



## Pivot – Cross Border Commerce Podcast Series

The Network, how will the payment landscape become a more cohesive experience or indeed environment?

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**Guest Speaker:**

Anil Aggarwal, CEO and Founder of 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. Hi, Doug!

For today's podcast, *The Network*, how will the payment landscape become a more cohesive experience or indeed environment? We are joined by Anil Aggarwal, CEO and Founder of Fintech Meetup.

Anil Aggarwal ([00:48](#)):

Thanks so much for having me, Mike. Appreciate it!

Doug Houser ([00:50](#)):

Anil, I know that many of us know you from your various ventures in the payments end in the professional payments association spaces, but let's start off from the beginning. You actually were a lawyer, so how did you end up getting into the payment space?

Anil Aggarwal ([01:06](#)):

I'll give you a brief story on how I made the transition from being a lawyer to getting into Fintech. It was the holidays, 1998, and I was in the middle of a deal and wanting to get my assistant something for the holidays. It was the last day before she was going to leave for the rest of the year. And my intention was to go over to Bloomingdale's and buy her a gift card, back then gift certificates that were paper-based were just making the transition to being plastic cards and, you know, best of intentions, but by the end of the day, you know, I was putting some cash into an envelope and giving it to her and apologizing for not being more thoughtful in the gift that I had gotten her. And her response to me was actually interesting. What she said was, you know, I don't really shop at Bloomingdale's anyway. I think things there are overpriced. And, you know, always wanted to be an entrepreneur, it was the late nineties, the Internet was, you know, all the talk, as a 20-something, that's where everybody wanted to be, certainly where I felt I could make my entry point into being an entrepreneur, and I thought, you know what, a secondary market for gift cards. And that was the Genesis of what became Clarity Payment Solutions that ultimately got acquired by TSYS in 2004 to form TSYS Prepaid.

Doug Houser ([02:30](#)):

So, you're at TSYS and you found your first professional network there; Innovative Payments Association. First, what made you think we need a professional organization to get these payments, providers and people who are operating the space together? And second at the time, did you think, hey, you know, this is really important, this is something I want to be pursuing full time versus the other entrepreneurial ventures directly in payments?

Anil Aggarwal ([02:56](#)):

Great question! You know, especially because I would divide my career over the last 20 years into basically two categories, tech entrepreneur and community builder. The concept of the NBPCA, today the Innovative Payments Association, came from during the Clarity Payment Solutions days and during the TSYS Prepaid days, what we were doing was creating new categories of payments. A lot of people claim first, I've got my fair share of things that I claim to be the first at, so I'm going to indulge here and throw a couple of them out there. I'm pretty confident that at Clarity, we were the first company to create a virtual Visa account number. And I'm pretty confident; we were the first, third party process that processed FSA cards. And as we were doing some of these things for the very first time, what we found was that, there was at a minimum, some confusion, and maybe at the other end of the spectrum, concern with some of these products. And, you know, the regulators were looking at this category of, again, what was back then known as, I would say, more prominently known as the prepaid card industry. We're looking at these products and looking at, you know, fundamental consumer, fairness and disclosures and things like that. So the intent behind the network branded prepaid card association, I would say number one was really education and education of two categories of groups of constituents. The first was legislators and regulators, as they were looking at this space and including the gift card industry closed loop, but also open-loop as they were looking at this space. We felt that they needed a resource or an organization they could turn to, which was a collaborative or collection of the industry, and ultimately, I think it was a great resource for all of those groups that I mentioned, and a great way for the industry to engage with

each other and certainly, it was my first experience in this type of collaboration, community building that can help really, you know, lift a product category up.

Mike Robertson ([05:03](#)):

I totally agree. To what extent though, Anil, do you think that the media begins to over-hype it, to the extent that there's so much froth involved, that people become cynical?

Anil Aggarwal ([05:11](#)):

I mean, it's a good question, especially if you look at some of what's happening in Fintech today. You know, I think the reality is that everyone gets excited about new things, especially new things that are really beginning to gain significant consumer traction. It's kind of a Fintech's moment, as the industry moves to being very centric towards the user, whether that's an individual or business. And I think that if you look at just fundamental ways in which payments, banking, broadly speaking financial services is going to evolve. There's a lot of work to do there, and there's a lot being done. And so it's, it is fodder for everybody, including the media, and everyone is going to have an opinion on it. I can tell you that, as we were talking about that period from, you know 2000 or late nineties to late 2010s, Fintech was not an interesting area. If you were at a cocktail party, and you mentioned to anyone you were in Fintech back then, that was a sure fire-signal for them to go refresh their drink. So, you know, times have changed and as Fintech has gone from being an area that doesn't get much attention at all with a specialty area of investment to something that's, you know, absolutely mainstream disruption.

Mike Robertson ([06:29](#)):

Of course! You know, it's evident that user experience is a very direct line to a consumer because we make our own decisions as to how we use our things on our platforms, perhaps less so in a business environment, you know, business to business, because perhaps people working in companies have less say in the platforms that are given to use, but if you were at the cocktail party and someone says to you, where's the next traction coming from, in this exciting space, where would you think it is?

Anil Aggarwal ([06:54](#)):

Well, first I think you're right. You know, consumer experiences generally lead in terms of, you know, just how simple, intuitive, and transparent they are. And you kind of get the sense in the consumer market that they just work, that's the expectation. Things tend to remain clunkier and more cumbersome in the B2B world, but generally the B2B world does follow the consumer world. You know, as I think about, I mentioned this kind of moment, or this movement that I think Fintech is. If I were to just take a high level approach to answering that question first, which is, what are the overarching trends that are winning out here? You know, I'd say it's probably a few things. I think some are very basic; pricing, fees, general fairness. I think that's an area where, frankly, financial services have been challenged over the years. And I think that a general movement towards a simpler, more transparent and fairer pricing and fee structures is one of the areas where you see some of the

value proposition coming about. I think some of it is simply access. Could be, again, basic, traditionally underserved communities or it could be access to investing opportunities, maybe that are more fractional, for example. And then, you know, as we were just saying, I think a whole bunch of it is just simply convenience. You know, helping people do what they do with their money better, much more simply. And I think over the last 10 years, we've seen that groundwork laid in a number of different ways. We've seen it laid in terms of unbundling of traditionally bundled financial services. You know, it's only really when you unbundle that you can then laser focus on the problem that product is intended to solve, and how can you make that product better? So, I think that's where we're headed.

Doug Houser ([08:57](#)):

As you just mentioned, that there's a supply of unbundled services that can be monetized in a certain way. But that also means what we see is this large proliferation of different experiences, right, and to the point where actually, and when you ask consumers, which experience do you want? Their answer is yes. And by that, I mean, it seems like they want whatever they are into, and they want to have that kind of infinite choice. So, as the market gets more complicated that way and more complex, do you see any sort of reconsolidation in the marketplace of the payments landscape, or is it going to be, you know, sort of continued proliferation of these, sort of, niche players all over the place and very unique experiences to each consumer?

Anil Aggarwal ([09:47](#)):

I think, frankly, it's so up in the air, I think it's open for grabs. It's certainly not to say that it's the establishment versus startups or the other way around. I don't think it's, you know, neobanks versus robo-advisors. For example, I think ultimately, it's the move towards being a full solution for whoever your customer is, consumer or a business. And wrapping things up in a way that provides them enough of that solution. I also think right now there is a movement towards that for sure. And you see the addition of, you know, banking, if it's a robo-advisor or lending and things like that, but I'd say that at the same time, people are still focused on getting what they're working on right. I don't think there's a rush to do all of those things, which is why it's taken 10 years to get to that point. But I think it is a movement. I think it will be mostly rebundle. And if I were to say, you know, what is probably the biggest driver of that bundling it's, you've got to work from the consumer or the business back. I think a lot of what we've seen is working from the industry forward. Okay. Let's deconstruct this, fix the component parts, let's make things accessible via APIs and things like that. And so it's been a lot of focus on that, but I think the focus has to shift to what is the consumer problem? What is it that the business actually needs? And always the best thing to do, I think, when it comes to focusing on the end user, is to find the end user where they are, don't try and take the end user somewhere, go to where the end user is.

Mike Robertson ([11:27](#)):

But perhaps then that's the point, right? Maybe the point is it's not disruption anymore? It's just the fact that change is there and it's going to be constant because when you think about the experience for a second, it's to do with the input possibilities, or put another way, the technological possibilities that exist. Now, if we were going to go back to the moon, we would go back differently because there's different ways to get there now and

different mechanisms to use. And perhaps that's what the constant is. Let's go back and solve the problem again, but use different inputs. Is that where you're going with that?

Anil Aggarwal ([11:55](#)):

I think that is right. You know, I think that, I'm not sure that this stuff was being solved for before the great recession, I think before the great recession, what we generally saw was financial services industry that was, for lack of a better way of saying it, kind of, pre digitization, obviously it was an electronic payments industry, used technology more as an enabler. It wasn't digital first. It wasn't, you know, the proposition, wasn't a technology first proposition in that sense. So I think that coming out of the great recession is probably that pivot point of the industry becoming more user centric. In fact, that was the Genesis of Money20/20 was as I looked at the, you know, let's go back another decade, going back to the 2000 to 2010 decade for a moment. Following the great recession, Dodd-Frank, the creation of the CFPB, that's when there was really a revisiting to begin with, so I think maybe the change in inputs that pivot that you're talking about, which was everyone has to work together differently now than they did in the past.

Doug Houser ([13:11](#)):

So Anil, wanted to touch on going back to what you were talking about, is it a horizontal, or is it a vertical within an organization? And that's one thing that we also know about your background, you were acquired by TSYS, but then you were also at a company that was acquired by Google. And we want to talk a little bit about Large Tech. And how has the entry of Large Tech into this space, where it's not their core business, but its part of the experience they want to provide, right, because they definitely have the capability to reach a broad number of users of their platforms. How has that changed, how the space operates? How they think about who the players are in the space? And also, does it cause more innovation? Does it restrict innovation? How do you think the entrance of Large Tech has really changed the landscape?

Anil Aggarwal ([14:05](#)):

I think it's changed the landscape a lot. And I think all of the changes for the positive, because I think ultimately you have to measure change by utility of financial services to end users. And I think that the entry of Big Tech into payments, specifically financial services more broadly. First, I would describe it as a partnership approach. You know, this was a question that I used to get a lot when I was at Google, is Google a friend in this or not. And the reality is from day one, at least during the time that I was there and judging from everything since then, Big Tech has been a friend. I think those organizations have helped make it a more consumer focused industry. And they've helped mainstream the disruption, and they've helped integrate it into more of your everyday experience through devices and browsers and other things that are being utilized. I think part of the description of whether these organizations, kind of, cross the line into becoming payments companies, has to do with, well how much of that revenue is being generated from payments? Is that a cost center for them? Is it a potentially, substantial source of revenue, which we've seen with organizations like Shopify? So, I think there's probably this continuum of how tech companies are either offering and helping overall disrupt and improve payments and financial services, as propositions in and of themselves, all the way to the other end of the spectrum, where

they're integrating these as utility is into that service. So that it's a more seamless experience. And we see this overall distribution of financial services, not as a place you go, but something that you find, conveniently in the background and in the cloud, as you need to use them.

Mike Robertson ([16:00](#)):

That's an interesting point, have we moved away from needing to refer to Fintech anymore? Is it just now tech? You know, have we moved away from the need to identify with Fintech and simply say that tech is part of change, its part of everything?

Anil Aggarwal ([16:14](#)):

You know, when it comes to semantics and terminology, you're going to get people on both sides of that. I think if we were to pass that out a little bit and say, well, what actually has to happen to integrate payments, banking, lending, financial services more broadly into experiences? I think the reality is that you still do need to think about Fintech as an ecosystem and as a group of organizations that need to work together and collaborate to make something real. And by real, I mean, you know, usable and of utility to end users. So, no one in payments and financial services can exist in a vacuum. Moving money from point A to point B the way that the system is structured requires a collaboration of a number of different organizations. There is no one organization that owns all the pieces, you know, from one end to the other. And by the way, again, that was really the reason for creating Money20/20 to begin with. And it's the reason why I've created Fintech Meetup now, which is that ultimately you need that network effect. You need that collaboration of organizations to power any of these experiences and ultimately, you know, that's what I view as Fintech, whether other organizations, more on the periphery or that end up benefiting from financial services, would view themselves as Fintech or not. That's maybe more questionable or more debatable whether their Fintech, but at the core the movement of financial services towards a digital first business, I do believe that continues as Fintech.

Doug Houser ([18:00](#)):

So on that point with the integrated experience, what do you think is going to drive integrated experiences as we move forward? Is it going to be acquisition? Is going to be partnerships? Is it going to be technology? Is it going to be, for example, is it going to be interoperable, distributed ledger, right, or something, or crypto that says, okay, that's allows us to bring everything together. What is going to bring together those experiences, and what players in the ecosystem are best positioned to sort of act as that hub? Is a banks? Is it Fintechs? Is it technology? What would it be?

Anil Aggarwal ([18:38](#)):

So, I think the answer to that question is, yes. Now let me give you the maybe longer answer. It's, kind of, all of the above. So I think it is the, you know, I mentioned earlier, kind of, full value chain disruption. The disruption is up and down the stack here. That means that, you know, some fundamental things are going to happen. I think the most fundamental we've seen is moving towards everything being open, interconnected and interoperable

in a way that it has not been before. Truly breaking down the silos, as much as I don't love that term, is something that we have been seeing as everything gets more connected, more open; ultimately, it's the only way to get to being user centric. When everything is siloed, that's what results in clunkiness. And it's not just about opening it; it's about opening it and making it available in very consumable ways. Because you can have organizations that are open to working with each other. You can have complex systems integration; you can have long and protracted contract negotiations. And you can argue that is some degree of openness and collaboration. I think what we're seeing is that all of those things are getting simplified. It is the movement towards, for example, APIs and Open Banking. But it's also the movement towards embedded, you know, banking as a service that embeds, whatever it is, payments, lending, credit, all of that as a service, more readily into, you know, these consumer experiences.

Mike Robertson ([20:17](#)):

So is that just taking us closer to decentralized finance as a concept?

Anil Aggarwal ([20:20](#)):

I mean, I think that's a little bit of a term of art. So I would say as a general matter, yes. I think you're going to find financial services decentralized, in the sense that users of them will find them at the intersection of what they're doing, as opposed to a place where they have to go to find them, in many cases. So, I'd say from that perspective, yes. In terms of who are going to be the winners or paraphrase, you know, the question, I think that's up for grabs. I don't think that that chapter has been written yet.

Mike Robertson ([20:55](#)):

Maybe that is it. If we look at the world through the winners and losers lens for a second, then I can see the value in that, perhaps really, if we stay with just that phrase, decentralized finance for a second. Perhaps the real winner here is going to be simply the end-user. Access to more people in more ways away from, you know, the traditional, we hear the five paper-based steps you take to become banked, this ought to change the landscape in terms of what's possible for those who don't have access to those natural ways, maybe they're the winners.

Anil Aggarwal ([21:25](#)):

I think that's right.

Mike Robertson ([21:26](#)):

It's a fascinating area. And I do think we're going to see much, much more there in terms of integration?

Doug Houser ([21:31](#)):

The one question I do have for Anil, what's the biggest mistake a Fintech entrepreneur, in this space, what's the biggest mistake they could make in launching a new Fintech startup?

Anil Aggarwal ([21:45](#)):

Boy, that's a tough question. Biggest mistake. I have a philosophy of, as a serial entrepreneur of what it is that presents the biggest opportunity. And I always think it's a mistake to not do that. So, I'm going to go with that and share that with you. I think the biggest thing that should be done is to solve problems. You know, when you look around at, no matter what aspect of payments, banking, credit, financial services, there is almost a seemingly endless set of things that can be improved. And my view of entrepreneurship is very personal to how I've done it, but it's also how I see many others going about it, is solve one of those problems better than anybody else. And as you're solving that problem, better than anybody else, other opportunities come about. But that's been my experience is you generally know when something isn't really working. I can give you an example, most recent example that I did of just that, which is, you know, one of the things having been in the events industry for as long as I have now people always complained about was traffic to booths. You know, every large event sells concrete. You know, we'll sell you a 10x10 space, a 20x20 space, whatever. And people will stand in those booths, and they're waiting for the right person to walk by. If you think about being in 2021, it's kind of like the Uber analogy. You've got someone waiting, you know, for someone else to walk by and you're hoping it's the right two people are going to connect at that moment. What I did at Shoptalk, this is going back about two or three years ago, actually a little bit longer, 2017, was, I set up a technology company to address this problem. And my view is that there's got to be a better way to connect people onsite in an event than selling people concrete and tickets, and hoping that they somehow find each other. Now, in that first year, that product was far from great. It was good, at best, but I would describe it as because we were shooting to be 10 times better than what we were before. You can fail by 50 to 80% and still provide a phenomenal value proposition to people. And the other thing that I have found is that when you approach it that way, people are very forgiving of your failures because they see you trying. And so when they see you trying, they get vested in your success. So, I am very focused on problems are usually more obvious than people tend to admit. And it just takes some effort and maybe some hard decisions, like we've got to kill the old product to really get the new one to scale. But when you take a step back and think about it, there might be hard things to do in practice. But I think that probably the more obvious things that if you do them, end up resulting in your success.

Doug Houser ([24:53](#)):

Fantastic advice and we'll leave it there!

Mike Robertson ([24:58](#)):

It interesting! I totally get that. I think we're going to continue to see people re-imagine the issues; solve those problems the way you described. Very interesting! Thanks so much, Anil.

Anil Aggarwal ([25:08](#)):

Well, thank you so much for having me guys. It's been a lot of fun.

Mike Robertson ([25:11](#)):

Awesome! And Doug thanks very much. Again, your questions are great.

Doug Houser ([25:14](#)):

Thanks Mike!

Mike Robertson ([25:16](#)):

Thank you 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.

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