NELSON MULLINS

FinTech University

Diversity in FinTech
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Financial Inclusion

- What is Financial Inclusion?
  - Accessibility and availability of financial services to all segments of society
- Why is Financial Inclusion important?
  - Crippling Financial Problems
  - Important to Individuals and Companies
- Barriers to Accessing Financial Services

Financial Services Industry: Barriers

- As a consumer, there are barriers individuals, particularly minorities, face to obtaining financial services:
  - Discrimination and Bias
  - Limited Access to Banking Services
  - Credit Access and Loan Denials
  - Wealth and Income Disparities
  - Poverty and Lack of Financial Literacy and Education
  - Lack of Representation

Diversity Based Initiatives in Financial Services Sector

- Rise of Fintech has been an important factor in promoting Financial Inclusion
- Diversity based initiatives are generating great results for both the consumer and within the entity
- Companies in the market making an impact
  - Ready Life

Ready Life

- Minority-owned Fintech Platform
- Focused on equipping communities with tools to help them advance economically and create generational wealth
- Home ownership
  - Accessible and equitable
  - Addressing credit score system
- “If we want something new, we have to create something new.” – Ashley Bell, Founder and CEO of Ready Life

Percapita

- Diversely owned and led Fintech Platform
- Focused on providing high-quality, affordable products & services to support the financial needs and goals of hourly-wage earners and their families
- Re-imagining Financial Services for the future
  - Increase access, quality, and inclusion
  - Decrease cost, time, and stress
  - Create impact at scale via technology and innovation
- More than just banking – our financial lives impact our full lives

For-Profit and Not-For-Profit

- Diverse populations have diverse needs requiring a diversity of solutions

- Neighborhood Trust Financial Partners
  - Female-led organization
  - Over 25 years of local and national impact
  - Connecting workers with personalized financial support options

- Depth and Breadth
  - How each can achieve impact separately and together
  - Robust ecosystem to increase equity and inclusion

Diversity: Benefits to the Organization

- Enhanced Access to Customers
- Increased Returns
- Improved Employee Retention
- Increased Innovation

How Can Organizations Improve Diversity?

- Walk the Talk
- Raise the Level of Expertise Among Diverse Employees
- Showcase Talents of Diverse Employees
- Promote Qualified Employees
- Create Opportunities for Diverse Employees

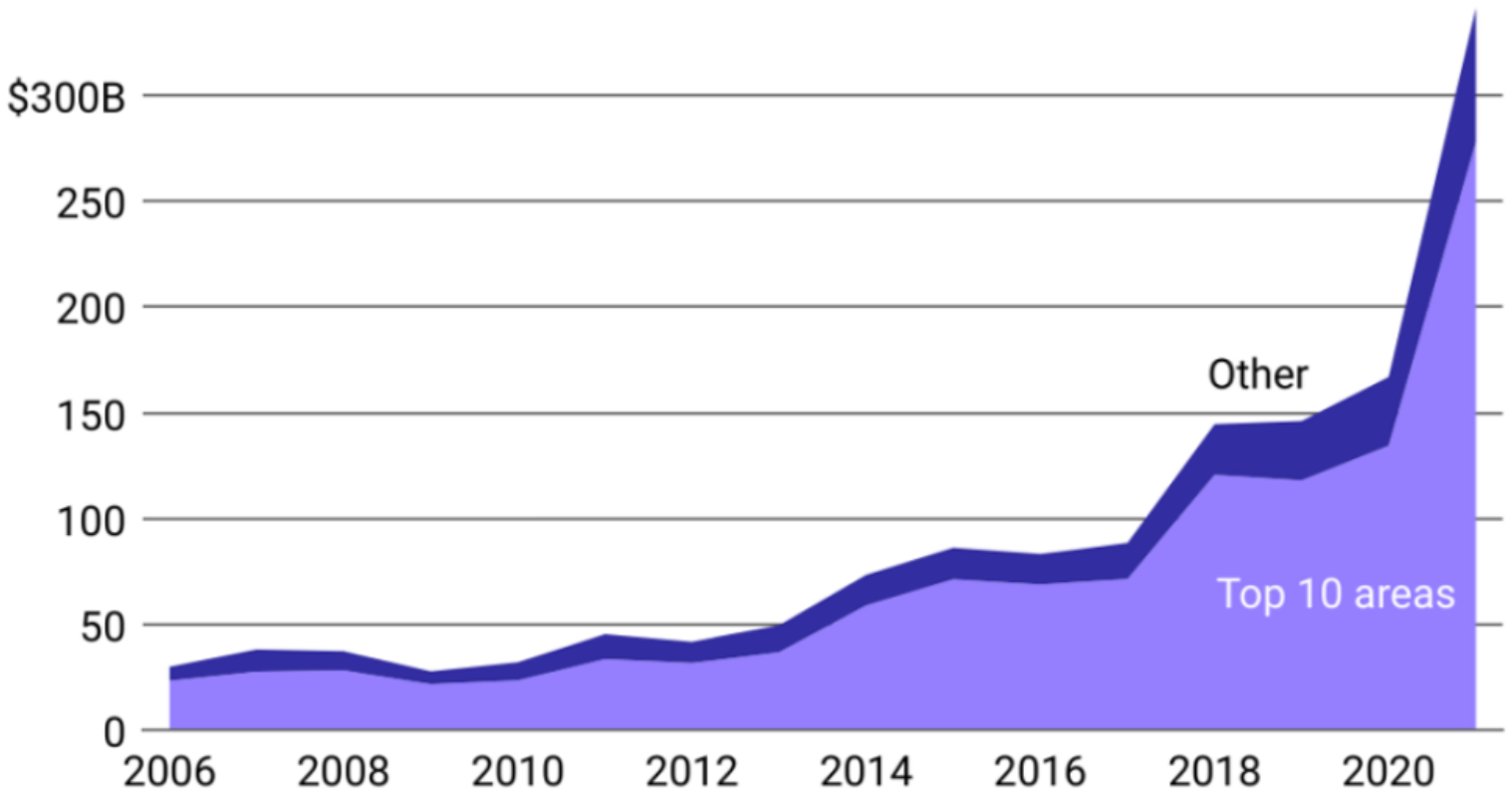
Impact of Venture Capital

- **Why it's important?**
  - Venture Capital is the country's (and world's) innovation engine
  - Seven of the ten most valuable companies in the U.S. were venture-backed (Apple, Microsoft, Google, Amazon, Nvidia, Tesla, and Meta)

- **Venture capital is fueling financial services innovation.**
  - The top five Fintech M&A deals of 2023 totaled over $17B
  - Three of five targets were at least partially venture-backed
  - Four of the five buyers were U.S. based

VC Geographic Concentration

Venture capital deal value in US vs. top combined statistical areas



Data source: PitchBook

82%

Top 10 Markets

(25% of US)

66%

Top 3 Markets

(10% of US)

Venture Capital Funding in 2021

**“Genius is evenly distributed by zip code.
Access and opportunity are not.”**

– Mitch Kapor, founder Kapor Center.

VC investments are even more concentrated demographically than geographically

- Women represent 50.5% of the U.S. population, but receive 2% of VC funding
- Latinx individuals represent 18.9% of the U.S. population, but received 2% of VC funding
- Black individuals represent 13.6% of the U.S. population, but receive 1% of VC funding
- Native American/Alaska Native individuals represent 2% of the U.S. population, but receive ~0.013% of VC funding.

Source: Olin Brookings Commission - *Bridging the Startup Funding Gap for Women, Black and Latinx Entrepreneurs*

Role of Fintech

- Fintech is well-positioned to address barriers to access
  - Financial services is a large, legacy industry that affects everyone
  - The industry has embraced the outsourcing of innovation
  - Huge opportunities to reach the traditionally overlooked/underserved

- Success requires a deeper understanding of the problem
  - Underrepresented founders often innovate around lived experiences
  - They bring a different perspective on the problems and solutions

Source: Forbes – *Check Your Stats*; James L. Knight Foundation – Jan 2019 Diverse Asset Mgmt Report

Fintech Founders Closing the Gap

- ReadyLife - economic advancement and generational wealth creation
- Percapita - Closing the gap between financial services and financial wellness
- * Esusu - Credit scoring for the 45 million unbanked
- * Finli - Invoicing and Digital payment for very small business
- Goalsetter - Goal-saving and financial literacy app
- MoCaFi - Digital bank for underserved communities
- Cadre - Crowdfunding for commercial real estate investors
- EnRicher - lending platform for underrepresented-owned small businesses
- Qoins - Helps users pay off student loans and credit card debt
- Novae Grants - Database of thousands of financial assistance opportunities

* Ollen has a direct or indirect financial interest

Presenter Biographies

ERIN KOLMANSBERGER

Erin assists clients in regulatory and compliance issues, helping them respond to subpoenas and other alleged violations. She advises clients on their compliance obligations and legal risks in their business. She also helps clients plan and navigate internal investigations. In the financial sector, Erin assists clients in negotiating and drafting master service agreements between banks and FinTechs. She has substantial experience managing and successfully resolving a wide range of complex disputes in federal and state trial courts, mediations, FINRA arbitrations, and government/regulatory inquiries.

BETHANY BARCLAY-ADENIYI

Bethany focuses her practice in a variety of aspects in technology and corporate law. As a member of Nelson Mullins' Emerging Growth and Venture Capital Team, Bethany represents startups and investors in numerous types of equity and debt financings. She advises clients on general corporate matters, including entity formation and equity compensation.

ALIAH GREENE

Aliah Greene is a Founding Member and Chief Operating Officer of Percapita Group, Inc. She has had a 20+ year career in financial services spanning Finance, Risk and Treasury in the US and the UK. Prior to Percapita, Aliah was Managing Director and Head of Enterprise Risk Management & Analytics for Wealth Management and the Private Bank at Morgan Stanley. She also chairs the Board of Neighborhood Trust Financial Partners, a not-for-profit organization which, for almost 30 years, has successfully supported individuals with low-incomes within the United States to achieve their financial goals.

OLLEN DOUGLASS

Ollen Douglass is the CEO of Hanover Street Advisors, a consulting firm that advises early-stage startups and venture capital funds. Prior to that, Ollen was the founding Managing Partner of Motley Fool Ventures, the $250M venture capital group. He has over 30 years of experience in finance and banking, including working as the CFO of The Motley Fool, several VP-level positions in regional banks, and as a KPMG auditor.

Moderator Biography

RICHARD B. LEVIN

Richard is chair of the FinTech and Regulation Practice and was one of the first lawyers to focus on the regulation of blockchain and digital assets. He is considered a thought leader in the FinTech space. Richard brings his experience as a senior legal and compliance officer on Wall Street and in London to bear in advising clients on corporate, FinTech, securities, and regulatory issues. A problem-solver by nature, he has been advising FinTech clients on legal and regulatory issues since the start of electronic trading in the late 1990s. His practice focuses on helping financial services and technology clients identify and address regulatory issues as they build their businesses.

Richard's practice focuses on the representation of early stage and publicly traded companies in the FinTech space, including investment banks, broker-dealers, investment advisers, peer-to-peer lending platforms, digital currency trading platforms, alternative trading systems (ATSs), exchanges, and custodians. He represents these firms before the U.S. Securities and Exchange Commission (SEC), the U.S. Commodity Futures Trading Commission (CFTC), the Financial Industry Regulatory Authority (FINRA), the U.S. Department of the Treasury, Office of the Comptroller of the Currency (OCC), state regulators, and Congress. Richard has represented clients before regulators in Australia, Canada, France, Germany, Hong Kong, Ireland, Japan, Singapore, South Korea, and the United Kingdom. His current and past clients include leading national financial institutions, multinational financial services holding companies, leading firms in the FinTech space, and institutions engaging in global investment banking, investment management, securities, and other financial services with institutional clients.

Richard has been identified by Chambers and Partners as one of the leading lawyers in the Blockchain and Cryptocurrencies category since the inception of the category. He has been recognized by Chambers for his knowledge on regulatory matters, great relationships with regulators, for helping clients push the boundaries of the FinTech sector, and for his advice on matters such as broker-dealer licensing and alternative trading systems. Richard is routinely quoted by leading publications including Bloomberg, the New York Times, Reuters, and the Wall Street Journal and is a frequent speaker at conferences around the world on the regulation of FinTech, blockchain, and digital assets.

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