



funding societies | modalku

Stronger SMEs, Stronger Societies

Disruptive technologies and the evolvement of banking

Kelvin Teo, co-founder

June 2019

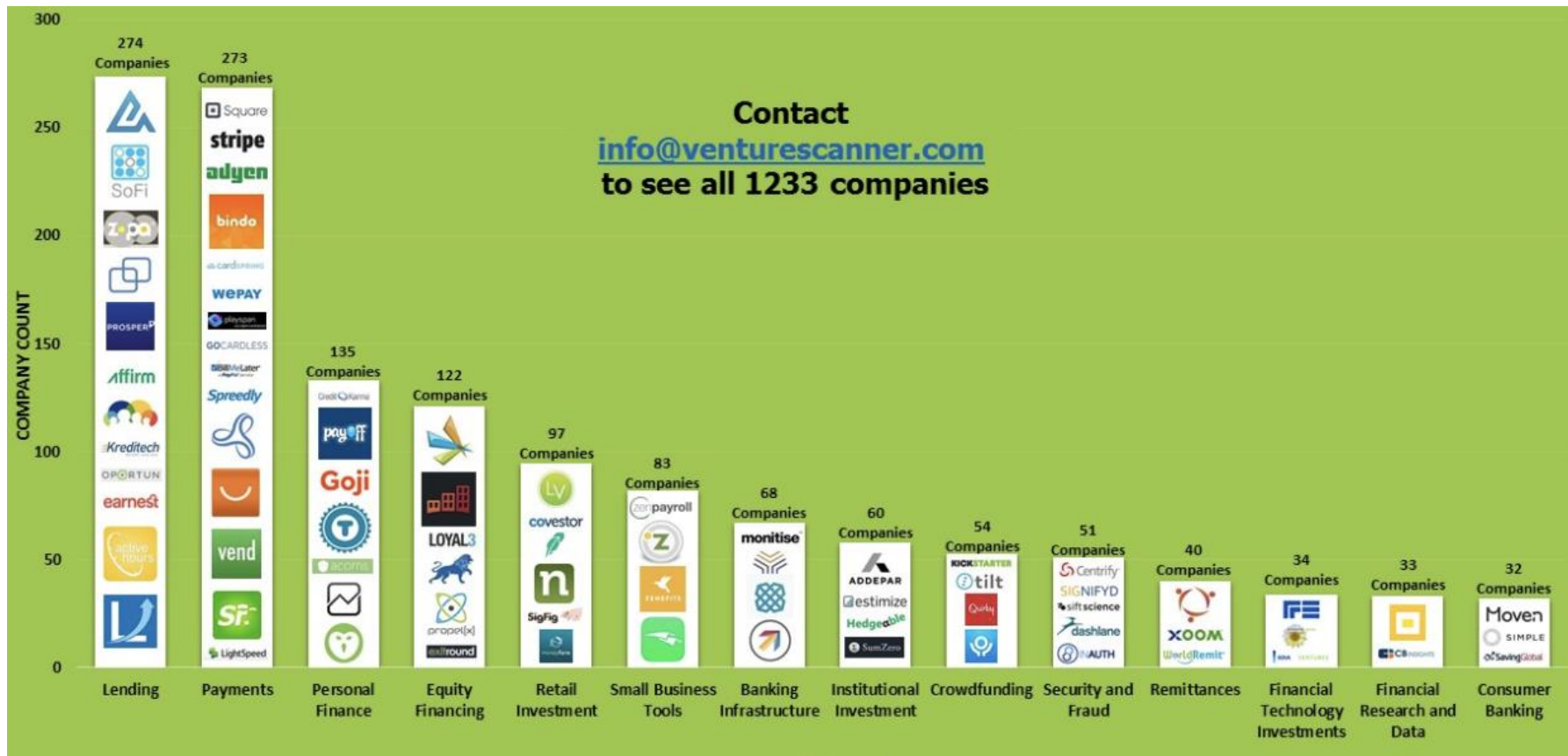


Silicon Valley is coming

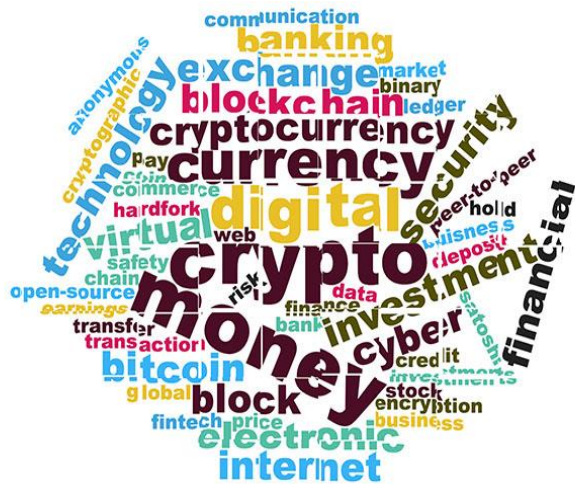
“Silicon Valley startups are coming to eat Wall Street’s lunch,”

Jamie Dimon, CEO of JP Morgan, 2015

FinTech comes in many verticals



For all the buzzwords in FinTech...



...they fall into 3 key layers



User experience



Alternative financial services



Financial infrastructure



A big part of **user experience** is mobile

New medium to reach customers

User-centric interface and service design

Historical neglect by financial institutions

Help acquire and retain customers

Core of alternative financial service is lower operating cost

FinTech versus banks

For a £1,000 transfer from the UK to the EUROZONE
TransferWise is on average **7.95x** cheaper than banks



FinTech versus FinTech

PayPal vs. **TransferWise**

SEND MONEY WITH THE REAL EXCHANGE RATE

You're sending exactly 1,000 USD

888.86 EUR

Exchange rate guaranteed: 0.8976
You could save up to: \$72.76 Fee (included): \$9.90

Compare price Get started

PayPal is more than €14 more expensive! (That's over \$16 USD)

Thanks to...
digitization and
data science

Source: TransferWise



Financial infrastructure creates the highway for new services and firms to flourish

Prerequisite of FinTech

Capital intensive, potentially unprofitable

Effective government leadership required



Conversely, **Financial institutions** have 4 core advantages

Regulation

Distribution

Capital

Data

But they will inevitably change...

Macro conditions are reducing **Regulation** and **Capital** barrier

Regulation

“I dream of a Digital India where mobile and e-Banking ensures **financial inclusion**,”

Narendra Modi, India Prime Minister

Capital

Grab's total fundraised to-date: **US\$8.8 billion**

Funds under Alibaba Yu'E Bao: **US\$ 168 billion**

Time is on the side of FinTech for new **Distribution** and **Data**

Distribution

New **financial infrastructure** enables reach to customers, especially millennials

Vietnam smartphone penetration: **84%**

Data

Our updated **personal, professional and financials lives** are all trackable and stored

Tech can be threatening

Apple revenue **\$229B**

versus

Portugal GDP **\$205B**

25 companies are bigger
than entire countries

Yet they are necessary for development

Vietnam 4th industrial revolution to
realise dream of prosperity (and
income distribution)



This is neither a static...

Incumbents can **dominate**

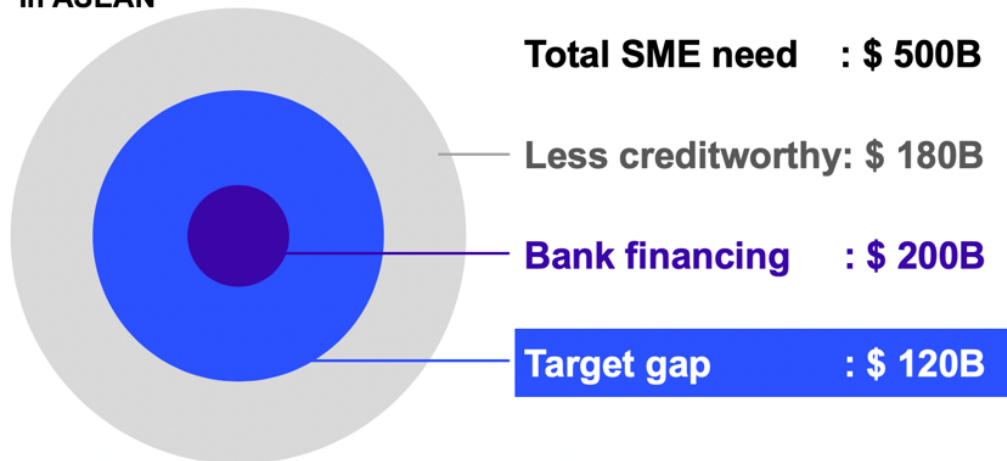
- Financial infrastructure

They can **improve** in:

- User experience
- Financial services

...nor zero-sum game, we expand the pie!

In ASEAN



“By partnering with fintech startups, banks will give their account holders the right measure of security and speed. Account holders can know that their money is safe, and they can enjoy the latest financial technology.

This is the way to become a digital bank.”

- Chris Skinner



Banks offer finance

+

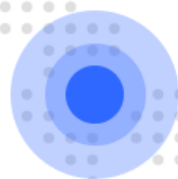
Start-ups bring tech

=

Win-win relationship

IF

Trust and balance exist



A Southeast Asia example is

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Regulated by



7

Bank partners
across 3 countries

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Loans given in 4 years
since Jun 2015

15,000

SMEs benefited
over 560,000 loans

1.26%

Cumulative default
(no write-off)

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