



FINTECH GLOSSARY

In a world of increasingly embedded technological advancements and financial sector evolution, the acronyms can seem like a new technology language.

*If you're looking for clarity on **common or not-so-common financial technology (FinTech) acronyms and terms**, this listing can help.*

ACH - Automated Clearing House

An electronic funds-transfer system network that provides for collection, distribution and settlement of electronic credits and debits. This electronic payment system processes high volume, low value (less than TT \$500,000.00) transactions. Commonly used to pay salaries, it can ease up the burden of paying employees with cash. ACH transactions can be done online and have all the necessary approval systems in place.

Application Programming Interface (API)

A software intermediary that allows two applications to communicate with each other. It allows customisation to an existing system. Enabling data to move from one system to the next to do tasks that the other system may not be able to do.

Artificial Intelligence (AI)

A broad branch of computer science that looks at the use of machines which, through computer system algorithms, are able to perform tasks similar to human actions.

Automated Assistants

Designed to perform tasks or services on behalf of an individual, based on a user's input.

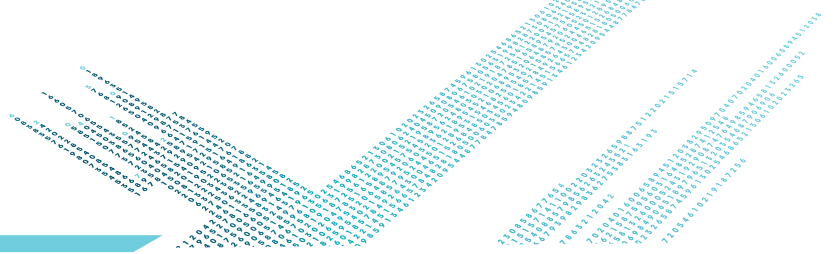
B2B

Business to Business

Big Data

A large collection of compiled data, both structured and unstructured, that is generated and transmitted from a wide variety of sources. The use of big data gives users unique insights into customers and behaviours, enabling businesses to make more informed decisions.





Blockchain

Software that first emerged as the system underpinning the first cryptocurrencies (e.g. Bitcoin), Blockchain is essentially a secure digital record of transactions maintained and updated by a network of computers, rather than a central authority.

Chat Bots

Automated programs used to conduct online chats. These bots interact with a customer, and respond based on event triggers and predefined conditions. They have replaced the need to call a company for answers to frequently asked questions or help with specific tasks.

Cloud Computing

By making the storage, retrieval and access of data and programs over the the internet possible, the cloud has revolutionised access to software systems and can even reduce capital cost for access to new systems.

Crowdfunding

Open calls to the public to raise funds for a specific project. Examples of crowdfunding platforms include GoFundMe, FundMeTnT, Kickstarter and M-Changa.

Cryptocurrency

A privately issued digital or virtual currency, which uses cryptography for security and verification of transactions. Many cryptocurrencies are decentralised systems based on blockchain technology; a distributed ledger enforced by a disparate network of computers. Cryptocurrency is not issued by any central authority, theoretically rendering it immune to government interference or manipulation. Bitcoin and Ethereum are widely known examples of cryptocurrencies.

Cybersecurity

An application of technologies that aims to protect systems, data, networks and programs from cyber attacks or unauthorised exploitation, and reduce associated risks by implementing controls and processes.

Data Analytics

The process of gathering insights to generate reports and perform market analysis in order to set a clear path for improving business requirements.

Data Science

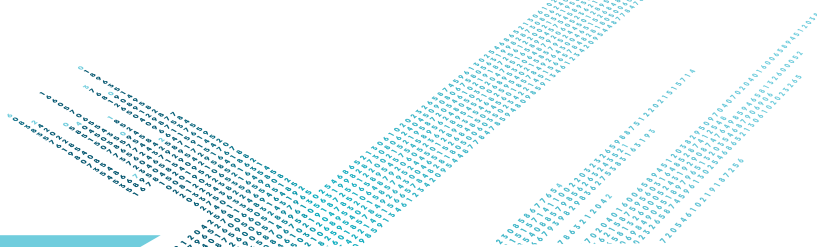
The extraction of actionable insights/clean information from raw data.

DeFi (Decentralised Finance)

In cryptocurrency or blockchain, an umbrella term for a variety of financial applications geared toward disrupting financial intermediaries.

Digital Currency

A form of currency that is available only digitally or electronically. It is also called digital money, electronic money, electronic currency, or cyber cash.



Due Diligence

The thorough examination of financial records before entering into a proposed transaction.

Encryption

Converting/ translating data into another form or code, so that only people with the 'digital key' will be able to access the information.

E-wallet

A software application which allows a user to store e-money or m-money, check balances, make and receive payments, and conduct any other permissible activity using an electronic device.

Financial Inclusion

Affords individuals and businesses access to useful and affordable financial products and services that meet their needs in a responsible and sustainable way. Great strides have been made toward financial inclusion, but close to one-third of adults – 1.7 billion – are still unbanked, according to the latest World Bank statistics.

FinTech

A portmanteau for Financial Technology. It represents technologically enabled financial innovation that could result in new business models, applications, processes, or products with an associated material effect on financial markets and institutions, and the provision of financial services.

Float

The balance of e-money, physical cash, or money in a bank account that an agent can immediately access to meet customer demands to purchase (cash in) or sell (cash out) electronic money.

GAFA

Google, Apple, Facebook, and Amazon, which are considered the four most powerful American technology companies. They are also referred to as Big Tech.

G2P

Government to Person.

IoT

Internet of Things is a name for the aggregate collection of network-enabled devices, which include 'smart' appliances like refrigerators and thermostats, home security systems, computer peripherals like webcams and printers, and wearable technology.

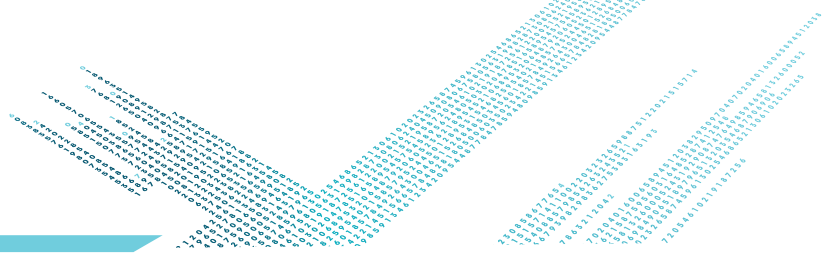
Infrastructure as a Service (IaaS)

A form of cloud computing that provides virtual sized computing resources over the internet.

InsurTech

A portmanteau of insurance and technology, it refers to the use of technological innovations designed to squeeze out savings and efficiency from the current insurance industry model. Insurtech is exploring avenues that large insurance firms have less incentive to exploit, such as offering ultra-customised policies, social insurance, and using new streams of data from internet-enabled devices to dynamically price premiums according to observed behaviour.





Interoperability

The technical or legal compatibility that enables a system or mechanism to be used in conjunction with other systems or mechanisms. For example, interoperability allows participants in different systems to conduct, clear and settle payments or financial transactions across systems, without participating in multiple systems.

KYC – Know Your Customer

The rules that institutions must follow regarding customer identity and the legality of their funds, when it comes to anti-money laundering (AML) and combating the financing of terrorism (CFT) procedures.

Lend Tech

Lending and technology – a subsection of FinTech, which focuses on providing online credit services by matching creditors and borrowers.

Machine Learning

The study of computer algorithms that improve automatically through experience.

Mobile Banking

Accessing a bank account via a mobile phone to initiate transactions.

Mobile Money

An electronic wallet service that stores funds in a secure electronic account, linked to a mobile phone number. In some cases, the mobile money number will be the same as the phone number, but not always.

Mobile Payment

A movement of value that is made from a mobile wallet, accrues to a mobile wallet, and/or is initiated using a mobile phone. Sometimes, the term mobile payment is used to describe only transfers to pay for goods or services, either at the point of sale (retail) or remotely (bill payments).

Mobile Wallet

An account that is primarily accessed using a mobile phone. It stores debit/credit card information via an app on mobile, and allows users to pay by tapping a Near Field Communication (NFC) enabled terminal or scanning a Quick Response (QR) code.

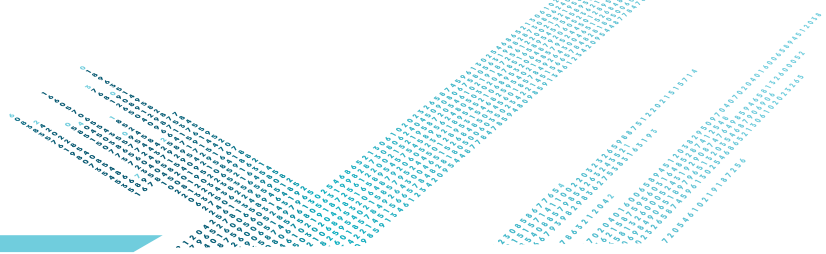
NFC – Near Field Communication

A short-range, high-frequency wireless communication technology that enables the exchange of data between devices. NFC allows for the tapping of credit cards against point of sale terminals to make a payment, or the tapping of a smartphone on a label to get product information.

Open Banking

The use of open application programming interfaces (APIs) that allow third party financial service providers open access to consumer banking transactions and financial data from banks and non-bank financial institutions.



**Payment Card Industry (PCI) Compliance**

Operational and technical standards that businesses follow to ensure that credit card data is protected and secure through transmission of card processing transactions.

Payment Card Industry Data Security Standard (PCI DSS)

A set of policies and procedures designed to secure card payment transactions.

Payment Gateway

A service provider that authorises credit card or direct payments and acts as an intermediary between payment portals, e.g. between a website and a bank.

PayTech

Focuses on the management of assets and processing of various payment transactions. Types of technology being developed for consumers to facilitate identity protection and connectivity are wearable and smart technology.

P2P

Person to Person.

P2B

Person to Business.

Peer-to-Peer Lending

The practice of lending money through the use of online services that match creditors to borrowers.

POS – Point of Sale

A retail location where payments are made for goods or services.

Quick Response (QR) Codes

A type of 2D bar code that is used to provide easy access to information through a smartphone.

RegTech

A portmanteau that stands for regulatory technology. It describes the use of technologies that may facilitate more efficient and effective delivery of regulatory requirements within the financial industry. The main functions of RegTech include regulatory monitoring, reporting, and compliance.

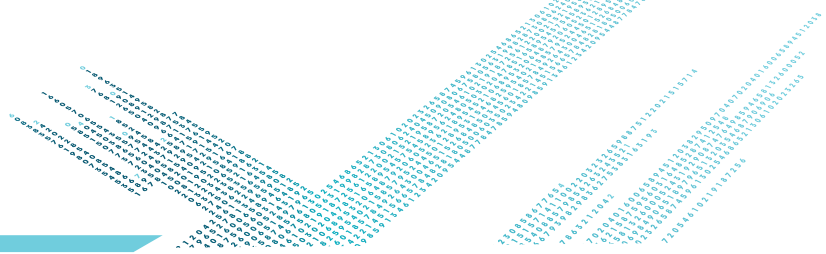
Sandbox

A controlled environment where technological financial innovations can be tested for viability under the financial regulator's oversight, to ensure adequate consumer protection and data privacy before introduction to market.

Smart Contract

A computer program-stored or transaction protocol that executes a defined series of a set of terms and conditions until the objective of the program is fulfilled.





Software as A Service (SaaS)

A method of software delivery that allows data to be accessed from any device by use of the internet.

Tokenisation

The method of replacing sensitive data with unique identification symbols, phrases or words, referred to as tokens. This process retains sensitive information without compromising the security of the data and can be used to enhance e-commerce transaction security.

Trade Tech

Short for trade and technology, this particular area is used to facilitate and support cross-border trading by using information technology (IT) systems within the supply chain and asset distribution platforms.

Unbanked

Individuals who do not have a bank account or transaction account at a formal financial institution. FinTech providers have focused on this segment of the market, making it simpler and easier to do financial transactions, usually using mobile solutions.

Underbanked

Individuals who may have access to a basic transaction account offered by a formal financial institution, but still have financial needs that are unmet or not appropriately met. For example, they may not be able to send money safely or affordably.

Virtual Currency

A type of unregulated digital currency that is only available in electronic form. It is stored and transacted only through designated software, mobile or computer applications, or through dedicated digital wallets, and the transactions occur over the internet through secure, dedicated networks. Virtual currency is considered to be a subset of the digital currency group, which also includes cryptocurrencies existing within the blockchain network.

Wealth Tech

Short for Wealth and Technology, this is one of the subsections of Fintech that focuses on improving and simplifying the process through which investors can manage their portfolios.

Wearable Technology

A category of hands-free electronic devices with practical uses, powered by microprocessors and enhanced with the ability to send and receive data via the internet. The most common types of wearables are smart-watches and fitness trackers. Many wearable devices allow for payment applications.

Sources: CBTT, GSMA, Financial Stability Board, World Bank, IMF, Trinidad and Tobago Chamber of Industry and Commerce, VISA, Investopedia, Deloitte



Difference between Digital, Virtual, and Crypto Currencies

Digital currency is the overall superset that includes virtual currency which, in turn, includes cryptocurrency. Compared to virtual currency, a digital currency covers a larger group, which represents monetary assets in digital form.

Digital currency can be regulated or unregulated. The former can be denominated to a sovereign currency—that is, a country's central bank can issue a digital form of its fiat currency notes.

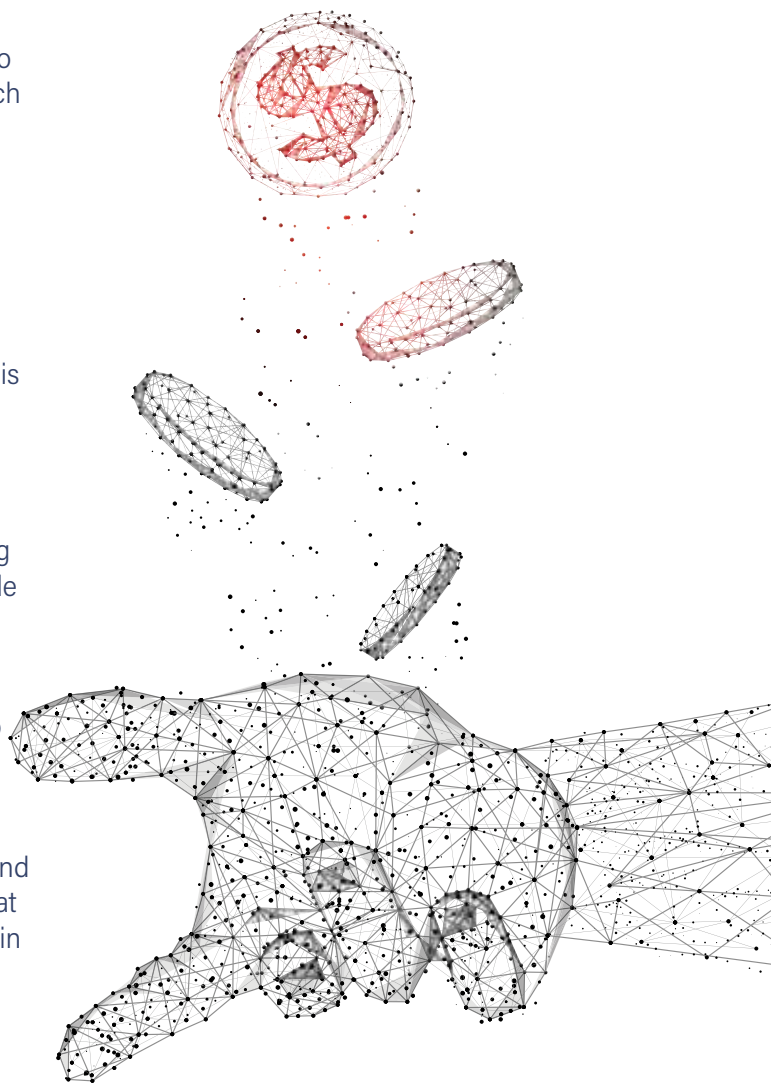
If issued by a central bank of a country in a regulated form, it is called the Central Bank Digital Currency (CBDC).

In the latter case, it qualifies as a virtual currency and may be under the control of the currency developer(s), the founding organisation, or the defined network protocol, instead of being controlled by a centralised regulator. Virtual currencies include cryptocurrencies, and coupon – or rewards-linked monetary systems.

Cryptocurrencies like bitcoin and ethereum are considered to be a part of the virtual currency group. Cryptocurrencies use cryptography technology that keeps the transactions secure and authentic, and also helps to manage and control the creation of new currency units. Such cryptocurrencies exist and are transacted over dedicated blockchain-based networks that are open to the public. Anyone can join and start transacting in cryptocurrencies.

Since they exist in a lot of variants, digital currencies can be considered a superset of virtual currencies and cryptocurrencies. Moreover, because cryptocurrencies are unregulated, they are also considered to be virtual currencies.

Both virtual currencies and cryptocurrencies are considered forms of digital currencies.



Source: <https://www.investopedia.com/terms/v/virtual-currency.asp> & <https://www.investopedia.com/terms/d/digital-currency.asp>

