



Introduction to Fintech



Igor Pesin

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Life.SREDA VC Executive summary



Life.SREDA I

2012 ➤ 2014

Moscow

13 investments
(US, UK, Germany, CIS)



Moven.



Life.SREDA II Asia

2015 ➤

Singapore

8 investments
(South East Asia)



Life.SREDA VC team consists of best fintech minds and influencers globally



Banking on Blockchain Fund

➤

London

A new venture fund dedicated to investing in the blockchain ecosystem



Research & Vision

Influence on the whole industry through own blogs fintechranking.com and semi-annual Fintech research "Money of the Future"



Money of
the Future

Fintech Research by Life.SREDA



All You Should Know About Fintech

[www.
fintech-research
.com](http://www.fintech-research.com)

[www.
fintechranking
.com](http://www.fintechranking.com)

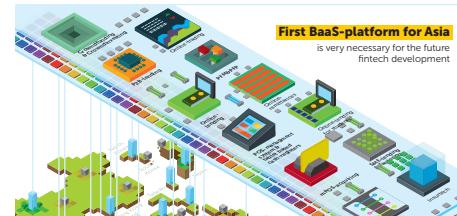
Accelerator in Singapore

Own acceleration program "InspirAsia" and fintech co-working space in Singapore



Bank-as-a-service and open API play

Life.SREDA is supporting a strategic fintech project: open API Pan-Asian platform BAASIS



**This time has come:
Asia become
the largest fintech market in the world
in 2016**



Fintech before: disruptors and enablers



U.S./AMERICAS INDEXES

The Next Big Thing Is Here
SAMSUNG

Stocks Turn Mixed After Dow SAP Hit New Highs; AAPL Tumbles 4% CNBC last - 2015/12/28 PM ET

INDEX	LAST	CHANGE	PCT RETURN	DAY RANGE
Dow Industrials	15228.56	+0.82%	0.82%	15,215.25 - 15,231.25
DAX	3456.54	+1.27%	1.27%	3,439.00 - 3,474.00
NASDAQ Composite	4550.54	+1.27%	1.27%	4,530.00 - 4,570.00
JXIC	1652.45	+1.27%	1.27%	1,630.00 - 1,675.00
S&P 500	1652.45	+1.27%	1.27%	1,630.00 - 1,675.00
VIX	16.52	+0.00%	0.00%	16.52 - 16.52
Russell 2000	1074.50	+1.27%	1.27%	1,050.00 - 1,095.00
JIUT	1074.50	+1.27%	1.27%	1,050.00 - 1,095.00

How it works

Borrow Invest How it works About Us Menu Sign In

What's in the loan Marketplace now.

Below are all loans live in our Marketplace.

LOANS LIVE IN MARKETPLACE						
Loan ID	Purpose	Grade	Term	Loan amount	Monthly repayment	Amount funded
LAI-00053274	Education E...	F1	36	\$5,375	\$255.93	8%
LAI-00053234	Business Cas...	B1	36	\$30,375	\$1,035.47	9%
LAI-00053242	Holiday Exp...	C4	60	\$23,525	\$650.22	10%
LAI-00053264	Debt Consoli...	C2	60	\$16,375	\$430.65	9%
LAI-00053131	Business Cas...	A2	36	\$35,375	\$1,165.56	10%
LAI-00053117	Debt Consoli...	B4	60	\$26,375	\$638.37	13%
LAI-00053152	Home Impro...	B3	60	\$30,375	\$724.93	10%
LAI-00053120	Medical Exp...	B1	60	\$15,375	\$356.37	8%
LAI-00053253	Debt Consoli...	C4	60	\$25,375	\$701.36	10%
LAI-00053103	Debt Consoli...	D3	60	\$25,375	\$776.19	10%

MEOW \$1.30

ROB.N \$95.80

HOLIDAY BUDGETS

Fun Money \$7.32

Entertainment \$16.55

Extras \$6.82

Home Refurb \$278.96

Clothes \$135.00

Pet Food \$43.47

Birthday Party \$167.50

SHOPPING BUDGETS

Family Budgets



Fintech now: Creators





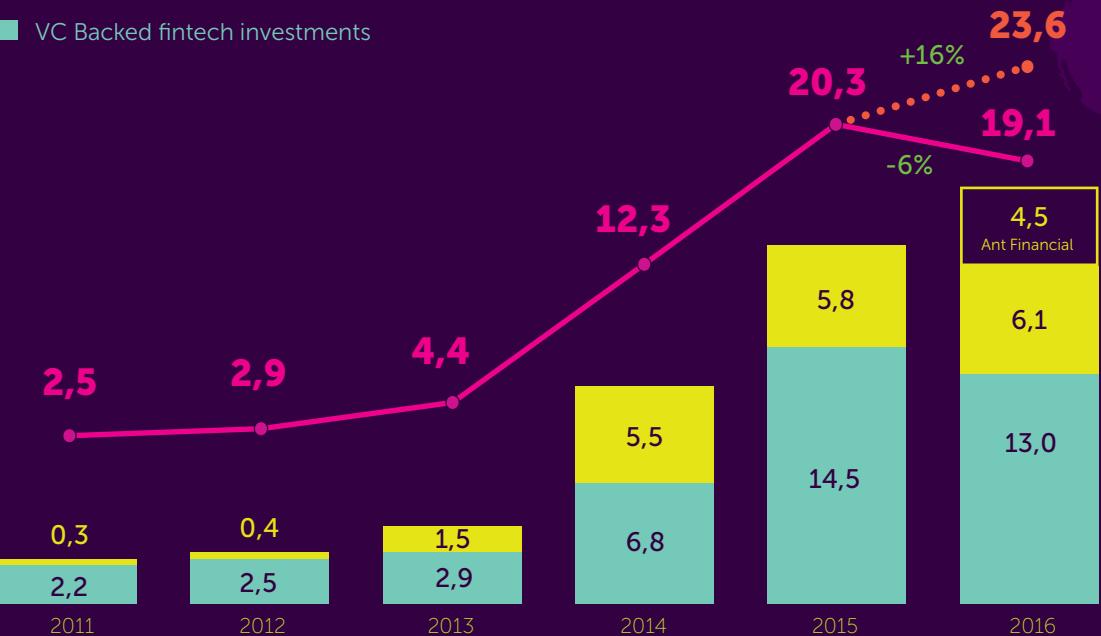




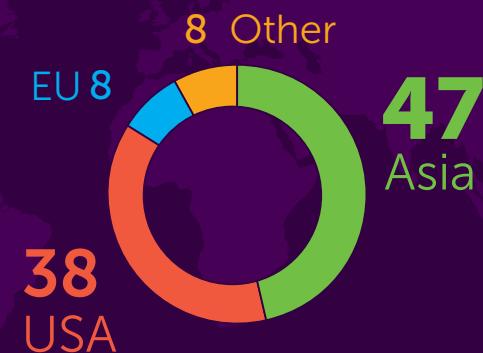
Asia is driving the growth of Fintech market worldwide accounting to almost 50% of global volume

Investments in fintech annually (\$B)

- █ Other fintech investment
- █ VC Backed fintech investments



Region distribution of funding (%)

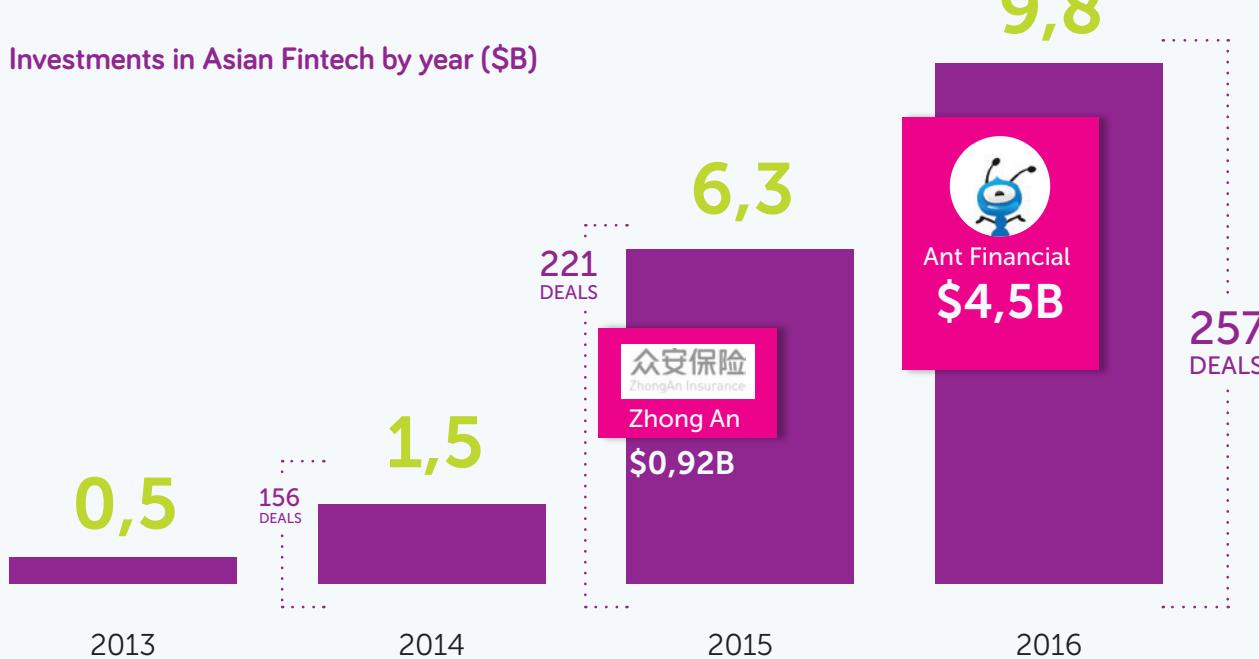


Amount of financing deals (#)



Asian market is the main driver for the growth of global Fintech industry in 2016

Investments in Asian Fintech by year (\$B)

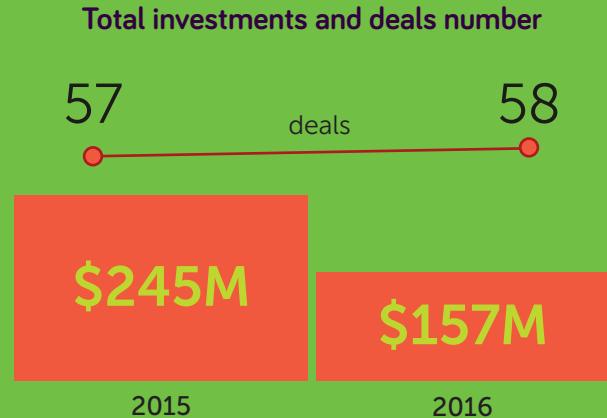


The total invested capital in Asian Fintech continued to grow in 2016, despite few mega deals that made >60% of the 2016 total;

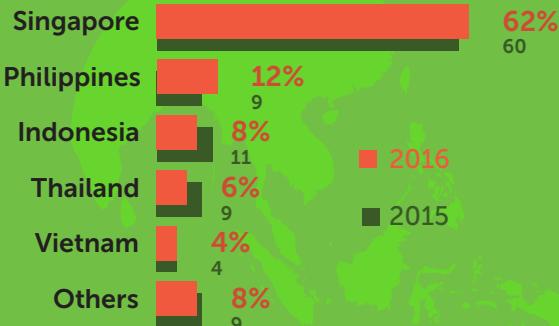
In Asia, almost 70% of dollar investments in 2016 went to Chinese companies;

257 deals are counted by Life.SREDA

Investments in SEA Fintech dropped by 36%



By geography, number of companies funded



Despite **the decline in funding amount**, the amount of deals remained on the same level;

Singapore leads in investment and deals amounts, remains to be a region's leader;

Philippines and Indonesia are following the trend, together hold 1/5 of all companies funded;

Cheques are down in 2016
– growth barriers; investors are being careful with targets.

TOP 5 DEALS

2015

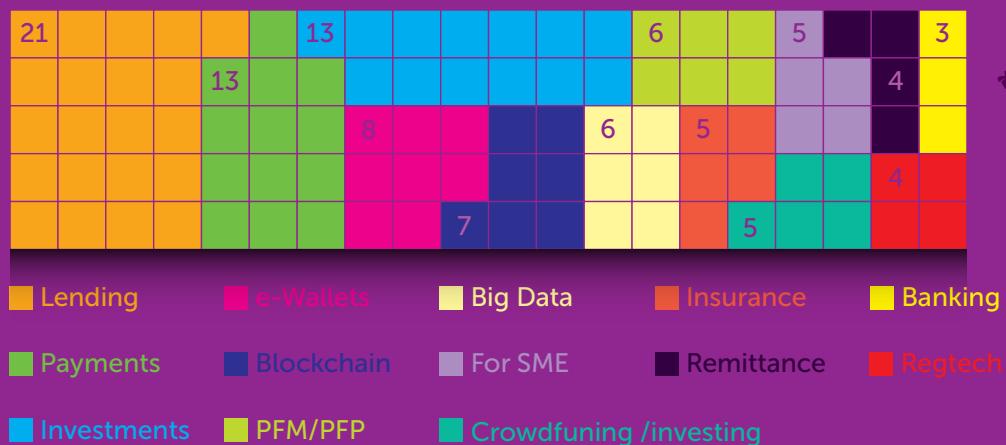
M-DAQ	\$82.5M
MatchMove	\$30M
GroupLease	\$30M
ItBit	\$25M
Fastacash	\$15M

2016

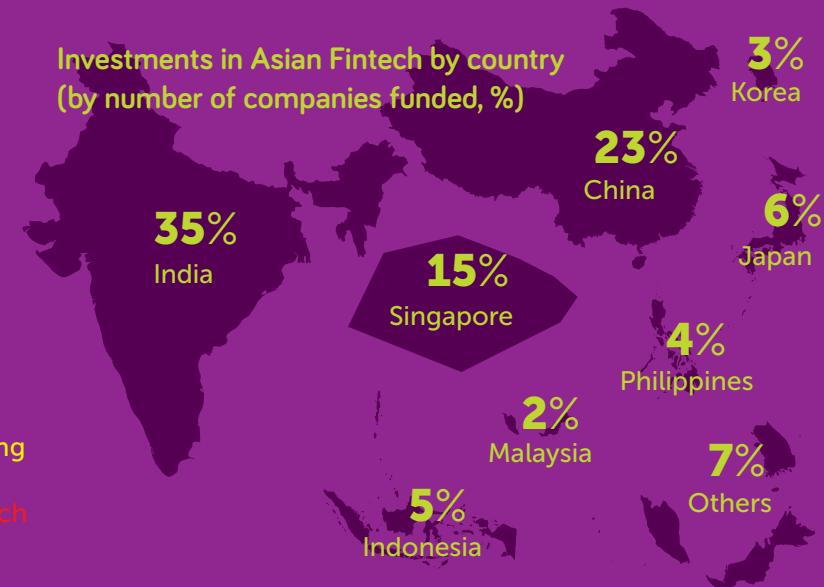
 Momo mobile money	\$28M
 Quoine Singapore	\$20M
 Omise Thailand	\$17.5M
 Funding Societies Singapore	\$12.6M
 MC Payment Singapore	\$8M

Diversity of the market: while China dominate Asian Fintech market by amount of funding, India is #1 by number of Fintech deals. Different fintech verticals started to grow.

Investments in Asian Fintech by sector
(by number of companies funded, %)



Investments in Asian Fintech by country
(by number of companies funded, %)



Lending, Payments, Wealth management and Ewallets are the top 4 sectors that made **almost 50%** of all investments in Asia.

India, China and Singapore are the top 3 countries, where **more than 60%** of all fintech investments went in 2016.

Interestingly, **Pakistan, Laos, Myanmar, Bangladesh, Vietnam and Cambodia** together have **8%** of the total Fintech funded companies in 2016.

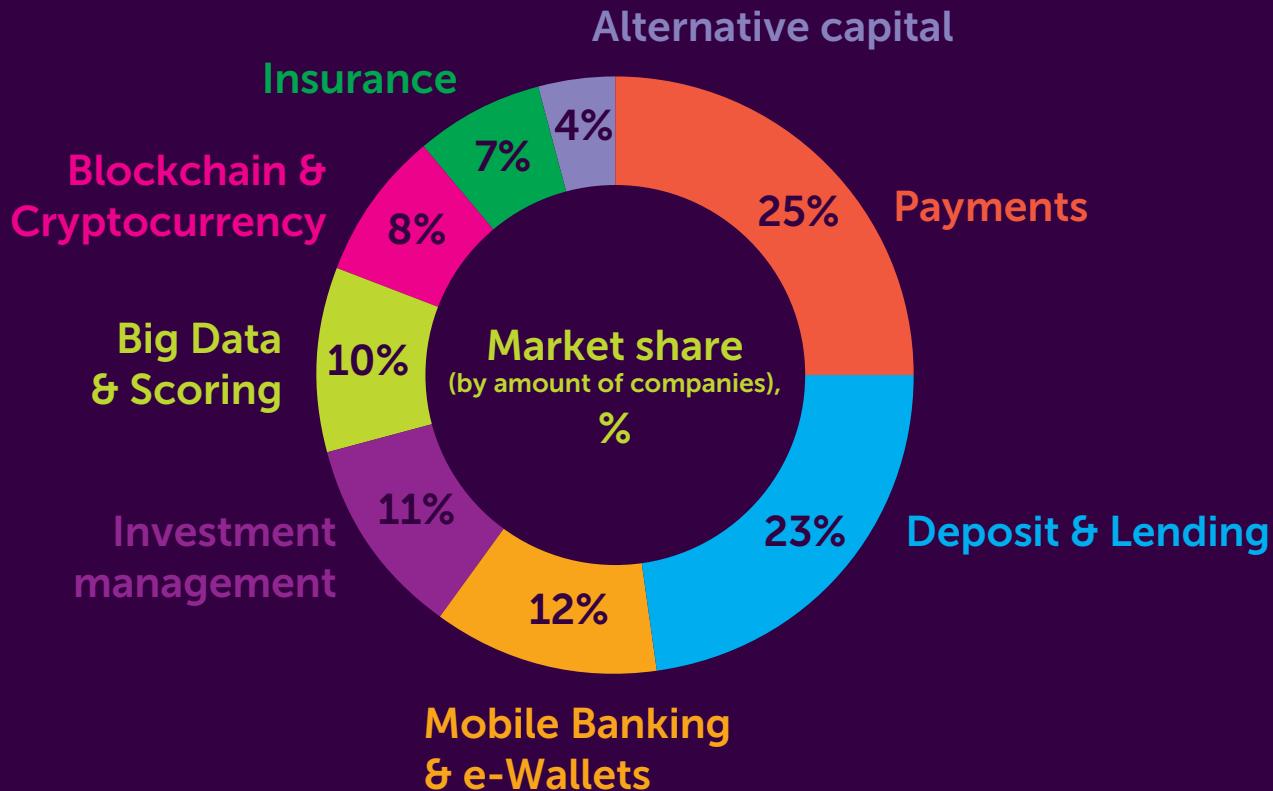
So what exactly is Fintech?

Best described as...

Unbundling of a Bank



Fintech Framework and almost 4.500 fintech startups



Payments and deposits

Main Categories:

Online payments

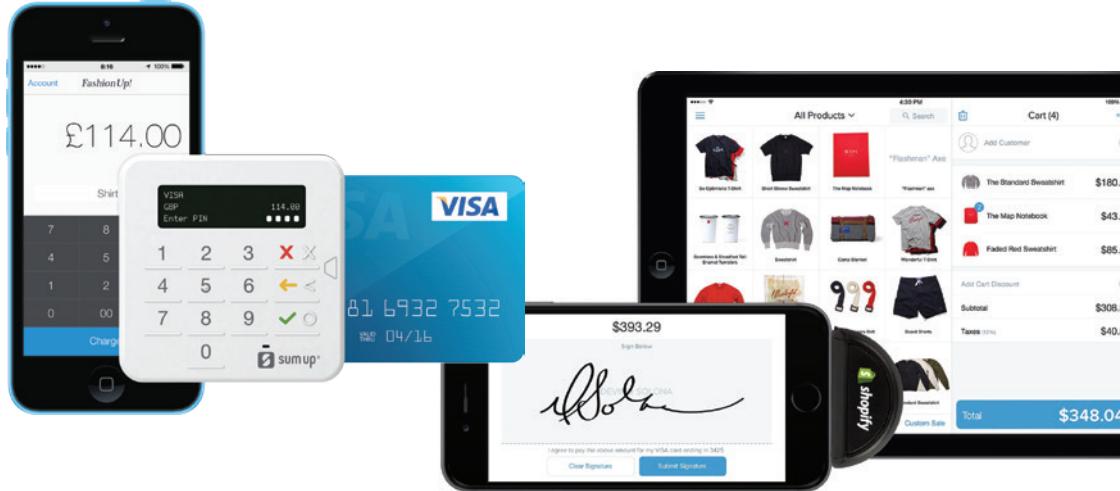
Processing / acquiring

Recurring

International P2P

Merchant acquiring

B2B



What is Fintech

Lending / Deposits

Main Categories:

p2p lending

Loan Marketplace

SMB Lending

Supply Chain finance

Student Lending

Real Estate and industry
specific originators

Marketplaces



The image displays three screenshots of fintech websites side-by-side. The top screenshot shows the Lufax.com homepage in Chinese, featuring a banner for National Day, investment rates (e.g., 3.9% for活期), and a sign-up button. The middle screenshot shows the LendingClub homepage, which includes a banner for "Better Rates. Together.", a call-to-action for personal loans up to \$40,000, and a section for financial innovation. The bottom screenshot shows the Prosper homepage, which features a "Financial Innovation" section stating "Lending Club is the world's largest online..." and sections for investors and borrowers.

Lending and Payments startups still dominate the FinTech market, accounting for more than 50% of the industry

Distribution of financing deals (by # of deals, %)



Distribution of M&A deals (by # of deals, %)



Fintech for SME*

Blockchain

Banking*

Insurance

Financial Management

Capital Markets / Wealth Management

Lending

Payments

The distribution of # of financing deal have changed significantly from 2015 to 2016.

Payments is in the top, followed by Lending

The shares of sectors by # of M&A deals remained stable through 2015-2016, with Payments being the most active area.

* Fintech for SME – accounting, supply chains, security & regtech

* Banking – e-Wallets, Bank infrastructure startups

Insurance

Main Categories:

Online distribution



Policy management



Claims Management



Innovative on demands



Data & Analytics



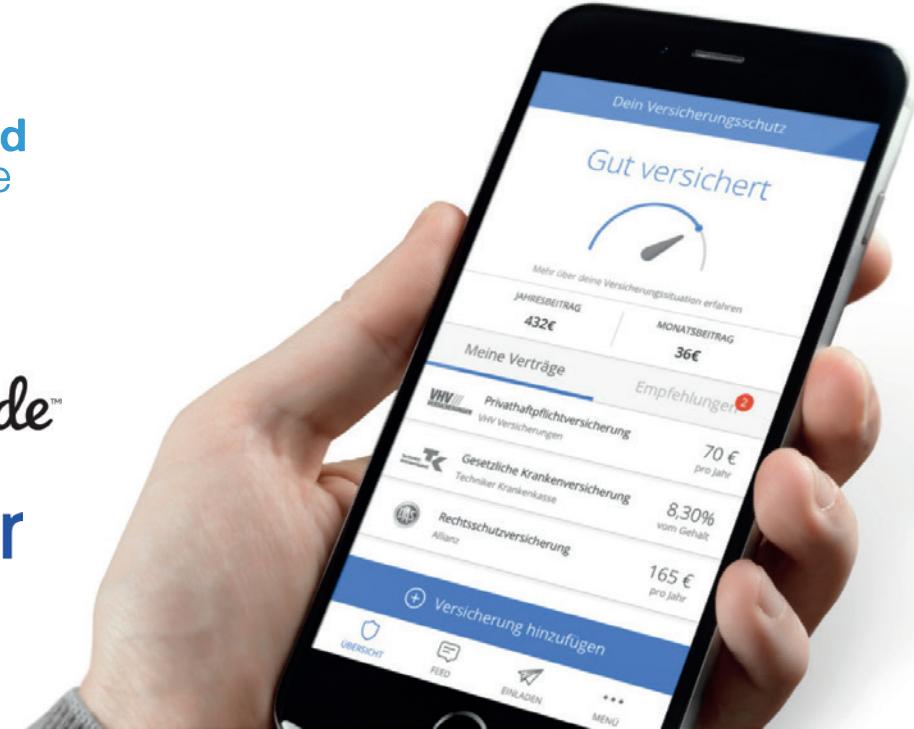
P2P Insurance



Employee benefits



IoT / Sensors / Tele



Product Insurance
(15 Companies)



P2P Insurance
(24 Companies)



Consumer Platforms
(23 Companies)



User Acquisition
(28 Companies)



Insurance Investors
(21 Companies)



Reinsurance
(12 Companies)



Insurance Comparison/Marketplace
(137 Companies)



535 INSURTECHS

by VentureScanner

Auto Insurance
(76 Companies)



Health Insurance
(63 Companies)



Enterprise Insurance
(50 Companies)



Life, Home Insurance
(39 Companies)

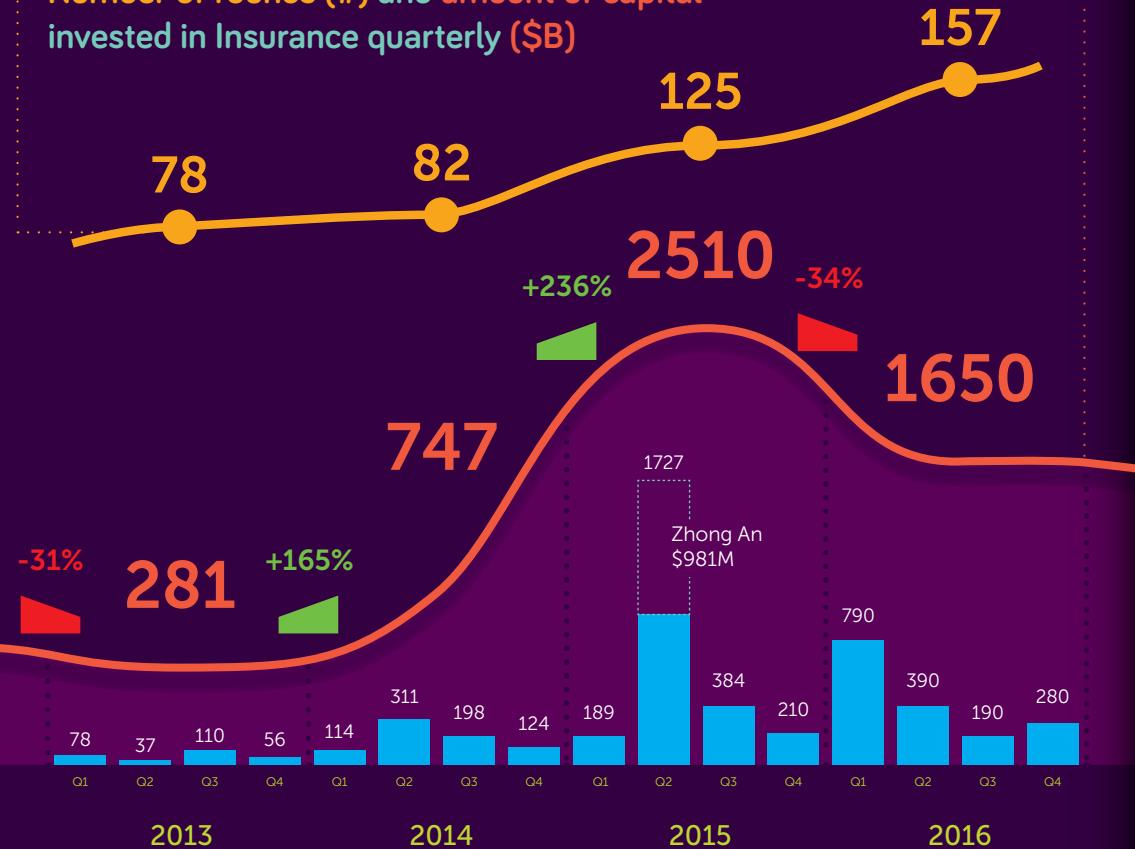


Insurance Data
(51 Companies)



Insurtech market decreased by 34% in 2016, while the number of deals increased by 25%

Number of rounds (#) and amount of capital
invested in Insurance quarterly (\$B)



Today, the market consists of <1400 insurance tech companies, the launching tendency is decreasing, almost 300 companies founded in 2015, 40% less in 2016

In 2015, the spike was mainly because of a large Chinese deal – Zhong An, that made almost 40% of the whole year's funding amount

There is an increase in investment rounds:
 in 2014 – 54 rounds;
 in 2015 – 125 rounds;
 in 2016 – 157 rounds.

Crowdfunding and Alternative Capital

Main Categories:

Crowdinvesting

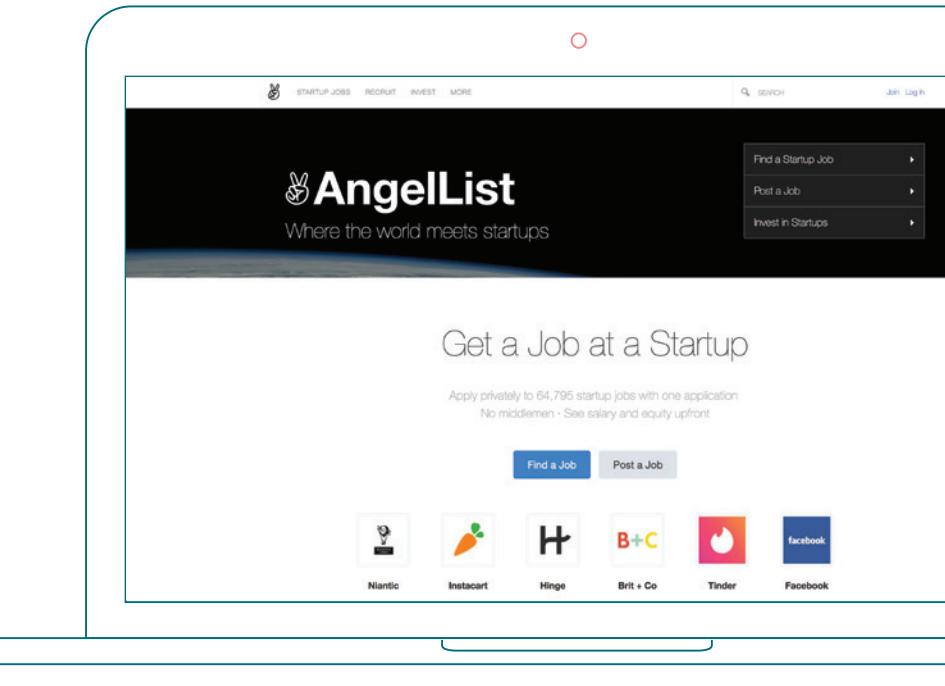
Reward-based crowdfunding

Crowd-donating

Crowdlending

Crowdinvesting

Angel Networks



INDIEGOGO.

KICKSTARTER



Funding Circle

FundedByMe

gofundmeTM

AngelList

Wealth management

Main Categories:

Robo advisory

Brokers

White label trading platforms

Predictive analytics

Market research

Quantitative trading

AI assistants, bots

PFM



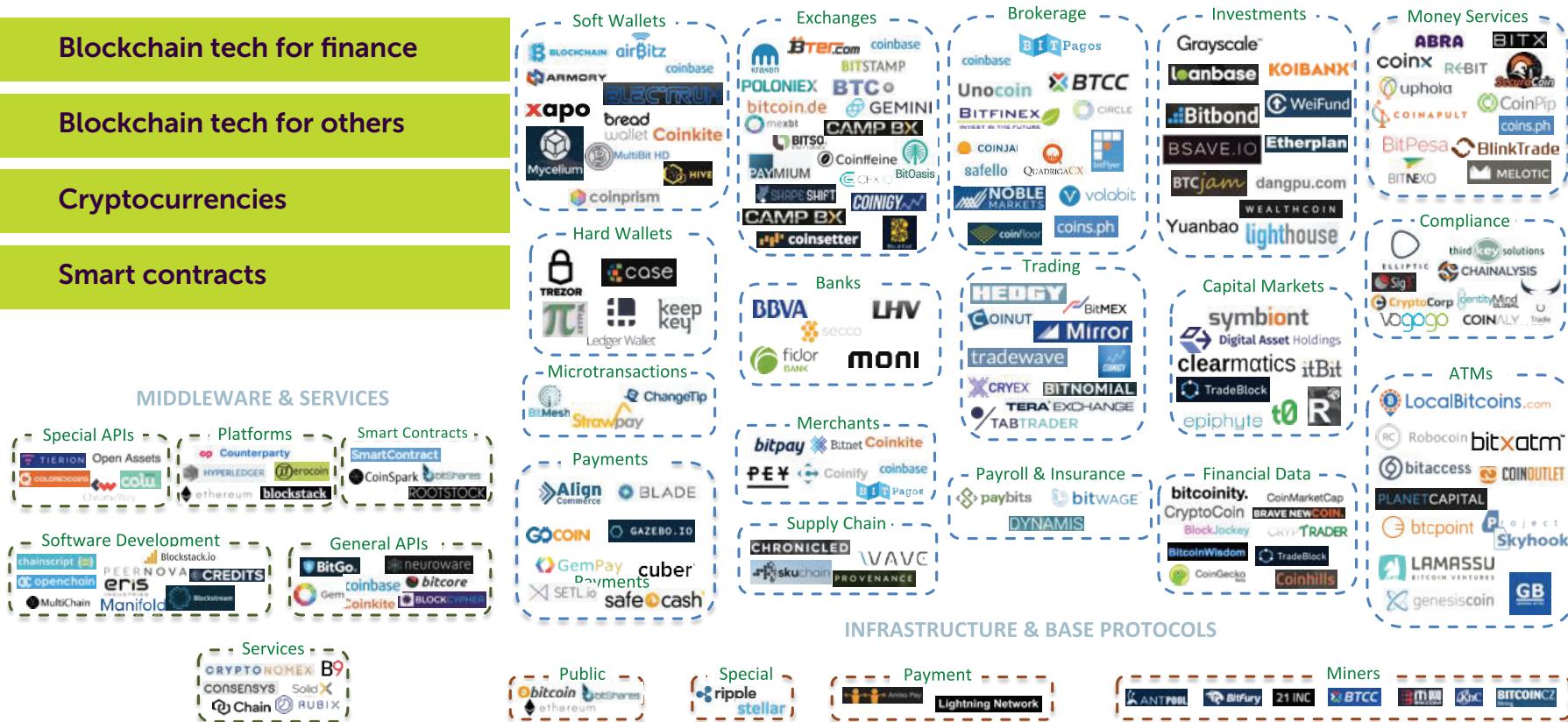
The image displays three mobile banking applications side-by-side. On the left, the Motif website features a dark background with a rocket ship illustration and a "OPEN FREE ACCOUNT" button. In the center, the Capital app interface is shown on a smartphone screen, featuring a "Save small. Live large." slogan and a mountain landscape background. On the right, the Mint website has a light blue background with a "How It Works" section and a "GET IT ON Google Play" button at the bottom.

What is Fintech



Blockchain & Cryptocurrencies

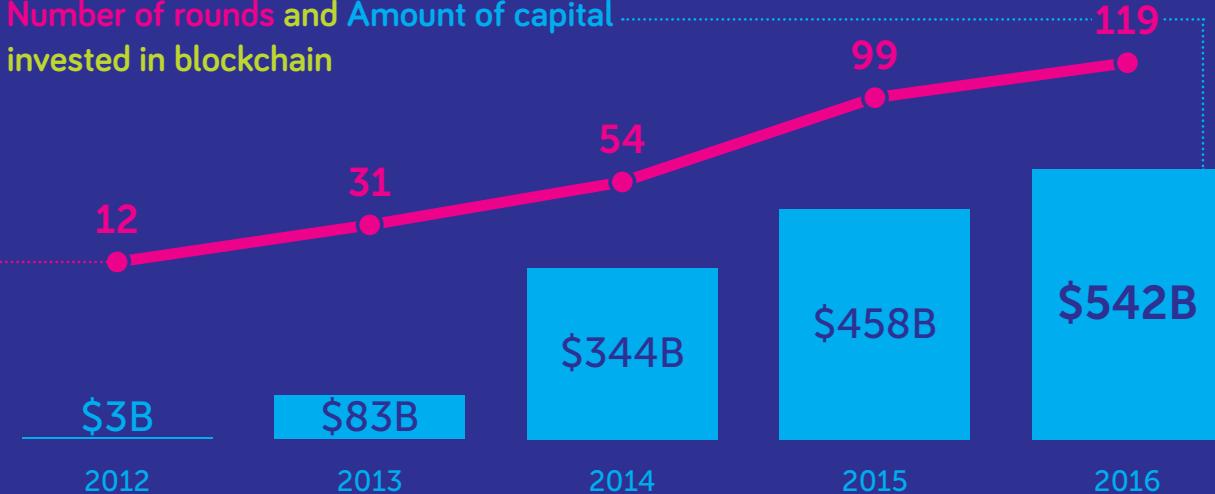
Main Categories:



Blockchain market

is getting more mature, however it's still at very early stage (prove-of-concept)

Number of rounds and Amount of capital invested in blockchain



Major Acquisitions in 2016

 elevence Digital Finance	— undisclosed →  Digital Asset Holdings
 XAPCASH	— undisclosed →  BTL
 Bitnet	— undisclosed →  Rakuten
 BLOCKTRAIL	— undisclosed →  BITMAIN
 Glidera	— undisclosed →  kraken
 ChangeTip	— undisclosed →  airbnb

There is a **decreasing** tendency towards launching new blockchain companies:

2016	169
2015	221
2014	233

new companies launched

There is an **increase in investment rounds**:

2016	119
2015	99
2014	54

rounds

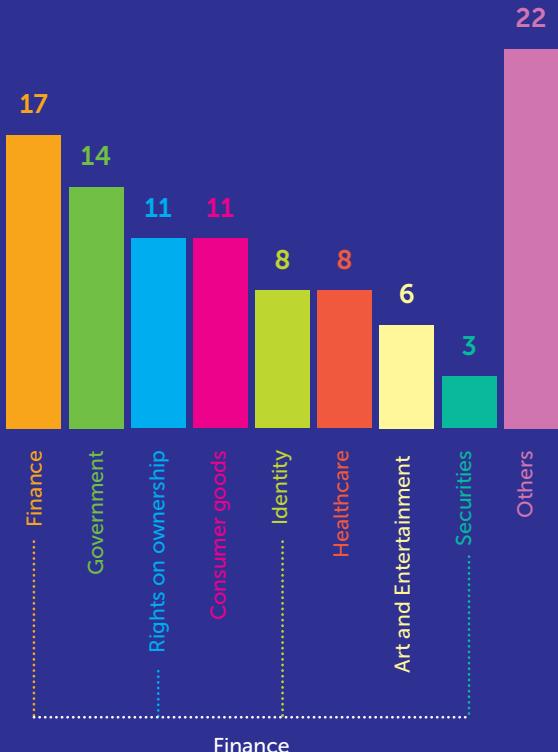
There is an even **sharper increase in funding**:

2016	\$542B
2015	\$458B
2014	\$344B

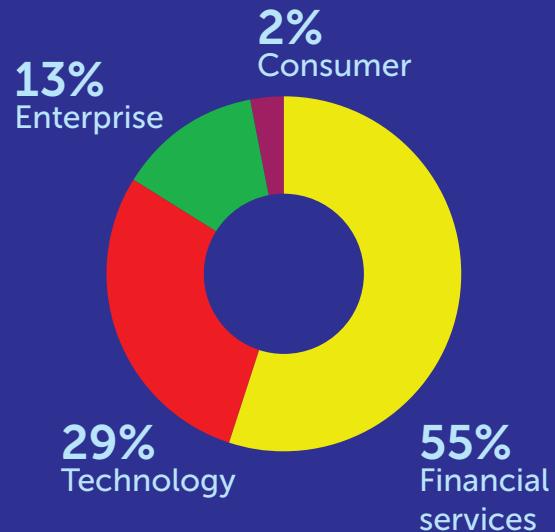
invested

Blockchain market. Potential and geo

Amount of blockchain related companies, %



Top funded business models



Blockchain companies by geography



Blockchain potential by sectors and geo

>80 cases of blockchain usage revealed main fields and scenarios of implementation – Financial services, optimization

Geo and business models

55% of capital went to financial services related blockchain startups;

North America is dominated

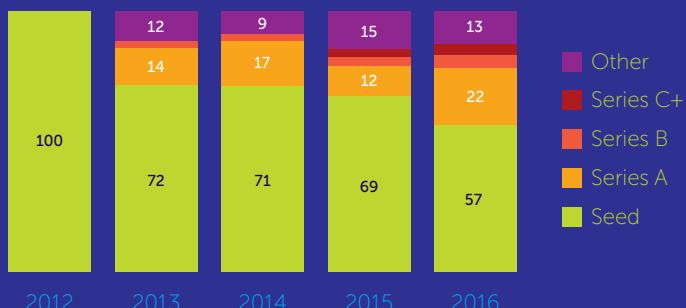
Blockchain market. Investment traction.

Rise of sustainable businesses that raise a large investments



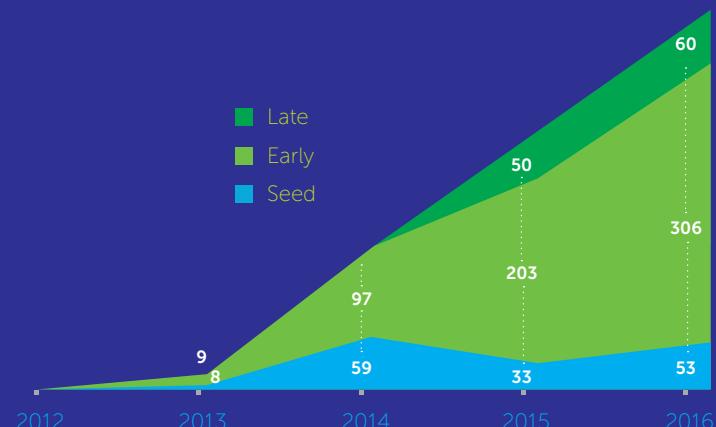
Number of rounds by stage (%)

In 2016, investments in later stages grew significantly, seed investments decreased in overall funding from 69% in 2015 to 57% in 2016



Funding by stage (\$M)

Amount of funding to later stage companies grew significantly, shows that seed companies are showing solid results and get big funding after



Big Data & Scoring

Main Categories:

Credit scoring

Big Data

Risk management

Regtech

Machine learning and AI

Security



SCORISTA



The collage includes logos for Lenddo, zest finance, Credit Karma, Tala, SCORISTA, India Lends, data depot, ayannah, and credit sesame. It also shows screenshots of mobile apps and website interfaces for Lenddo, Credit Karma, and TransUnion, highlighting features like credit scores, account monitoring, and reporting.

Lenddo website screenshot: Leveraging Technology Solutions in Credit and Verification. Key stats: 4 years of online lending experience, 2,400,000 applicants achieving greater financial inclusion, 20 countries covered.

Credit Karma mobile app screenshots: Track and monitor your open accounts in one place, Credit factors to bring focus on what to improve, 100% free scores & reports updated weekly.

TransUnion mobile app screenshot: Your score from TransUnion went up, showing a score of 748.

Mobile banking & e-Wallets

Main Categories:

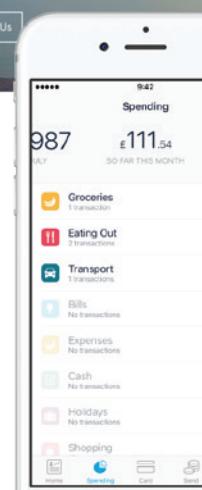
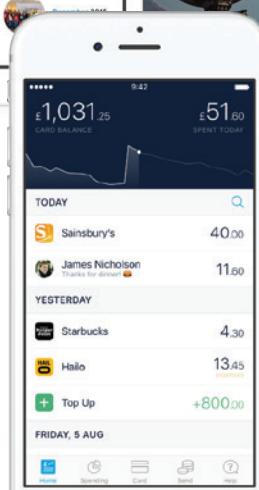
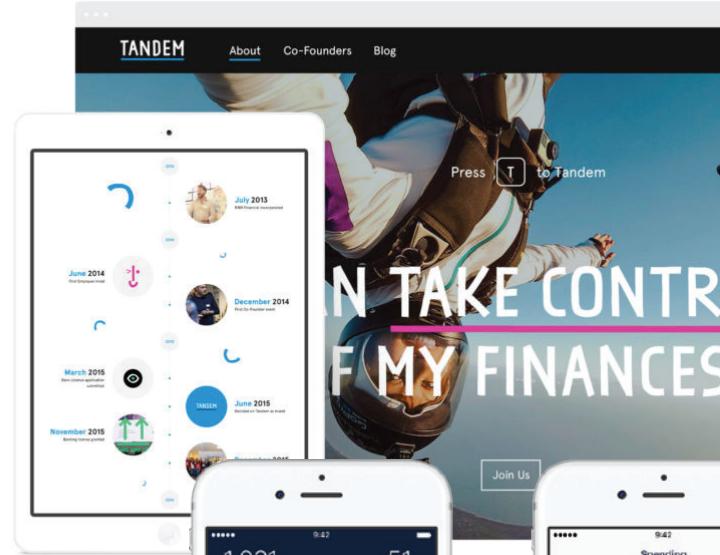
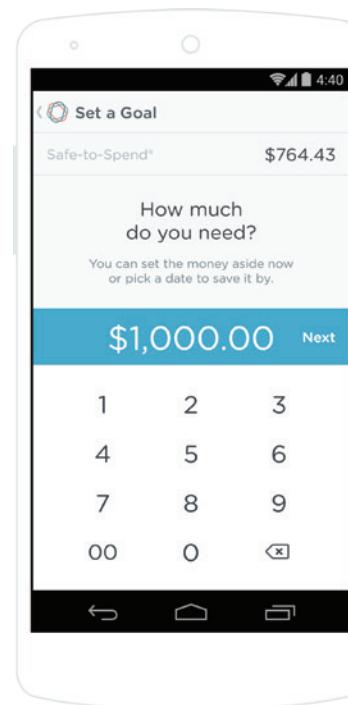
Mobile banking

Neo banks

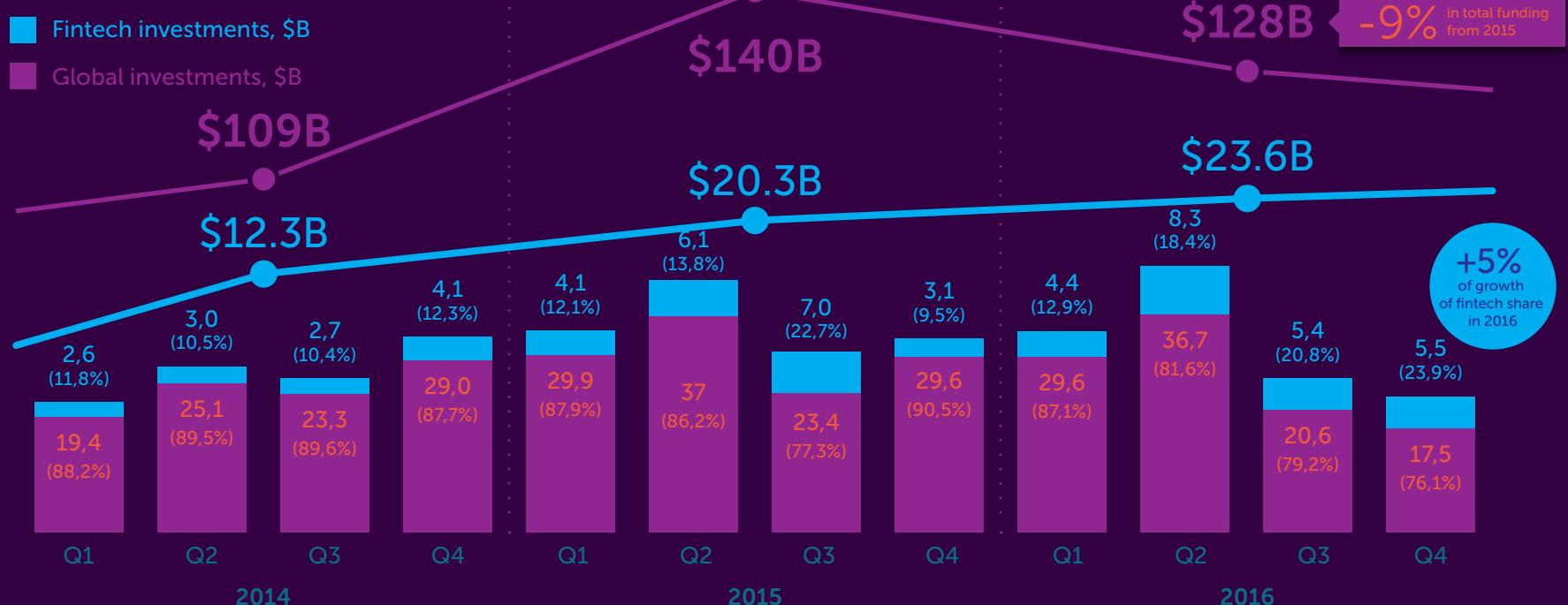
Challenger banks

BaaS & BaaP

e-Wallets



However Fintech is still #1 VC industry with 23% share in Q4 2016 and it's growing

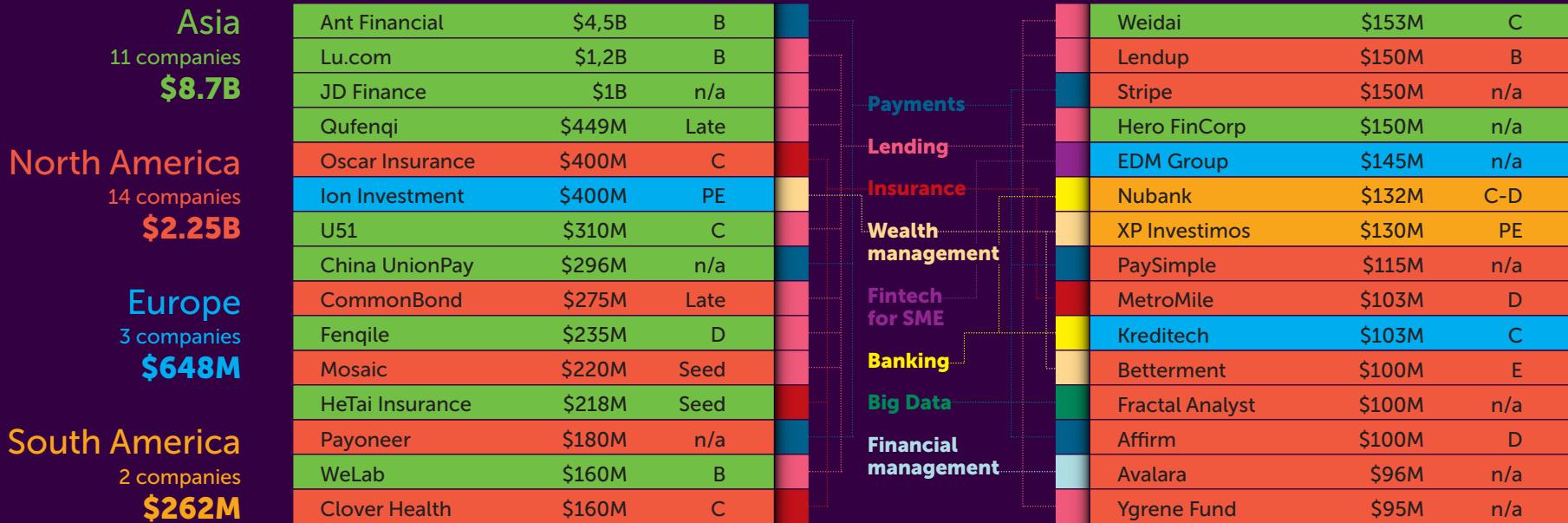


Global financing activity is down.

VC deals activity declined 24% YOY, and financing activity is down by 9%

However, looking deeper into distribution, investments into financial technologies gained its scale within VC investments, grew to almost 23% (+5% rise) since 2015

Asian (Chinese) mega deals dominate the global fintech market



Top 30 companies made
>50%
 of all fintech funding

Lending
 prevailed in 2016
 with 12 deals out of 30
 gone to this field

While North America saw
 the biggest number of deals,
Asia leads
 a total funding volume

Blockchain
 has not entered the TOP-30
 largest deals list yet
 – looking for 2017

Asian Top 7 financing deals in 2016



Key message

Capital invested in 7 companies accounts for 78% of all invested capital in Asia

Company	Sector	Amount	Stage	Country
 蚂蚁金服 ANT FINANCIAL	Payments	\$4500M	Series B	China
 陆金所 lufax.com	Lending	\$1200M	Series B	China
 JD.COM 多·快·好·省	Lending	\$1000M	N/A	China
 趣分期 Qufenqi.com	Lending	\$449M	Late	China
 WeLab democratizing finance	Lending	\$160M	Series B	HK
 微贷网 weidai.com.cn	Lending	\$153M	Series C	China
 HeroFinCorp. Finance Made Easy	Lending	\$150M	N/a	India

= \$7,6B

invested in top
7 companies

= 78%

of all capital
invested in Asia

Interesting top investment deals in 2016

Lending

陆金所 Lufax.com

Lufax

Headquarters	Shanghai, China
CEO	Ji Kuisheng
Founded	2012
Funding	\$1.2B

01/2016
Lufax announced it had **raised \$1.2B in Series B** round;
Valuation is \$18.5B, 10B higher than previous round;
Ping an Assurance have remained the largest investors in Lufax;

Traction
Postponed its IPO to 2017, which could, which could raise as much as \$5B in proceeds for the Company

Products
Lu: Wealth management solutions
Lfx: Financial advisory services
Also offers financial consulting, design services, financial application development and market research, data analysis

Payments



Ant Financial

Headquarters	Hangzhou, China
CEO	Jack Ma
Founded	2004
Funding	\$4.5B

04/2016,
completed its **Series B at \$4.5B**;
Last year's undisclosed Series A **valued the firm at \$45-50B**;
Ant Financial & Alibaba has **invested \$680M in Paytm**, acquiring 40% stake in the venture

Traction
450M users;
Ant Financial is to **go public soon**;
58% of all online transactions happening in China is done via **Alipay**.

Products
Alipay - China's most popular online payment service;
Micro-loans program and Alibaba's digital bank, **MyBank**.
Sesame credit scoring system

Insurance



Oscar Insurance

Headquarters	New York, USA
CEO	Josh Kushener
Founded	2013
Funding	\$400M

02/2016
"Oscar" announced it **raised \$400M** in a financing round led by Fidelity Investments
Company **valuation is \$2.7B**
Previous investors:
Google, Khosla, General catalyst

Traction
Currently covering over **40k health providers, 70 hospitals**
Boosted enrollment by almost **300%** - from 40k to 150k customers in one year

Products
Provides **health insurance through its online and mobile platform** for comparing insurance plans
Search, compare, and purchase Oscar insurance plans, free check ups, etc.

Banking



Nubank

Headquarters	Sao Paulo, Brazil
CEO	Daviv Veles
Founded	2013
Funding	\$132M

12/2016
Nubank had **raised \$80M +\$52M in a Series D** funding led by DST Global + debt;
Nubank was previously **valued at \$500M** after it raised \$52m in Round C in Jan' 2016.

Traction
Has had **7 million applications**, with 500,000 applications currently on the waiting list;
75 million purchases have been made via the Nubank card

Products
A **no-fee MasterCard Platinum** credit card managed by mobile phone;
Real-time spending analysis, personalized categories for tracking payments and ability to lock the card from the app.

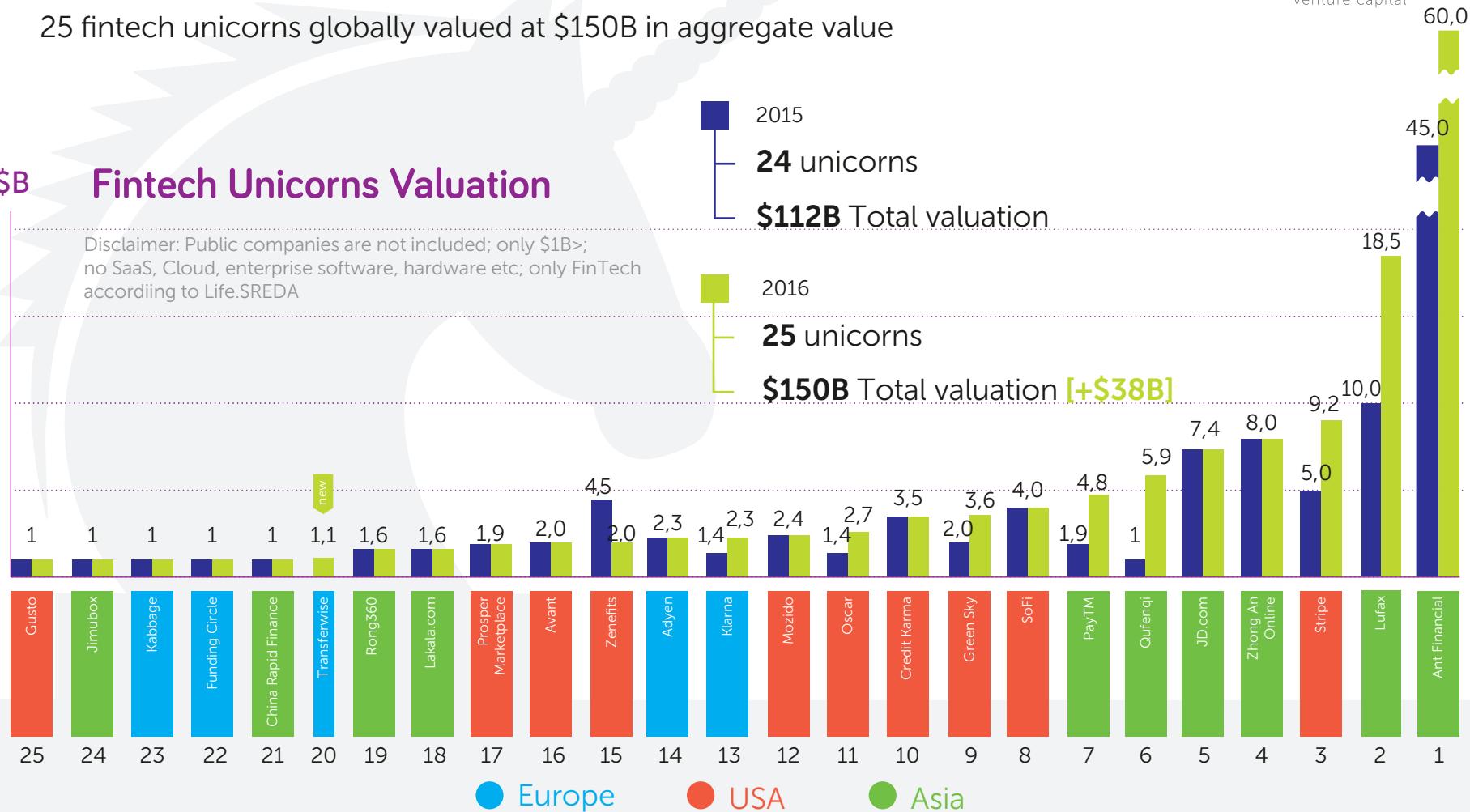
Fintech unicorns: 4 Chinese giants are in TOP5 in 2016



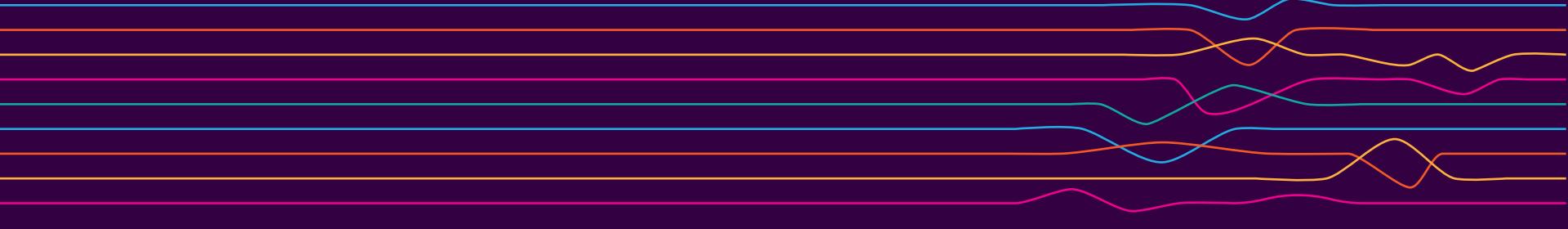
25 fintech unicorns globally valued at \$150B in aggregate value

\$B Fintech Unicorns Valuation

Disclaimer: Public companies are not included; only \$1B+; no SaaS, Cloud, enterprise software, hardware etc; only FinTech according to Life.SREDA

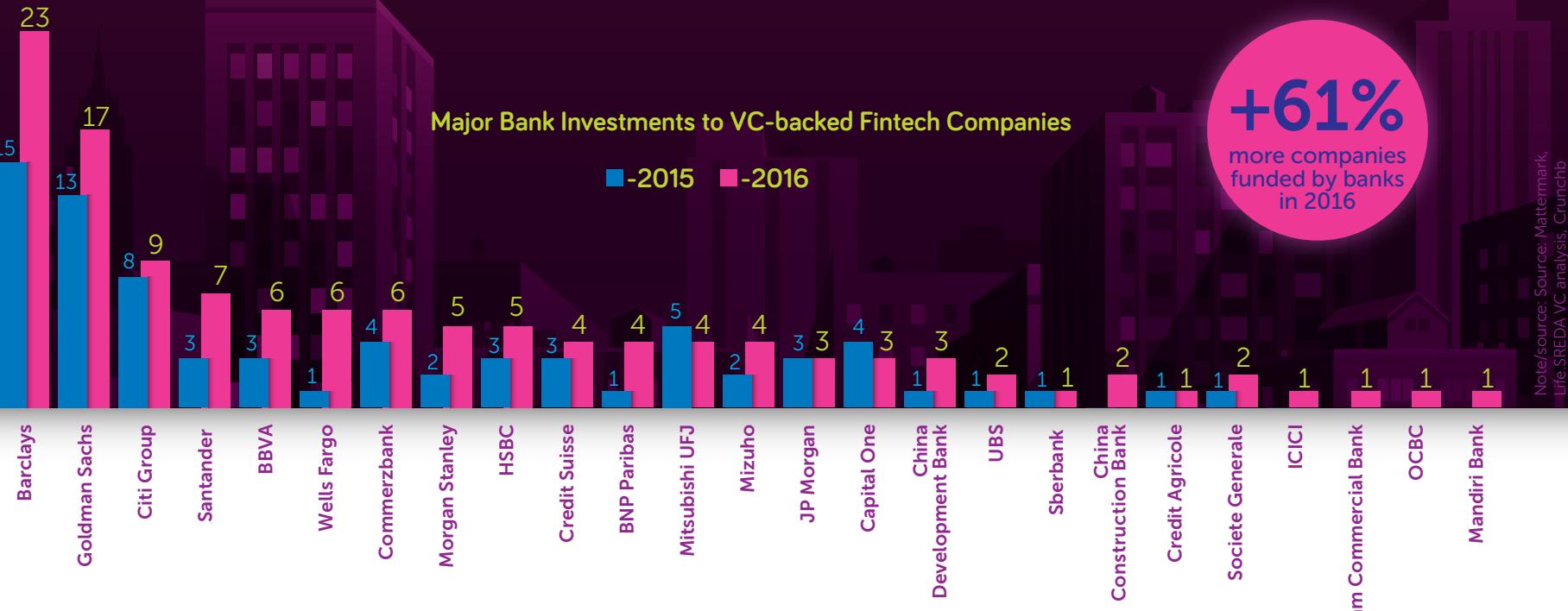


Key challenges: how regulators and banks will approach the Fintech industry



Banks are getting more and more active in FinTech

Barclays, Goldman, CITI, Santander and BBVA are leading the show



Leaders are
mainly from developed
fintech regions
US, UK, Europe.

Top South-Asian banks are starting to follow
Chinese/HK/Japanese/Korean megabanks
with playing active role in FinTech: DBS, OCBC, UOB, Siam Commercial Bank, Mandiri, RHB, MayBank, CIMB, KasikornBank and others
laucnehd a bunch of initiatives related to fintech

~30% banks
invested via their own
venture instruments
– VCs, accelerators, incubators

Banks' partnerships with financial technology start-ups are developing,

however partnerships in 2016 seemed to be safer and more convenient for banks



J.P.Morgan	TRUECar
Automotive pricing and information website for car buyers and dealers	

Bank of America.	FutureAdvisor
Offering investing advice and data-driven recommendations	

citibank	PayPal
Enable Citi card members to use their Citi Cards with PayPal online, in-app and in stores	

WELLS FARGO	SIGFIG
Online wealth management platform	

BARCLAYS	CIRCLE
P2P payments, provides making payments via the social networks	

DBS	MoolahSense
P2P-lending. Enables local SMEs to borrow short-term business loans	

UOB	OurCrowd
Offering its clients access to equity crowdfunding opportunities	

SCB	ripple
Study and test blockchain technology to enable payment transactions	

CHINABANK Savings	Lendr
Provides direct financing to SMEs	

OCBC Bank	FINCAST
Use Fincast to advise customers on the types of financial products they need to meet their investment goals	

GROUPE BPCE	fidor BANK
To contribute to the acceleration of the rollout of its digital strategy	

Westpac	TD Bank	Moven
To offer a TD and Westpac branded spending app		

An extensive interest was shown by banks and financial institutions partnering with **robo-advisors**, **digital wealth managers**,

In addition, there is a growing tendency by banks **to partner with crowdfunding companies** (Santander, UOB, Belfius Bank, Alfa Bank, etc);

Asian banks are widely **partnering with Fintech accelerators** in order to pilot new products with fintechs residents;

Many **pilots** were initiated in 2016 between **blockchain companies and banks** worldwide (SG, SCB, Barclays, etc)

Venture/debt investments and acquisitions from banks



Q4	Morgan Stanley	\$100M	Affirm
Q2	Santander	D \$75M	TRADESHIFT®
Q2	Goldman Sachs	\$56M	nu bank
Q2	UBS	D \$33M	SIGFIG
Q3	CREDIT SUISSE	\$19.67M	HeroFinCorp. Finance Made Easy
Q2	BBVA	A \$14M	I-lippo
Q3	GROUPE BPCE	undisclosed	fidor BANK
Q3	SCB	A \$8,3M	ripple
Q4	MIZUHO	A \$8,3M	Kyash
Q4	MUFG	D N/A	kyriba

As mentioned earlier, partnerships and investments are closely linked, however, investments primarily focused on realizing returns;

Investments generally go from venture instruments of banks:
VCs, accelerators, debts financing;

Asian banks are getting involved and investing through
the partnerships with accelerators
(StartupBootCamp Fintech, Nest, etc.)

Regulation activities in Europe

Key message

Most of activities are focused on controlling and regulation of existing regimes

UK sets out open banking API framework

Aimed for the creation of an open banking standard that makes it easy to share and use financial data, arguing that the move would improve choice for customers, promote competition;

#regulation #bank #UK

The cohort of the regulatory sandbox closed

69 firms from a diverse range of sectors, geographies and sizes have been accepted. 24 applications met the sandbox eligibility criteria and were accepted to develop towards testing

#regulation #opportunities #UK

A specially created "Fintech" licence

Plans to encourage crowdfunding and the market testing of new technologies. FinTech firms, with a minimum of \$300k in capital, are allowed to accept funds from clients, up to \$99m, which remain outside the depositor protection scheme and are not subject to the same regulations, auditing and the capital requirements applied to banks.

#Implementation #Switzerland #EU #2016

Open Banking

Sandbox

Banking

Introducing a European Standard for e-Invoicing

The European Commission announced the e-invoicing directive require all 28 EU member states to use specific e-invoicing standards for all B2G e-invoices by November 27, 2018. Europe's current e-invoicing adoption rate of 24 percent is expected to rise to 95 percent by 2024 and accrue savings of approximately 64.5 billion euros (\$72 billion) per year for businesses.

#Announcement #e-invoicing #EU #2018

e-Invoicing

Payments

Standardized mobile and internet payments (PSD2) in EU

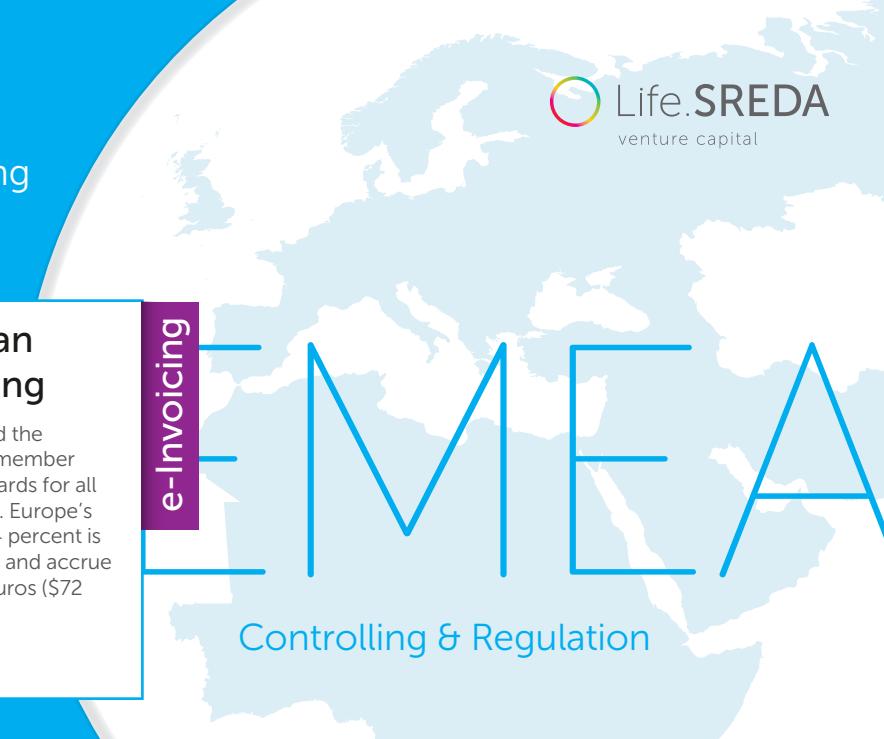
PSD2 enables bank customers, both consumers and businesses, to use third-party providers to manage their finances. In the near future, customers may be using Facebook or Google to pay bills, making P2P transfers and analyse spending, while still having money safely placed in current bank account.

#Announcement #Payments #Global #2016

Solvency II is a programme for insurance regime

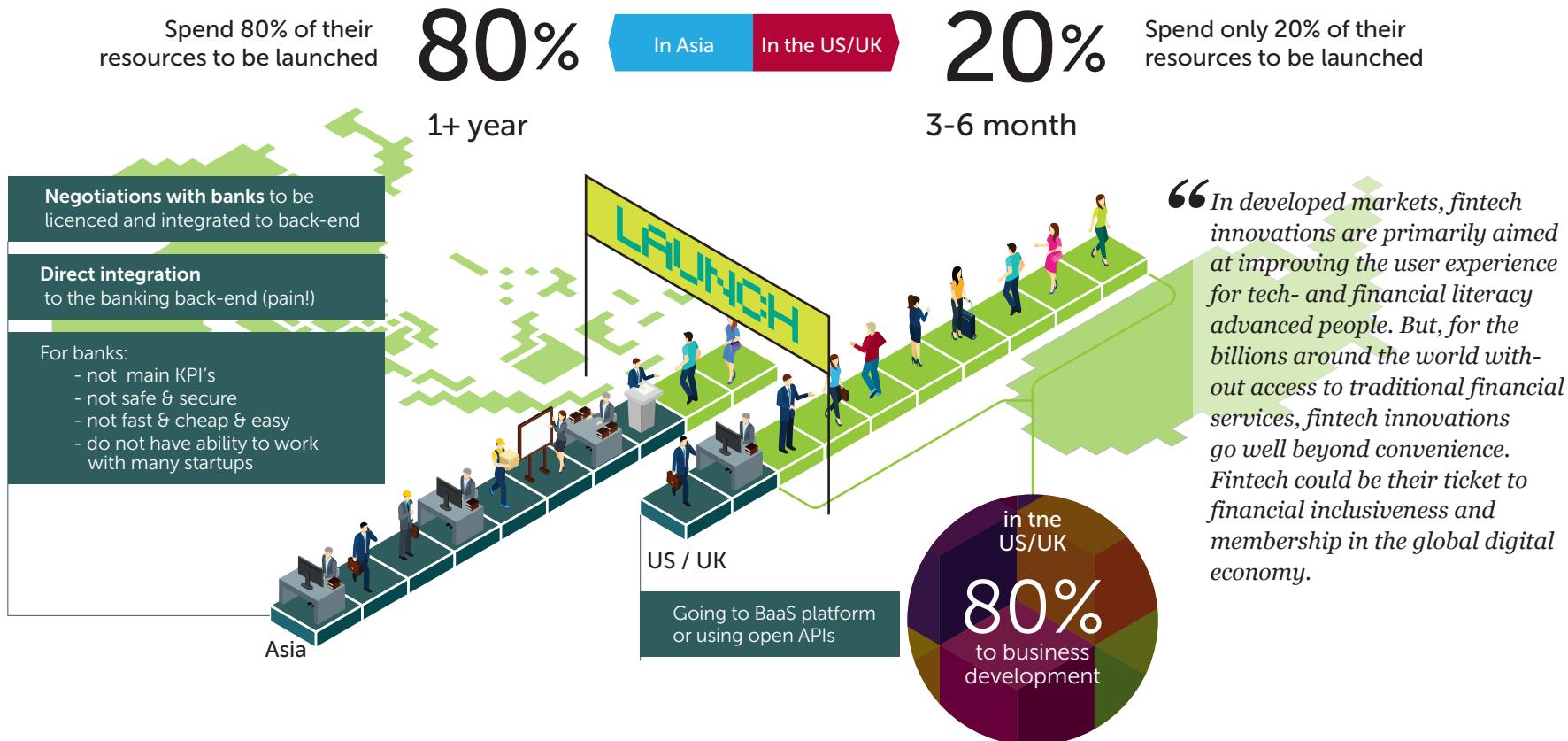
It introduced a new, harmonised EU-wide insurance regulatory regime. The Solvency II programme is divided into three areas, known as pillars: Financial Requirements (Capital Requirement and etc), Governance & Supervision (Own Risk & Solvency Assessment) and Reporting & Disclosure (Insurers required to publish details of the risks facing them).

#Implementation #Insurance #EU #2016



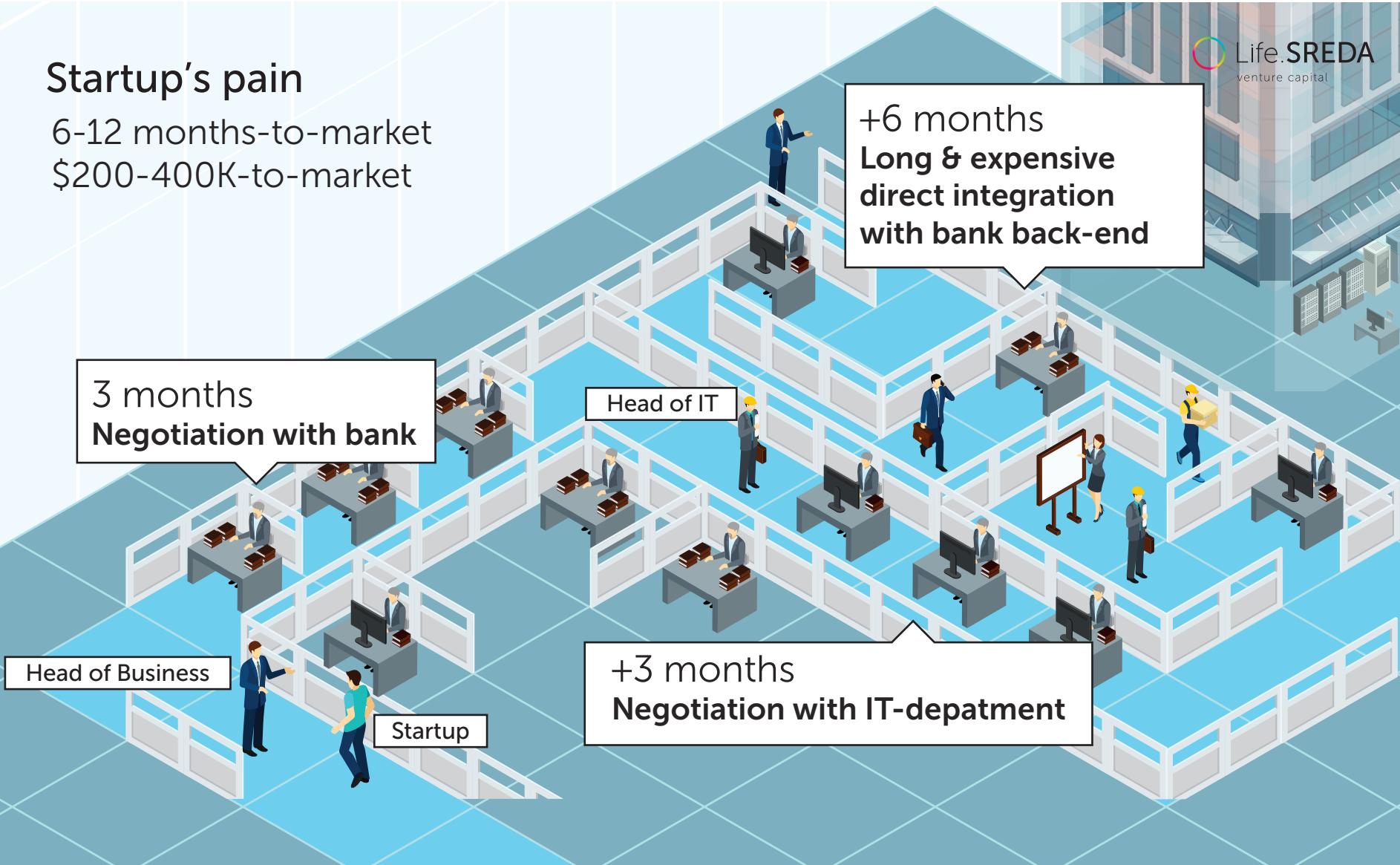
Challenges for Fintech evolution in Asia

Difficulty to launch financial services and products in cooperation with traditional banks



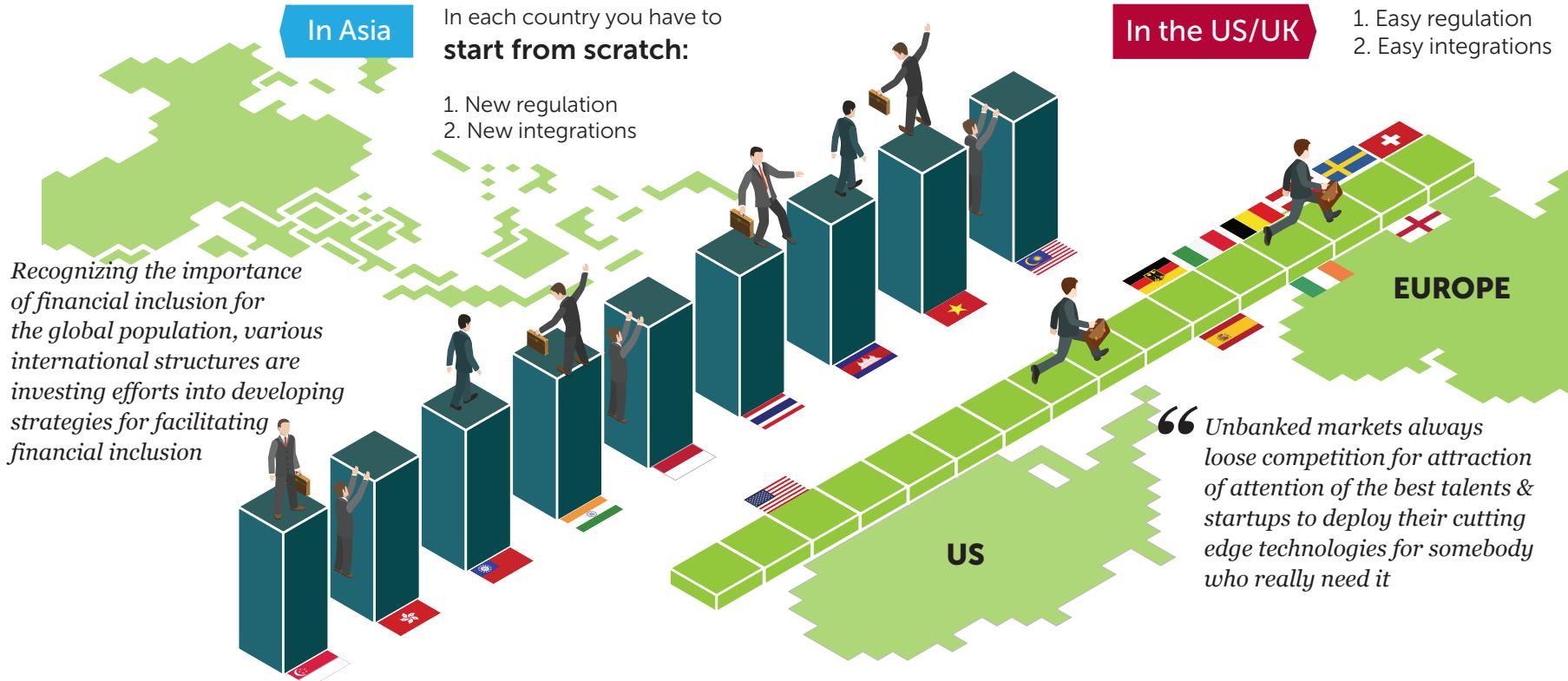
Startup's pain

6-12 months-to-market
\$200-400K-to-market

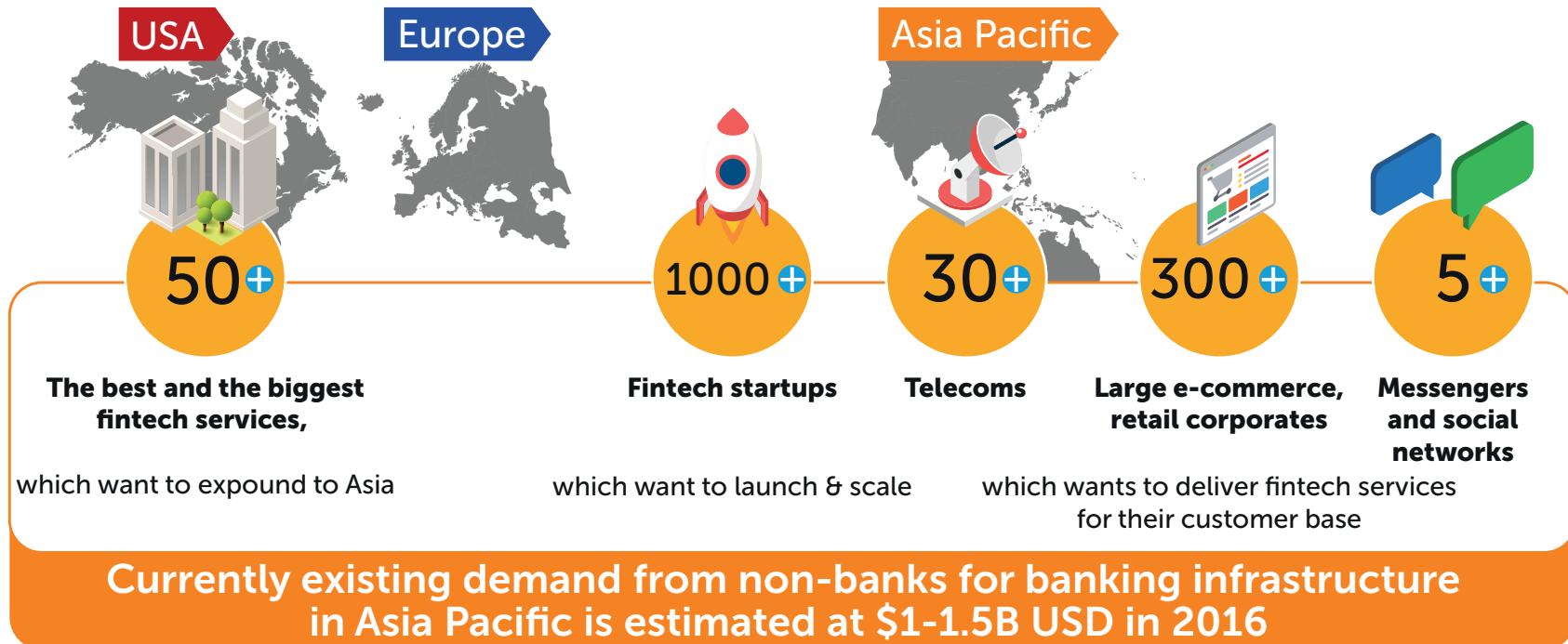


Challenges for Fintech evolution in Asia

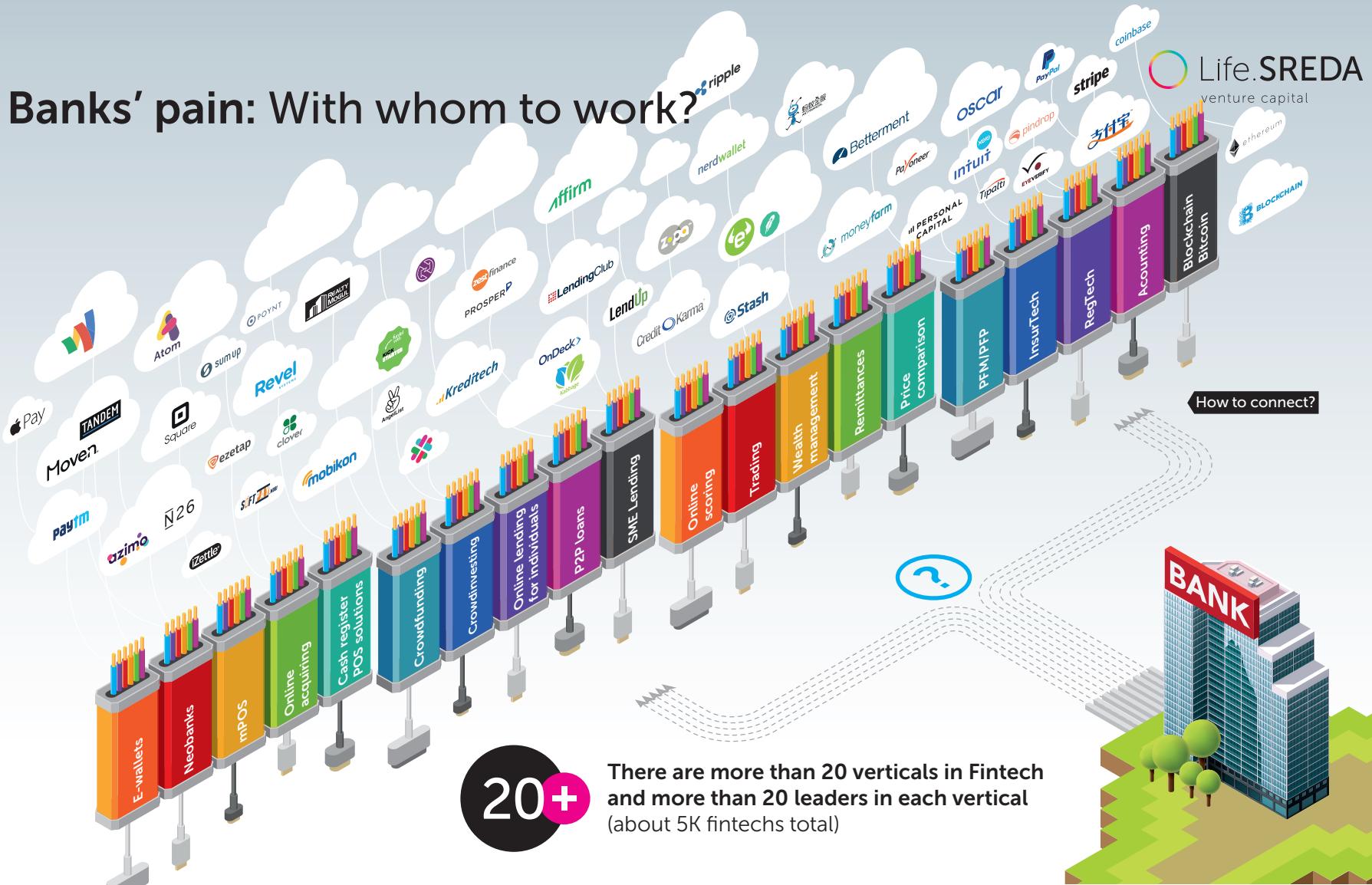
Difficulty to scale geographically due to differences in regulations and infrastructure



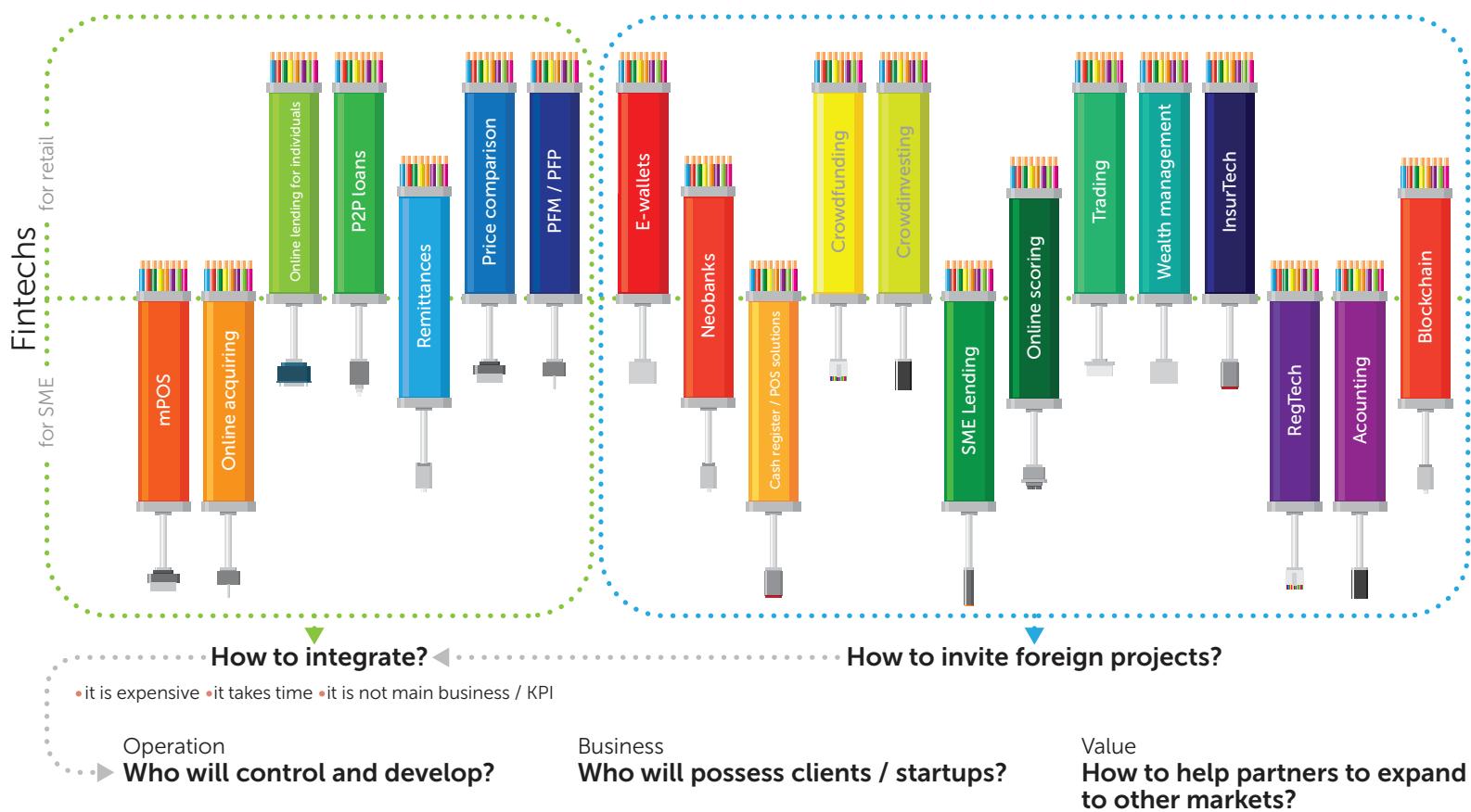
Market size and opportunity: Who needs banking infrastructure in Asia? (top-down calculation)



Banks' pain: With whom to work?



Banks' pain



Key areas of development in a traditional retail bank

Mobile and digital

- Digital customers are already there
- Technology is accessible to all
- Focus is to attract new young generation

Data monetization and analytics

Data-rich solution:

- Dynamic business steering
- Behavior-driven marketing
- Data-rich consumer and applications



Value Added Services (New revenues)

Services based on customer behavior:

- Prior to payment transaction (predictive)
- At the moment of transaction (instant)
- After payment transaction

New Business Models

- Partnering with Big-tech?
- Partnering with Schemes?
- Partnering with Fintech?
- Joint venture with GP

P&L - Internal Processes

- Operational excellence and digitalization
- Cost reduction and optimization
- Areas of synergy

Banks and Fintech. For what reason?



Fintech offers banks access to technologies, brings new ideas to market at speed, enables to add value from bank's data and changes bank's culture

Why banks need FinTech?

- Acces to ideas
- Acces to new technology
- Acces to agility: speed to market
- Acces to expertise around data
- Exposure to different culture



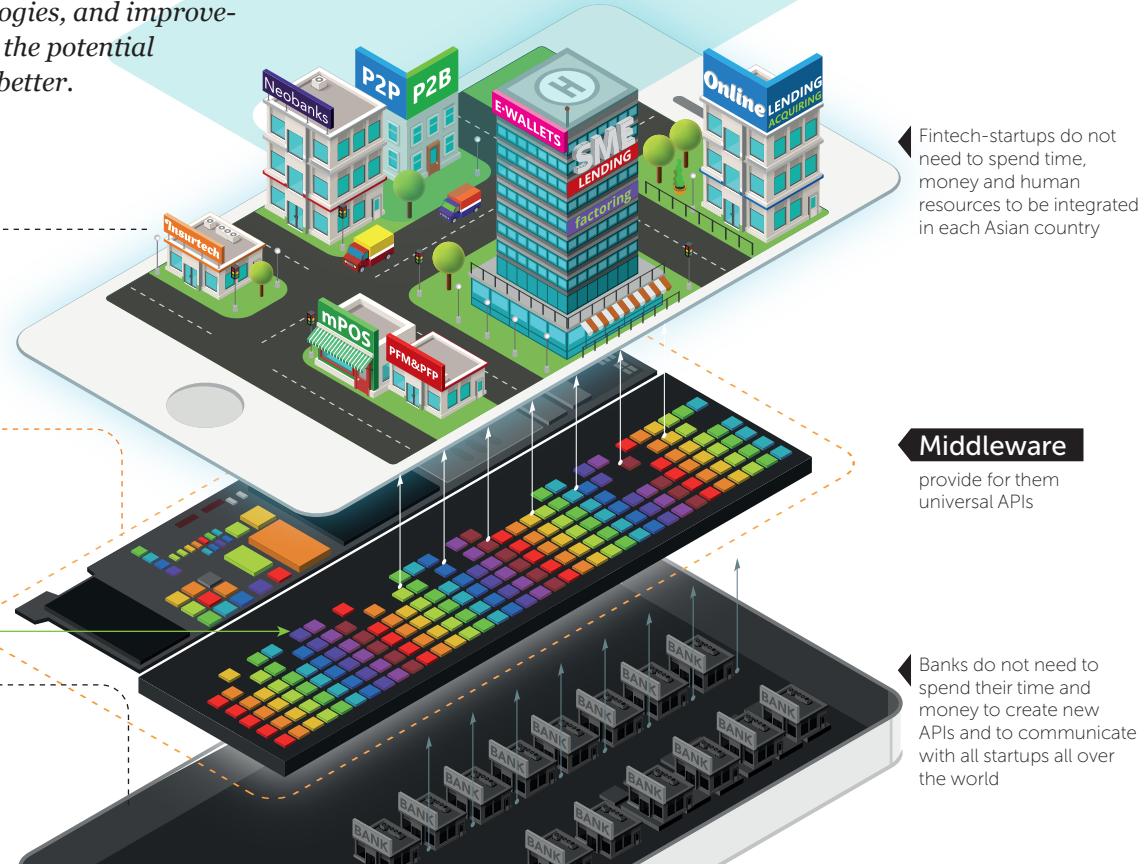
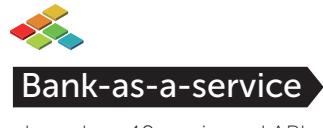
Why FinTech need banks?

- Acces to customers - trust, inertia
- Acces to clearing and Central Bank settlement
- Acces to in-depth payments expertise
- Acces to data
- Avoidance of regulation

Clearly, **not all** of today's banks **will survive**. The survivors will be those that reimagine **relationships with their customers and partners**.

Layers of BaaS platform

“ The real impact of fintech in developed countries will be felt in the back office, where new efficiencies and technologies, and improvements to know-your-customer processes, have the potential to transform some banking operations for the better.



Banking API's and overall concept delivery

- Integration of web based Fintech Widgets and native Fintech Apps through multi-layer Digital Banking Hub
 - Orchestration API for collaboration and communication with Fintech
 - Connecting Blockchain application securely to the platform
 - Billing and charging engine
 - Sustainable and extendable platform, easy to connected to different bank's core systems
-
- The diagram illustrates a layered architecture for a digital banking hub. At the top, two mobile devices are shown: one labeled 'Widget based FinTech' and another labeled 'Native FinTech Apps'. Arrows from both devices point downwards towards a central layer. This central layer consists of three horizontal components: 'DIGITAL BANKING API', 'CORE BANKING API', and 'CORE BANKING Systems'. The 'DIGITAL BANKING API' layer contains a stack of pink cubes. The 'CORE BANKING API' layer contains a stack of blue cubes. The 'CORE BANKING Systems' layer contains stacks of yellow, orange, and purple cubes. Arrows from each of these three layers point downwards to a bottom-most layer represented by a grey rectangle.
- A holistic, digital marketplace banking ecosystem with a set of services for Fintech companies to connect to and integrate into the platform
 - Required audit logging, user tracking, statistics and appropriate administration tool functionalities
 - Appropriate subset of APIs and common data used by Fintech

Regulation activities in the APAC and Asia

Key message

Most of activities are focused on establishing an early stage infrastructure and development

South Korea permits for banks to invest in Fintechs

Currently financial laws, financial institutions are allowed to buy stakes only from companies in the same business sector. The FSC have included fintech companies in the scope of the financial industry.

#banks #2016

6 P2P Lending Licenses Granted in Malaysia

Six P2P lending licenses were granted in Malaysia recently, making them the first authorized platforms in the ASEAN region.

#p2p lending #license #2016

Korea has launched a platform for banks

The platform allows financial institutions to build services that automatically populate financial information for new customers.

#banking #2016

MAS established a regulatory sandbox.

To allow more flexible application of the regulations, while maintaining safeguards to protect consumers and the wider financial system.

South Korea

MAS establishes a dedicated Fintech Office

MAS and the National Research Foundation opened a dedicated FinTech Office to serve as a one-stop virtual entity for all FinTech matters and to promote Singapore as a FinTech hub.

#opportunity

Malaysia

P2P Firms Regulation in Indonesia

The draft regulation proposed that a Fintech company is required to have Rp. 2 billion in working capital and is required to show Rp. 2.5 billion applying for a business license.

South Korea

Hong Kong to launch banking fintech 'sandbox'

To help maintain Hong Kong's competitiveness as a financial hub by supporting the development of fintech in the banking sector

Singapore

Financial Sector Technology & Innovation scheme

MAS committed \$225M (\$166.48M USD) under the "FSTI" scheme to provide support for the creation of a vibrant ecosystem for innovation.

Singapore

Indonesia

Hong Kong

Singapore

Malaysia issues the Fintech Regulatory Sandbox

To experiment with FinTech solutions in a live controlled environment which is accompanied by the appropriate safeguards

#opportunity

Malaysia

Hong Kong

Hong Kong establishes a Facilitation Office

HK Monetary Authority established the FinTech Facilitation Office to facilitate the healthy development of the FinTech ecosystem in Hong Kong and to promote Hong Kong as a FinTech hub in Asia.

#opportunity #2016

Establishing an infrastructure

Key initiatives in bank-as-a-service and open banking areas

Startups and tech companies



Bancorp – industry leading US-based largest bank-as-a-service platform, hosting 100+ non-banks with processing volume of \$200+ billion USD annually. Different clients of different size, including google wallet, PayPal, T-Mobile, yodlee and others



In 1H 2016 was launched **solarisBank**, banking-as-a-platform startup with a full banking license in Germany. It provides account and transaction services, compliance and trust solutions, working capital financing, and online loans for fintech startups.



BAASIS, launched in 2016 in Singapore, is an open-API Bank-as-a-Service platform, aimed to connect banks and FinTech startups across Asia Pacific region. Currently is in integration phase with several banks on different markets.

Banks



In 2H 2016 **BBVA** launched its API marketplace, aimed to offer other companies a way to leverage BBVA's capabilities to build their services. Fintech startups has an access to such APIs as PayStats, Connect, Accounts and Cards



In 4Q 2016 **Citi** launched global API Developer Portal aimed to open architecture to facilitate collaboration with FinTech companies. APIs includes account management, p2p payments, money transfer, rewards, investment purchases and account authorization.



Otkritie, the biggest privately-owned bank in Russia, through the process of integrating with leading digital bank for SMEs Tochka, developed its own modern API-platform, that was later used to integrate with fintech startups, including mobile bank for retail clients Rocketbank.

Government initiatives



The UK government in 2016 has set up the Open Banking Working Group (OBWG) in order to create an open banking standard that makes it easy to share and use financial data. It includes development of open API to enable services to be built using bank and customer data



In 4Q 2016 The **Monetary Authority of Singapore (MAS)** published 12 sets of data from MAS' Monthly Statistical Bulletin as APIs. MAS is encouraging financial industry players to publish open APIs on their datasets, to allow users to connect information and offer innovative solutions



In Q4 2016 **the Korean Government** launched an open banking platform for financial institutions (16 banks) that will allow them to build services that automatically populate financial information for new customers. The platform will essentially serve as database of consumer financial information that is accessible via API.

I. Open banking and API are all the rage



The hype around banking APIs will increase, even overtaking cryptocurrencies.

Major banks will launch public API platforms

Shamir Karkal, Head of Open APIs at BBVA

APIs are arguably one of the biggest topics in the industry.

The business model for profiting as a platform is key here, and many are still struggling with it

Simon Taylor, Co-Founder of 11:FS

Global regulators will embrace fintech competition and regulatory concessions ...

Africa will embrace APIs ... financial inclusion will become a mainstream and actionable topic ...

and the US will embrace change in the regulatory and political system

David Brear, CEO and Founder of 11:FS

2015 was all about blockchain. 2016 saw an explosion of interest in machine learning and artificial intelligence. **2017 will be the year of open marketplaces and platforms.**

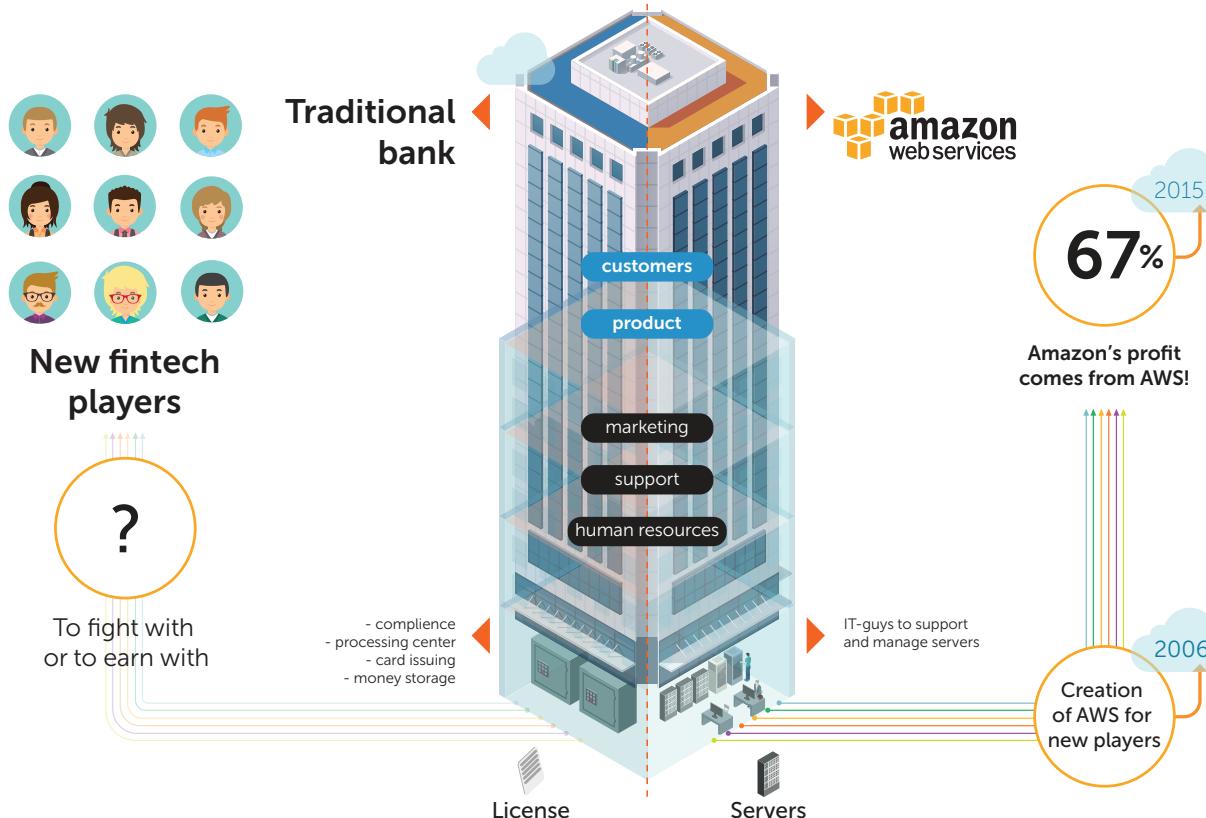
Platforms support the rapid cycle deployment of microservices into a financial marketplace... any bank with old legacy technology will start to look like a dinosaur

Chris Skinner, Author and CEO of The Finanser Ltd

APIs and Open Banking will start to shift the banking landscape with more traction in Europe and Asia, but we're likely to start seeing the gap between leaders and laggards widen

William Sullivan, Head of Global Financial Services Intelligence for CapGemini

BaaS for banks as Amazon Web Services for e-commerce



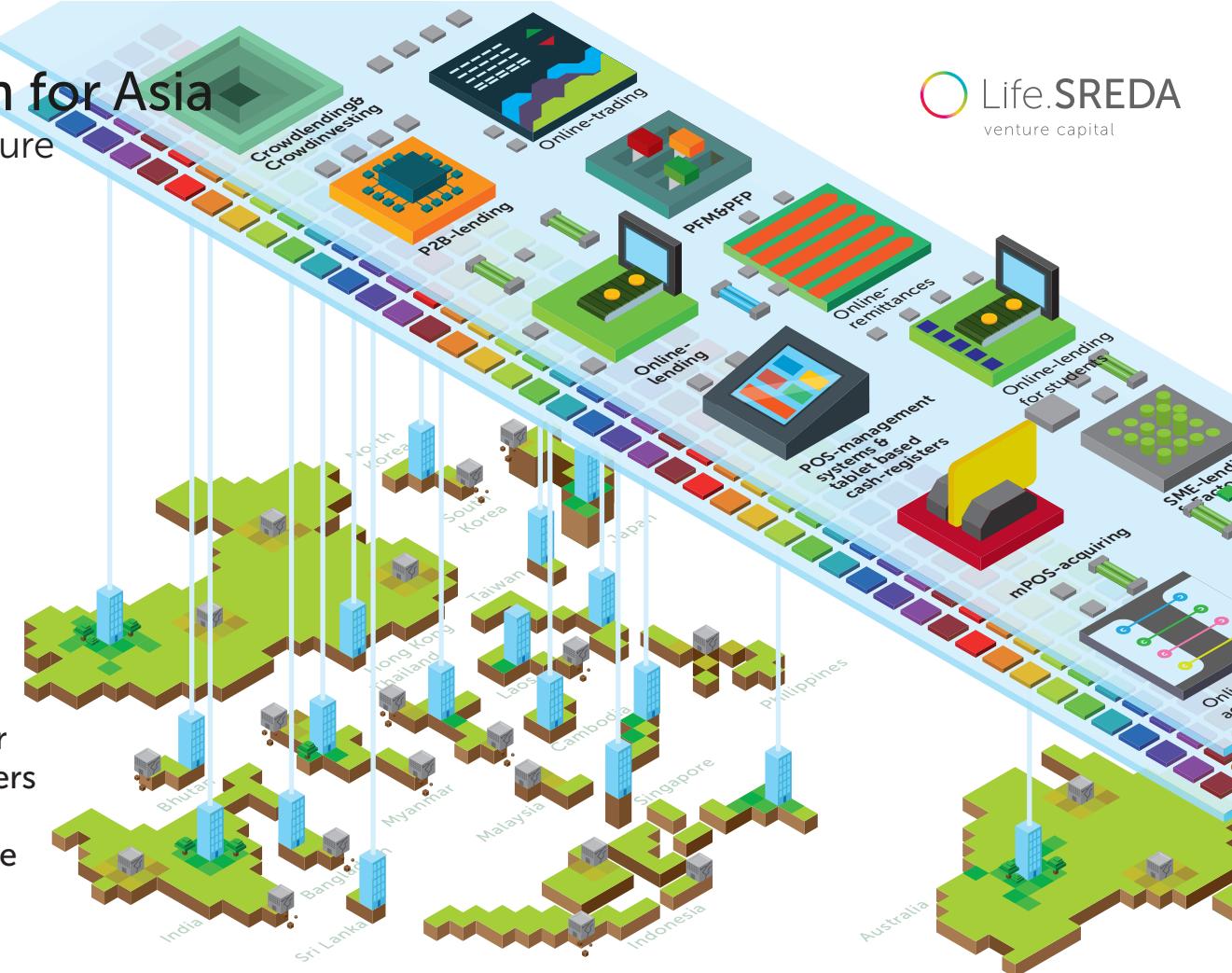
You may write off infrastructure investments or use them as new revenue streams

First BaaS-platform for Asia

is very necessary for the future fintech development



It enables banks to evolve and vital for fintechs as a helper in overcoming regulatory barriers as well as optimizes time and money consumption before going to market.





Money of the Future

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BLOCKCHAIN
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BITCOIN

INSURTECH

OBANKS

POS

WALLET

EGTECH

FM/PFP

TRADING

P2P LOANS

LNE ACQUIRING

SCORING

INSTANCES

ROUNDED INVESTING

REFUNDING

LENTING

REGISTER

SOLUTION



Thank you

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