

## PITCHIT FINTECH STARTUPS PODCAST NO. 2– BILLIE SIMMONS

Welcome to PitchIt, the Fintech Startups Podcast, one founder, one startup, one investor at a time. I'm your host, Todd Anderson, Chief Product Officer, LendIt Fintech.

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**Todd Anderson:** On today's episode, we talk with Billie Simmons, Co-Founder of Daylight. Daylight's a neobank focused on the LGBT+ community and so when thinking about the power of fintech and the tools that have been created, we can't help but think communities that have been left behind by traditional banks. That's the problem Daylight's looking to solve for the LGBT+ community. I had a lot of fun during the conversation and I hope you enjoy the show.

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Welcome to the podcast, Billie, how are you?

**Billie Simmons:** I'm good, thank you. How are you?

**Todd:** I'm well. So, I'd like to kick off the podcast with just a bit of background on you professionally and, you know, kind of got to where you are and then we'll jump into your founder story. So, tell the audience a little bit about yourself.

**Billie:** Sure. My name is Billie Simmons, I'm the Co-Founder of Daylight, the first digital banking platform designed for and by the LGBT community. My background is really in the fintech and early stage startup land. I've worked at VCs, at incubators, various early stage fintech startups really in a very broad range of roles, really considered myself a generalist, I've done software engineering, I've done marketing, I've done a bit of everything and, you know, I sort of have really enjoyed working for other people.

About two years ago now, I started to take the leap into building something for myself which was at first an app to help trans and non-binary people access safe spaces that kind of yelp for safe spaces and, yeah, taught me a lot, taught me lot about how hard it is to start companies and, you know, the importance of engaging authentically with the LGBT community and just in general about building for the LGBT community. Through some of those activities, met my Co-Founder on stage at Google, Rob Curtis, and together we joined up about six months later and started what is now Daylight.

**Todd:** Was there one specific thing that in terms of...you know, you mentioned building something for yourself, was there something that you thought, alright, a digital bank is what we need to do versus maybe another project. I mean, you mentioned the safe spaces app, why a digital bank, did you think that was the way to go and kind of where did you come up with the idea.

**Billie:** I definitely can't take credit for the idea. You know, firstly, there's been a number of iterations on the idea of an LGBT bank. This one came about from a venture studio in Europe, who kind of wanted to put together some people to work on this idea. They brought in Rob, Rob brought in me and I think together, the two of us, really started to shape it in the direction that is now...you know, I think the danger with building anything for a specific community can be ...that it just becomes like a marketing, an acquisition play, that it's like, you know, every other bank, but instead, there's a rainbow on it.

I think that was something that was really important for us when we were kind of going through this process and talking to the LGBT community and really getting to the root of what makes LGBT money unique, what are the pain points, how can we solve them. There are a number of things that we can do when we're kind of building a neobank from the ground up, from an infrastructure perspective. From kind of, you know, some of the bolt-ons, some of the ways that we approach things like education and community. So, yeah, I mean, you know, for me the light bulb moment was the way that....you know, I first got involved was Rob, just asked to pick my brain about my experiences as a trans-woman, like as a consumer of financial products.

I ended up speaking for about three hours about it because as I was going through my experiences just realized that I was so much wrong with how I've been treated and the various systems that I had to navigate in order to just self-actualize in order to just, you know, live my life and to access normal financial products. And then the more we delved, the more we talked to potential customers, the more we realized like, wow, we're on to something huge here and there's, you know, a big problem that's not being solved.

**Todd:** Can you talk a little bit about some of those issues in traditional banking that, you know, you, your experience and that traditional banks essentially are not serving this community well.

**Billie:** You know, when I think about this problem it kind of splits up into a couple of parts. So, firstly, you have this kind of scary idea of systemic discrimination. So, LGBT couples are 73% more likely to be denied a mortgage compared to non-LGBT couples with the same financial background, we have higher level of student debts, we are less prepared for retirement, we have lower levels of financial literacy so it's kind of all of these sort of being kind of unwieldy problems that we kind of face.

There's also just the fact that it costs more money to be LGBT. So, the average cost of having a child for an LGBT couple is \$55,000 versus, you know, usually free for non-LGBT couples. And, you know, transitions for trans and non-binary people can cost up to \$100,000 so there's a huge lump sums of money that are needed that most people not in this community don't need to come up with and they were already kind of on the back foot of all of these systemic discrimination.

And then, I think kind of the third part of it for me is that the systems just weren't designed for us, in the first place. So, when I was kind of talking about my experiences, you know, updating my name legally and having to go through multiple stages and hundreds of dollars and hours and hours of my time just to get a debit card with my name on it. And, I still get an email every month from my bank that uses my dead-name, just the name I used before I transitioned, and there's no way to change that because in

that infrastructure ways haven't been built in a way to do that. So, those are the kind of big...like sort of three things that we think about when we think about the kind of key pain points and what we can do to solve them.

**Todd:** Yeah. I mean, even hearing you describe it, most financial products I see when I either watch TV or get the mail, it talks about, you know, the car and your house as your two biggest financial purchases and, obviously, not taking into consideration this community who have these other issues going on. Like you just said, the \$55,000 for having a kid or for transitioning clearly is not being served in the traditional...your financial services ecosystem.

You mentioned one thing in there about the debit card and changing it on your website, you make a point to mention and now we'll get into a little bit more about what Daylight offers, Visa branded cards in your preferred name even if it doesn't match your legal ID, just curious how that kind of works and what kind of issues potentially come up with that. I mean, as we are in a lockdown or Corona virus today, touchless and contactless payments are becoming more and more of the norm, but in thinking through that, you know, does that bring up other issues if someone is asked to show an ID for a purchase and how does that work.

**Billie:** So, you know, that is the main question that we get and that we got when we first started this process. And so, we did a huge audit with FINTRAIL and really took a look at the landscape and to see if allowing trans and non-binary people to have their chosen name or preferred name on their card would actually increase the risk of fraud and we found no reason to believe that that was the case. The reason for that is when you're on-boarding, you still have to put your legal identity through KYC, you're still background checked in the way that you sign up with the banks.

All it really does is allow, you know, this community the dignity of being recognized and not having to use, you know, publicly a name that they no longer identify with. Again, when we started working with Visa, they actually took a look at their internal regulatory compliance rules and found that actually they have never required legal names to be on cards. It is actually just because we all presume that that is the rule, that that has been kind of the rule that we adhere to and so, you know, a Visa card that takes a PIN, it would be very hard to spoof this or use it for fraud.

I'm sure at some point, like every financial product, someone will try to, but, you know, we really just see it as allowing trans and non-binary people the dignity of living their lives without compromise. Yeah, you know, I think even beyond that there are a couple of similar products in the market from depositors that do a similar thing, but where they kind of get it wrong is it's a very minor change, right.

So, in other products you can get a name on your card, but nowhere else so still when you log-in or when you see a correspondence, you're dead-named. What we have built is a system that takes your legal name one time when you sign up and you never have to see it again, if you don't want to and then from then on, you are referred to in all correspondence, on the app, in your account statements, by your chosen name. And so, you know, really this is about empathy, this is about understanding and building something that takes into account our unique needs and builds for them.

**Todd:** Yeah. You've mentioned that a couple of times here, it's obviously on your website a fair amount which is community. How important is that aspect, you know, as you're building Daylight not only in, you know, who you guys are. In talking with you a little bit before, you talked about your Savings Goal feature and how that encourages community interaction so how important is that as you're building this company and building obviously a community that feels as if this product speaks to them.

**Billie:** It's usually important, right, like the LGBT community is an incredibly resilient and organized and a supportive community as it stands. So, I think really when we set about building Daylight, we took inspiration from existing structures in the LGBT community. You know, we have a long history of mutual aid and financial support as well as mentorship and advice sharing and information sharing, but a lot of these systems are hyper localized, you know, difficult to access. You need to know certain people in certain communities in your physical area to actually access some of the support so, you know, asking ourselves the question, what happens if we take all these, amazing traditions and bring them into one place in the app and make it easier to do.

So, you have a community tab for people can ask questions, share advice, you can book time with LGBT financial coaches, but the feature that I'm super excited about, and that just came out with the launch of our beta in the middle of March, is the ability to start Savings Goals, share them with the community and cheer each other on. You know, you're more likely to hold up a good saving habit if you have support from other people and if you're held accountable to other people, but even beyond that, you know, GoFundMe is the number one funder of trans surgeries in the US. So, what would it look like if we took that model, brought it into your banking platform and gave you the ability to, you know, fund raise for your transitions and for these things that cost a lot of money and allows your community to donate to you in the app.

**Todd:** I just think it's so interesting what, you know, you guys are building and how you're doing it. I mean, some of the stuff seems simple, you know, from my point of view. Obviously, I'm not in the community, but it just seems as if it's about respect, it's just being about, you know, who this person say there are and that's what they want to be and just respecting them for that. Clearly, traditional financial services, you know, they're bad at many, many things, but, you know, certainly understanding their customer the way they want to be understood is probably their biggest downfall, just generally.

**Billie:** 100%. (laughs)

**Todd:** In terms of, you know, your beta, I know you said you recently launched beta, how is that going and is there anything that's kind of coming from that that you and the team are surprised about, it can be like alright, we didn't know this and so this could be something that we're potentially looking to build.

**Billie:** I mean, it's going well, it's been definitely, as I was saying to you earlier, a very hectic time. We're still a relatively small team of six so, you know, it's very much all hands on deck, but I think what has been our biggest takeaway has been the immediate connection that our customers have with us. I

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think that's something that is so incredibly special and something that I'm thinking a lot about at the moment about how do we scale this is like our customer support. People are sharing things with us that you would never ever share with like a bank, traditionally, or even customer support people, you know, sharing parts of their lives with us and it's such a privilege to be able to be trusted in that way. I really want to be able to continue to have that relationship with our customers because they know that we have their back and that we'll go out of our way to make sure that they have a wonderful time using our product and that is a really hard thing to scale.

You know, I've had many people already tell me that it's just like simply cannot be done, but I'm really going to try because, you know, I think that's the magic, right, like people telling us that opening the app feels like returning home, you know, people sharing their goals with the community. That's such a vulnerable thing to do, right, to say this is what I'm saving for, these are my goals and sharing that with a group of strangers. Immediately, these people are no longer strangers because you're sharing the most vulnerable parts of yourself with them. And so, that's really where the magic is, you know, this instant community, it's instant connection and it's instant understanding.

**Todd:** You mentioned a small team of six, I saw that you were in the Visa Fast Track Program, how crucial is that type of program for emerging startups. A lot of startups who listen to the podcast, they probably want to see like I have an idea, but I'm not sure I can get either funding for it or kind of where to take that idea, you know, how crucial are programs like the Fast Track to help you get off the ground and kind of see where, you know, you could take the company that you have and kind of conceptualized in your head?

**Billie:** I mean, Visa has been like hugely and incredibly helpful. I actually don't know that we would have gotten the traction that we have without their support, you know, purely because having a company the size of Visa stand beside our launch and say, we agree that trans and non-binary people should have whatever name they want on their cards lends an incredible amount of weight to that statement and you know beyond that their so ope, they have an hrc score of 100 which means, you know, (inaudible) estimations, they are....if I walk them in place with the own and term culture for the LGBT community, but I think in partnering with us there was an acknowledgment that maybe they haven't done as much as they could do for the LGBT community externally.

They really just said, okay, what do you want us to support. I'm not sure when this episode will come out, but over the next couple of months you're going to be seeing a number of huge projects that Visa are supporting alongside of us; advocacy campaigns, research campaigns, marketing campaigns, you name it. They've really, you know, put their money where their mouth is and done everything they can to support us. And it does seem like that is not just because we're an LGBT startup and they want to do that, it does seem like, you know, other startups that I've spoken to on the program have a similar relationship. For a large corporation, they are incredibly agile and keen to build things and to move fast.

**Todd:** Yeah. I mean, we host a Latin American events and Visa did a....you know, the finals of a startup competition there and you hear similar things from a lot of the companies that are in it. You know, it's refreshing for a company of their size in financial services to be able to be as nimble as they are.

**Billie:** Yeah.

**Todd:** I wanted to shift a little bit about, you know, just you and managing your time, the team. You mentioned it's a hectic time with beta launch, how do you stay grounded, the team stay grounded. Obviously, we're still in the pandemic, it's not like we can all just get together very easily, you know, how does that work in terms of prioritization with the team and just making sure you're connected as you're building this company through, hopefully, the pandemic, but that's going to be over soon.

**Billie:** Yeah. I mean, so we started this company in the pandemic so we are almost a remote pandemic, by design, company and so that's really challenged us to create connection opportunities and to create a culture that can exist online. You know, I think I feel incredibly blessed to have the team that we do have working on this, every single person is an absolute superstar, everyone is from the LGBT community although tomorrow, not tomorrow, Monday, we do actually hire our first person not officially part of the community, but their children are part of the community so there's still a deep connection there. But, you know, we have a very strong sense of culture, that partially comes because we're all from the same LGBT community, right, like there are certain cultural references and understandings that transcend location, that transcend age range and that kind of thing. We've also recently started to just lean into that as well.

A couple of weeks ago, we had a drag queen come and teach us how to make cup cakes and so we all got sent cupcake ingredients, walk us through and it was the most fun I've ever had like on a Zoom call, I have to say. You know, it was the most engaged I've had, almost engaged time that I've had and I think also we're starting to think about the way that can translate into some external events because there was some magic there, for sure. Like what other bank do you know has drag queens teaching you financial education.

**Todd:** Zero.

**Billie:** Yeah. (laughs)

**Todd:** Definitely not. Has there been kind of anything along the way to date that you kind of regretted or said, hey, I wish we would have done that versus maybe what we've done so far and was there any point secondary to that, we thought alright, this is just not going to work and it's a bit too hard, you know, there's all these barriers in place and while we can put as much effort into it, it's just going to burn us down.

**Billie:** I think with the first question, the main thing that I wish we'd done sooner in just lean-in to our queerness. I think, Rob and I especially, but to some degree everyone on the team. You know, we've got to where we are in our careers because we played down that aspect of our identity, you know, the idea of assimilation is not new, it's something that almost everyone that represent the demographic has to deal with in some way. You know, suddenly, I have been at jobs that I have not disclosed I am trans to anyone for fear that it will cause discrimination or just make people not like me as much, frankly.

That's something that I've left far behind me, but, you know, there is still an element of playing down this aspect of my identity and the unique perspectives that it gives me in order to make myself compatible to non-LGBT people. And, I think that drag queen teaching us cupcakes really was the moment when we were like we could do more of this, like we have to be more queer, more ourselves and let that fit into our app, let that fit into the way that we engage with customers, you know, the way that we run everything because that's really where the magic is.

**Todd:** And it comes off as genuine to your community when you're leaning into it, you're not afraid to do stuff like that.

**Billie:** Yeah, exactly. You know, with the second question, tenacity is really like the core of everything we do. We say no problem too small for us, whether that's engaging with large corporates and really pushing them to change that internal systems to make them more inclusive. I'm in conversations with a number of the credit bureaus to, you know, improve their products for the trans and non-binary community, in particular.

These are really difficult problems and, you know, risk is the number one thing on most people's minds when we talk to them in the financial services industry. And, yeah, I refuse to accept defeat in any of these areas so I don't think, so far, there's anything that I've decided to bail on because we've had a lot of success thus far, I will say. You know, people have finally realized that being inclusive is a competitive advantage so they are open. You know, a lot of corporates lack direction about how to be more inclusive so we're able to come in and kind of direct it, there's a lot of appetite for that. So, it's actually been a pretty nice requirement for that kind of behavior.

**Todd:** I feel like the number one go to for large corporates is we have a pile of money, kind of put it out there and that will kind of take care of our image, so to speak, instead of, you know, maybe bringing in a Daylight or another organization that can actually teach them how to change the way they operate.

**Billie:** Exactly. I mean, you know, I'm in a number of LGBT professional groups and number complaint that I hear constantly is, my health insurance does not cover the surgeries that I need to get in order to transition or I've updated my name, but HR won't update it in their systems. You know, there are a ton of just systemic issues within the companies that go way beyond just, you know, having LGBT employee resource groups and throwing some money at pride.

People actually want to see concrete change and adjustments made for that for their needs and often it takes someone like us to kind of speak up for most people's behalves because those employees are not empowered to sort of ring the bell about these things.

**Todd:** You mentioned something in there about the HR thing, I'm curious.....is there actually any policy against making these changes or is it just hey, it's just kind of not what we do.

**Billie:** Yeah. I mean, as far as I understand there's no reason that they can't adopt a very similar policy, for example, that we have the we have with the cards that you want to be referred to by this name, but your legal name is, you know, something else. I mean, even, you know, we us JustWork and not to put them in a spot here, but they collect the employees' sex and they only give you female and male as your two options and that's completely just wiping out all inter-sex people from a genetic level, you know, in those binary categories.

But, I'm also not sure why they're collecting that data, I could be wrong, there might be a reason to collect it, but as far as I understand, there is no reason that they need to have the data on file, but sometimes it's just what is collected. Because that's how we've done things for decades, sometimes it takes someone to unashamedly stand up and say, hey, why are you asking this question and often employees don't feel they're able to do that because they don't want to get repercussions and they don't want to be the martyr of the company.

**Todd:** Yeah, that's true. You know, kind of looking a bit more broadly at the fintech market, you mentioned that there were other companies doing similar things. Now, clearly, I think there's a neobank that's launching pretty much every week, how do you ensure that, you know, with the constant competition, so much money being poured into some of these companies that you're not left behind and is it...you know, some of the stuff you've been saying all along which is community and staying true to who you guys are, but sometimes it's hard to compete when someone's got a bank of \$50 Million, the VCs or some of the biggest names, you know, in the market.

**Billie:** Yeah. I mean, you know, we do not intend to go head-to-head with Chime, for example. We're likely to never be able to match them toe-to-toe as they grow in terms of banking features, but, you know, one thing they will never build is a community that allows people to share their goals and share advice on how to adopt in a state where adoption is illegal for LGBT couples. And so, it really does come down to community and to the specificity of our product.

I'm sure someone could and there have been kind of attempts to do similar things with the LGBT community, but I think short of just literally copying us, which may actually still not work because we've been in the market since December. We're engaging with our community in really authentic ways, we're a team of LGBT millennials building for LGBT millennials. I believe that 100% when I say there is no one out there that can build what we are building better than us.

**Todd:** I mean, it's kind of a compliment when someone tries to build something after you (Billie laughs), copy it because in their minds, you know, something that you're doing is right. They themselves are trying to capitalize on it, but they probably can't succeed from the original idea comparatively.

**Billie:** And I think there's a lot of skepticism about the neobank model working still.

**Todd:** Yeah.

**Billie:** And so, you know, there is a certain level of fearlessness that requires to start one at this point. You know, despite the fact that there is....because I agree, there's one popping up almost every week at the moment, but it is still an incredibly hard thing to do, it's an incredibly hard thing to make profitable, it's incredibly hard to differentiate yourself, especially with the legs up that Current and Chime have. And so, I think you really have to be building for a community like us that has really specific and unique needs that we just know no other neobank is going to be building for.

**Todd:** In terms of, you know, potentially raising money or at least talking to investors, has there been an appetite for it, has there been, you know, some of the old school, you know, this is just not something we'll fund, have you run into it, some of that type of, you know, discrimination when potentially talking to investors and maybe looking to raise money. I'm not sure if you're actively raising money, but, just kind of curious how that environment is for a company like Daylight.

**Billie:** It's definitely interesting. You know, I think that the VC industry is one that is not always the most open-minded industry, especially for one that refers to itself as kind of innovative and forward looking, I think often the actual reality is very, very different, I would say it's really a mixed bag. You know, some of our biggest champions and supporters are not from the LGBT community, but they might have some kind of connection to it or they might just understand the importance of it, you know.

We have a Daylight Allies Channel in our slack, there we have various people who want to support us and, you know, help us out with various bits and pieces. You know, LGBT entrepreneurs are less likely to raise funding and we're also less likely to feel comfortable coming out, you know, to potential investors for fear of not getting funding, that is not really an option for us. Being open about our identities and sharing our stories is an important part of the Daylight story, who's to say really, I can't say for sure that being LGBT has impacted.

I will say that, by and large, we have avoided any overt discrimination. We did have one person who had said that helping the LGBT community was just not a priority for him which was just a little interesting to be that overt about your disinterest, but aside from that, you know, I think ....I guess the only other thing I would say is that there is a misconception that we are a small community. There are 30 million LGBT people in the US, that is as many people as there are citizens in Australia and we have a trillion dollars spending power.

**Todd:** Ten percent of the US population.

**Billie:** Yeah. And it's growing significantly, you know, I think the latest polls with Generation Z estimate about a third of Gen Z identify as LGBT. You know, partially this is because of social changes, because it is more acceptable to be out about being LGBT, but, you know, we're a huge community, but we're often an invisible community. So, honestly, the biggest piece of feedback that we got was TAM that they think it's too small, we know otherwise. We know that beyond the size of the market there is also.....you know, we will have a very genuine, authentic connection with our customers and we are able to really increase the lifetime value of that customer as a result, but....you know, I am a positive person and I would say overall, it's been a fine experience.

**Todd:** We're almost out of time, but I wanted to end with a little bit of fun. What is your favorite book and what was the last book that you read?

**Billie:** So, my favorite book, well, I have a favorite series.

**Todd:** That counts, that counts.

**Billie:** I love sci-fi so it's usually a trilogy, it's the Xenogenesis series by Octavia Butler, pretty much helped me understand my own gender as it has aliens who have like a concept to their third gender, it's just an incredible sci-fi series as well. The last book I read I think actually was Secrets of Sand Hill Road, I'm vaguely ashamed to say, which is such a cliched book for any founder to be reading, but someone recommended it to me and I decided to give it a read, but it's very interesting, very interesting story. I truly haven't had a lot of time to read books recently so.....

**Todd:** Yeah, I would expect that recently. (laughs) Do you have a favorite sport or sports team that you root for?

**Billie:** I wouldn't say I do, I've never connected with sports, I'm afraid. I quite enjoy watching sports live like a good basketball game or like ice hockey.

**Todd:** Like going in person to those?

**Billie:** Yes, like going in person. I was born in Pittsburgh so I'll say the Pittsburgh Penguins for ice hockey, there you go.

**Todd:** Biggest inspiration in life.

**Billie:** It's cliché, but I have to say my mother. She really taught me what being a successful woman looks like, she is a Professor of Epidemiology over in the UK, she raised three children practically by herself and I would like to thank her very well and I'm incredibly blessed to have been raised by someone like her.

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**Todd:** Well, Billie, it was a fantastic discussion I think you guys are building something truly unique at Daylight so I appreciate your taking a few minutes out of your day. This episode will air in a couple of weeks so look out for it. Billie Simmons of Daylight, thank you for joining me.

**Billie:** Thank you for having me.

(music)

**Todd:** Community, community, community is what strikes me most about Daylight. Billie and the team are building a community within Daylight that allows for members to share and understand the financial services experience that suits them with the respect and care they deserve. That's what you hear when you hear the conversation with Billie. I couldn't help but think community when talking with her and so I think it's a real interesting mission that they're on, I wish them the best of luck. You, to the audience, thank you for joining us, I hope you enjoyed today's episode. See you next time.

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