



## The last mile

**businessfile** ASKS

### 2018: What's to be done?

Argitis Giorgos | Bakatselos Nikolaos | Bakoyannis Dora | Diamantopoulou Anna | Featherstone Kevin | Fessas Theodore | Giannitsis Tassos | Hardouvelis Gikas | Karamouzis Nikos | Katseli Louka | Laskaridis Panos | Lyberaki Antigone | Mixalos Konstantinos | Papaconstantinou George | Papalexopoulos Dimitris | Sachinidis Philippos | Varoufakis Yanis | Venizelos Evangelos | Xafa Miranda |



# Fintech and traditional banking services: A sector in dynamic transformation

Interview by Eugenia Anastassiou

**U**nder the auspices and organisation of Reload Greece (a UK-based non-profit organisation, created with the aim of reigniting the faltering Greek economy through the promotion and support of start-ups and new businesses) the conference on “The

Unstoppable Generation: Hacking Entrepreneurship into a Culture” was held in London. This second annual Reload Greece Conference provided the background for lively debates and discussion on finance, commerce and entrepreneurship with a gathering of eminent

academics, business leaders, start-up developers and experts from all fields. One of the stand-out panel sessions, in association with the Hellenic Bankers Association UK, was about developments in financial technology and the ways they will impact on traditional banking.

## Sergio Tzianos

### Software engineers versus bankers

Traditional banking must embrace the new developments in fintech because they will inevitably stagnate – so they must innovate. Before the 2008 banking crisis this was not a priority, but post-2008 untangling the spaghetti of systems within banking has become a necessity and the advances in fintech have certainly contributed to this consolidation and clarification.



### Innovation Lead, Commercial and Private Banking at Royal Bank of Scotland

Sergio Tzianos originally worked in Technology and Corporate Strategy for the Vodafone Group in the UK, before switching to RBS in 2013. He leads the RBS innovation team, building a digital start-up within the bank, combining the best of traditional banking and fintech, enabling RBS to launch new, innovative design-led products for the bank's customers.

Innovation is “hot”, but this has to be done from the top downwards, led by CEOs and the senior management in each division within a bank.

This is essential since it is forecast that in 5 years everything will be driven digitally and the bank transfer system will eventually become obsolete. Furthermore, within 15 years banks will be disrupted by other industries and they have to adapt in order to survive.

Additionally, the most important job in banking in the future will not actually be bankers but software engineers as banks reduce the amount of manual

labour involved in the day-to-day running of their business with RPA (Robotic Performance Automation) by using software with artificial intelligence (AI) and machine learning capabilities to handle high-volume, repeatable tasks which people previously performed.

However, the personal touch will still be required, with bankers needing to deliver a specialised, enhanced service by being able to have a deeper and better understanding of their customers' perspective and fine tuning their service to their clients' needs and requirements.

## Fanis Koutouvelis

### Connect fintech with banking

Start-up Intale is an example of a disruptive industry in the FMCG (Fast Moving Consumer Goods) market. Hundreds of convenience store retailers and kiosk owners are already using Intale Point to manage and control their stores' tills, shifts, warehousing, suppli-



### CEO Intale Inc.

Computer engineer Fanis Koutouvelis founded Athens-based Intale Inc., originally as I-Kiosk, in 2010.

Intale is a business intelligence and communication platform which uses the most cutting-edge, reliable hardware on the market, connecting and streamlining the retail industry. It has changed the way hundreds of stores operate, making the way they work more efficient. In 2015 Intale raised a second fund of \$3 million to expand into European markets and has already been mentioned in the *Wall Street Journal* and as an SME “to watch” by Microsoft Europe.

ers and customers in a more efficient way. By using the platform, they can improve and increase their daily transactions and make all aspects of their business easier.

One of the eventual aims of Intale is to bridge the connection with fintech and banking, especially with the decline in bricks-and-mortar banks; the idea being that convenience stores could be used to carry out basic banking business, provided they have the appropriate software programme.

This has become a possibility because of the EU's forthcoming PSD2 directive, which is to be implemented in 2018 and is set to revolutionise the payments industry. Essentially, this will break the banks' monopoly on their clients' financial information, which could be shared with fintechs, technology firms, as well as retailers and even telecommunications providers – provided they have the individual customer's permission.

PSD2 is a response to evolving demand for real-time, personalised and seamless payments. It will also facilitate carrying out basic transactions, such as paying utility bills in “non-banking” environments, for example in convenience stores.

This change gives disruptors like Intale Inc., who have the flexibility to adapt quickly to new circumstances, the opportunity to offer a value-added service.

## Aristotelis Xenofontos

### New concept for bankers and lenders

Unusually, Aris thinks that banks being involved in start-ups is not a good idea. He feels that the bureaucracy and politics of traditional banking stifles the creativity, agility and originality of start-ups.

The ideal function of banks in the case of start-ups is that they can offer expertise, contacts and investment, combined with the role of being minority stake holders or as part of collaborations with other financial institutions or companies, enabling the new company to grow organically. Santander's investment in start-ups ranges approximately from \$300,000 to \$10 million and covers SMEs to those ready for international markets.



### Principal, Santander InnoVentures

Aris Xenofontos started out in JP Morgan's Investment Banking team and then worked at Thomson Reuters, co-founding their KYC (Know Your Customer) service business Org ID.

KYC or "Customer Identification Programme" is a requirement increasingly used by banks, credit and insurance companies to ensure that their clients are not involved in any illegal financial activities. He combines his previous experience in his role leading technology and financial services at Santander.

Aris also offered useful pointers for those thinking of pitching for new business to banks. There is a general preference of no "buzz words" or rigid presentations; ideally there should be a dialogue or conversation between both parties, those with the business ideas and those with the money.

Bankers/lenders have to understand the idea or business being pitched to them and they appreciate that entrepreneurs are the ones who see solutions to problems and how to solve them – so simplicity and making concepts easy to understand is key. Bankers prefer to see where the product will be targeted, what issues it will solve and what service it will provide, rather than entrepreneurs unrealistically giving the impression that their concept/product resolves the whole picture.

### Maria Barsuk Blockchain technology

Fintech will be very disruptive, especially with all the compliance changes

in banking; paradoxically, more regulation has prompted more innovation, which fintech delivers. Also, digital technology will impact on the scalability of the banking model.

Fintech has the flexibility to address specific markets and consolidate compliance and regulations, good examples of this being "currency platforms" such as BitPesa and M-Pesa, which have redefined how businesses make payments in Africa, by using cutting-edge blockchain technology to enable payments and trade both within Africa and between the continent and the rest of the world.

Blockchain technology allows consumers and suppliers to connect directly, removing the need for a third party, such as banks or other financial institutions. Considering that today 2 billion adults worldwide still remain without a bank account, new fintech innovations are essential to connect this vast sum of people to the economy.

Ironically, fintech has been embraced and been adopted further and faster in less developed countries, compared to the Western world.



### Investment Professional in Information and Communications Technology (ICT) at Venture Capital Group EBRD

Maria Barsuk was the CEO of her own successful start-up Depositphotos Inc. She recently joined EBRD Venture Capital, which has a 100 million euro dedicated fund which invests in early stage technology companies in Central and Eastern Europe, Greece, Turkey, the Middle East and North Africa.



### Chairman of the Hellenic Bankers Association, UK, and Financial Institutions Loans at Royal Bank of Scotland

Antonis Ntatzopoulos currently works at RBS Group, focussing on financing the insurance, broking and global asset management industries in the UK and Europe, as well as Greek and Cypriot financial institutions. His role is underpinned by a 12 years' experience in investment banking and capital markets.


In the last decade he has originated and executed public and private transactions to the tune of over 55 billion euros, as well as structured finance programmes in Greece.

### Antonis Ntatzopoulos Potential borrower through mobile phone

In his role as moderator of the discussion, Antonis gave the example of how fintech can be used in the future for credit scoring through building a profile of the customer via the data on their mobile phone. With permission given by the individual and through filtering and collating all the information, plus using psychometrics, financial institutions could evaluate the credit worthiness of a potential borrower.

This, of course, raises the whole Big Brother question as to who owns this personal information, how it can be used further and by whom, as well as issues of data protection. Fintech is certainly revolutionising the banking industry, but it also opens many ethical, legal and regulatory concerns which must also be put into place to safeguard its customers and their trust in the financial industry.

# The wearable industry Kronaby, the smartwatch with Greek origins



*Kronaby, the hybrid smartwatch, is part of Anima Connected, a company founded in 2015, which is involved in coming up with smart and connected products for the new era of the Internet of Things (IoT). Co-founder Sarandis Kalogeropoulos, born to Greek parents, living in Sweden, explains how Anima was created with a vision of digitalising traditional industry. The first product is Kronaby smartwatch. The collection is already available in selected stores in many European countries, recently launched in USA and Japan*

Interview by Eugenia Anastassiou

### What was your inspiration behind developing a hybrid smartwatch?

The other co-founders and I all first met at Sony and we all had the common goal of wanting to use our expertise within technology and wearable design to create something completely new, different and inspirational. The idea of a beautiful, classic connected watch stems from something lacking in our own lives and in the market.

We started the company, Anima, on 1st September 2015, with a vision of digitalising a traditional industry and when we were creating the watch the inspiration came from the employees. The result is a beautiful smartwatch, with relevant functions and no charging capability. We have world leading software and hardware engineers, sales, marketing, supply, UX (user experience) designers, and it was this group effort which made this all possible.

The team is all based here, at the office in Malmö, and all these people have the expertise to generate further possibilities in smartwatch technology. For example, developing and releasing new relevant features regularly to enhance the capabilities of the watches for the wearer.

### You launched Kronaby in 2015. How has it developed in just two years? What have been the highs and lows of starting this company for you?

Of course, there have been some highs and lows along the way, since we first started Anima two years ago.

I would say our first exciting breakthrough was getting our first distribution contract signed, followed by the first purchases on-line through e-com; that made everything so real for us. The more challenging parts would be potential delivery delays etc. – but that is also part of the experience of doing business and it is something that helps us to learn and improve.

### How are Kronaby watches being received both in the tech world and by the consumer?

We have received very positive feedback from customers and the tech community too, as well as the lifestyle and fashion scene. Since Kronaby is a hybrid, this is what we believe appeals to both segments. We have scored highly in various important tech reviews and have

## Sarandis Kalogeropoulos, co-founder of Anima

Sarandis Kalogeropoulos was born to Greek parents, who emigrated to Sweden in the early 1970s. His father originated from Kalamata and his mother from Constantinople. He studied Electronic Engineering at Lund University, completing his education with an MSc in Physics, followed by a career spanning 17 years at Sony Ericsson. The company eventually transformed into Sony Mobile, with Sarandis ending up as its Deputy Head of Mobile Accessories Business Unit. In 2015, together with three other Sony Mobile colleagues he co-founded *Anima Connected AB*, specialising in smart technology and interconnected consumer products.

Under Kalogeropoulos as its Vice-President and Head of Sales & Marketing and together with fifty other ex-Sony Mobile employees and consultants, this Malmö-based start-up has already attracted funding from Chinese electronics manufacturer Goertek, with an \$11.75 million investment (August 23rd 2017 figures) and the collection is already available in selected stores in Sweden, Norway, Denmark, Finland, Germany, France, the Czech Republic, Slovakia, Switzerland, Greece, Cyprus and the UK. They were just recently launched in the USA and have already taken off for the first time in the Asian market, in Japan. They are also available on-line at [www.kronaby.com](http://www.kronaby.com). What has got the industry standing up and noticing Kronaby is that it has all the clever digital technology; connecting to a smartphone via Bluetooth and operating on a customised app, which allows the wearer to prioritise incoming calls, set alarms and reminders, capture selfies, use it as fitness and safety tracker, playback music and even connect to open and close the garage door and control lights – but all this high-tech is sleekly disguised as a luxury classic timepiece.



also been featured in credible and well-known fashion magazines; that is the ultimate combination for us.

### Where do you see Kronaby in five years' time? Could it take on the big smartwatch players such as Apple and your former employer Sony?

We are definitely aiming towards establishing Kronaby as a global watch brand and to be among the top brands providing the world with beautiful hybrid watches.

### The new era of the Internet of Things. Kronaby is part of Anima Connected, which is involved in coming up with smart and connected products for the new era of the Internet of Things (IoT). Please explain further how this will change technology and the world we live in.

Anima is an IoT company and our aim is to continue to release beautiful and connected products within this segment. Kronaby is its first brand and concept to be launched from the holding company, Anima. There is a great buzz around IoT, Artificial Intelligence (AI) and tech wearables around the world. Connectivity technology now comes in smaller sizes and

with lower power consumption which generates many more opportunities. I am sure there is a lot more to come; of course, it is very exciting being part of this paradigm shift and the connected world.

We have approximately twenty different competence categories among our 70 employees here in Malmö. This enables us to execute an idea, deliver a product to market and sell it fairly quickly. In this way we feel very well prepared for the future.

### Apart from smartwatches, what are the next developments in tech wearables?

The greatest developments have been that products consume less power than before, so that improves user experience, as well as the ability to minimise technology in order to create slimmer designs. This is something we worked particularly hard to achieve and we have succeeded with our products. Connectivity, wireless connection and antenna technology will improve, so the user experience will improve in wearable technology.

These were basically the same factors we were concentrating on in the mobile phone industry 15 years ago.