

CELENT



# **VARO BANK**

CELENT MODEL BANK OF THE YEAR 2021

MARCH 10, 2021

DAN LATIMORE

# FOREWORD

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## Colin Walsh, Founder and CEO, Varo Bank, N.A.

Varo Bank made history by becoming the first fintech to be granted a national bank charter in the US, becoming the country's only all-digital bank with a social impact mission to advance financial inclusion and opportunity for all. Varo provides premium digital banking services designed for the over 180 million Americans who are underserved and overcharged by the traditional system. In a world that is turning digital, Varo represents a new era in banking and is helping millions of customers build their financial health across the US. Temenos is a great technology partner, helping Varo to launch products more quickly, rapidly innovate, and scale to millions of customers, thereby enabling us to deliver solutions that solve real pain points for consumers.

Key to the success of Varo is our technology platform. Varo's technology stack is architected around cloud, real-time data processing and open APIs. Developed in partnership with Temenos, Varo's innovative digital banking platform allows us to take products to market quickly, rapidly innovate, and scale to millions of customers. The platform underpins our sustainably hyper-efficient business model which passes on significant value back to the customer. Varo estimates that the cost to service a customer is just 25% of what it would cost a traditional bank – a real competitive advantage.



## Alexa Guenoun, Chief Operating Officer, Temenos

It is a privilege to partner with Varo, a true changemaker in the banking industry and celebrate them winning the prestigious award for [Celent Model Bank of the Year 2021](#).

Temenos SaaS technology enables Varo to bring innovative products to market faster and scale to meet the surge in digital banking adoption. Temenos' technology supports Varo's lower cost/income ratio, allowing Varo to offer digital banking services at a lower cost and expand financial inclusion for millions of US consumers. Temenos' highly scalable and secure platform also helped the bank meet its regulatory requirements.

We are proud to support many challenger banks globally to realize their vision. As Varo has demonstrated, Temenos' cloud-native technology helps challenger banks create hyper-efficient cost models and get to market faster. With Temenos' technology, challenger banks benefit from agility and can grow profitably.

We believe that innovation is about understanding your end-customers and providing them with simple and easy banking services that solve real problems. We share a common passion with Varo, to make banking better and are inspired by Varo's purpose of financial inclusion.

We wish Varo every success in its mission and we hope that this case study provides helpful insights and best practices for those of you starting on this journey.

# CASE STUDY AT A GLANCE

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The promise of delivering Americans low-cost and attractive banking services using an efficient, state-of-the-art tech stack has been an alluring one since the dawn of fintech. Beautiful front ends have been hampered by the need to partner with banks to actually do the banking, hurting their economics and limiting their ability to fully innovate. Varo Money began the same way in 2017. When it became the first fintech to obtain a bank charter in August 2020, a door to a new model opened, one unconstrained by partnership limitations. While Varo's journey is in its early stages, early indications from its more than 3.1 million customers are promising.

For its execution on that promise, from a meticulously conceived plan built on a brand-new technology stack and game-changing economics, Celent is delighted to recognize Varo Bank as Celent's Model Bank of the Year for 2021.

FINANCIAL INSTITUTION	Varo Bank
INITIATIVE	First fintech to obtain a US banking charter
SYNOPSIS	<p>Varo's mission is to reimagine personal banking and improve the financial lives of its customers. Its new cloud-based technology stack lets it offer a range of tech-led, value-driven, consumer-focused banking products, including transaction accounts without the typical fees, high-yield savings accounts with auto-savings tools, and instant cash advances, all delivered with a focus on customer service.</p> <p>Through its innovative use of leading-edge technologies, including Temenos SaaS, Temenos US Country Model Bank, and advanced analytics and AI, Varo has significantly reduced its cost-base. It estimates that it has reduced its effective cost of goods sold by 70% by launching as a stand-alone bank.</p> <p>Varo became the first fintech in history to be awarded a US banking charter. Today, Varo provides innovative digital banking services to address the needs of the 180 million Americans financially underserved by the</p>

	<p>traditional system. It plans to begin expanding its offerings with funding from a robust deposit base.</p>
TIMELINE	<ul style="list-style-type: none"> <li>• 2015: Varo Money is founded</li> <li>• June 2017: Varo Money launches Applies for national banking charter</li> <li>• August 2020: Varo Money obtains charter</li> <li>• October 2020: Varo Bank launches; acquires all deposits from Bancorp Bank</li> </ul>
KEY BENEFITS	<ul style="list-style-type: none"> <li>• Varo estimates that its cost to serve a customer is 25% of a traditional bank’s cost and 50% of a fintech’s cost on a sponsor platform.</li> <li>• Net interest income is higher than a non-bank fintech because there is no need to pay a white-label depository institution</li> <li>• Cloud-based core system gives it the flexibility to tailor its tech-stack to deliver new products and services efficiently and effectively</li> </ul>
KEY VENDORS	<ul style="list-style-type: none"> <li>• Temenos SaaS: Core banking; lending management system</li> <li>• Visa DPS: Debit card processing system</li> <li>• Amazon Web Services: Hosting</li> <li>• AllPoint: ATM network</li> <li>• Greendot: Cash deposits</li> </ul>

# CELENT PERSPECTIVE

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Varo Bank has delivered on the long-awaited promise of a *de-novo* bank built on streamlined technology to significantly reduce its cost base. In sole control of its banking strategy and technology execution, Varo partners as needed to offer an attractive and innovative set of products and services to many Americans who more traditional banks cannot serve profitably.

Varo:

- Uses a cloud-based core system and chose a provider (Temenos) willing to co-design with them to provide only what was needed.
- Built/delivered 80% of its tech stack in-house with 20% from Temenos.
- Serves as the primary bank to the more than 60% of its 3.1 million customers who have direct paycheck deposit.
- Has an estimated cost to serve that is 25% of a traditional bank's cost and 50% of a fintech's cost on a sponsor platform.
- Is well-positioned to offer new products and services in a measured way, based on data lakes purpose-built from the outset (rather than being retrofitted).
- Is using machine learning and other artificial intelligence techniques to analyze its data to tailor new offerings to particular customers.

*When banking products are commoditized (that is, they have the same basic feature sets and the same pricing), then the only differentiator is customer experience. While its CX is lovely, Varo has been able to break out of the commodity trap because its technology stack and banking charter give it cost and income advantages relative to the competition. It uses this edge to differentiate on price and offer new products and services much more quickly than competitors. A key element of its customer experience, then, is a product set grounded in a no-fee attitude and a commitment to services that improve its customers' financial lives.*

# DETAILED DESCRIPTION

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## Introduction

Varo was founded in 2015 to address systemic financial inequality in the US. It aims to meet the needs of 180 million financially underserved Americans, disproportionately minorities and people of color. For traditional banks with big branch networks and legacy systems, the economics just don't work to serve this massive group of American consumers profitably.

To achieve the economics to make a difference on a national scale, Varo had to become a chartered national bank, something no consumer fintech had ever done. It made history by obtaining its bank charter on August 1, 2020.

**Table 1: Varo Snapshot**

	<b>Varo Bank (and predecessors)</b>
YEAR FOUNDED	2015
REVENUE	Currently undisclosed (regulatory filings as of writing show a misleading picture due to the transition of deposits from Bancorp Bank)
ASSETS	\$149 million (from 9/30/2020 Call Report; misleading as described above)
GEOGRAPHICAL PRESENCE	National (US, all 50 states)
EMPLOYEES	~560 as of February 2021
OTHER KEY METRICS	~3.1 million deposit customers (January 2021)
RELEVANT TECHNOLOGIES AND VENDORS	Temenos, Visa, Plaid Formerly Bancorp Bank and Galileo

Source: Varo Bank interviews and Model Bank Submission; Regulatory filings

## Opportunity

Tapping into the market for the financially underserved is a well-recognized opportunity. Incumbent banks know this, but their cost structures typically make it hard for them to actually make money from these customers, so they're unable to offer attractively priced products.

Many fintechs have also sought to fill the gap with beautiful front ends and purpose-built technology. They've used a variety of strategies to approach the market, entering with products ranging from deposit accounts to loan refinancing to aggregation of third party accounts and advice.

The stumbling block for all of these approaches has been gaining access to the banking system, as a bank partnership is required to hold deposits or make loans in the absence of a bank charter. Profitability typically manifests itself through higher prices.

Varo recognized this fundamental challenge and knew from the outset that its solution would be to pursue a national banking charter in the US, thereby cutting out the middleman and securing a significant cost advantage relative to its competition.

Founded by industry veterans with credibility built by years at incumbent institutions, Varo has had four funding rounds:

**Table 2: Funding History**

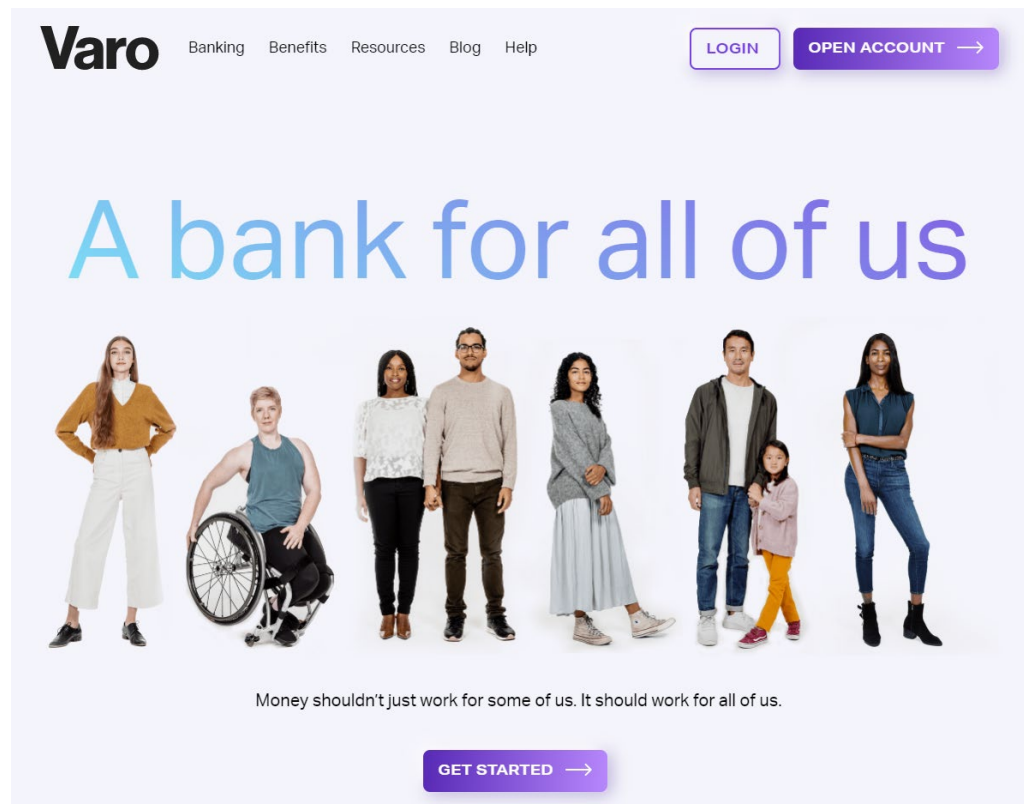
Round	Amount	Date
SERIES A	\$29 million	Q1 2017
SERIES B	\$46 million	Q1 2018
SERIES C	\$100 million	Q1 2019
SERIES D	\$241 million	Q2 2020

Source: Varo Bank

## Solution

Varo Money's launch in 2017 wasn't particularly different from that of other fintechs, except that it applied for a national banking charter at essentially the same time.

Today, Varo styles itself as "a bank for all of us," (Figure 1) consistent with the vision it has espoused from the outset.

**Figure 1: Varomoney.com splash page part 1**

Source: varomoney.com screenshot, February 2021

The journey, however, has been long. It started in June 2017 with Varo Money, (just) another fintech based on a snazzy front end aiming for excellent customer experience.

## Varo Money

The Varo Money app was a transaction bank account origination and servicing user experience. It was layered on top of Bancorp Bank and Galileo's APIs. Bancorp served as the sponsor bank and handled activities like originating accounts, holding deposits, moving money via ACH, originating statements, KYC, and BSA/ AML. Galileo served as the debit card processor, managing the program with Visa to issue cards and process card transactions. Varo used native iOS, Android, and Javascript for client-side development, with Java-based service-oriented architecture hosted in the cloud to scale horizontally.



As Varo says,

"Both Bancorp and Galileo were great partners for us. They helped us get product to market fast and build a wealth of experience with our early customers. We worked hard to understand the key banking pain points of Varo's super-customers and worked with both partners to expand our product and feature set accordingly. Both were supportive of our strategic plan, if slightly dubious that we'd be able to obtain a charter."

An early innovation was No Fee Overdraft, a fee-free overdraft of up to \$50 that's repaid with the next payroll direct deposit. Varo-to-Varo instant peer-to-peer transfers also entered the scene. These innovations, while creative and welcome, were not by themselves enough for competitive differentiation.

That would come in three years. Varo had always had its eye on the charter prize; it realized that goal in August 2020.

## Varo Bank

An uncomfortable truth that fintechs will typically discuss only when pressed is that they suffer from being beholden to a bank for access to the plumbing of the US banking system. By obtaining a bank charter, Varo Bank was able to free itself from the shackles of banking partnerships, internalize its technology strategy, reap the economic benefits, and pass them along in the form of lower pricing in a way that it expects will become a virtuous circle.

Its new technology allowed it to couple the front and back end customer experience that it had been developing at Varo Money and turbo-charge it with more attractive pricing made possible by radically improved economics.

## Customer Experience

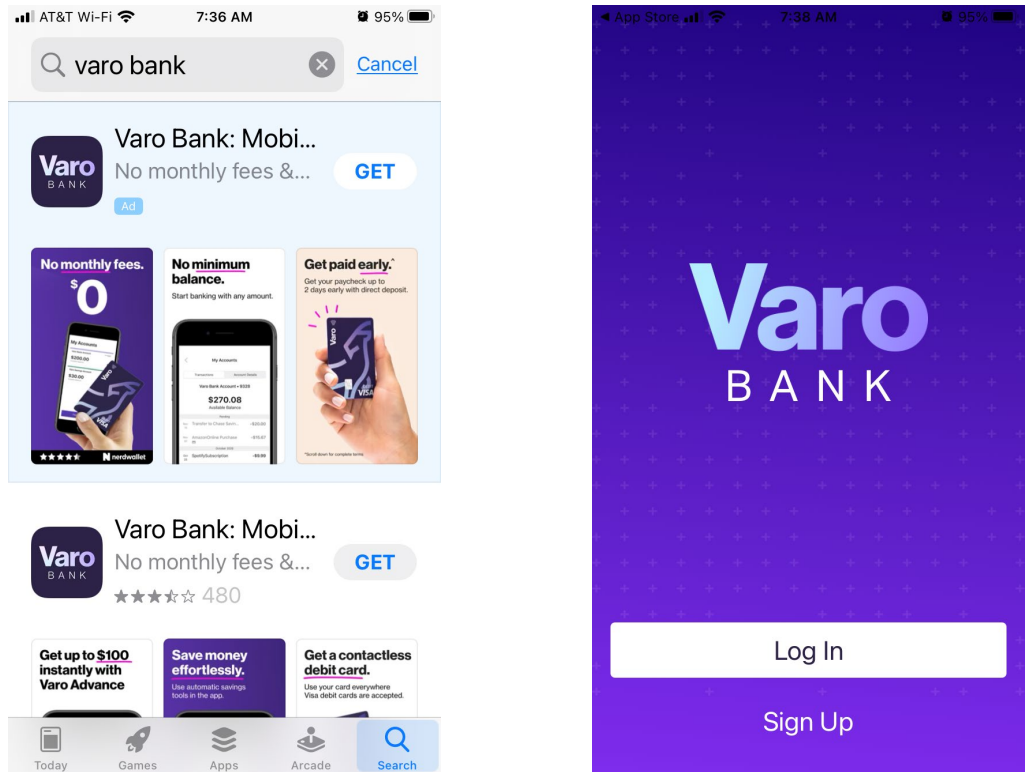
While customer experience efforts typically focus on the app and website look and feel, Celent considers the product set to be another crucial element. Today, Varo's basic features and interesting product innovations are spread across spending, savings, and lending.

- Early paycheck access for those with direct deposit.
- Automatic transfers from checking to savings on payday, or with a "save your change" automatic transfer to savings.
- 2.80% interest on savings up to a \$10,000 balance after enrolling for qualifying direct deposits and making five debit card transactions per period.
- "Varo Advance," an instant small-dollar (\$100 maximum) loan with simple and transparent pricing for qualified borrowers.

- "No Fee Overdraft," which lets qualified customers overdraw their bank account by up to \$50 with no fees or interest charges. Customers must repay the money within 30 days.

With its charter approved, Varo launched the Varo Bank app. (Figure 2 shows its app store entry and the splash screen on download, notable for its simplicity).

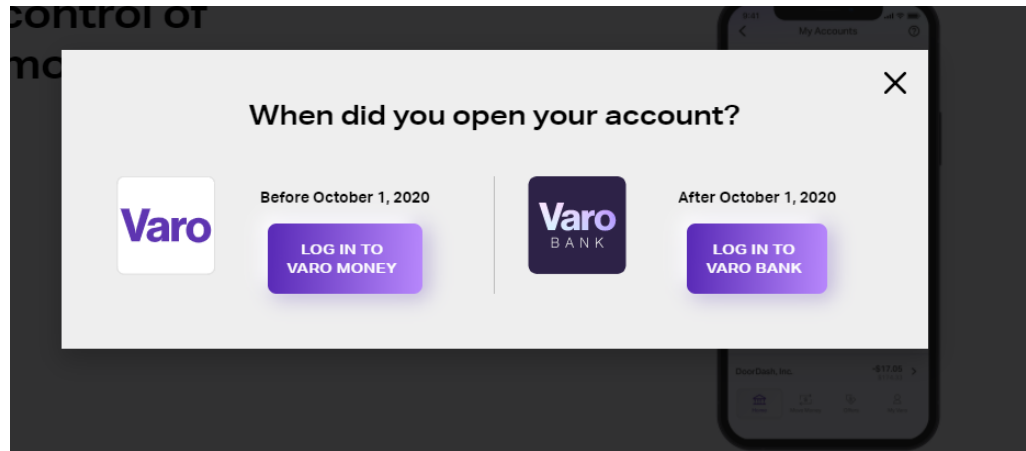
**Figure 2: Apple App Store screen; initial splash screen upon download**



Source: December 28, 2020 download and application process on iPhone 8

The transition from Varo Money to Varo Bank has not been without hiccups, however. For example, there is an awkward notification (Figure 3) when signing in via the web for the first time.

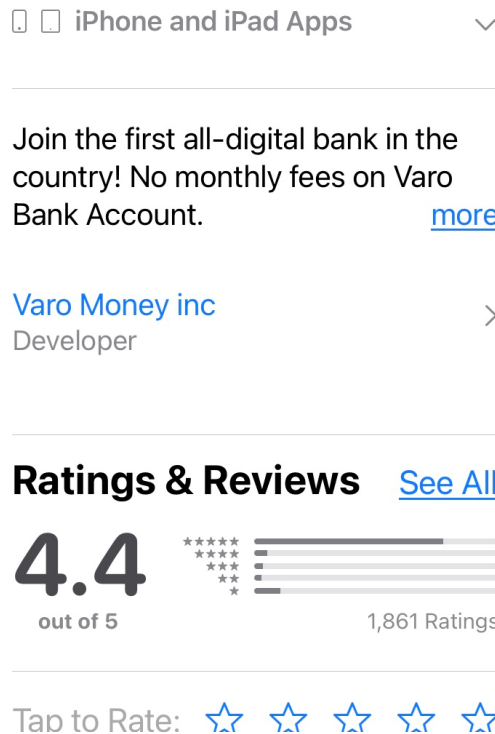
**Figure 3: The split on the login is a slight bump in the road**



Source: varomoney.com screenshot, February 2021

While unavoidable because of as-yet unresolved migration issues, it's nevertheless an imperfection in the user experience. And the relatively small number of negative reviews on the Apple app store tend to cluster around transition issues, despite a good overall rating of 4.4 (Figure 4).

**Figure 4: Ratings from the App Store**



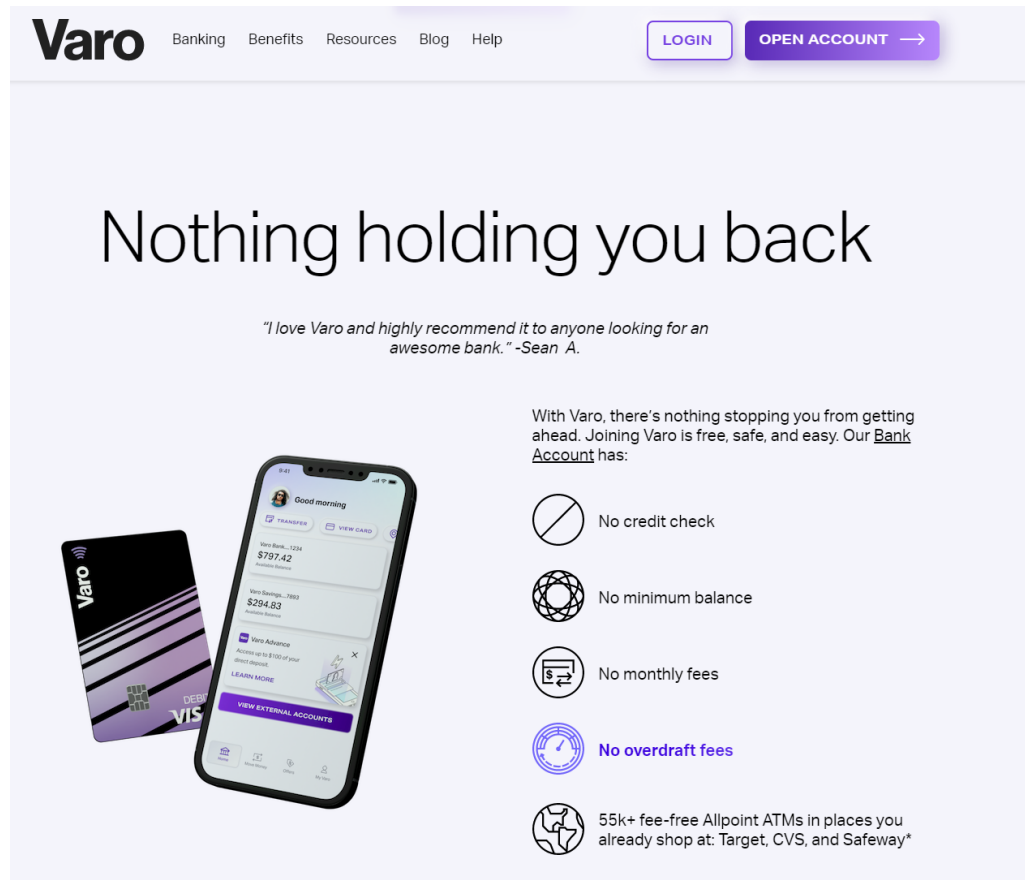
Source: App Store (Apple) review section; February 4, 2021

As analysts survey the challenger banking market, the savvy ones (like Celent!) go beyond the headline numbers of overall customers. While Varo has disclosed that it has more than 3.1 million customers as of January, one of those is me, with my \$25 initial deposit. More important are the customers who use and value the bank. Celent's favored proxy for primary bank status is where paychecks are deposited, and Varo says that more than 60% of its customers are depositing their payroll into Varo accounts.

More than 60% of Varo customers are putting their payroll into their Varo accounts.

While Varo is mobile-first, its website gives prospective customers a taste of what they can expect (Figure 5), like no credit check, no minimum balance, no monthly fees, and no overdraft fees, combined with a network of free ATMs. Each of these elements addresses a potentially significant pain point for its target audience.

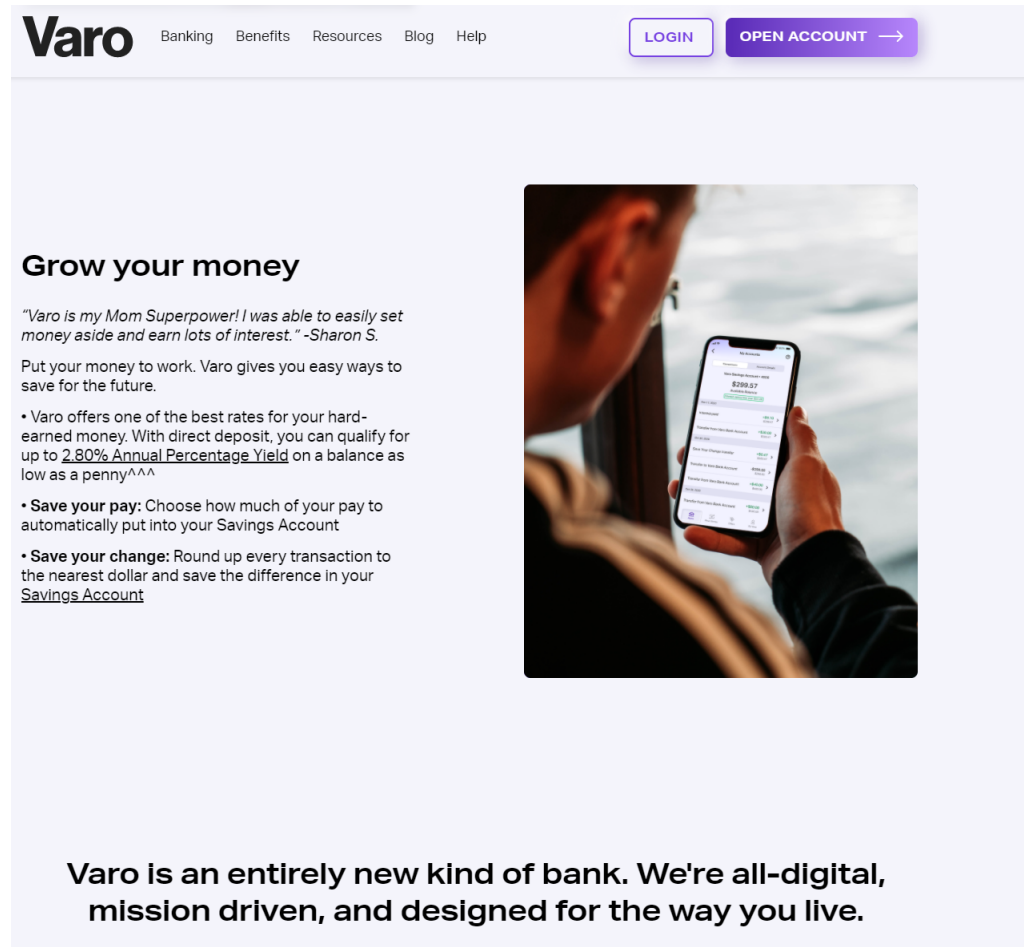
Figure 5: Varo Money.com, splash page part two



Source: varomoney.com screenshot, February 2021

Varo continues its sales pitch further down the landing page (Figure 6), emphasizing its desire to help customers grow their money while discussing its new approach to banking.

**Figure 6: Varomoney.com, lower part of landing page**



**Varo** Banking Benefits Resources Blog Help LOGIN OPEN ACCOUNT →

## Grow your money

*"Varo is my Mom Superpower! I was able to easily set money aside and earn lots of interest." -Sharon S.*

Put your money to work. Varo gives you easy ways to save for the future.

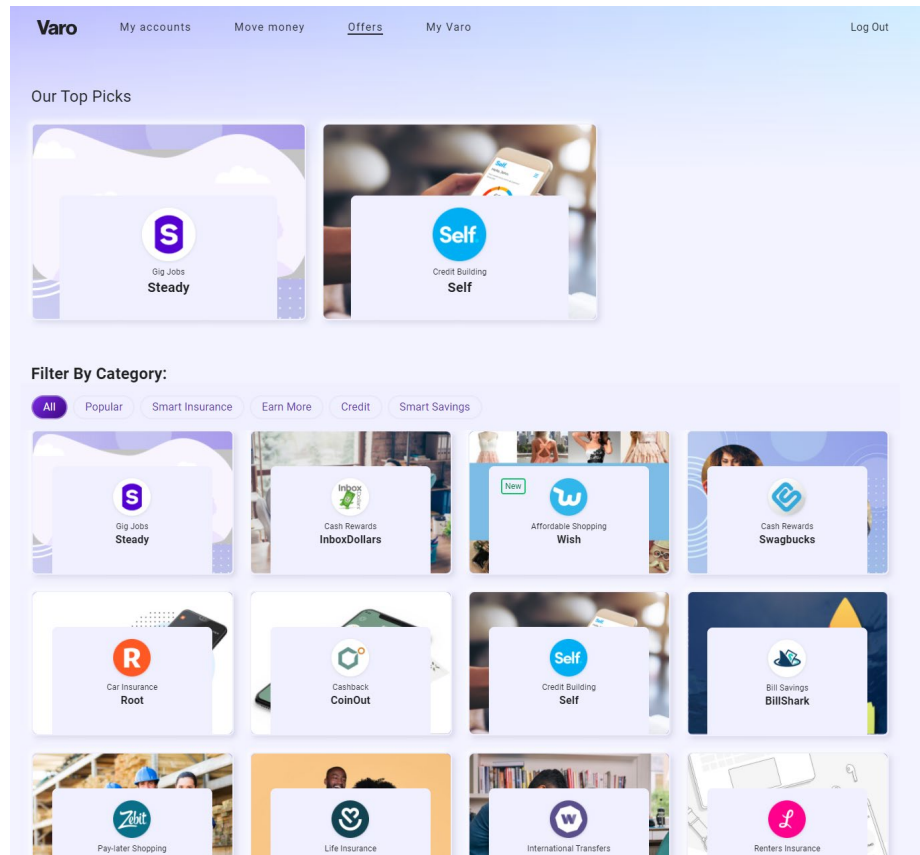
- Varo offers one of the best rates for your hard-earned money. With direct deposit, you can qualify for up to **2.80% Annual Percentage Yield** on a balance as low as a penny<sup>^^^</sup>
- **Save your pay:** Choose how much of your pay to automatically put into your Savings Account
- **Save your change:** Round up every transaction to the nearest dollar and save the difference in your [Savings Account](#)

**Varo is an entirely new kind of bank. We're all-digital, mission driven, and designed for the way you live.**

Source: varomoney.com screenshot, February 2021

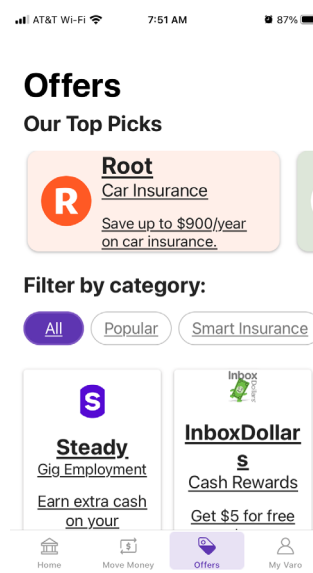
Part of Varo's value proposition is its curation of partner offers via both the website (Figure 7) and the app (Figure 8).

Figure 7: Menu of curated offers from Varo.com



Source: varomoney.com screenshot, February 2021

Figure 8: Menu of curated offers from the Varo app



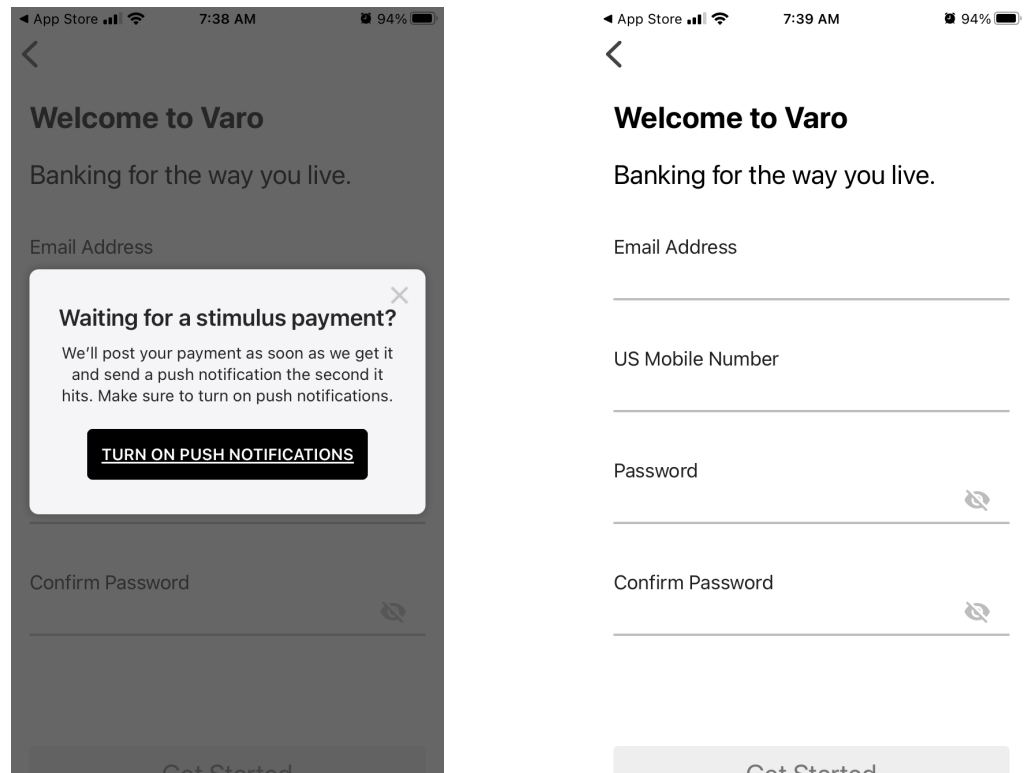
Source: Varo Bank Account Opening Process, iOS, January 2021

## Account Opening

The ease of account opening has been area of intense focus for digital-only banks. Having endured my fair share of web and mobile current account originations, I can say that Varo's process is simple, well-thought-out, and seamless.

After a potential applicant clicks on the "Sign Up" button when initially using the app (Figure 2), Varo tells them about its view on stimulus payments via a popup, then takes them to the initial intake page, which is very clean (Figure 9).

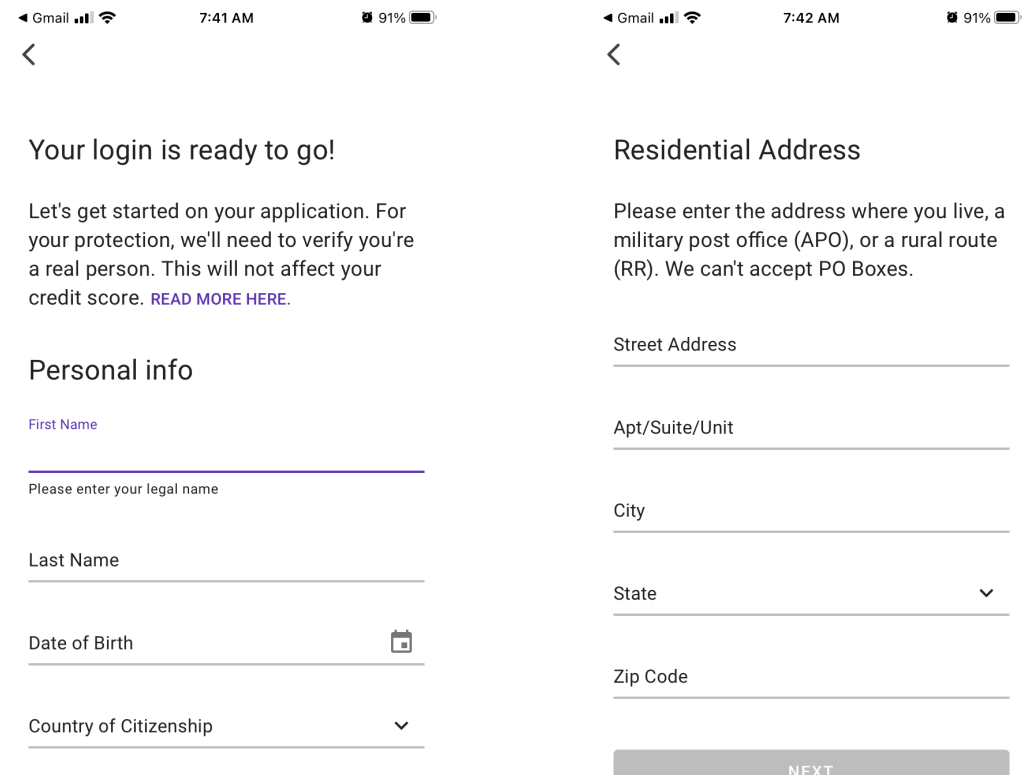
**Figure 9: Initial App intake page**



Source: Varo Bank Account Opening Process iOS; January 2021

After registering, the app then collects basic, standard information (Figure 8).

**Figure 10: Request for basic applicant information in App**



Source: Varo Bank Account Opening Process, iOS, January 2021

This customer-facing simplicity belies the complex customer verification and KYC/AML checks occurring in the background. Varo accomplishes this via a network of partners connected via real time APIs.

The final part of the application asks for the user’s occupation, accompanied by a cross-sell for a savings account, which touts its no-fee, no minimum balance features (Figure 11).



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**Figure 11: Final stage of application, with cross-sell**

◀ Gmail 7:43 AM 88%

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**What do you do for a living?**

Occupation  
Consultant

**Earn more money, faster**  
In addition to a Varo Bank Account, apply for a Savings Account with one of the highest APY in the nation. You can always apply later.

**I also want a Varo Savings Account**  
Earn money with a high APY and use tools to save automatically, all with no account fees or minimum balances.

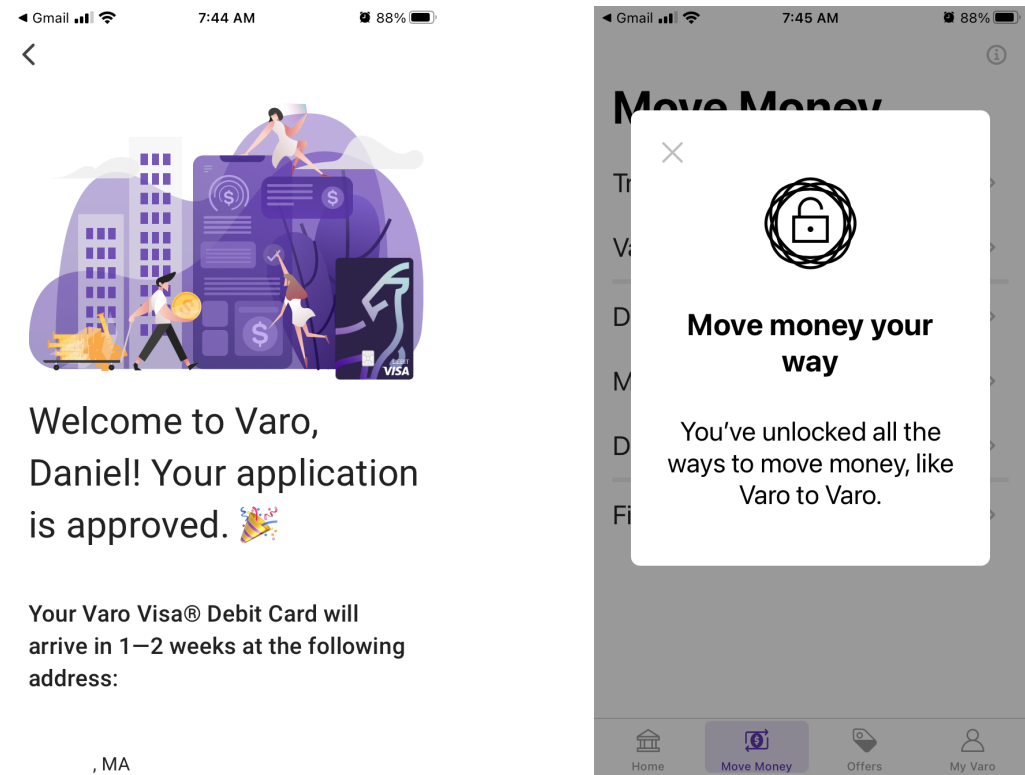
NEXT

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Source: Varo Bank Account Opening Process, iOS, January 2021

In just a few seconds, I was approved and immediately told how I could move money (Figure 12).

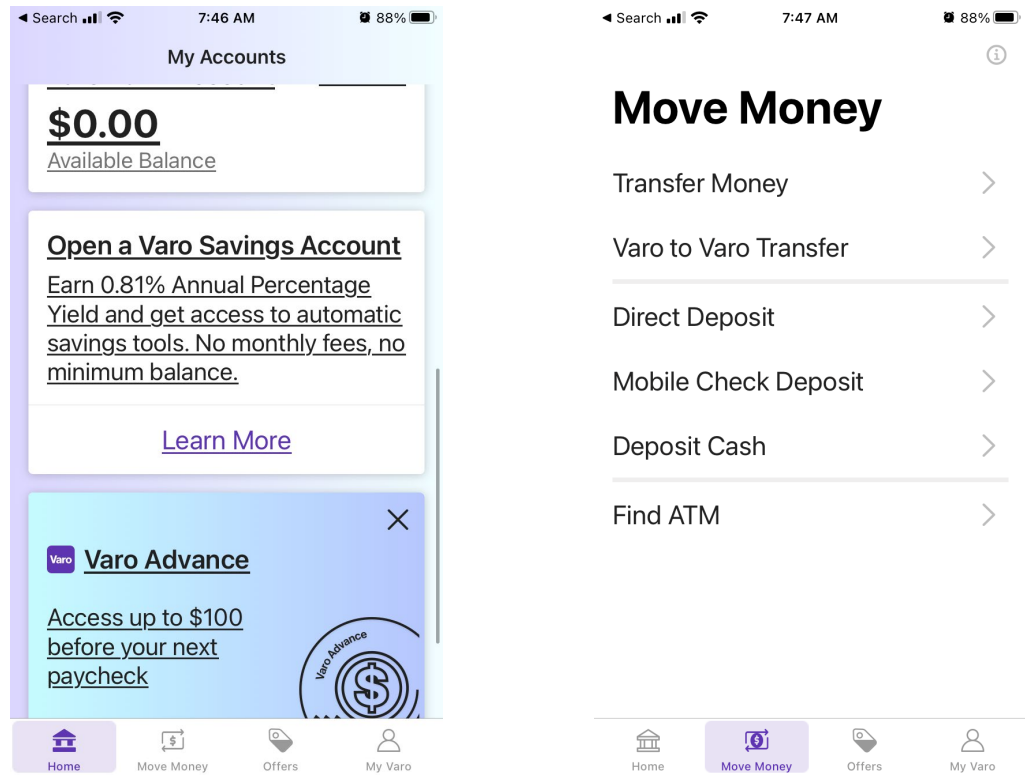
**Figure 12: Success message and invitation to move money**



Source: Varo Bank Account Opening Process, iOS, January 2021

The next stage showed me my opening balance (no one likes a 0!), continued the savings account cross-sell, now with a specified rate of 0.81%, and introduced me to Varo Advance (among other things). I was then invited to move money (Figure 13).

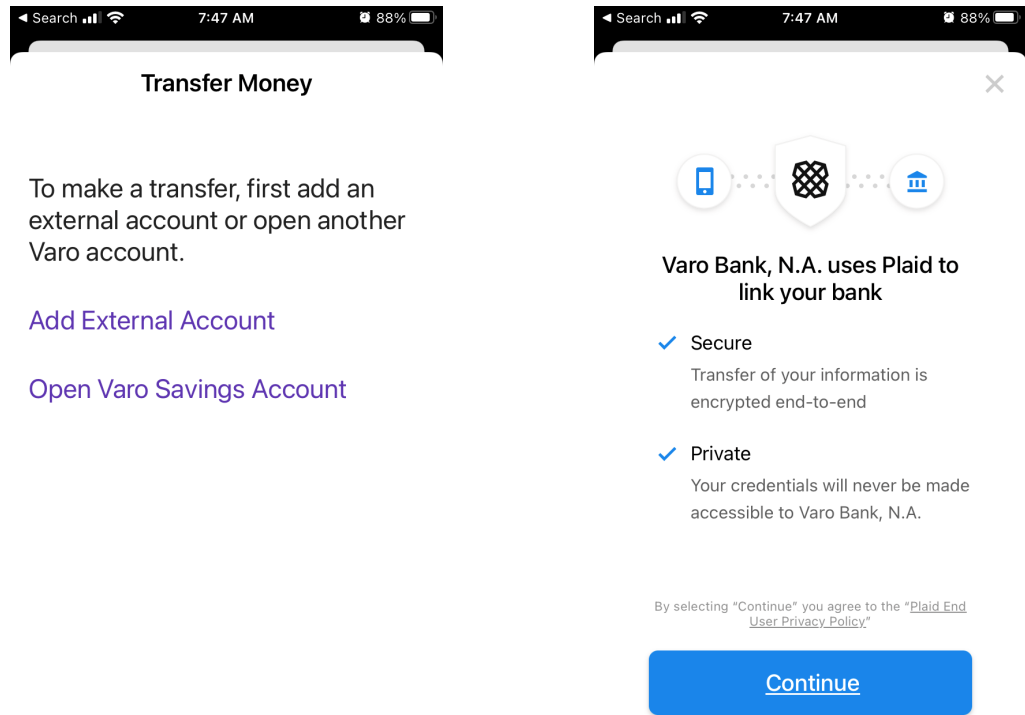
**Figure 13: Cross-selling and initiating the move money process**



Source: Varo Bank Account Opening Process, iOS, January 2021

Adding (or linking) an external account at my heritage bank was incredibly easy, thanks to Varo's use of Plaid (Figure 14).

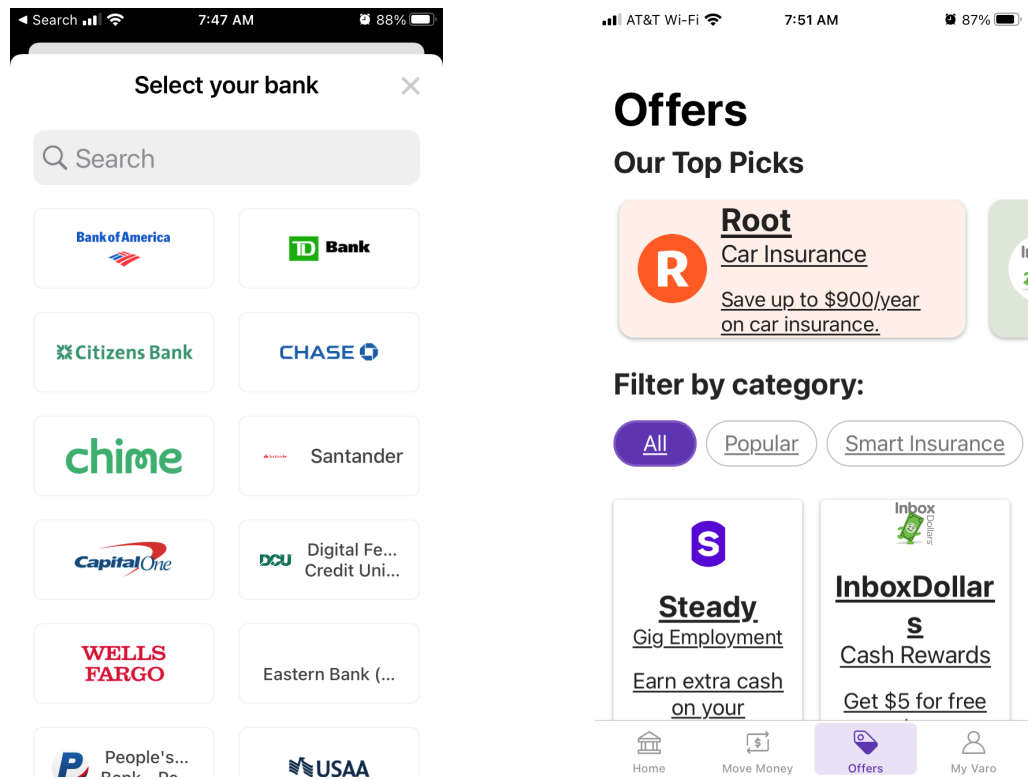
**Figure 14: Invitation to move money**



Source: Varo Bank Account Opening Process, iOS, January 2021

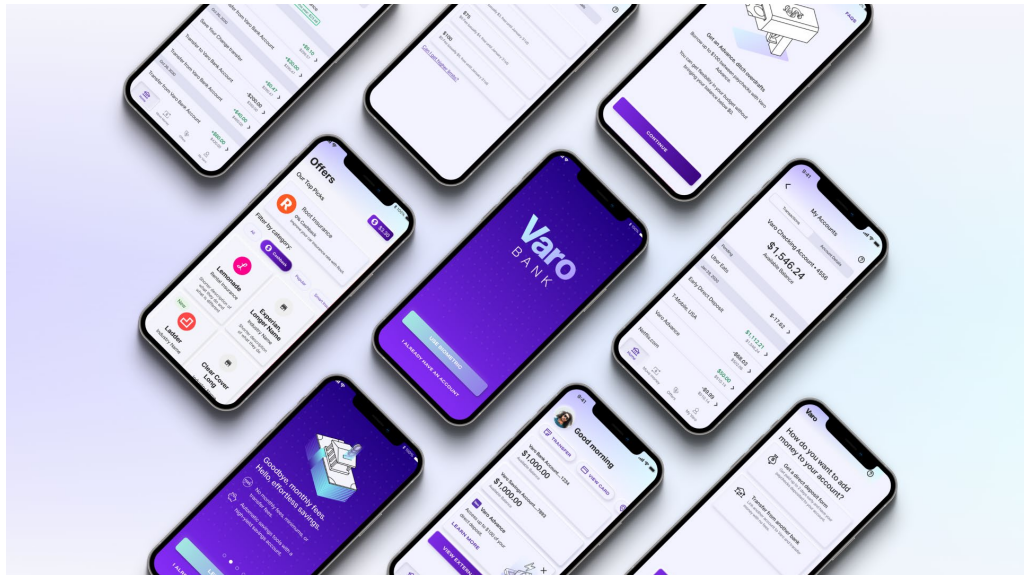
Varo offered me a list of common banks (Figure 15). I clicked on mine, entered my routing and account numbers and password (screenshot not shown), and was connected. I was then presented with a set of offers and was also able to see all my balances at my primary bank.

Figure 15: Choice of banks to link



Source: Varo Bank Account Opening Process, iOS, January 2021

In the first week of February, Varo Bank introduced version 2.0 of its iOS app; Figure 16 gives a taste of the new design. All of the previous screenshots used here were from version 1.x.

**Figure 16: New Varo app screenshots**

Source: Varo Bank, February 2021

Even with the older version, the account opening process was seamless and helpful.

## Business Model

Walmart built its empire on driving costs out of the back end and passed the savings along to its customers. Varo's approach is not dissimilar; the strategic use of technology is a critical element of its business model.

The vast majority of Varo's income comes from merchant fees on debit transactions and commissions from its ecosystem partners. Varo Bank has an additional advantage over Varo Money that goes above and beyond not having to pay fees to Bancorp Bank: it can (unlike fintechs) earn interest income on its sizable deposit base.<sup>1</sup> Customer fees are notably missing from its revenue mix—it doesn't have to rely on them, unlike most other banks.

On the expense side of the ledger, Varo estimates that its cost to serve a customer is a quarter of a traditional bank's. Its technology strategy drives that cost advantage.

All of this only works, however, if the technology can support the business's strategic ambitions. Varo had the luxury of building a cloud-based tech stack from the ground up without the constraints of any legacy technology.

<sup>1</sup> Varo Bank is not currently lending at scale. Its reserves and excess deposits earn interest from its Federal Reserve Bank.

## Technology Implementation

To achieve hyper-efficiency and gain its charter, Varo focused on its goal of creating the most innovative technology stack in the industry, one that would let it quickly scale, serve the needs of its customers and community, and innovate and iterate rapidly. Real-time data, open APIs, SaaS technology, AI, and machine learning help Varo in its goal to deliver a banking experience unlike anything in the US market today.



We knew that one of the keys to the success of the Varo model was to leverage the latest cloud technology, real time data processing, and open APIs to unlock a hyper-efficient platform designed to help customers make financial progress and ultimately help build the financial health of communities across the country. Our technology platform, based on Temenos SaaS technology, supports a sustainably efficient business model that enables us to pass on significant value to customers. We estimate that the cost to service a customer is just 25% of what it would cost a traditional bank—a real competitive advantage."

Colin Walsh, Varo Founder and CEO

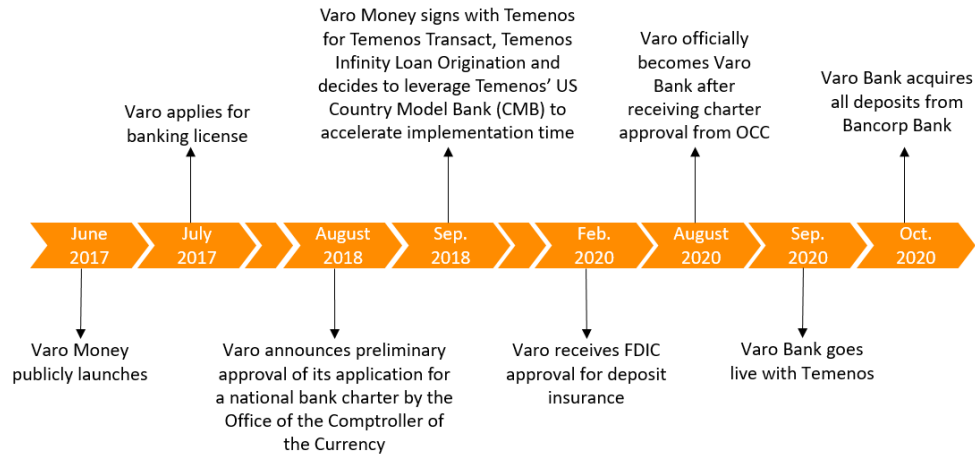
Varo believes that a bank needs to own its own technology stack to deliver true banking innovation and market-leading value to the customer. However, it also recognizes that it makes sense to partner on many elements in the technology ecosystem. Building one's own core, for example, is impractical, so Varo conducted a comprehensive search of core providers from around the world. Varo eliminated several candidates because of their strong desire to provide not just the basic core functionality but also the ancillary services surrounding it. Varo ultimately chose Temenos' SaaS offerings for both its core banking and lending management functions. More specifically, Varo deployed Temenos Transact (core banking platform), Temenos Financial Crime Mitigation, Temenos Payments, and Temenos Infinity Origination, a solution tailored to support loan and account origination in North America for banks and credit unions, all on a SaaS basis.

Temenos' Country Model Bank framework let Varo implement more quickly and demonstrate its services' compliance and security, thereby giving comfort to regulators. In particular, cloud technology is still relatively new to regulators, and the experience of both Temenos and the Varo executive team helped them get comfortable with the application.

Figure 17 shows a detailed timeline of technology and regulatory milestones.

**Figure 17: Technology and regulatory milestones**

**From Varo Money to Varo Bank**



Source: Varo Bank interviews and Model Bank submission

An additional consideration for Varo was Temenos' willingness to be flexible as to what functions its software would provide, what Varo would create itself, and what would be accessible from third parties via real time APIs.

Temenos' cloud platform (hosted by Amazon Web Services) was particularly important for Varo. Multi-cloud resilience was attractive, and the cloud and real-time APIs drive lower costs and greater flexibility. Varo used the ecosystem of pre-integrated fintech solutions available in Temenos MarketPlace. For example, it used EFS Autoforms for customer statement generation.

A Varo team from the engineering, product, and design departments—more than 100 people—worked with a Temenos team that included members from services, product for core, US Model Bank, and the North America cloud team and support organization. Deloitte also developed a number of interfaces and APIs.

Operating as a bank also requires Varo to operate its own risk and compliance framework, including anti-money laundering, fraud prevention, and cybersecurity. Its new tech platform and clean data architecture allow it to leverage intelligent and efficient solutions to safeguard its community and the overall banking system.

Technology excellence provides a cost advantage; that cost advantage, in turn, lets Varo develop and offer products at attractive price points unmatched by most other players. It helps that Varo has articulated technology first principles that guide its vision: security, scalability, cost-efficiency, agility, and optionality.

Notably, Varo estimates that 20% of its technology stack (albeit a critical 20%) comes from Temenos—Varo has built the other 80% on its own (or with other partners).





For technology, our first principles are security, scalability, cost efficiency, agility, and optionality.

Colin Walsh

## Results and Future Plans

While it's early in Varo Bank's journey, initial results are promising. That more than 60% of its growing customer base, now at 3.1 million, use it to receive their paychecks is impressive. Since launching the No Fee Overdraft product in August 2019, Varo estimates that it has saved customers \$174 million in overdraft fees. Varo Advance, its instant borrowing facility with transparent pricing, is also proving popular with customers. At a time when 50% to 78% of working Americans live paycheck to paycheck, this gives Varo customers access to a flexible short-term financial bridge. With a fixed, transparent cost structure—no tips, no hidden fees, and no instant access fees—Varo Advance provides an advance of up to \$20 for free, with a maximum charge of \$5 for a \$100 advance.

Varo recently launched its first multi-media advertising campaign around the theme "A Bank for All of Us." It will run on TV, radio, and in outdoor venues. The bank also rolled out Varo for Tomorrow, a \$100,000 emergency fund giveaway. An internal study of Varo's customer base shows that 77% of customers have dipped into their emergency savings in the past five months to cover a surprise expense or to manage through the ongoing fallout from the COVID-19 crisis. Varo for Tomorrow is designed to help Americans start their savings journey or replenish a spent emergency fund, paving the way toward greater financial security. In the first three days after launching, Varo reached over two million people and received over 7,500 entries.

Varo's charter and new technology give it control of its destiny, with a vision centered on its customers' financial health and wellbeing. Colin Walsh tells us that Varo has three pillars that it uses when considering how to help them.

1. Stabilize cash flow.
2. Provide access to fairly priced credit.
3. Facilitate savings.

The charter allows Varo to expand its offerings beyond its current foundational banking products—it's permitted to offer credit cards, mortgages, and investments. As it rolls out its product roadmap, it isn't looking to replicate the existing banking product set, but instead to reimagine the universe of financial offerings. It wants to redesign, reinvent, and innovate on everything, including credit cards, instalment loans, home equity lines, new savings products (like CDs), and even robo-investing.

As a concrete example, Varo intends to focus on the credit space as an area for innovation. Fifty million Americans are essentially "credit invisible," with no FICO score at all. Its intelligent technology and flexible platform can use a range of underwriting criteria above and beyond the typical backward-looking systems to assess creditworthiness, improve access, and lower the cost of credit.

This is but one way in which Varo's enterprise architecture lets it leverage data in real time to increase speed to market and provide more useful insights for its customers. As it continues to gather customer insights from its new data lake filled with clean data, Varo expects to deliver ever more targeted offerings to its customers. In fact, it has just hired its first Chief Data Officer.

## Takeaways

Celent will continue to watch Varo with interest; it's a harbinger of what banking can—and must—become.

Replicating Varo's efforts will be impossible for most players. There are nevertheless some lessons for everyone serving the needs of consumers.

- **Architect for flexibility.** While banks may not be able to replicate Varo's clean sheet when it comes to building a tech stack, they can still make flexibility an architectural imperative going forward. Rather than trying to predict the future, build technology that can accommodate a range of possible futures.
- **Choose partners who share your strategic goals and are willing to accommodate them.** There is no shortage of technology players today who can provide innovative solutions. What's scarcer is firms willing to listen to your strategy and requirements, then craft their solutions to meet those needs. The hard work of finding firms that act as Temenos, Bancorp Bank, and Galileo did for Varo is well worth it.
- **Be ruthlessly customer-centric.** This advice borders on trite, but since many banks mouth the words but don't support them with customer-centric actions, it's worth repeating.
- **Recognize that technology and the business model are inextricably intertwined.** Varo's business model couldn't exist without its technology stack; it's a stark example of the power of the business/technology dynamic. This holds true for every bank, though, and putting in place the concrete mechanisms to leverage that dynamic is a step many are still missing.

Progress in delivering on the promise of fintech is accelerating, and Varo is a shining example.

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