



B2B Payments and Fintech Guide 2019

Innovations in the Way Businesses Transact

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Modulr

The Paypers sat down with Myles Stephenson, the Chief Executive of Modulr to chat on Payment-Accounts-as-a-Service and the latest advancements in commercial digital accounts for B2B payments.



About Myles Stephenson: Myles Stephenson is the CEO of Modulr and the Deputy Chair of the Emerging Payments Association Advisory Board. Myles has over 14 years' experience in the payment industry and founded CorporatePay before its acquisition by WEX Inc. Myles is a prolific writer and speaker on the topic of payments.

Myles Stephenson ■ CEO ■ Modulr

What would you name as some of the latest advancements in commercial digital accounts for B2B payments? What is Payment-Accounts-as-a-Service and what issues does it solve?

Commercial payments have taken a dramatic shift into the 'fourth age of money,' after a long time in the age of cash and electronic payments. This shift from electronic to digital is enabling payments to be fully integrated into digital products, and companies are rebuilding their e-commerce and B2B propositions and experiences to take full advantage of this new approach. Digital-first payment solutions are enabling businesses to build new innovative customer experiences that weren't possible with electronic payments.

Payments have also become more critical to new business propositions. In the past, you would build a product and then later down the line consider the payments process. Now, payments are truly part of the experience, whether it is B2B or B2C. In addition, the profile of payments has changed significantly, Ron Kalifa, Deputy Chairman at Worldpay plc described payments as having gone from 'boring to boardroom.' This makes Payment-Accounts-as-a-Service hugely important and relevant as it's the approach required to deliver a fully integrated end-to-end digital-first experience.

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From a product perspective, it's all about the platform and being able to deliver a cloud-based service through an easy to use and robust API, allowing instant creation of accounts and managing payments in and out of those accounts in real-time. By using the API, digital payment services can now quickly, easily and securely be embedded into existing systems providing businesses with an opportunity to operate more efficiently as well as create new revenue streams. In terms of the problem that it solves, the overall issues are speed and accessibility. Particularly, how to quickly and easily build and deliver a proposition that's easy to integrate without the delays and hassle that still exists within commercial banking. In addition to the advancements in technology, the significant and wide ranging regulatory changes in the UK and across Europe are a perfect complement. These changes in the regulatory environment which started with changes such as the advent of Payment & Electronic Money Institutions and have evolved rapidly, particularly in a regulatory context, to including more recent changes such as direct access to settlement accounts for non-bank financial institutions at the Bank of England, the EU's 2nd Payment Services Directive ('PSD2') and Open Banking. This powerful combination of technology advancement and regulatory change has the potential to create the perfect storm for competition in the B2B payments market.

What stands at the core of the Modulr commercial digital account and how does the product improve on the current state of B2B payments as a whole?

What lies at the core is removing the friction through developer friendly integration enabling the rapid opening of accounts combined with the real-time processing of payments – in a fully automated way that does not require manual or human intervention →

– delivering a superior fully automated service with in-built controls and, therefore, security. In terms of actual product delivery, the Modulr platform delivers the service robustly through hosting it in the cloud and, therefore, provides scalability and security. With our service, you can instantly open accounts linked to existing payment schemes, whether that be the UK’s Faster Payments, Bacs, and CHAPS payment networks; Europe’s SEPA network; and Mastercard’s global network. In addition to direct clients consuming our APIs to enhance existing products and build new services, our Payments As a Service platform enables our partners to rapidly add new functionality to their platforms. We’ve enabled lending platforms, payroll providers and accounting software providers to enhance their services to improve customer acquisition and retention as well as accessing additional revenue by providing payment services.

In the last couple of years, your company has led several initiatives to automate B2B transactions. What challenges did you face in pursuing the advancement of B2B payments and what solutions did you find?

In addition to the usual B2B sales engagement process challenges, there is a unique aspect that is both a challenge and an opportunity – the awareness of alternatives. In spite of the support and changes that have happened from a regulatory, governmental, and competition authority point of view, there still is very low awareness of the fact that there are alternatives to the banks. Making businesses more generally aware of the existence of these alternatives including Electronic Money and Payment Institutions and their validity is a key challenge. Corporate, finance, and treasury functions are used to going to banks for all their payment needs. What we strive to do is to create a general awareness of alternatives, with the help of industry and trade bodies such as the Emerging Payments Association.

How does Modulr, as an FCA regulated entity, come to meet corporate needs and how does it position itself with regards to the banking environment?

Our focus is on commercial payments – transaction banking and wholesale banking. We work with individual clients that have a reasonably high volume of payment transactions where the automation of those payments provides value, by eliminating manual processing and improving controls and security. We also work with partners who aggregate volume from individual businesses, for example, Sage (the global enterprise software company and the second largest tech company within the UK) who, by partnering with us, provide a faster, easier and more reliable payment service to their end-users. This, in turn, gives us access to the SME market. Our regulatory approval as an Electronic Money Institution (EMI) with the UK’s Financial Conduct Authority (FCA) provides the reassurance to our clients that their funds are protected – we are required by the FCA to ensure that 100% of our client money is safe-guarded at all times and we also hold regulatory capital which is calculated as 2% of the outstanding Electronic Money (client money) balance.

What is on the roadmap for Modulr in 2019 in terms of expansion, partnerships, and new tech advancements in the B2B payments field?

We will be diving deeper into alternative lending, payroll, employment services, accounting software, fintech, and travel – where we’ve launched virtual cards using the Mastercard network with Paxport an industry aggregator and distributor. We’ll be delivering new capabilities including direct debit, international payments and foreign currency payments. We are also expanding in the UK (in London and Edinburgh) and into Europe – having opened an office in Dublin from where we will be building our European presence.

About Modulr: Modulr is the Payments-as-a-Service API platform for digital businesses. Modulr’s payment accounts are built for businesses that need a faster, easier and more reliable way to move money. Modulr is authorised and regulated by the Financial Conduct Authority as an Electronic Money Institution and has processed more than GBP 10 billion in payments for its clients since 2017. For further information – please visit www.modulrfinance.com.

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[Click here for the company profile](#)

Company description	Modulr is the Payments-as-a-Service API platform for digital businesses. Modulr's payment accounts are built for businesses that need a faster, easier and more reliable way to move money. Modulr is authorised and regulated by the Financial Conduct Authority as an Electronic Money Institution and has processed more than GBP 10 billion in payments for its clients since 2017.
Service provider type	Payment service provider
Active since	2016
Head office	London
Geographical coverage (operational areal)	UK and Europe
Industries / target markets	Business software providers, accountancy firms, employment services providers, fintech, lending and travel verticals.
Core services and solutions	Through our easy to integrate payments-as-a-service API we provide automated pay-outs, simplified pay-ins and the ability to open and manage unlimited payment accounts.
How it works	Modulr enables fast and easy integration. Businesses simply plug their platforms or applications into our API. And we plug into all the payments infrastructure they need. An easy-to-use portal puts you in full control of alerts, permissions and approvals.
Technology	We have an easy to implement API integratable into any system or platform offering clients and partners a fully automated end-to-end payment processing solution.
Partners	Partners include software and service providers such as Sage and Paxport.
Customers / Case studies	Alternative lending provider, Liberis: https://www.modulrfinance.com/blog/liberis
Awards	<p>Rewards 2018 - Technology Award winner</p> <p>Rewards 2018 - International Payments Provider Award winner</p> <p>Emerging Payments Awards 2018 - Best B2B Payments Programme (Gold)</p> <p>Emerging Payments Awards 2018 - Best Technical Service Organisation supporting Emerging Payments (Gold)</p> <p>Emerging Payments Awards 2018 - Leading Payments Start-Up (Silver)</p> <p>Lending Awards - Alternative Consumer Lender of the Year (lending over GBP 2500) in conjunction with Salary Finance</p>
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