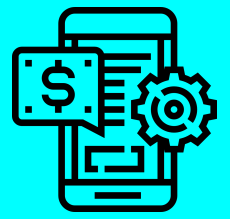
#WSRoundups

THE STATE OF DIGITAL FINANCE

A summary of market trends and industry initiatives from Q4 2024



Oct - Dec 2024

Executive Summary

Series of digital bank launches

- Incumbent banks across various regions are partnering with advanced core banking solution providers to launch digital subsidiaries.
- These platforms are focused on delivering enhanced customer experience through seamless onboarding, high-yield savings account, competitive rates, and fee-free banking.

Openbank, reem finance, temenos, MISR DIGITAL INNOVATION

Digital offerings in savings, card, lending, wealth management

- Digital banks are offering easy-access savings accounts, flat-fee credit cards, and diverse investment options like cryptocurrency and loyalty programs.
- Digital banks are expanding lending by targeting new markets with personalised loan products, faster AI-driven approval processes, and strategic partnerships with non-banking institutions to enhance customer access to personal loans and mortgages.

Starling Bank, ChetwoodBank., N26, trust, monzo, GxS, neo, JPMorganChase, bunq, ZOPA, Revolut, Grasshopper

Rise in SME-focused solutions

- Digital banks are focusing on SME payment solutions with tools for contactless payments, payroll, and innovative lending products like term loans and business credit cards.
- These banks are enhancing services for underserved SME segments, such as micro-businesses, with streamlined account openings, subscription-based plans, and more efficient loan applications and approvals.

albo, Revolut, tide, GxS, monzo, TBC BANK, Maybank, BoostBank, Alisa BANK, paytm

Regulatory trends

- Digital banks are acquiring licences and regulatory approvals to expand their offerings, allowing them to meet customers' evolving needs with a wider range of services and products.
- These approvals highlight the importance of regulatory flexibility in aligning with regional compliance standards, driving innovation, market differentiation, and competitive advantages in the evolving digital banking landscape.

Revolut, ZA Bank, Afin, D360

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Digital banks receive licenses and approvals

License

Key takeaways: Digital banks are receiving licenses and regulatory approvals, allowing them to expand their service offerings, including new investment products, cryptocurrency services, and lending capabilities. These approvals pave the way for further innovation and growth in the digital banking sector, as banks can now offer a wider range of products and services to meet the evolving needs of their customers.

Trading license

Revolut

FCA FINANCIAL CONDUCT AUTHORITY

- Revolut secured a UK trading license from the Financial Conduct Authority (FCA), allowing it to make significant improvements in user experience for its 650,000+ existing UK trading customers.
- In 2025, Revolut plans to introduce UK and EU stocks and ETFs, as well as refresh the app and launch new products and features, in a bid to help customers of all wealth levels feel confident in making good investment decisions and understand the associated risks.

Crypto trading license

ZA Bank

SECURITIES AND FUTURES COMMISSION 證券及期貨事務監察委員會

- Hong Kong-based ZA Bank secured a Type 1 license from the Securities and Futures Commission (SFC), allowing it to integrate cryptocurrency services, expanding its regulated activities.
- This new license enables ZA Bank user to seamlessly trade top cryptocurrencies like Bitcoin and Ethereum in HKD and USD within a single platform, with no need to switch between apps or platforms, simplifying the entire investment process.

Digital banking license

Afin

BANK OF ENGLAND PRUDENTIAL REGULATION AUTHORITY

- Afin Bank, a new digital bank planning to serve the African diaspora living and working in the UK, secured a banking license from the Prudential Regulation Authority (PRA).
- The new digital bank was granted a banking license with restrictions, meaning the aggregate amount of deposits held by the firm cannot exceed £50,000. Afin Bank will offer a range of FSCS-protected savings products to savers with a UK passport, as well as UK residents from Ghana, Nigeria, Sierra Leone and The Gambia.

Full digital bank approval

D360

البنك المركزي السعودي Saudi Central Bank SAMA

- D360 Bank secured permission from the Saudi Central Bank (SAMA) to commence its digital banking operations in the Kingdom.
- The bank aims to provide Shariah-compliant financial services, enabling access to credit to a wider segment of the Saudi population by applying modern technologies to serve clients and process data in compliance with regulations and guidelines.

Digital banks in Brazil go beyond traditional offerings

Launches

Key takeaways: Digital banks in Brazil are actively diversifying their offerings to create holistic financial ecosystems that cater to a broad range of customers. By integrating innovative solutions like cellphone packages, cryptocurrency trading, CBDC initiatives, and lounge access, these banks are positioning themselves as multi-faceted service providers.

Mobile phone service

- Nubank launched NuCel, a mobile phone service, aiming to optimize customer experience and expand the company's portfolio.
- Scheduled to be rolled out over the coming months, initially available only for devices with eSIM, there are three plan options for customers to choose from based on their needs:
  15GB for R$45/month, 20GB for R$55/month, and 35 GB for R$75/month.

Crypto trading

- Nubank launched 'swap', a cryptocurrency option that offers lower fees compared to fiat currency trades.
- Integrated with Nubank Cripto, this option simplifies transactions via direct exchange allowing customers to trade Bitcoin (BTC), Ethereum (ETH), Solana (SOL), and Uniswap (UNI) directly for USD.

CBDC

- The Central Bank of Brazil (BCB) selected Banco Inter, alongside Microsoft Brazil, to build a trade finance solution as part of the second phase of Brazil's DREX, Brazilian digital currency's pilot.
- Banco Inter will lead implementation efforts on the DREX platform in Brazil solely and demonstrate how blockchain-based trade finance unlocks Delivery versus Payment (DvP) and Payment versus Payment (PvP).

Lounge access

- C6 Bank partnered with DragonPass, a program that provides access to more than 1,300 VIP lounges around the world.
- As a result of this collaboration, C6 Carbon and C6 Graphene cardholders will be able to access DragonPass VIP lounges through a QR Code generated directly in the bank's app - eliminating the need to present a credit card to enter the lounges.

Latest innovations in SME banking and financial solutions

Use cases

Key takeaways: Digital banks are introducing features like streamlined account opening and subscription-based plans with tailored benefits for SMEs. These banks are targeting underserved segments within the SME market, such as micro-businesses and proprietorships, offering them access to financial services that may be limited through traditional channels.

SME banking

TBC BANK

- Uzbekistan-based TBC launched TBC Business, a digital banking service for SMEs and entrepreneurs.
- The initiative aims to simplify banking for SMEs with fast, paperless account opening, 24/7 payment services, team management tools, one-click utility, government payments, and instant transactions with pre-configured templates.

SME banking

GXS

- Singapore-based digital bank GXS Group announced plans to launch its business banking solutions in the first quarter of 2025, initially in Malaysia and Indonesia.
- GXS Bank announced that it will initially launch its business banking services for sole proprietorships and micro-businesses, as these entities are often underserved by traditional banking providers.

SME program

Maybank

- Maybank Singapore rolled out 'My Impact SME' program, a collaborative ecosystem of different partners working together to help SMEs accelerate their sustainability journey.
- The program aims to offer tailored financial and business advisory solutions to support small and medium-sized enterprises (SMEs) in Singapore, Malaysia, Indonesia, the Philippines, and Cambodia.

Subscription plan

monzo

- Monzo introduced a new premium subscription plan called Team to provide business owners more control over managing their finances.
- The new plan costs £25 a month and will offer expense cards to up to 15 employees, bulk payments for approving multiple payouts in one go, and payment approvals over set limits and includes all the features from the Lite and Pro plans.

Key investments

Key takeaways: The funding initiatives aim to broaden financial services for underserved markets, promote regional growth, and improve product accessibility for both consumers and SMEs.

Company	Country	Key Investors	Motive	Funding	Round
SoFi	**US**	Fortress Investment Group	Funding aims to enhance SoFi's loan platform, referring pre-qualified borrowers and originating loans for third parties.	**$2B**	**Series B**
neo	**Canada**	Shopify, Slack, Roblox, PointClickCare., Valar Ventures, Golden Ventures, Afore Capital and Thomvest Ventures	Funding aims to accelerate product velocity.	**$258M**	**Series D**
tyme group	**Singapore**	Nubank, M&G's Catalyst	Funding will be utilized across key areas such as credit risk management, data analytics, product development, and marketing.	**$250M**	**Series D**
KOHO	**Canada**	Mubadala, Coatue, D1 Capital Partners, and Tiger Global	Funding aims to fuel growth, expand KOHO's lending, launch new products, and support its progress toward a Schedule 1 bank license.	**$190M**	**-**
MERCURY	**US**	Natixis Corporate & Investment Banking	Funding aims to fuel the growth of Mercury's corporate credit card business and serve more customers.	**$100M**	**-**
ZOPA	**UK**	A.P. Moller Holding	Funding aims to support Zopa's growth as it prepares to launch its current account and GenAI product in 2025.	**$82M**	**-**
TBC BANK	**Uzbekistan**	Global Gender-Smart Fund (GGSF)	Funding aims to provide loans to women and women-led businesses, promoting equal access to digital financial services.	**$10M**	**-**

This report has been authored by WhiteSight.

To access the underlying data with further coverage and references, please reach out to us at hello@whitesight.net

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