

How BM Technologies is bringing banking to brands

Bmt 

DIGITAL REPORT 2022



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HOW BM TECHNOLOGIES IS BRINGING BANKING TO BRANDS



With its “obsession” for customer service, embedded banking pioneer BM Technologies (BMTX) is helping brands launch new features for their customers.

It's an unseasonably warm October day when Jamie Donahue, Chief Technology Officer at BM Technologies (BMTX), talks to us from his office in New Jersey.

Donahue has been in the role since 2020 but has a 25-year career in financial services, starting at ADP Brokerage before it spun out in 1998 to create a company called BISYS, which was ADP's foray into the banking system. He has also enjoyed senior spells at Finastra as well as First Republic Bank before joining BM Technologies.

The company is not a bank itself; instead, it is a banking enabler. It allows companies and organisations to integrate account services – like checking accounts and savings accounts – into their existing digital channels. It was founded in 2015 by Luvleen Sidhu on the principle of “making banking easy”, as Donahue puts it, before going public in 2021.

“BMTX is one of the largest digital banking platforms and banking-as-a-service (BaaS) providers in the country,” Donahue says. “We provide access to savings, checking accounts, personal loans, credit cards, and financial wellness. We are laser-focused on technology, innovation and easy-to-use products. We are mission-focused to financially empower millions of Americans by providing a more affordable, transparent, and consumer-friendly banking experience.

“We also have another side of our business, banking as a service, where we go







2015
year founded

2021
year went public

750
Approximately 750 college
and university campuses in
the US use BM Technologies

1/3
One-third of US
college students
will encounter their
technology



to brands and bring full-service banking suites into brands that might not normally otherwise know they need a bank. And one of those that's been in the market for over two years is T-Mobile MONEY, a BaaS offering that BMTX runs for T-Mobile.”

High-profile partnership with T-Mobile

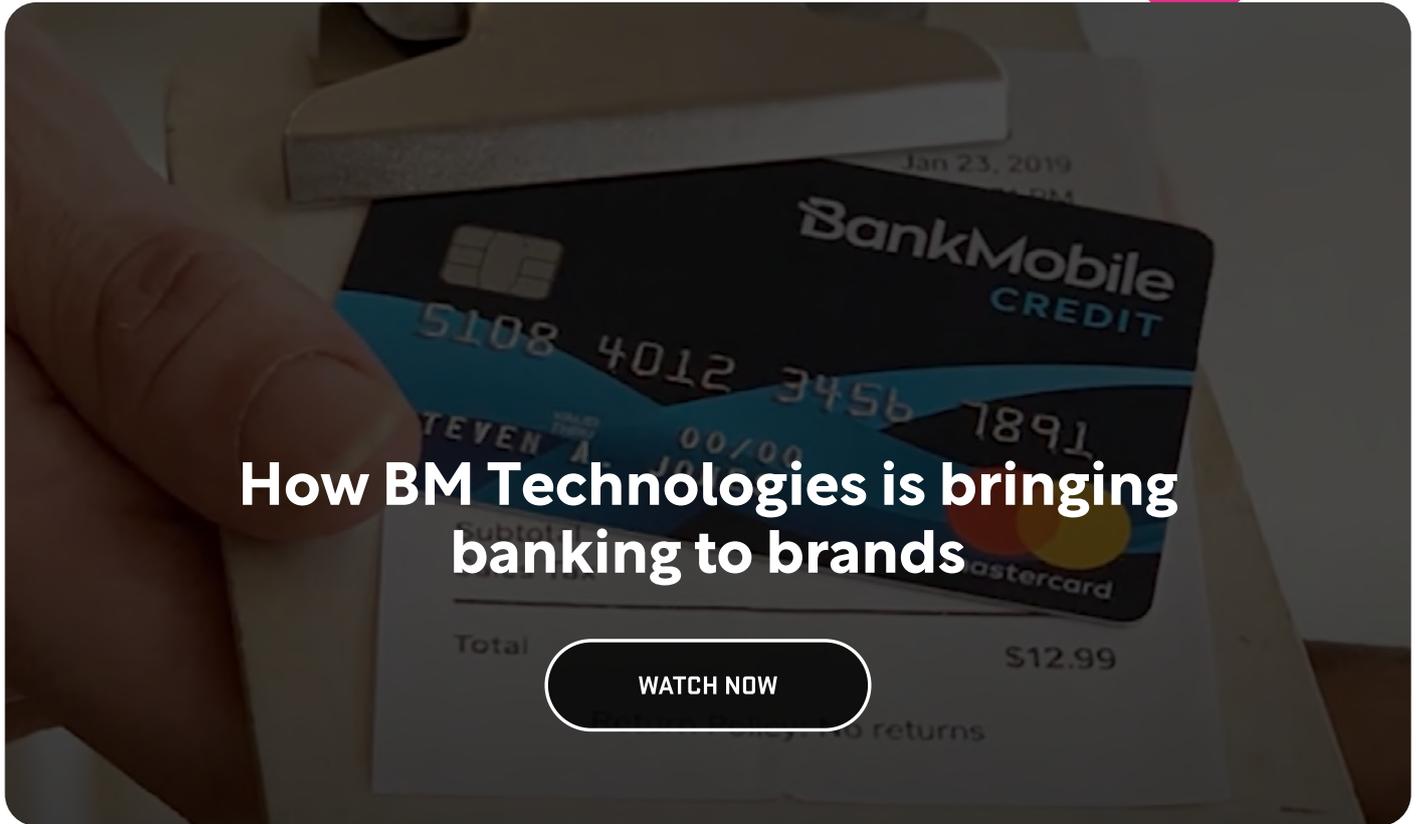
One of BMTX's most high-profile partnerships involves it providing a unique, turnkey solution to mobile carrier T-Mobile for its T-Mobile MONEY app. A common theme of its client relationships is how BMTX manages to remove the legwork from the services it enables: in the case of T-Mobile MONEY, it deploys the application, owns the end-to-end VPO and owns all the user experience and back-office functions too. This

“There's a new era upon us where financial services and banking functions will be embedded within your favourite brands”

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meant the lead times on the T-Mobile project were longer by BMTX's standards, because it had to create a purpose-built app for them, but generally the company can go from introduction to implementation in as little as 90 days.

During this time, BMTX's team act as a steady, reassuring presence. It's just as well, because although they may have a clear picture of what front-end functionality they would like to offer their customers, prospective clients would struggle to roll out banking services without BMTX's knowhow and support.



How BM Technologies is bringing banking to brands

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“Banking’s hard,” Jamie Donahue explains. “It’s a hard industry. If you think about what a brand would do to acquire a bank charter, it’s just not natural. In T-Mobile’s case, it’s a wireless carrier, and we bring a bank to their brand and a bank to their customers. It’s really powerful to be able to tie those things together. We do everything from all the regulatory and compliance that goes with that: all the security, all the risk, and all the fraud operations.”

The two firms have enjoyed a fruitful relationship for several years, and this proven track record is helping to establish BMTX as a trusted partner for new clients. The company is preparing to announce a partnership with a new partner, which will be more of a hybrid offering – something it believes is a sign of the way the industry is going.

The company expects to share more details about this mysterious new partner in the first half of 2023. But, for now, it is able to disclose that the business has

global operations and tens of millions of customers in the US. BMTX was awarded the relationship through a competitive RFP process, underscoring the attractiveness of its BaaS offering within the marketplace.

A pedigree in higher education

The largest part of BM Technologies’ business is its higher-education portfolio, where it has built itself considerable esteem. One third of US college-bound students will encounter BMTX’s technology without necessarily realising it. In fact, of the roughly 1,200 universities and colleges in the country, around 750 college and university campuses use the fintech’s technology to offer disbursement to bank account services. “We have a pretty prominent position there,” Donoghue proclaims.

BMTX’s higher-education business actually emerged from its acquisition of Higher One, the universities and college-focused technology company founded in

Jamie Donahue



TITLE: CHIEF TECHNOLOGY OFFICER

COMPANY: BM TECHNOLOGIES (BMTX)

INDUSTRY: FINTECH

LOCATION: FLORIDA, UNITED STATES

 Jamie Donahue is Executive Vice President & Chief Technology Officer (CTO) of BM Technologies. He is accountable for the company's strategy, formulation, development, and cross-functional delivery of BM Technologies Fintech Software, Products and Platforms. Donahue is a key member of the BM Technologies Leadership Team, which is led by President, CEO and Chairman Luvleen Sidhu.

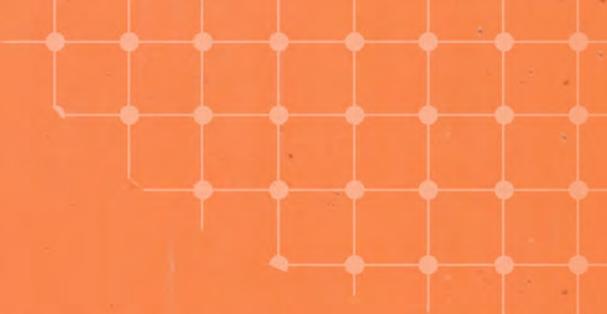
Prior to this role, Jamie has held senior technology roles in financial services including at First Republic Bank, Finastra and Interactive Advisory Software. He has held numerous leadership roles in product management, engineering, and operations – all in the financial services verticals.

Donahue is a proven leader with over 25 years' experience developing and implementing comprehensive business transformation initiatives aligned with strategic plans. He has a bachelor's in Workforce Development from Southern Illinois University and a master's in Information Technology from Central Michigan University.

“If you want to go fast, you go alone. If you want to go far, you go together”

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Ubiquity helps digital banks to prioritise customer journeys

While AI is a great customer experience tool, Ubiquity Cofounder Sagar Rajgopal explains that clients must understand customer journeys first

Fintechs that want to deliver superior customer experience (CX) as a business-critical function must balance technology and human intervention.

Understanding the importance, but also the complexity, of different customer journeys and how to optimise operations is **Ubiquity**.

The CX firm is the outsourcing partner for clients looking to incorporate technology solutions into their customer interactions, while maintaining customer-centricity.

“We build processes, workflows, and customer journeys that help our partners deliver exceptional customer experiences,” says **Sagar Rajgopal**, Cofounder, President, and Chief Customer Officer at Ubiquity.

Know the banking processes that can be digitised

Ubiquity is tasked with understanding how customers interact with their financial services provider and determining how best to approach certain enquiries. The team designs customer journeys to establish those that can be managed by technology, including AI-based tools, and which require agent support.

“We also provide clients the expertise to handle the far more complex, high-touch, back-office banking operations. We structure teams to deliver the same level of compliance and performance that would otherwise be achieved in-house,” says Rajgopal.

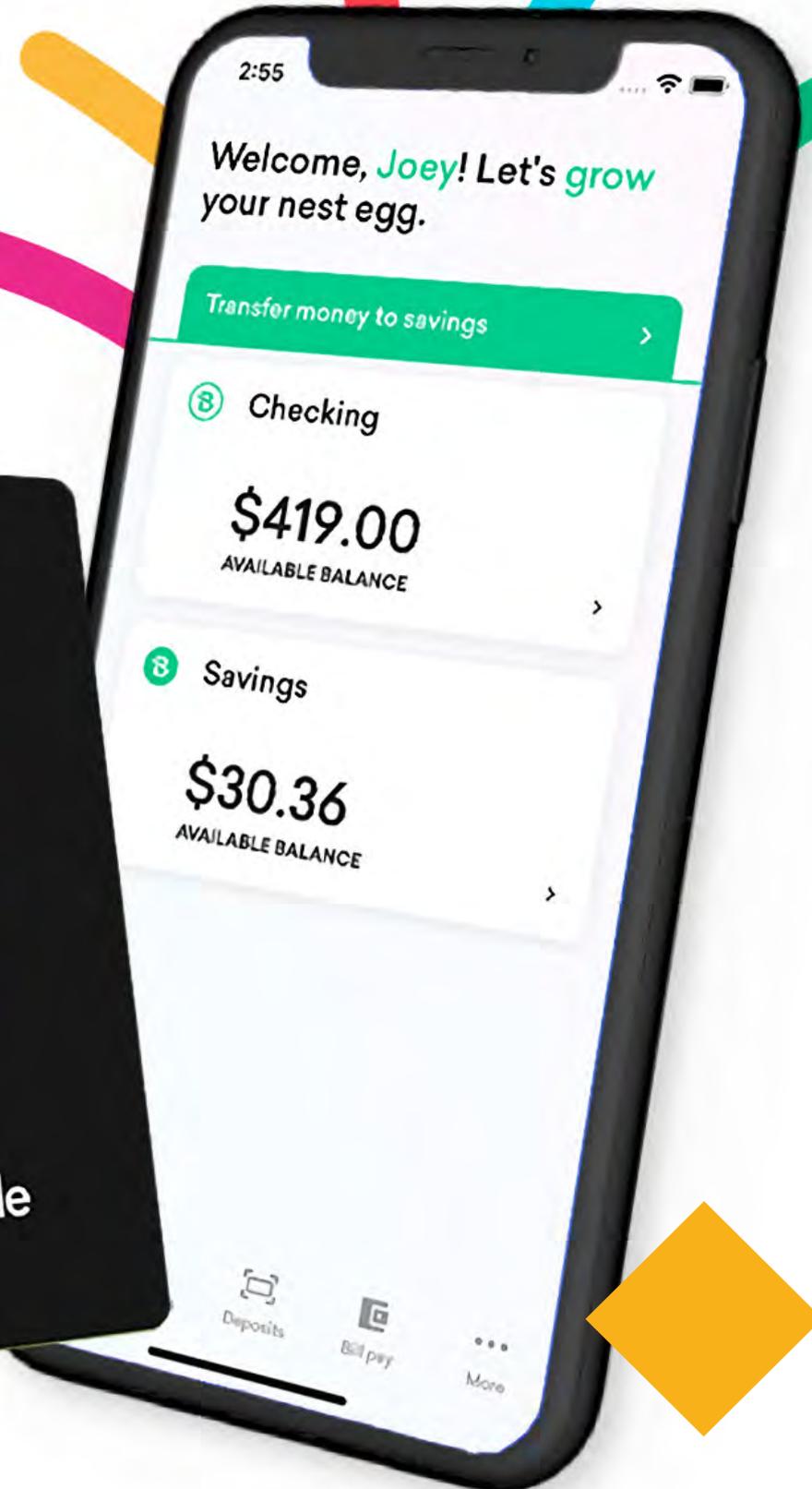
The company has several notable success stories

through its seven-year partnership with **BankMobile**, developing the most efficient self-service and ‘wow-worthy’ customer interactions.

Rajgopal says: “We have partnered with BankMobile extensively to ensure it remains a partner of choice as individuals progress through their own banking journeys.”

During its partnership with the firm, Ubiquity helped boost Net Promoter Scores by more than 46 points by optimising the bank’s technology tools and delivering authentic agent support.

“We’re trying to identify opportunities to evolve the product and the servicing structure to reflect the needs of an evolving customer,” Rajgopal says.





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2000. BMTX was founded with the intention of improving financial literacy for the underbanked, so students on campus was always destined to be a logical fit. Since that acquisition, the company has brought new technology into the onboarding process that college students go through in order to offer a seamless digital experience, with BMTX’s technology placed squarely in the middle between the student and the institution.

For the student, that means one single financial product that covers everything they ever need on campus. They are issued with a single card that grants them access to dorm rooms, serves as their parking pass and their meal card, and allows them to access account services all at the same time. That means they can pay for things like books and course materials, but also receive financial aid such as the support packages announced during the COVID-19 pandemic.

From an institutional perspective, colleges and universities are able to brand all apps and cards with their own branding – including their college colours, fonts and logos – to ensure a consistency and a seamlessness across all their on-campus services. “If an institution is so inclined, we can integrate that technology cleanly and neatly into the overall university ecosystem,” Donahue says. This white-label approach means that BMTX can roll out with a new higher-education partner quickly – even in as little time as it takes for students to return from summer break – while still possessing the tools to deliver more complex, more bespoke solutions if necessary.

“Not every institution is the same,” Donahue explains. “They have different banking philosophies and different banking needs. We can accommodate that in any way through our platform architecture that meets the needs of the university or college.”

“We can bring BaaS technology to bear without the huge uplift and regulatory burden that would otherwise exist”

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The higher-education business is the backbone of BMTX’s partner ecosystem, and the company believes that it is exceptionally well-placed to serve the student market. “It all stems from our experience in the higher ed business, having approximately 750 college and university campuses that all have different needs and different wants,” Donahue says. “We think we are one of the few in our industry that are uniquely positioned to handle all of the banking needs for our clients.”

An ‘obsession’ for customer service

It’s not just speed-to-implementation that’s important for the brands that BMTX partners. BaaS has made finance accessible for nonbanks for the first time, lowering the cost of entry for brands launching financial services aimed at their customers.

BMTX previously worked with Oliver Wyman to establish the cost benefit to businesses of utilising a BaaS provider. It found that brands and businesses can realise some 95% cost savings, mainly due to the lower barriers to access including regulatory hurdles and not needing to acquire a bank charter. As well as saving their clients years in development time, BM Technologies can help them save millions of dollars in the process, too.

“In this industry, everyone is a banker,”

Jamie Donahue says with a wry smile. “You must have some kind of a banking background. I have my Series 7 from my brokerage days, so I can understand finance but be a technician as well. We bring all that. And so, by partnering with us, it’s a significant saving over trying to go it alone.”

Once the initial integration with the partner brand has been implemented and rolled out, the relatively low barriers to launch mean that BMTX can turn its attention to keeping customers engaged. The company is not afraid to admit that it has an “obsession” with the customers who ultimately benefit from its technology – and specifically, in creating long-lasting relationships that lead them to become “customers for life”.

Our customer obsession manifests itself in the features we launch,” Donahue continues. “It manifests itself in the ease of deployment, no-downtime releases, things that I can do as CTO to help bring that vision to life. We do blue-green deployments as an example. We’ve evolved to that level. Traditional banking systems, when you do an upgrade, you could take them down for the whole weekend. Being customer obsessed, that’s my lens that I can apply. And then we’re continually looking for partners and features that really bring a frictionless experience for folks managing their money.”





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Higher education is the perfect example for that. Donahue recalls his own experiences at college, saying he didn't have the benefit of a checking account. If you can engage young adults in their financial future from the moment they go off to college, making a meaningful impact on their college experience, then you are likely to retain them as customers when they graduate. That's one of the things that BMTX is currently focused on, launching a post-student account to bridge the gap between their life on campus and their financial future after graduating. It all stems from the company's vision of making banking simple and reaching unbanked or underserved populations.

Targeting products to students brings a number of regulatory implications. “The university business in the US is a highly regulated one. The student population's a protected class, as they should be. They haven't formed their opinions financially. So, rightly, the government has some pretty rigorous protections around that population,” Donahue says. It creates a challenging business environment that BMTX is required to navigate. But he's clear that, if the company can provide students with the right level of service, it has the power to create a relationship that endures long after they leave college. It must be working: BMTX has an industry-leading NPS score of 68 and Trustpilot score of 4.6.

The future looks like super-apps

Donahue believes that embedded finance and embedded banking will shape the future of fintech and change our perceptions of

BM TECHNOLOGIES (BMTX)

how, and where, banking happens. Brands will capitalise on the audiences they have built and introduce new services, like wallets and cash accounts, to keep their customers within their ecosystem. He says that, at present, many businesses seem to begin with an ideal scenario before downgrading it to suit the technology they have available to them. With the right partner, that isn't necessary.

"I think everyone starts out with a 'north star' of a seamless user experience. But what often happens is they try to solve a problem with technology, and that means it isn't seamless for the user. Just take a ticket purchase, for example. Ticketmaster and StubHub have come a long way, but they're still not perfect. They finally realised that you could download the ticket to your device and securely store it on your device. But BMTX has had a virtual card in a wallet for five years! The other industries are just lagging behind.

"If you're at a soccer match or an F1 race or a football game, why couldn't you pre-order and pay for your food and merchandise online? There is an ecosystem there that is untapped. What I really love about my job is getting to talk to folks about that and the power of their brand, and a cohesive ecosystem where banking can be part of that."

He believes that there is a fundamental shift underway where the industry is moving towards embedded finance as the primary vehicle for BMTX's integrations with brands and even end-consumers. He expects more businesses to launch 'super app' functionality within the next few years, offering more services to existing customers and thereby negating the need for them to leave the brand's ecosystem.



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“I think our transformation has afforded to partake in that shift – to drop in a check account, a savings account, a peer-to-peer payment in that ecosystem seamlessly and anonymously from a transaction perspective. We can bring that technology to bear without the huge uplift and regulatory burden that would otherwise exist.”

If you want to go far, find the right partner

Away from the office, Donahue is a fan of life on the water and a keen fisher, particularly offshore fishing. On the desk behind him, an ornament of two leaping fish – a prize catch, were they not made

from metal – sit glistening in the New Jersey sunshine. Donahue’s experiences away from work inform his belief about where the industry is headed. He compares it to Uber, and what that did for ride hailing. “I remember I used to have a taxi app,” he recalls. “Now I can get taxis through Uber.”

“We think people will go to brands they like to do business with, they’re comfortable with, and they trust. And there’ll be banking features within that ecosystem.” In order to keep pace with this change, BMTX has undergone considerable technological transformation in recent years – and the partners it chooses are instrumental in that.

The way Donahue summarises his approach to partnerships is simple: “if you want to go fast, you go alone, but if you want to go far, you go together,” he says, recounting a popular mantra from his time in military training. BMTX’s call centre partner, Ubiquity,

BM TECHNOLOGIES (BMTX)

helps bring to life the company's passion for good customer service. In many cases, it's the first point of call; students have a number on the back of their cards for if something goes wrong, and a Ubiquity agent will be on the other end of the line. BMTX has given Ubiquity over 100 scripts so that they're well-equipped for any customer scenario, and in return Ubiquity has delivered almost 92% first-call resolution over the entire lifetime of that relationship. "Frankly, we would not be as successful in our customer service excellence without them," Donahue says.

It also works with Dynamic Security Concepts Inc (DSCI) to

help it understand and mitigate the different security vectors and risk parameters associated with the API code that BMTX is pushing out into the market, which is considerable.

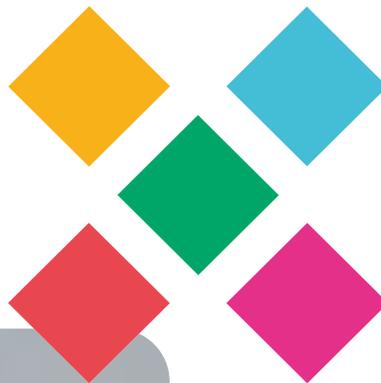
And of course it's working with Microsoft, a key technology partner, which Donahue describes as "a cornerstone of our delivery". It's an area that he is intimately familiar with, having worked with all of the major cloud providers including Google, AWS, IBM and Oracle. But he believes that Microsoft's edge on innovation makes it an invaluable partner for BMTX.

"The stat that always astounds me is the billions of dollars that Microsoft spends



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annually on information security. Even if we reach our most lofty goals, BMTX would never invest that much money. So we feel fortunate to have them by our side. We lean heavily on them for what's coming and how we might apply some of their new technology to bring a frictionless experience to our clients and partners.”

“The cloud never stands still,” says Donahue, who continues to be impressed with all the new features that get released on the cloud quarterly. “I'd like to think that BaaS is here to stay. I know oftentimes

in technology, there are fads that come and go, but we believe that there's a new era upon us where financial services and banking functions will be embedded within your favourite brands and be much more ubiquitous than it is today. Where you get your paycheck into an account and then you get money out of the bank and pay bills, we believe that the world is headed towards a much more embedded ecosystem.”

As for BMTX, it has signed a new BaaS partner, which it intends to announce next year, and Donahue says they have an “incredible pipeline” of feature development. The company will continue to announce new partnerships and bring new features into its ecosystem, which can then be applied across the board to other areas of the business, like the white-label higher education offerings. “It's an exciting time,” Donahue says. ●





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