

Where Georgia Leads: Innovation in FinTech

By: Obinna Morton

Once upon a time in a state tucked away in the southeastern corner of the Southeast lived a vibrant fintech community. It was filled with startups, investors, tech talent and corporations. Seventy percent of all global payment transactions passed through this state, also home to nearly 100 fintech companies small and large.

The state, no doubt, is Georgia. The story is not imagined, but real. Quiet as it's been kept, Georgia is a fintech powerhouse. It is a culture bent on innovation and collaboration that has propelled Georgia to the forefront on the world stage of fintech, short for financial technology.

A Collaborative Community



Groundfloor Team PHOTO: Groundfloor

One of the benefits to being a fintech company in Georgia is the ability to exchange ideas throughout an ecosystem that includes large companies such as TSYS, Worldpay, and First Data, and startups from seed to late-stage like Kabbage, Groundfloor, and Quins.

Groundfloor founder and CEO Brian Dally gained valuable advice from founders of the lending platform Kabbage. "The founders of Kabbage have been very helpful in giving time to share their experiences—we're facing challenges they faced successfully four years ago," he said.

TSYS is a leading payment solutions company headquartered in Columbus. Through TSYS Developers, the company makes proprietary products available to developers and partners. TSYS also responded to the need for more efficiency through the creation of the Digital Technology Center, a collaborative workspace for its tech team.

"One of the benefits to payment companies either started in Georgia or with a headquarters in Georgia—Worldpay, venture firms like TTV Capital, and TSYS—is that all really offer a close community of expertise," said Scott Carter, Group Executive of Digital Innovation at TSYS.

Initiatives

Georgia's 21st century fintech boon can be traced back to 1987, when state legislation removed caps on credit card interest rates and annual fees. In 2011, Secretary of State Brian Kemp also introduced the Invest Georgia Exemption, allowing companies to raise up to \$5 million from Georgia investors.

The innovative legislation of the Invest Georgia Exemption influenced Groundfloor to relocate from North Carolina to Atlanta in 2014 to pilot its initial product offering.

"When we made the move, Georgia was one of two states with equity crowdfunding laws on the books, and we wanted to use this law to pilot our product. Without this law, we would have had to spend hundreds of thousands in legal and audit fees just to get started," said Dally.

The Fintech Program at the tech incubator ATDC is another initiative to build Georgia's fintech ecosystem. Started in 2015 from a \$1 million gift from Worldpay, the program aims to innovate and attract top talent to Georgia's fintech industry.

The program is led by Jeff Gapusan, FinTech Catalyst, whose leadership is inspired by more than 15 years in finance and management experience with the founding team at an Atlanta-based early-stage fintech startup.

Through 5Cs—coaching, curriculum, connections, commons, and a sense of community—he coaches close to 40 early-stage fintech companies and almost 250 aspiring fintech entrepreneurs to ideate



ATDC Co/Innovation PHOTO: Atlanta Technology Development Center (ATDC)

"They get to understand that they're not in it alone, and they can talk to people going through these experiences and perhaps learn from them to execute more efficiently," said Gapusan.

Additionally, the Metro Atlanta Chamber of Commerce, Technology Association of Georgia and American Transaction Processors Coalition formed Fintech Atlanta, which aims to establish Atlanta as the capital of fintech, and promote the growth of the sector throughout Atlanta and Georgia.

"The reason behind Fintech Atlanta was to better position the industry globally as not just one of payment processing. We're so much more than that—markets, working capital, insurance, affinity programs. We want to understand where we stand in relation to the country and the rest of the world," said Grant Wainscott, Senior Director of Technology Ecosystem Expansion for the Metro Atlanta Chamber of Commerce.

Venture Capital: TTV Capital

TTV Capital is an Atlanta-based firm that invests in fintech startups primarily in the United States. It has invested in a total of 51 companies—28 active—such as Cardlytics, Greendot and Bills.com.

"It's in the DNA of the firm," said Partner Sean Banks. "Our partners have had extensive fintech experience as operators. Beyond that there's gigantic opportunity for innovation in financial services, probably the largest global GDP category out there."

Like Gapusan, Banks also brings previous startup experience to his role at TTV Capital. He previously served as Vice President of Finance and General Counsel at an Atlanta-based tech startup.



Sean Banks and Gardner Gerard PHOTO: Justin Voss

"When I talk to entrepreneurs and innovators, I can relate to experiences they're going through on a day to day basis, not just because I look at business plans all day, but because I have been in a startup working to grow the business while ensuring we make payroll every time," he said.

Challenges and Trends

Atlanta is growing into its own beauty, no longer the teen that once compared itself to The Valley. "I think the common misconception is that all innovation in finance or financial technology happens on the West Coast or in the Northeast. The fintech industry in Georgia has focused on educating the worlds of finance and fintech about our strengths and how they contribute to the industry's successes," said Gapusan.

Raising capital can also be a challenge, said Grant Wainscott.

Despite these challenges, Georgia is rising to the occasion. One trend is the continued proliferation of home-grown tech talent from schools such as Georgia Tech, whose College of Engineering programs rank nationally in the Top 10 in the U.S. News and World Report. "Georgia Tech is filled with hungry talent eager to work—Georgia companies need to take advantage of that," said Scott Carter.

The story of Georgia's innovation in fintech isn't a fairy tale, but the collaborative narrative of startups, established companies, government, and investors as they nurture strengths and overcome challenges will be the lasting legacy that Georgia leaves, and the tech story it tells. 🚀



Obinna Morton is the Owner of Turns of Phrase (www.turnsofphrase.com) and uses content to tell the stories of businesses and individuals to connect with the people on the other side, their customers.