

Letter from Frank Sanchez

Welcome back and thank you for tuning into our updates provided via this newsletter. We have quite a lot of exciting activity to share.

No doubt that 2022 has been a transformational year for Finxact. We've achieved many critical growth milestones as a company, culminating in a leap to join Fiserv via its acquisition of Finxact as an independent subsidiary in the second quarter of the year. Finxact has never been better poised for the growth and scale ahead of us than we are at this moment. The combination of Finxact's next-gen banking platform with the breadth and depth of one of the largest financial services companies in the world is an event that will serve to steadily steer the banking industry through this period of critical infrastructure modernization. I, along with the original Finxact management team, continue to lead our company as we focus on the maturity and stability of our platform now with the support of the extraordinary capacity and reach of the Fiserv organization.

Thus far this year, our primary objectives have been the successful integration of our technologies and our organizations to address the requirements of three primary market segments that include very large financial institutions, fintech, and community banks and credit unions. Each of these segments has unique requirements of a next-gen banking platform that range from the enterprise banking needs of Tier I banks, to discreetly embedded banking experiences of nimble fintechs, to airtight full-stack product ecosystems that smaller institutions expect to accompany the core with optionality for inclusion of third-party solutions via open APIs. We have made substantial progress on all fronts. Our engineering efforts have been focused on the unique challenges that are presented in order to support ultra-high transaction, API, and event concurrency of a real-time position-keeping platform. These technology initiatives continue to attract the best and brightest engineers and product minds to Finxact. We are continuing to build upon that foundational ethos of excellence in engineering that has been our first principle since our beginning. We hope you will continue to follow our progress. We remain committed to providing the market with the most stable, scalable, and secure next-gen banking platform.



25
MARKETPLACE PARTICIPANTS



3
CLOUD PROVIDERS



28
CLIENT CONTRACTS WON



11
CLIENTS IN PRODUCTION



25M
AVERAGE PRODUCTION API CALLS PER DAY

HOW FINXACT DELIVERS CUSTOMER VALUE WITH GOOGLE CLOUD

Frank Sanchez, Finxact Founder and CEO, speaks with Google Cloud about how next-gen core banking is transforming financial services.

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FINXACT ANNOUNCES ALLIANCE WITH KPMG

Finxact and KPMG join forces to provide innovative delivery of banking and advisory services to drive banking core modernization and embedded finance transformations.

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FINXACT TO POWER ZENUS GLOBAL DIGITAL BANK

Finxact joins Microsoft and implementation partner HSO in helping Zenus deliver a global banking platform.

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FINXACT AND PWC TO DELIVER NEXT-GEN BANKING SERVICE

Finxact teams up with PwC to provide new industry cloud solutions to financial institutions.

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FINXACT SUPPORTS MCKINSEY WHITE PAPER

Finxact's CEO Frank Sanchez contributed insights on the state of legacy core systems in banking to new article by McKinsey.

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FINXACT SELECTED BY BETABANK TO POWER CORE BANKING

Finxact has been chosen by Chicago-based banking startup BetaBank to power its product ecosystem using the Finxact cloud-native core.

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FINXACT CHOSEN BY MARTHA'S VINEYARD BANK

Finxact selected by Massachusetts-based Martha's Vineyard Bank for next-gen banking.

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FINXACT LAUNCHES CONTENT HUB

Finxact introduced xtnsbl, the Finxact Content Hub

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FINXACT COMPLETES ACQUISITION BY FISERV

Finxact is officially acquired by Fiserv, this exciting growth will accelerate the ability for fintechs and financial institutions to deliver differentiated digital banking experiences to their customers.

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FINXACT MARKETPLACE WELCOMES ANTUAR

Finxact announced that Antuar and its inBranch suite of software for financial institutions has joined its Marketplace of best-in-class banking solutions.

[Learn More](#)

FINXACT SELECTED BY BATTLE FINANCIAL TO UNDERPIN ECOSYSTEM

Finxact has been chosen by Battle Financial, Inc., an Eagle County Colorado-based company building Battle Bank, as the core platform for its product and service delivery.

[Learn More](#)

FINXACT NOW AVAILABLE ON GOOGLE CLOUD

Finxact technology is now available to financial institutions to run on Google Cloud.

[Learn More](#)

FINXACT CEO INTERVIEWED BY CELENT

Finxact's CEO Frank Sanchez was invited by Celent to share his expertise on core banking platforms for a new video series.

[Learn More](#)

FROM THE SALES TEAM

Finxact has been entertaining a flurry of interest from Fintechs, regional and super-regional financial institutions after joining Fiserv. As we continue to execute with a well-coordinated open ecosystem and our newly branded Finxact+capabilities, we recognize that the combination of the market-leading modern Finxact core and the support of the entire Fiserv organization is helping banks and Fintechs see a distinct future with Finxact as their innovation platform. Our ongoing integration with Fiserv will be – and has already been – a benefit to both the traditional banking and fintech segments. We're excited for what's to come and look forward to continuing conversations all across the country and around the globe.

– Ryan Victor, Chief Revenue Officer

FROM THE PAYMENTS TEAM

Finxact completed connectivity testing with The Clearing House for their Electronic Payments Network (EPN). Connection to EPN is a pivotal milestone for Finxact as it allows the core to act as an official 3rd party processor for ACH payments. Files generated by the core will no longer need to be sent over EPN through a third party. This will allow clients to streamline their ACH operations by utilizing Finxact as a straight-through processor.

– Kevin Marin, Senior Product Manager - Payments

The Finxact Roadmap

BY DEBORAH KOVACS, CHIEF PRODUCT OFFICER

Completed:

- ACH EPN Integration with The Clearing House®
- Deposit Charge Offs
- Effective Dated Repayment Schedules
- Network Limits and Exposure Tracking
- Support for multiple late charges
- Rebate ATM Fees
- IRA: Traditional Roth, SEP, SIMPLE
- Cross Asset Exchanges
- ACH Corporate Origination
- Allowable negative limits without fees

Work In Progress:

- Fedwire Integration
- Health Savings Accounts: Individual & Family Plans
- Multi-Tenancy
- Ability to Bill & Unbill for Loans
- Real Time Payments® Integration
- Decimal precision to support crypto currencies
- Automatic lending limit re-evaluation based on collateral

Integration of Fiserv Surround to Finxact

Finxact is a next-gen open core. This 'openness' gives financial institutions maximum control of the ecosystem of products and solutions they choose to offer their customers. Some banks prefer to design their own ecosystem around the Finxact core, while others will prefer a full-stack offering. The view below shows the Fiserv surround solution sets that our teams are integrating to enable banks to leverage a full-service offering, as well as the ability to pair select Fiserv banking solutions with Finxact in the way that best meets their business objectives. We will continue to keep customers and prospects apprised of the readiness dates for each of the solution sets depicted below.



Insights from Technology

RECENT IMPROVEMENTS FROM THE CONSOLE TEAM TO MAKE LIFE EVEN EASIER

Okta Login

The Console team has been working diligently to enable Okta login across our Console instances. The rollout has gone smoothly so far, with plans to complete the transition with the migration of Console production this coming Sunday evening (12/4). The changes will enable enhanced login functionality in the future, including multi-factor authentication and federation capabilities. As an example, our banks and partners will be able to configure text message-based authentication for enhanced security (multi-factor) or work with our development operations team to configure access to Console using bank or partner-managed credentials (federation).

Release Notes

The release notes functionality continues to receive enhancements geared toward helping bank/partner productivity. The Console and Core New tabs offer easy access to a range of release notes for simplified upgrades from one core version to another. Additionally, filtering by component is now available for targeted information. Lastly, a future enhancement is coming to display linked fresh service ticket numbers with release notes so banks and partners can easily tie changes back to tickets they have opened.

– Kyle Fox, Director - Software Development - Technology

Interview with Jim Joyce, Co-Founder, Chief Technology Officer

Q: You are one of Finxact's founders and have been CTO since its inception. What has been the most gratifying aspect of the journey thus far? What has been the most challenging?

A: There are a lot of things that are very gratifying so it's hard to pick one that's most gratifying, but I would say seeing partners and customers use our product to build banking experiences and deliver them to consumers has been amazing. It's amazing to think that five years ago nothing existed and now it's in production and in the hands of some very innovative banks and Fintechs.

The most challenging aspect has been growing the company at the unprecedented pace we've been asked to scale it. Finxact is built on an entirely new technology platform. Unique subject matter expertise is needed to develop core banking functionality, and it takes someone who is quick to learn and highly motivated to get up to speed. At the same time, it's been incredible to see new teammates join the journey along the way and see their new ideas and designs elevate our product. So in that sense, I think our biggest challenge is often the most rewarding.

Q: Finxact has always self-identified as an engineering company? What impact or influence has that had upon the company culture?

A: Core banking is about precision and reliability. For banks, accuracy and stability are the most important features of the core banking system. A company is made up of people and people are not perfect, but by having an engineering culture we can acknowledge our imperfections and rely on the first principles of engineering and design to help us deliver a product that meets the incredibly demanding requirements of financial institutions.

Q: We are not able to name brand names just yet, but Finxact is being asked to demonstrate its ability to scale to support a massive number of accounts on its platform, with all of the concurrent transaction processing, eventing, reporting, logging, regional redundancy and other activity that account activity implies. Two questions then... how is that going thus far, and what have you done organizationally to build that capacity?

A: We need to be able to process 150 million positions in a single instance of the core and we are fast approaching that target in benchmark testing. Performance and stability fit hand in glove. Many defects occur only at scale, and you can't uncover those edge case issues if you can't consistently run performance and benchmark tests early in the development process. This year we created a new team run by our SVP of Software Architecture, Mike O'Toole, that is purely dedicated to performance testing and improvements. The performance team has made great strides in gaining deeper visibility to the core across all components which has led to significant improvements. Additionally, we have identified several architectural improvements which we believe are critical to achieving the target scale while improving stability even further.

Q: One of the implications of being a real-time, cloud-native core is the DevOps culture that engenders at a company. In your words, explain DevOps and the unique discipline and skill sets it requires in hiring.

A: Early in my career, I worked in both development and operations. Development teams had processes and tools to ensure that the code went through quality control and security processes efficiently. At that time, operations were largely manual. Operators would write scripts to automate tasks, but those scripts tended to be loosely managed and prone to operator mistakes. In the last 15-20 years the concept of DevOps emerged as operations teams adopted mature software development practices like configuration management and automated pipelines. More recently DevOps has become a bit of an umbrella term that describes all the things that happen between the developer writing the program to the moment that it's up and running in a production environment.

For Finxact, the emphasis is on DevOps for applications and services that are authored by Finxact. So, it is important for our DevOps teams to understand the unique needs of the Finxact Core in addition to the widely used cloud technologies that we leverage. On top of that, Finxact is multi-cloud. DevOps architects and engineers at Finxact need to quickly pick up new technologies, understand how they work across different cloud providers, and deliver them at production scale.

Q: There is a heated race afoot among the very few next-gen core providers that are considered credible for the US market. Finxact, however, remains for now the only next-gen platform in production in the US, now for 14 clients. What does 'Production Hell' teach a company in the core banking business, and why are there lessons that you can only learn there?

A: I don't think we're in 'production hell' anymore, but there certainly was a time when the challenges we faced in production had a severe impact on the lives of the people at Finxact responsible for developing and supporting the system. Being live in production has a significant impact across the whole company in very positive ways. It's where we get our revenue. But the trying times and hard lessons of production are how we perfect the Finxact core. Defects and incidents are opportunities to learn from past mistakes and make good on them.

One of our major areas of focus is continuous delivery. You may be familiar with the term 'Continuous Integration, Continuous Delivery' (CI/CD). Because the Finxact Core is delivered as a service, CI/CD is a fundamental part of the product. We develop new features every day. Architectural improvements are added very frequently, some of which have a deep reaching impact on the underlying operation of the core. It is critically important that we continue to deliver these features without interrupting production activity.

Q: It's a tough climate for fintech startups out there lately. What advice might you have for the management team of a young company that is about where Finxact was 5 years ago in terms of maturity?

A: The best advice that I have for the management team of a young company is to stay focused on your original objectives. Finxact is very fortunate to have someone like Frank Sanchez as CEO, a brilliant engineering mind with incredible focus. People attracted to startups have a deep desire to solve problems and new problems present themselves as 'opportunities' every day in a startup. If you can't look objectively at these 'opportunities' and determine if it's a priority for your mission, you will quickly go off track and may never meet your objectives. It is impossible to stay completely on track 100% of the time. Your original vision will encounter friction that can be solved no other way but to concede to do things that you had not originally intended to do. You need to recognize that you will pay a price for those decisions down the road, so you need to consider carefully the implications and the potential trade-offs. Whatever you call it, it's the things that can put your business at risk but it's largely within your control if you can stay focused.

Q: Finxact is now a Fiserv company. That combination has some obvious advantages, most notably, pairing Finxact's next-gen technology with Fiserv's organizational depth and maturity. What are some surprising aspects of this partnership that you've observed thus far, that you did not perhaps anticipate, and how do you see customers benefiting?

A: Well, I was highly confident that we were making the right decision to be acquired earlier this year. Through that process, I worked very closely with several people within Fiserv and we quickly developed a very high degree of trust and a shared vision for the future of Finxact. Not surprisingly, that level of trust and shared vision continues to hold strong. What has surprised me is the genuine enthusiasm for Finxact across the many Fiserv team members that I've met as we're building integrations and a 'go-to-market' solution with Finxact and Fiserv products. Fiserv is a very large organization and there are a lot more people to meet but the trust and camaraderie across all the Fiserv teams remains consistent. I reflect on the earliest days of the Finxact acquisition. I was at an ABA conference being interviewed on stage with a number of other CTOs and CEOs. Frank Bisignano, Chairman and CEO of Fiserv, was there on stage. What struck me was the sincerity of his words and tone when he made it clear to the audience that he wanted Fiserv to be a better partner to the banks by having better contract terms and delivering better technology through Finxact and the other investments Fiserv was making. Frank Bisignano's message reinforced what I had already come to learn about Fiserv and its leadership team: customers deserve respect, fair business partners and the best technology we can deliver to support their business goals.

Q: What's next for Jim Joyce?

A: One of my favorite quotes is by Enzo Ferrari and I keep it placed above my desk. It reads, 'the best Ferrari is the one that we haven't made yet'. To think that of all the incredible cars Ferrari had built, he believed the best is yet to come. This is what I believe for Finxact. We have created an amazing company, platform, and product, but what we do in the future will be our greatest achievement. The next set of features, the next architectural improvement, the next automation we build in DevOps, the next innovative use of our APIs we deliver to our partners and customers; that is the best of Finxact and the best is yet to come. These improvements will open the door to even bigger opportunities for Finxact. It will open up new markets in the US and internationally. So, for me personally, what's next, if I'm lucky, is to be part of the design, development, support, and client success on the constantly improving Finxact platform.

Finxact

A Fiserv Company

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Innovation at the Core of Banking®

Finxact's core is an open banking platform engineered to support the scale and regulatory requirements of the largest financial institutions. Its cloud-native platform provides 100% accessibility to all data and functions via a robust set of modern APIs, empowering banks, fintechs, and their partners to rapidly deliver new experiences by creating products on demand and integrating new services as needed.