



## Brim Financial gears up for North American growth with Mastercard partnership

Toronto fintech bets on ‘platform as a service’ to win ‘clients’ credit card business

By Leah Golob

It’s been a rough year for Canada’s fintech sector. Startups have struggled to raise capital, preserve their valuations and keep staff on the payroll. But for Rasha Katabi, the tech downturn has been an opportunity for her company to show its mettle—and position itself for expansion south of the border.

On Wednesday, Brim Financial—the Toronto-based company Katabi co-founded and leads as CEO—announced a partnership with Mastercard to help U.S. financial institutions and fintechs roll out credit card programs using Brim’s platform-as-a-service.

### Talking Points

- Toronto-based fintech Brim has entered a partnership with Mastercard to roll out credit card programs for U.S. financial institutions and fintechs.
- Brim is unique in the Canadian fintech space because it’s licensed as a credit card issuer and provides partners, such as Canadian Western Bank and Laurentian Bank, a “platform-as-a-service” through which they can manage their credit card business.

It’s a term Brim uses to describe the technology that lets its clients issue personal and business credit cards and streamline running a credit card business.

Brim will also incorporate Mastercard’s open banking capabilities so that consumers can proactively share data to help open accounts faster.

“U.S. companies are looking to provide their customers with a more seamless payment experience, while minimizing the resource challenges that come with relying on legacy providers or building and maintaining advanced technology in-house,” Katabi told *The Logic* Wednesday, adding that the partnership will also “immediately accelerate Brim’s exposure and growth in the U.S. market.”

Brim provides its platform-as-a-service to clients including Air France, Montreal-based Laurentian Bank, Edmonton-based



Sarah Palmer for The Logic

Canadian Western Bank, and most recently, Saskatoon-based Affinity Credit Union. It also offers its own personal credit cards to consumers.

It has been laying the groundwork for expansion to the U.S., where it has yet-to-be-announced partnerships coming down the pipeline with a community bank with US\$5.5 billion in assets and a regional bank with US\$70 billion in assets. The company employs roughly 120 employees in the U.S. and Canada, and is actively hiring.

Katabi, who spent 20 years in capital markets, officially launched Brim in late 2016 with co-founder Marcius Bansavatar, another finance veteran. (Bansavatar left his full-time position with the company in 2018 to found another Toronto-based fintech, Savvii Group.) As the former managing director and group head of the cross-asset structured solutions group at Merrill Lynch, Katabi was already armed with extensive experience launching financial products.

Brim is unusual among Canadian fintechs because most of its

peers turn to sponsor banks to issue cards, which are often prepaid. Neo Financial, for instance, issues its Hudson's Bay Mastercard with ATB Financial. Prepaid cards—which the likes of Koho, Mogo and Wealtheasy offer—are more common for fintechs because they're much less complex to facilitate and have a lower risk ratio than credit cards, said Michelle Beyo, CEO and founder of Finavator, a strategic consultancy focused on the fintech and payments space.

If consumers are struggling to keep up with bills, they'll typically default on credit cards first, she said. Since prepaid cards rely on consumers putting up the funds they'll later spend, they don't require the same level of collateral as credit cards to start.

Brim's relationship with Mastercard goes back years. It's been able to build its platform because Mastercard licensed it as a credit card issuer in late 2016, an elaborate process that took over 18 months due to audits and due-diligence processes, Katabi said.

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**P**rivately-held Brim last raised money in March 2021, when it closed a \$25-million Series B deal led by Epic Ventures and Desjardins Group. Since then, Katabi said, Brim's annual rate of return has increased more than tenfold, though she declined to disclose specific numbers. The company earned a spot last month on Deloitte's Technology Fast 50 list, which celebrates Canada's leading technology companies, for growing its revenue by 1,028 per cent from 2019 to 2022.

Deal value in Canadian fintech plummeted to \$400 million in the first half of 2023, and it's been on a steady decline since soaring to \$3.6 billion in 2021, according to data provided by PitchBook. Speaking to the company's growth during economic volatility, Katabi said, "a good tide raises all ships. In a challenging environment like the environment we're in now, this is where you can really differentiate strong companies from not so strong companies.

Christian Lassonde, founder and managing partner of Impression Ventures and a member of Brim's board, said his venture capital firm invested in Brim's seed round around late 2016 because he believed the fintech had an opportunity to offer consumers a better credit card while making a reasonable

amount of revenue and profit.

"What we did not anticipate back when we made the investment was that the demand for [Brim's platform-as-a-service] would become even more interesting than the actual credit card business itself."

That platform includes underwriting systems that issue credit cards, approve transactions and provide fraud detection, Katabi said. It gives branch staff at its banking partners tools to onboard new clients, support existing clients and cross-sell. The operations team, meanwhile, can access data reporting. The platform also gives Brim's banking partners a consumer-facing website, a rewards platform and a real-time call-centre interface to help agents serve customers, she said.

Lassonde described it as taking separate systems and creating a "system-in-one" for banks, credit unions and anyone else looking to offer credit cards.

Laurentian Bank declined *The Logic's* request for comment, but speaking at the CIBC Western Institutional Investor Conference in January 2022, the bank's then-CEO Rania Llewellyn said its partnership with Brim meant it needed to work with only one vendor instead of five to issue and manage credit cards. Laurentian also eliminated 90 per cent of the work it had to do manually to support its Visa products, she said.

Llewellyn also said it would no longer take up to 25 days to issue a credit card. "With the Brim platform, it will be immediate adjudication," she said at the conference. "You'll get your virtual card and you'll be able to transact immediately. That's a huge improvement in terms of the customer journey from a digital perspective as well as a time-to-yes."

Brim's platform-as-a-service has been "critical" to Brim's success, Katabi said. "Financial products don't exist by themselves. They're always within a business platform and a business ecosystem."

For fintechs, weaving a product into another organization's ecosystem is one of the biggest challenges, she said. "The old configuration in this space is that you brought in various partners to do various pieces and the entire experience and business operation and data is fractured, and therefore very suboptimal."

"No other company offers the capabilities that we do," Katabi said. "The Mastercard partnership is proof that there is incredible demand for our valuable platform in the market."