

# Breaking the mould

One of the first fintechs to share its financial transactions processing application on the open source network, trendsetting **Allevo** is poised to expand its operation, as **CEO Sorina Bera** explains



## When the Romanian fintech Allevo takes to the stand at Sibos in 2016, it will be worth western European banks sitting up to listen.

Its open theatre session *The Trendsetter Bank* will go to the heart of what – in the CEO's own words – “cool banking services” look like from the perspective of one of the EU's fastest growing fintech hubs.

It will inevitably mean a rapid evolution of the banks' DNA – one that releases them, she says, from the chore of concentrating on what's happening in their “internal kitchen”

to concentrate instead on serving a consistently exciting menu of services to their customers.

“It's definitely the direction banks are headed in; the sole question is when we'll be able to say ‘it happened,’” says Sorina Bera.

## Co-operation is key

Founded in 1998, Allevo is one of a cluster of fintechs that have helped make Romania one of the fastest growing economies in Europe and an increasingly attractive outsourcing

destination for IT, contact centres, research programmes and business processing (BPO) services. According to data analysis company *statista.com*, Romania's total transaction value in the fintech market is set to increase by nearly 20 per cent over the next four years.

A 100 per cent-owned Romanian company designing its own software solutions, Allevo's central proposition is the FinTP, one of the first open source applications for processing financial transactions, which was published in 2014.

A versatile solution, it aims to lower users'

**Evolution:** PSD2 will bring fundamental change

FINKers United, a community for financial thinkers – everyone from IT developers to financial experts – gathered around the FinTP project.

“One very important aspect of FinTP is that its open source distribution model allows for banks that use it to contribute updates and improvements to benefit all users,” says Bera. “This enables an unprecedented level of transparency and collaboration between banks and it is possible because middleware is not a competitive differentiator for them.

“It is in the best interests of all involved that this collaboration happens, so that everyone can focus on primary bank business – delivering attractive services to clients. We believe open source is the suitable distribution model for banking software fuelling everyday operations.”

### Scalability 'no problem'

Initially targeted at smaller regional financial institutions and primarily focussed on core banking with limited capital market trading, FinTP has been extended to corporations, microfinance institutions and public administrations in Romania.

“As far as scalability is concerned, when we first connected the Romanian State Treasury to the Romanian Electronic Payment System, we realised we had a much larger volume of transactions a day (for example, days when they collected VAT) than our banking

the European and African financial markets, as well,” says Bera. It makes the future introduction of PSD2, the revised EU directive on payment services for a single euro payments area, a prospect that can't come soon enough for Allevo.

“It's definitely a positive,” says Bera. “The fact that people are focussing on systems able to communicate through application programming interfaces (APIs) is a blessing for us as a software provider. Interoperability has always been an issue in banking; in fact, it is so old we are not even listing it as problem Number 1 any more.

“Although imagine for a second there were no limitations caused by the lack of interoperability. Banks would be a lot further up the evolutionary scale in our opinion. We welcome PSD2 because it introduces an element of 'obligation'. It is the role of regulators to impose certain changes, so everyone aligns in due time.”

It's something “trendsetter” banks will have no problem accommodating as they take on the mantle of role models.

“The trendsetter bank is not a follower or a copycat; it is a reference for the entire fintech ecosystem,” according to Bera.

“It pleases and surprises its customers and it is trusted because it complies with regulations. In the backend, it has completely automated its internal workflows and it is agile and flexible enough to quickly integrate new technologies. It prefers open source technologies, eliminating the proprietary factor from the equation in order to deliver state-of-the-art services to its customers.

“I think we will see more integration between banks and innovative services created by fintech start-ups, be they direct acquisitions, such as the recent acquisition of the German challenger bank Fidor (by the second largest French banking group BPCE) as well as accelerators, investment funds or other vehicles that banks have already put in place to drive innovation within their institution. We will start seeing these delivering something.

“Then we will probably see a separation of forces – start-ups can play a role on the user front while banks can take on a well-trusted and secure role at the back. A consequence is that banks may well become aggregators of cool banking services. Banks are not famous for agility and speed of change, but we may well see some surprises in the coming years.”

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total cost of ownership (TCO) and provide end-to-end interoperability across the financial supply chain, with faster and better compliance. It accomplishes this by providing a process that allows flow automation and seamless integration between various internal systems and external market infrastructures or networks, such as SWIFT. It also provides operators with relevant information in a one, easy-to-view window.

FinTP and all ancillary documentation is distributed freely and openly through

customers had. FinTP had no issues accommodating large volumes a day. As the application evolved, so did resilience, scalability and flexibility,” adds Bera.

Having stress-tested the model in its domestic market, Allevo is diversifying its portfolio. Not only is it making FinTP work for new types of financial institutions by giving them automation, integration validation, processing and reporting, but also reaching beyond the Romanian border to Bulgaria, Moldavia and the Netherlands.

“We would like to find a similar spot in