

FinTech APAC Landscape Developments



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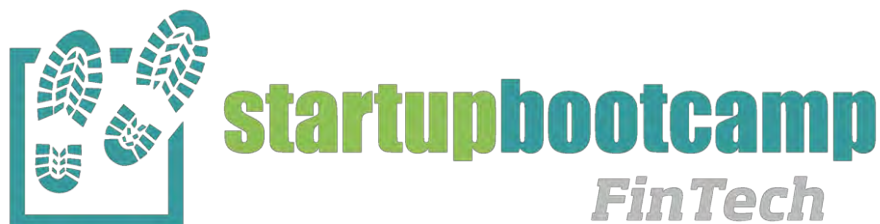
FinTech in APAC

‘Setting the scene’

FinTech is getting more and more traction and attention as more companies, including established financial institutions such as the major banks, are aware of the threats and opportunities of FinTech. This attention is attracting more investments and capital into the market and is promising to be a real disruptor to the financial services sector. Regulators around the world are looking into ways to regulate the market in such a way to give sufficient opportunities to these new innovations while simultaneously regulating the market.

The aim of this report is to show FinTech developments within the APAC region such as; which innovations and startups are (trying to) disrupting the market, provide a funding overview, what countries are leading the FinTech wave and how are regulators and established financial services responding to these disruptors? In order to do so we attained information from TechInAsia on the funding landscape, we gained insights during the FastTrack tour conducted by Startupbootcamp throughout APAC and we tapped into the PwC network for additional knowledge and insights.

This report is structured in such a way that we first discuss the early, pre-funding, startups that we encountered during the FastTrack. Second, we move to the funded startups to show the funding and capital available in APAC. Third, we discuss a Japanese startup that distinguishes itself from other Japanese startups. Fourth, we provide an overview of the regulatory developments and finally we will provide an overview of the startups that are already disrupting the APAC landscape. Enjoy!



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FinTech APAC funding overview

This section contains two sub-sections; (1) ‘Under the Radar’ FinTech startups that have been identified during the 16 FastTrack-events organised by Startupbootcamp FinTech throughout APAC, and (2) ‘Above the Radar’ startups that have been funded and therefore are captured in the database by TechInAsia.

Throughout this section we will provide a high level overview of the key-developments within FinTech in APAC for both early-stage companies and more mature startups that have received their seed-funding. Graphical overviews of various insights based on the data are presented to give you an overview of APAC FinTech developments. China, being the FinTech giant, is shown separately to ensure other regions are not lost in an overall comparison.

1



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FinTech APAC funding overview

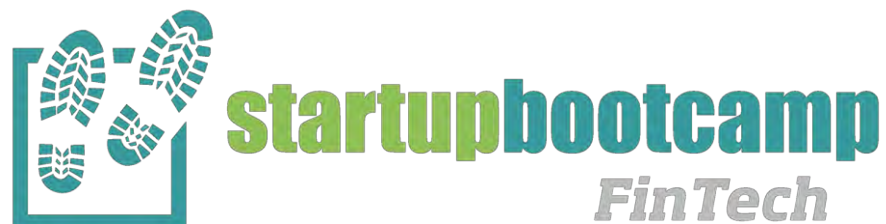
‘Under the Radar’

The ‘Under the Radar’ information is collected during the 16 FastTrack-events organised by Startupbootcamp throughout APAC. These startups can be categorised in the following 3 ‘buckets’;

- Scouted by Startupbootcamp
- Attended FastTrack-event in any of the 16 locations
- Applied to the Singapore Startupbootcamp FinTech 2016 accelerator program

In total information was gathered from 405 early stage startups throughout APAC including category and sub-category classifications.

1.1



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‘Under the Radar’-insights in APAC FinTech ecosystem

Detailed, low-level insights in early, pre-funding stage startups throughout APAC

The current state of early-stage startups within APAC



17% of the startups are payment oriented



37% of the early-stage startups are from India



26% of founders have prior startup experience

FinTech APAC funding overview

‘Above the Radar’

The ‘Above the Radar’ information has been provided to us by TechInAsia - (<https://www.techinasia.com/>). In order to further segment the FinTech startups 3 ‘verticals’ are applied by TechInAsia being;

- Finance
- Virtual Currency
- Payments

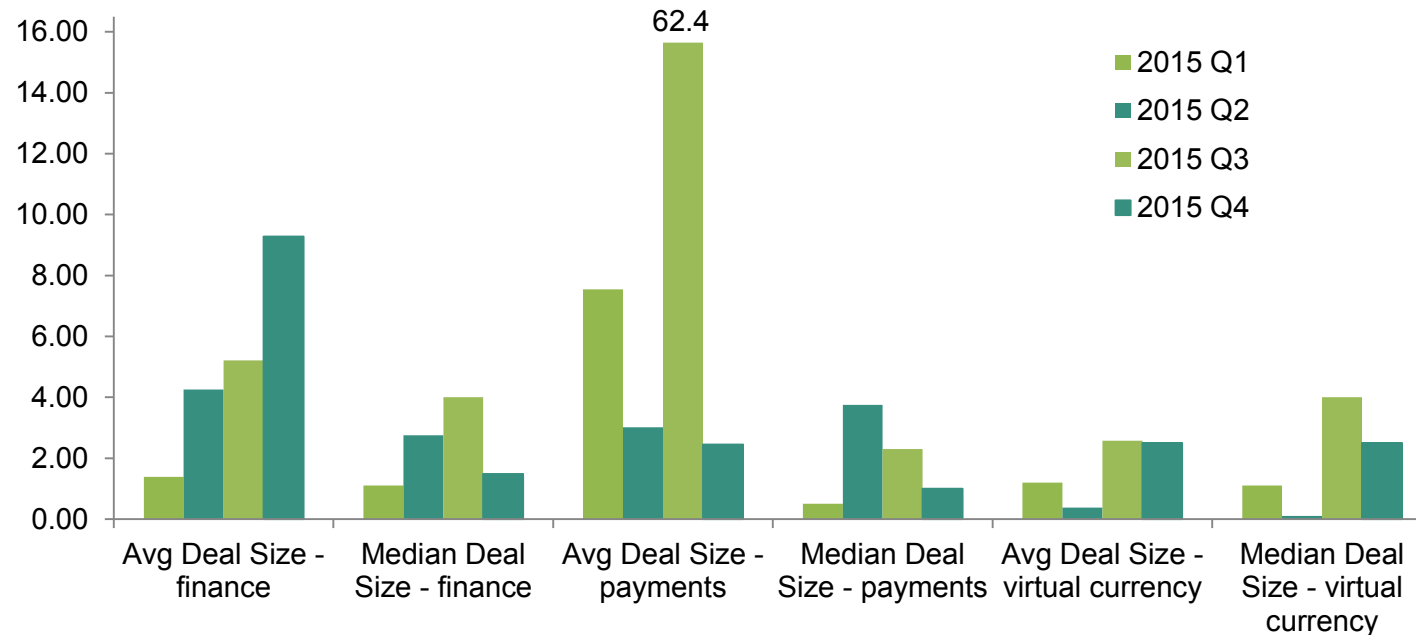
Throughout this section graphical representations are provided to show the APAC developments on startups that have received their seed-funding and are therefore more mature compared to the *‘under the radar’* section.

1.2

Macro-view of the FinTech landscape in APAC

*Funding increases year-over-year**

Average deal and median deal per FinTech vertical (x 100.000 USD)



FinTech verticals

Within the three verticals the broader Finance segment shows by far the biggest quarterly growth since beginning of 2015. The funding within Payments is growing, with an exceptional spike of over 62.4 million USD during Q3 due to an investment by Alibaba in an Indian startup Paytm. Virtual currency is the only vertical showing a decline in growth during 2015.

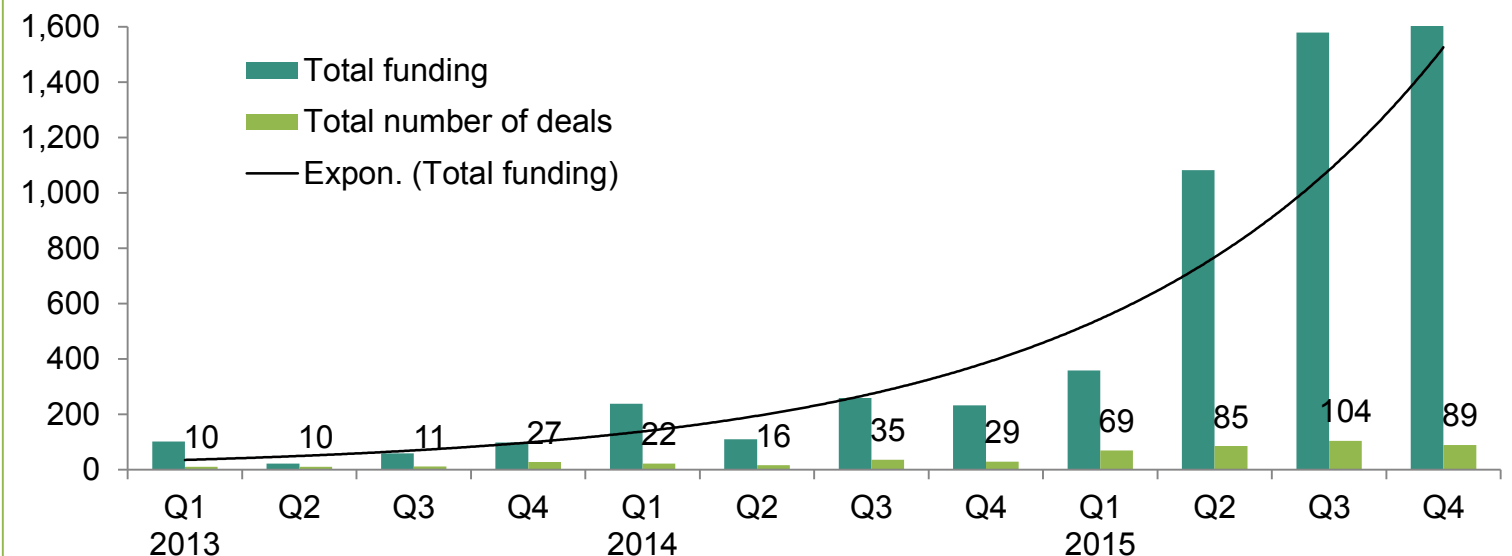
*in USD, According to TechInAsia data



Increase in growth pace

From 2013 up until end 2015 both the total funding as the total number of deals within FinTech are growing at an increasing, almost exponential pace. This overview shows that APAC is aligned with the funding developments within FinTech on a global scale that also follow an almost exponential growth.

Total funding vs. Total number of deals in FinTech (x 100.000 USD)



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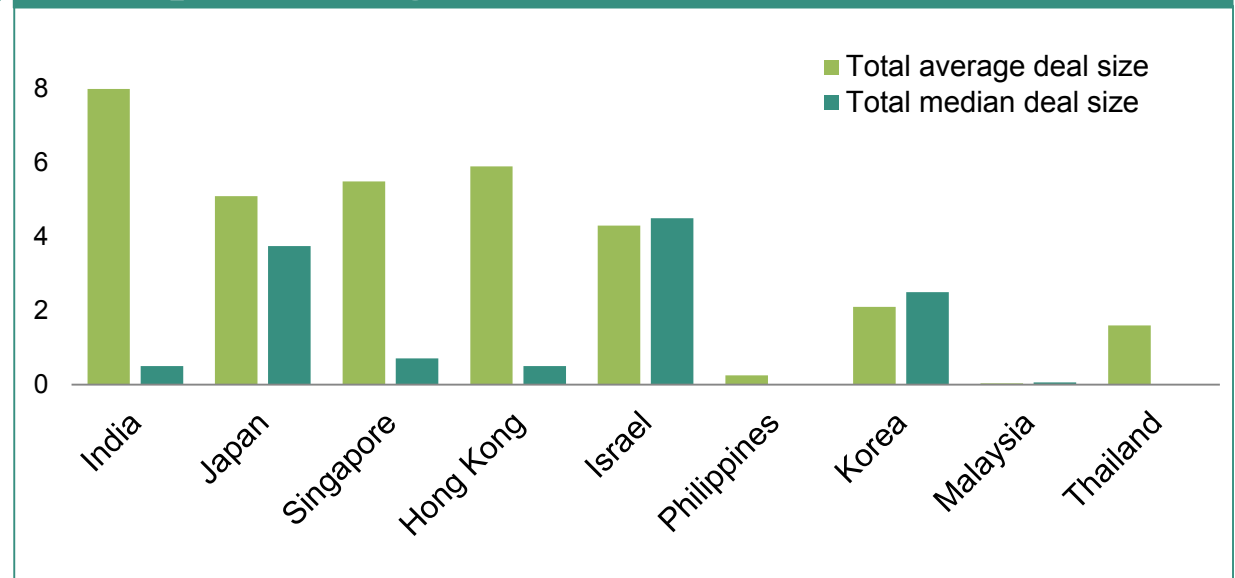
Macro-view of the FinTech landscape in APAC

*Funding increases year-over-year**

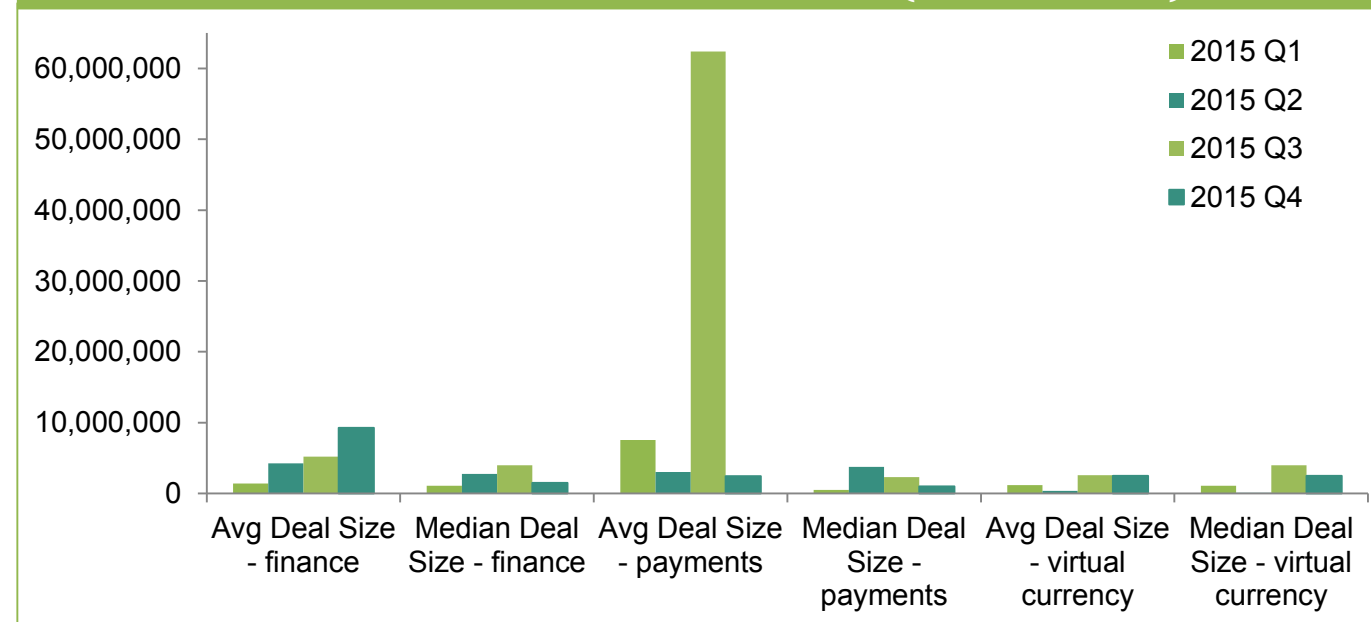
India hotspot

India is one of the fastest growing Startup environments in APAC. India has the second biggest Startup ecosystem after China in deal size and number of deals. FinTech Startups play an enormous role in this growth expansion from India. Based on the FastTrack events organised throughout APAC India is arguable the ecosystem that is most matured compared to other ecosystems in APAC.

Total average deal size and total median deal size in FinTech per APAC region (excl. China) (x 100.000 USD)



Comparison of Finance, Payments and Virtual Currency deals in the APAC FinTech environment (x 1.000 USD)



Finance grows

The finance vertical shows significant growth over payments and virtual currency. This is also reflected in the startup applications received by Startupbootcamp whereby almost 1 out of 2 startups (42%) are targeting the finance space.

The spike in Q3 for payments is due to an investment in Paytm, and Indian startup, by Alibaba.

*in USD, According to TechInAsia data

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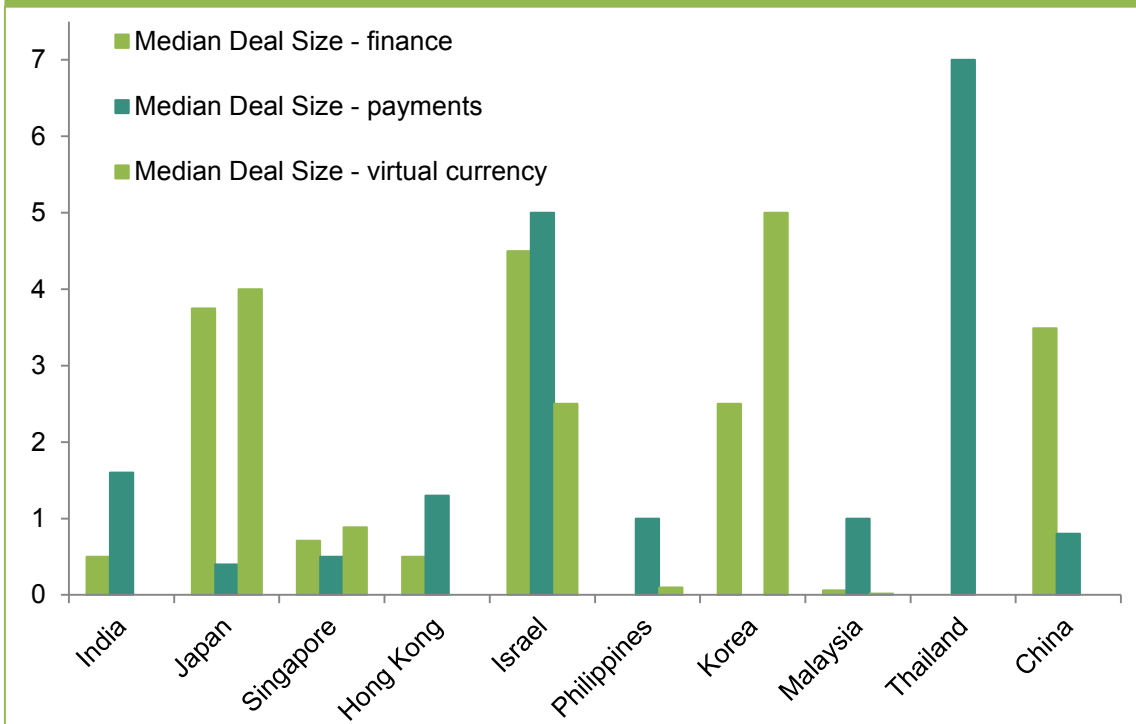
China vs. APAC - FinTech landscape

*China by far the biggest player in both in volume and percentage**

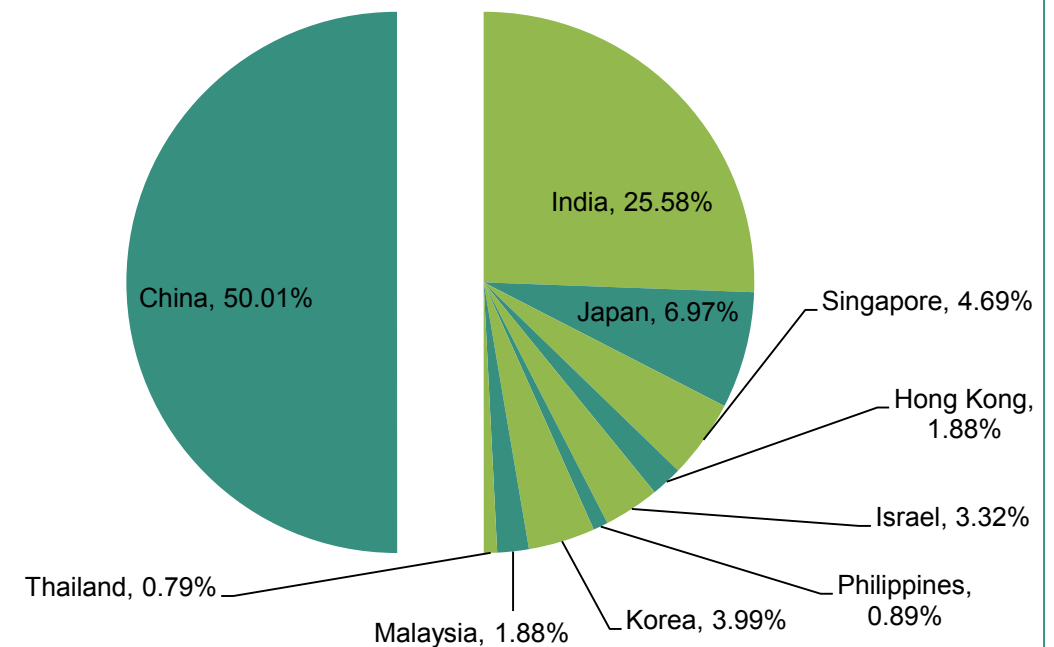
FinTech giant

China is by far the biggest FinTech ecosystem in deal size and number of deals done. Startups in China are mainly focussed on domestic success prior to expansion as the China domestic market provides sufficient growth opportunities. Seed-funding available in China surpasses other regions, including India, by far. A good example is the startup Lufax who received \$485m Series A funding in April 2015 and is currently valued at \$19bn.

Median deal size per vertical (x 100.000 USD)



Division of deals during 2015 in Finance per APAC region

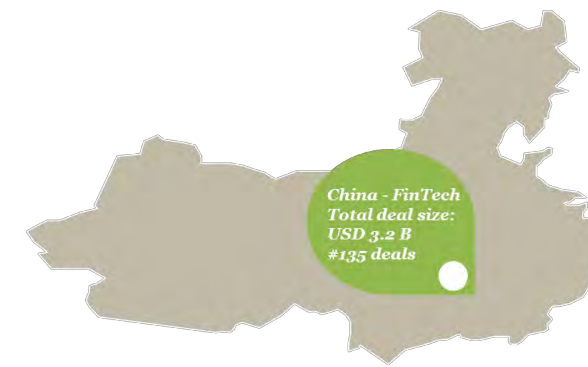


*in USD, According to TechInAsia data

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China's FinTech landscape

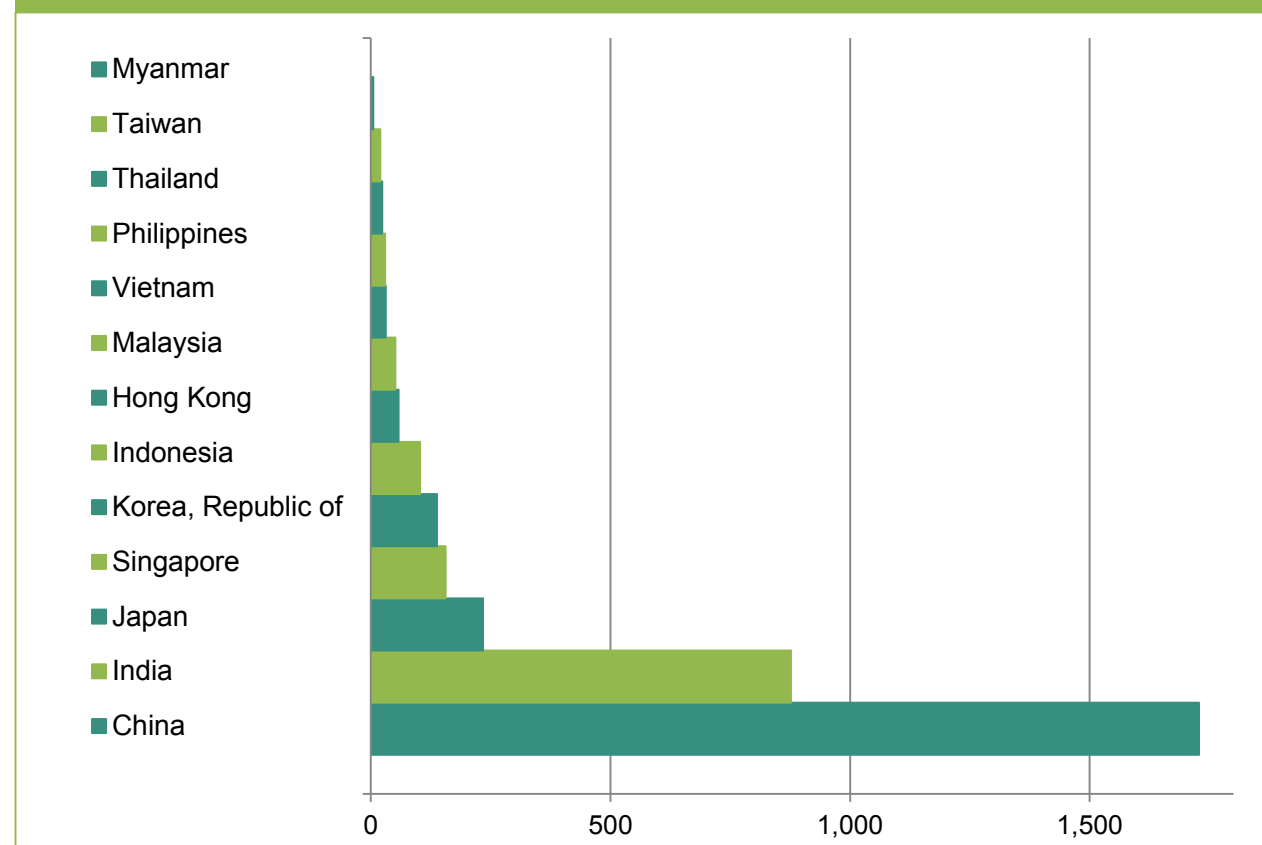
Detailed overview of China's Startup landscape*



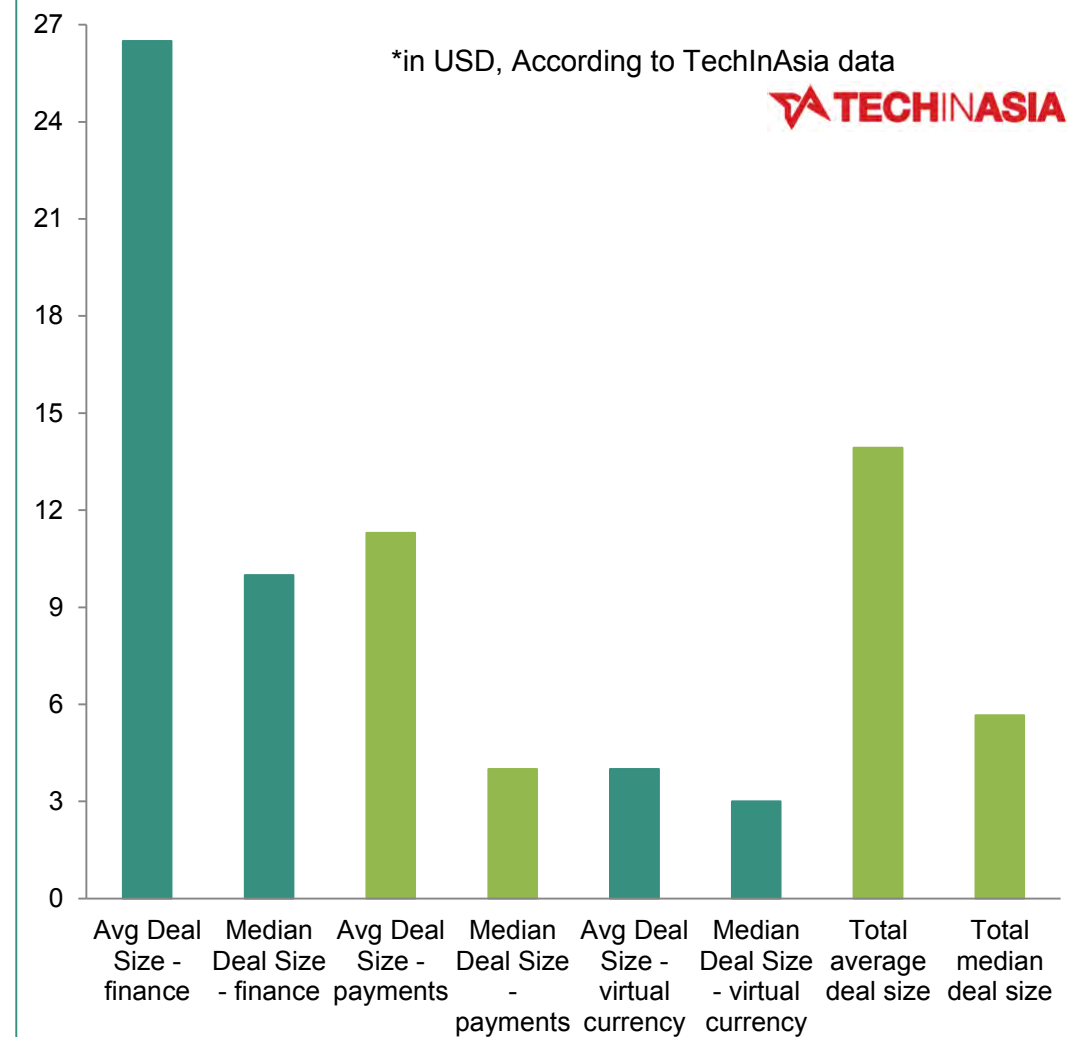
Vertical comparison

Within China the vertical 'Finance' raises by far the largest investments and deals. Median of payments and virtual currency are almost equal although within payments the average deal size is significantly larger.

Comparison of total number of all deals across all industries in APAC



Overview of FinTech deals within China (x 100.000 USD)



Startup environment differs greatly from country to country

Overview of all investments and deals across all industries within APAC*

Hotspot

India is one of the fastest growing Startup environments in APAC. India has the second biggest Startup ecosystem after China measured in deal size and number of deals. FinTech Startups play an enormous role in this growth.

International ecosystem

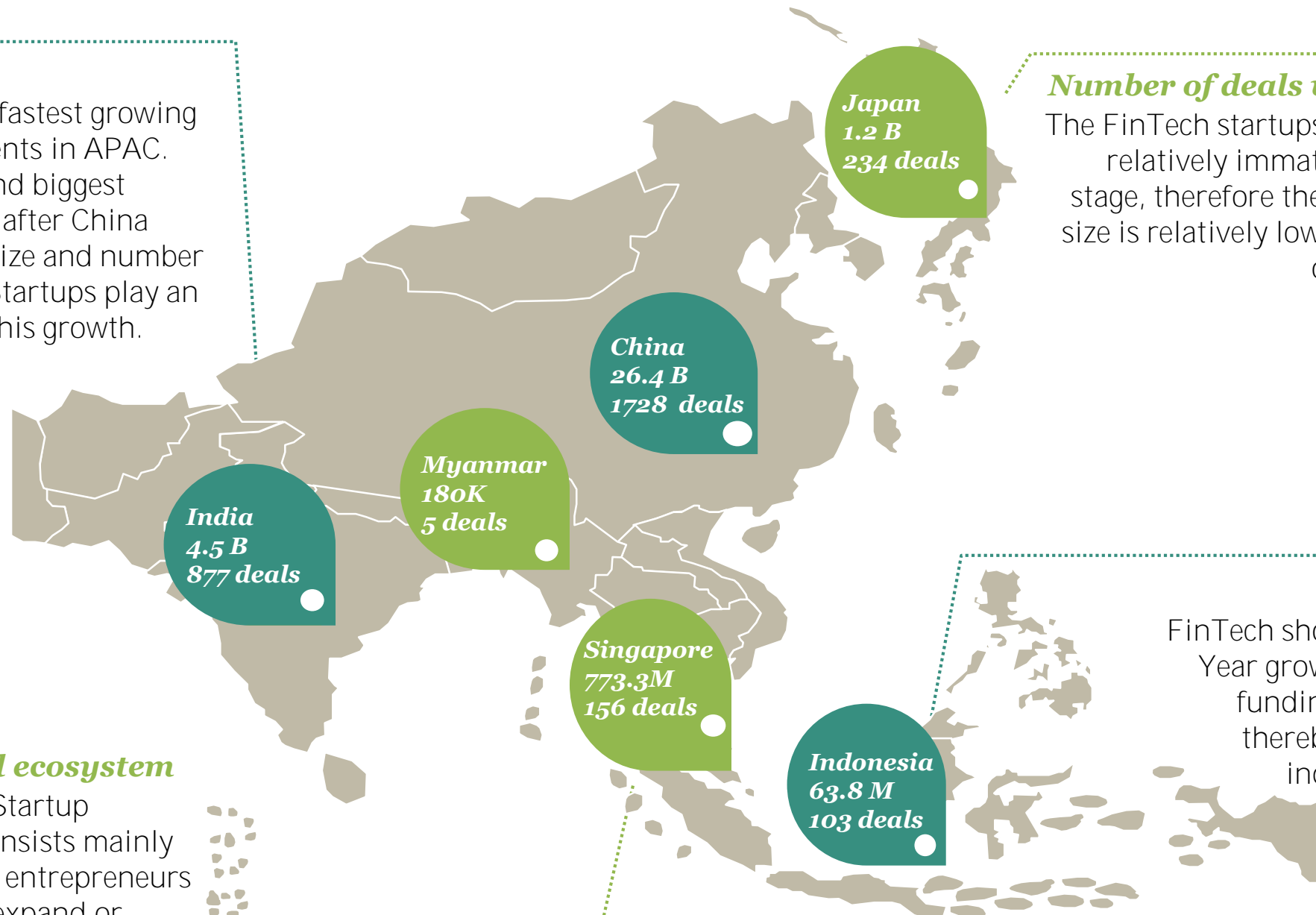
The Singapore Startup environment consists mainly of international entrepreneurs with a focus to expand or facilitate overseas business.

Number of deals vs. deal size

The FinTech startups in Japan are relatively immature and early stage, therefore the average deal size is relatively low compared to other regions.

Growth

FinTech shows a 50% Year-over-Year growth measured in USD funding in Indonesia and is thereby the fastest growing industry for Indonesian Startups.



*during 2015 in USD, According to TechInAsia data

TECHINASIA

Case study - Japan

Japan is an interesting region within the FinTech environment as, despite having the 3rd highest number of deals in FinTech, most startups that are initiated within Japan focus solely on the home market and international expansion is relatively rare.

In this section we taken a closer look into the unique characteristics of Japan to understand the different circumstances startups have to address to succeed here.

Additionally, a startup exception to the international expansion rule of Japanese startups is **presented; 'Metaps'. Metaps is one of the few FinTech startups able to expand across the Japanese border** – suggest deleting this sentence.

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FinTech Ecosystem Spotlight

Current developments happening in Japanese FinTech space

Japan -
FinTech
66.6 M
15 deals

Soft culture

The Startup ecosystem of Japan has a collaborative, yet competitive culture where a focus on the long-term benefit for the community as a whole is taken into account.

Growth stage

Startups in Japan are relatively early stage in comparison with startups in China, India and Singapore based on funding rounds. Most Startups are building their product **rather than expanding globally. This has it's impact on** various factors including funding.

Domestic focus

Due to the size of the Japanese market, Startups tend to focus on domestic success prior to international expansion. Startups that are successful globally have considered the global market and success from day one.

Funding

Average deal size in Japan is significantly lower than for instance Singapore or China. Most Startups are in seed or Series-A funding cycles.

Laws and regulations

Japan has stringent laws and regulations governing the FinTech ecosystem. This compliance pressure is very specific to Japan compared to other countries in APAC, leading to a high entry barrier.

Focus

Startups are focused on 2 areas; (1) replacing core financial services or (2) everything money related. The Japanese FinTech startups take the second focus area and thereby have a broader perspective on FinTech. Current developments are mainly within the payment/cloud accounting environment

Copy cats

Within Japan, startup copy cats are present whereby global innovation is adapted to meet Japanese regulatory requirements.

Corporate ecosystem

Innovation within Japan has a strong corporate backing. Conglomerates are internally funding and creating internal ventures, not just investing in the startup ecosystem.



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FinTech Ecosystem Spotlight*

High-level overview of Metaps – a mature Japanese Start-up

Mission statement

“To be the world's brain.”

Through big-data and computer learning, our aim is to be the world's brain by empowering people to make smarter decisions

Metaps is an app monetization platform; it also offers an online payment solution called Spike.



Company details

Location **Employees**

Tokyo/Japan 51-200

Founders **Founded**

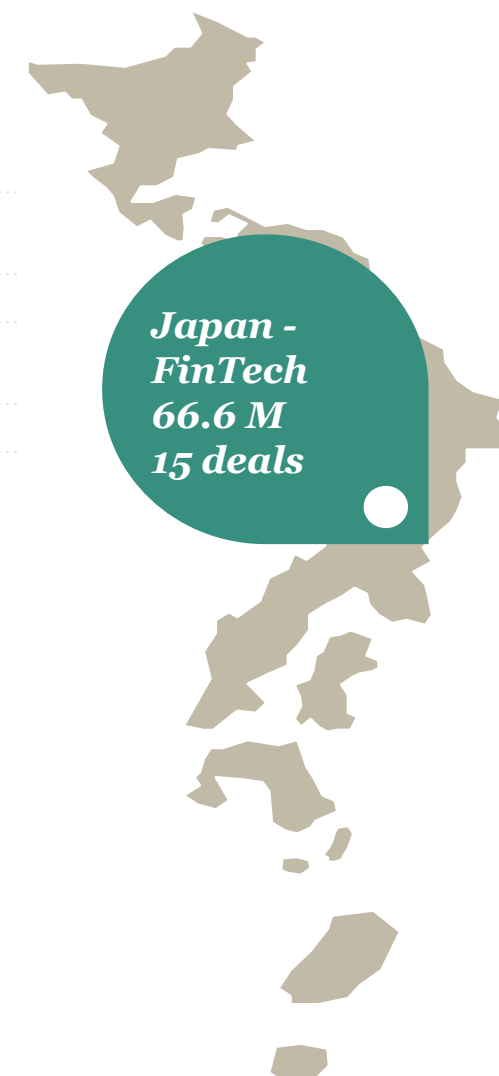
Katsuaki Sato September 2007

Business details

Mission:	To be the world's brain by empowering people to make smarter decisions.
Verticals:	Finance - Finance Technology Analytics - Mobile Analytics
Market Presence:	Global
Key Clients (B2B):	Singtel, Baidu, Line
Business Model:	Advertising

Funding details

2015-02-12	Series C	¥ 4.300.000.000
2013-03-06	Series B	¥ 1.000.000.000
2012-02-20	Series A	¥ 110.000.000
2011-12-22	Series A	¥ 330.000.000



Why is Metaps different?

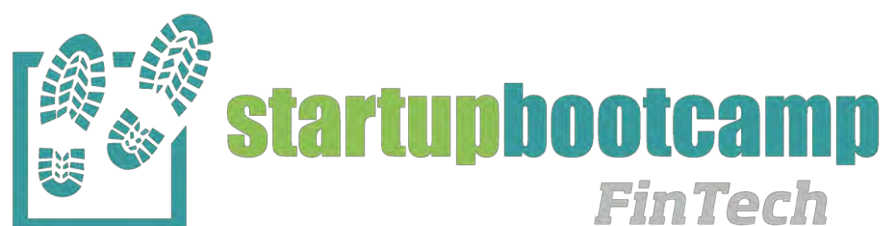
Globally oriented setup

Metaps has a global setup from the start whereby the focus is directed to global markets rather than the domestic, Japanese market, only. International expansion and global success is build into the DNA of Metaps.

Diversification

Metaps is quickly diversifying its service product delivery where it started as app monetization it has added payment services **such as SPIKE to it's financial services and** they are even looking into space technology. Metaps is not limiting itself to FinTech only.

*during 2015 in USD, According to TechInAsia data



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Regulatory Environment



Regulatory developments

The various regulators within APAC differ greatly in their approach to the startup ecosystems within their respective countries. The next section will compare three leading regulators, namely; (1) India – Reserve Bank of India , (2) Japan - FSA, and (3) Singapore - MAS.

Within the regulatory environment of APAC the regulatory landscape implemented within Singapore is regarded as the most stringent and simultaneously progressive with regards to FinTech startups for the region and arguably the world. If a company complies with the regulatory environment of Singapore it will most likely be able to comply with regulations in other APAC countries, thus making it an interesting market for startups.

Additionally, we provide a high-level overview of policies that are developed and implemented on a global level by regulators in UK, US, HK, Korea, and Australia.

3

High-level comparison of regulators activities for Startup ecosystem

Reserve Bank of India



- Clarity regarding regulations and laws in place is mainly for licensing.
- Licensing of telecom, technology and digital companies as payments banks



- The Reserve bank of India is risk-adverse and waiting what other regulators are implementing as new legislation.
- No direct involvement within accelerators or incubators by the government.



MAS



- The MAS is actively involved in the Startup community and is the only Financial regulator that is officially supporting a FinTech accelerator
- Over the next 5 years they have committed USD 225m to growing the FinTech sector in Singapore
- Earlier this year, the MAS announced its intention to establish Singapore as a Smart Financial Centre that aims to foster innovation and support the FinTech community



- Applicable laws and regulations are complex.
- Startups need to navigate through multiple entry points to obtain the required knowledge on laws and regulations

FSA



- A FinTech desk has been opened to reduce distance between FSA and the FinTech startups regarding applicable rules and regulations.
- Legislative pressure has been reduced in certain areas (e.g. settlements) and opportunities to reduce the legislative pressure are being researched.



- Stringent laws and regulations limiting FinTech developments.
- Lengthy process to attain license from the FSA.

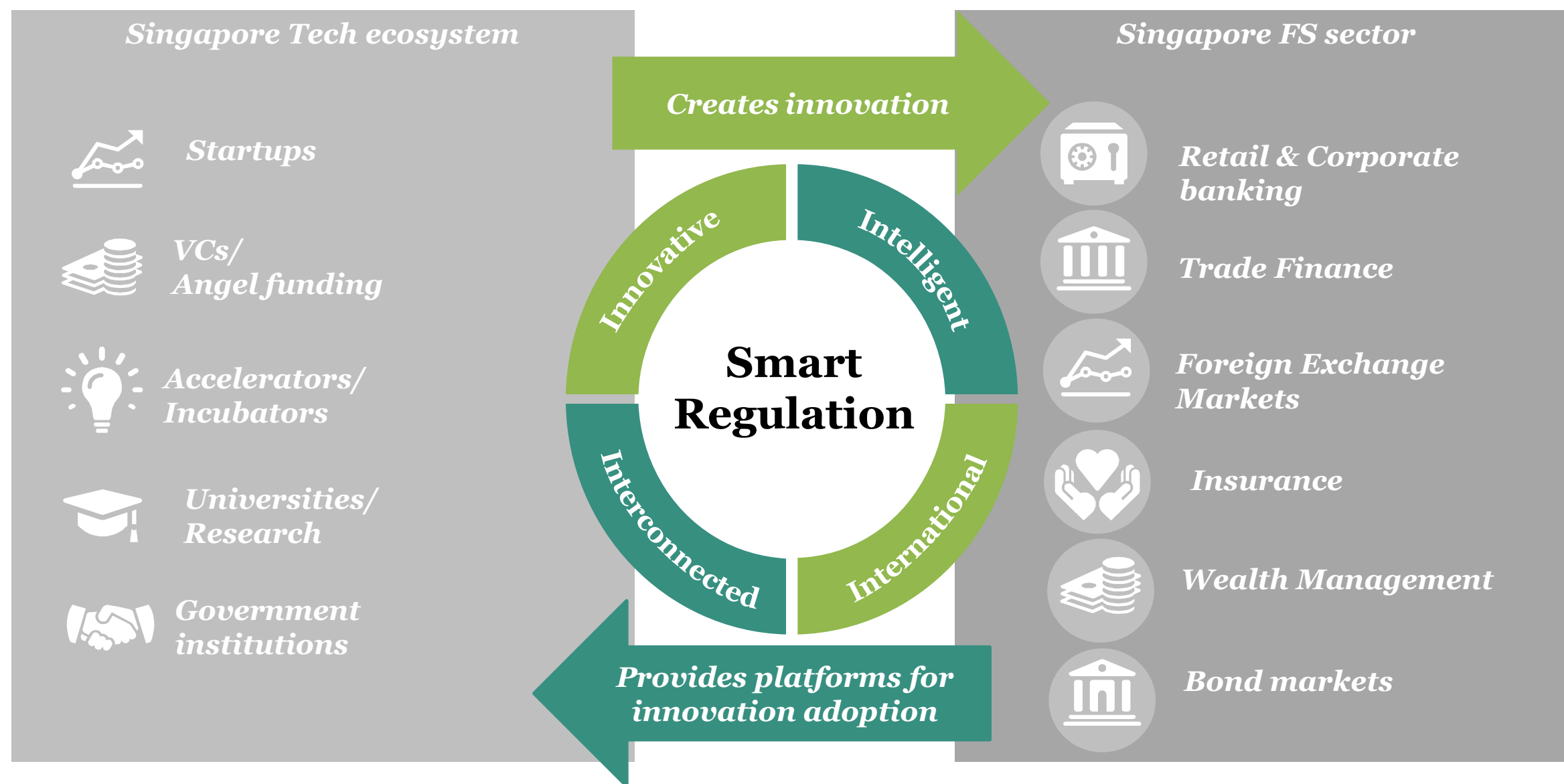


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MAS is taking a lead in enabling innovation creation and adoption for the financial services sector



FinTech as an enabler of better regulatory insight and more stable financial services sector

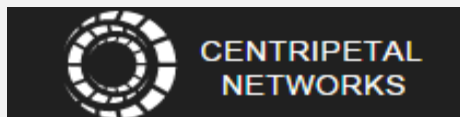
Data analysis and online reporting solutions for regulators

- **Online/automated regulatory reporting** could enhance the effectiveness of supervision ('regulator-ready' solutions)
- Leveraging of big data for **systemic risk measurement** enabling the regulator to anticipate and detect market bubbles or anomalies

Technology which helps Financial Services comply with regulations and enhances financial stability

- Software solutions to address **cyber risk** in financial services
- More comprehensive, accurate, and timely **regulatory reporting** through better big data management and analytics tools
- Smart use of data for detection of **money laundering and fraud**

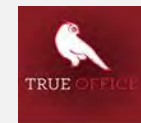
Examples of 'RegTech' applications



Software and hardware to locate and block cyber attacks real time in a bank's network







Analytics software to read unstructured files based on natural language process to detect employee fraud



Produce video games for financial firms as a training tool for compliance and regulatory trainings

Several financial centres have already developed FinTech strategies and policies...and are emerging as major FinTech hubs

Financial centre		Select initiatives relating to FinTech strategies and policies
New York		<ul style="list-style-type: none"> Supported the development of open source software & cloud technology, as well as the advancement of mobile, analytics, compliance and security industries - The move has contributed to the proliferation of new FinTech ventures Established FinTech Innovation Lab, an elite mentoring program designed to help the brightest entrepreneurs
London		<ul style="list-style-type: none"> Supported the advancement of FinTech (e.g. machine learning, cognitive computing, digital currencies, block chain, big data analytics, mobile payments and peer-to-peer applications) Established FinTech Advisory Group to provide recommendations for the government and to coordinate initiatives Provided a specialised case officer to coach start-ups on how to navigate regulations Launched 'Project Innovate' led by the Financial Conduct Authority (FCA) to identify and remove barriers FCA, HM Treasury and PRA gauge the feasibility of a 'FinTech regulatory sandbox' which allows innovators to 'test drive' their services in a controlled environment with minimum regulation while protecting the public. FCA and PRA will identify ways to support the adoption of 'RegTech'. The strength of the UK policy environment is due to the supportiveness and accessibility of the Financial Conduct Authority (FCA), effective tax incentives and numerous government programmes designed to promote competition and innovation which indirectly support FinTechs (e.g., Open API and Mandatory Referrals).
Hong Kong		<ul style="list-style-type: none"> Involved Financial Services Development Council into FinTech consultation Established MyGovHK to provide one-stop access for e-government services (e.g. taxes, bills, clinical bookings) Incorporated the latest technologies (e.g. cloud computing, big data analytics, wireless and multi-platform, and internet-of-things) into various sectors Implementation of FinTech steering Committee.
Seoul & Songdo		<ul style="list-style-type: none"> Allowed local banks to invest in FinTech firms to boost the integration between the two industries Built the world's longest subway system, equipped with ultra-fast Wi-Fi In particular, Songdo International Business District provided attractive financial incentives for new businesses: <ul style="list-style-type: none"> Tax reduction, estate support and subsidies for new ventures, incl. FinTech ventures No property tax for 10 years, followed by three years 50% tax reduction, and rent reduction for SMEs Employees of a company with >30% foreign investment may claim a variety of perks, such as travel compensation
Sydney		<ul style="list-style-type: none"> Developed regulations that cater for FinTech (e.g. Financial Claims Scheme which requires Single Customer view, real-time payments and internal ratings-based models) Created a local 'centre of gravity' for FinTech in Sydney and provided low cost services for them (e.g. working space and expertise for start-ups).



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Asia FinTech Startup Landscape



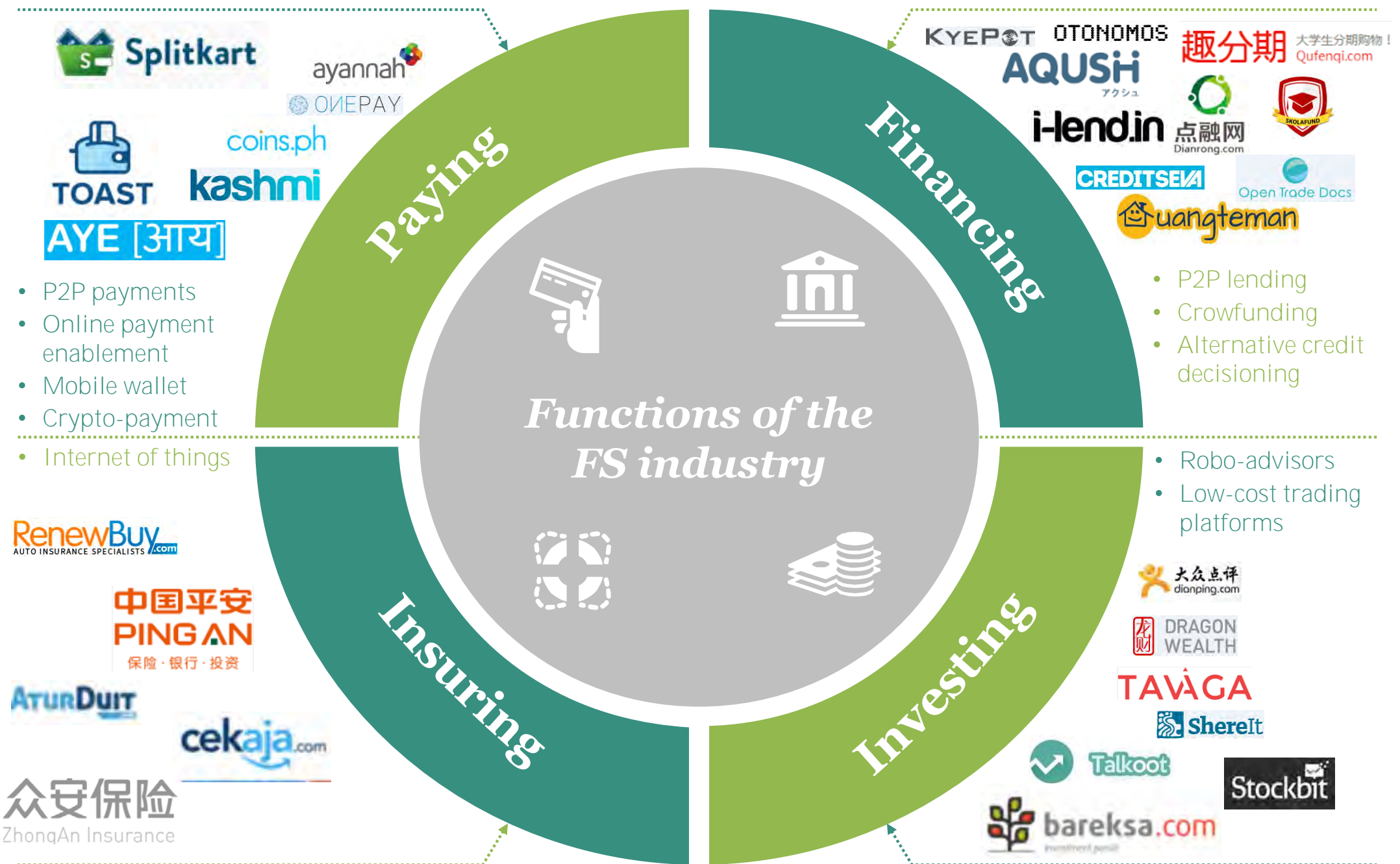
Asia FinTech startup landscape

The FinTech APAC landscape highly differs to the global landscape. Whereas on a global scale many FinTech startups are already directly influencing the financial landscape the APAC startups are either copying the global initiatives or are just started to influence and disrupt their respective local established financial companies.

Within this section we will first provide you with a snapshot of APAC startups and then highlight the impact that global FinTech innovations have on the established global financial organisations, the unbundling of the bank.

4

Asian Startups within the Financial industry verticals













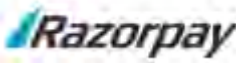












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There are already a number of Asian startups that are impacting the 5 major areas of financial services

Retail and Corporate Banking	Trade Finance	Insurance	Bond Markets	Foreign Exchange Markets
 Powered by WeLab Limited		 	 	
 LOANS FOR PEOPLE BY PEOPLE				
		 Stop. Compare. Save.		 Marketplace without Gatekeepers
		 Insurance Broker Pvt. Ltd.		
				
				
				
				

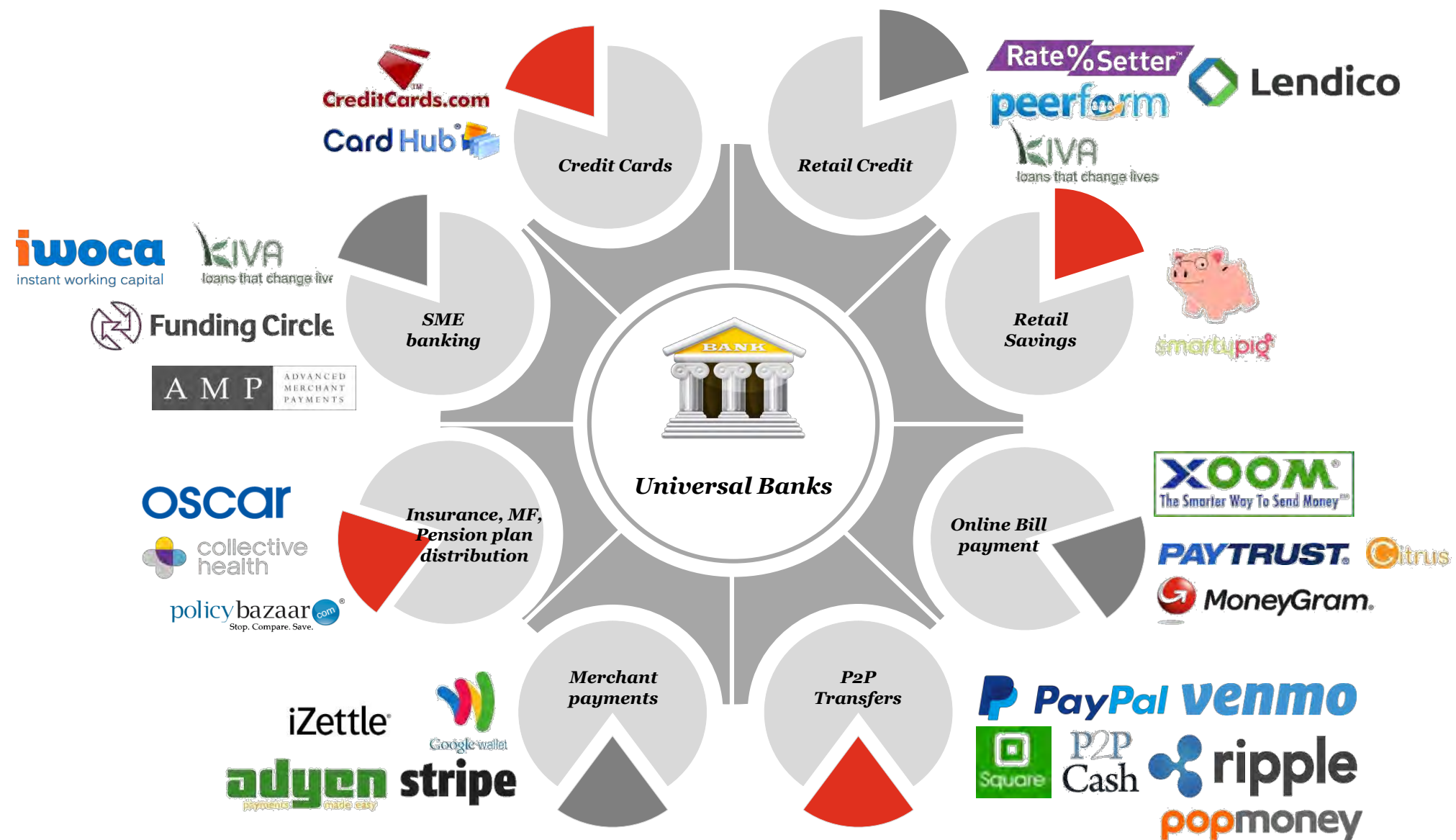


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...and international FinTech companies have started to chip away at traditional banking models

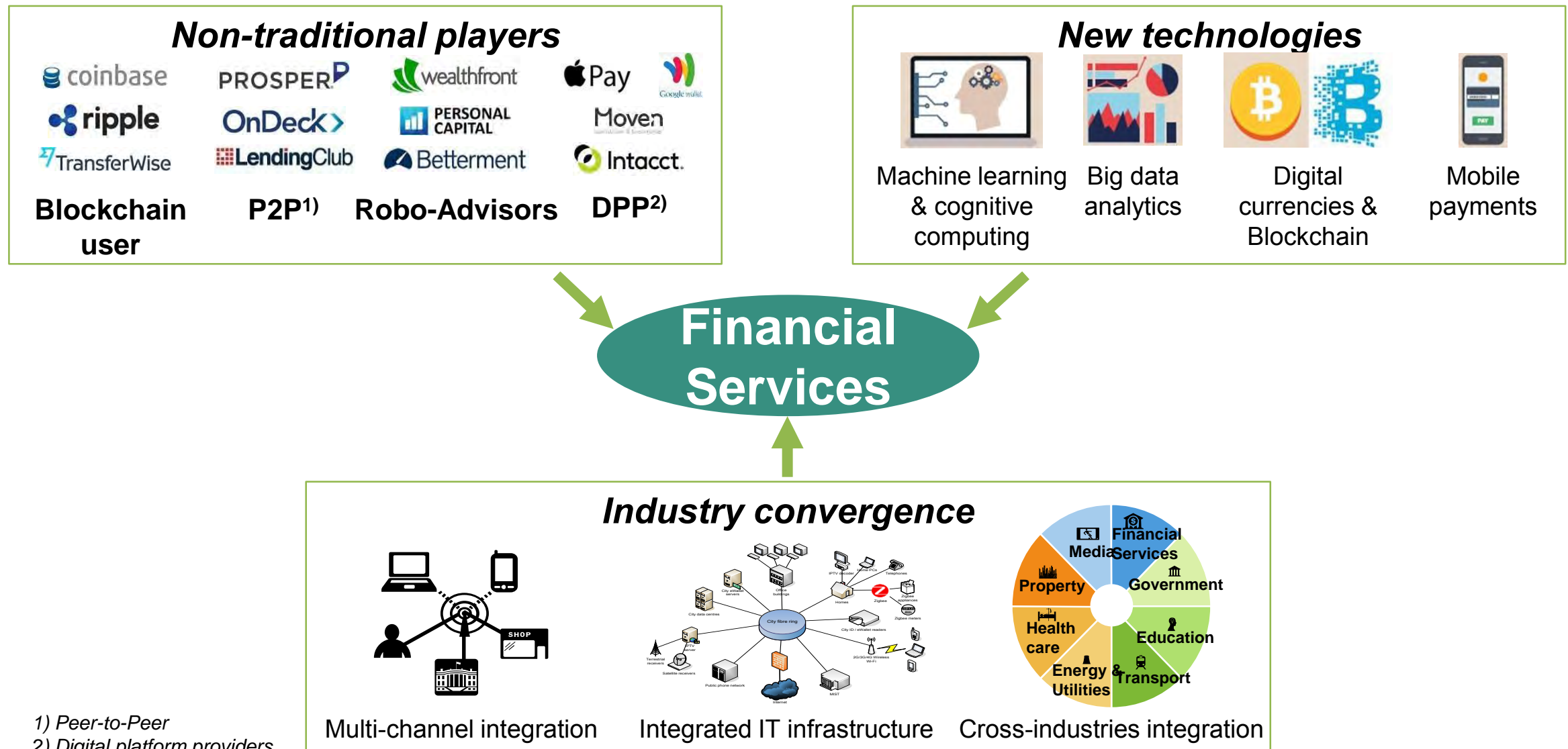


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All of these changes bring both opportunity and challenges to existing organisations, regulators and Startups.



1) Peer-to-Peer

2) Digital platform providers

Source: UK Government Office for Science, PwC Strategy& analysis



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Call to Action



Startupbootcamp 2016 FinTech program

Are you interested in the FinTech environment? Do you have *the next big* idea to change the way the financial sector works? Are you interested in the developments in the FinTech space from an established organisational perspective? Are you currently working within FinTech and would like to share your ideas and knowledge? Get involved in the Startupbootcamp Singapore FinTech accelerator program now!

5



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Contact Startupbootcamp!

We can provide the platform for you as a FinTech startup or as an established Financial Institution

This idea will change the world! Only, how can I make sure I get the platform to launch properly?

What is happening in my market? How can we cope with the changes driven by new FinTech Startups?

Startupbootcamp is looking for new, *fresh* ideas that will disrupt the current financial marketplace.

Startupbootcamp is *the* leading accelerator in the world supported by major established companies.

Contact Startupbootcamp and be part of the Singapore FinTech accelerator Program!

Proud strategic sponsor of Startupbootcamp FinTech Singapore

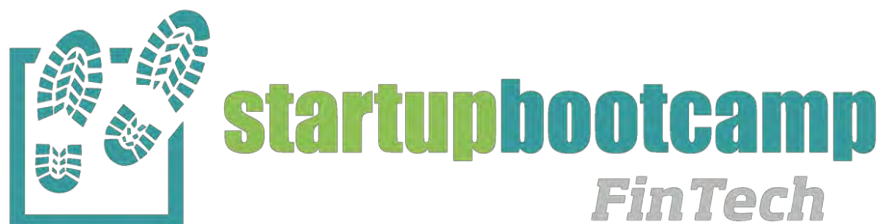


pwc

Startupbootcamp & PwC team

Please allow us to introduce the Startupbootcamp FinTech and PwC FinTech team in Singapore to you.

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Are you our next Startupbootcamp participant?

Contact us to if you would like explore opportunities!



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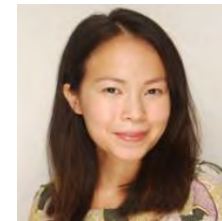
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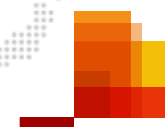
A world map composed of small dots, with the text "Thank You!" overlaid in the center.

**Thank
You!**



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