Global FinTech Adoption Index 2019

As FinTech becomes the norm, you need to stand out from the crowd

EY

Building a better working world

Foreword

FinTech has evolved in significant ways since we published our first global EY FinTech Adoption Index in 2015. That year we observed that FinTech, while nascent, was "clearly more than just hype." Our next report, in 2017, found that the industry had grown rapidly and had "achieved initial mass adoption."

For this year's survey, we interviewed more than 27,000 consumers in 27 markets. We examined not only how FinTech has improved and expanded its offerings around the world, but also how it has spurred change across the entire financial services industry. FinTech strives to make financial services more accessible for both consumers and businesses. By connecting customers to a digital world, FinTech enhances their experiences, making them efficient, economical and frictionless.

There are a few key themes in this year's report:

- No longer just disrupters, FinTech challengers have grown into sophisticated competitors, with an increasingly global reach.
- Many financial incumbents, such as banks and insurers, offer credible FinTech propositions of their own, challenging the question of what is a "FinTech?"
- The interactions between challengers, incumbents and players from outside the financial industry are forming FinTech ecosystems that are replacing traditional bilateral partnerships.

These themes extend beyond the consumer space. Small and medium-sized enterprises (SMEs) are increasingly using FinTech services. These businesses constitute a distinct customer segment, with needs that are different both from those of consumers and those of large corporations. Thus, this report also contains the first SME FinTech Adoption Index—a survey of 1,000 organizations in five markets.

To help bring to life the findings of our surveys, we conducted interviews with a wide range of FinTechs, including stand-alone challengers, financial incumbents and non-financial services companies. Our 2017 case studies focused on how FinTech acquired customers and gained market share. This year, our case studies highlight scaling and expansion—and how these organizations are working within a new context for financial services.

We expect some of the newer themes we've identified to accelerate—including the entry of non-financial companies into the FinTech arena and the spread of ecosystems. The pace of innovation continues to accelerate, becoming the "new normal" within financial services. We hope this report contributes to a deeper understanding of FinTech's evolving role, and we look forward to observing how this dynamic industry develops in the future.

Gary Hwa
EY Global Financial Services Markets Executive Chair and EY Asia-Pacific Financial Services Regional Managing Partner

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Key findings

We define FinTech as organizations that combine innovative business models and technology to enable, enhance and disrupt financial services.

Consumer survey

64%
Global consumer adoption

96%
Global consumers are aware of at least one money transfer and payment FinTech service

75%
3 out of 4 global consumers use a money transfer and payments FinTech service

48%
1 out of 2 global consumers use an insurance FinTech service

Top reason for consumers to use a FinTech challenger

Attractive rates and fees

33%
Consumer adopters turn to someone other than their main bank first

68%
Consumers would consider a non-financial services company for financial services

46%
Consumer adopters are willing to share their bank data with other organizations

SME survey

25%
Global SME adoption

56%
SMEs use a banking and payments FinTech service

46%
SMEs use a financing FinTech service

93%
SME adopters prefer to find a technological solution where possible

89%
SME adopters are willing to share data with FinTech companies

Top reason for SME adopters to use a FinTech challenger

Range of functionality and features

Chapter 1

Consumer FinTech adoption trends

The FinTech industry has grown up and grown out. No longer made up of only start-ups, FinTech today is a host of seasoned companies that offer a broad array of financial services and operate on a global stage.

Consumers like what they see. Adoption of FinTech services has moved steadily upward, from 16% in 2015, the year our first FinTech Adoption Index was published, to 33% in 2017, to 64% in 2019. Awareness of FinTech, even among non-adopters, is now very high. Worldwide, for example, 96% of consumers know of at least one alternative FinTech service available to help them transfer money and make payments.

Adapting to the rapid evolution of this dynamic and innovative industry, we conducted online interviews with more than 27,000 consumers in 27 markets across six continents, up from 20 markets in 2017. Ten of the 27 markets this year are emerging markets, a recognition of the leading role many of these emerging markets play in FinTech adoption.

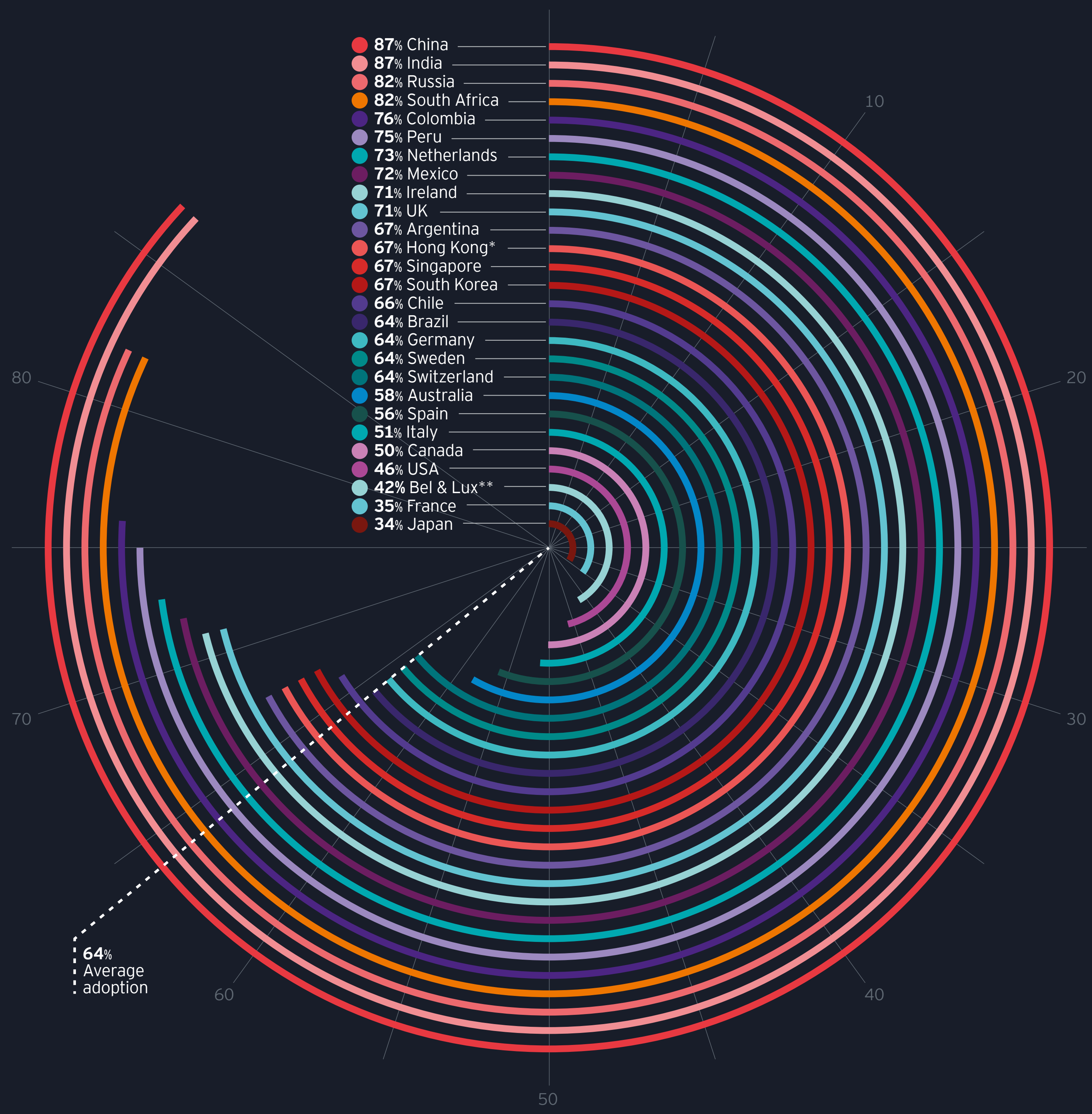
We asked consumers about their use of 19 FinTech services across five categories. We continue to define a FinTech adopter as someone who has used two or more "buckets" of services, since this indicates a habitual change in behavior in a way that use of a single service does not. A bucket consists of a major FinTech service, or two or more related services, such as online stockbroking and online investment advice. We discuss our methodology in greater detail at the end of this chapter.

This year for the first time we formally included innovative, technology-enabled services provided by incumbent financial institutions, such as banks, insurers, brokers and wealth managers, in our definition of FinTech. In prior years, we focused on services originated by challengers (some of whom may have partnered with, or received a substantial investment from, an incumbent). The inclusion of incumbents is an acknowledgement that many established players have developed comparable digital offerings that compete with those offered by FinTech challengers.

We see two main types of FinTech propositions: "disrupted" and "invented". A disrupted service is one that has historically been offered by incumbents, such as automotive insurance or foreign exchange trading. FinTech providers use technology to disrupt these services by offering consumers a more compelling offering such as enhanced capabilities, convenience, or lower prices and fees. This profoundly changes customer expectations in the process, pressuring incumbents to develop their similar services to stay competitive and retain market share.

An invented service is one that didn't exist before but is now possible by technology and alternative business models, such as peer-to-peer lending and mobile-phone payments. Some invented services fill niches in the market, and others have the potential to redefine and transform entire financial subsectors.

FIGURE 1 | Consumer FinTech adoption across 27 markets



Notes: The figures show FinTech adopters as a percentage of the digitally active population in each market.
All averages are shown on an unweighted basis.

*Hong Kong SAR of China
**Belgium & Luxembourg

Seen everywhere: growing and globalizing

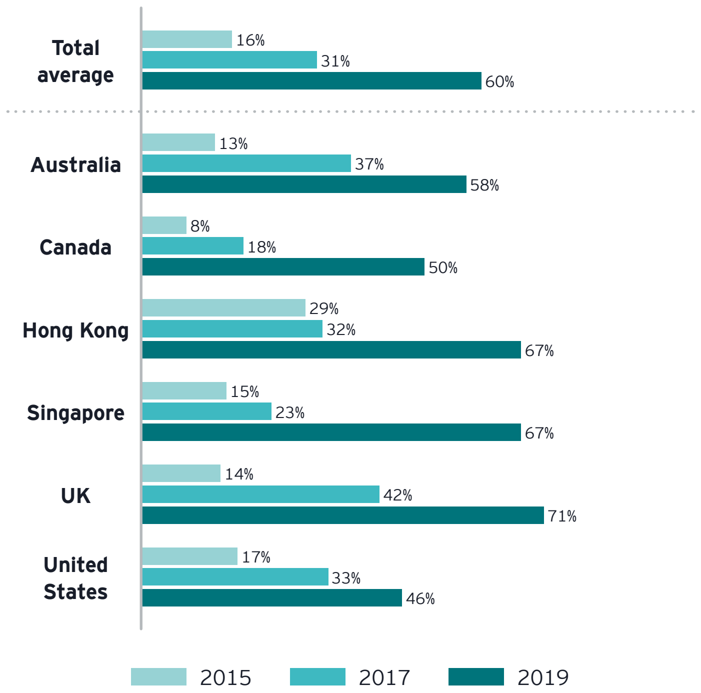
Finding 1: Global FinTech adoption has reached 64% and has become mainstream in all the surveyed markets.

FinTech is an industry that has evolved beyond its early stages to significantly move the dial on customer expectations. FinTech challengers are looking less like start-ups and more like professionally managed companies with broad operational capabilities, a full suite of products and a global reach. Many of these companies have been through several rounds of fund-raising, increased their staff, created corporate departments such as human resources, accounting and legal, and expanded beyond their home markets.

Clearly, FinTech has caught on around the world, entering the mainstream in all markets studied. Emerging markets are leading the way: in both China and India, the adoption rate is 87%. Close behind are Russia and South Africa, both with 82% adoption. Among developed countries, the Netherlands, the UK and Ireland lead in adoption, reflecting in part the development of open banking in Europe.

Indicatively, the adoption rate for the six markets from our first survey — Australia, Canada, Hong Kong, Singapore, the UK and the US — has surged from 16% in 2015, to 31% in 2017, to 60% in 2019. Over the course of five years, these six markets have become excellent case studies in the maturation and globalization of the industry. In the past 18 months, EY research has shown that more than half of the top FinTech fundraises in these six markets intend to use some or all of funds raised for international expansion.

FIGURE 2 | Comparison of FinTech adoption in six markets from 2015 to 2019



Notes: The figures show adoption rates per market for the six markets for which a comparison is available.

The adoption rate is growing faster than anticipated. The actual global adoption rate of 64% in 2019 exceeds by 12 points the 52% future adoption rate predicted by our 2017 survey.

What's behind the strong growth in FinTech adoption? One reason: Incumbents have entered the fray in a big way. Markets with a sharp rise in adoption from 2017 to 2019, such as Ireland, the Netherlands and Singapore, reflect the availability of FinTech services offered by banks, insurers, stock brokers and other incumbent financial institutions.

Finding 2: Only 4% of global consumers are not aware of money transfer and payment FinTech services.

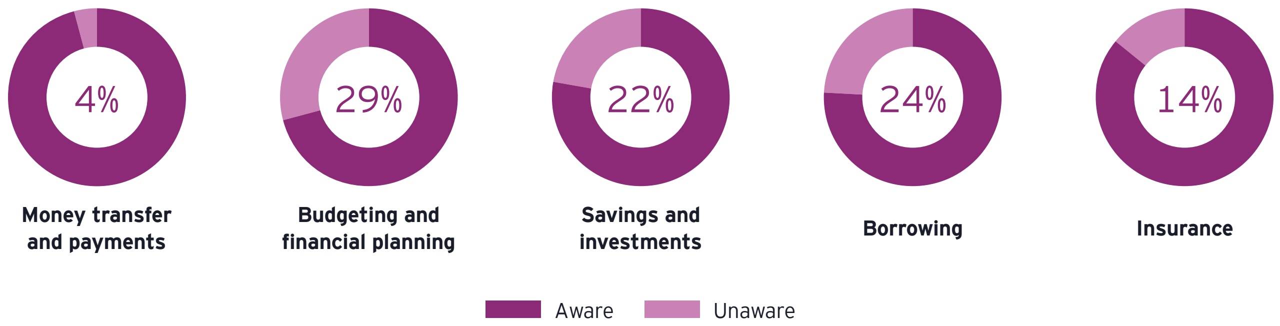
Finding 3: Three out of four consumers have used a money transfer and payments FinTech service.

As in previous years, we grouped FinTech services into five categories—money transfer and payments, budgeting and financial planning, savings and investment, borrowing and insurance. Respondents indicated if they were aware of these services, and if they use them.

Consumer awareness of FinTech services is high across all categories, but particularly money transfer and payments services. In both India and Russia, 99.5% of consumers are aware that there are FinTech services available to transfer money and make payments. The elevated awareness in India stems in part from the government's plan, announced in 2017, to decrease the amount of paper currency in circulation. In Russia, the rate of awareness may be connected to foreign sanctions imposed on major banks, which has raised the profile of alternative providers for services such as in remittances and foreign exchange.

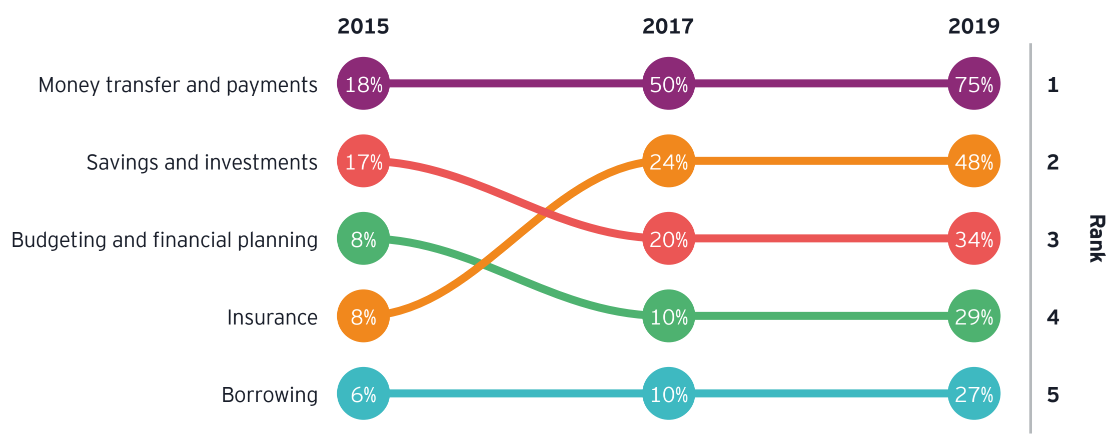
Consumers showed surprisingly high levels of awareness for "invented" FinTech services. Globally, 89% of consumers are aware of the existence of in-store mobile phone payment platforms and 82% are aware of peer-to-peer payment systems and non-bank money transfers—all services driven by FinTech. The extensive integration of FinTech payments propositions with on- and offline retail means consumers are presented with a range of options upon checkout, further increasing awareness.

FIGURE 3 | Consumer awareness of FinTech services in each category



Notes: The figures refer to the percentage of respondents who indicate they were not aware and have not heard of any services for that category.

FIGURE 4 | Comparison of FinTech categories ranked by adoption rate from 2015 to 2019



Notes: The figures show the average percentage of respondents who reported using one or more FinTech services in that category. Data for 2015 differs from that originally published in order to align to the 2017 categorization and averaging methodology.

The most commonly used category is money transfer and payments, with 75% of consumers using at least one service in this category. In China, where money transfer and payment apps are pervasive, the adoption rate is 95%. The most commonly used services in this category are peer-to-peer payments, non-bank money transfers, and in-store mobile payments. Key to their popularity is the ease of setting up an account, which our 2017 survey found to be the top reason why consumers were using FinTech. However, the same is not true for other services – some markets restrict or regulate services such as investing in equity crowdfunding platforms and lending on peer-to-peer platforms, which slows adoption in those areas.

Insurance continues to show strong adoption as well, with nearly half the consumers globally using a premium comparison site, feeding information into an insurance-linked smart device, or buying products such as peer-to-peer insurance. Here, non-financial services organizations often facilitate consumer FinTech adoption, such as equipping cars with "black boxes" to provide data for telematics insurance or providing apps on mobile phones that consumers can use to count steps and gain fitness discounts on their health insurance.

High rates of FinTech use for some services do not necessarily indicate markets are saturated as a whole. Our survey shows strong growth potential in areas such as budgeting and financial planning, and savings and investment services. Part of the opportunity lies in reaching out to the demographic groups where adoption rates for these categories are still relatively low, including women, consumers in rural areas, and consumers without university degrees. For example, use of savings and investment services is 27% for women and 40% for men.

Overall, we expect the FinTech industry to continue to be dynamic and innovative, even in categories such as money transfers and payments. Growth will be driven both by increased market penetration for existing services and the global spread of less mature propositions currently only available in a few markets. We expect to see the new propositions enter more markets in the future, either by international scaling and expansion or through "harmonization," whereby similar services are provided in each region by local FinTechs. We also anticipate that new technologies, such as artificial intelligence and blockchain, will continue to spur the creation of completely new FinTech services.

Redefining the rules of the game: changing consumer priorities

Finding 4: FinTech adopters prefer online and app-based financial products despite concerns about personal data security.

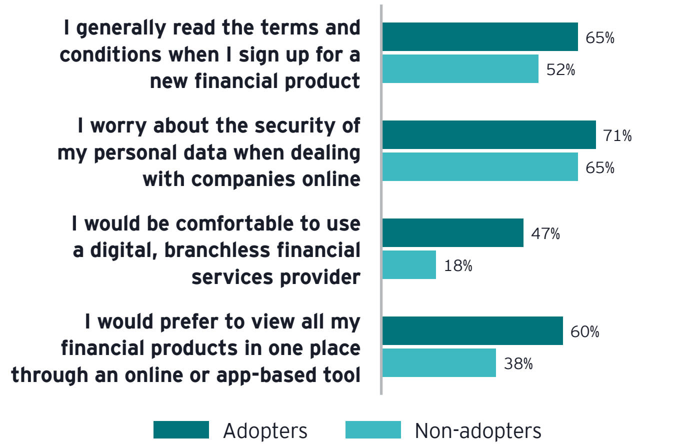
Digital innovation is disrupting and reshaping financial services at a rapid pace, and incumbents and challengers alike need to be attuned to the evolving expectations of their customers. Challengers have built themselves using a design-first approach and agile work processes. By keeping a technology-forward mindset, they are able to offer FinTech services that are at once personalized, accessible, transparent, frictionless and cost-effective. As our findings showed in 2017, these characteristics are sufficiently appealing to consumers in significant numbers to create a truly disruptive threat to incumbent banks, insurers and wealth managers.

The incumbents that are most responsive to this competitive threat are those that disrupt their own propositions and offer comparable FinTech services, either through partnerships, acquisitions or in-house development. In recent years, incumbents have brought forth their FinTech versions of disrupted services in areas such as online foreign exchange, online investment advice and management, and digital-only branchless banking.

In effect, FinTech has redefined the rules of the game in financial services. What was considered new and disruptive in 2015 has since become a prerequisite for all players. With so many participants now offering similar services, each company must strive to differentiate itself to attract and retain customers, whether by brand, price or execution.

For a company to stand out, it helps to have a keen appreciation of what FinTech adopters want—and what concerns they have. While adopters are much more willing than non-adopters to favor an online tool or an app that allows them to view all their financial products in one place, they are more worried than non-adopters about the security of their personal data. Security concerns are less pronounced in Sweden, Germany, Belgium and the Netherlands, perhaps due to strong data protection regulations in those markets. Overall, despite their security concerns, adopters are comfortable with online aggregator sites and all-digital, branchless financial services.

FIGURE 5 | Analysis of views on personal risk management and digital financial services, FinTech adopters versus non-adopters



Notes: The figures show the percentage of respondents who either 'agree' or 'strongly agree' with statements relating to their attitudes to financial and digital services, by FinTech adopters and non-adopters.

However, that level of comfort does not extend to using social media to communicate with providers. Only 27% of adopters would prefer to chat with their bank via social media rather than through the bank's own app or traditional channels. That figure is higher (32%) among adopters between the ages of 25 and 34; prior EY research has found that 68% of young investors use social media for all purchases, whether in seeking information or validating their choices after the fact (see EY, "The new norm: FinTech and the digitally enabled wealth customer").

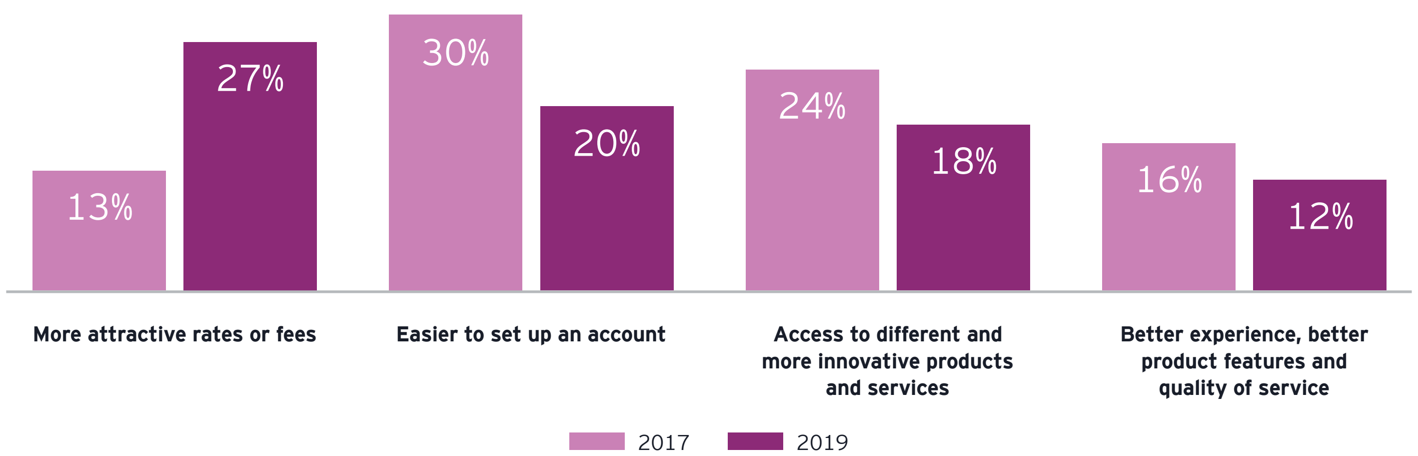
Finding 5: Attractive rates and fees has overtaken the ease of setting up an account as the primary reason adopters cite for choosing a FinTech challenger.

One telling sign of the FinTech industry's maturation is the evolution in consumer priorities when they look for a provider. In 2017, 30% of adopters ranked the ease of opening an account as their top priority when selecting a FinTech provider, while only 13% said attractive fees or prices were most important. In the 2019 survey, the priorities flipped, with 27% ranking price first and 20% picking ease of opening an account. Chinese consumers ranked ease of onboarding as the least important consideration—a reflection of the widespread adoption in that market of open APIs and platform-based services, which has made opening any kind of financial services account virtually frictionless.

China is an early forerunner of a global trend sparked by increased competition, improved onboarding experiences, and the portability of data enabled by technology and, in some markets, changes in regulation. Consumers now expect a frictionless onboarding experience; it has become an industry hygiene factor, meaning customers can shift their attention to other priorities.

Interestingly, fewer adopters chose better experiences, and access to different and more innovative products and services, as their top reason for using a FinTech challenger, perhaps indicating the increasing comparability and competitiveness of FinTech services provided by incumbents. Given the wide array of FinTech services available today, all providers have evolved from simply trying to lure curious or frustrated consumers with an easy set-up process to developing new strategies to retain existing customers and induce them to make educated choices.

FIGURE 6 | Select reasons for using FinTech challengers, from 2015 to 2019

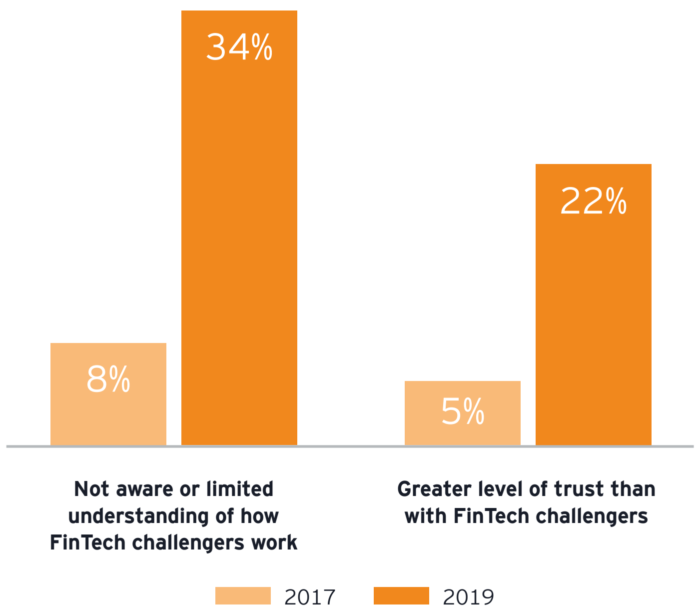


Notes: The figures show the percentage of adopters that chose each answer as the primary reason for using a FinTech challenger in 2019 and in 2017. Data for 2017 differs from that originally published in order to align to the 2019 categorization and averaging methodology.

Finding 6: While consumers' trust in their main bank or insurer remains high, 33% of FinTech adopters say they would first turn to another organization when considering a new financial services product.

We also see an evolution in the attitudes of non-adopters. As it was in 2017, lack of awareness and understanding continues to be the top reason for why consumers opt to use an incumbent financial institution rather than a FinTech challenger. However, one factor has risen from the least common reason in 2017 to the second most common reason in 2019 – trust. Non-adopters choose to remain with incumbent providers because they trust them more than FinTech challengers. Trust is the top barrier to using a FinTech challenger in markets such as Chile, France and Japan. As more incumbents offer their own FinTech services, their ability to build on pre-existing trust takes on new significance.

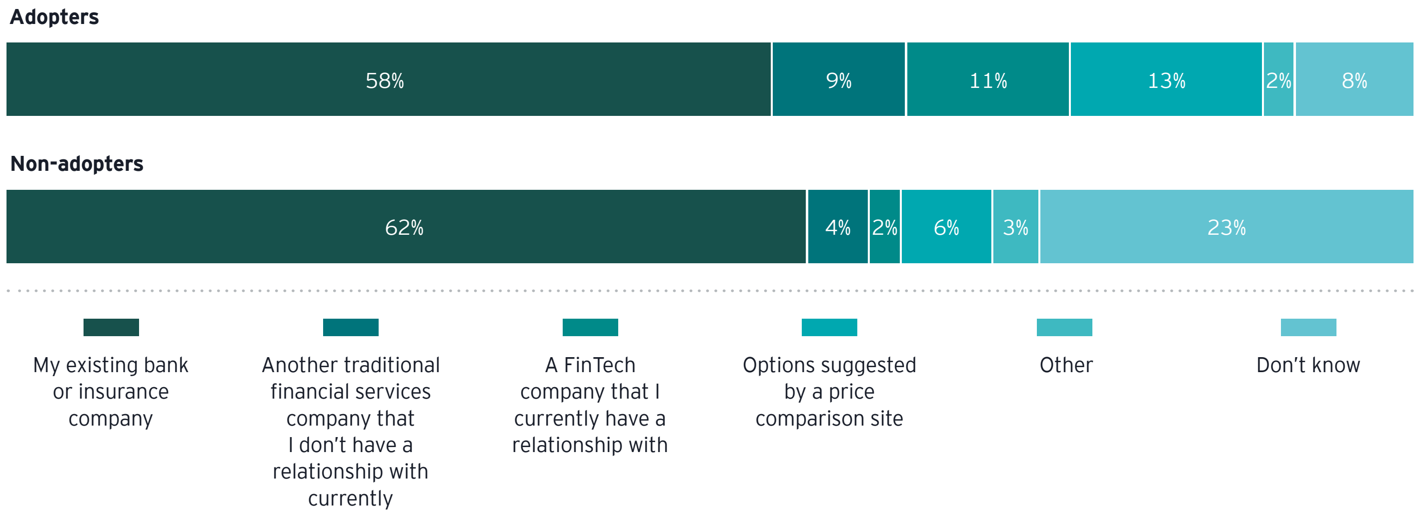
FIGURE 7 | Select reasons for using incumbent financial institutions, from 2015 to 2019



Notes: The figures show the percentage of non-adopters that chose each answer as the primary reason for using an incumbent financial institution in 2019 and in 2017. Data for 2017 differs from that originally published in order to align to the 2019 categorization and averaging methodology.

Most adopters and non-adopters say they would turn first to their current bank or insurer when considering a new service. However, 33% of adopters said they would first turn to alternative providers, be it another incumbent, a price comparison web site or a FinTech challenger. In contrast, 23% of non-adopters said they "did not know" where they would turn, suggesting they are underserved by their current banks and insurers while lacking knowledge of alternatives.

FIGURE 8 | Primary financial services relationship owner, by FinTech adopters and non-adopters



Notes: The figures show the percentage of adopters and non-adopters who indicated who they would turn to first when considering a new financials services product or policy.

Adopters are more likely to use multiple providers for financial services, from a variety of sources, including incumbents, FinTechs and organizations from outside the industry. Eighteen percent of adopters use five or more different providers, compared with 7% of non-adopters. The heightened willingness of adopters to purchase products from multiple providers correlates with the increased commoditization and disaggregation of financial services. Price-conscious consumers can now readily choose between a wide variety of incumbents and challengers, and they can use comparison websites and other tools to help them select the most suitable products.

Many consumers now hold relationships with numerous discrete providers for specific products and services. Leading the way with using five or more providers are consumers in China (36%), UK (23%) and Japan (22%). These are also markets in which open APIs within financial services have gained significant traction, which both enables consumers to be more easily served by multiple providers and enhances the value proposition of FinTech services such as personal financial management applications.

Ultimately, word-of-mouth plays an important role in the selection of financial providers, with 30% of adopters and 35% of non-adopters relying on "family, friends and colleagues" for advice, well above the 13% who depend on relationship managers at their bank or insurer. The rise of social media networks helps facilitate these consumer-to-consumer conversations, suggesting that virality, remains an effective marketing strategy for FinTechs.

These trends mean that incumbents offering their own FinTech services need to be mindful of industry hygiene factors, i.e., those product characteristics that consumers now consider prerequisites, including that they be simple, transparent, frictionless, personalized and omni-channel. Incumbents that meet these tests can then build on their inherent strengths, such as existing customer relationships, longstanding connections with industry peers and regulators, and a global brand name.

Rise of non-financial services companies and the growth of ecosystems

Finding 7: 68% of consumers are willing to consider a financial services product offered by a non-financial services company.

Challengers and incumbents alike face a new competitive threat that comes from outside the financial industry altogether. Non-financial services companies such as retailers, technology platforms, and automakers are increasingly developing their own technology-enabled financial services offerings. These organizations build on existing relationships with customers to offer holistic propositions accompanied by complementary services, including activities such as insurance and lending that were once the exclusive purview of financial providers.

Often, these non-financial services companies enter the game having already gone through their own transformations around innovative technologies. They have redeveloped their original consumer propositions to become faster, frictionless, cheaper and more convenient. Their successful transformations influence consumer perceptions and expectations toward financial offerings.

Across the five categories, 68% of consumers are willing to consider a financial product offered by a non-financial services company. They are most open to retailers (45%) and telecommunication firms (44%) as service providers, and most willing to use money and transfer payment FinTech services such as digital-only banking and multi-merchant eWallets.

FIGURE 9 | Analysis of preferences in using non-financial services company as providers of financial services products

A non-financial services company offering:

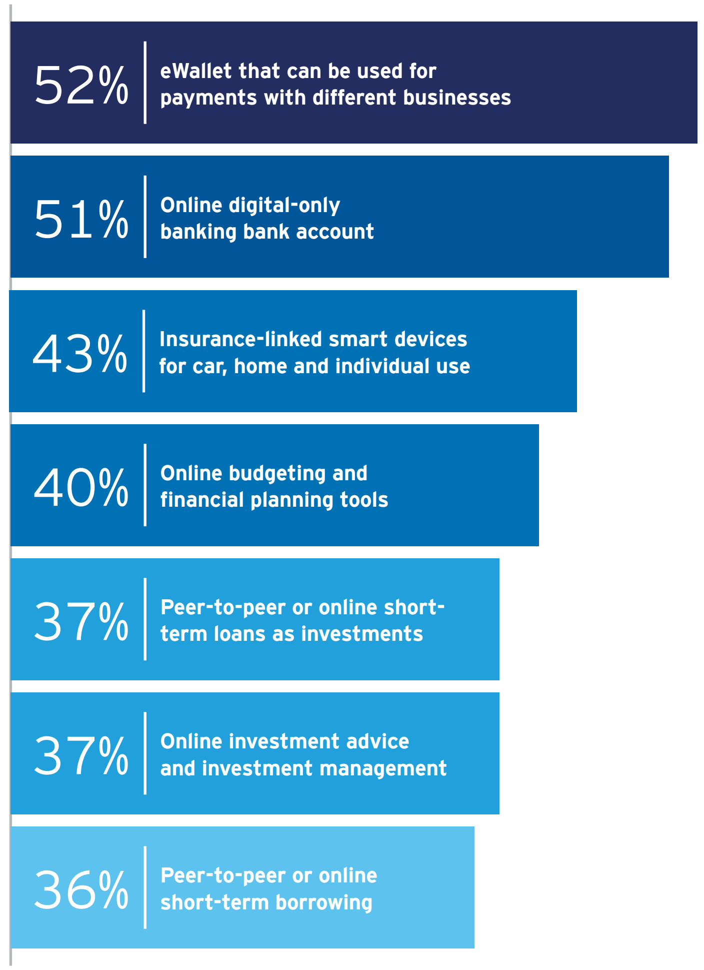


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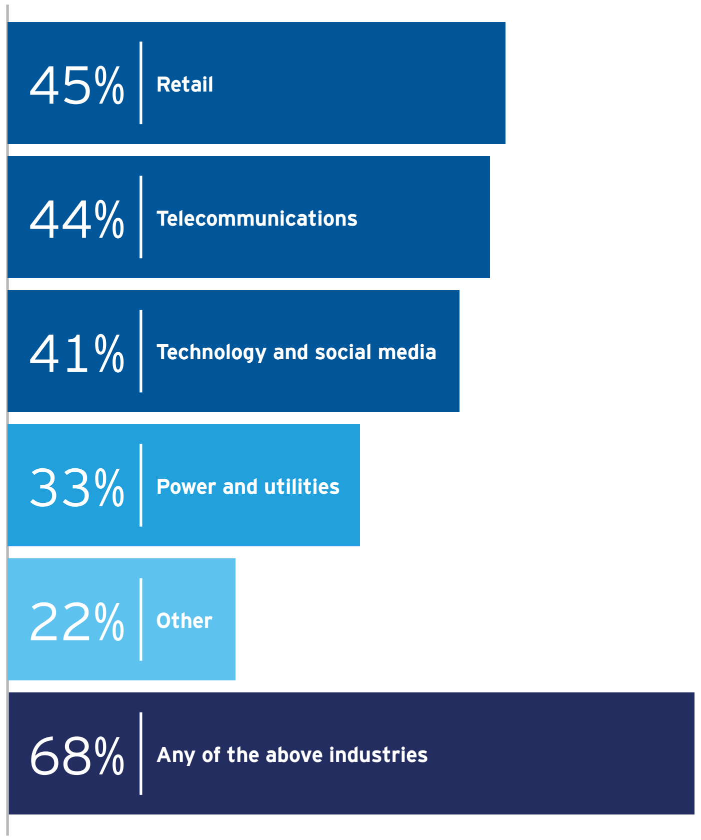
Figure 9 continued.

Any financial services products, as provided by:



Notes: The figures show the percentage of respondents who indicated that they would be willing to consider using specific FinTech products, if they were offered by organizations in non-financial services industries. Respondents were also shown examples of local brands for each industry.

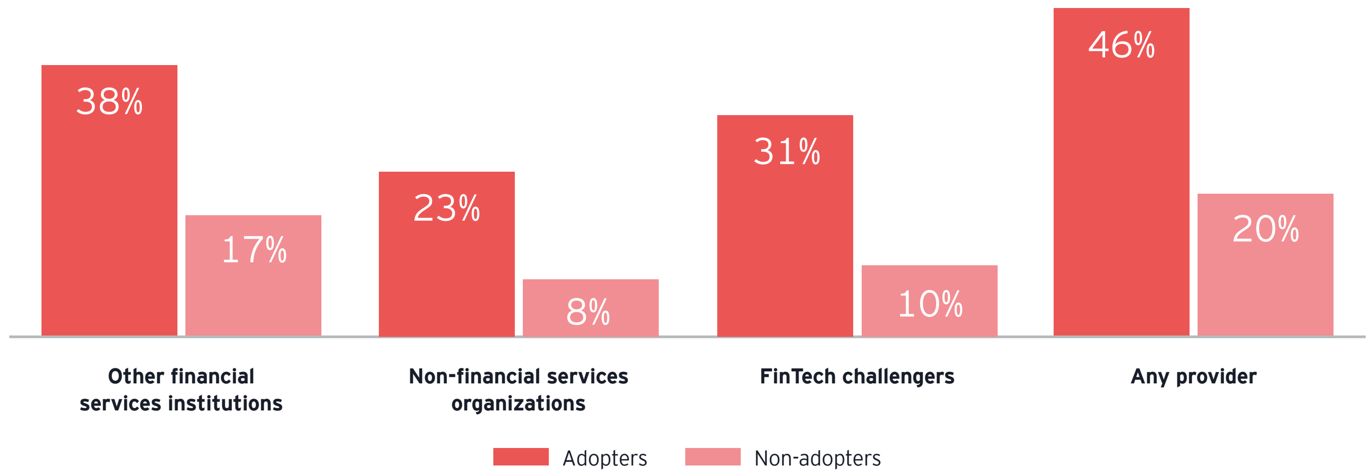
As expected, FinTech adopters are much more willing than non-adopters to consider financial products offered by non-financial services companies. However, even 30% of non-adopters are willing to consider a digital-only bank account from a non-financial services company.

Finding 8: 46% of FinTech adopters are willing to share their bank data with other organizations in exchange for better offers.

Many FinTech propositions depend on the easy portability of data, such as during onboarding or in enabling real-time account access. Unsurprisingly, when asked whether they would be comfortable with their main bank sharing their financial data with other organizations if that meant they might receive better offers, 46% of adopters said they would, compared with just 20% of non-adopters.

However, even adopters are hesitant when it comes to sharing data with non-financial services companies; 38% of adopters said they would be willing to share data with other traditional financial institutions, 31% would share with FinTech challengers, and just 23% would share with non-financial services companies. The sentiments differ somewhat from market to market. Chinese consumers, for example, are more willing to share data with FinTech challengers than they are with others financial companies.

FIGURE 10 | Analysis of preferences in sharing banking data, by FinTech adopters and non-adopters



Notes: The figures show the percentage of respondents who either ‘agree’ or ‘strongly agree’ that they would be comfortable for their main bank to securely share their financial data with other organizations, by FinTech adopters and non-adopters. “Any provider” reflect the percentage of adopters and non-adopters that have selected ‘agree’ or ‘strongly agree’ for at least one of the other types of organizations.

Our findings show that there is a trust gap that can create opportunities for both incumbent financial institutions and FinTech challengers. Even though non-financial services companies have led the way in deploying new technologies to deliver innovative services and have raised the bar on consumer expectations, they do not yet have the full confidence of consumers when it comes to providing financial services on their own.

When we asked FinTech adopters if they were comfortable with a non-financial services company providing financial services, almost half (47%) said they would be happy to use those services if the non-financial services company was working in partnership with a traditional financial company, 27% said they would be happy to use the services if the non-financial services company partnered with a FinTech challenger, and just 18% said they would be happy to use the services if the non-financial services company offered them on its own. This underscores the prominent role of incumbents, as the primary bearers of consumer trust and their main point of contact, in driving the development of FinTech ecosystems.

Looking ahead, newly developing ecosystems will encourage industry convergence as FinTech challengers continue to mature, as more incumbents offer credible FinTech services, and as non-financial services companies expand their customer offerings into financial services.

These ecosystems feature webs of collaborative, and sometimes conflicting, relationships within a context of continual industry change and innovation. All this activity suggests more innovation, better experiences and more choices for global consumers, who are increasingly aware of and willing to use FinTech services.

Methodology

Our consumer survey is based on 27,103 online interviews with digitally active adults between 4 February and 11 March 2019. The aim was to get a global understanding of FinTech adoption trends between markets, demographic groups, and over time. We interviewed consumers in 27 markets: Argentina, Australia, Belgium and Luxembourg (treated as one market), Brazil, Canada, Chile, China (mainland), Colombia, France, Germany, Hong Kong, India, Ireland, Italy, Japan, Mexico, the Netherlands, Peru, Russia, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, the UK and the US.

Our 2015 study had 10 FinTech services within five broad categories, and we defined a FinTech adopter as someone who used two or more of these services. In 2017, in recognition of how the industry had evolved, we added seven services that were becoming more prevalent globally (although not necessarily in all our markets). To improve compatibility among the surveys, we introduced the concept of "buckets" and grouped similar services together. Therefore, a FinTech adopter was someone who used two or more buckets.

Our 2019 study retains the same five categories used in prior years: money transfer and payments, budgeting and financial planning, savings and investments, borrowing, and insurance. There are now 19 individual services. However, by maintaining the same ten buckets that we used in 2017, we enabled year-on-year comparisons. We have also recognized that some of these services are the "disrupted" services historically been offered by traditional financial providers, and some are "invented" services originated by FinTech challengers and enabled by technology.

As with prior years, during the interviews, we described each FinTech service in non-technical terms and provided named, market-specific providers of those services to aid the respondents' comprehension.

FIGURE 11 | List of consumer FinTech services

Catergories	Services
Money transfer and payments	Online foreign exchange
	Overseas remittances
	Digital-only branchless banking
	Peer-to-peer payments and non-bank money transfers
	In-store mobile phone payments
	Cryptocurrency eWallet
Budgeting and financial planning	Online budgeting and financial planning tools
	Online retirement and pensions management tools
Savings and investments	Lending on peer-to-peer platforms
	Investments via crowdfunding platforms
	Online investment advice and investment management
	Online stock broking
	Online spreadbetting
Borrowing	Online-only loan providers
	Online marketplaces and aggregators for loans
	Online loan brokers and broker facilitation websites
Insurance	Insurance premium comparison sites
	Insurance-linked smart devices
	App-only insurance

Propositions disrupted by FinTech challengers   Propositions invented by FinTech challengers

In each market, we used samples that reflect current age and gender distributions. We describe all the respondents as "digitally active" since the surveys were administered online. That means the surveys exclude demographic sub-groups that lack internet access, a skew that is slightly stronger in emerging markets. Overall, we have an estimated margin of error of +/- 1.6%, with a 90% confidence interval.

The survey was translated and administered in local languages in markets where English is not a leading language. This naturally excludes consumers in those markets who only speak a minority language, but who may nonetheless use FinTech services offered in that language.

Consistent with previous years, we applied an unweighted averaging of results, with the "one market, one vote" approach across the 27 markets. Answers to certain demographic questions, such as education and income, were also tailored to each market, and then grouped to allow for global comparability. When asking respondents about income levels, we posed the question in each market's local currency. To compare between markets, we segmented incomes into quartiles, with the mean income for each market as the midpoint.

SME FinTech adoption trends

The FinTech Adoption Index has tracked the evolution of consumer FinTech toward mainstream adoption and globalization. However, that only tells part of the story. Policymakers, incumbent financial institutions, and FinTech challengers are increasingly interested in small and medium-sized enterprises (SMEs), or small and medium-sized businesses, as they are known in some markets. In recognition of their growing importance as a distinct customer segment—one with needs that differ from those of consumers and large corporations—we also conducted a survey of SME FinTech use and adoption.

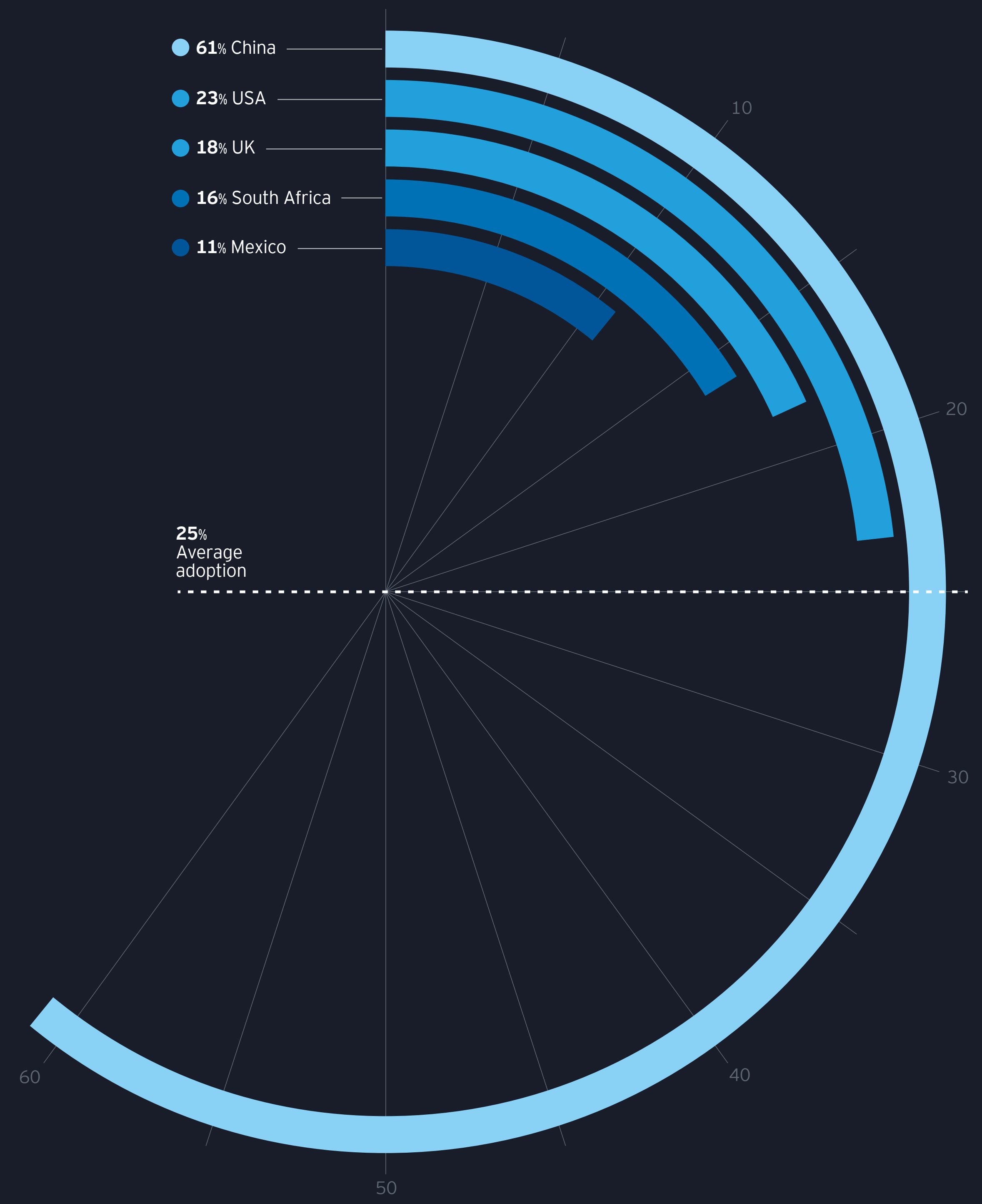
We interviewed senior decision makers at 1,000 SMEs in five countries— two developed countries (the UK and the US) and three emerging countries (China, Mexico and South Africa). Because we asked the respondents to complete an online survey, our analysis is representative of SMEs that are digitally active. We discuss our methodology in greater detail at the end of this chapter.

SMEs are at a different point in their adoption journey compared to consumers, therefore we used a different methodology in our SME analysis. An SME FinTech adopter has in the past six months used services provided by a FinTech in all four of the following categories: banking and payments, financial management, financing and insurance.

The bar is set high for what constitutes an SME FinTech adopter. Companies are actively seeking technology solutions to increase efficiency and lower costs across their business. They are also subject to regulatory requirements in some markets, which necessitate adoption of products and services such as bookkeeping tools for audit and tax purposes, or business liability insurance. FinTech challengers are rapidly becoming reliable vendors for SMES in these spaces, which have been historically underserved by incumbents.

FinTech services used by SMEs also differ from those used by consumers. Within the payments category, for example, SMEs use online payment processors and Mobile Point of Sale (mPOS) payment machines to accept payments, while consumers use other services, such as in-store mobile phone payments, to pay for purchases.

FIGURE 12 | SME FinTech adoption across 5 markets



Notes: The figures show FinTech adopters as a percentage of the digitally active SME population in each market. All averages are shown on an unweighted basis.

SMEs worldwide have become significant users of FinTech

Finding 1: 25% of SMEs have adopted FinTech globally.

Across the five markets we surveyed, China displays the highest FinTech adoption rate at 61%, followed by the US, at 23%. The adoption rate globally is 25%. That means that within the past six months, one in four SMEs globally has used services provided by a FinTech in all four categories. When SMEs use a FinTech, it essentially means that they have selected that FinTech to be a vendor. Because SMEs commit resources and personnel to select their vendors, the decision to use a FinTech is deliberate and made in a professional context. SMEs adopt FinTech to address specific business problems and provide credible solutions. Therefore, 25% is a high adoption rate when it comes to companies adopting new technologies.

The exceptionally high adoption rate in China is indicative of the widespread use of financial platforms and ecosystems. Were China not part of the mix, the average global FinTech adoption rate would be lower, at 17%. In that case, the US would have the highest SME FinTech adoption among the four markets, followed by the UK and South Africa.

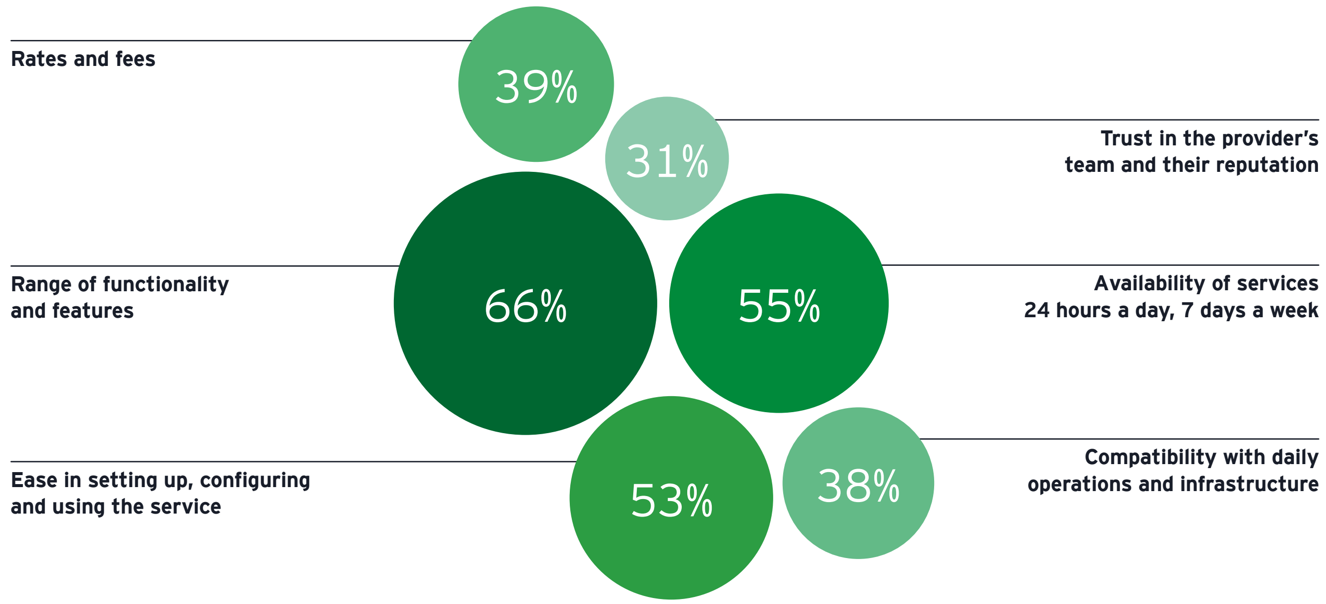
Our survey shows that the FinTech adoption rate among SMEs is poised to rise. About 22% of non-adopters already use FinTech services in three categories, which means they are on the verge of becoming FinTech adopters. This ties in with our question about future use, in which we asked SMEs if they intended to use each FinTech service in the next year. By that measure, the global adoption rate could surge from 25% to 64%.

FinTech adopters share common characteristics across markets. They are likely to be high-growth companies, backed by venture capitalists (VCs): adoption rate among VC-backed SMEs is 38%. Adopters also tend to have a global outlook: the adoption rate among SMEs with an international customer base is 55%. There is also an emphasis on internet sales, with nearly all FinTech adopters (96%) agreeing that online and mobile sales channels are important to their organization. FinTech adopters are also heavy users of online payment processors and online billing and invoice management solutions.

Finding 2: SME adopters in all markets rank the range of functionality and features as the top priority in selecting a FinTech, followed by the availability of services 24 hours a day, seven days a week.

Across our five markets, SMEs choose FinTech solutions because they provide a good range of functionality and features, have services available around the clock, and are easy to set up, configure and use. There are, however, differences in priorities between markets. In Mexico, where FinTech adopters are looking for alternative solutions to traditional, branch-based banking, respondents identify around-the-clock availability as the most important FinTech characteristic. In China, by contrast, around-the-clock availability isn't a key driver, not because it isn't important but because adopters take it as a given. In a market saturated with super apps, around-the-clock availability is a condition of entry. For Chinese SME adopters, the number one driver is "range of features and functionality." In South Africa, meanwhile, where SMEs face the complexities of doing business in an emerging market, "compatibility with daily operations and infrastructure" is among the top three drivers.

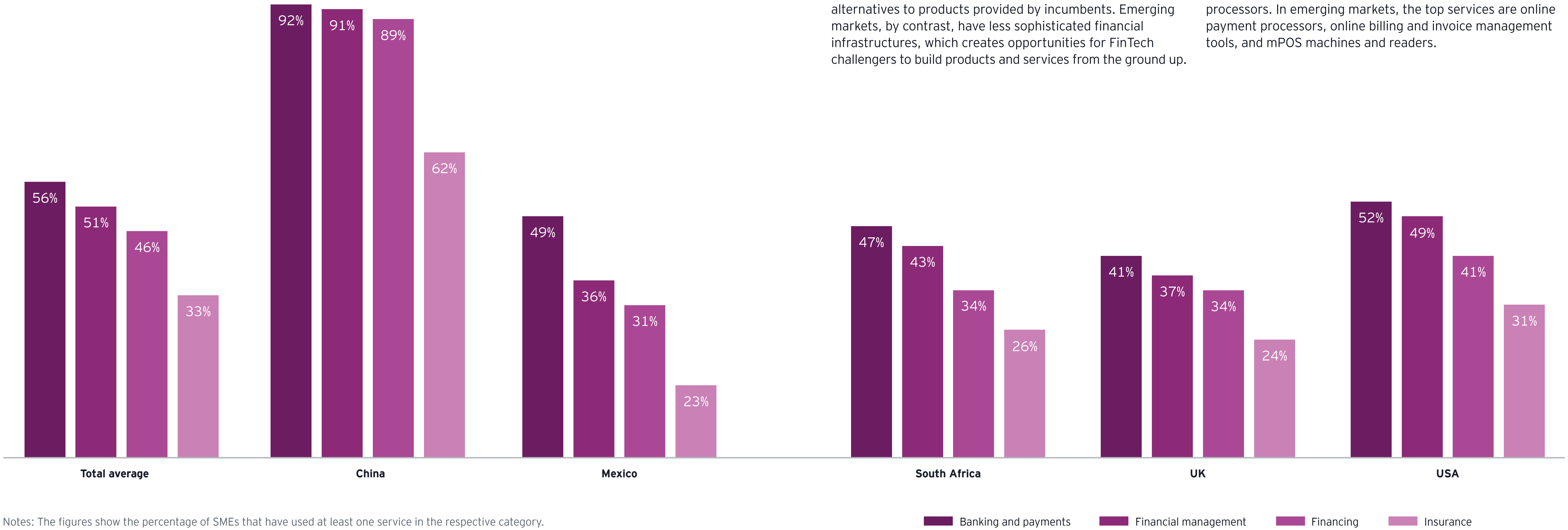
FIGURE 13 | Top reasons for using FinTech globally



Notes: The figures show the percentage of adopters that chose each answer as one of their top three reasons for using a FinTech challenger instead of an incumbent financial services institution.

Finding 3: 56% of respondents have used the banking and payments category.

FIGURE 14 | Use of each category of FinTech services across five markets



Notes: The figures show the percentage of SMEs that have used at least one service in the respective category.

More than half (56%) of SMEs worldwide have used banking and payments services, making it the most widely used category, followed by financial management, financing and insurance. We consider the rate of use per category as the percentage of SMEs that have used at least one FinTech service in that category in the past six months.

SMEs in emerging markets are particularly heavy users of banking and payments services, with 63% using services in that category. In China, the rate is 92%. These high rates reflect conditions characteristic of emerging markets. Developed markets have long-established financial infrastructures, and FinTech challengers can offer alternatives to products provided by incumbents. Emerging markets, by contrast, have less sophisticated financial infrastructures, which creates opportunities for FinTech challengers to build products and services from the ground up.

FinTechs in emerging markets can address the needs of underserved customer segments, including SMEs, by providing them with solutions for key areas of their business, such as banking and payments. SMEs also tend to follow the lead of their customers, many of whom are already significant users of FinTech services for everyday activities, by accepting the consumers' preferred payments methods.

These differences between emerging and developed markets help explain the varying popularity of specific services across the four categories. In developed markets, the most widely used FinTech services are online bookkeeping and payroll management tools, online billing tools, and online payment processors. In emerging markets, the top services are online payment processors, online billing and invoice management tools, and mPOS machines and readers.

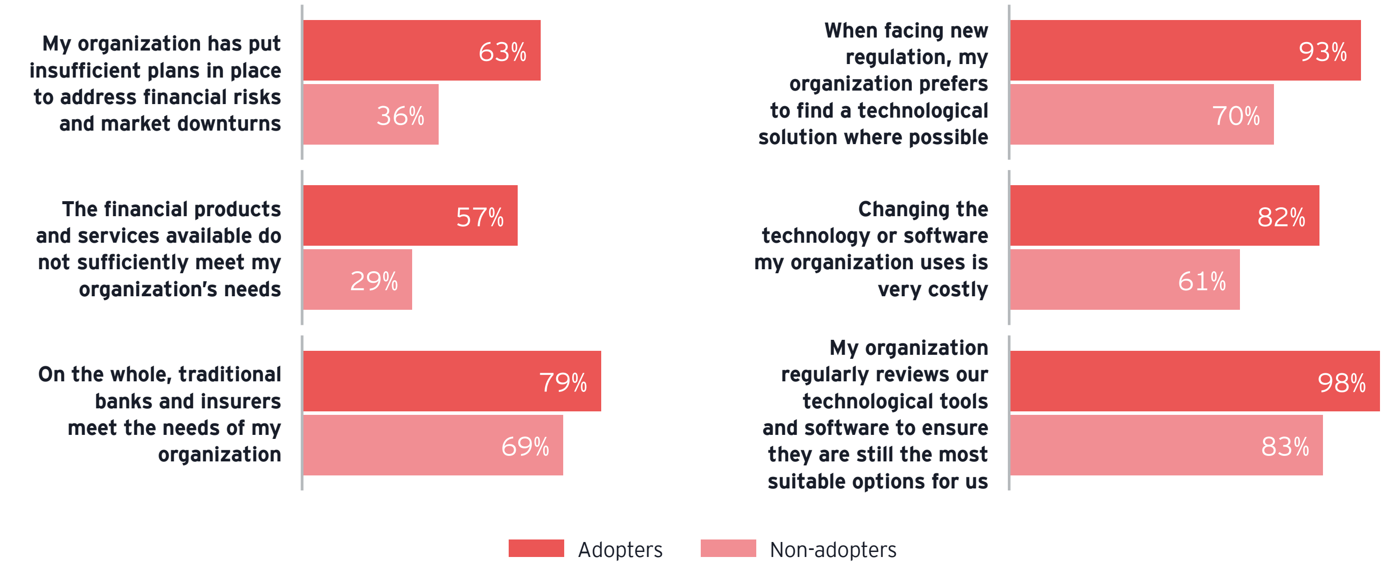
FinTech challengers are joining SME-provider ecosystems

Finding 4: 93% of FinTech adopters prefer to find a technological solution where possible, including when they face a new regulation.

As observed amongst consumers, SMEs are increasingly joining FinTech ecosystems that integrate different financial services propositions offered by challengers, incumbent financial institutions, and, in some cases, non-financial services companies. Such ecosystems offer SMEs added efficiency and security through their interoperability and ability to connect different business functions.

The SMEs most likely to use these services—the FinTech adopters—are "technology-first" organizations; they are heavy users of technology to support a wide range of operations. When confronted with a business challenge, such as a change in regulations, they are more likely than non-adopters to seek technological solutions. When facing new regulations, 93% of adopters favor a technology solution, compared with 70% of non-adopters.

FIGURE 15 | Analysis of views on risk management, financial needs, and use of technology, by FinTech adopters and non-adopters



Notes: The figures show the percentage of respondents who either 'agree' or 'strongly agree' with each statement, by FinTech adopters and non-adopters.

Adopters are more aware of the costs and benefits of technology. They take a more professional approach to reviewing and updating it. Adopters are more likely to agree that changing the technology in their organization is "very costly," but they understand the importance of regularly renewing it. Nearly all SME adopters (98%) agree that their company regularly reviews technological tools and software to ensure that they are the most suitable options.

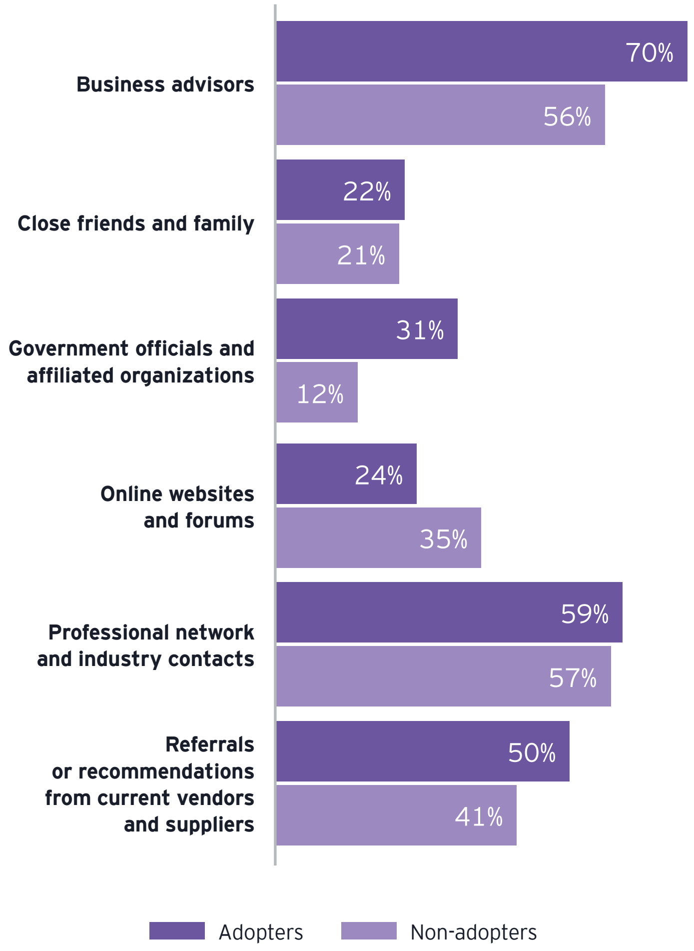
Adopters are also more cognizant of the financial risks their companies face—another sign of their professionalism and preparedness. Nearly two-thirds of adopters (63%) say their companies haven't planned sufficiently for financial risks and market downturns, compared with just 36% of non-adopters. This exposure represents an opportunity for FinTechs that can develop predictive tools that address specific SME needs—such as software that forecasts cash flow and programs that help firms hedge financial and economic risks.

While 79% of SME adopters express satisfaction with the services provided by traditional banks and insurers, that doesn't mean they're getting everything they need. More than half (57%) of adopters agree that the financial products services available don't meet the needs of their organization. While consumers can often find one provider that offers a wide range of financial services, there is no comparable one-stop-shop provider available to SMEs—no single entity that offers services across all their needs. SMEs view incumbent banks mainly as providers of current accounts, with related services such as deposit-taking and processing transactions.

Increasingly, we see technology-driven FinTech platforms as a unifier across an SME's internal business functions, which also connects them to other vendors and marketplaces for point solutions. These platforms will also encourage higher SME FinTech adoption in the future, by increasing SME awareness of other FinTech services, and enabling easier onboarding journeys.

Finding 5: When considering new services, adopters are more likely to seek advice from multiple sources.

FIGURE 16 | Analysis of sources of advice used, by FinTech adopters and non-adopters



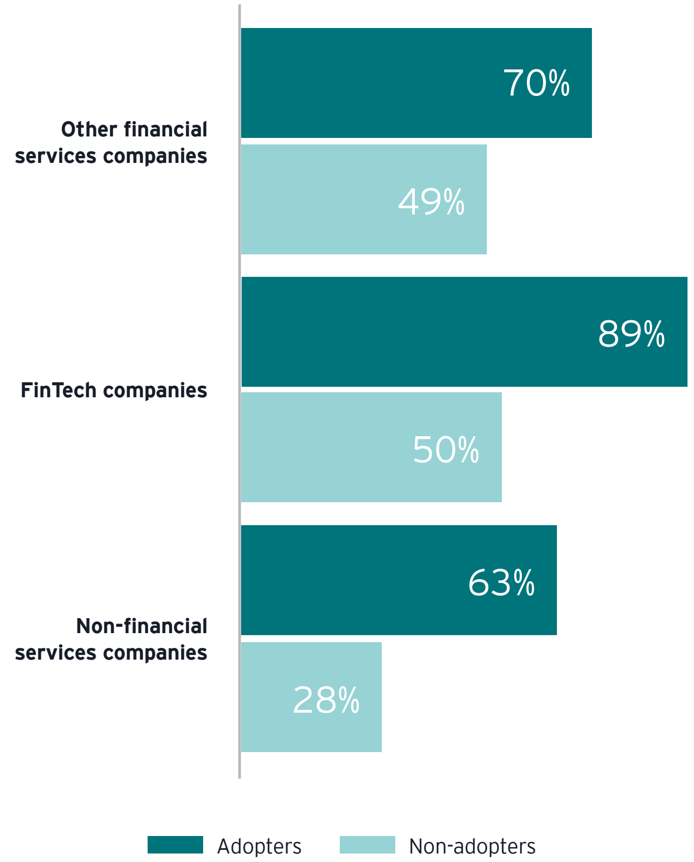
Notes: The figures show the percentage of respondents who indicated they would seek advice from these sources when deciding whether to adopt a new service or technology for their business, by FinTech adopters and non-adopters. Respondents were able to select up to three answers.

Nearly all SMEs (97%) acknowledge that they need help when it comes to deciding whether to adopt a new service or technology. However, FinTech adopters are more likely than non-adopters to seek advice broadly—another sign that adopters are better informed and operate like larger organizations. We asked SMEs how many sources they would consult, from zero to three. Seventy-one percent of adopters said they would seek advice from three sources, compared with 52% of non-adopters. Because adopters cast a wider net when seeking advice, FinTech providers have the opportunity to reach them through more touchpoints.

FinTech adopters turn most often to business advisors, such as lawyers and accountants, for advice, while non-adopters tend to rely more often on their professional network and industry contacts. Adopters are more likely than non-adopters to seek advice from government officials, although the opposite holds in China, where government agencies have focused less on advisory programs for SMEs. Across geographies, non-adopters are more likely than adopters to seek advice from websites and forums.

Finding 6: 89% of FinTech adopters are more willing to share data with FinTech companies.

FIGURE 17 | Analysis of preferences in sharing banking data, by FinTech adopters and non-adopters



Notes: The figures show the percentage respondents who either 'agree' or 'strongly agree' that they would be comfortable with their main bank securely sharing their organization's financial data with other organizations if it meant that they received better offers, by FinTech adopters and non-adopters.

One of the key determinations SMEs need to make when considering the use of a FinTech service is how willing they are to share their data with a third party. Adopters are very willing to share data—if they think they're likely to get something of value in return. Asked to what extent they would be comfortable having their main bank securely share their company's financial data with other organizations if it meant they would receive better offers, 89% of adopters said they would be willing to share with FinTech challengers, compared with 50% of non-adopters.

The willingness of SMEs to share data becomes an increasingly important consideration in the growth of FinTech ecosystems, where the value proposition depends on interoperability and participants' willingness to port data between organizations.

SMEs' comfort and willingness differs across markets, reflecting at least in part the maturity and prominence of the primary technology platforms in each market to date. China in particular is a standout market with several mature technology-driven platform providers offering ecosystems integrating both financial and non-financial services companies. Many of the SMEs that already use these platforms for a non-financial service may become FinTech adopters in the future, as the platforms grow and expand across more providers.

Methodology

Our SME survey is based on 1,000 online interviews with senior decision makers of SME organizations between 15 and 30 January 2019. Senior decision makers were defined as owners, managing directors, CEOs and other c-level executives responsible for business strategy, operations or financial decisions. We interviewed 200 organizations per market in two developed countries (the UK and the US) and three emerging countries (China, Mexico and South Africa). Given the fact that the respondents completed an online survey, our analysis represents the views of digitally active SMEs.

There is no global agreement on what constitutes an SME, with criteria varying even from sector to sector in some markets. Each of the five countries we surveyed has a different definition based on employee headcount and annual revenues. For example, a medium-sized enterprise in China, per government standards, has a headcount that can range from 200 employees in the wholesale sector to 3,000 in the construction sector, while in the UK, the headcount for SMEs generally reaches a maximum of 250.

To accommodate these variances, we interviewed SMEs with up to 1,000 employees in all five markets. At the lower end of the spectrum, we excluded micro-SMEs, e.g., solo traders or firms with fewer than 10 employees, since we believe these small enterprises behave differently—and have different needs—than their larger counterparts. We also set a cap of US$75 million in annual revenues.

Our survey struck a balance across sectors, with 37% of respondents from industries such as manufacturing, mining and agriculture; 52% from services such as transportation, healthcare and transportation; and 12% from other industries. Among all the SMEs we surveyed, 63% were backed by venture capitalists, meaning we have a sizeable representation of high-growth companies. We also have an estimated +/- 3.5% margin of error, with a 90% confidence interval.

We grouped FinTech services into four broad categories: banking and payments, financial management, financing, and insurance. We looked at FinTech services specifically used by SMEs, such as mPOS machines and invoice finance solutions, which can differ from those used by consumers.

FIGURE 18 | List of SME FinTech services

Catergories	Services
Banking and payments	Online foreign exchange
	Digital-only branchless business bank
	Online payments processors
	Mobile Point of Sale (mPOS) payment machines and readers
Financial management	Online billing and invoice management tools
	Online cashflow and liquidity management tools
	Online bookkeeping and payroll tools
Financing	Online lending platforms
	Online marketplaces, aggregators and brokers
	Online equity (including equity crowdfunding) and debt securities
	Online invoice financing and dynamic discounting
Insurance	Insurance premium comparison sites

Chapter 3

From the innovator's mouth

FIGURE 19 | Selection of key words from the interviews with FinTechs

Much of this report has focused on understanding the behaviors and attitudes of FinTech users, both consumers and SMEs. To fully tell the story, we need to go beyond the data and interview some of the companies that offer FinTech services. The high adoption rate of FinTech around the globe presents these companies with myriad opportunities to expand internationally. Indeed, many have already succeeded in scaling their businesses across multiple international markets.

Building on our 2017 report, which focused on how FinTech challengers could achieve traction with customers and gain share in their home markets, we spoke this year to 10 companies about their plans for international expansion. Included in our sample are FinTech challengers, incumbent financial institutions and cross-sector technology companies.

Our interviews highlight key attributes of successful international expansion, such as encouraging customer engagement and delivering value in different markets, building and professionalizing operations, creating and maintaining a cohesive company culture across various geographies, and assembling complex, multi-party ecosystems.

The following quotes are drawn from separate interviews with each company, which we've subsequently condensed and aggregated by theme.

Introducing the FinTechs

Adrian Gore
CEO, Discovery

HQ: South Africa
Current traction: 18 million customers

Established in 1992, Discovery operates in 19 markets, including Australia, Canada, China, Malaysia, Pakistan, Philippines, Singapore, South Africa, South Korea, the United Kingdom and the United States. Discovery is an insurance company whose purpose and ambition are achieved through a pioneering business model that incentivises people to be healthier and enhances and protects their lives. The Vitality wellness programme forms the foundation of Discovery's shared-value insurance model, which in turn delivers better health and value for clients, superior actuarial dynamics for the insurer, and a healthier society.

Alesia Haas
CFO, Coinbase

HQ: United States
Current traction: 30 million customers

Coinbase was founded in 2012 and has built a trusted platform to access the cryptoeconomy. Coinbase is currently active in over 50 countries, such as Singapore, Australia, Denmark, Estonia, France, Italy, The Netherlands, the UK, Canada and the US. We offer an entire suite of products that make accessing cryptocurrencies easy and secure, as well as a range of tools that operate at the frontiers of crypto and blockchain. The Coinbase mission is to create an open financial system for the world. We think an open financial system can be a great equalizer and serve the unbanked population, while accelerating the pace of innovation around the world.

Frank Jan Risseeuw
CEO, Yolt

HQ: The Netherlands

Launched in 2017 with backing from ING, Yolt is currently available to 500,000 registered users in the UK, Italy and France, giving everyone the power to be smart with their money. Built on the promise of Open Banking and PSD2, users can view their accounts and cards, transfer money and find better deals in one clear app. An expanding pan-European money platform, Yolt innovates through partnership connections, smarter analytics and collaboration.

Harit Talwar
Global Head of Consumer Digital Finance,
Marcus by Goldman Sachs

HQ: United States
Current traction: 3 million customers

Marcus by Goldman Sachs® is the global consumer business created by Goldman Sachs to disrupt the distribution and consumption of consumer financial services. Marcus is a start-up with 150 years of financial expertise behind it and a vision is to build an integrated digital storefront for tens of millions of consumers to take control of their financial lives. Today, Marcus offers proprietary products including a free personal financial management app, no-fee personal loans, high-yield savings accounts and certificates of deposit. Beyond the products currently offered, an important element of the Marcus business is strategic partnerships. Marcus will continue to explore personalized products to save, borrow and spend that are simple, transparent and always on the side of the customer.

Paul Chapman
Chief Executive & Founder, Moneytree KK

HQ: Japan
Current traction: 3 million customers

Launched in 2013, Moneytree is the utility layer for connecting to financial services in Japan and Australia. By partnering with financial institutions and FinTechs alike, Moneytree is building a trust-based ecosystem that leverages Open Banking for consumers and businesses. We make it simple for people to get a real-time view of all their financial data, and ultimately help people make real financial progress, without compromising on their privacy.

Prajit Nanu
Co-founder & CEO, InstaReM

HQ: Singapore
Current traction: 180,000 customers

InstaReM was launched in 2015 and is a digital cross-border payments company with presence across Asia-Pacific, North America and Europe, in over 35 markets. InstaReM offers innovative solutions to send, spend and collect money in fast, convenient and cost-effective ways in multiple markets to its customers who include expatriates having moved overseas to support families back in their home countries, and businesses that make regular payments to their overseas associates. It serves payments companies, marketplaces, the travel segment and large corporates, and also powers cross-border payments for several large banks in South East Asia. InstaReM's mission remains to democratize money movements across the globe with innovative products that provide individual and enterprise users with seamless digital payments experiences.

Reuben Lai
Senior Managing Director, Grab Financial Group

HQ: Singapore
Current traction: 144 million customers

Launched in 2018, Grab Financial Group is present in Singapore, Malaysia, Indonesia, the Philippines, Thailand and Vietnam. Their mission is to bring financial inclusion to Southeast Asia's growing base of middle class consumers. To continue their momentum and success from their original ride-hailing business, they are building within the Grab app an 'ASEAN Wallet' which gives users access to any financial service, goods or services everywhere in Southeast Asia. Serving both consumers and merchants in Southeast Asia, Grab Financial Group aims to become both one of the region's largest merchant networks with the largest insurtech policy provider and the biggest FinTech lender all within one platform.

Samir Desai
Co-founder & CEO, Funding Circle

HQ: United Kingdom
Current traction: 158,000 customers

Funding Circle was founded in 2010, in direct response to the financial crisis, when banks pulled back from lending over the years. It has become evident that small businesses are underserved in every country we operate in and beyond our current footprint. Small businesses are powering economic growth and job creation across the world, which is why we've made it our mission to help them achieve more and go even further. Funding Circle's platform enables investors to lend to small businesses, and currently operates in the UK, the US, Germany and the Netherlands, serving 68,000 businesses and 90,000 investors. From butchers and bakers to IT consultants and accountants, these are the businesses that are made to do more and supporting them is a mission that continues to inspire us every day.

Shengqiang Chen
CEO, JD Digits

HQ: China
Current traction: 400 million customers

JD Digits started in 2013, as an extension to the JD.com e-commerce business to provide their customers and businesses with a convenient way to access financial services. JD Digits became one of China's leading financial technology for enterprises and consumers with a broad range of innovative products, including supply chain finance, consumer finance, crowd funding and cloud services. JD Digits is currently present in China (mainland), Hong Kong and Thailand, with a mission to foster FinTech innovation, promote financial inclusion, and enhance customer experience.

Steve Polsky
Founder & CEO, Juvo

HQ: United States
Current traction: 100 million customers

Juvo was launched in 2014 and is currently active in 24 countries across Latin America, South America, Eastern Europe and Southeast Asia. Juvo is a pioneer in mobile identity scoring for financial access. The company was founded with an overarching mission: to create the YES economy. They do that by establishing financial identities for the billions of people worldwide who are creditworthy, yet financially excluded. The founder Steve Polsky first conceived of the company after realizing the vast potential to reach previously underserved populations across the globe, through their mobile phone. Juvo does this by partnering with mobile operators, providing mobile users access to credit and financial services via everyday interactions.

Questions and answers

What strategies have you used to drive customer engagement in both initial and international markets? How do you deliver value to your customers? What lessons did you carry over from the initial market?

Adrian

"Vitality's behavioral platform measures engagement clinically and actuarially, enabling the dynamic pricing of various risks, which allows us to price clients individually at inception. In life insurance, this means that clients' premiums increase or decrease based on their Vitality engagement. In this way, our model continues to drive shared value: it improves risk behavior and value for clients, delivers actuarial dynamics for the insurer, and promotes a healthier society at large."

Frank Jan

"From the very beginning, Yolt has worked closely with our community of vocal users to make sure we're constantly monitoring and closing the loop between their feedback and the features in our roadmap. Our innovation is driven by meeting our users' needs, day to day. For example, most users have regular outgoings for bills and housing, so we developed features centered around upcoming debits, predicted outgoings, and energy and gas comparison. Analyzing user transactions, we developed more spending categories and our customizable tagging feature. We engage with our users across all touch points and channels, from regular in-person events to user testing, surveys, and more. This is an approach that we champion across all markets."

Paul

"Key lessons learned as Moneytree expanded: first, the importance of trust, privacy, consistent and authentic messaging to individuals, businesses and large enterprise clients; second, the importance of providing a high quality and reliable service; and third, the importance of communicating the benefits of access to customer data, as well as the need for solid privacy, security and data governance."

Prajit

"We connect with our target customers by creating awareness via conventional channels like print, online and affiliate partnerships. I feel personal referrals are an extremely powerful way to gain traction with target customers. InstaReM focuses on great customer experience, which, in turn, helps bring enhance referral traffic on our platform. We are receiving strong referral traffic in most of the markets that we are operating in. For us, a high level of referral traffic is indicative of the fact that the users are getting what they are expecting from our service."

Reuben

"Grab is a company built by Southeast Asians for Southeast Asia. We have strong local leaders and experts in every country we operate in and are trusted by local consumers. This local market advantage allows Grab to continue building products that the region's emerging middle-class consumers will actually use. One example is the service that allows Grab's millions of ride-hailing drivers to also serve as mobile ATMs, allowing consumers in heavily unbanked countries like the Philippines and Indonesia to top-up their GrabPay wallets simply by handing cash to their driver."

Shengqiang

"We learned that offering standardized services to a heterogeneous customer base with unique tastes and preferences impedes the growth of the consumer's ever-changing investment and consumption habits. JD Digits optimizes the user experience by utilizing data and technology for flexible financing solutions, innovative eWallet services, and alternative credit scoring. Technological innovation in AI and blockchain in the logistics and supply chain financing business helped merchants reduce production lead times, increase product speed to market, minimize costs, and improved use of data for integration from merchants and vendors to our platform."

Steve

"The Juvo platform was an entirely new concept for populations who had largely been ignored by traditional financial services, but it was quickly adopted by mobile subscribers as they could start with small airtime credit extensions on their mobile service and subsequently walk up the ladder to bigger and better financial opportunities. What starts as a simple top up can quickly advance toward access to things such as smartphone financing, insurance or even small business loans."

What were the key drivers in deciding where to expand? How did you fund and implement your international expansion plan? What role did regulation play in your international expansion journey?

Alesia

"As a regulated and trusted exchange operator, Coinbase's continued compliance with local regulations is a critical element of our ongoing success. As we scale to new markets and serve even more customers, it's our goal to build the same level of trust in every new region we enter as we have built in the U.S. and Europe. We work hand-in-hand with local regulators to not only ensure our compliance laws, but also to share our experience at the vanguard of crypto."

Paul

"At the time we entered the Australian market, the discussion around Open Banking was quickly gaining momentum. We made it a priority to contribute to its formation, and to become one of the first FinTechs to identify and leverage new opportunities Open Banking makes possible. By submitting feedback directly to the Australian Government enquiry, informed by our experience in establishing Open Banking in Japan, we were able to contribute to the local Australian ecosystem. This also established Moneytree as a knowledgeable and collaborative industry participant in the local context. Our early regulatory outreach led to Moneytree being invited to join the Data Standards Advisory Committee, where we continue to contribute to the establishment of Open Banking in Australia."

Prajit

"We developed our first money transfer platform with seed funding in January 2015. In March 2016, we raised the Series A round of funding, which helped us build the basic infrastructure and payment mesh, and partner with a network of banks. This was followed by the Series B funding in July 2017, which was used for augmenting our global payment infrastructure, as well as developing new products and acquiring licenses in new markets like Malaysia, India, EU and the US. This funding was also used in boosting our employee strength. We acquired new talent in areas such as technology, marketing, customer service and compliance across all markets. In April 2019, we closed our Series C round, proceeds of which are being utilized to accelerate growth in existing and new markets, and support the launch of new products, including a card-issuing platform."

Samir

"Being a global business has been our objective since day one; it's paramount to our success and long-term vision. Funding Circle launched in the US following the acquisition of a company who were using similar models to improve business lending in the States. Two years later, we followed a similar acquisition route to expand into Germany and the Netherlands. We also recently announced our plans to enter Canada organically later this year to help underserved Canadian small businesses to access the finance they need to grow. There are many areas to consider when scoping and researching new geographies. From demand for small business borrowing and investor sentiment, to credit data availability and operational complexity. When it comes to implementing our model, we're able to leverage learnings from our established geographies which allows us to scale up new markets as smoothly and efficiently as possible. This includes using our prior experience in building credit assessment models and our understanding of how to navigate new regulatory systems."

Steve

"From day one Juvo has been a global company that just happens to be founded and headquartered in San Francisco. To turn our vision into reality we've had to 'fish where the fish are.' This meant launching the company outside of the U.S. To succeed in those early days in Guatemala, and in other markets where we've since launched in, we've had to understand the unique nuances of the very different populations we serve. This entailed methodically starting small, learning about our consumers and then growing strategically. We have realized significant success by addressing big needs in small markets and growing with our partners."

What role does your company culture play in achieving customer traction and scaling internationally? How did you leverage your brand and existing operations to expand into new markets?

Harit

"To reinvent consumer finances, and to build a company that is entirely on the side of consumers, we knew from the outset that we would need to build a talented and diverse team. Since our founding in 2016, we have aimed to assemble a creative powerhouse of disruptive innovation. One third of our team is hand-picked from Goldman Sachs, another third is from traditional consumer finance companies, and one third is from a range of non-financial industry leaders across technology, e-commerce and consumer goods. Unifying this varied employee base is paramount to our singular mission: To help consumers achieve greater financial well-being. Whether through personal loans that reduce high interest debt, savings accounts that provide more value, or personal financial management tools that help consumers take control of their personal finances, every Marcus team member is personally committed to serving this larger purpose."

Frank Jan

"A venture of ING Bank, Yolt was designed with both the innovation and agility of a start-up and the security and strength of a bank. Yolt has created all our systems, products and developments in-house from scratch and has our own autonomy and brand identity. We pride ourselves on working agile to deliver a customer-app that our community loves. We're also an international team. In Amsterdam, we have several feature teams, working end-to-end on delivering new and updating existing features. Our central marketing team is based in London and oversees all markets, with on the ground support in France and Italy, ensuring we maintain cultural relevance."

Samir

"We draw on the impressive talent we have across the business. Culture is a critical component of our success and our core values are focused on encouraging employee engagement, ambition, teamwork and passion. The more Funding Circle expands internationally, the harder this becomes. To combat this, we utilize talent in our established markets to help grow and nurture new teams in other countries. Not only does this help to retain our unique culture, but it also opens up great opportunities for people to develop their careers."

To facilitate your international expansion journey, did you tap into ecosystems of partners, customers, and suppliers? What role do you see your company playing in these multi-party financial ecosystems?

Adrian

"With the aim of growing the reach of the shared-value insurance model around the globe, Discovery established Vitality Group, which integrates tailored Vitality programmes with partner insurance products to drive additional value in areas our partner insurers have identified. Vitality Group is supported by the Global Vitality Network to create an ecosystem where the assets are available to all markets, and the value generated from positive selection and behavior change is shared among the participants."

Alesia

"From the start, Coinbase's mission has been to create an open financial system for the world by being the easiest and most trusted place to buy, sell, and interact with the cryptoeconomy. We are aiming to build the infrastructure between traditional finance and the cryptoeconomy. Our mission is inherently global. We see Coinbase's growth as validation that the ecosystem will only continue to grow in size, influence and impact—ultimately ushering in a more open financial system for the world."

Reuben

"Grab uses a single smartphone app to offer a range of financial and consumer service products to support unconnected individuals and small businesses. GrabPay is the first mobile wallet with e-money licenses across the six largest economies in Southeast Asia. Grab Financial Services offers insurance and microloans, enabling unbanked consumers in emerging markets to secure the capital needed to grow their businesses, buy a home for their families, and pay for their children's school fees or medical bills. Grab Financial is beating the heavily fragmented and cash-based nature of the region by building an open ecosystem which today comprises over 100 local and international financial institutions."

Shengqiang

"FinTech, technology and data are central to the JD Digits' vision of the Digital Economy Ecosystem. Our expansion into international markets began in 2018 with strategic local partners in Hong Kong and Thailand. We believe in organic growth, which means essentially taking a holistic approach with partnerships that understand local cultures and nuances. We aim to create a secure digital ecosystem with a focus on providing customers with flexible solutions anytime and anywhere to complement their everyday lives."

Interviewed between March 3 – April 8 2019.

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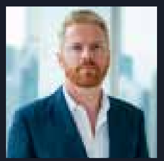

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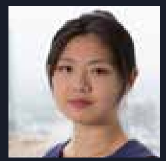

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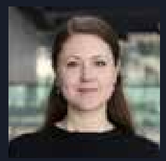

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