

# Technology, Payments, & Cybersecurity

Presented by

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**Virginia Bankers School of Bank Management**  
*2020*

# The Building Blocks of Bank School

## Year 3: Application

Asset/  
Liability  
Management

Fintech &  
P2P Lending

CEO Panel

**BankExec  
Simulation**

Presentation  
Skills

CAMELS  
Ratings

Managing  
the Human  
Aspect  
of M&A  
Transactions

## Year 2: Exploration

Bank Financial  
Management  
II

Credit  
Portfolio  
Management

Performance  
Management

Effective  
Negotiations

Enterprise  
Risk  
Management

Technology,  
Payments &  
Cybersecurity

BankExec  
Intro/  
Teamwork

Compliance  
Management

The Art of  
Innovation:  
Making Better  
Work A Habit

## Year 1: Foundation

Opening  
Session

Strategic  
Marketing

Economic  
Environment

Organizational  
Behavior

Ethical  
Decision  
Making

Commercial  
Banking

Bank Financial  
Management I

Overview  
of Bank  
Regulation &  
Compliance

# The Week Ahead

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- Student Tech Topic Requests
- Tech Trends
- Mobile & Payments
- Cybersecurity
- Home Study Overview



# SAWYERS & JACOBS

Innovation. Risk Management.  
Cybersecurity. Technology.



[sawyersjacobs.com](http://sawyersjacobs.com)

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# Student Tech Topic Requests

# Tech Trends

# Mobile & Payments

# Cybersecurity

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# Disrupt (verb)

**1** a - to break apart.

b - to throw into disorder

**2** to interrupt the normal course or unity of

Source: Merriam-Webster



# 100 Fastest Growing Companies-2009

- Research in Motion (BlackBerry) was #1
- Apple was #39
- Source: FORTUNE

## 100 FASTEST-GROWING COMPANIES

*The world's supercharged performers*

[Full List](#)

[Near You](#)

[CEOs](#)

[Top Companies](#)

[Top 100](#) | [Companies](#) | [Industries](#)

### Top 100

Rank	Company	EPS growth*	Revenue growth*	Total return*
1	Research In Motion	84%	77%	45%
2	Sigma Designs	338%	104%	19%
3	Sohu.com	78%	59%	35%
4	Ebix	78%	50%	77%
5	DG FastChannel	308%	43%	50%

# iPads are good for watching Netflix

It's difficult to do real work on an iPad and it can be even more difficult to open accounts in the bank lobby with one.



# FinTech Facts

The image features a hand in a dark suit jacket holding a glowing blue sphere. The background is a teal-colored collage of financial and technological icons, including a world map, various charts, and data tables. The text 'FINTECH' is prominently displayed in large white letters, with 'FINANCIAL TECHNOLOGY' written below it in smaller white letters.

# FINTECH

FINANCIAL TECHNOLOGY

# Fintech Evolution

**2013**

*“Banks are dinosaurs. We will quickly disrupt them out of business.”*

**2015**

*“We are REALLY going to disrupt banks right out of business.”*

**2017**

*“We need more money to disrupt banks out of business.”*

**2020**

*“Hold me. Buy me. Please forget what I said about disruption. May I be on your team?”*

***“You can’t build a reputation on what you are going to do.”***

*- Henry Ford*

# Disruptors or Symbiotes?

- More than 75% of fintech firms identified their primary business objective as collaborating with traditional firms.
- 7,500 fintech firms have raised over \$109 billion, yet most will fail because...
  - They could not find the right product-market fit
  - High cost of scaling up
  - Inability to find the right partner
  - Struggle to create, launch, quickly gain market share for a differentiated product that cannot be replicated

Source: Cap Gemini World FinTech Report 2018



# “Challenger Banks” in the UK

- Monzo



- Atom



- Starling



- Tandem TANDEM





# Disruptors For Sale

- Moven partnering with Japanese (SBI) to buy US Bank
- Simple sold to Spanish bank BBVA
- BankMobile, owned by Customers Bank, unsuccessfully tried to sell to Flagship Community Bank in Clearwater, Florida

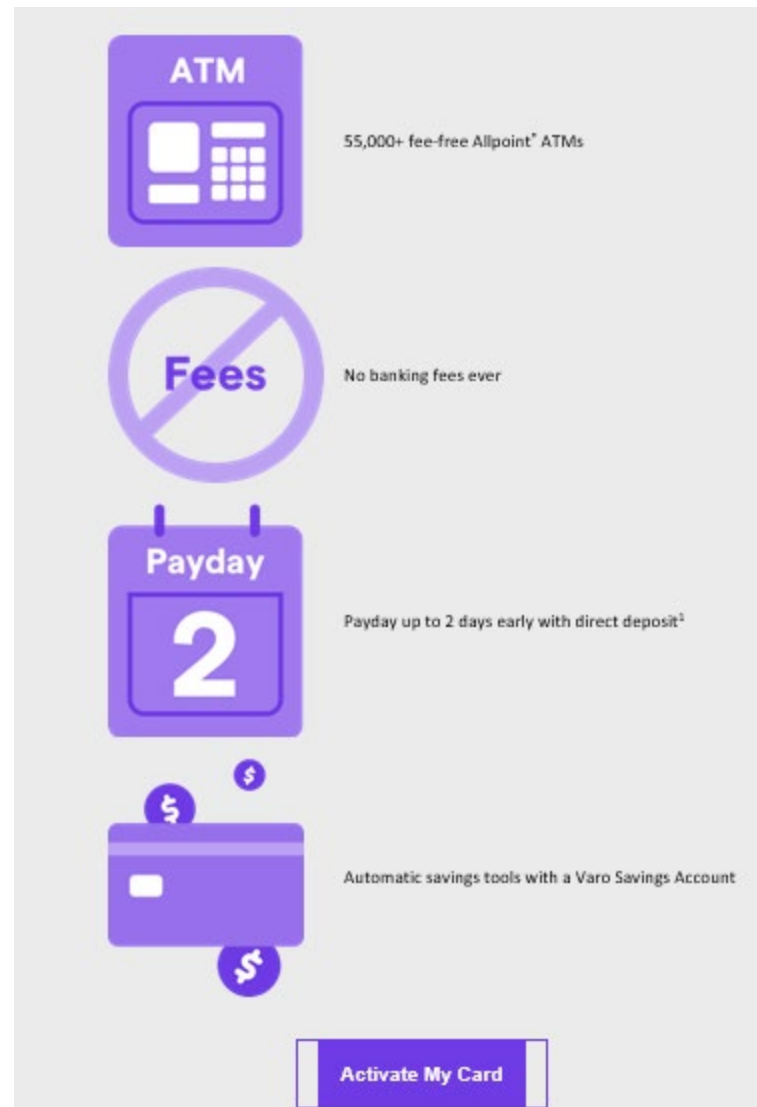
# Fintech Mobile Bank Offerings

## How the mobile bank offerings from fintechs and big banks stack up

Bank	Fees	Savings rate	Other perks
Chime	None	0.01%	
Empower	None	1.85%	1% cashback up to \$10/month
Simple	Only foreign transaction fee	0.01%	
Stash	None	unknown	10% back at certain merchants
Varo	None	1.50%	
Finn by Chase	Only foreign transaction fee	0.01%-0.04%	\$100 sign-up bonus
Greenhouse by Wells Fargo	None	unknown	\$150 sign-up bonus

Source: USA Today, Sep 20, 2018

# Varo Account Features



The infographic features four purple icons on the left side, each with a corresponding text description to its right. From top to bottom: 1. An ATM icon with the text '55,000+ fee-free Allpoint® ATMs'. 2. A 'Fees' icon with a diagonal slash through it and the text 'No banking fees ever'. 3. A calendar icon with 'Payday' and the number '2', with the text 'Payday up to 2 days early with direct deposit²'. 4. A credit card icon with dollar signs and the text 'Automatic savings tools with a Varo Savings Account'. At the bottom center is a purple button with the text 'Activate My Card'.

**ATM**  
55,000+ fee-free Allpoint® ATMs

**Fees**  
No banking fees ever

**Payday**  
2  
Payday up to 2 days early with direct deposit²

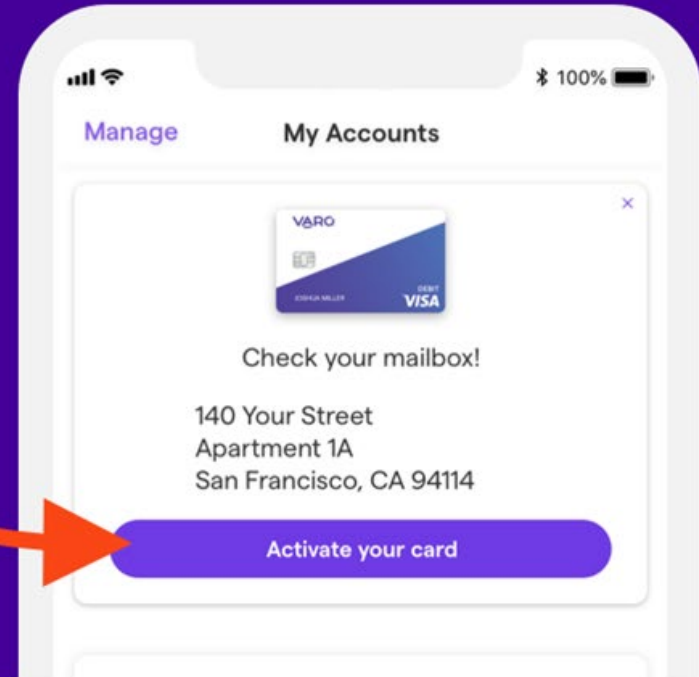
**Automatic savings tools with a Varo Savings Account**

[Activate My Card](#)

# Varo Reminders

VARO










Activate your  
debit card  
in the app.



James—if making a phone call has kept you from activating your Varo Visa® Debit Card, we have good news for you. Now, you can easily activate your card in the app.

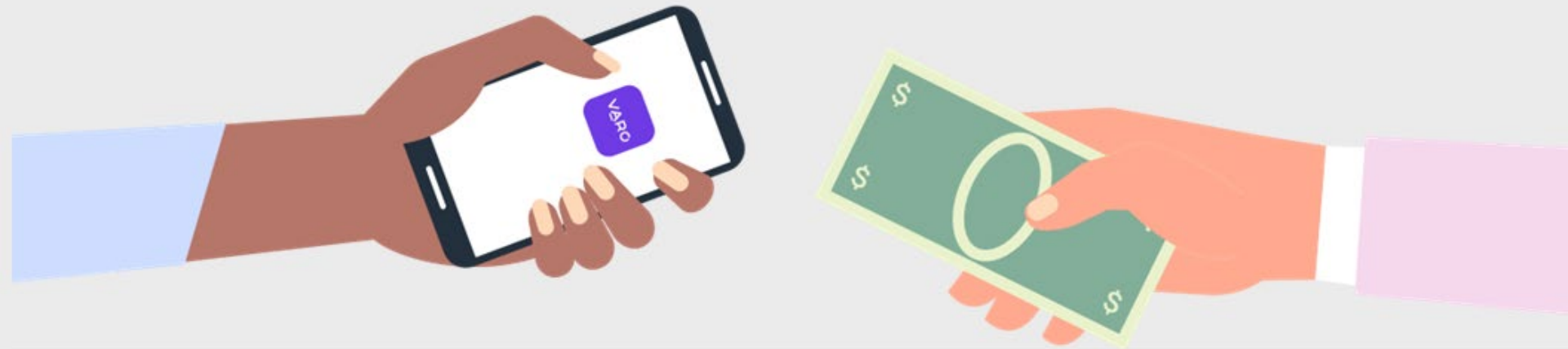
Just open your Varo app and tap **Activate your card**. Once you do, you'll see what it's like to have a bank account that actually helps.

# Email Marketing by Varo

Varo	 more way to stay on top of your money	Sun 7/28/2019 2:51 PM
Varo	Updates to the Varo Bank Account Agreement < <a href="https://appboy-images.com/appboy/communication/assets/image_assets/images/5ce8528a7dea0d72fe7c3a71/original.png?1558729354">https://appboy-images.com/appboy/communication/assets/image_assets/images/5ce8528a7dea0d72fe7c3a71/original.png?1558729354</a> >	Thu 7/25/2019 4:31 PM
Varo	We made activating your card really easy It's best to read this email on your phone.	Thu 7/18/2019 7:30 PM
Varo	Spread the love of a faster payday 	Wed 7/17/2019 1:45 PM
Varo	Refer a friend and earn \$100  Learn how	Wed 7/3/2019 5:36 PM
Varo	Don't miss out on extra cash!  Learn how to earn	Tue 7/2/2019 1:45 PM
Varo	About the bank holiday on July 4th	Mon 7/1/2019 7:31 PM
Varo	 more way to stay on top of your money	Thu 6/27/2019 8:55 AM
Varo	 Earn up to \$500 for sharing Varo  Learn how!	Wed 6/19/2019 4:24 PM
Varo	 Earn extra cash  Learn how	Tue 6/18/2019 1:45 PM

# Varo Incentives

Share Varo. Earn \$100.  
Save a friend from bank fees.



Step 1: Copy this link to share Varo

<http://refer.varomoney.com/qcvHC>



# The Bank Behind the Curtain

- All fintechs, despite the hype, have a traditional bank and a traditional core behind the scenes doing the “heavy lifting” and performing fundamental banking operations



***#1 Tap-to-Pay Improves  
the Customer Experience  
and Increases Interchange  
Revenue***



# What Percentage of Transactions are Cash?



# Proximity Payments Evolve

2005



*Exxon SpeedPass Watch*

2020



*Apple Watch*

# What Percentage of Transactions are Cash?

- Cash is used for 1/3 of transactions in the U.S.
- This translates to a \$2 trillion opportunity
- “Tap to Pay” will become more widely adopted in the coming years
- In Virginia, 63% of face-to-face transactions occur at contactless-enabled merchants
- Debit cards are tapped at a higher rate than Credit (4.9% to 2.8%)

Sources: AYTМ (Ask Your Target Market) Survey on Contactless, March 2017 2. NilsonReport / Euromonitor Data, Q1 17, Visa

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# Debit Card

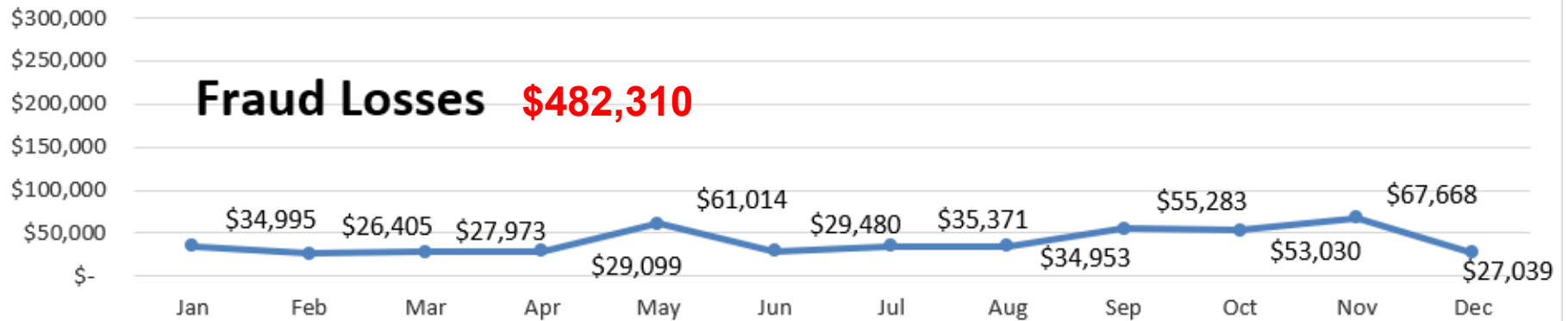
# Fraud Losses

# Versus

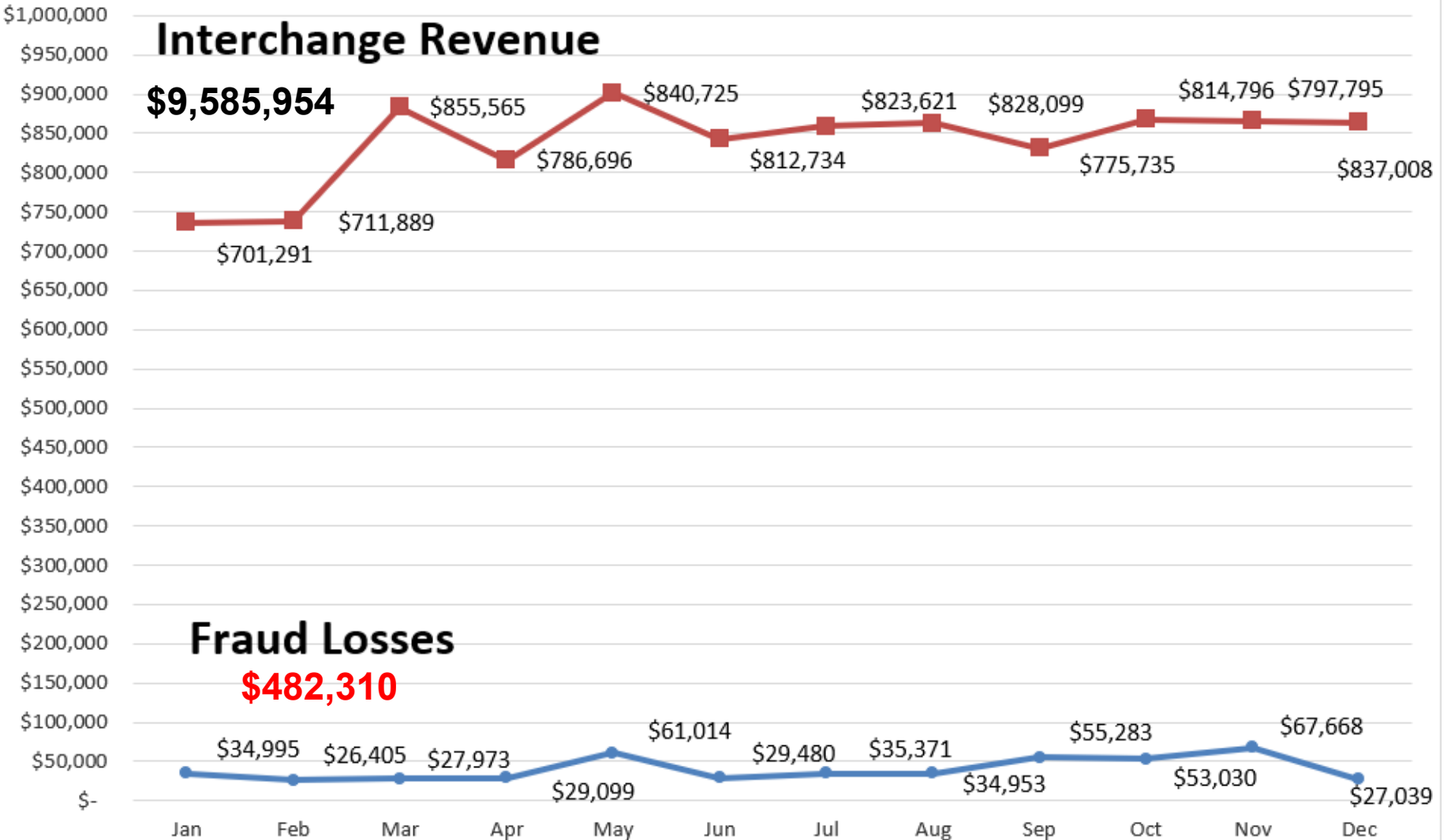
# Interchange Revenue

***THE CLASSIC RISK-REWARD PROPOSITION***

# Debit Card Performance



# Debit Card Performance

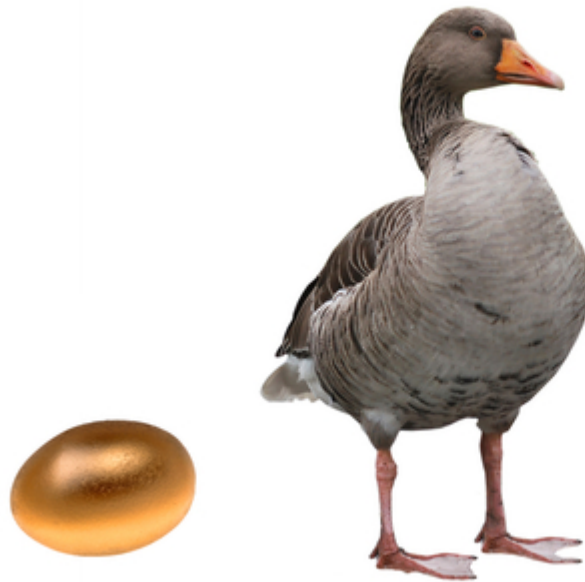


# Dollar for a Dime Equation



# Don't Kill Your Bank's Golden Goose

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A large, three-dimensional red Bitcoin symbol is mounted on a building facade. The symbol is a stylized 'B' with two vertical bars through it. In the background, a person's silhouette is visible on the left, and two men in suits are talking on the right. The overall scene is dimly lit, suggesting an evening or indoor setting.

# BANKING ON BITCOIN

## **Banking on Bitcoin**

2017 | TV-14 | 1h 23m

Featuring interviews with enthusiasts and experts, this documentary covers Bitcoin's roots, its future and the technology that makes it tick.

Genres: Documentaries, Social & Cultural Docs  
Director: Christopher Cannucciari

***#2 Contact Centers Take on Greater Importance and Empower Agents with Decision-Making Ability Driven by Advanced Data Analytics***

# Tech Fails

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- Amazon MayDay Button/Amy
- Google Glass
- Google +
- 3D TV
- Pay By Touch

***“Just because something is technically possible doesn’t mean it makes business sense.”***

***- Jimmy Sawyers***