



Pivot – Cross Border Commerce Podcast Series

Best of Frenemies? Collaboration and culture between Fintechs and Banks.

Hosts:

Mike Robertson - Head of Transactional FX Trading, Global Banking and Markets at Bank of America
Douglas Houser - Head of Transactional FX at Bank of America

Guest Speaker:

Jonathan Lear, Head of Community at Fintech Meetup

Mike Robertson ([00:00](#)):

Welcome to Pivot, the Bank of America Cross-border Commerce Podcast Series. Pivot refers to a moment, where due to an impactful event within the business environment, one is set on a new path and a new series of possibilities arise. In this series, you'll hear competing discussions with industry leaders and key figures in the cross-border payments ecosystem and learn how they pivoted when the situation demanded it. I'm Mike Robertson, Head of Transactional FX Trading, Global Banking and Markets at Bank of America. And I'm joined by my colleague, Doug Houser, Head of Transactional FX at Bank of America.

For today's podcast, the title is, Best of Frenemies, looking at the collaboration culture between the Fintech and banks. Indeed, does it exist at all? And to look at that, we are joined by our guest, Jonathan Lear, who's Head of Community at Fintech Meetup.

Jon Lear ([00:51](#)):

Mike, it's good to be here with you and Doug.

Doug Houser ([00:53](#)):

Thanks Mike, Jon, thanks for joining us. We'd like to kick it off here. So, you're a brand guy, how'd you stumble upon Earthport and this Fintech space?

Jon Lear ([01:05](#)):

Thank you, Doug. So, I started my career as a lowly assistant brand manager back in the UK, and then I left and I started my own business. And one of my shareholders at the time had a little holding in this company called Earthport, which was about 20 people listed on the London Stock Exchange. And he said, look, can you go and have a look at this company? It's got some really interesting technology, but I'm really not sure what we should do with it. And I went into the organization, had a little look around, met the people, and I was fascinated by what it was doing and the opportunity in front of it. But they had one big problem in that they were doing cross-border payments, but they weren't doing it for the United States, which is obviously the biggest economy in the world. Well, fast forward, nearly 20 years later, I'm now a citizen of the US, and I've really spent my career across payments, banking and Fintechs.

Doug Houser ([02:00](#)):

So you mentioned that you're partnering with banks. But if I recall, one thing about Earthport was that's not how it started, right, and it's a little bit not how the journey's been necessarily between Fintech and banks, right? How did it evolve with Earthport to, you know, go from trying to compete against banks to really integrate with them?

Jon Lear ([02:24](#)):

That's a great question, Doug, because when we first started looking at Earthport, and Earthport had essentially a processing platform, and then it had a series of local bank relationships around the world. They covered about 50 countries at that time. And the whole proposition was; we'll make it as easy to transfer money from one country to another using the low value clearing system, as it is to send a local domestic ACH transfer. So, this is what we typically now will be referred to as global low value payments. And when we first looked at the industry, we said, well, we don't need the banks. We will actually go out. We'll sell directly to all the corporates. We'll get individuals signing onto the platform. And I would say after a couple of years of blood, sweat, and tears, we really realized that was not going to be a sustainable strategy. And that's really where we concluded that it would be much better for us as an Earthport organization to partner with the financial institutions. One is that the banks obviously have the relationships with the customers. And the second is that banks also are deeply integrated into those customers as well. So, our view of it was, if we can do a single connection to a bank and then they can offer and package that up as a product and service and solution to their customers, it obviously makes much more sense for us lower cost of customer acquisition.

Mike Robertson ([03:45](#)):

That's really interesting cause, you know, there was an obvious need for a pivot, which you identify it. And then you ended up in that position with those banks. What would you say was the most difficult aspect of dealing with banks then, given that that was what you needed to do?

Jon Lear ([03:58](#)):

I would say everything was difficult initially with dealing with banks. And it's actually very funny now when I look back at it, because when we first started Earthport in the US, and the US was really where we focused on partnering and selling to banks initially at Earthport. First of all, nobody had really heard of us. We didn't have an industry brand, you know, we were effectively a small, UK based payment processor that did global payments, but we didn't really have any presence in the US. So it was all about really going out and credentialing ourselves, evangelizing with a number of very senior thought leaders, who were open-minded to look at alternative ways that they could best serve their customers. And that's actually what we did, and the first bank that we actually partnered with was Bank of America, and we had a fantastic relationship that continues to this day. And, you know, the bank had one particular customer that had a particular need and requirements, and they looked at the Earthport solution and said, I think that you can help us do this. Now, to actually adopt the solution, it really did require buy-in from across the bank, whether it was at the senior executive levels, technology on the product side, on compliance, etc., etc. And ultimately, all of the different stakeholders, after lots of due diligence and really understanding the proposition and the platform and what it did, everybody bought into using Earthport as a partner.

Doug Houser ([05:27](#)):

But the first controversial question I would say, if Earthport were launched today, would that be different? Would it be more possible to sell direct to the corporates?

Jon Lear ([05:39](#)):

I think that is such an interesting topic, and it really reflects the huge growth of Fintech, Doug, over the last decade. You know, if I was to look at Stripe today, for example, they have over 2 million customers, a market cap of North of a hundred billion, and they've clearly gone direct to put on the SMBs, but also some very significant large enterprise customers now. And you're seeing more and more of that actually happen. So whether it's a bill.com, for example, lot of the players have been able to build a model that effectively does go direct to the corporate or the SMB. And I think with the right level of capital and the right position and the right marketing, it's entirely doable. And for me that represents two things. The one is it does represent a very significant threat to the banks, but it also represents a very significant opportunity. Stripe, I find incredibly interesting because they've actually, completely taken out the banks from servicing those customers. So I think it's certainly we could now I think in this environment go direct. You just need sufficient capital to do that. Our view was actually, it's a better model for us to partner with the banks because they have the captive customers. And we really wanted to be that infrastructure provider and partner to the financial industry.

Mike Robertson ([07:05](#)):

It's interesting. I do remember, well, the Earthport journey. You say that Fintech has changed, and what do you think's really changed?

Jon Lear ([07:13](#)):

Mike, if I note back on my career, I've really spent 15, 20 years focused on strategic partnerships, business development, bringing people together. And whether it was initially at Earthport or then laterally, I was running Global Fintech Partnerships and the FX group at JP Morgan Chase. And at Earthport, I was looking at, hey, how do I partner with banks? And at JP Morgan Chase, I was looking at, how do I bring the Fintechs in to partner with the bank? So what I love about Fintech Meetup is that we're creating one of the largest online communities to bring everybody across Fintech, banking and payments together to drive those conversations that need to happen, to drive collaboration, to drive partnerships, you know, to raise awareness of all the different solutions that everybody has across the market. So a forum that enables you to really understand all aspects of the industry, we think is incredibly exciting. And Anil and Simran, the founders have a huge track record on this from founding Money20/20, Groceryshop and Shoptalk. And what we love doing is building communities that they come together.

Mike Robertson ([08:23](#)):

So what I just heard you, that's changed there, is that there's generally just more players in the industry. So there's more to talk about, is that what you're saying?

Jon Lear ([08:31](#)):

Exactly! And, you know, if you think to really take the retail side of Fintech, the commercial side of Fintech, and then even on the wholesale side of Fintech, I think what we're seeing is that there are now players with really compelling solutions that cover all aspects of it. So as we've gone out and looked at the payments for banking, Fintech landscape, we've identified a hundred plus different categories of segments, services and solutions that both banks serve today, and Fintechs are also serving. So the opportunity for us is to say, look, if we can bring all of the people together across those hundred plus categories, wouldn't it be spectacular to think about what partnerships or new products could be created off the back of that. And that's what we're really trying to do, Mike.

Doug Houser ([09:19](#)):

So, I want to ask a little bit about that with the proliferation of the market of all different types of players, have the goals that you've noticed in the Fintech space changed over time? If that's the case, does it even matter?

Jon Lear ([09:34](#)):

I think my personal view is that the more entrant that you have, it raises the bar for everybody because you get more innovation, more creativity, which ultimately we're all in the game of better serving our customers. So I think innovation is absolutely the right way to consistently raise the bar, in terms of how you can best meet their needs. And those needs might be clearly articulated and they understand what those needs are today, or they

actually may be, they've never even thought of them. So our view, I think is that everybody who's in the industry has a great role to play. It's a very interesting dynamic, actually, when you sit on the partnership side of a bank to really understand who you should be partnering with, because there are multiple stages of states that the company might be at, you got the really true early stage, even pre-seed or seed, which might have some really unique technology that actually, you know, ultimately the bank could be very well-positioned to take advantage of. There is a cultural challenge though, is that sometimes the idea is, the management team and the company might be so early that whilst it's a terrific idea that people believe in, it's actually going to be quite difficult to get them through a vendor process, a partnering process. And I think we're starting to see now some of the banks adopt a much lighter touch engagement model, where they can bring these intakes into the bank, whether it's an accelerator program or an early adopter type program.

Doug Houser ([11:07](#)):

So you're actually saying that the banks have gotten better at this this versus 10 years ago, and do you want to develop that a little bit more?

Jon Lear ([11:16](#)):

I think we've made huge strides in that, Doug, as an industry. And I think that the banks are naturally, almost through force of competitive pressure, have been forced to be more open-minded about where and how they partner and even the approach of partnering and what that entails. I know Jamie, from JP Morgan Chase just came out recently and use an interesting turn of phrase, but basically told his organization that they should be very scared of Fintechs. And I look at that and I think that's very interesting. One was probably, to send a message, but I also think that banks shouldn't be scared of Fintechs. But there are pockets and parts of the end-to-end solution set that I think can be better served by Fintechs, and banks should look to adopt those. The rise of Open Banking and API technology, I think really starts to enable banks to open up some of their back doors, so that they can test and learn with the Fintechs. We're seeing that more and more in Europe, and I think we're certainly starting to see it here. Now with that, that also brings some interesting discussions and challenges, you know, I look at Plaid, for example, which I think is doing some really interesting things in terms of access and data and technology. But that also opens up and provokes a question of; how do you best protect the customer that you have?

Doug Houser ([12:40](#)):

And just following up on that with one point, as you said, you know, about banks, partnering with Fintechs, it doesn't always make sense. Talk about a little bit about frontend versus backend, right? And by that we mean, where you integrate with a partner, but you actually end up losing a bit of control, if you will, over your interface with the end client, versus where you improve a client experience and you still have the primary relationship, right? So, as banks think about that, have you noticed that that's something that it's a bit of a different calculus when you say, okay, you guys are going to be the face, like someone's going to have to actually interface with a Fintech, right, versus you're going to interface with a bank, and we're going to use you for something very, very specific on the backend. Is that a different type of partnership and a different type of consideration, you'd say?

Jon Lear ([13:35](#)):

I think that's a very strategic question that a bank would, really needs to step back and think about very carefully. My belief as a brand and marketing person is that you always want to control as much as you can, the customer experience and the branding and the offering, where you can and where it makes sense. So, we would always think, when I was running partnerships, how do we bring in the partner to provide the capabilities, the infrastructure, the feature functionality, but ultimately that needs to be part of a bank owned end-to-end experience. And we could definitely do that. So, you know, when we were looking to expand the global disbursement rails, for example, into alternative payments, there are 300 plus different wallets around the world, well, we'll never own all of those wallets, and neither would we want to recreate that functionality, and neither would we probably be able to do it. But what we could do is we could own the front-facing experience for the customer and then use the wallets and the mass market, disbursement partners as distribution partners. And that's what we did. So for me, I think you always want to look to own as much of that experience as possible.

Mike Robertson ([14:48](#)):

So, Jonathan, interesting points you made there. I don't think anybody though, in a bank, who has decided, or has agreed that we need a partner, would then agree that taking two years or even a year to integrate for their partner, so the systems work for both sides is an ideal state. Nobody would say that. So clearly, you know, I believe that most entities wanted to be achieved within the right sort of timeframe and then reality steps in, and I guess a number of things sort of get in the way, not least, perhaps the cultures of the different organizations. Could you speak a little bit about that? What's your observation around how culture gets in the way of, in essence, both entities wanting to achieve something that they've already seen as good, but then just taking a long time to get there?

Jon Lear ([15:33](#)):

That Mike, I think is one of the perennial challenges, when you think about partnerships. I was always a little naive when I was talking to banks about Earthport, and always thought, well, surely it's just a case of commercially at the executive level, we agreed this makes sense, and we want to do it. We can just get the tech teams to resolve it and go forward and do it. Then when I started to look under the hood, you really understand that the technology infrastructures in banks and financial institutions, it tends to be pretty complex. So, when you're talking about, how does a Fintech integrate to a bank? It's going to touch large parts of that whole technology stack. So, you can certainly push to some degree in terms of, look, we need to take this down from a two year integration to a 12 month/ 9 month integration. The reality is though that most large technology organizations roadmaps are set nine to 12 months, if not more in advance. So, I think for the Fintechs, everybody wants to be incredibly, you know, get everything done yesterday, but there's a certain reality, which is; tech integration projects, they just do take time.

Mike Robertson ([16:46](#)):

It does take more time. And I do think there's more understanding there. Yes, you're right. It goes to what Doug said early on, you know, it's more symbiotic than wipe out the other side. I do though, as a person who works in a bank, do wonder at times whether we come across individuals, given the risk culture, and it's understandable that it's easier to say no to something and have somebody else more senior make the decision. So ultimately you end up in a place where the decision takes off, longer than it needs to take, perhaps. Do you think a bank could apply a different approach to that partnership requirement? You know, sort of a five step process that, they don't considered?

Jon Lear ([17:21](#)):

Mike you raise a couple of really interesting points. I think culturally, what I seen over the last 15 years is that some of it is a bit of a generational piece, which is consumers have been exposed now to Fintechs and financial technology apps on their mobile phone. They expect to be able to send payments P2P directly, whether it's domestically or around the world at the touch of a button. I'm starting to see that expectation bleed over into the commercial and wholesale banking experience as well because at the end of the day, we're all consumers. And if I can do this as a consumer on my mobile phone, why can't I have a similar experience as a corporate treasurer, for example, interacting with my bank. So I think the expectations are definitely changing and definitely bleeding over onto the wholesale side. Partly as well, I think there's also a, just a generational piece. You know, Fintech started 15, 20 years ago. You've now got a whole range of new people, whether they're technologists or product managers coming through the organizations, both on the Fintech side and the bank side that says, hey, is there a better way that we can do this? Because ultimately we know we have to better serve our customers because they're demanding it.

Mike Robertson ([18:31](#)):

Well, that's good to hear, pleasing really!

Doug Houser ([18:34](#)):

So, pivoting away from the specific Fintech and banking partnerships to a question about community, which is what is community? You're the Head of Community at Fintech Meetup? Is that correct, Jon? What exactly? What exactly is that?

Jon Lear ([18:50](#)):

It's actually something that I feel like I was designed to do. And partly because of my history, my track record, whether it was, as part of a Fintech at Earthport, trying to partner with banks and other people in the payments industry, or whether I was on the bank side, trying to bring Fintechs in. So I'm having the most fun that I think I've ever had in my career. Communities for us is really simple, it's about how do you create the opportunity for everybody to come together? And when we say everybody, we truly mean everybody who has a stake in this

industry, whether it's payments, banking and Fintech. To come together, to drive discussion, to drive collaboration and to drive understanding of what everybody has in the ecosystem. Our view is that everything starts with a conversation. And whether it's looking at I'm a product manager at Bank of America, hey, what are the new Fintechs out there that might have capabilities I want to bring into my product set? Or if I'm a Fintech that says, actually I've got some really interesting technology that I think Bank of America should look at. So, what we're just doing really is creating a meeting's first digital platform to bring everybody together to drive the discussion. So, it covers payments, Fintech, banking. It really covers everybody from C-suite executives to product managers, strategy, information, transformation, technologists, compliance, Reg-tech, because we all believe that the best opportunities all start with a conversation.

Mike Robertson ([20:23](#)):

That's interesting! When you start to think about the industry that you're in and the changes that's gone through, it's fairly evident, especially having come through this pandemic or coming to the end of it, hopefully. Do you think the face to face kind of media play is behind us now? We're moving to a more dynamic model of, on the speed dating virtually, or do you think there's still a place for that large event come together, you know, fly out, etc., etc.?

Jon Lear ([20:48](#)):

We think that there's a role, definitely for that, Mike. I think it's a question, as you rightly say, with the pandemic and the current situation, it's just the question of when, probably feels like its more 2022. You know, one of the great things about an in-person events is you have serendipitous experiences. You meet somebody that you just haven't seen for a number of years that you wouldn't have necessarily scheduled a meeting with or somebody introduces you to somebody else as part of a three-way conversation and that sparks another opportunity. At Fintech Meetup, we've actually built our platform to drive some of that serendipitous type connectivity. So, we're hugely excited and the industry response for Fintechs Spring Meetup on June 15th, it's been absolutely outstanding. I think everybody recognizes that the tool and the platform is something that everybody in the industry has been looking for. And when the offline events and in-person events come back, we'll be able to leverage and use that technology as part of a hybrid model as well. So, I think everybody's looking forward to getting back together and having real life meetings and discussions, and we're in a great position where we'll be able to facilitate both.

Doug Houser ([21:59](#)):

So last question, you have been on both sides of a Fintech and bank relationship, which is increasingly not unique, but I do want to ask. Do you think that there is sufficient cross-pollination in both directions between the banks and the Fintech industry, as far as from a leadership standpoint, from a thought leader standpoint, and even just from a product management and creativity standpoint?

Jon Lear ([22:33](#)):

That's a brilliant question, Doug, to end on. I think that the banks are doing a terrific job now at bringing in talent from Fintechs. And why I love that is that people who've worked in Fintech and have never worked in a bank. It's a huge eye-opener. I was, you know, somewhat green-eyed and a little bit naive in terms of the regulatory burdens and oversights. And I would sometimes get frustrated, when I was at Earthport trying to partner with a bank, not really understanding what was all this compliance and regulatory control. When you go on the other side, you get a true appreciation of it. And similarly, I'm seeing banking execs and product managers go to the Fintech side. And I think what that does is enables people in the Fintechs to really understand the purpose and the constraints, but also the opportunities that banks deliver as well for their customers. So, I think that cross-pollination is happening more and more, and I would expect that to accelerate. And for the whole industry, I think that's just an incredibly positive thing. Everybody gets to understand how to partner, how to build products together, and it's all about raising the bar for ultimately better serving the end customer. So, I think it's a great trend that we're seeing, Doug.

Mike Robertson ([23:47](#)):

Wonderful! The Venn diagram; it's been a long overlap. I hope it does more and more. Well that's brought us to the end of this conversation. It's been fascinating, Jonathan, thanks so much for your time. Thanks for joining us. And, you know, sharing your views from both sides of the fence, so to speak, and we wish you well with the new endeavor as the Head of Community at Fintech Meetup.

Jon Lear ([24:08](#)):

Thank you very much, Mike and thanks, Doug. It's been great to have this conversation.

Doug Houser ([24:11](#)):

Thanks so much, Jon.

Mike Robertson ([24:12](#)):

Thanks, Doug. Thanks for joining us. You've been listening to Pivot, the Bank of America Cross-border Commerce Podcast Series, our compelling discussions with industry leaders and key figures in the cross-border payments ecosystem. Join us again next time for more of the same.

Bank of America and Bank of America Securities are the marketing name used by certain of the Global Banking and Global Markets businesses of Bank of America Corporation. Lending, other commercial banking activities, and trading in certain financial instruments are performed globally by banking affiliates of Bank of America Corporation, including Bank of America, N.A., Member FDIC. Trading and securities and financial instruments and strategic advisory and other investment banking activities are performed globally by investment banking affiliates of Bank of America Corporation investment banking affiliates including in the United States, Bank of America Securities Inc. and Merrill Lynch professional clearing Corp, both of which are registered broker dealers and members of SIPC and in other jurisdictions by locally registered entities. Bank of America, securities Inc. and Merrill Lynch professional clearing Corp are registered as futures commission's merchants with the CFTC and are members of the NFA. Investment products offered by investment banking affiliates are not FDIC insured, may lose value and are not bank guaranteed. © 2021 Bank of America Corporation. All rights reserved. | 3585055