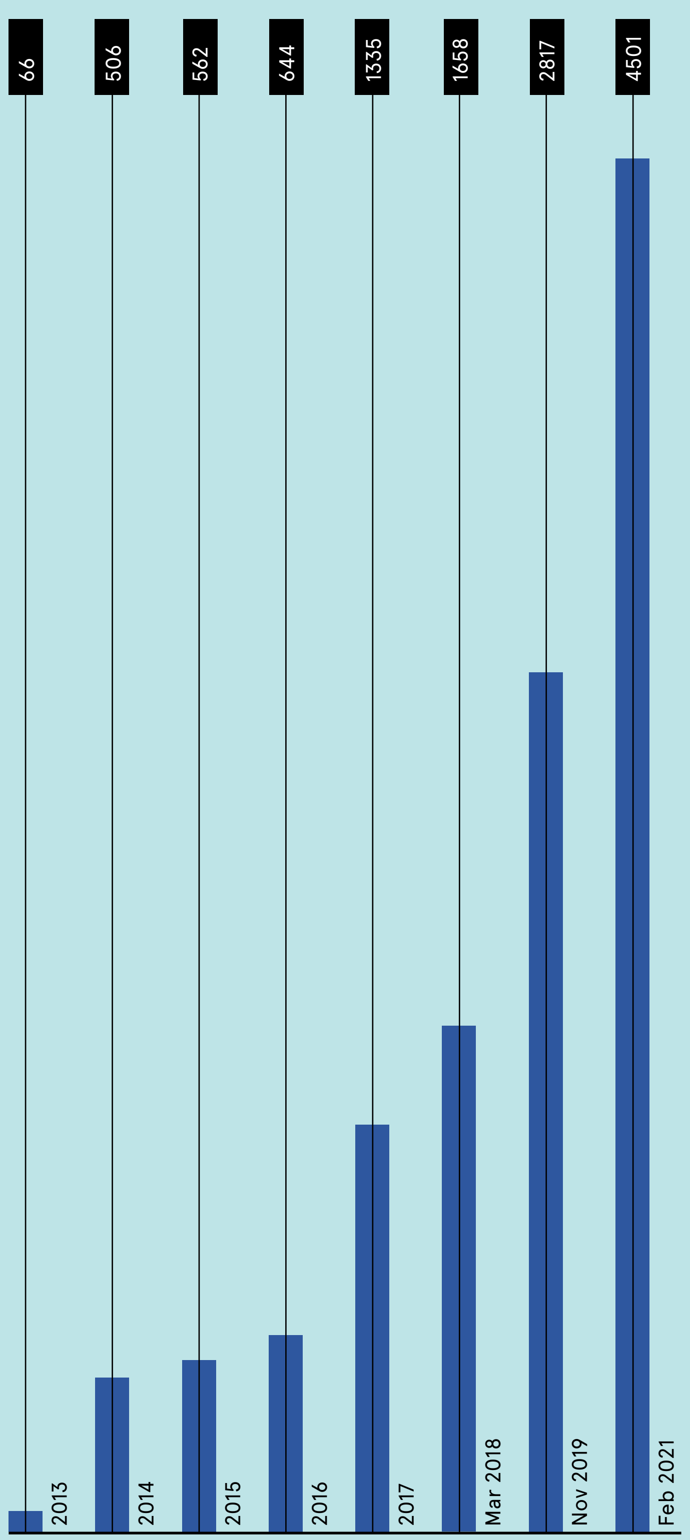
"Businesses will have to prioritise payment tech, which includes updating systems and making them more secure and less siloed to allow for the explosion in consumer choice and preferences," says Kronenthal. "Through an agnostic commerce platform, merchants can understand their customers across all channels, providing relevant discounts and offers in real time, while also saving on costly transaction fees."

> "A full 360-degree customer view is crucial if merchants want to meet their needs and drive continued loyalty

CRYPTO VOLUMES SHOOTING UP

The number of cryptocurrencies worldwide from 2013 to 2020

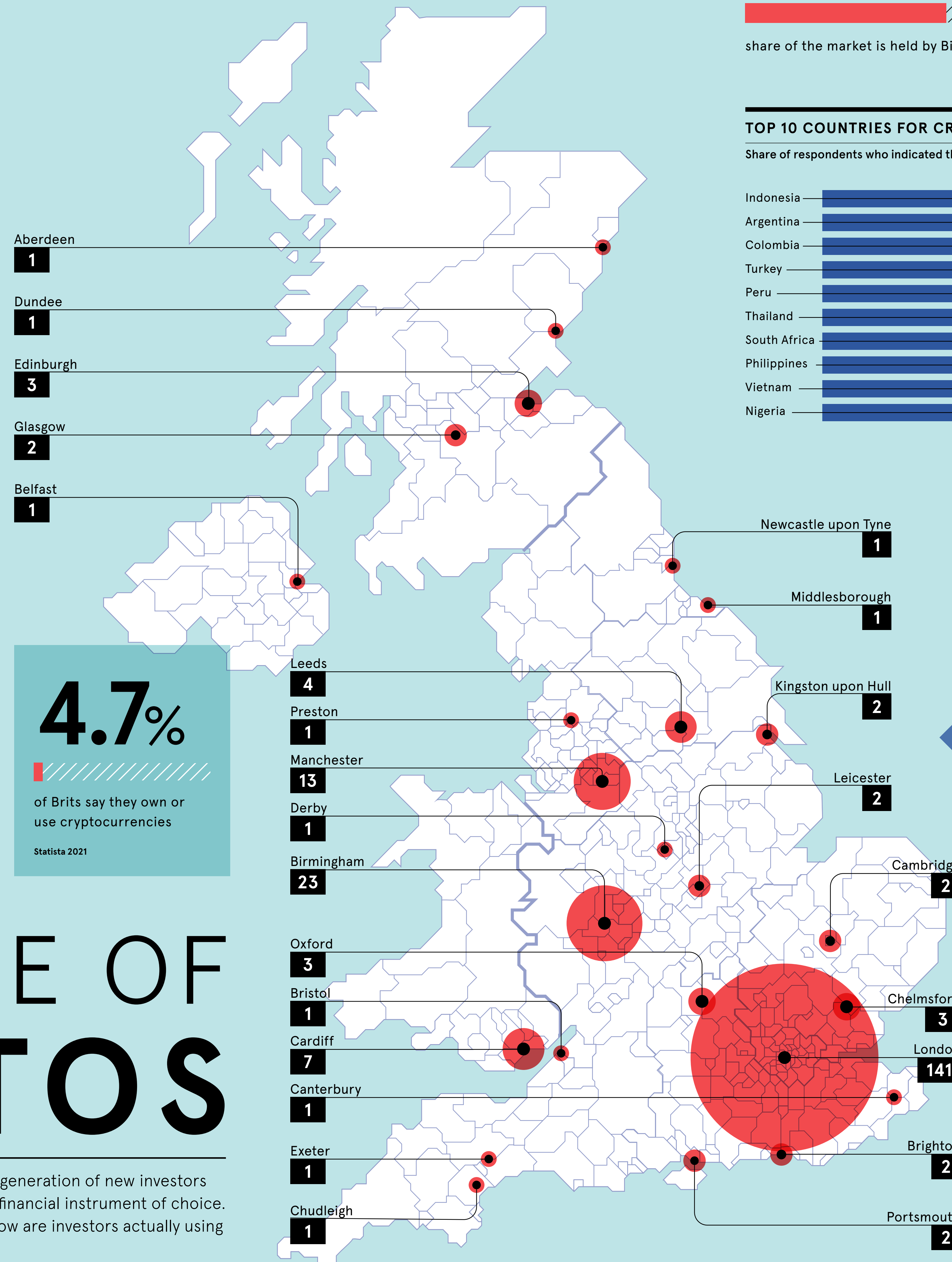
CoinMarketCap 2021



UK TOWNS OF ALL SIZES GETTING INTO CRYPTOS

Comparative number of Bitcoin ATMs in selected UK cities, as of Feb 2021

Coin ATM Radar 2021



4.7%

of Brits say they own or use cryptocurrencies

Statista 2021

THE STATE OF CRYPTOS

As the pandemic leaves many with time on their hands, a generation of new investors have taken to wealth-building, with cryptocurrency their financial instrument of choice. So who are the winners in a crypto-positive world? And how are investors actually using and holding their crypto assets?

60%

share of the market is held by Bitcoin

3 Seconds

Every 3 seconds there is a new post on social media about the coin

$50,000

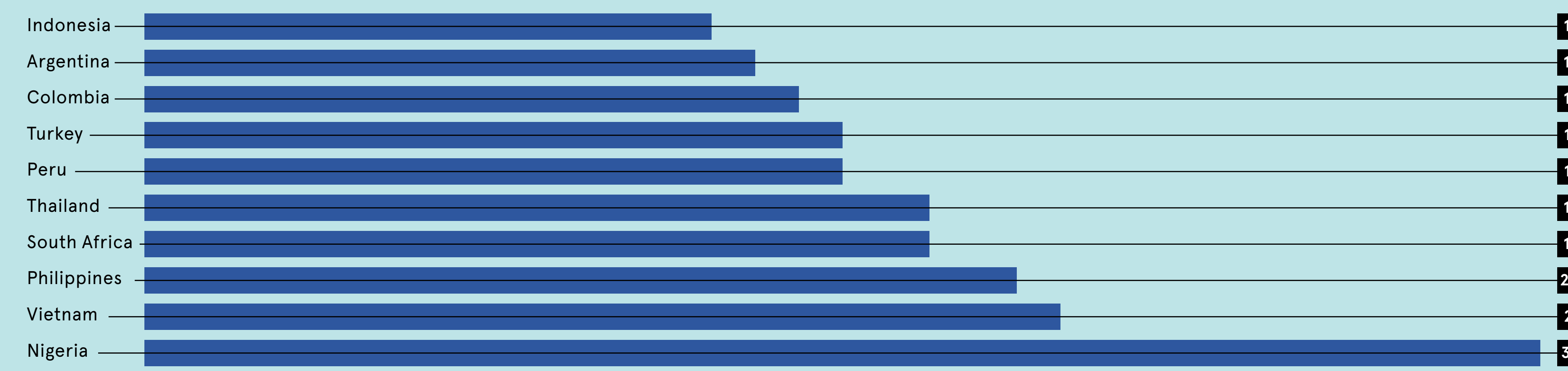
was the value of one coin in February 2021

Finder 2021

TOP 10 COUNTRIES FOR CRYPTO OWNERSHIP

Share of respondents who indicated they either owned or used cryptocurrencies from across the world

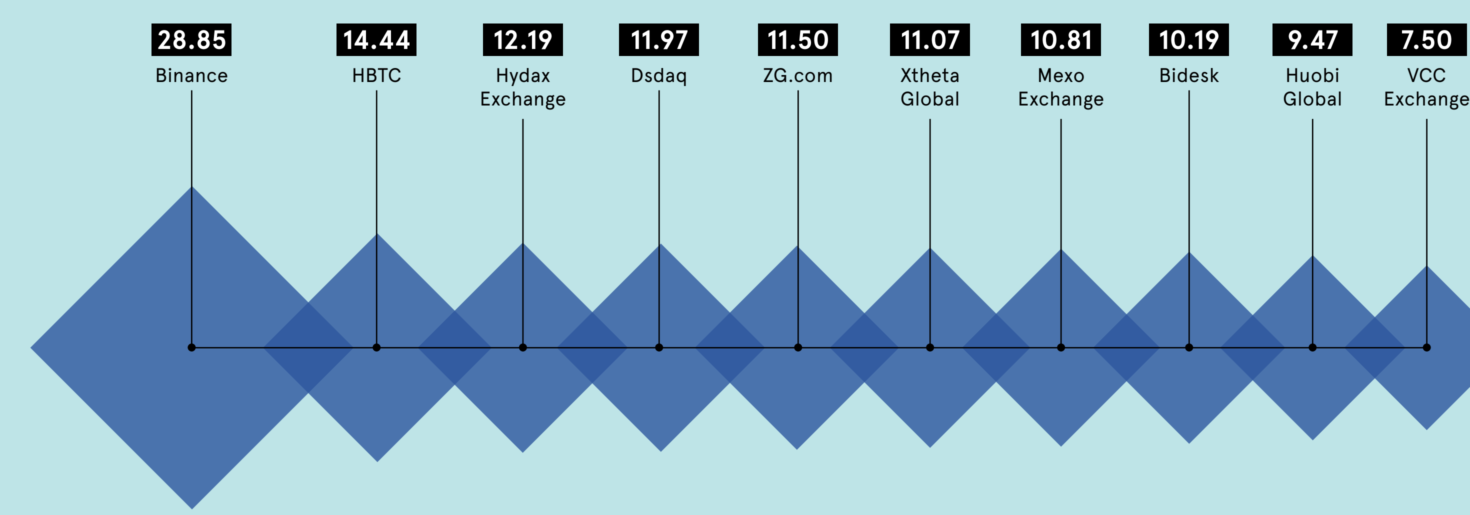
Statista 2021



TOP 10 TRADING TITANS

The biggest cryptocurrency exchanges based on a 24h volume worldwide on Feb 22, 2021 (in billion US dollars)

CoinMarketCap 2021



WHERE ARE CUSTOMERS KEEPING THEIR CRYPTOS?

The average number of daily active users of cryptocurrency storage apps in the UK, as of Jan 2021

Airnow 2021

KTSDESIGN/SCIENCE PHOTO LIBRARY via Getty Images

INVESTING

How cryptomarkets made investing fairer

A new generation of investors have welcomed investing as a tool for financial freedom and, with the rise of access to technology, cryptomarkets provide a key step in democratising wealth

Uneesa Zaman

As financial technology continues to captivate retail investors, the first quarter of 2021 demonstrated the power and problem of current financial markets. Gamestop's mass appeal among retail investors on r/WallStreetBets subreddit sent the stock soaring to $348 in January, forcing investment firms to close out short positions at a cost of billions.

Zero-commission trading apps such as Robinhood received an influx of traders, requiring the platform to cease trading Gamestop temporarily, locking retail investors out of the market. The resultant wave of criticism highlighted the imbalance in financial power.

Cryptocurrencies have emerged as a popular financial instrument over the last year, but have reached new heights over the last quarter, becoming financial equality tools and placing power back in the hands of investors.

Over the last year, cryptocurrencies such as bitcoin and Ethereum have become extremely popular with retail customers, reshaping how investors interact with financial instruments.

According to the Financial Conduct Authority's *Cryptoasset Consumer Research Report 2020*, 77 per cent of those surveyed bought cryptoassets through an online exchange and 27 per cent use cryptoassets to purchase goods and services, demonstrating the ease with which cryptos can be bought and used as a commodity for exchange.

Applications like Robinhood, which were created on the basis of democratising investing, have shown financial equality can only really be had when all parties have access to the same level of knowledge and control. This has led to a move towards decentralisation, a process where a central authority is no longer brokering the actions of parties involved. Instead, users are reliant on blockchain technology to deal directly with each other and investments.

A major benefit of decentralisation is putting power back in the hands of users. Cryptocurrencies such as bitcoin were designed as a decentralised alternative to traditional finance and therefore don't have a single point of failure, making them more resilient, efficient and democratic.

By allowing agents access to wealth, without a moderator, where they can exchange on a virtual market with the assurance of security through a blockchain, this acts as a strong tool in empowering investors to take wealth-building into their own hands. And after the financial crisis of 2008, the emergence of cryptocurrencies has provided an alternative view of how to build trust in the financial industry.

Charles Hoskinson, co-founder of Ethereum and current chief executive of crypto and blockchain company IOHK, explains how cryptocurrencies have a unique advantage. "Our industry's technology is about brokering trust among people who don't trust each other," he says.

While crypto has outperformed many traditional investments, its volatility is a product of the mania surrounding the investment, similar to that of Gamestop.

Daniel Ahmed, co-founder of Fasset, a digital asset platform for frontier markets, says: "Crypto is certainly a democratiser of wealth since it gives the average person exposure to fast-growing and high potential return on an asset class. In my view, cryptoassets like bitcoin should be a longer-term investment for individuals as day trading can be extremely risky in nature."

Ahmed has a point, as volatility has shaken the cryptomarket considerably. Bitcoin is currently on course to exceed its all-time high of $58,000 per bitcoin, with alternative cryptos such as Ethereum, litecoin and dogecoin mirroring the market's prosperity, with a rise in value of between 5 and 15 per cent respectively. This follows weeks of investment volatility, where bitcoin depreciated by 20 per cent in a matter of hours. Evidently, such extreme highs and lows can both encourage and discourage investors from entering the market, as both major gains and losses can be made within seconds.

Ongoing market fluctuations may increase uncertainty for new investors, who may not be as well versed on market performance. One way of mitigating this is investing in asset-backed cryptos. "Asset-backed cryptos can act as a hedge against traditional, more volatile cryptoassets," explains Ahmed. "Since they reflect tangible economic value from real-world assets."

Hoskinson agrees. "Volatility is a big deal and it's hugely challenging for commercial activity and retail adoption," he says. "That's why we have stable coins and regulated products being created."

This does come at the cost of decentralisation. While asset-backed cryptos are an asset class, by introducing a real-world entity, the unique selling point of cryptocurrencies is lost. This is because the asset is at the mercy of the credibility, oversight and regulation of a single entity or group of actors.

However, Hoskinson believes they still have their place in the financial mix. He says: "You're able to trade on global marketplaces and have access to all kinds of new people. For example, non-fungible tokens representing art provides real utility. But how do you factor in the insurance problem? How do you value a Picasso?" Historically, monetising art has been difficult and exclusive to those of a high net worth. By providing access to an exclusive asset class, it further highlights cryptocurrencies' revolutionary potential.

Hoskinson continues: "When you're talking about securitisation and liquification of these exotic assets, there's some real value there, but it comes at the cost of decentralisation. So while it's exciting, it's not exactly what people signed up for with cryptocurrencies." It's a big drawback to a financial tool deemed to put power back in the hands of the people.

> Our technology is about brokering trust among people who don't trust each other

Another consideration is access to education. As a new market heavily reliant on technology, understanding how blockchain is central to the financial model will aid investors in making more informed choices.

Carlos Bentancourt, co-founding principal of BKCoin Capital, a digital assets hedge fund, promotes using education as a tool in wealth-building. "Knowing what's happening in the markets and educating yourself are all readily available options. Joining an online university-certified course will help investors in understanding how powerful cryptos can be in creating financial equality."

As the finance industry evolves, new investors should consider the ramifications of investing in cryptos. As a relatively young market, volatility is likely. Potential investors should be aware of the associated risks by bolstering their crypto knowledge further, as well as considering the level of investment made. However, including cryptos as part of a wider investment portfolio can aid wealth disparities through its democratisation of finance, putting control back in the hands of investors and giving access to asset classes that were traditionally exclusive.

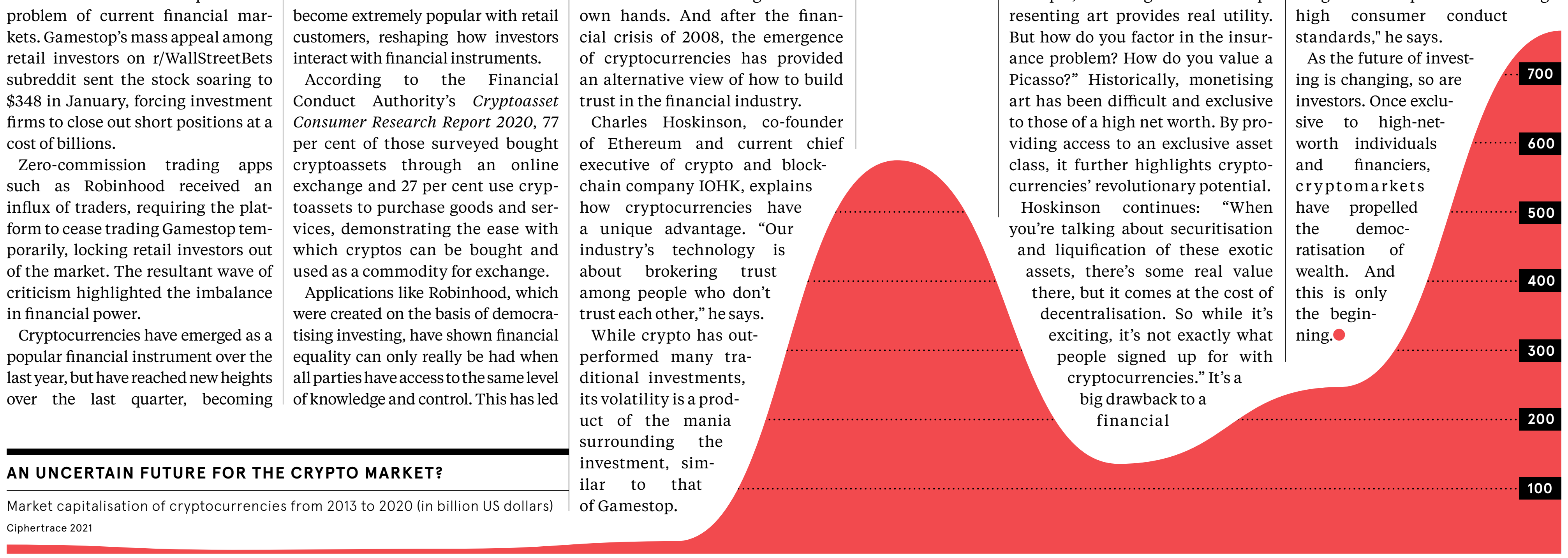
Cryptomarkets need to consider how to build trust among new entrants. Regulatory bodies providing further understanding of how investments are protected will enable the market to develop further. Abdul Haseeb Basit, board member of Global Digital Finance, supports this. "We must ensure the industry does a better job of embedding investor protection through high consumer conduct standards," he says.

As the future of investing is changing, so are investors. Once exclusive to high-net-worth individuals and financiers, cryptomarkets have propelled the democratisation of wealth. And this is only the beginning.

AN UNCERTAIN FUTURE FOR THE CRYPTO MARKET?

Market capitalisation of cryptocurrencies from 2013 to 2020 (in billion US dollars)

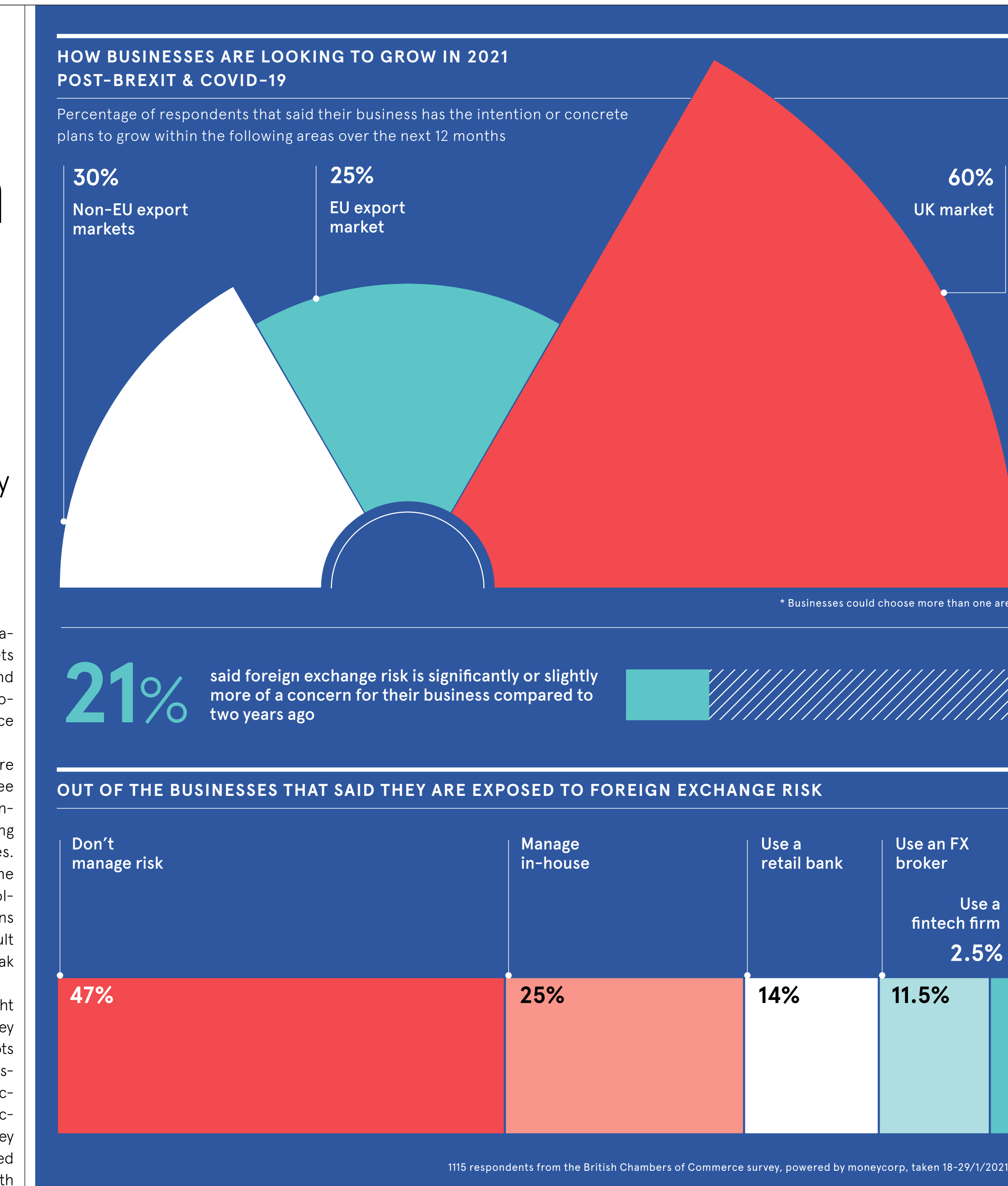
Ciphertrace 2021



Commercial feature

Digital payments with a human touch

Time-poor businesses face a complicated journey to capitalise on global opportunities in a post-Brexit, post-COVID world, requiring greater payments technology underpinned by human relationships



It's unlikely that small and medium-sized enterprises (SMEs) will ever be faced with a more turbulent business environment than they have been forced to steer through over the last few years. If the once-in-a-generation disruption caused by the Brexit transition wasn't enough, the global coronavirus pandemic has presented truly unprecedented challenges for leaders.

Fortunately, both events came at the end of a decade of rapid technological advancements, affording companies the ability to carry out all necessary financial tasks in a remote, distributed workforce. Yet while technology has an incredible ability to reduce friction, it's not able to eliminate borders altogether, which meant that when the Brexit transition period ended on January 1, the impact on financial supply chains was felt.

Driven by uncertainty around lockdown restrictions and last-minute Brexit negotiations, the volatility of exchange rates over the last year has affected the value of payments that businesses need to make and the balances they hold. In a recent study by moneycorp and the British Chambers of Commerce, one in five SMEs said currency risk is a greater concern than it was two years ago.

The same research presented a tale of two halves among SMEs. While 44 per cent expressed an intent to grow their European Union exports over the next 12 months, 23 per cent said they are looking to reduce their EU activity. Additionally, a third of SMEs also intend to grow in international markets. With completion of Brexit, and the government's aim to relaunch the UK as a business hub for the rest of the world, there are clear opportunities to trade more efficiently and affordably with countries that were unavailable or impractical when the UK was in the EU.

For companies establishing European offices and exploring supply chains out of the EU, particularly in emerging markets that wouldn't historically have seen that business, it's crucial they manage their currency risk. Yet more than 90 per cent of SMEs are neglecting to do so, the study found, with business leaders blaming the costs of foreign exchange management and a lack of available information about their exposure.

They need to work with an international payments partner that meets their unique needs, but struggle to find help among the two key groups of providers: new challengers in the space and generalist banks.

"New challengers, on one side, are completely digital-based," says Lee McDarby, UK chief executive of moneycorp, one of the UK's fastestgrowing international payments companies. "They are very streamlined towards the development of apps and the technology is good, but if something happens to your payment, it's extremely difficult to pick the phone up and actually speak to someone.

"On the other side, retail banks might offer a human to engage with, but they are very much generalists offering lots of financial services to a variety of customers, all the way through the spectrum of size. Through my many interactions with SMEs, I can tell you what they want is simple, but it's not being served by either party: a specialist provider with tech they can access when they want and strong, human-led customer service."

It's important companies take a critical look at their payments processes and consider how they can be streamlined to protect their bottom line, especially with international transactions. Some businesses are more savvy on outward payments, but far less so on inward payments. However, if a supplier sends dollars to a company's sterling account, for instance, it is at the mercy of what the bank is charging that day.

To support SMEs, moneycorp has carved out its own space in the middle of the market, providing technology with a specialist, human touch. Its international bank account simplifies payments, allowing businesses that trade with markets outside the UK to boost their profitability by receiving, sending and holding in all the major currencies. SMEs also avoid the various set-up fees other providers impose, account management fees, unfair conversion charges and excess admin for multiple accounts.

Having invested heavily in modernising its digital platform, moneycorp's technology holds its own against the fintech apps. There is functionality for smaller SMEs needing to receive and send multiple currencies with a simple spot or lock-in rate for a future payment, up to larger companies requiring bulk payment capability, which is especially desirable for businesses that upload and validate thousands of payments at a time.

To advance its technology further, moneycorp has developed a series of application programming interfaces, or APIs, whereby time-poor companies can plug in their accountancy software to gain a much more streamlined way of dealing with their international risk, overseas payments and foreign exchange requirements. The ability to plug everything into one place is particularly in demand among larger SMEs in sectors such as insurance, shipping and the gig economy.

> To support SMEs, moneycorp has carved out its own space in the middle of the market, providing technology with a specialist, human touch

"A lot of our technology investments have been focused on giving treasurers, finance directors and chief financial officers the time to focus on higher-value tasks," says McDarby. "We are acutely aware payments are a big part of a business, but there are also many other parts that need attention from finance leaders, so we are very dedicated to integrating digital innovation in a way that takes the stress out of the payments journey for SMEs."

The ability to access and interact with a payments expert also means moneycorp can offer valuable market guidance to SMEs, particularly against a turbulent backdrop of Brexit and COVID-19. Many business leaders do not have the specialist knowledge to interpret a currency chart and decipher what it means for their business and they can't get that from an app either.

Awareness of how a business is transacting against their budget rate is imperative, to avoid inadvertently eating into their bottom line, so a direct relationship with a specialist is hugely valuable.

"Customers have told us that while they are passionate about their businesses, they are time-poor," says McDarby. "They can't wear all the hats required to run their company, so we lend that extra, safe pair of hands. Both challenges and opportunities for growth lie ahead. SMEs can focus on their priorities and workforce as we help them keep an eye on the financial markets and stay ahead of the curve. We're a natural extension of their financial operations and we do that well because of our tech, but also our human touch."

For more information please visit www.moneycorp.com/future or call + 44 (0) 203 797 2944

INTERVIEW

How COVID gave criminals a cash-flow crisis

The coronavirus pandemic has seen a surge in cyberfraud as the world has moved online, with the National Economic Crime Centre, under director general **Graeme Biggar**, fighting to stay one step ahead

Richard Brown

When eccentric businessman John McAfee, creator of the eponymous anti-virus software, was charged with conspiracy to commit fraud and money laundering earlier this month, cryptocurrencies were his alleged tool of choice.

McAfee is accused of inflating the price of cryptocurrencies to his large Twitter audience, selling them and illicitly creaming off a £1.45-million profit, prosecutors claim.

Cryptocurrency fraud and its use for money laundering are just two of the many threats tackled by the UK's National Economic Crime Centre (NECC), a unit of the National Crime Agency dedicated to identifying, thwarting and aiding in the prosecution of money crime.

Though NECC director general Graeme Biggar has no issue with digital currency as such, he acknowledges its allure to criminal gangs. "Cryptocurrency itself is not evil. There is nothing wrong with it as a form of currency. It will be used in crime in the same way cash and money flowing through banks is. The vast majority of the use of cryptocurrency is legitimate."

However, when used with nefarious intent, cryptocurrency can become toxic. Biggar explains that it's a way of extracting money from victims that is quick and feels anonymous and untraceable. In the vast majority of ransomware and cyberattacks where there is payment involved, cryptocurrency will be the desired form of payment. Digital currency is used by criminals to launder their money and to facilitate fraud.

"It's clearly a very volatile market. We've seen what's happened to the price of bitcoin over the year. Just as with any other volatile new market, people try to defraud others by getting them to invest in it when there's nothing there. We've seen a real spike in attempts to do that. Lots of phishing emails going out trying to encourage people to invest in cryptocurrency when it is just a fraud. That's not cryptocurrency's fault, it's just a hook that's being used," says Biggar.

The NECC produces a weekly assessment for the government and law-enforcement community and has set up a "fusion cell", combining the resources of 30 public and private sector bodies, including banks, accountants and telcos, which meets weekly to share intelligence.

According to the Office for National Statistics, 4.4 million people in the UK said they had been the victim of fraud in 2020, losing £2.3 billion. That makes it the single most-reported crime in the country. Reassuringly, perhaps, the vast majority of these are simple frauds involving small amounts of money.

"That's a number that matters in two ways," stresses Biggar. "One, it represents an awful lot of people who are potentially losing their life savings, but also it starts to have a macro-economic impact. A lot of this is happening online and it feels like it can begin to have an impact on people's confidence in the digital economy, which is clearly an enormous part of the way the world works now, a bigger part as a result of COVID. It's really important we can maintain confidence in it now."

According to *Fraud - The Facts 2020* compiled by UK Finance, the banking and finance industry body, a huge growth in ersatz online adverts and social media fraud includes romance scams, investment and purchase fraud, where goods are advertised on auction sites at "too good to be true" rates to entice people to buy.

Fraudsters have also increasingly been targeting younger people online through so-called money mule adverts offering students and young people, in particular, money to have funds transferred through their bank account and back out again, which is effectively money laundering.

The Dedicated Card and Payment Crime Unit, a specialist police unit funded by the financial services industry, has helped close more than 1,600 social media accounts linked to fraudulent activity. Some 500 of these were used to recruit young people as money mules, while almost 250 were involved in trading stolen card details online.

> **Online, digital-type crimes like cybercrime and online fraud were less affected by lockdown. In some ways they were enhanced by it because more people were online**

The coronavirus pandemic and the physical restrictions imposed to curtail the virus's spread have, paradoxically, catalysed a surge in online crime. "What we saw was the online, digital-type crimes like cybercrime, online fraud, which is the biggest single crime in the UK, and child sexual exploitation were less affected by lockdown," says Biggar. "In some ways they were enhanced by it because more people were online and at home."

Physically moving large sums of cash around was also made harder during COVID, with travel restrictions acting as another incentive for criminals to move into cryptocurrencies. "Criminals had a cash-flow crisis," says Biggar.

"They couldn't move their cash easily because no one was on the roads, no one was moving around, businesses were not operating so they weren't depositing cash at banks the same way they would normally do; someone coming into a bank depositing large amounts of cash would stand out even more."

As a result, villains had to stockpile the cash proceeds of their crimes. Last year, that lockdown loot got smaller when entire organised crime groups were dismantled during Operation Venetic, which saw £54 million, 77 firearms and two tonnes of drugs seized, plus 746 people arrested.

Venetic led to the dismantling of EncroChat, a bespoke encrypted global communication service used by 10,000 criminals in the UK for co-ordinating and planning the distribution of illicit commodities, money laundering and plotting to kill rival criminals.

The NECC has also been busy investigating frauds committed against the pandemic-induced government bail-out schemes, such as the Coronavirus Business Interruption Loan Scheme, Bounce Back Loan Scheme and employee furlough. Historically, the NECC was not set up to examine fraud against the public sector, but has been pulled in this direction because of the schemes' critical role in bolstering the national economy.

"There has absolutely, definitely been sophisticated, organised efforts to access those schemes from people with very obviously criminal intent. We've seen this throughout and we've been working really closely with the banks and with government to try to identify what is happening to then revise the processes banks are using to approve the loans, such as increasing checks," says Biggar.

The NECC works closely with the legal, accountancy and conveyancing sectors to raise awareness of their vulnerability to become unwittingly involved in money crimes as "professional enablers". These include the Flag-it-up campaign to identify money laundering via potential breaches and the use of suspicious activity reports.

Also, in 2018, the Office for Professional Body Anti-Money Laundering Supervision was launched to strengthen the UK's anti-money laundering measures. Housed within the Financial Conduct Authority, it works with groups such as the Solicitors Regulation Authority to prevent lawyers from being inveigled into crime, such as money laundering.

"There are really strong caucuses within those professions driving to up their collective game. They're massively broad professions with thousands of practitioners in many firms, so it's quite a challenge," Biggar concedes.

His message to companies that think they may be vulnerable to criminal attacks is simple and straightforward. Firstly, get your cybersecurity sorted. Secondly, abide by the money laundering regulations, as well as know your customer, know your business, and have the right policies and training in place, being sure to report suspicious activity through suspicious activity reports. And thirdly, ensure you have a rigorous counter-fraud strategy.

$4.5

billion of total crypto crime (including theft) in 2019

$1.9

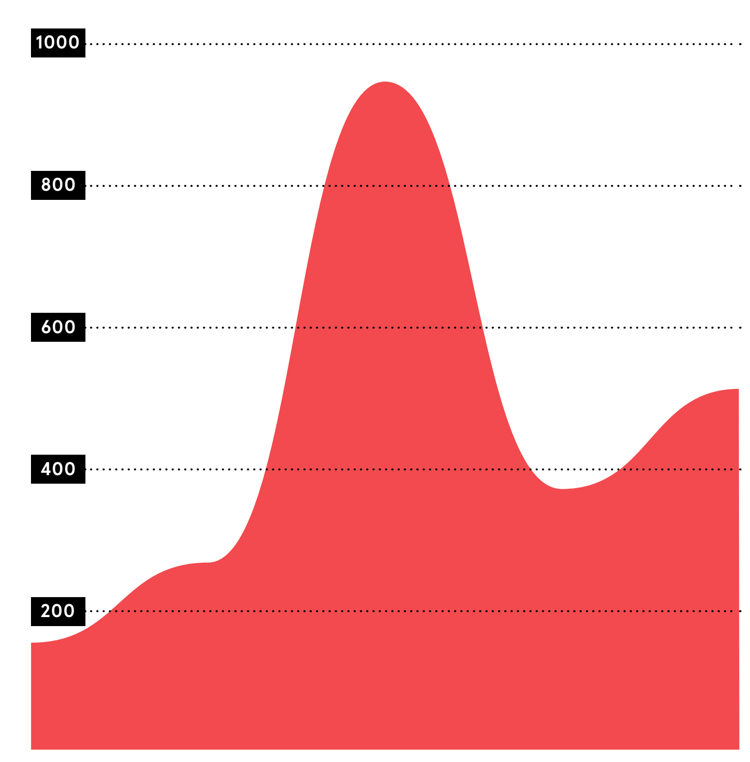
billion in 2020

Ciphertrace 2021

THE COST OF CRYPTO THEFT

Ciphertrace 2021

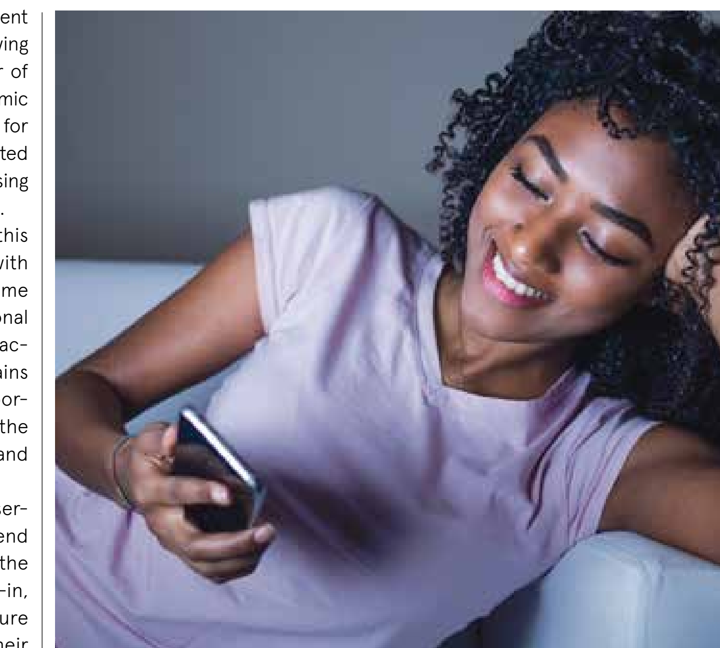
Value of cryptocurrency theft worldwide from 2016 to 2020 (in million US dollars)



Commercial feature

Digital payments power financial inclusion around the world

While digital payments enhance customer experiences in the UK, further afield they are having a transformative impact in widening access to financial services



Digital cross-border payment options have been growing in popularity for a number of years and the coronavirus pandemic has brought a new kind of urgency for consumers. Companies have adapted where necessary to satisfy the increasing demand for digital payment solutions.

WorldRemit is leading the way on this front. The company was founded with the intention of saving customers time and money when sending international payments. With 90 per cent of transactions completed in minutes, it remains an innovative global digital cross-border payments company that has led the digitalisation of money transfers and helped facilitate financial inclusion.

The pioneering fintech company services more than 5,000 corridors (send country to receive country) across the world. With 100 per cent digital pay-in, customers can send fast and secure money transfers without leaving their homes. Recipients can choose from four payout options: bank transfer, cash collection, mobile airtime top-up and mobile money.

"Consumers are increasingly choosing digital payment methods for their convenience and transparency when sending money transfers abroad," says Cyril Ghanem, head of Europe and strategic partnerships at WorldRemit. "This rapid acceleration in the uptake of digital payments is unlikely to slow down anytime soon. The transition from bricks and mortar to digital looks set to continue at pace as consumers become better informed about the benefits of digital technology and more accustomed to the convenience and added security.

"Indeed, many of our customers, who will be celebrating Holi this Sunday and observing the holy month of Ramadan in the coming weeks, are increasingly opting to support their family, friends and wider communities through digital payments."

> **WorldRemit is committed to financial inclusion through our innovative approach and is proud to be a leading provider of cross-border payments to mobile money wallets across the globe**

According to the International Fund for Agricultural Development, in 2019 over $550 billion was sent in money transfers globally, far exceeding overseas development aid. Digital cross-border payments are also having a positive macroeconomic impact in contributing to the objectives of the United Nations' 17 Sustainable Development Goals, which call for equality in financial services and lower remittance costs. Financial inclusion has been identified as an enabler for seven of the goals.

While digital payments are improving customer experiences in developed nations, elsewhere they are having an even more powerful impact. Consumers may take for granted the services they have at their fingertips, yet large sections of the global population have no access to the most basic of financial services.

Almost one third of adults around the world – 1.7 billion – are still unbanked, according to the World Bank, thus relying on costly and informal channels. Low-income communities are the most vulnerable to financial risks, with around two thirds of Africa's population unbanked as of 2019.

Mobile money services are providing a transformative gateway to financial inclusion across the world. In Africa, there are now more than 122 million users of mobile money services with mobile penetration set to reach 636 million by 2022, according to the Global System for Mobile Communications Association.

"We see our service as levelling the playing field," says Ghanem. "WorldRemit is committed to financial inclusion through our innovative approach and is proud to be a leading provider of cross-border payments to mobile money wallets across the globe, helping millions of the unbanked to pay household bills, school fees and buy groceries through their phones. Mobile money also offers vital opportunities for the unbanked to move into formal employment or even set up their own businesses."

Last year, the company launched a Transfer Tracker App which allows recipients of money transfers to track their funds. The app is free to download in a number of countries, including India, Mexico and Nigeria.

For more information please visit www.worldremit.com

WorldRemit

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