

### Key Takeaways From Money 20/20 USA (Oct 24-27, 2021)

#### New Players, Changing Economics, Shifting Competitive Landscape

Last week, Rosenblatt’s FinTech banking team participated at Money 20/20 USA in Las Vegas (Oct 24-27, 2021). We were privileged to kick-off the DeFi Summit, a full day of panel discussions about the current state and future prospects of DeFi. We also attended conference sessions, met with clients, and visited several exhibitors on the shop floor. Money 20/20 is the largest and preeminent FinTech conference worldwide being held for over 10 years and attracts 8000-10000 industry participants from around the globe. Being at the event for a few days gives a window into the current state of the financial services industry and key innovations driving change across the FinTech landscape.

**A marked shift in the composition of exhibitors at the show.** A few years ago, over half the exhibitors were traditional payment or Paytech companies, with a sizeable presence of traditional financial software vendors like Broadridge, FIS, Fiserv, and Jack Henry. This year a 1/3<sup>rd</sup> of the exhibitors were identity and security-related companies, another 1/3<sup>rd</sup> were crypto and blockchain firms, and the remaining was a mix of payment companies, embedded finance infrastructure, and an assortment of other firms. This reflects the changing nature of the FinTech business and a changing of the guard from traditional, established financial software vendors to a new crop of VC-funded, SaaS-based digital providers.

#### Three Core Themes Discussed At Money 20/20

**Embedded Finance drives FinTech 2.0.** Embedded Finance was one of the core themes of the show, and there were over a dozen content sessions in the “*Every Company is a FinTech Company*” content track. While the first wave of innovation – FinTech 1.0 – starting in 2009 involved converting analog financial models into digital versions, the next wave FinTech 2.0 starting around 2018 was about taking standalone financial functions and embedding them into vertical software applications. We are very active in the EF space, presenting our views in [thought](#) pieces and covered it extensively at our [12<sup>th</sup> FinTech Summit](#). At Money 20/20, we met with next-generation embedded finance companies like [Synctera](#) run by the former Head of Uber Money, and established FinTechs like [Drivewealth](#) that offer “brokerage in a box.” Another leading firm we debated the future of embedded finance with was [Q2](#), a public firm making Banking as a Service (BaaS) mainstream. Related to Embedded Finance, there was a big focus at the show about BNPL, embedding POS lending into the retail consumer experience. Far from the staid, traditional business of installment loans, today’s BNPL leaders (Affirm, Afterpay, Klarna, Paypal) have revolutionized consumer credit by deftly combining the latest UI/UX, branding that attracts younger consumers, and a monetization model of earning merchant commissions from converting sales, instead of earning a lending spread. Money 20/20 had several BNPL players speaking and attending the show, including traditional credit card networks like Mastercard and Visa, Payment leaders like [Square](#) and [Stripe](#), and large merchant platforms like Amazon and Shopify, all looking to integrate BNPL into their core services better.

**Crypto, DeFi, and Blockchain were key topics of the day.** Crypto, DeFi and Blockchain topics were a key part of the content, covered in the track titled *“A Tokenized, Transparent, Trustless Tomorrow”*, and almost 1/3<sup>rd</sup> of the exhibition space was covered by such vendors showcasing their wares. We kicked off the DeFi Summit at the show with a panel with BitGo and Consensus about the current state of institutional adoption of Digital Assets and the growth of market infrastructure to support CeFi and DeFi products/services. Several firms that are building institutional-grade infrastructure to support greater adoption of Digital Assets spoke at the conference, had exhibition booths, and participated in meetings. This includes providers like [Paxos](#) that have applied for a clearing license to settle equities on the Blockchain, institutional brokers like [FalconX](#) that is a market leader in providing prime brokerage, credit and trading services, and [Anchorage Digital](#), the first firm to get a US custodial license for cryptocurrencies. The CEOs of all three firms spoke at [Rosenblatt’s 13<sup>th</sup> FinTech Summit](#) titled *“Building Tomorrow’s Marketplaces”*. They shared how they are building infrastructure to support the sophisticated needs of a growing list of institutions engaged in Crypto and other Digital Assets, including NFTs and Stablecoins. Read our research [here](#) and listen to a recording of that panel [here](#).

**It’s time to take Web 3.0 seriously.** Technologies supporting Web 3.0, including identity validation and verification, fraud detection, and security were a big part of Money 20/20. There were many sessions under the umbrella theme called *“Striking Digital Gold.”* Almost a third of the exhibitors represented identity, security, and fraud solutions, and there were over ten panel discussions on these topics. The enormous rise of security threats during Covid has pushed this to become a #1 priority for the industry. While identity and security have been perennial themes at Money 20/20, the vendors this year were those utilizing modern technologies like AI and Blockchain for identity management and security. There were Unicorns like [Socure](#) that are growing rapidly, but even newer firms like [Instnt](#) that smartly offers identity verification as a managed service, insures institutional customers up to \$100 million for losses and plans to utilize Blockchain for identity verification in the future. All types of financial companies, digital merchants like Amazon, and retailers like Target, are embedding such modern era identity solutions into their customer experience. The conference also had exhibitors and attendees from the growing list of security providers focused on the Crypto/DeFi space like [Chainanalysis](#) and [Eventus Systems](#). Some of these firms have developed solutions especially for security, market surveillance and AML/KYC for the Crypto market. Others like Eventus are extending the capability that they built for the traditional market to the Crypto/DeFi space.

### Concluding Thoughts

Finally, it happened! Being at a live conference with thousands of financial services participants including investors, FinTechs, and traditional institutions, was tremendously refreshing after a two year hiatus. The show demonstrated that the FinTech community has weathered the Covid storm exceptionally well and is one of the few industry sectors that benefitted enormously from the shift to remote work. But the marked difference in the composition of exhibitors and attendees this year – fewer payments, more Embedded Finance, Crypto, and Web 3.0 supporting technologies shows the rapidly changing nature of FinTech.



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