IBM

Beyond borders

Finclude is changing the
way Europeans view credit

by Leah Valentine

5-minute read

A job opportunity in Prague. An acceptance letter from a university in Milan. A generous offer from a cousin with a spare room on Santorini.

Europeans move to different countries for myriad reasons, and each move requires an element of starting over —for example, finding a place to live, purchasing a vehicle or setting up a new mobile phone. Often, these types of transactions require applicants to demonstrate their creditworthiness.

However, there are no credit reporting agencies that cover Europe as a whole, so companies would benefit greatly by assessing potential customers using transactional data. Unfortunately, that type of assessment does not exist
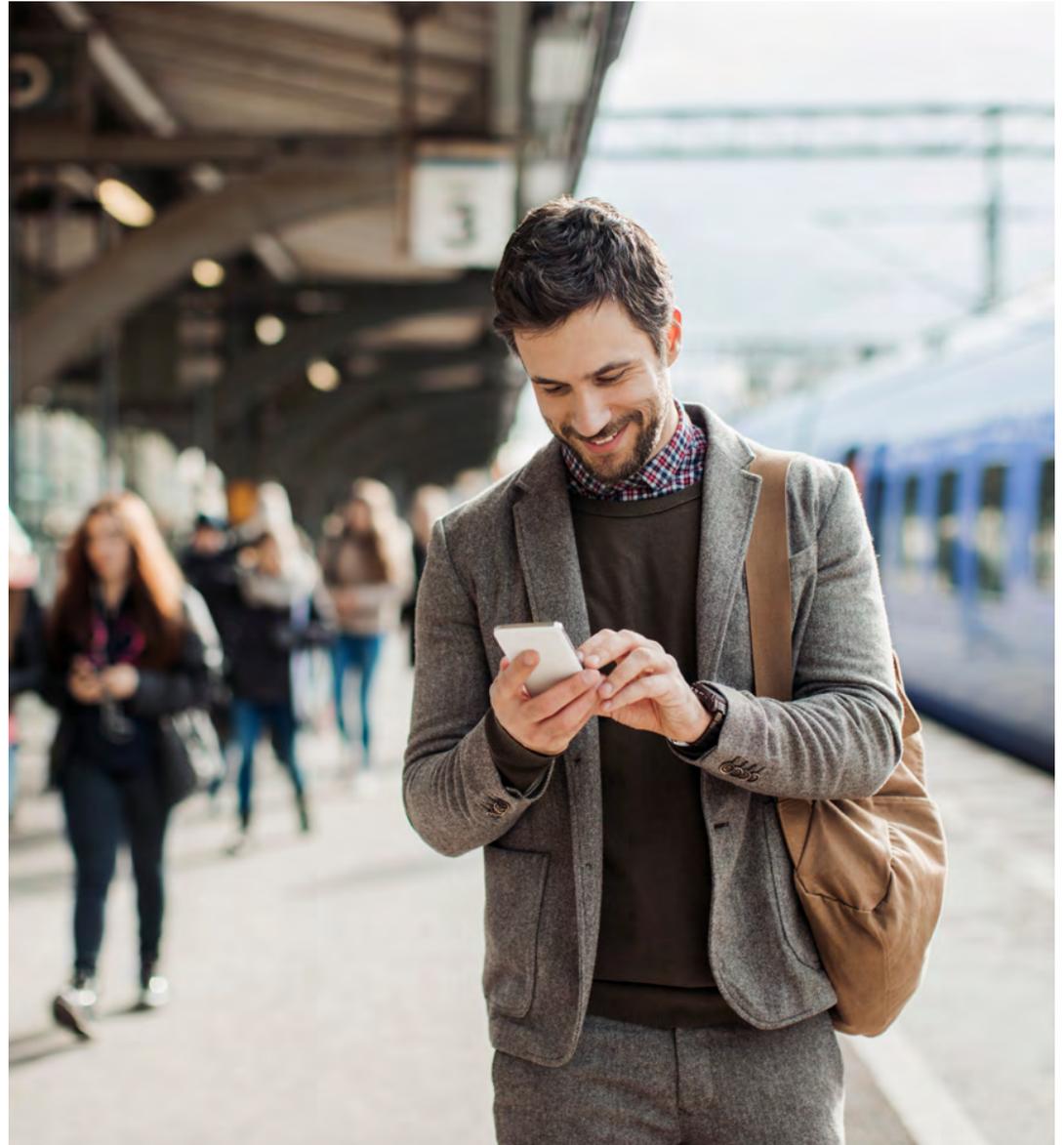
today, which can make it extraordinarily difficult for them to secure even their most basic necessities.

"It's a vicious cycle," explains Yiannis Giokas, Co-Founder of Finclude. "You need to have credit in order to be assessed for credit in Europe, but you can't build credit if you don't have it in the first place. The penetration of credit products here is less than 50%, which means that at least one out of every two Europeans is not eligible for any type of new credit request because they have no credit history."

Finclude has a plan to change that. With help from the IBM® Hyper Protect Accelerator program team and a set of carefully selected IBM products, Finclude is providing companies throughout the EU with deep insight into their new and existing customers so that they can make better decisions about extending credit and other products.

The number of Europeans without a payment account is around

~58

million

Bank accounts successfully opened in other EU Member States by just

3%

of European citizens

Meeting the challenge

When Giokas started Finclude in 2018, he had a lot to consider. "One of the biggest challenges as a regulated entity is managing very sensitive private information," he says. When he and Co-Founder and Chief Risk Officer Ioanna Stanegloudi met with the team from the IBM Hyper Protect Accelerator program, they knew immediately that they were in the right hands.

"During the very first call, once we understood how Hyper Protect works, we saw that it would be like outsourcing security, privacy and compliance," he continues. "We were a very small team, so having access to IBM experts who could handle all of those things was very nice," he says.

Together with the Hyper Protect Accelerator team, Finclude's founders developed a robust security posture for the new company. The IBM Cloud®

Hyper Protect Crypto Services product protects Finclude's data encryption keys. This cloud-based hardware security module (HSM) is the first of its

kind to be FIPS 140-2 Level 4 certified, which means keys are encrypted using the most stringent and up-to-date technology available. "Not even IBM can get access to what's held in the HSM," explains Giokas.

The solution also uses the IBM Cloud Hyper Protect DBaaS for Postgre SQL service, housed in three separate data centers near Frankfurt, Germany. "The fact that it is a fully isolated database that is constantly monitored and geographically distributed gives us the redundancy that we are required by law to have for the data we use," says Giokas.

The solution also makes use of the IBM Cloud Kubernetes Service, which enables Finclude to scale its usage up and down through quarter-end closings, while the IBM Cloud Object Storage offering supplies Finclude with a security-rich repository for raw data from financial institutions.

Together, the IBM products helped Finclude demonstrate its commitment to privacy and security to its local bank, the Central Bank of Ireland. "They scrutinized us. They were expecting us to have internal audits, external audits and security audits like we were a team of 300

people. But at that time, we were only two people," says Giokas.

After careful scrutiny, the Central Bank of Ireland granted Finclude the license and approval it required, thereby opening the door to associations with other banks throughout the European Union. Similarly, the company's association with IBM lent a particular gravitas to its endeavors. "When we say that our data are monitored by IBM, all of the big financial institutions know that we're more than just two people talking about an idea," says Giokas.

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Yiannis Giokas, Co-Founder, Finclude

A bright future

Finclude's time with the IBM Hyper Protect Accelerator team was deeply rewarding. However, notes Stanegloudi, "The accelerator didn't just last six months and then we were out the door. The team embraced us and truly helped us, and even two years later we are still part of it."

The future looks very promising for Finclude, with a move to the IBM Cloud for Financial Services (FS Cloud) platform coming in early 2022. "We plan to capitalize on the FS Cloud as much as possible, because it will give us access to many think tanks, system integrators and other partners that could potentially help us get our product out there," says Stanegloudi.

As for technology, Finclude hopes to begin bringing an AI component into its solution using IBM Watson® technology. "Watson and these types of technologies might be very interesting for us," says Giokas.

"We've started having discussions to see how we can use AI without risking our compliance with regulatory requirements. It's an interesting and exciting prospect for us."

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Ioanna Stanegloudi, Co-Founder and Chief Risk Officer, Finclude

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About Finclude

Founded in 2018 and headquartered in Dublin, Ireland, Finclude (external link) offers technology that enables companies to analyze individuals' transactional data to develop clear insight into creditworthiness. The solution is designed to serve the entire European Union. Finclude has 12 employees.

Solution components

- IBM Cloud® Hyper Protect Crypto Services
- IBM Cloud Hyper Protect Dbaas
- IBM Cloud Kubernetes Service
- IBM Cloud Object Storage
- IBM® Hyper Protect Accelerator
- IBM Watson®