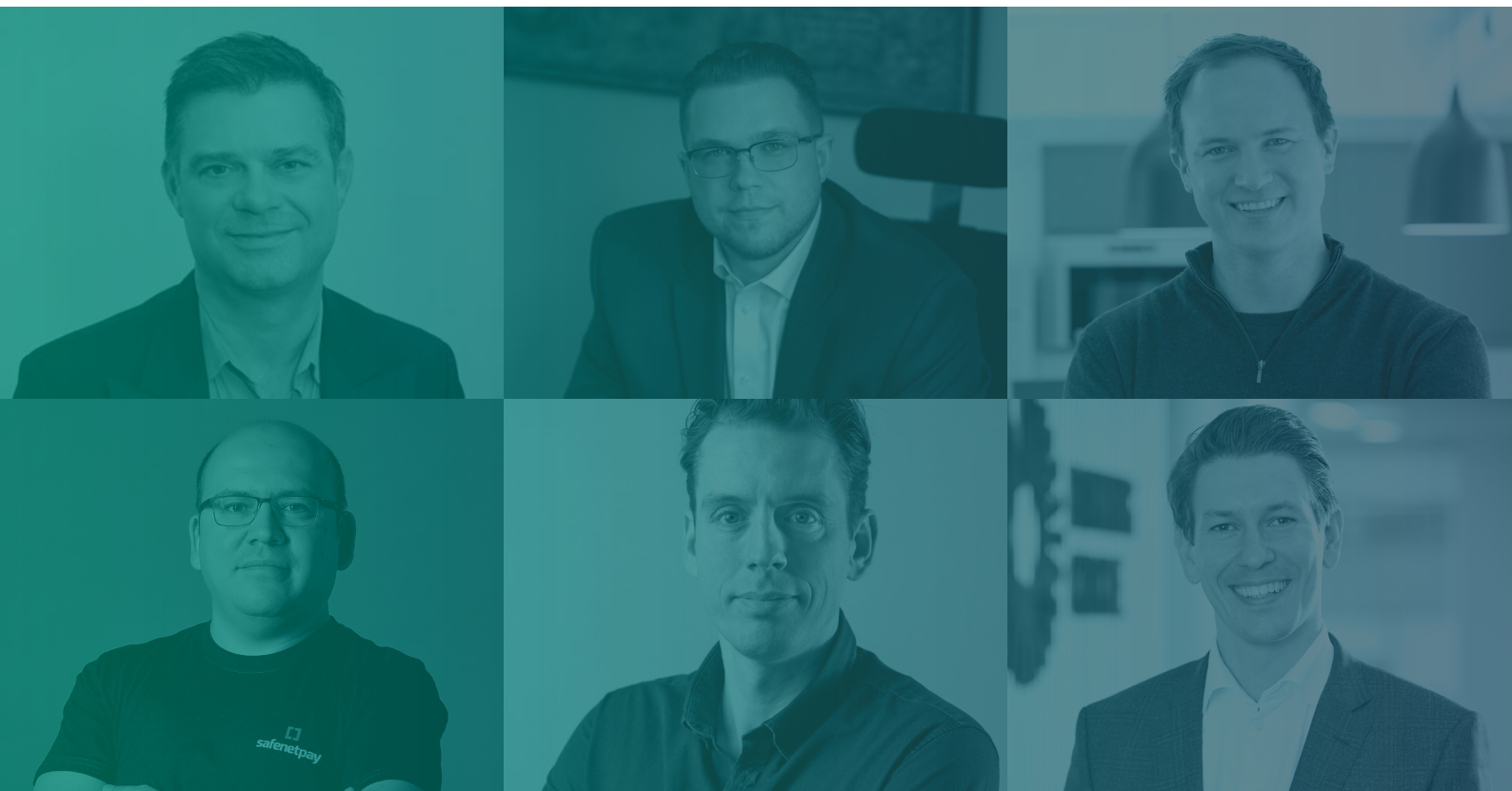


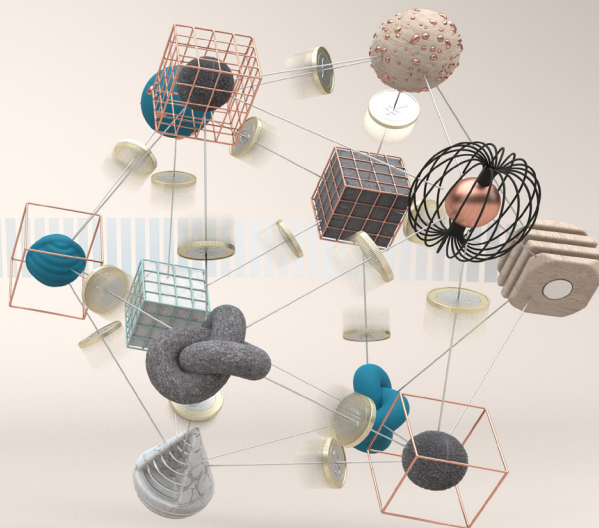
2022: A YEAR FOR INNOVATION



Banking Circle asked industry experts about their predictions and expectations for 2022.

Which trends will continue? Will emerging innovation reach the mainstream?
What are the opportunities and challenges for which the banking and payments industry should be preparing?

Contributions have been provided by Søren Mogensen, Chief Growth Officer, Banking Circle; Paul Swinton, CEO of B4B Payments; Mikkel Sølvsten Velin, Founder & Co-CEO of YouLend; James Booth, VP Head of Partnerships EMEA at PPRO; Sanjar Mavlyanov, Founder and CEO of Safenetpay; Rafal Andzejewski, co-founder PayAlly and Anders la Cour, Chief Executive Officer of Banking Circle Group.



2022: The year for the full B2B finance stack

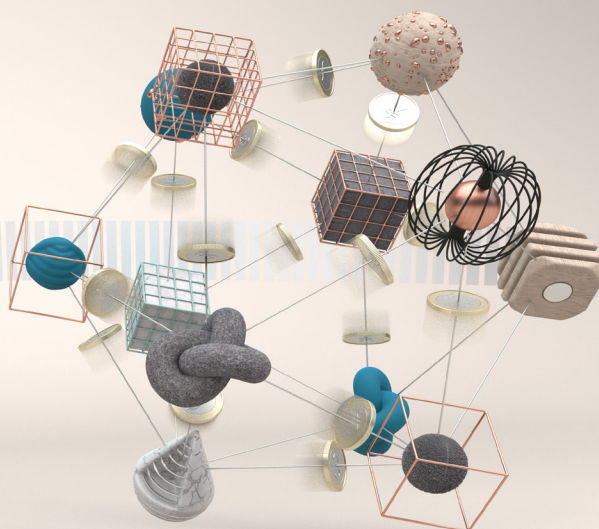
Banking Circle

Søren Mogensen, Chief Growth Officer, Banking Circle believes 2022 is going to see renewed energy from Banks and Payments businesses as they stake their claim in the ecommerce space.

“What we expect to see in 2022 and beyond is the evolution of the ecosystem strategy by Payments businesses and Banks as they re-bundle financial services to deliver full solution stacks to meet the demands of the ever growing online merchant marketplace.

“The emergence of new and alternative payment methods is also going to change the shape of B2B finance. For example, the Buy Now Pay Later proposition that has widely gained pace in the retail space is likely to gain traction in more use cases such as in B2B, subscriptions, travel, pet care and much more. And we expect the move towards account-to-account payments to materialise significantly as request-to-pay and the liquidity aspects of open banking proliferate.

“The battle for the merchant interface is intensifying and the winners will be the businesses that can react and respond to the opportunities with a full suite of solutions for a greater share of their customer wallet. And for that they will need to find the right partners so that they can focus on what they do best.”



2022 set to increase collaboration, merchant retention and focus on sustainability



B4B Payments

Paul Swinton, CEO, B4B Payments, discusses which of the 2021 trends will remain into 2022 and continue to improve security, accessibility and sustainability of payments sent and received around the world.

"We have seen an incredible amount of innovation in the past two years, accelerated by pandemic-induced necessity for integrated digital

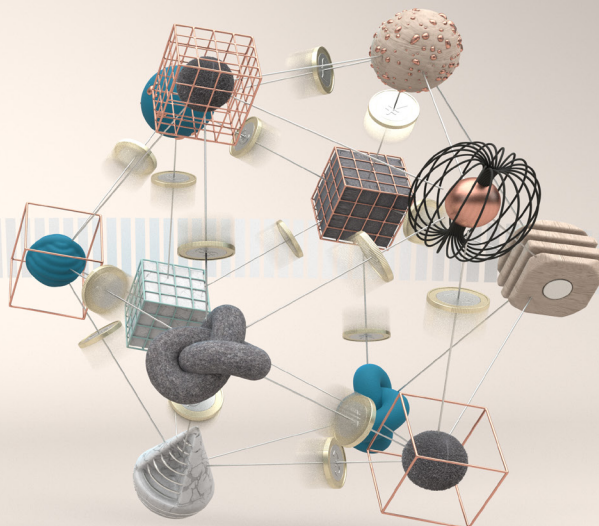
payments. As the pandemic continues into 2022, and new habits become firmly established, we expect to see many of these become long-term fixtures. One major change that is set to remain permanently is the increase in collaboration across the industry.

"Working together, the industry will unite even more closely in a collective effort to fight financial and crypto crime. Alongside continued improvements to security through streamlined KYC processes, providers in the financial ecosystem will collaboratively join forces to preserve the integrity of the sector.

"In the coming 12 months, we expect there to be a bigger push in the acquirer and PSP market to improve merchant retention by enhancing product offerings using embedded merchant accounts and providing card functionality that can speed up settlement to make funds available sooner. We see this being further enhanced by providing credit lines and trade finance using the same account and card combinations.

"The e-commerce value proposition will also be enhanced through prepaid solutions, improving the experience for merchants, with access to segregation and protection of funds as well as easy access via accounts. Standardisation of fees should bring more competitive pricing across the sector, levelling the playing field and increasing accessibility for consumer and business customers alike.

"Innovation is continuing in card features, with a strong focus on improving access to cross-border payments and making it easier to move funds around the globe. However, we are also seeing both consumer and corporate environmental concerns impact payment decisions, with more and more opting for sustainable options such as virtual credit, debit, prepaid and gift cards, or cards made using recycled plastic. This is a trend we welcome, and we are committed to reducing the impact of card production on the environment. We hope and expect to see customers increasingly demand sustainability from their payment and banking providers."



Not peaked yet: 2022 will see the FinTech industry continue to grow



PayAlly

Rafal Andzejewski, co-founder PayAlly shares his 2021 highs and lows, and looks at the limitless potential for new products and services in 2022 and beyond.

"Let's start on the optimist's side of the 2022 balance sheet. Despite repeated claims of "peak FinTech", there is plenty of evidence that things are not oversaturated. The final figures for 2021 aren't yet in, but global FinTech investment jumped over 12% in H1 2021, to \$98 billion.

"There are many reasons for that. At a fundamental level there is more money out there needing financial services than ever before. The world economy, around US\$93.86 trillion in 2021 according to the IMF, is up almost \$9.3 trillion over 2020.

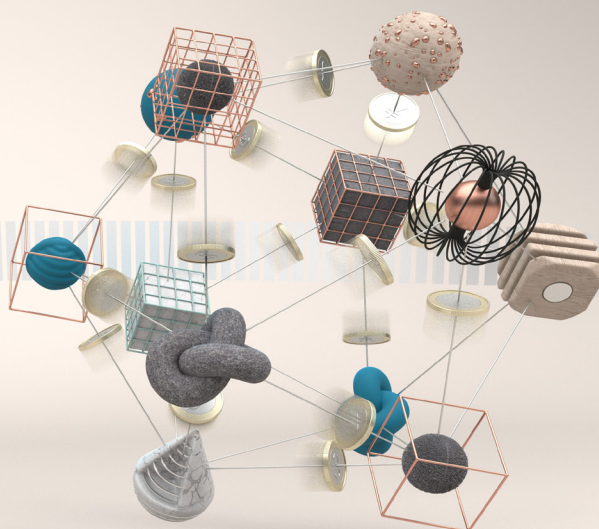
"And the mechanisms, technologies and regulations for how that money moves from point A to B to C are in massive transition. Much of the global money system is antiquated at a time when new technology is transforming what is possible.

"Clearly these two forces - more investment in change and greater money availability - are in symbiosis. The net outcome is that there is still a lot of potential for new products and services. We see the potential as limitless.

"On the other side of the coin, we see challenges from central bank regulation and new obligations imposed on auditors and others.

"In the search for clear rules, regulators often overlook the many grey zones in finance. That means there is plenty of scope to design rules that either don't resolve the perceived problem in the first place and/or prevent people doing things that actually don't need regulating.

"Regulators don't have any easy task, but it isn't always necessary to regulate everything. And it should be possible to leave room for service providers to solve any real challenges that do emerge rather than just shutting things down without checking first for solutions."



The digital payments opportunity



PPRO

Here, James Booth, VP Head of Partnerships EMEA at PPRO looks at the changing trends in digital payments and the e-commerce COVID legacy.

"The effects of the pandemic have driven a seismic shift in how we shop and pay globally. These changes in consumer behaviour are here to stay, even in markets where cash had a stronghold, like Germany or countries

in Southern Europe. Our 2021 edition of the payment Almanac found that digital payments in Europe are set to grow by 70% in the next five years.

"This shift in behaviour is driven by consumer demand and it represents a huge opportunity, especially for businesses looking to expand across borders.

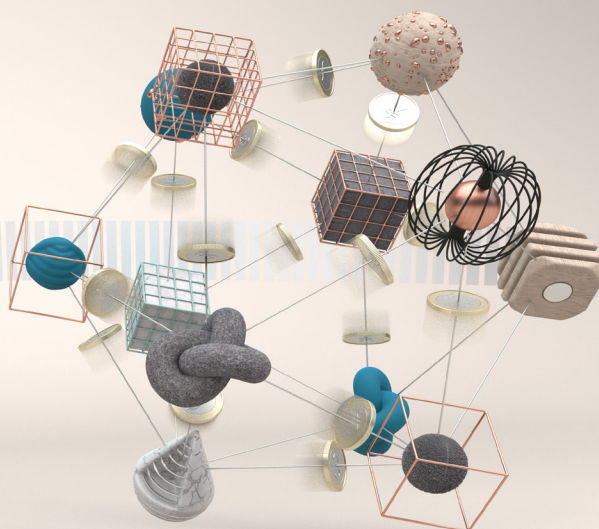
"Doing business abroad is not just about having a presence in that market, but also about how every aspect of the business process – from customer journey to check out – is appealing to consumers in international markets. Considering that 77% of global online purchases are not made with an international credit card but with a local payment method – like regional wallets or bank transfers apps – it's crucial that the e-commerce sector gains a better understanding of the global payments landscape, stays ahead of future trends and meets the needs of their target markets.

"Consumers expect a safe and smooth digital experience where payments are completely fading into the background.

For instance, Europeans still pay for 45% of online purchases using a credit or debit card, but growing in popularity are bank transfers, which consumers use in 25% of online purchases and e-wallets, which cover 23% of online transactions. In addition, Buy Now Pay Later (BNPL) options grew in popularity.

"With this multiplication of new ways to pay, it's even more important that businesses optimise their payments so they're not wasting precious resources on piecemeal processes and infrastructure.

"The COVID-19 crisis has been a catalyst for change in the online payments industry. Going forward, we expect e-commerce shopping trends to accelerate. Many consumers worldwide are likely to continue purchasing online, expanding their online shopping into segments they would have previously only bought in-store. The new shopping habits attained by the consumers as a result of the pandemic has offered new opportunities for e-commerce merchants."



Continued tech transformation will enable more personalised products



Safenetpay

Here Sanjar Mavlyanov, Founder and CEO of Safenetpay, discusses his thoughts on 2021, and looks ahead to how he expects to see FinTech in 2022 embrace cryptocurrencies and personalised products.

"In the past few years, the growth of the FinTech industry had been stymied by the overbearing scepticism it has been met with from both industry experts and customers. The transition

to a digital economy was considered daunting and even impossible in many quarters until the exigency of 2020 that led to the widespread adoption of new technologies in the commercial world. This transition has, however, not become mainstream even as business activities begin to stabilise. 2021 was the exploratory year as many companies pursued alternatives to the traditional transaction methods which have been proved less efficient.

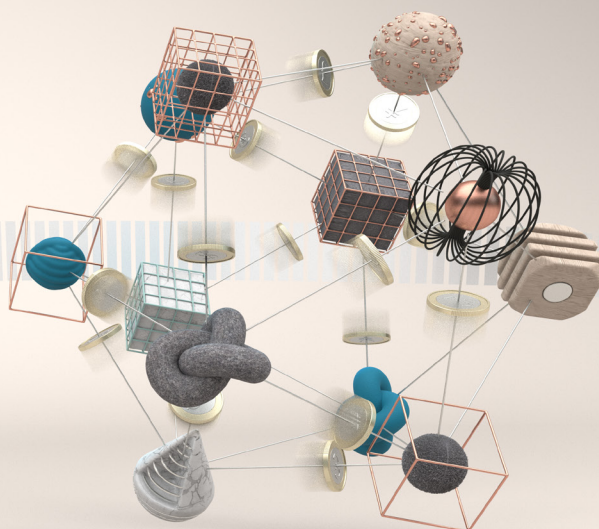
"To take advantage of this opportunity, FinTech companies should position themselves at strategic places in the marketplace to not only address customer pain points but also tackle the challenges associated with the rise of a digital economy.

"Now, this cashless world is not dependent only on systems fashioned after traditional banking. The rise of cryptocurrencies and their eventual incorporation and acceptance as a payment method by many more companies and institutions will be a big part of 2022. The upsurge and success of crypto payments as a decentralised finance tool has even

led financial experts and institutions across countries to deliberate the creation of electronic versions of their fiat currencies; an event I consider will take the front seat in 2022.

"This year will be the year of experimenting for financial institutions and for reshaping their business ecosystem around a collaborative and more open platform approach across financial and non-financial products. All of this will facilitate the growth of embedded finance.

"I envisage that the year 2022 will be the nesting hub for this digital transition especially with the robust model that is being proposed to revitalise the digital space. A diminishing cash economy with the capacity to facilitate complex payments faster, with a limited physical presence and at less expensive rates is the shoulder that businesses would lean on to achieve their potential. This impact will be mirrored in the seamless ease with which businesses can carry out their operations across borders, both continental and national."



Embedded financing comes of age



YouLend

Mikkel Sølvsten Velin, Founder & Co-CEO of YouLend explains how the current landscape has brought about the perfect conditions for a 2022 spike in B2B embedded finance.

"This year we will almost certainly see a spike in the number of e-commerce platforms offering lending solutions to their business customers.

"Over the last 18 months, a perfect storm has been brewing for the exponential rise of B2B embedded finance in 2022, as demand from SMEs for flexible and accessible credit continues to sky-rocket amidst Covid-induced disruption.

"This, alongside improvements in the technology infrastructure of embedded finance – which side steps challenges that have prevented market players from becoming lenders in the past – will continue to accelerate the growing number of e-commerce platforms offering financing options to the benefit of their merchants and the growth of their own businesses this year.

"Although thousands of SME customers are already accessing credit via e-commerce platforms, such as e-Bay, as a source of funding – it's just the tip of the iceberg for this industry. Given the scalability and entrenched digital make-up of the e-commerce sector, it's likely to be able to adapt to and benefit from, modern lending propositions more than any other industry in 2022.

"The result? E-commerce platforms will see sales increase by almost a third and seller loyalty increase by up to two thirds as churn reduces. And, for SMEs, we will see more customisable, accessible, and cheaper sources of funding from e-commerce platforms, whilst avoiding the lengthy processes to determine creditworthiness, expensive fees, and high interest rates that so often come with traditional lenders."