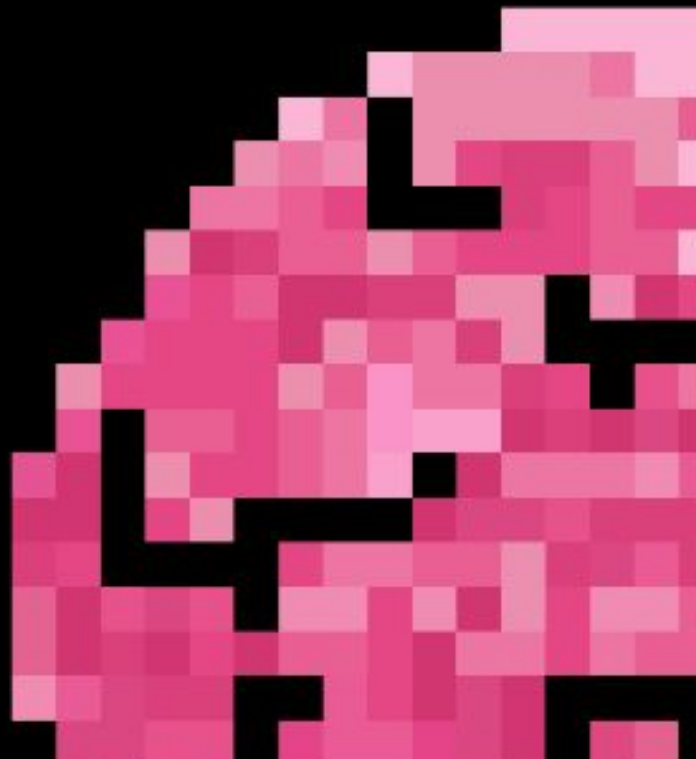


# FINTECH BRAINFOOD

State of Fintech

2023





## 2023: The Fintech Resurrection.

Fintech was supposed to be over as interest rates went up. Banks were supposed to be back. Instead private credit has continued to boom, banks are losing deposits and Fintech companies have started to attract deposits and deliver NIM.

In the wake of SVB, asset managers, “too big to fail” banks (like JPMC) and money market funds have started to eat market share in deposits and lending. Big tech, Fintech and non-bank lenders are increasingly positioning themselves as the front-end to consumers. The game has changed.

ST.

01

Fintech.  
We are *so* back

02

Embedded.  
*Everything*

03

Banks.  
Rates didn't help

04

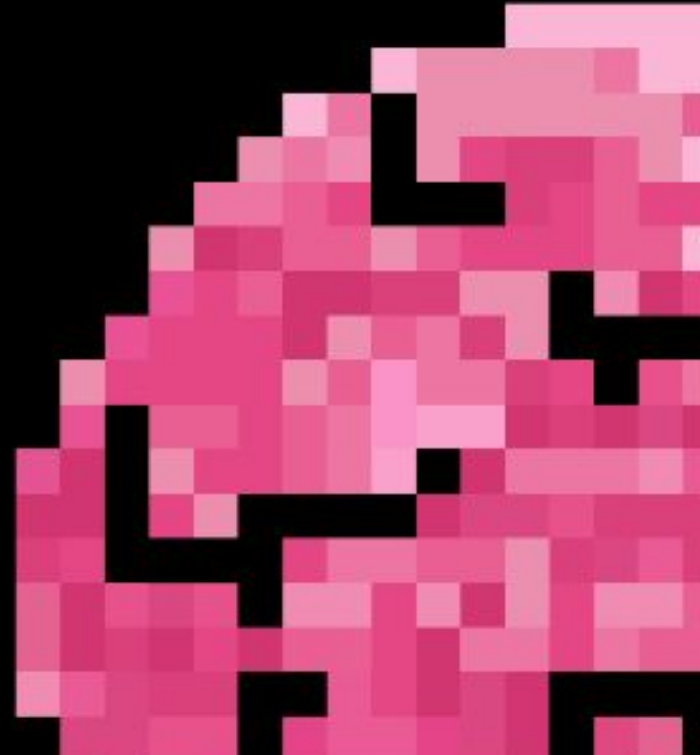
Big Tech.  
Slow then sudden

05

Crypto.  
Or tokenization?



# 01 FINTECH



# The rollercoaster is over and we are returning to long term averages driven by secular shifts to digital and regulation

Morgan Stanley

## The Great Normalization of FinTech Multiples

### FinTech Multiples Over Time

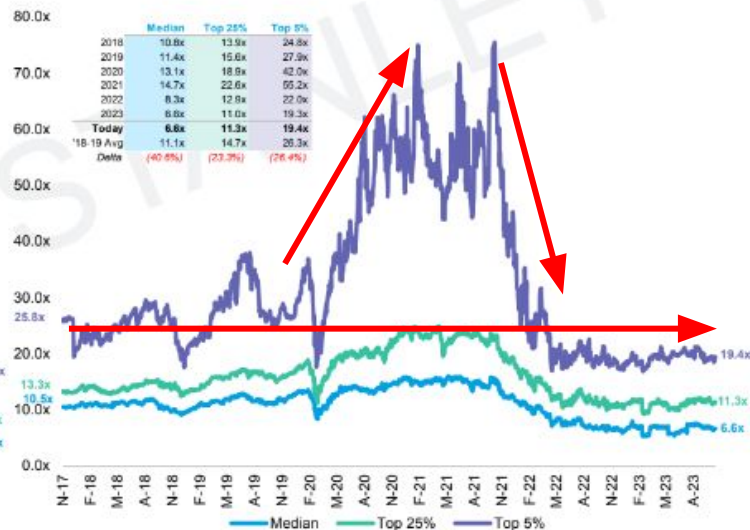
#### AV / NTM Revenue Multiples

Median Estimates of NTM Revenue



#### AV / NTM Gross Profit Multiples

Median Estimates of NTM Revenue Multiplied by LTM Gross Margins



Source: Capital IQ as of 11/6/2023  
 Notes:  
 1. Considers a universe of 192 companies



# ~Q2 2023 was capitulation. Exemplified by the Adyen stock.

Public: Adyen\* lost more than 50% in a day with an earnings miss



Flagship private companies underperforming NASDAQ



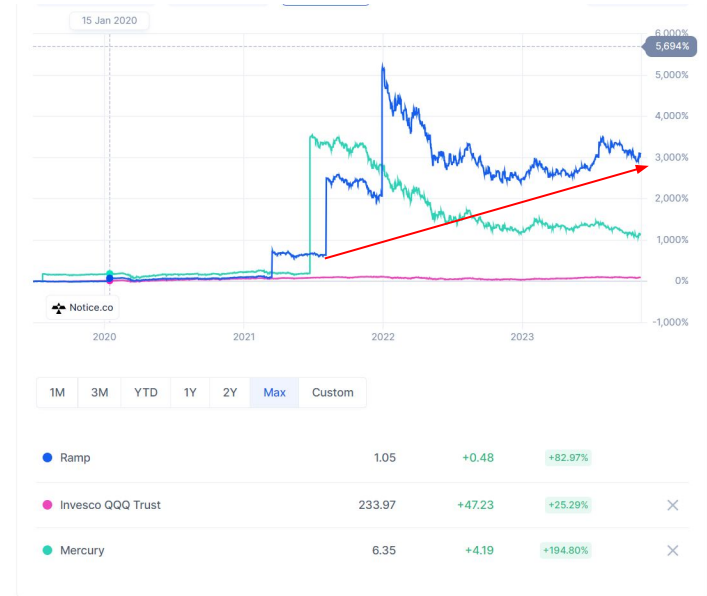
Image from Notice.co a platform that collects and aggregates private market data



# ~Q4 2023 is showing *quality* is outperforming

Public: Adyen\* popped 30% when it shared more about how its growth happens

Growth companies consistently outperform the NASDAQ



Source: Google, Notice.co

\* The author holds a minor shareholding of Adyen stock



# Consensus said that Fintech was over but missed that Fintech has hit maturity and is here to stay

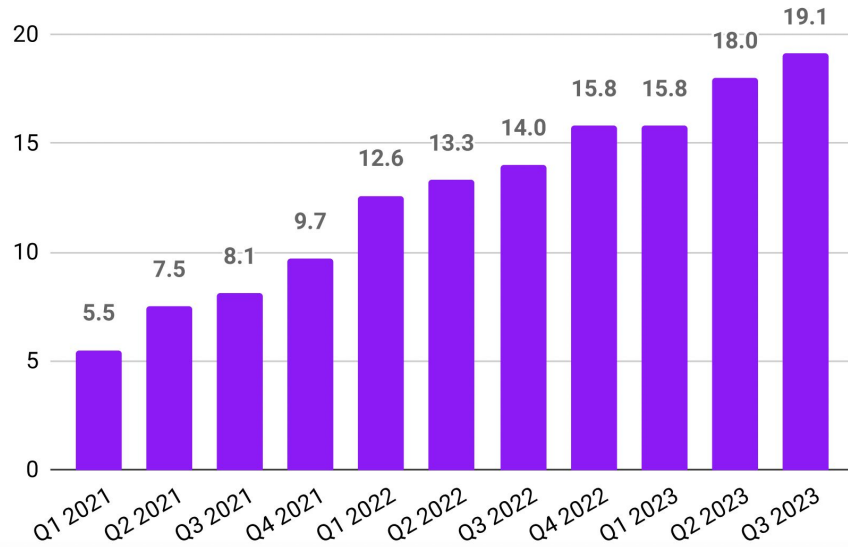
Consensus view	Reality
Digital banks and Neobanks will never be profitable	Digital banks that lend are profitable (or trending toward). Neobanks must diversify revenue.
Payments are a race to the bottom	Payments are a race to value
B2B Fintech is just better corporate cards	B2B Fintech is building a deconstructed global transaction bank
BNPL will disappear as a low interest rate phenomenon	BNPL delinquency rates are falling and profits are increasing
Open Finance will always be broken	The US finally has regulation and the rest of the world is marching ahead



# While most banks see deposit flight, some challengers are growing at a *rapidly*

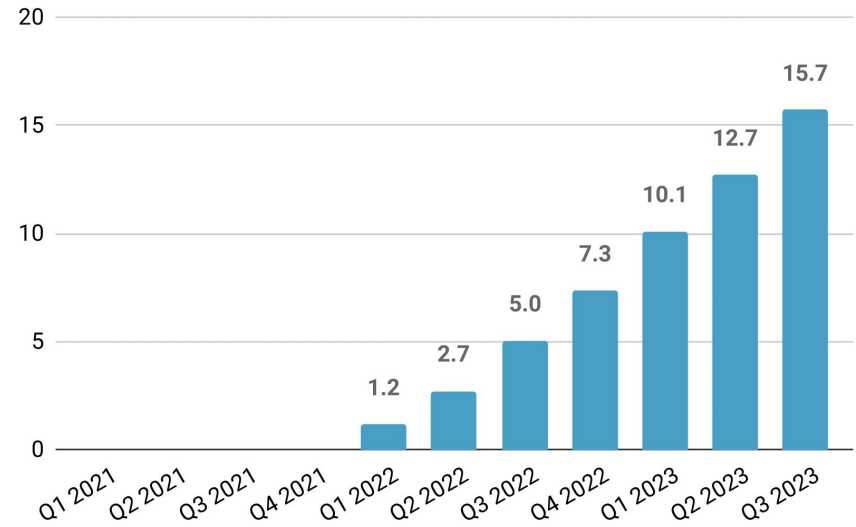
## Nubank | Deposits

Q1 2021 - Q3 2023, \$ billion



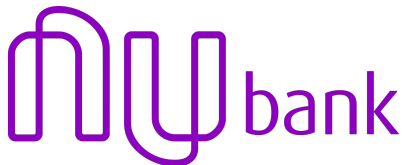
## SoFi | Deposits

Q1 2021 - Q3 2023, \$ billion





# Digital-only banks have diversified products to unlock growth and have structurally lower costs than incumbents



**53% YoY revenue growth**  
37% Return on Equity  
90m customers



**40% YoY revenue**  
3x'd deposits in 2023  
GAAP profitable by Q4 '23



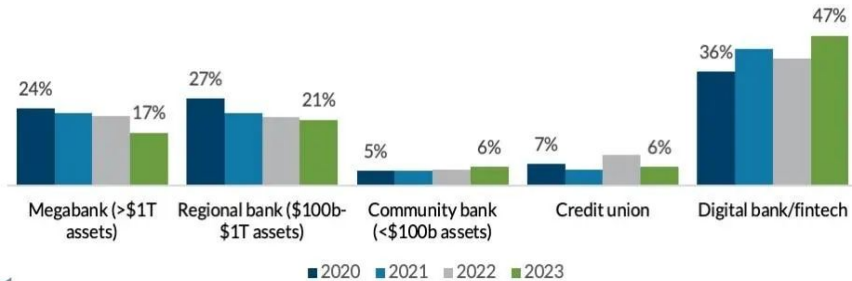
**monzo**

**2.3x YoY revenue growth.**  
7th largest UK bank  
Profitable as of Q2 '23



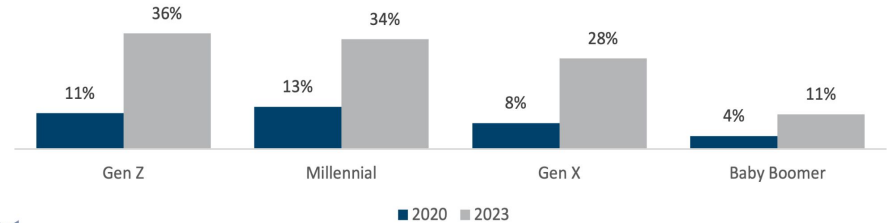
# 47% of new checking accounts are opened at a digital bank or Fintech company

Percentage of New Checking Accounts Opened by Type of Institution



@rshevin







% of Consumers That Call a Digital Bank or Fintech Their Primary Checking Account Provider



@rshevin



# Payments companies move in Generations

01	Founded Pre-2000	<ul style="list-style-type: none"><li>• Mainframe or Client server tech</li><li>• Often 5 or 10x companies via M&amp;A</li><li>• Multiple platforms and APIs</li></ul>	 
02	Founded 2000 to 2010	<ul style="list-style-type: none"><li>• Cloud native platform</li><li>• Usually one global platform</li><li>• Single set of processes and APIs</li></ul>	 
03	Founded in the last ~5 years	<ul style="list-style-type: none"><li>• Cloud native</li><li>• One global platform</li><li>• More configurable processes</li></ul>	  *

\* I know that technically Lithic and Highnote are issuers and not acquirer processors, but their logos were readily available. Silverflow and Moov I struggled to get.



# Digital-first payments platforms grow faster and have better unit economics than incumbents

The logo for Adyen, featuring the word "adyen" in a bold, lowercase, green sans-serif font.

VS.

The logo for Worldline, featuring the word "Worldline" in a bold, lowercase, blue sans-serif font.

- One platform
- Owns banking license
- Single middle & back office
- Competes on performance & price

- Roll up of 16x platforms
- Relies on bank partners
- Duplicative middle & back office
- Competes on price

\* Author holds a small amount of Adyen stock, standard disclosures apply

Note: I don't mean to pick on Worldline, this could apply to any payments co who's primary growth strategy is M&A



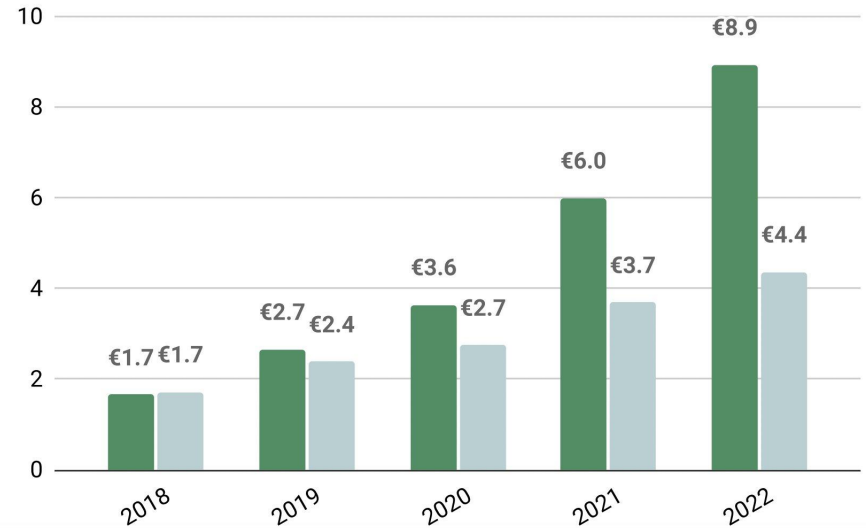
# A race to the bottom or a race to value?

Adyen & Worldline | Stock Performance



Adyen vs. Worldline | Gross Revenue

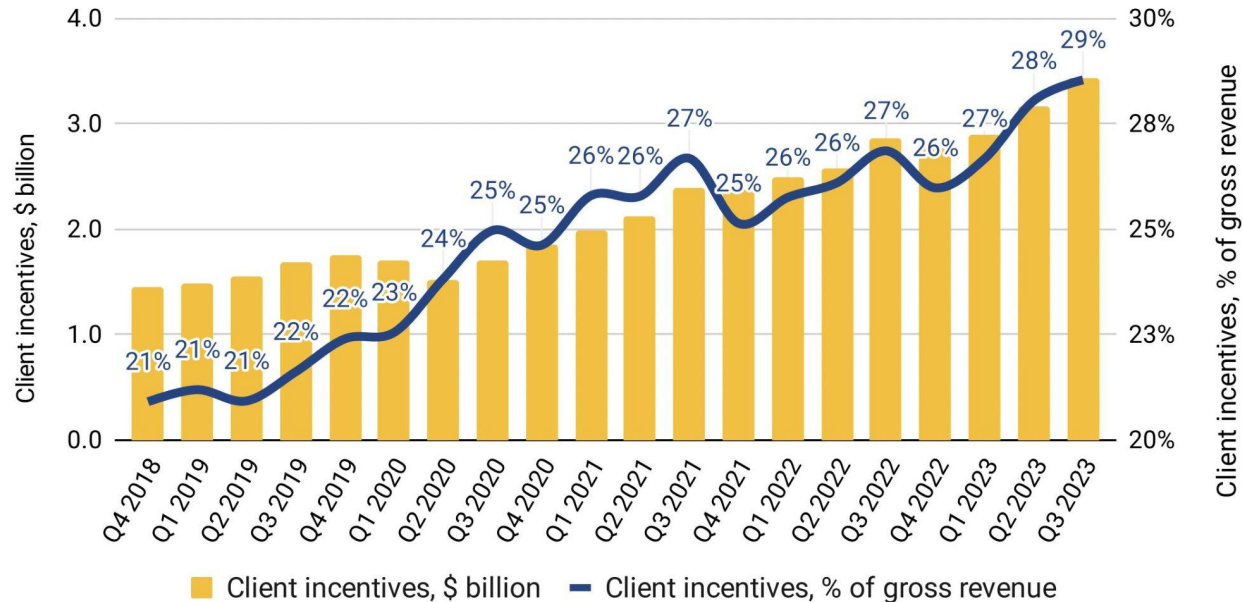
2018 - 2022, € billion



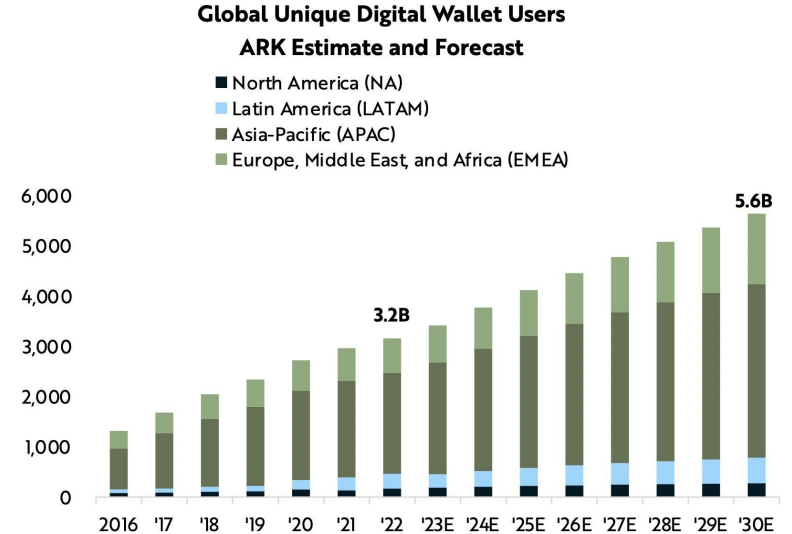
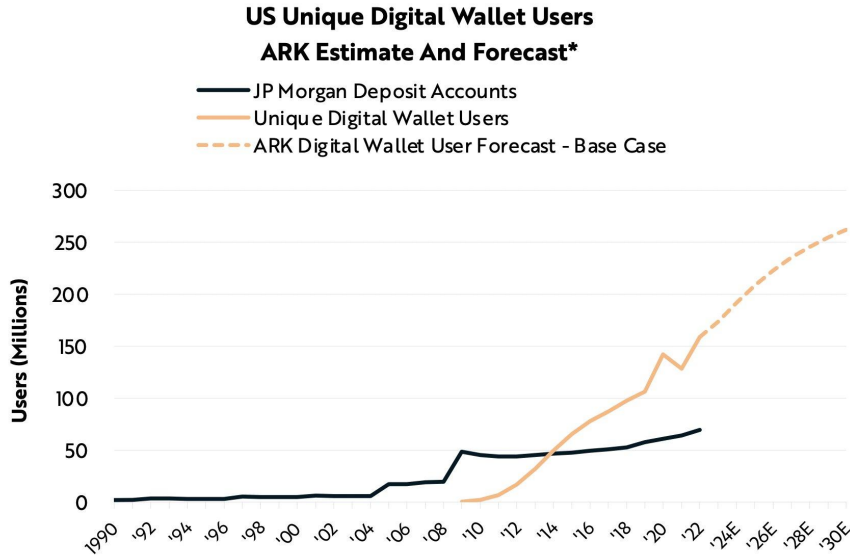
# Tell me you're worried about RTP and digital wallets without telling me 🙅

## VISA | Client Incentives

Q4 2018 - Q3 2023



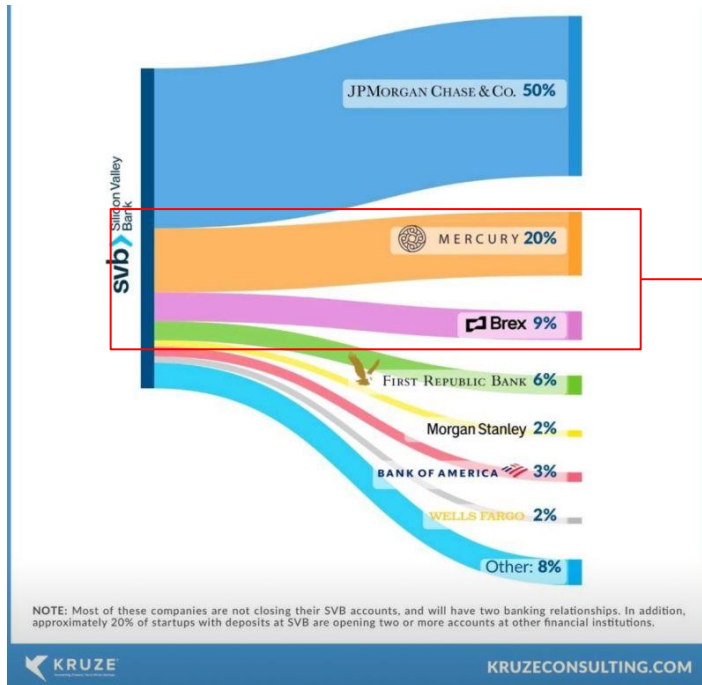
# Digital wallets are quietly beginning to dominate. Banks are asking “what’s our wallet strategy?”



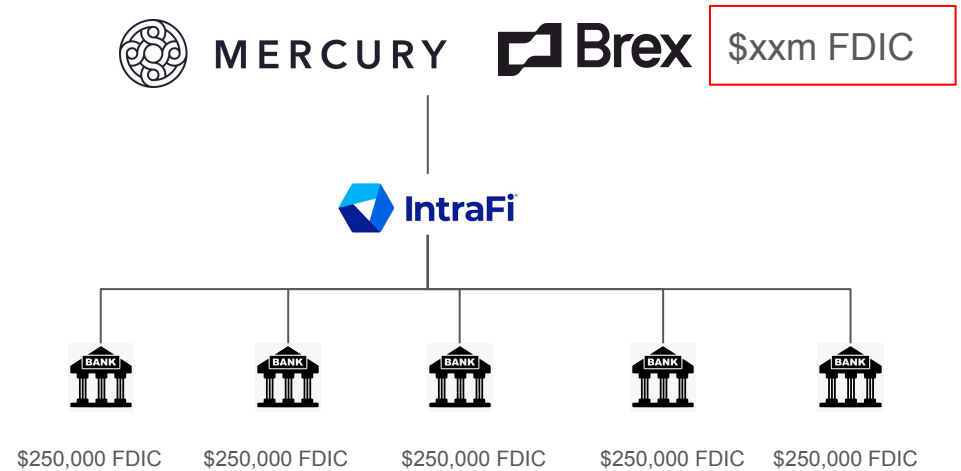
“Digital wallet” is a consumer interface for payments, everything from CashApp to AliPay to payments in Whatsapp in India



# B2B Fintech - 29% of SVB deposits went to Mercury and Brex who offer a “> \$250,000 FDIC Guarantee”



Fintech companies use multiple banks to increase theoretical FDIC insurance available





# Platforms displacing traditional SMB lending banks and looks more like traditional “corporate banking” for digital companies

Not a bank, but offers most of the products a global transaction bank would, *but with some major differences* →

ramp   Brex  arc



MERCURY

NAVAN

AKA, SVB without the charter & better UX.

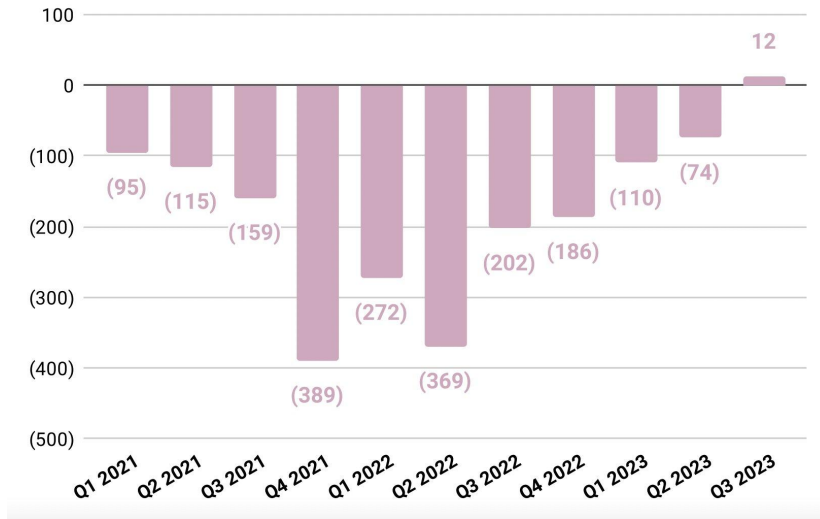
Products	Quirks
Deposits	“Up to \$5m FDIC insured” because the cash is pooled across numerous banks
High yield and bonds	Offers bonds (US Treasuries) (banks don't), High yield deposits via partnerships.
Working capital	Linked to accounting & live sales data for better rates
Venture debt	Fragmented/offline process much faster/lower friction
Spend management	Unlike most corporate card programs these <i>actually work</i>



# BNPL is proving it is sustainable with Klarna, Affirm and PayPal reporting profitable growth and falling delinquencies

## Klarna | Operating Loss

Q1 2021 - Q3 2023, \$ million



## Klarna.

Klarna reduced its credit losses by 46% YoY to 0.33% and has hit profitability. It diversified revenues with added fees and retail affiliates



Affirm delinquency in Q3 2023 was 2.4% (a 0.3% improvement QoQ).

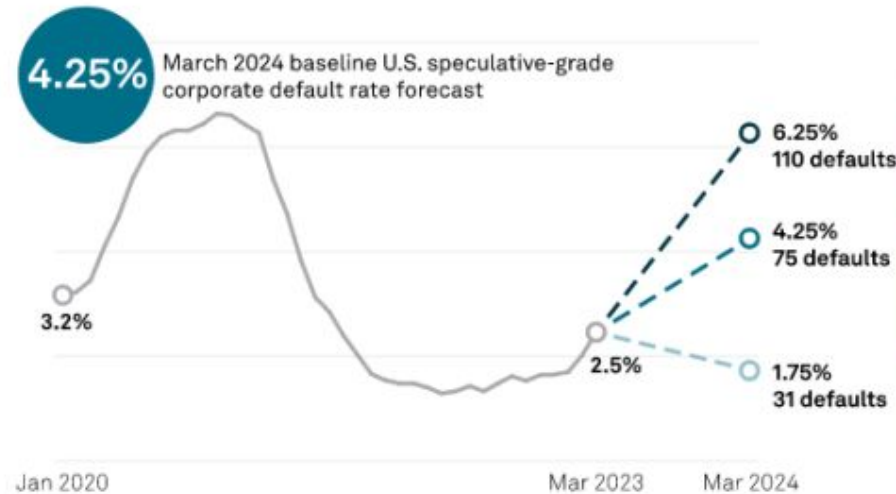


# BNPL delinquency is improving, against a backdrop of credit trending worse

I know this says “corporate default” but the [data includes consumer levels](#)

Chart 4

## Defaults pick up into 2024



As of March 2023, 1,762 U.S. speculative-grade corporate issuers are rated by S&P Global Ratings

**Pessimistic scenario:** Defaults spike as the U.S. enters a prolonged period of low growth with persistent price pressures and higher-for-longer rates.

**Base scenario:** Balance sheet liquidity gives way amid persistent cash flow constraints. Tight financial conditions restrict access to capital.

**Optimistic scenario:** The default rate falls as macroeconomic pressures resolve and financial conditions ease.

Data as of March 2023.

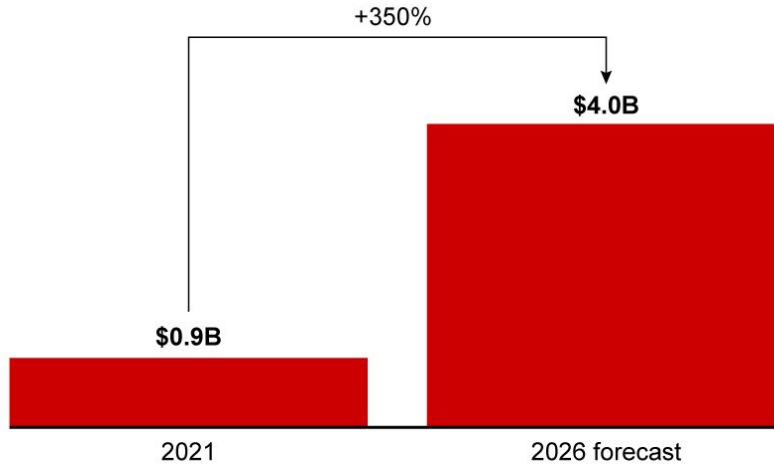
Sources: Leveraged Commentary and Data (LCD) from PitchBook, a Morningstar company; and S&P Global Ratings Credit Research & Insights.

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# BNPL revenue and market share will continue to grow

## Enabler revenues from US buy now, pay later transactions



Deepening penetration of buy now, pay later as payment method



Growing e-commerce sales over the longer term



Pressure on margins due to intensifying competition among providers

Transaction value	\$49 billion	\$265 billion
Embedded penetration (e-commerce only)	3%–4%	10%–12%

Sources: Bain & Company; Bain Capital



# Open finance is coming of age but has structural issues to solve to fulfil its true potential



## The good:

- 80m users
- Regulation in 2024 (finally!)

## The bad:

- No technical standard prescribed

## The ugly:

- Zero upside for banks means implementation will be slow-walked



## The good:

- ~99%+ connectivity
- UK expanding to more than checking

## The bad:

- Fragmented by country
- Only 12.2m users

## The ugly:

- Still checking accounts only, no upside for banks



## The good:

- 28.4m accounts linked
- Covers \*all non lending\* and even tax data
- Fintech companies pay underlying banks and FI's to access data

## The bad:

- No payment initiation

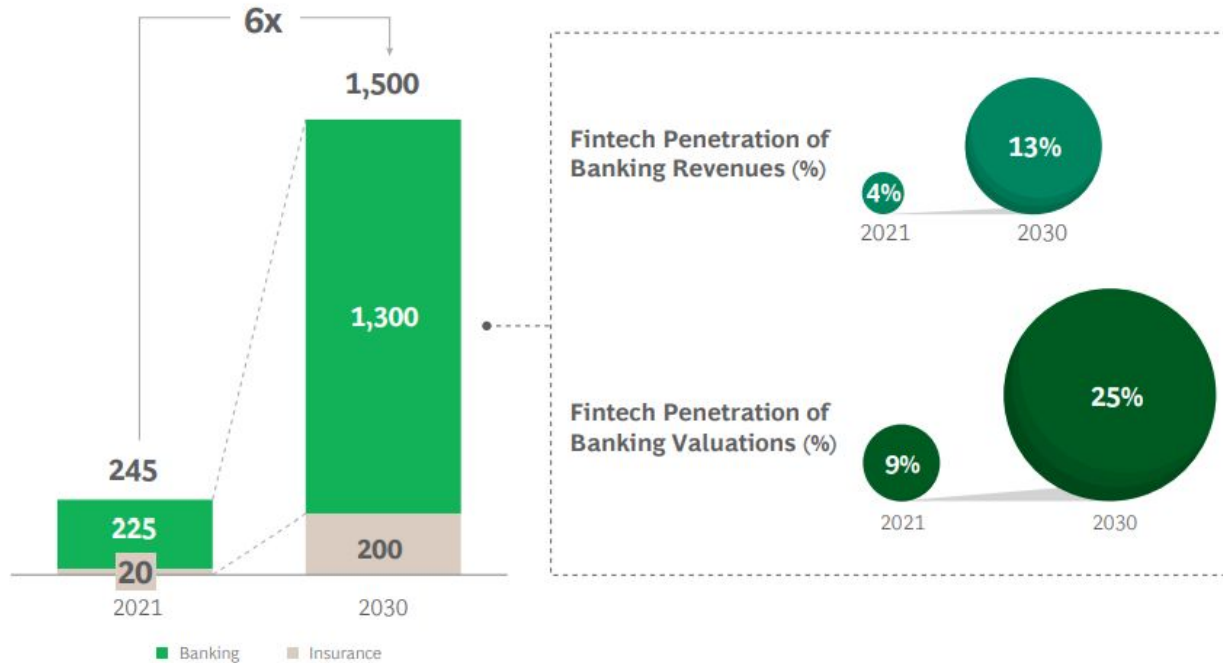
## The ugly:

- No lending products



# Fintech: A \$1.5trn opportunity remains untapped with 6x upside

Global Fintech Revenues (\$B), split by Banking and Insurance



Sources: Capital IQ, Pitchbook, Company's investor presentations, desktop research, BCG analysis.



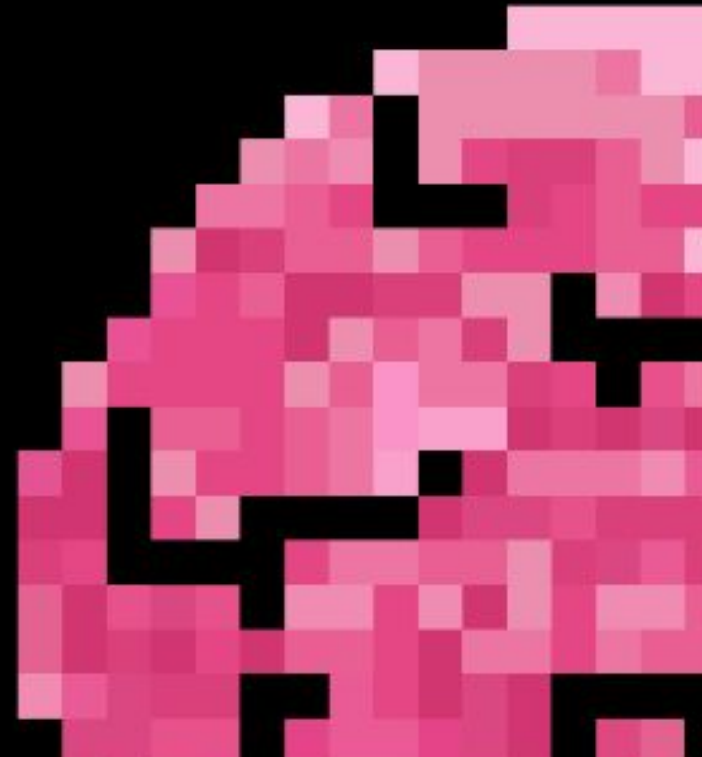
# Predictions for 2024

1. Fintech will divide into two. Those who can diversify revenues to grow and those who can't
2. Unicorn Fintech companies finally start to IPO on better multiples and fundamentals (e.g. Klarna, Stripe, Starling)
3. Open finance regulation passes in the USA
4. No Crypto regulation in 2024 in the USA. We don't get a Bitcoin ETF in 2024 but we do in 2025
5. A consumer Fintech bank hits profitability in the USA
6. Insuretech gains momentum and becomes "growth stage"
7. Fintech finally sticks the landing with profitable lending
8. Private credit is now a feature for any Fintech company
9. Wave of acquisitions as incumbents acquire Fintech companies that didn't survive winter
10. Payments/fraud cost optimization becomes the battleground in payments



Embedded Finance is now more than debit cards and consumer as banking as a service moves up the complexity curve

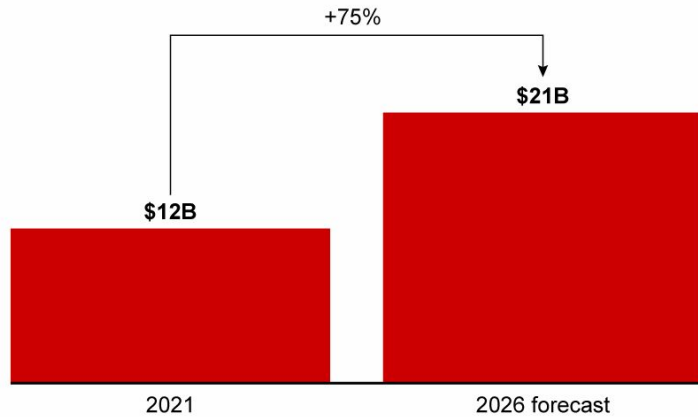
# 02 EMBEDDED





# “Embedded” has become a default for *consumer* cards and BNPL at checkout

## Platform and enabler revenues from US consumer payments



Transaction value	\$1.7 trillion	\$3.5 trillion
Embedded penetration	15%	29%



Increasing penetration through strong “better together” value proposition, plus shift to e-commerce and electronic payments



Growth in payment volume in line with wider economic growth

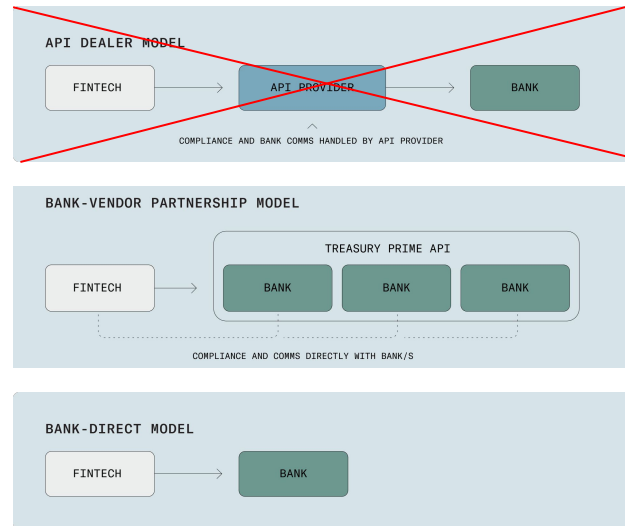
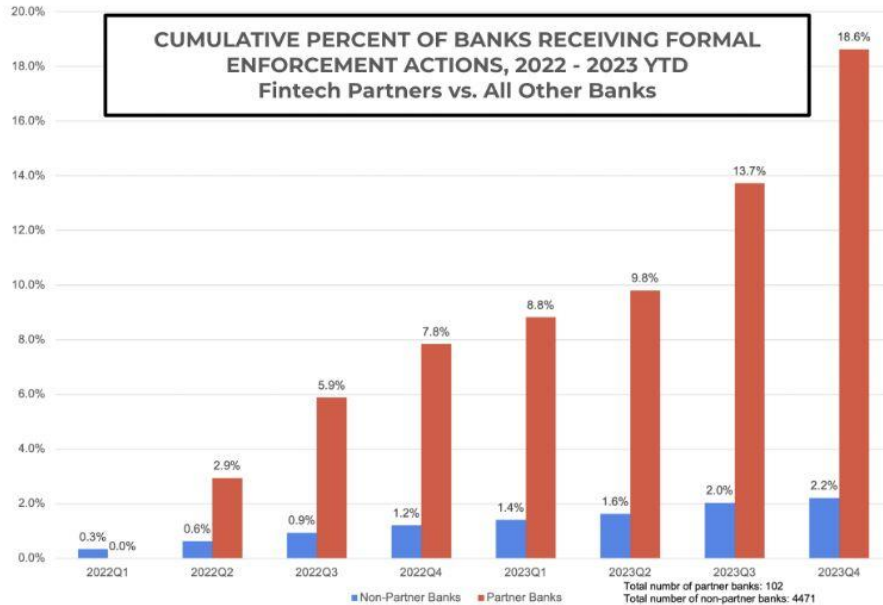


Compressing margins for platforms and enablers










# Partner banks are under pressure. Fed, FDIC and OCC guidance is pushing partner banks to tighten controls

3rd parties cannot own compliance or comms with Fintech companies





# Everything Embedded? The market is becoming much broader than consumer products.

Trend	What is it?	Products?	Why?	Who*?
Bank direct model	Bank leads sale, contracting and compliance interaction with the non bank (e.g. a Fintech)	Debit, credit, prepaid, charge cards, working capital	Better unit economics, lower risk. <i>(Note often partnerships still key under the hood here)</i>	  
Non bank products as an API	Products a bank cannot or does not offer embedded in Fintech or non bank UI's	Money Market Funds, Private Credit	Banks compete with money market funds for deposits, but they offer higher rates.	 
"Up to \$5m FDIC insured"	Deposits aggregated across many banks with services like InfraFi, R&T etc.	Deposits	In the wake of SVB it becomes a competitive advantage for B2B Fintech companies	 



# A new provider? Headless banks are only accessible via APIs and becoming a global trend

Company	column	 solarisBank	<b>Griffin</b> 	PΛVΞ BANK
Geography	United States	As a Bank Europe (Germany, Italy)	United Kingdom	Singapore
Offering	Deposit accounts, Wire transfers, book transfers, ACH, cards, loans, debt financing, FedNow	KYC, compliance, cards, BNPL, consumer lending	KYC, compliance, deposits, cards, consumer lending, business lending	Operational accounts, Treasury Management & “more than APIs” with code upload.
Differentiator	Early mover in the US with large existing clients	Pan European presence (e.g Germany is famously tough on regulation around lending)	Lends to platform <i>and</i> their customer with data	Code upload (e.g Payment Orchestration but for every asset type and directly with a bank)



## Other thoughts

**Regulators not done.** We haven't seen the full unwinding of FTX, Silvergate, Signature and SVB. Partner banks will continue to come under pressure in 2024. But new tools such as Cable, Themis and Sardine\* are helping smaller banks to still compete.

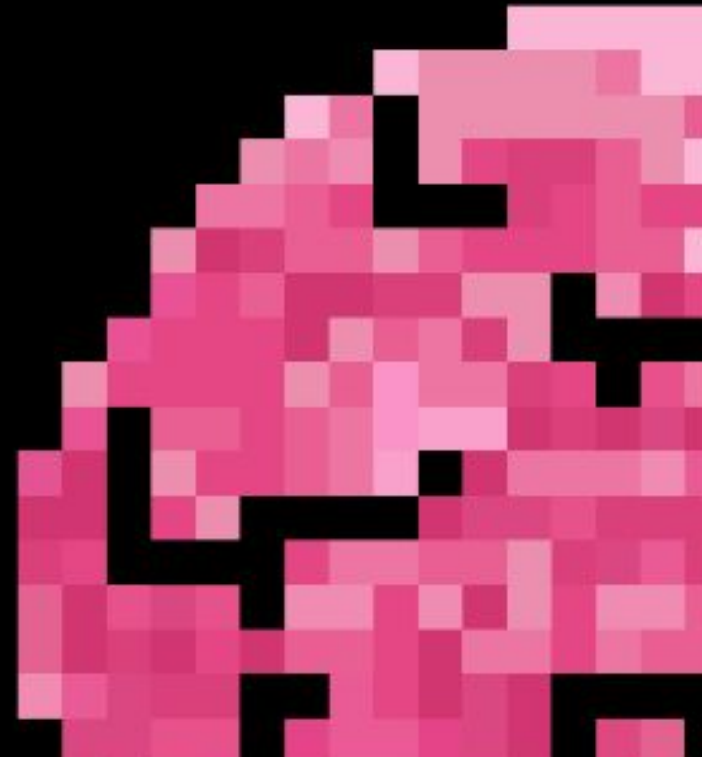
**The unit economics make it *not* a debit card market.** Interchange is not a good way to get traction in Europe and may come under pressure in the US with Durbin 2.0. The bank direct model may come to dominate. Yonder is a credit card for millennials (if Amex was for foodies). Griffin and Solaris can lend etc.

**Singapore has some very interesting case studies.** E.g. Audax is a spin out from Standard Chartered, a BaaS platform. Allows the bank to offer BaaS where it has licences, but Audax can partner in markets where it's primary bank partner does not.



The new normal is the old normal as rate rises haven't lifted stock prices and capital requirements continue to make banks less competitive than private markets.

# 03 BANKS



# “Banks” as a sector lag all others

This trend has continued despite rising interest rates and record profits.

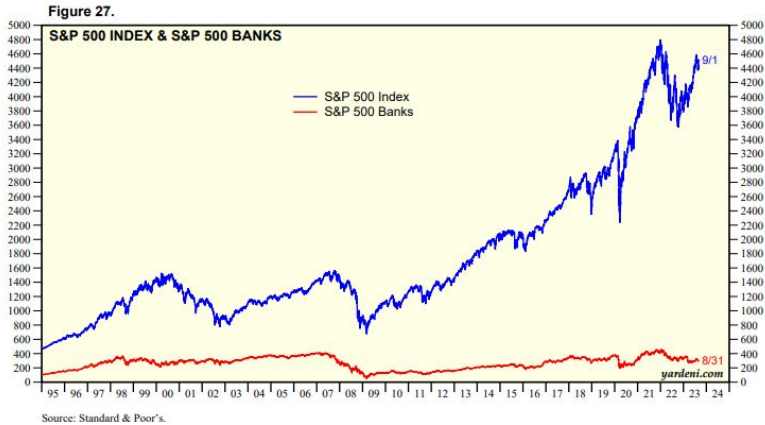
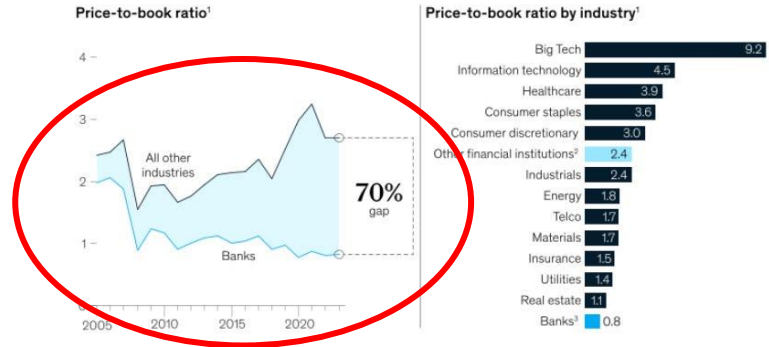


Exhibit 4

The banking valuation gap highlights different regulatory constraints and a need for business models to evolve.

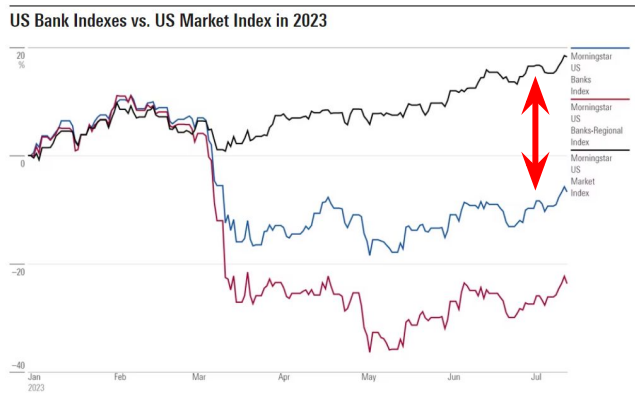


<sup>1</sup>Data for 2023 as of Sept 1.  
<sup>2</sup>Includes payments, asset management, investment banks (not included under Banks), capital market infrastructure institutions, nonbank lenders, and specialist financing institutions.  
<sup>3</sup>Includes global systemically important banks, market leader universal banks, and midtier universal banks.  
 Source: S&P Global; McKinsey Panorama



# Rumors of Banking's renaissance were overstated

The market is not rewarding temporary profits driven by interest rates



High rates mean deposit flight and less borrowers

(lower credit quality and higher funding cost)

Source: Morningstar, Yahoo Finance

It is rewarding *growth* growth (revenue and profit)



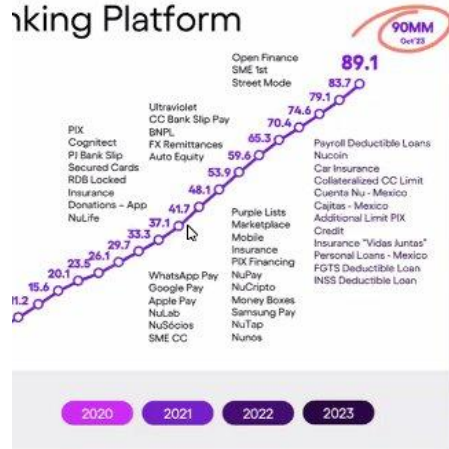
Nasdaq 14.9% CAGR over 20 years, trend has continued as we exit ZIRP





# Some regulated banks *can* grow at Tech company levels

## Banking Platform



**89.1MM**  
 Customers +18.7MM YoY  
 51% of Adult Population of Brazil  
 83% Monthly Activity Rate

**US\$ 2.1BN**  
 Revenues +53% FXN YoY

**US\$ 914.8MM**  
 Gross Profit +100% FXN YoY  
 43% Gross Profit Margin

**US\$ 303.0MM**  
 Net Income

**US\$ 355.6MM**  
 Adj. Net Income



Third Quarter 2023 Results

## Revenues (US\$ MM)















## Gross Profit (US\$ MM)



Our market share is calculated as the Nu's Brazilian adult customers divided by the adult population of the country. Adult Rate is defined as monthly active customers divided by the total number of customers as of a specific date. Note 6: For and reconciliations. Note 6: Amounts are presented in US dollars and growth rates on an FX Neutral basis. For additional



# Bank's competitive landscape is broadening

	Objective	Threat to us	
 	Disrupt Grow! Hit profit	Winning deposits Prime spot to cross sell	 <p>Fintech companies erode distribution</p>
    	New revenue Platform lock-in	Winning deposits Eroding brand relationship	 <p>Big Tech erodes deposits</p>
 	Access yield Win in private credit boom	Money market funds <b>erode deposits</b> Private credit <b>takes</b> <b>lending market</b> <b>share</b>	 <p>Shadow banks displace balance sheets</p>

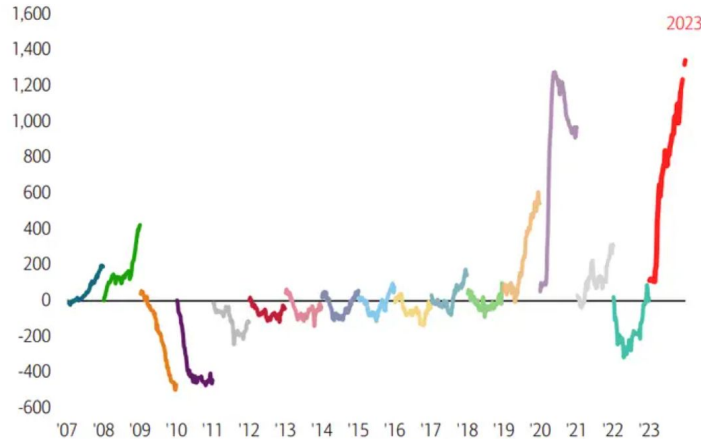




# Private credit and money market funds are displacing the role of banks in markets

## Deposit erosion across segments

**Chart 7: Money markets on track to capture \$1.4tn inflow in '23**  
Cumulative inflows to money market funds, by year (\$bn)



Source: BofA Global Investment Strategy, EPFR

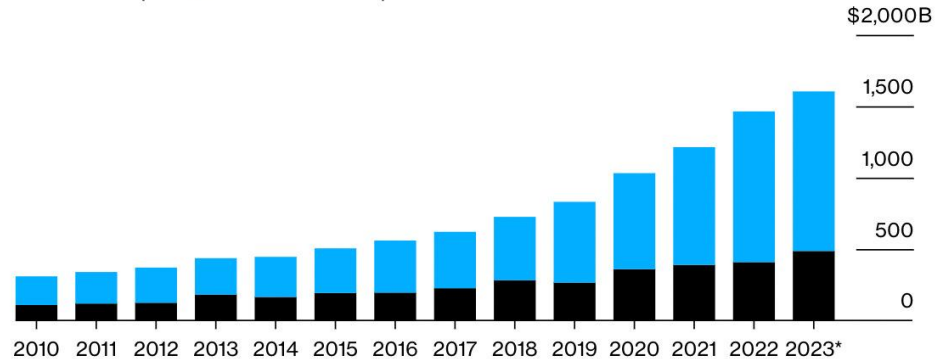
Bank of America

Source: Bank of America, Prequin

## Lending erosion across products

### Global Private Debt Assets Under Management

■ Unused capital ■ Value of current portfolios



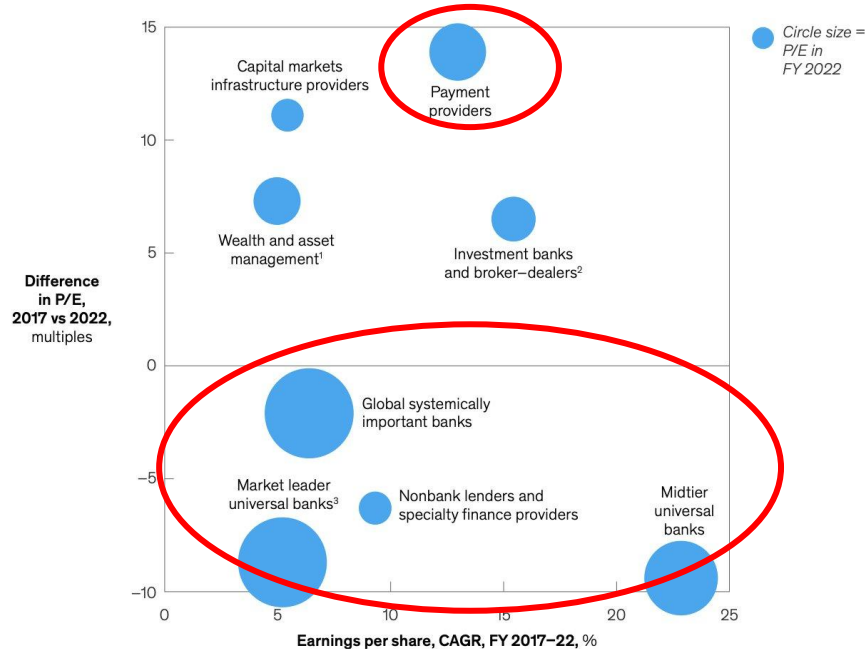
Source: Prequin Pro

\*To March 2023



# Fintech companies are winning in a higher rate environment not banks

P/E difference and earnings per share for financial institutions



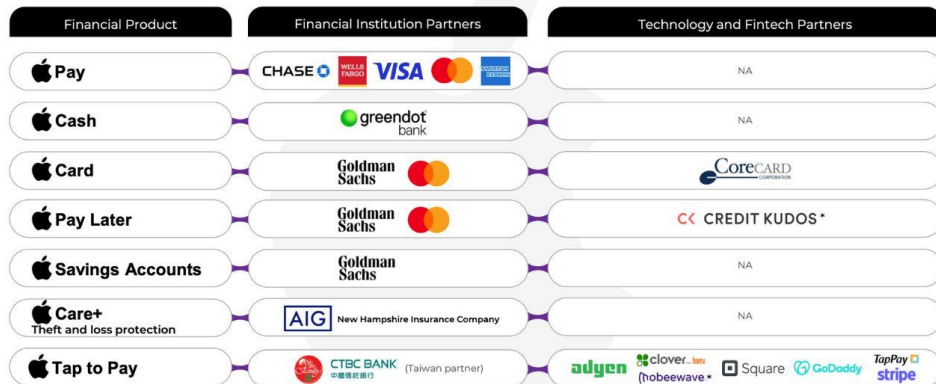
- Wise reports 280% jump in pre-tax profits, half due to rate rises. **Operates a single global platform.**
- SoFi increased deposits by 23% in Q2. Avg FICO of 743.
- **Nubank has 90m consumers and an 83% active user rate**
- 40% of new checking accounts @ PayPal and Chime
- Chase is now offering \$900 to new customers to switch, and \$200 for dormant accounts to move direct deposits back



# Big Tech can become a bank in all but name

## Apple is the biggest FinTech in the world

### 1. Apple Finance Empire - Unbundling the Bank



Source: Whitesight, Apple

In the decade since Apple Pay launched

- **Deposits:** Apple savings collected over **\$10bn in deposits**
- **Lending:** Apple BNPL used by 1 in 5 Apple device customers
- **Payments:** Apple “tap to pay” turns any iPhone into a Point of Sale
- **Identity:** Apple Wallet now supports drivers licences from 4 US states

*But,* Tim Cook denied an Apple Card. Goldman rumored to be exiting the partnership.



# Regulation limits growth

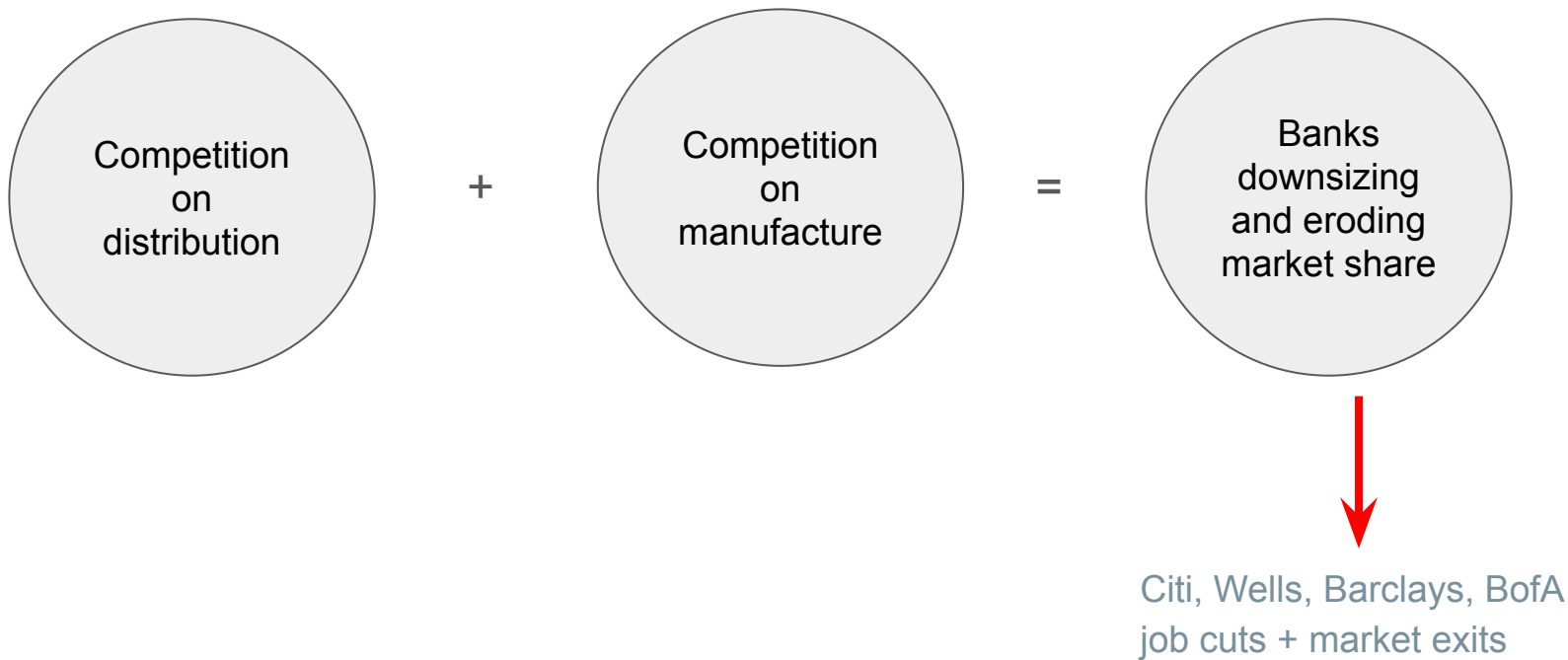
## Regulation has trapped banks

Post-2008 reforms make it harder for banks to compete. They're "safe" but cannot profitably serve a large % of the market

The gap is being filled by private credit + fintech

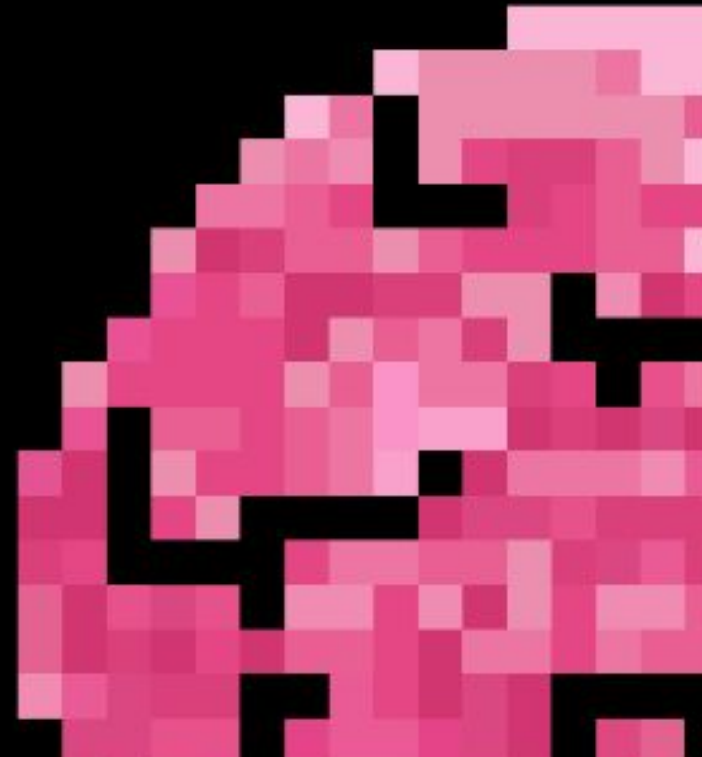


The old normal is the new normal. Not a sudden extinction but slow erosion of bank presence.









"Magnificent 7" moving from growth stocks to value stocks forces them to look at financial services. The miracle-gro years of ad-revenue and mobile are tapering off.

# 04 BIG TECH





# Big Tech have different motivations for focusing on financial services

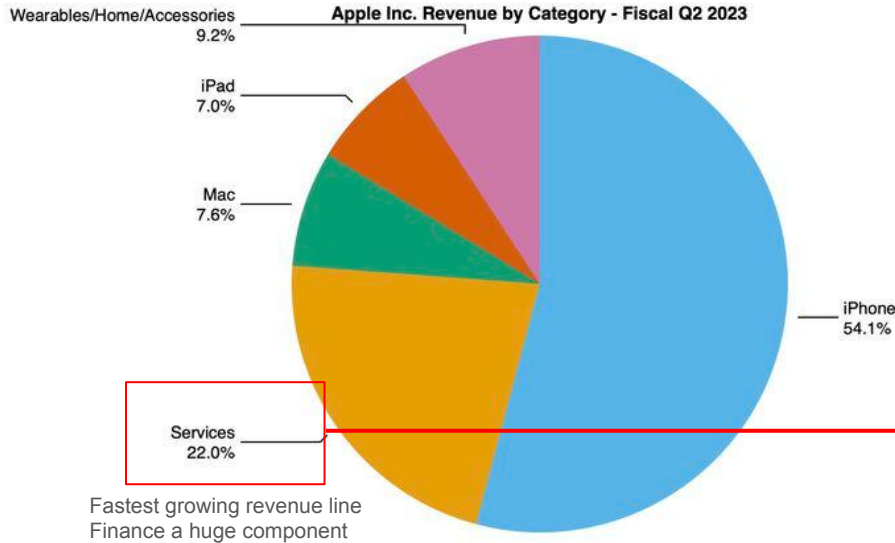
					
<p>Device sales and revenue growth are stalling. Financial services drives new revenue and ecosystem lock-in</p>	<p>ByteDance has done \$260bn GMV. Leading in social commerce growth in the US and APAC. Primary Gen Z platform.</p>	<p>Instagram Shop revenue starting to scale. Good progress in India, LATAM and the US. Huge player in APAC too.</p>	<p>Copy+Paste Apple into Android ecosystem, but limited innovation direct to consumer because banks are clients of GCP</p>	<p>Payments and lending partnerships drive marketplace activity and lower costs, helping margins.</p>	<p>X is a basket case that has alienated advertisers and needs new revenue sources. I'm dubious of its ability to execute.</p>

← More (G7) market impact

Less (G7) market impact →

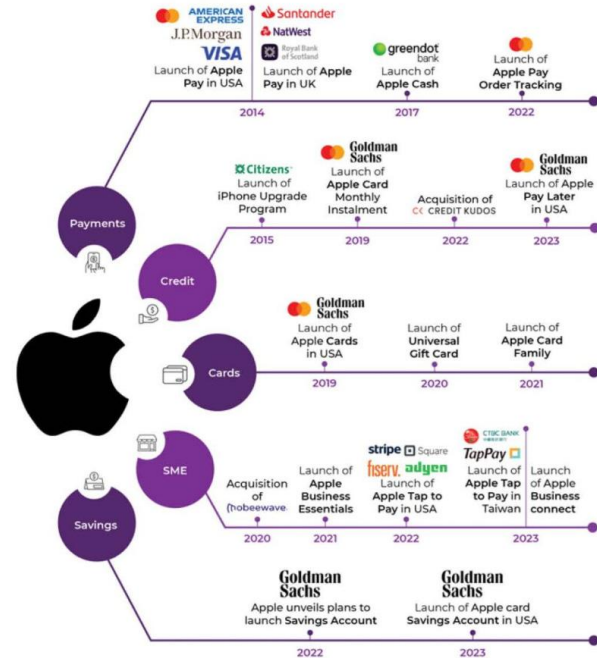


# Apple is leaning on services as device growth stalls. Financial services are a key lever.



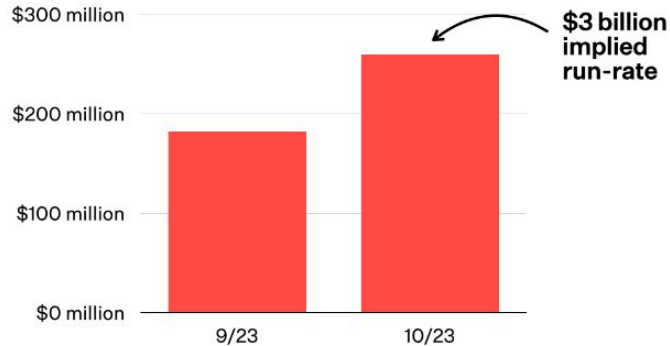
[Read Apple will be a bank in all but name here](#)

## Apple product offerings



# TikTok is the new Amazon (or Temu) with \$260m GMV monthly

## How big is TikTok Shop already?



**\$260 million** Gross Merchandise Volume in October 2023, according to YipitData estimates for US shoppers, up 43% from September (when TikTok Shop officially launched).

(+ **\$944 million** estimated October GMV in Southeast Asia.)

### Satisfaction:

93%

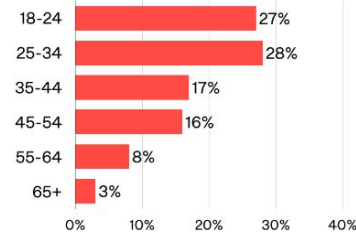
of consumers who say they have made a purchase from TikTok Shop say they were satisfied with the TikTok Shop experience

### Retention:

92%

of consumers who say they have made a purchase from TikTok Shop say they would make another purchase in the future

### TikTok Shop customers Q3 2023



### Integration:

90%

of consumers who say they have made a purchase from TikTok Shop say it felt like a natural extension of the TikTok experience



# Regulators are beginning to constrain Big Tech's influence in financial services



CFPB to regulate digital wallets

- Will require any “wallet” >5m txns to be supervised directly by the CFPB.



EU Parliament threatens Apple app store dominance

- Digital markets act allows “sideloading”, impacting app store 30% cut



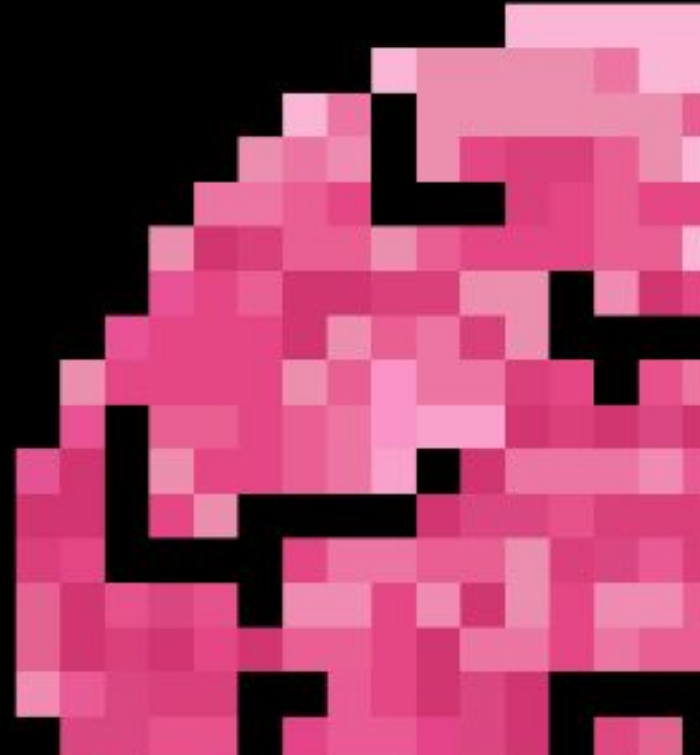
National Payments Corporation (NCPI) capping Whatsapp payments

- Despite 500m Whatsapp users, NCPI capped to 100m Meta Pay users to promote rival offerings

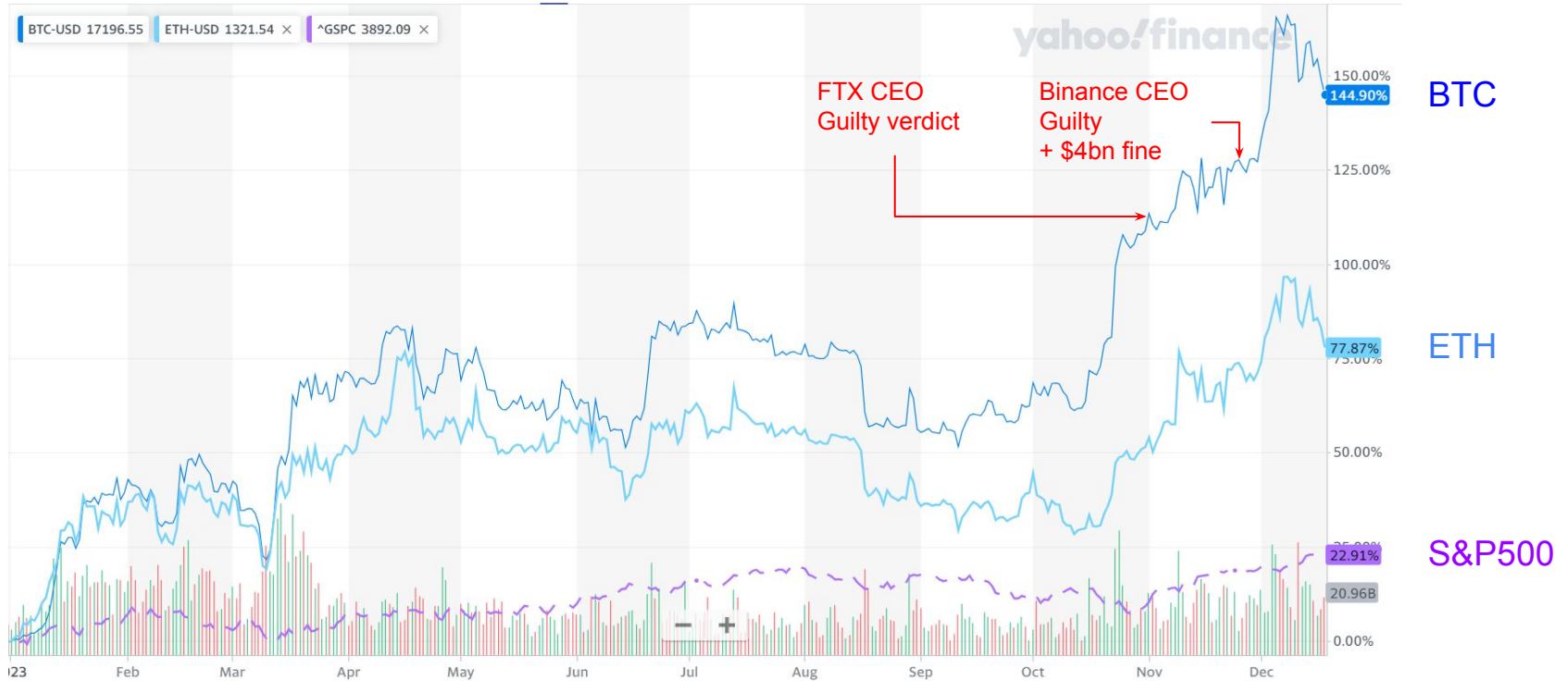


Is growing up and becoming legitimate through legal and regulatory actions as well as the industry maturity (although we're not out of the woods yet)

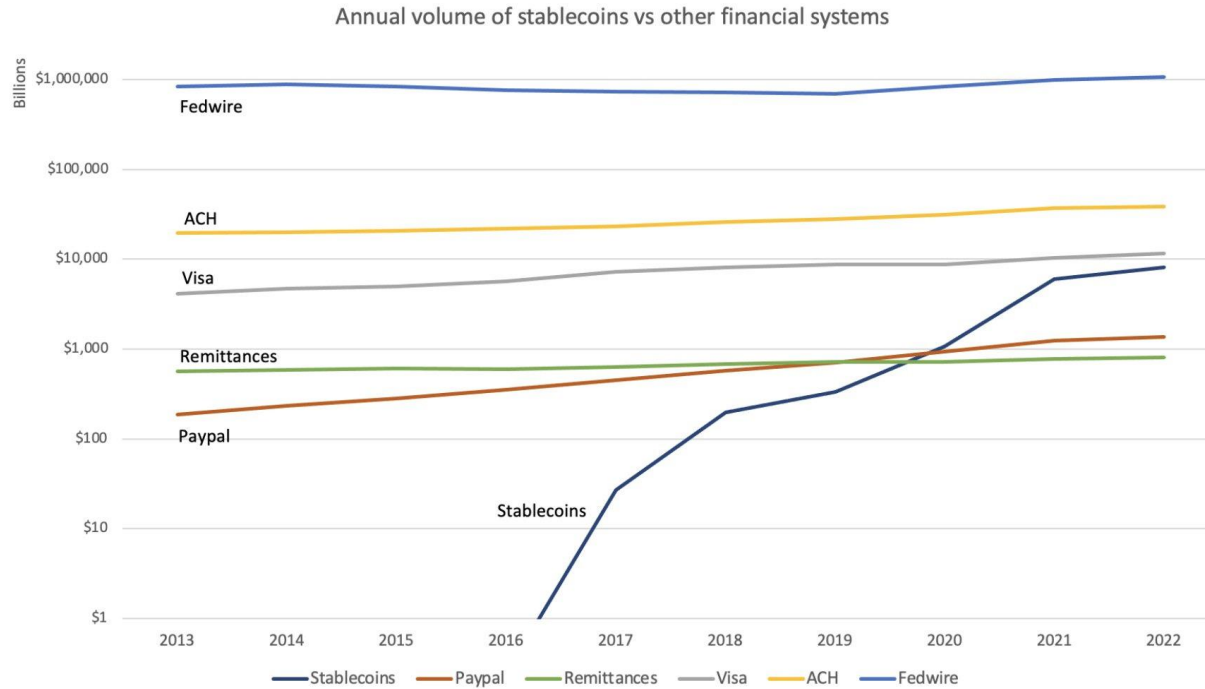
# 05 CRYPTO



# Crypto legal and regulatory actions came to a head, but that hasn't stopped momentum



# Stablecoins are the first killer app of digital assets as a “US Dollar” for non US consumer and SMBs



# Stablecoins holding parity with USD and increasingly regulated

## Stablecoin Prices



Regulatory framework for Stablecoins MiCA live in 2024



Proposal for for Stablecoins regulation due in 2024



Finalised Regulatory framework for Stablecoins went live in July 2023



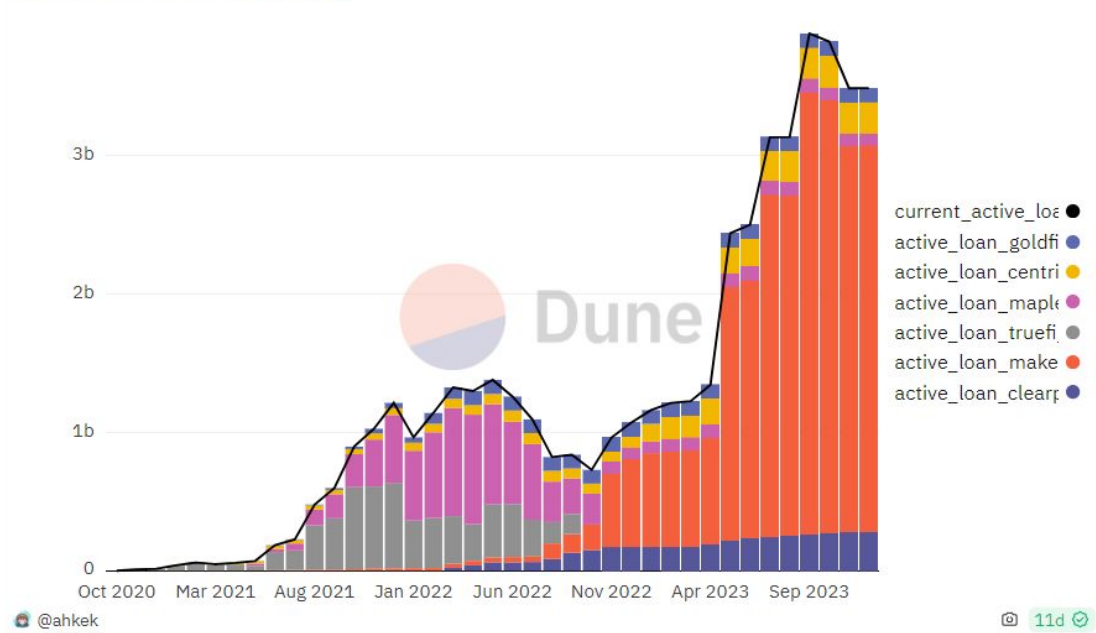
Regulatory framework for Stablecoins due by end of 2024





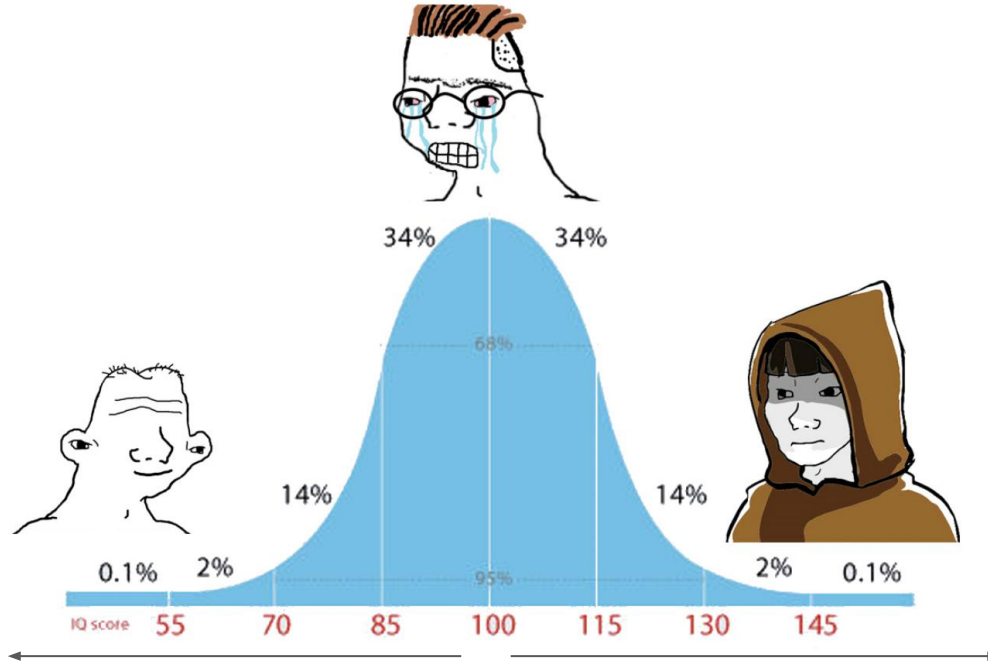
# Real world asset (RWA) tokenization is lending to real economy from DeFi protocols and it is growing rapidly

Current Active Loans RWA lending



## 05 CRYPTO

Crypto is both infuriatingly stupid *and* a paradigm shift. Both of these things are true at the same time.



Meme Coins, scams, wash trading

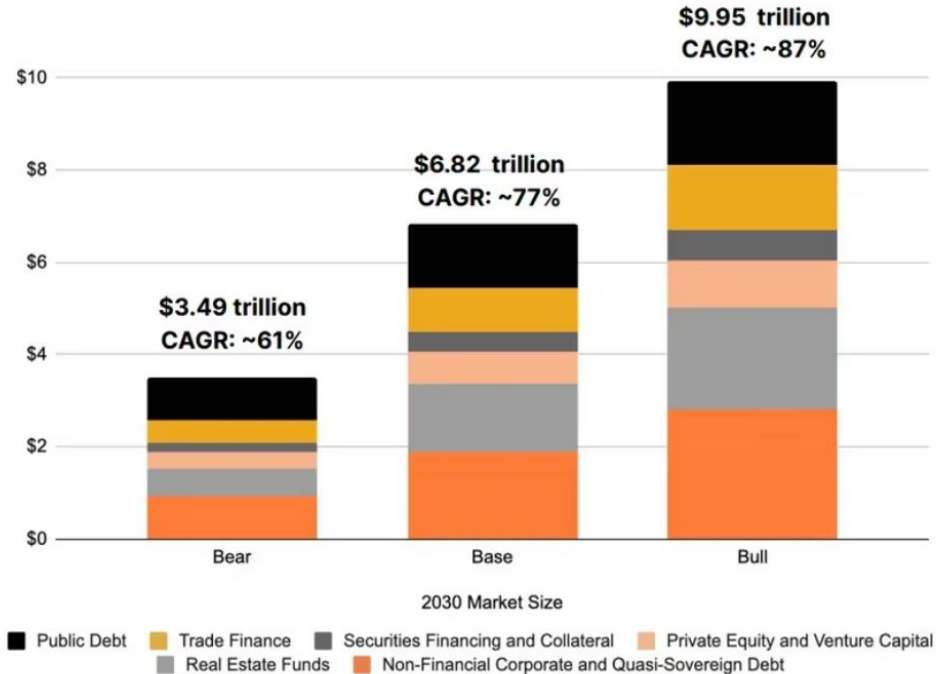
Global, 24/7, programmable internet of value

Note: Often long term analysts say to survive in Crypto you need to recognize that the 70 IQ stuff is a feature and not a bug. It does however create reputation issues consistently.



# Tokenized assets are making incredible progress tipped to be a \$10trn opportunity as institutions arrive

Figure 15: Tokenization Market Sizing



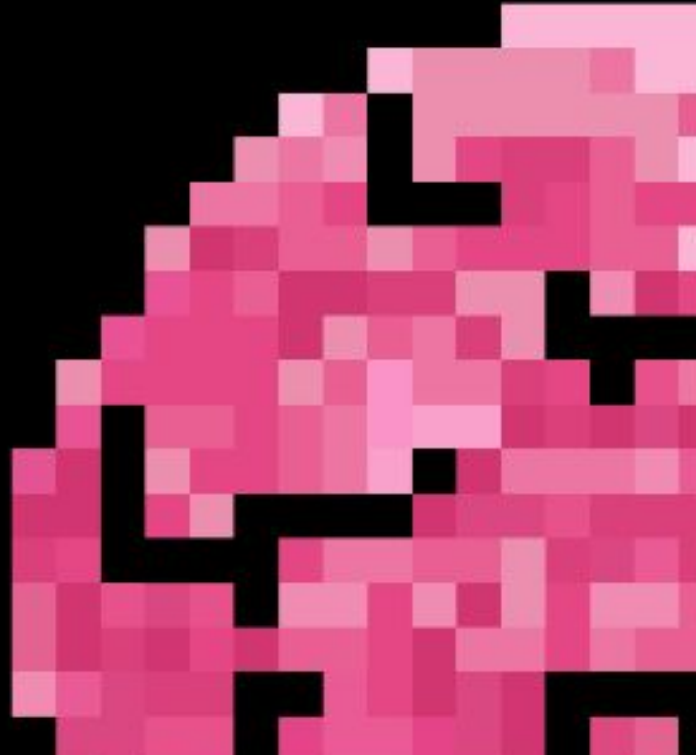
# Predictions for Crypto

1. Bitcoin ETF doesn't happen in 2024, but does happen in 2025
2. Fintech companies slowly come back to Stablecoins (led by PayPal)
3. US Crypto regulation in 2026 follows MiCA and the UK (Eth is not a security)
4. A mini bull run driven by interest rates falling creates more 70 IQ ugliness, scams and hacks :(
5. Volume of private markets (credit and equity) traded on institutional private networks increases 10x
6. Digital collectibles and NFTs become a "superfan" loyalty program that becomes quietly normal
7. Institutional Tokenization and public blockchain networks begin to converge
8. The next generation of "embedded finance" builds on the gap between public and private networks



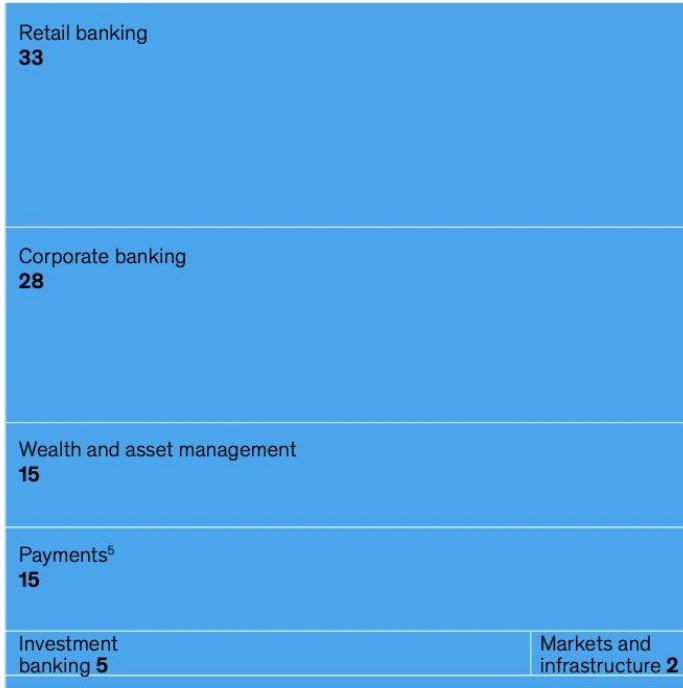
The world's largest profit pool is being disrupted from all sides.

# 06 WRAP UP



# Finance is the world's largest profit pool and a 7\$trn revenue opportunity

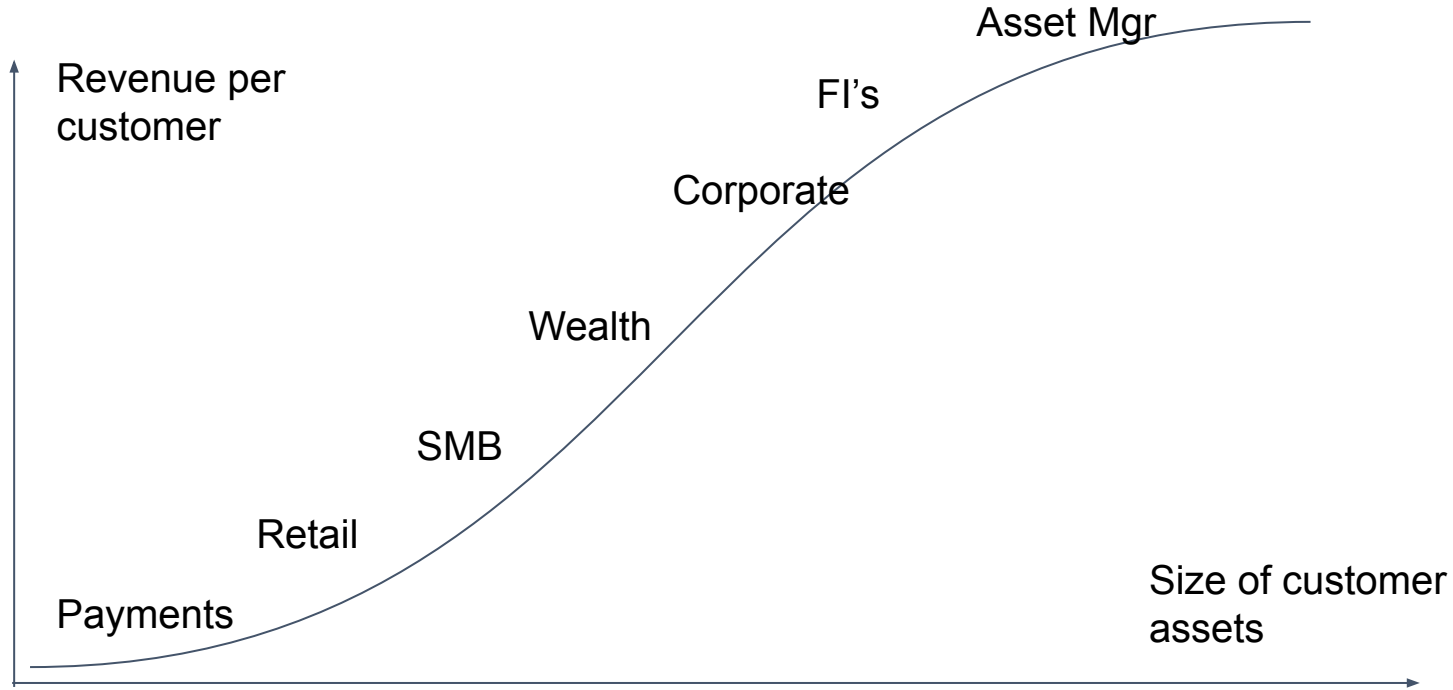
Share of total annual revenue from global financial intermediation, by type, 2022, %



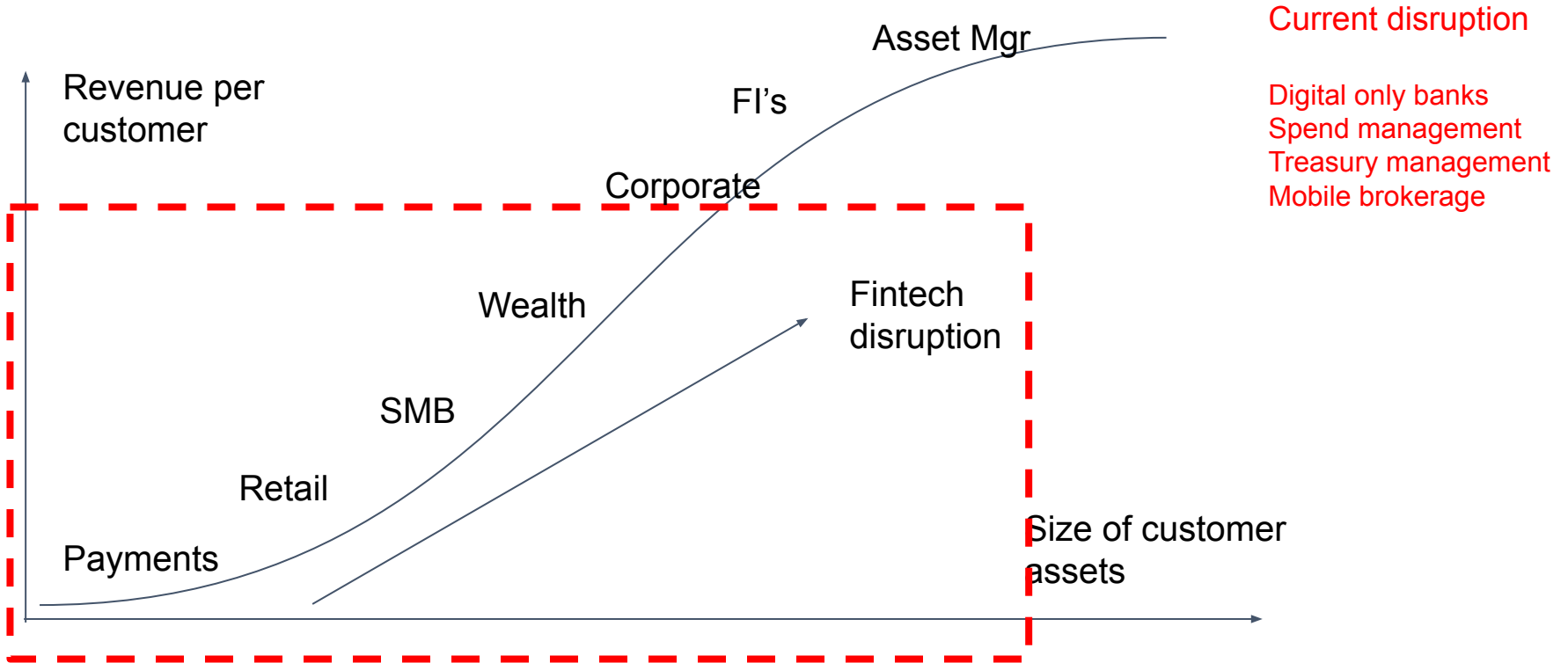
**\$6.8**  
trillion  
total



# Plotting the products that could be disrupted

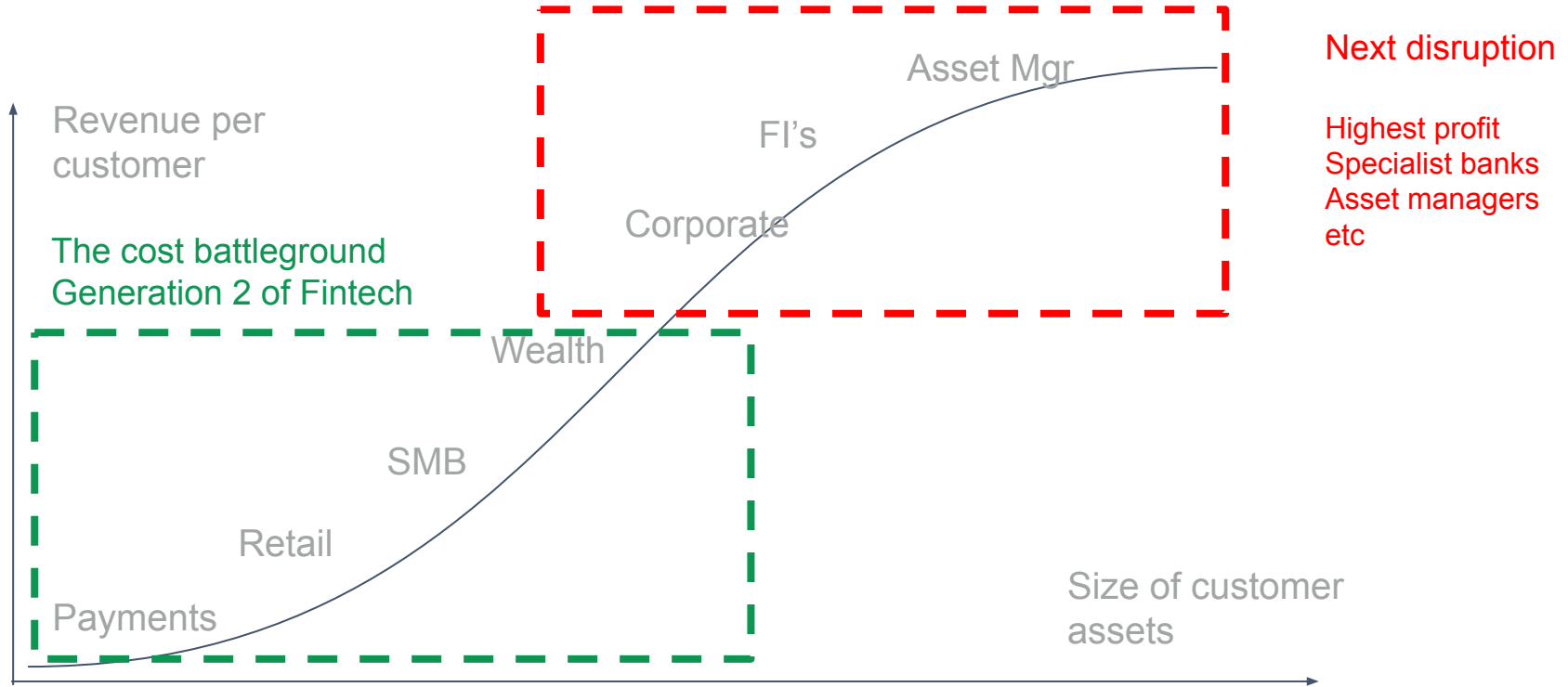


# Disruption in last 10 years has attacked simpler products





# Fintech penetrates the manufacturing (complex) side of finance



# Incumbents are more vulnerable than ever

Incumbents relied on their moat 🏰

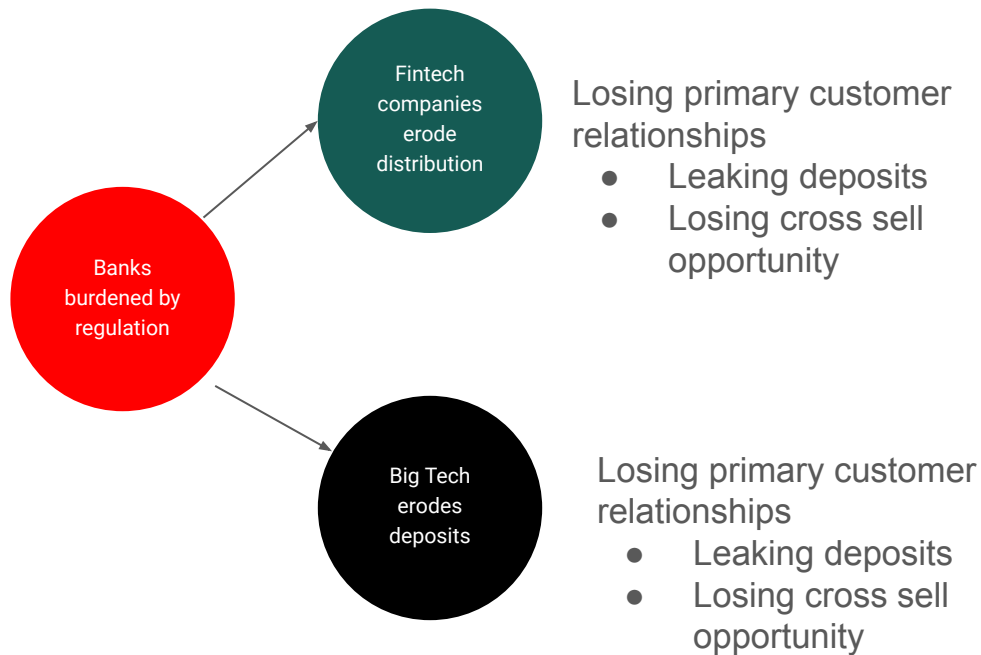
- High switching costs means deposits are sticky
- Balance sheets have natural economies of scale
- Finance is hard to understand, easy to f\*ck up
  - Lending is *easy, getting paid back is hard*
  - Payments are *easy, edge cases are hard*

But they're more vulnerable than ever ✂️

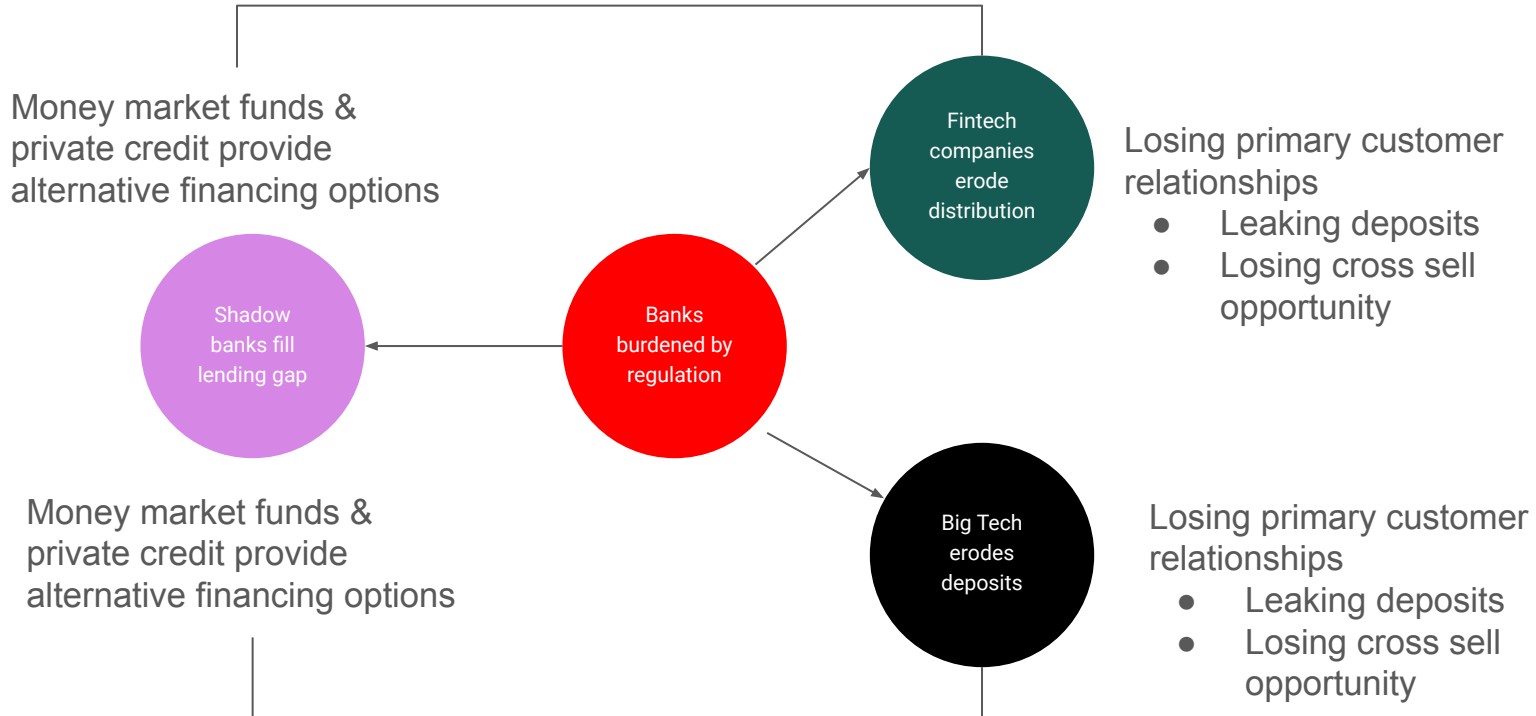
- Bank growth constrained by regulation
- At best banks are 5/10 at digital
- Shadow banking filling the lending gap
- Fintech and Big Tech built new distribution
- Big Tech is grinding out market share YoY



# Distribution is shifting from the banks



# And shadow banks are providing new supply (manufacturing)

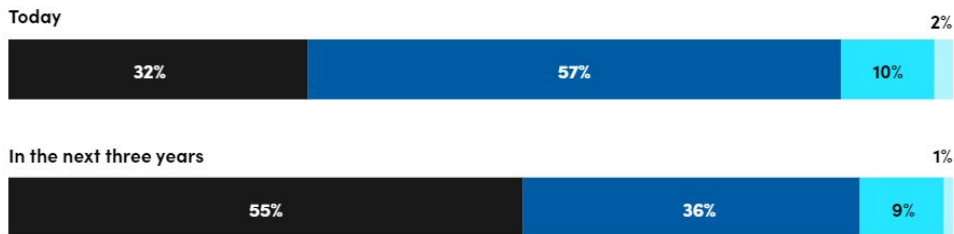


# Partnerships give Fintech companies instant distribution, and incumbents get a 5-year leapfrog in R&D

## Fintech partnerships are the future

Importance of fintech partnerships to overall firm strategy

● Very important   ● Important   ● Minimally important   ● Somewhat important



EY, Parthenon, 2022

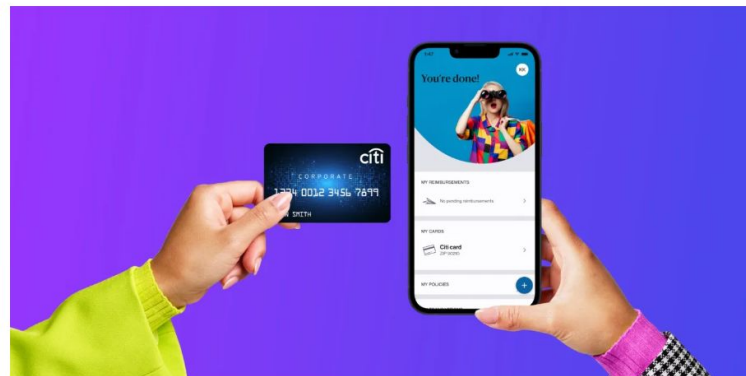
[Read my full guide to partnering here](#)

Source: EY Parthenon, Techcrunch

## Citi inks deal with fintech Navan, says 'not having to file an expense report is like nirvana'

Mary Ann Azevedo @bayareawriter / 1:00 PM GMT+1 • October 19, 2023

Comment



## Where does this leave us?

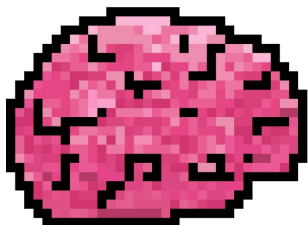
- Fintech isn't dead (because it's driven by secular trends and regulation)
- Apple will be a bank in all but name (because it has to find new revenue)
- Payments is not a race to the bottom (it's a race to value and price)
- Real-time payments are a mess in the USA and that won't change soon
- Open Finance has finally arrived but has an incentives problem everywhere
- Crypto is growing up and becoming "tokenization" (although we're a long way from done with the scams)
- Consumer Neobanks likely need a charter in order to become profitable
- B2B Neobanks are becoming "SVB in all but name but with the risk distributed across multiple banks"
- BNPL is here to stay and people are still discounting the data flywheel effect
- Banks are screwed by regulation and need to get 10x more efficient to compete, partnerships are an untapped advantage
- People systematically pay too little attention to TikTok's moves in ecommerce and too much to what Elon Musk is doing



## Other thoughts I ran out of time to expand.

- **Insuretech is just getting started** focusing on distribution. It will follow a similar disruption pattern to Fintech. Consumer, then SMB, then come further up the complexity curve.
- **Is there room for a Costco of embedded finance?** Costco uses membership to ensure people only come if they're willing to buy, and only in bulk. It's goods move quickly because it is effectively a warehouse customers pay for access to. This but with regulation, non-banks (the Costco members) and being balance sheet efficient instead of capital efficient.
- **Generative AI** warrants its own report. But TL;DR don't use it for accuracy. Use it for creativity and problem solving. People say "it's just regurgitation." In reality all creativity is remixing the raw ingredients of the universe. It's already solving [complex maths problems](#).
- **Machine learning is a technology whose time has come.** The younger brother GenAI gets all the hype, most companies haven't scratched the surface of what ML can be doing for them.
- **Fraud and scams are the single biggest crime and security risk in the economy.** This impacts everything from cyber insurance to anti money laundering. As an industry we're woefully inadequate in all of these domains.
- **I missed out a whole section on infrastructure.** *So many thoughts*





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