Pivot – Cross Border Commerce Podcast Series

What are we missing in the market right now?

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:
Roy Sosa - Co-founder and President of Rev Worldwide, and the Co-founder of NetSpend Corporation

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, *What are We Missing in the Market Right Now?* And I'm sure there's much we could discuss. We are joined by our guest, Roy Sosa, Co-founder and President of Rev Worldwide, and the Co-founder of NetSpend Corporation.

Roy Sosa (00:52):

Thank you so much, Mike. It's a real treat.

Mike Robertson (00:54):

Thanks Roy. And Doug, I believe you have something you would like to say to kick start this for us.

Doug Houser (00:59):

Yeah. Mike, I want to kick it off, I think with a story, you know how I like my stories, Mike, right? So, want to take you back to the downfall of Blockbuster Video, right? Blockbuster Video is going down because there's mail order DVDs through Netflix, and Netflix is actually now transitioning over to streaming. So the market is now all full speed ahead to streaming. And so everyone's saying, it's all headed to streaming, DVDs are done, and so that model doesn't work anymore. But a funny thing happened, at the very same time, within McDonald's of all corporations. Somebody said, hey, what if you already have the real estate? What if that's not an impediment? You have the real estate, you have the traffic, and what if there were an easy way for people to be able to access DVDs, because not everybody has broadband connectivity at this point, and so that was actually the birth of Redbox. And even 10 years on, on Redbox, the kiosk based DVD service; it was a multi-billion dollar operation, because still 30% of the market didn't have broadband. So, we want to talk a little bit today is about how a lot of times we think of, you know, what is the market doing? But the market is actually an aggregation of a lot of different markets. And so you have the possibility to miss opportunities, right? And really miss the bigger picture, right? So, Roy, fantastic to have you here, and I want to start with that because this is something that is very near and dear to your heart as NetSpend, the first company that you co-founded with your brother, attacked the market of the unbanked, something that at the time, when a lot of entrepreneurs were steering towards more digital, faster, more everything, and really catering to a high end of a corporate market. You really focused on the unbanked individuals. So talk a little bit about how you were able to assess the market and devise that this was a space that was underserved and something where you could fill the gap.

Roy Sosa (03:13):

You're absolutely correct. And you've taken me back to 1998, December, when Bertrand and I in our one bedroom apartment at University of Texas, we're sort of brainstorming, you know, the big question of how are people that are jumping into the e-commerce revolution, where the likes of Webvan, Pets.com, you know, CDNow, many of which are not, Living.com, Garden.com. But at the same time, you know, we had other sites that we didn't know if they were going to make it back then, Amazon and we were thinking, how are people going to pay for things online if they do not have a credit card or a debit card? And millions of Americans at that time, it was close to 70 million, if you consider 30 million teens and 40 million adults did not have any access to that. They were either handling themselves on a cash or in money orders. All the dot-com companies at the time were focusing on the ra, ra, fast and furious type of growth with the bank customers. But, it was fascinating for us because it turned out to be, at some point, Visa and MasterCard, it went from being a big opportunity to a, what did they think of now as the third pillar: debit, credit and prepaid. And it became part of the war on pass. They became part of economic citizenship. And the reality is that for people that did not have a debit card/credit card, everything was more expensive because that's everything moved into a digital realm. It was always more expensive to deal with money orders with stamps. And there's been plenty of studies over the years, done by, whether, the likes of Brookings or Federal Reserve and many others. But, I'll fast forward to where we are now, because while we have made significant advances, and by the way, back in those days, we founded NetSpend with $750 in one bedroom apartment. And then the company ended up going IPO 2010, over a billion dollars and then sold to Total Systems. And then Total Systems were sold to Global Payments, and today, over 20 years later, NetSpend's still going. And it's now has processed hundreds of billions of dollars’ worth of transactions and open economic citizenship for millions of people. But the story kind of is really interesting because it goes across the board. It's not just about payments and debit cards and credit cards, so you've named a Redbox, but I would argue healthcare, it's a big trillion dollar industry, and it goes beyond our borders at a global level. If the opportunity that we sell 70 million Americans, just to give you a failure globally, we have close to 400 million small businesses, no bank account. We have billions of people with mobile phones and no bank account of sorts. This remains a big opportunity today. But I think, when I think in terms of the conversations that we've had over the past few months, it's an opportunity for small and large. I think this pandemic and maybe the recent Genesis for the Pivot Podcast is that everything is accelerating in the way of digitalization. It's not just about moving bits of data corresponding to the actual payments, but everything that goes along. Back in those days, and I know this has been a long introduction, but back in those days for us, it was sort of like, are you telling me that because I don't have a debit card or a credit card, I don't exist. And the reality today for a lot of small businesses and a lot of people, they exist in some sort of form, but we have not even scratched the surface as to how the data, so my transactions are not enough. So, we've more or less have addressed the ability for people to transact, the mission that we set up with NetSpend, and all the NetSpend fierce competitor's done a tremendous job, hundreds of billions of dollars of transactions, in bringing people into the mainstream financial service arena. But now the task, it's just as great, which is okay, so now I exist, but do you see the full picture? And when I say I, I mean, obviously individuals, but I also mean small businesses or even large businesses.

Doug Houser (07:52):

So, that was fantastic insight. And I want to get a little bit into not only why, right? Because I think that when you talk about the economy being 44% driven by small business, but I would argue that, to your point, a much higher percentage of products and services, especially in financial services are actually aimed at the other 56%. So half the market gets about 80% of the investment spend, right? And a much lower spend goes towards this very, very critical part of the economy that also is one that really, really needs these types of solutions. So, how do you think that, you know, maybe as a market ourselves, that a lot of people can combat that? Because I think that what you see is like, you'll see a lot of entrepreneurs and founders, and you were founded in college, which I think is in some ways an advantage that you can look, kind of, out to a blue sky, right? And say, okay, where can I find the opportunities? But right now a lot of entrepreneurs come from big businesses, right? They come from big tech, right? And everything and so you tend to gravitate towards what you see. So, how do you get over that mindset and how do you encourage like entrepreneurs, you know, through empower and other ways to be able to say, hey, let's look at the big picture here? And let's really attack all parts of the market because it's a financial opportunity, not only for us, but it really can grow the economy as well.

Roy Sosa (09:22):

You're spot on, so like from my side, I think that you're keen on two things, as an entrepreneur back in 1998, and I would say no different than today. We were pining; we had all the needs and understanding of the needs, but zero of the resources to make it happen. I always thought about whether somebody at the CEO of one of the top 10 financial institutions in the United States, those folks have tremendous power to change an entire industry in our ecosystem and beyond that, same goes for members of Congress or if you're a treasury or a Federal Reserve, or the European Central Bank, and yet, because you don't know the need, or you don't have the contextual understanding. And tiny anecdote on understanding a few years back, I had an opportunity to go to Vietnam for the first time, and it was really interesting because as I was taking a tour of John McCain's prison cell, I was told the story about how people in the Congress had an understanding of the situation in Vietnam, but until you actually find yourself in the Viet-cong tunnels, did you really have that contextual understanding of the situation in Vietnam? I think the same applies to entrepreneurship. So you ask how you bridge it. Well, I would argue you're doing that right now. As of the biggest financial institutions in the planet, to open up this podcast and get folks like us and others to come in, is you're creating that diversification of thought. But, at the same time, we continue to have it with diversity in our organizations. And then lastly, technology is an incredible tool. Technology is not the solution. It's a tool. If you do not have the understanding of what can be because you know what all the pieces that you can move, like, somebody had to have the idea of guaranteed rates, for example, at BofA. And for you to have that, you have to understand what can be done, but you have to marry that with like, and why do I need it? And why is it important? And so this is why making those connections is so important now. Technology today, it's a tool, it's been a bit of a drawback because you're flooded with possibilities and information and resources, but I think to the extent that you put together the people that have the keys to move things, with the people that need the specific problems solved, in that you have the ability to create dialogue; magic happens. I was so blessed in my early days in that as we raised money, one of the funds that we're still collaborating with them, Inter-atlantic, they brought to us who was then previously the President of Bank of America. And, you know, when a caveat to the podcast, you guys never asked me to say this, but Stephen Galasso, the then President Bank of America, allowed us to create that connection. He, haven't been an executive at Citi Group and BofA, understood what could be the delivers, what could be moved and how could we do this and that. And he knew the right people. From my side, I had the benefit of understanding the need. And when you piece those two things together, we built an amazing team and we're, you know, the rest is history.

Mike Robertson (13:03):

That's really fascinating, Roy, you know, you said use Bank of America and, you know, as somebody who grew up in Africa and lived most of his life outside of America, but I've been employed in large banks for the last 15 years or so. I've often thought about the fact, you know, I saw him in Pesa, in Kenya developing. I saw that and I had a very close friend, who set up Fundamo. It was eventually sold, I believe to Visa. And I often thought to myself, if you were designing banking today, you know, using first principles, you certainly wouldn't be thinking about the ID version of a license or indeed a passport, because it's not that inclusive if you think about it and a wet signature, which is probably not the most secure way to identify anyone. And if you were thinking about the phone and ways of using so many of the new technologies to create an ID, you know, virtual fingerprints, so to speak. It just feels like the world of exclusivity or inclusivity in financial services is definitely changing. And I guess my question is, do you think America, compared to what you see outside of this country, is lagging behind, or do you think the fact that there isn't legacy base here generates a different type of opportunity?

Roy Sosa (14:12):

Well, I think both. We are lagging for sure, we're lagging, but I think you're actually correct in pointing out those, this creates an opportunity in, I will say, not only does it create an opportunity, but I would not because of an entrepreneurial optimism, but because I see it. And for my friends at the Federal Reserve, America, unlike all of

Europe, Mexico, Australia, where we operate today, regions, countries that have real-time payments, we've been stuck with this ACH system that is so antiquated and does not serve as well. And nobody's happy with it, but good news is that, you know, the Federal Reserve right now is undergoing a major transformation and they're actually have listened to a lot of feedback from the industry. And I'm really excited about, even just virtual 1.0 of FedNow that is coming up, and so that is going to help us. And I think that, as we go back into the 1990s, when we started talking about the cell phone as a leapfrog effect, that there were countries that were going to bypass the landline, as a way of communication and they did. And they moved so much faster. Two things that, I believe, are going to drive a complete overhaul of payment systems beyond what other countries have is that when you find yourself in the middle of a pandemic and economic crisis, and you now see, independent of your political affiliation, you have every right to be excited and concern about the trillions of dollars that are being pumped into the economy. I'm not going to debate the merits, one way or another, but I will say when you have that much money being pumped, making sure that the rails allow us to not just distribute those funds as fast as possible, but then also with the accuracy and accountability is going to be something that we're going to have to do. We're going to have to do it literally in the next 12 to 24 months, and that is probably perhaps the biggest infrastructure investment that this country will undertake. And I know this may sound that's hyperbole, but I would argue that for our federal government or giant enterprises, all the way down to the individual with the smallest bank account or digital wallet, they're all going to benefit out of having the most efficient, financial rails more than having them overhauling our highway system or on our airports. And...

Mike Robertson (16:51):

You can certainly see how the inclusivity element of it, allow people to be in the game, so to speak is so key. Especially for those who are on the, you know, perhaps aren't fully excluded, but certainly under-bank to use that phrase. Do you think that there's a role to be played by, and look, we touched on this in a previous podcast, actually the role to be played by the smarter use of data, and I'm thinking specifically artificial intelligence here. Is there an AI angle here where institutions and perhaps even the non-bank fraternity could sort of be working together to generate an approach using modern technologies and artificial intelligence for that underserved part of our economy?

Roy Sosa (17:30):

Absolutely! But, is there a use for AI, of course. AI and machine learning, as well as all the latest, you know, cloud computing, the centralized processing, all these things are trends that are well on their way and are extremely important. And I would argue, some of the things that we're working on, it's not just at the end consumer, but look, you can't forget the fact that in America alone, we have close to 10,000 small community banks and credit unions that they have to figure out how they're going to stay in the game, and we need them to stay in the game, in a world where there's incredible acceleration of technology and implementation of things like artificial intelligence. A small community bank does not have the resources, forget about the technology investment, but the executive staff allocated to manage that and to figure out which one's a good vendor to help me do these things. And so that's something that should be a concerning if we believe, and I do, that we need a strong network of small community banks and credit unions, because they're the ones that have the closest pulse to our communities, in particularly in places that may be disadvantage or remote rural communities, but that's one piece. But I would also say to you, even at the macro, so we at Rev, one of our clients, won't name it by name, but it's one of the largest banks in the world, and we are developing their private banking infrastructure. So what content is important for the underserved CommBank is equally important at the top. The reality is like most private banks, across the world, do not have the latest and greatest technology available. We've gone with an approach that is very hands on, very close. You know, if you're a private bank customer with tens of millions of dollars, or even a million dollars plus on your bank account, you call your banker. But that human layer, which is so valuable from a relationship perspective, is keeping us from making the knowledge that the bank has with you scalable, and where the bank actually learns how do we make this better? So those are trends that are happening right now. But I was also talking about the fact that it's not just about how do we leverage AI to manage transactions. I'm actually getting through to the amount of data that we're pushing through, its equivalent, and you see the Netflix example. I think it's important to say, like Netflix could not have worked 20 years earlier, Netflix in a way that built with the anticipation that we are going to have, not just Wi-Fi and DSN and 128K communications, but that we were actually going to move to a point where we now had fiber optic. So, we need to start thinking about, can you imagine at the federal level, at the big corporate, Fortune 500 level and the underserved level, how valuable it is, for example, that we put through the transactions, all the data relevant to the transaction and the individuals, or the companies doing that transaction. Today, we only put amount, date and maybe some sort of memo or location. Because of that, we end up with a healthcare system that is, trillions of dollars of expenses, highly inefficient, the whole paying for reimbursements, whether for vaccines or testing becomes an ordeal for everybody and highly inefficient. If you're able to put all the data in the transaction, it can be done much faster, much more efficient and everybody wins. And so I think that when we start thinking about a lot of times, when we think about inclusion, or when we think about what are we missing? Actually, what we're missing is when we build, Apple, for example, doesn't build an iPhone for the underserved. They build an iPhone for everybody, and maybe it has some features or some, you know, the outer layer is more expensive because it has this material's, bigger screen, but fundamentally the guts of the iPhone are the same, whether you are the wealthiest person on the planet, or you are an entry level grocery store clerk, it doesn't matter. And that's how, when we think about the infrastructure of financial services, if you're sitting there managing a hedge fund or managing a fortune 50 corporation, or you are the Secretary of Treasury, what's good for the smallest player is going to be good for you; at the individual level and your company level at the city, state, federal level.

Mike Robertson (22:21):

Yeah, yeah that's really interesting!

Doug Houser (22:23):

So, Roy, you mentioned something there and want to touch on that a little bit more, which is in financial services, but you mentioned healthcare and a lot of other industries because of the rapid advancement in technology, which can always be a huge boom to the population at large, but it can also create, at best, and I say, even at best, a bifurcated market, right? And in some ways we need some of the aspects of the lower market, right? When you talked about those credit unions and not to lose those credit unions, not to lose alternative sources of funding, and one thing that we, that you don't want to lose with them is you don't want to lose the ability to make a decision based on other qualifications outside of data. Because once everything scales up, everybody becomes kind of a slave to their information, right? But for somebody to be able to make a decision and say, you know what, I'm betting on this business idea, that's a very important part of the market. So, how do we kind of navigate the market that at the very least is split into, where you need some aspects of how credit unions act, how alternative sources of funding act, and you also need those very large capital centers as well to accelerate the growth of very good ideas on the other end, and of course the bridge between the two?

Roy Sosa (23:50):

So I think, you know, I like to go to a couple of words that they've been used for many years and continued to be used, which is artificial intelligence. And that means a lot for a lot of people, but I like to think of the interim basis, which is augmented intelligence. And that's when you leverage what the engineers and scientists would call as artificial intelligence and machine learning. And when you give that to people or companies to put the human factor and enabled those individuals or those companies to be more. So in our case, for example, again, when you come to whether it's risk management, we literally have increased the throughput and capacity of a risk management team by a hundred times, not a hundred percent, a hundred times, but we never turn over the risk management to the software on the computer. So it's almost that think of it like the figurative terms, the exoskeleton that allows the worker to lift more. But obviously I'm talking about processes, and in particularly, in transaction processing that financial services and decisions. Fundamentally you need that contextual understanding, going back to my earlier comment. It takes me to early memory at NetSpend when we never, in the early days, would never outsource or call center because we want it, at least for me as a CEO, I want to have customer service in the same floor, so that I could actually have a conversation with the agents and be close to the customers. I knew that at some point it was not going to be scalable because we would end up with hundreds of employees in absence, but it was important enough in the early days, I still believe it's important enough, no matter how big of an urban station, you have. But, I'll give you a specific example, once I had an agent that a customer called in and there was something about a deposit and transaction, and literally the transaction was $3.50, and they just had a question about like, hey, why what's happening with this? And I remember going back to the agent after the call finished, and said, do you realize that, and it benefited me that I was literally just out of college, let's say you realize with $3.50, but then you can buy eight boxes of mac and cheese and feed yourself for several days. So never minimize the $3.50. Because that amount maybe insignificant for somebody, but it can be everything to somebody else. And so, as a result, you have to have the contextual understanding. This is where I am going back to, as we move through digital commerce, we got to make sure that in the pipelines, in the transactions, in the authorizations, in the reporting, we put as much as possible because we can, not just of the items, information related to the transaction, but of the data related to the parties in the transaction, not just in that point in time, but with context, because fundamentally we are way more than rows on a spreadsheet or a number on a credit score.

Doug Houser (27:15):

So, following onto that, do you think that right now, businesses in the market are sufficiently addressing, or you think that there's a groundswell that we're seeing of up-and-coming businesses that are addressing data needs from the standpoint of that human factor? Which is to say, I'm using this data because I want to know more about people because I want to find positive opportunities with people, with small businesses, right? Versus when you sometimes use data to find, I would say it falls into two buckets, number one is risk insecurity, of course, there's a lot of risk and security, and the second one, which is a commercial opportunity, sourcing for opportunities to sell into. Do you think that there are enough companies that are working on the other side of this, which is to say, how do I farm opportunities to help small businesses and consumers really grow from a financial standpoint, right? And, you know, use data proactively in that regard, versus those other two buckets, which I think are, you know, larger, there's a lot of crowding into that space.

Roy Sosa (28:29):

So I begin this with previous questions. I think the answer is both, and you're ready kind of alluding to that. So look, anytime, at least from my perspective, anytime that you see somebody having success, you kind of see how their model and talking to financial services specifically, now. You can see how, what they're doing is disruptive or revolutionary, versus what has been done before. As an example, I think of Affirm and what Max Levchin has done is amazing. And of course over there, you have other players like Klarna, Whatnot, but the, really the revolution, if you think about it is that they went from traditional bank, credit card company gives you a loan or a credit line for you to buy whatever you want and here are the terms. And here by moving down to, instead of financing a month, or several months' worth of credit needs, you finance a specific purchase and you have context of who's the merchant and who's the customer in what is a transaction for, and by the way, because there's two parties involved in terms of the merchant and customer, the merchant can actually subsidize any kind of credit on the writing and the cost of credit. So that makes perfect sense. If I were a credit card company, I'd be very concerned about how that is going to erode my traditional portfolio and cherry pick my best customers or sort of the, it has an impact on your, the profitability of your portfolio. But at the same time, I would argue that what Max is doing at Affirm, it sort of version 1.0, I would expect that knowing what I know about Max and knowing him, they're already working on version 2.0, 3.0, and the likes of Klarna and somebody that you don't know where it's not just about the merchants have similar function, but whereas more again, like, okay, in what are your future needs? I've been bringing it up over and over, not just because of the pandemic and where we are, but you got to believe that there's the data related to healthcare and wellness is so rich in terms of where do you want to go, but similarly, digital commerce, where do you want to eat next in terms of eating out as a restaurant, or what are the things that you're gonna need later? Anticipating your health, the consumer everyday spend or education needs and figuring out how to help you deliver those either through financing or insurance products, when not based on data, not about where you are today, which is much richer than again, a credit score or some sort of algorithm, but getting more of that data and processing it. But, I think the companies that are going to succeed and the next opportunity is right there is where are you going to be next? To me, that's sort of an obvious one. And like I said, I don't think that I am a soothsayer or I have a crystal ball. I mean, I guarantee you that the guys that are succeeding, they're already onto the next iteration, and we're going to see that very shortly.

Doug Houser ([31:46]):

Yeah. I actually had, that's a question teed up. We were talking about how the cool crowd, as I always say, who is the crowd going towards what everyone thinks is the market. Cool crowd is cool, but it's also very, very crowded. What companies are you seeing actually in the space right now that you think that we may or may not have heard of, right? That you think are doing a great job of sort of either going against the grain or attacking the market in a little bit of a different way, where they have an opportunity to capitalize on something that other entrant aren't really seeing?

Roy Sosa ([32:23]):

Well, I mean, look we can, there's four players that are always at any given time, they can do amazing stuff. Everybody has seen how Apple completely stole the limelight with their credit card. It's only a matter of time before they do the debit card. And I would argue that they should do the debit card on a global level. You know, we do that kind of stuff, so yeah, if Apple wants, whoever wants to do that, we're happy to help. Amazon, it's another one where the amount of data, the purchasing power, if you were to map out what Amazon has done in financial services, it's accelerating, but I don't think we've even began to see the bits and pieces. A lot was said a few years back when you started seeing health insurance, big bank and e-commerce company put together an initiative for a healthcare company, and then only to have this altered recently. What the reality is that that's still an opportunity. I think what a lot of the big players are going to say, what are they going to do is like, don't need to run it, I just need to leverage the rails or build the rails. And the other one that also is for me, when you think about the challenges pre-COVID, that the big fight, between the share ride, share economy companies and lawmakers was, hey, you're using this gig economy force, but you haven't completely eliminated their benefits. And that has an impact on our community. I would argue that we can either go the route of hoping that the federal government or state governments are going to bridge that gap. And maybe that's going to happen, maybe that's not going to happen. But I always felt that financial institutions have an opportunity to step in and address that need. So when you asked me look, who is doing it, or when do you think we might see something happen? I mean, obviously the likes of Apple, Amazon, biggest of banks, you know, suggest that be BofA and Chase and others. They have the unique opportunity to really leverage the infrastructure, Visa, MasterCard, PayPal. But, I think that there's a lot of small companies again, Affirm was literally just an idea and a startup lesson about five years ago, and look at where they are now. I think fundamentally the technology is there, and a couple of guys in a college dorm room, or some folks that are literally have had a few years of success in Silicon Valley, technology company and decide to spin off and go do their own thing. They're just as likely to come up with a solution. I think you have to look at; again, it goes back to your underlying theme. If you can link up the understanding of the blocks on leavers that are needed to make things happen with the underlying contextual understanding of the need, that's all you need to be very, very successful in coming up with solutions and making them stick.

Mike Robertson (35:35):

It does kind of raise a question though, doesn't it? I mean, cause frankly that's absolutely valid and yet, you know, one of the things that perhaps gets in the way of that inclusivity element is, you know, for leaders in the more established companies to, in some cases, almost unlearn what they already know and develop a new set of lenses on the possibilities for the future. And I guess that takes you to an obvious question, which is, you know, if you have the likes of some of the large tech players who have fundamentally changed or are changing marketplaces, how do legacy companies or legacy banks actually collaborate? And what do you see, if your crystal ball is working today? What do you see happening for us in the next, say three to five years? What are the major changes? How will banks play alongside those large tech companies?

Roy Sosa (36:24):

Well, back to technology and banks. So, you know, for the longest time there was always like the conversation, oh, can you imagine if a mobile operator partnered with the bank, what could they do? I think that when we look at, go back to the early days of the Internet, when we had things like CompuServe and AOL or Hotmail, and they used to charge $9.95, $19.95 for an Internet connection and email account. And of course now we have Gmail and it's free. Of course, everybody can see how the technology players, the idea that you can get a free bank account is now pretty pervasive across the world. All of the neobanks in Europe and coming to United States basically give you a free bank account. But I think what you're beginning to see and you already have seen the announcements or the pilots is what happens when the likes of whether it's Google or Amazon, AWS, Whatnot, start offering banking as a service for free. There's a lot of companies right now playing in the banking as a service, we actually do. But, I think that for any entrant, you have to assume that it's going to go to free. And so the question there is how do you then support that small community bank credit union with all the tools and so that they can be successful and then your business…

Mike Robertson (37:51):

But that's the key question, Roy, isn't it, because frankly I love your example. We paid for an email account. Gmail comes along and we end up paying for it through advertising. So the fee structure changes, but, you know, fundamentally the provider still owns a revenue stream. So I guess that's really the question. I think on many institutional banks minds is as the structure of the market changes, so do fee structures, and so I think the collaborative question is if a large tech is allowing banking utility to exist for free within the framework, but they're making money elsewhere because they had that ability to do that. And if banks don't have that, then they are sort of in a cul-de-sac, in a dead end almost. Wouldn't you say?

Roy Sosa (38:31):

Yes. And yet it's really interesting to me that, this latest iteration, the likes of Google are sort of saying, hey, we want to provide a platform so that banks can ride on our platform, because we don't want to be the ones regulated. For us operating across the world is very unique that different countries have different approaches to regulation, even in the United States, you have federal, and then every state has their own approach, and it's not the same for you to operate in California as it is to operate in Arizona or Wyoming. Given the approach between an overly prescriptive in some cases and laissez Faire everything goes quasi libertarian in numbers. So I think the regulation will continue to play a big role in checking anybody, technology or otherwise to say that you really want to play here because at any moment the rules can be changed or somebody may decide, we've seen it before. Hey, you're making too much money interchange, which has to be a very important component for banks on the credit and debit for all of a sudden in Europe is almost zero same in Australia. Now, and so it was like, when the regular overnight can come in and say, oh, that's gone. It's really interesting ecosystem, and because of that technology players usually shy away from playing in it directly, but they absolutely whereas your IBM, Microsoft, Google or any of the big consultancy companies, they love to play behind the regulated entity and say, here, I'll give you all the infrastructure, I'll play the toolmaker and you go fight, you go play the game. Fundamentally I think, it's all about, where's the data? And when I say, where is the data? I say who's managing the data? Not from a privacy perspective. I think that over years we've arrived at a very solid privacy construct and understanding that the data belongs to the customer, the end consumer, but more along the lines of, how can the different players leverage not only access to data to maximize the value for, even for the end consumer to make things better, but also to build the skills. So sometimes Google, for a long time, the average person that you got on Gmail, it's not about, it was minimal. The benefit for them was like it built their skills to do other things elsewhere. And when you think about Android, they basically gave it away for a long time because they built the skills to get into voice recognition in translating, you know. So all these things, the more data you have, even if you've never going to charge a dime for this specific type of service or product to the end consumer or to small community bank, it gives you the ability to build the skills, the knowledge and to reach this scale to be able to solve big problems beyond just being successful at some enterprise.

Mike Robertson (41:31):

Indeed. Indeed. Well, I'll tell you, you know, new technologies, of course, opportunity and coming from those and new challenges for existing players. I think we can all agree that the next three to five years is going to be a really compelling time here in the US and across the world as changes happen. So, I want to thank you, Roy, and Doug, thanks very much for this fascinating look into this area today. I mean, I think we covered quite a lot of ground and your insights were extremely interesting, Roy. Thank you.

Roy Sosa (42:00):

My pleasure! Thank you so much for having me.

Mike Robertson (42:02):

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