The “Digital” Evolutions

October 2017
“Digital” Evolution

- **80s**: closed “digital” – personal computer era
- **90s**: “digital” connect – internet era (email & search engines)
- **2000s**: mobile – mobile phone era (mobile call, sms, e-commerce)
- **2010**: mobile internet – apps (mobile apps & fintech)
Today “Digital” Economy - Dominated by Fintech
Organisations combining innovative business models and technology to enable, enhance and disrupt financial services

- EY

It is innovative business models and technologies and not technologies which banks are implementing.

It is really new technologies within financial services.
Definition of Fintech

1. Lending
2. Payments
3. Insurance
4. Regtech
5. Data & Analytics
6. Wealth
7. Blockchain
8. Digital Currencies
9. Capital Markets
10. Crowd Funding
11. Accounting
Why is embracing “Digital” so important? Especially for small economies
Learning form - Biggest Public Listed Companies

<table>
<thead>
<tr>
<th>US Public Listed Companies Rank</th>
<th>China Public Listed Companies Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Apple</td>
</tr>
<tr>
<td>2</td>
<td>Alphabet</td>
</tr>
<tr>
<td>3</td>
<td>Microsoft</td>
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<tr>
<td>4</td>
<td>Facebook</td>
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<tr>
<td>5</td>
<td>Amazon.com</td>
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<tr>
<td>6</td>
<td>Berkshire Hathaway</td>
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<tr>
<td>7</td>
<td>Johnson &amp; Johnson</td>
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<tr>
<td>8</td>
<td>Exxon Mobil</td>
</tr>
<tr>
<td>9</td>
<td>JPMorgan Chase</td>
</tr>
<tr>
<td>10</td>
<td>Wells Fargo</td>
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</tbody>
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* By market cap as of 22 Aug, 2017
Case A

CSF Technology-enabled Lending

**Capability**

407+ TB

Data Strong (strong volume)

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**Sheer Online Automated Process**

- User acquisition via mobile
- Loan origination & underwriting
- Post-loan management
- Monitoring throughout the loan period

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30+ Pre-loan anti-fraud models

70+ Pre-loan credit models

20+ Behavioural risk models during the loan period

10+ Post-loan collection models
Case B
Alipay’s Money Market Fund: Yu’ebao

The idea of Yu’ebao as a Money Market Fund

Online shoppers’ money sit in Alipay accounts

Higher return rate than banks: 2.369% vs. 0.3%
Withdraw at any time
Invest with no minimum amount

In June 2013, Alipay launched Yu’ebao, a money market fund, to help their suers manage their ‘sleeping’ money

At Yu’ebao 1-yr Anniversary

574 billion (RMB) Asset Under Management
12 billion (RMB) Profit to Users
81,000,000 Number of Users
6.76% Highest return rate offered (Jan. 2014)
Challenges Ahead

1. Talent acquisitions and retentions
2. Keep up with technical innovations
3. Adapt to evolving regulations
4. Competitively extend offerings into new markets