

Asia Pacific Regional Findings from the 2nd Global Alternative Finance Market Benchmarking Study

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Agenda

16.00 – 16.05 Opening remarks from Nick Drury, Asia Pacific Regional Lead, CCAF

16.05 – 16.35 Presentation of findings by Krishnamurthy Suresh, Asia Pacific Market Researcher, CCAF

16.35 – 16.45 Q&A session with CCAF Asia Pacific regional team

Key findings from Asia Pacific

The 2nd Global Alternative Finance Market Benchmarking Report June 2021

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The **2nd** Global Alternative Finance Market Benchmarking Report



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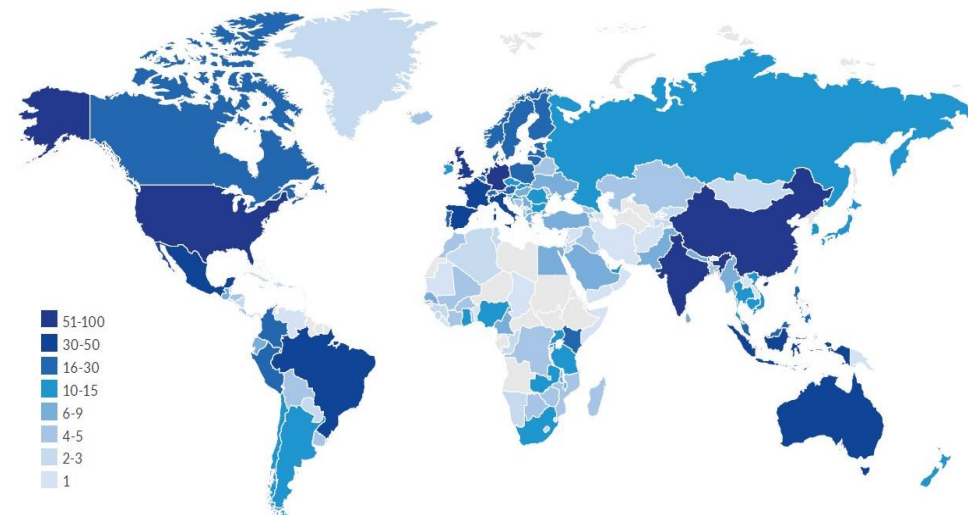


Report rationale and methodology



2019: 821 respondents, 1801 firm-level observations

2020: 703 respondents, 1660 firm-level observations



Number of observations by region

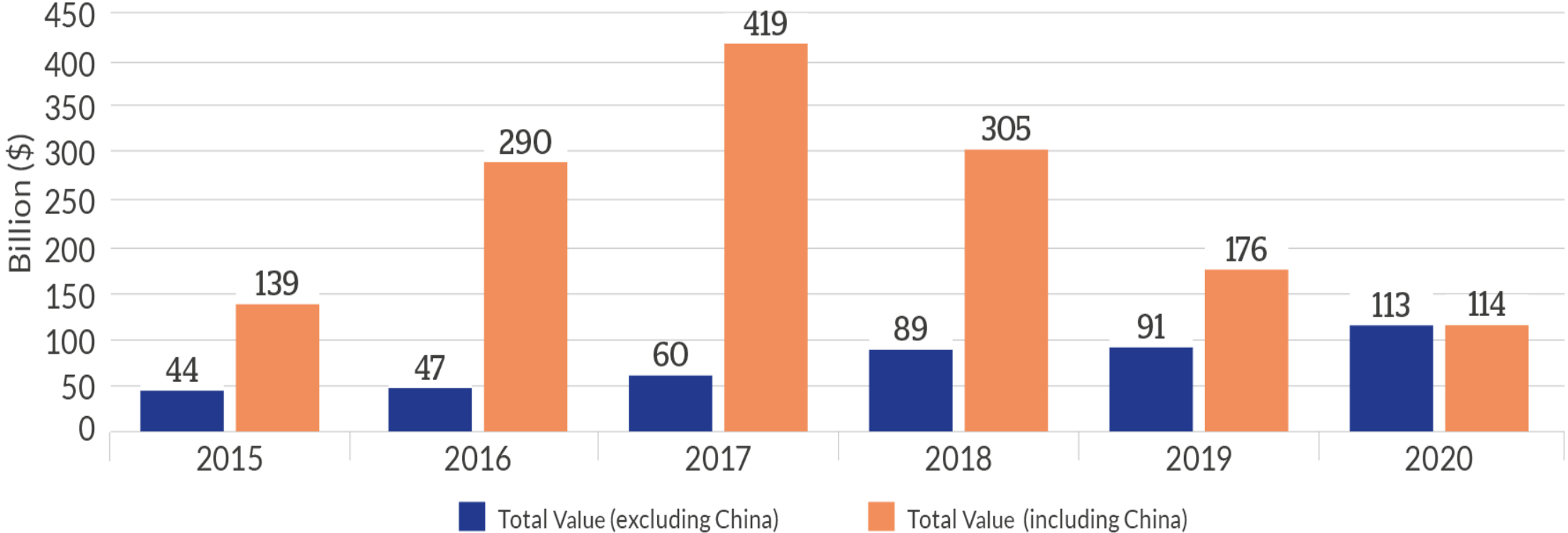
| Region | 2019 | | 2020 | |
|------------------------------|-------------|-------------|-------------|-------------|
| | Number | Share | Number | Share |
| Asia-Pacific (Ex China) | 359 | 20% | 342 | 21% |
| China | 108 | 6% | 53 | 3% |
| Europe | 631 | 35% | 654 | 39% |
| Latin America and Caribbean | 258 | 14% | 205 | 12% |
| Middle East and North Africa | 78 | 5% | 76 | 5% |
| Sub-Saharan Africa | 206 | 11% | 191 | 12% |
| UK | 79 | 4% | 67 | 4% |
| US & Canada | 82 | 5% | 72 | 4% |
| Total | 1801 | 100% | 1660 | 100% |

| Category | Model |
|-----------------|---|
| Debt | P2P/Marketplace Lending – business, consumer, property. Balance sheet lending – business, consumer, property. Invoice trading, Debt-based securities, Customer cash-advance/Buy now pay later, Mini-bonds |
| Equity | Equity-based crowdfunding, Real estate crowdfunding, Revenue/Profit-sharing |
| Non-Investments | Crowd-led microfinance, Donation-based crowdfunding, Reward-based crowdfunding |



Excluding China, the global alternative finance market continued to record increases in activity for 2019 and 2020

Size of the global alternative finance market (USD billion)



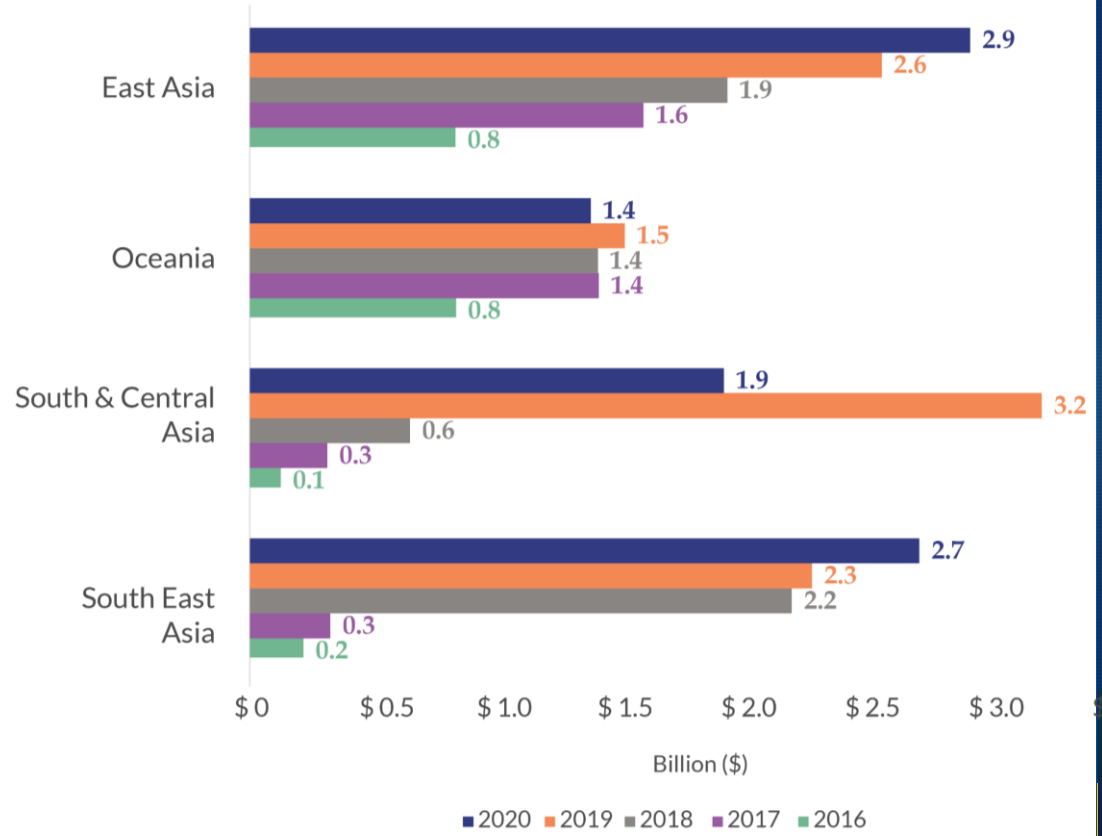
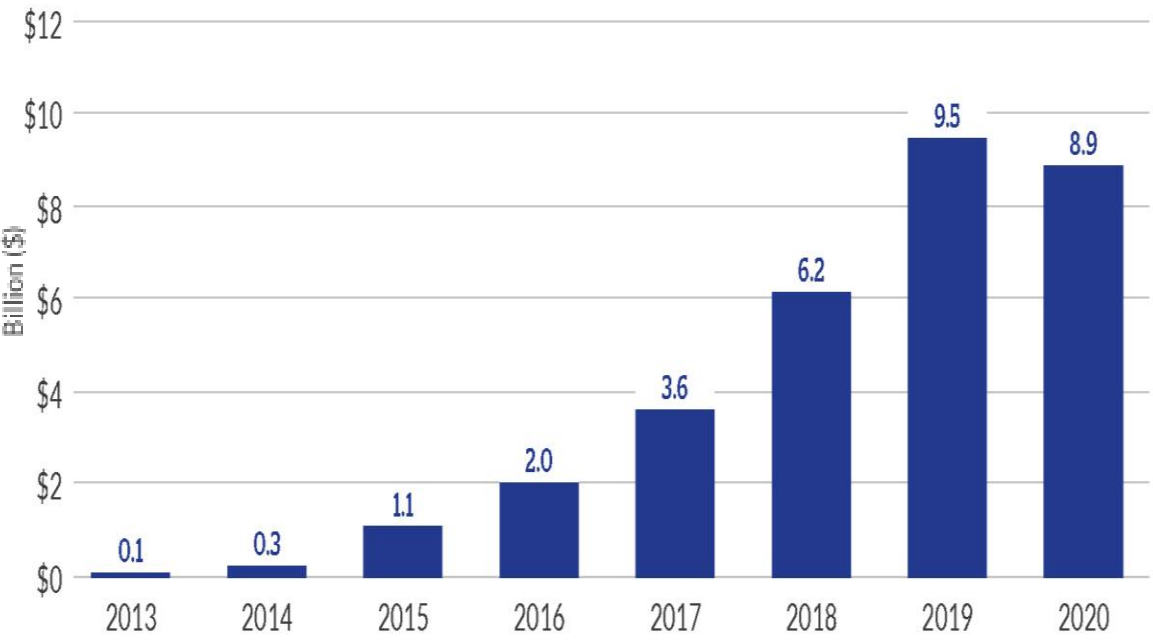
Regional developments begin to emerge, suggesting COVID-19 has impacted geographies in different ways

Market share of alternative finance by region

| Region | 2018 | | 2019 | | 2020 | |
|------------------------------|--------------------------|------------------|--------------------------|------------------|--------------------------|------------------|
| | Total value | Market share (%) | Total value | Market share (%) | Total value | Market share (%) |
| Asia-Pacific (Ex China) | \$6,173,183,410 | 2% | \$9,541,822,124 | 5% | \$8,911,183,422 | 8% |
| China | \$215,396,387,691 | 71% | \$84,346,675,112 | 48% | \$1,161,105,257 | 1% |
| Europe | \$7,730,584,934 | 3% | \$12,233,219,605 | 7% | \$9,940,940,894 | 9% |
| Latin America and Caribbean | \$1,806,937,802 | 0.6% | \$4,833,142,985 | 3% | \$5,274,457,369 | 5% |
| Middle East and North Africa | \$800,545,330 | 0.3% | \$763,896,349 | 0.4% | \$594,755,996 | 0.5% |
| Sub-Saharan Africa | \$209,142,111 | 0.1% | \$1,105,847,839 | 0.6% | \$1,215,799,093 | 1% |
| UK | \$10,367,889,668 | 3% | \$11,015,704,173 | 6% | \$12,642,678,927 | 11% |
| US & Canada | \$62,047,079,229 | 20% | \$51,871,355,441 | 30% | \$73,929,869,084 | 65% |
| TOTAL | \$304,531,750,175 | 100% | \$175,711,663,628 | 100% | \$113,670,790,043 | 100% |

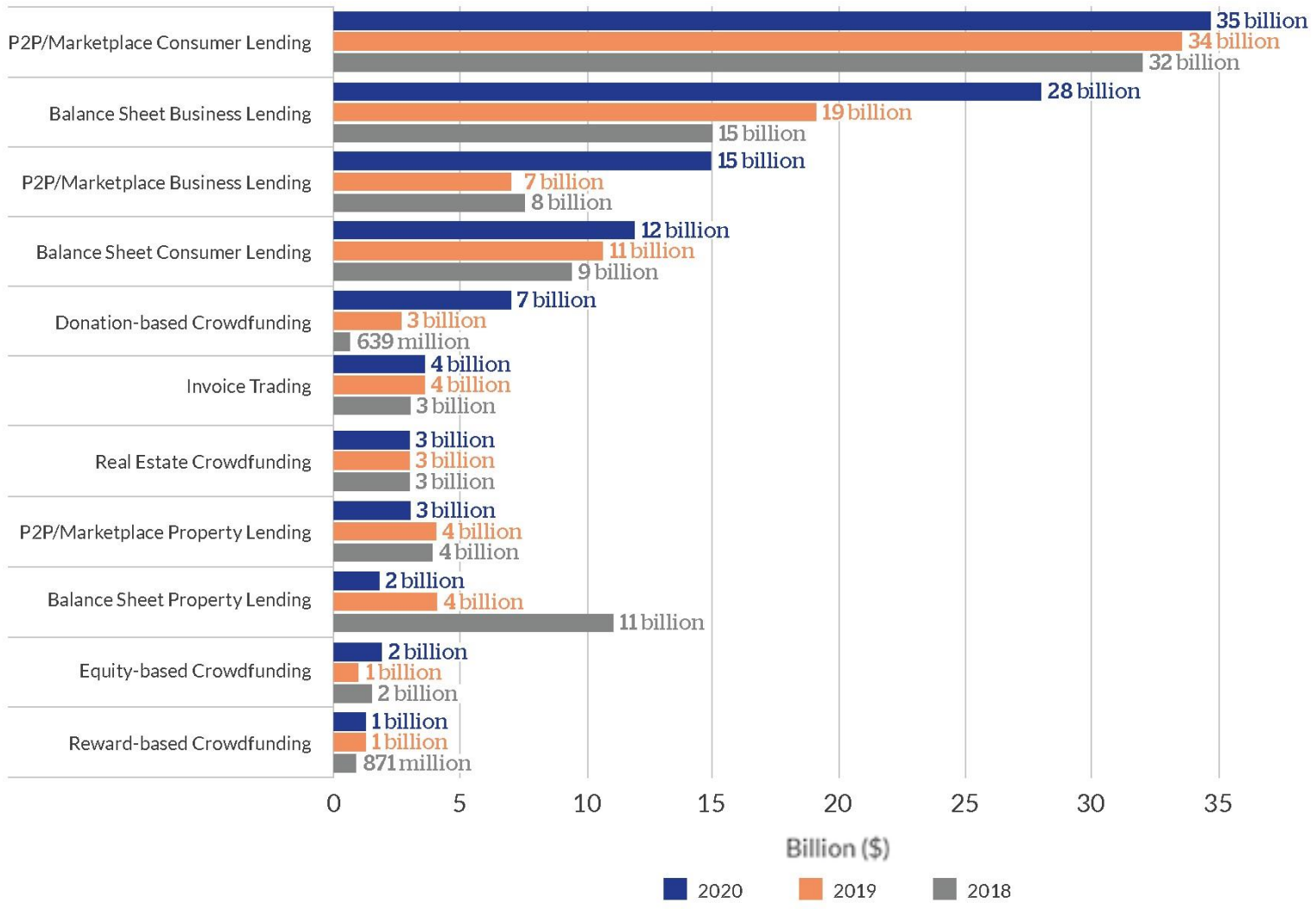
AP transaction values declined 7% in 2020, with significant sub regional variations

AP alternative finance market value (excluding China) – total and by sub-region



P2P consumer lending continued as highest value model globally - donation crowdfunding reported highest YoY growth

Global value of alternative finance by key models, 2018-2020 (excluding China)



31%

P2P consumer lending remains highest value model globally

\$43b

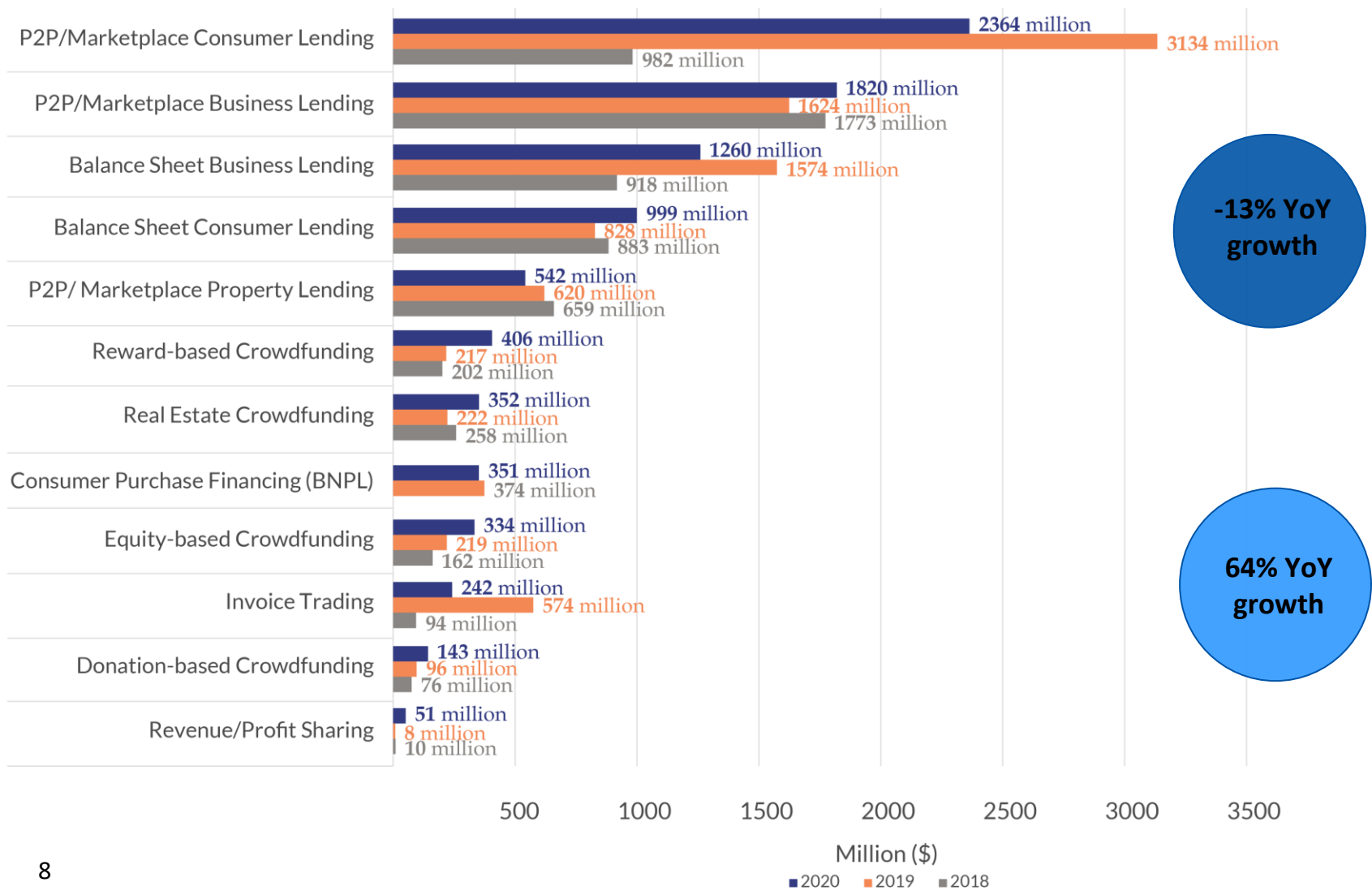
P2P & balance sheet business lending drove >30% of total 2020 values

\$7b

Donation-based crowdfunding grew 160% between 2019 & 2020

In AP, P2P consumer lending leads models, despite lower values for 2020

Asia-Pacific value of alternative finance by key models, 2018-2020 (excluding China)



-13% YoY growth

Debt-based models accounted for \$7.6 billion of transaction value in 2020

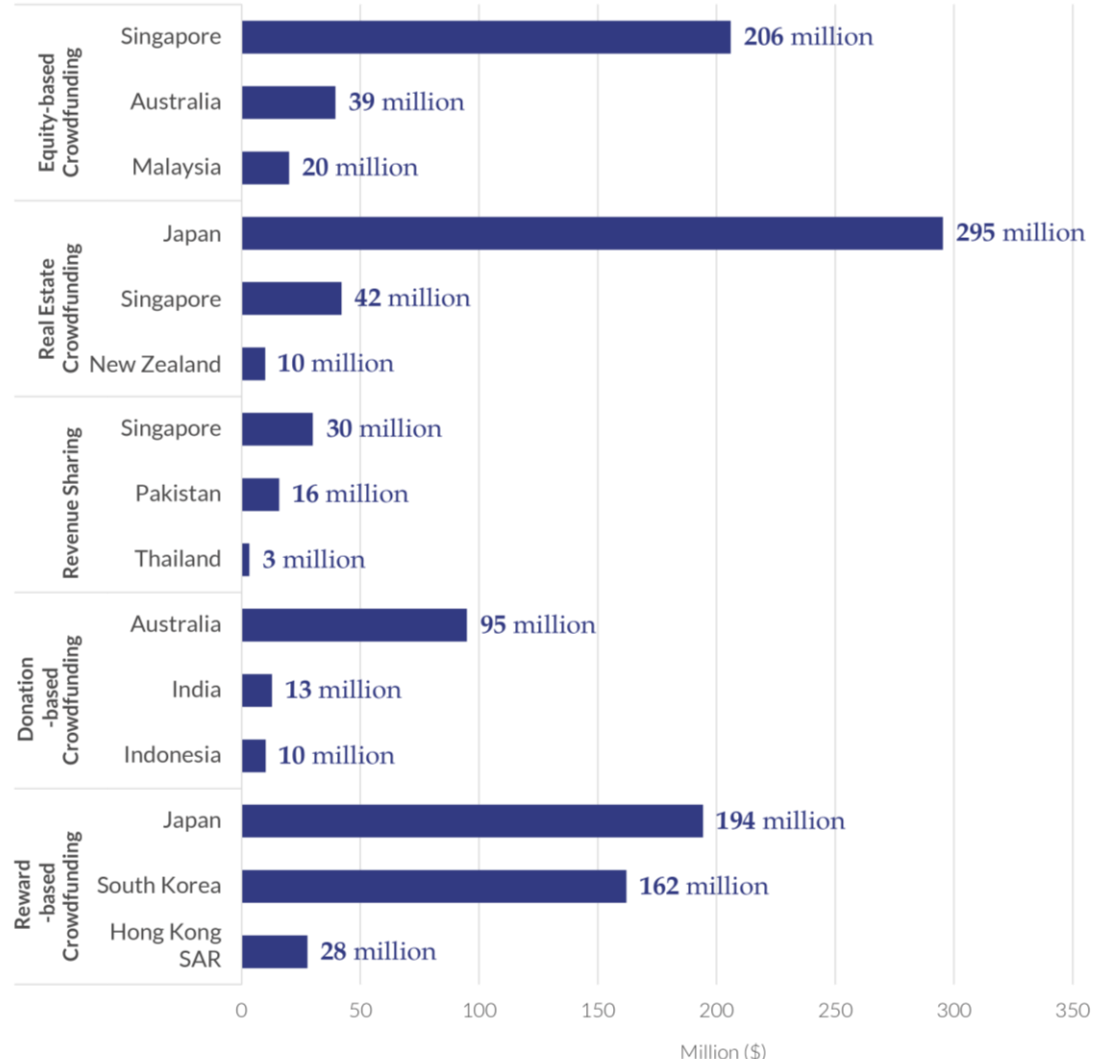
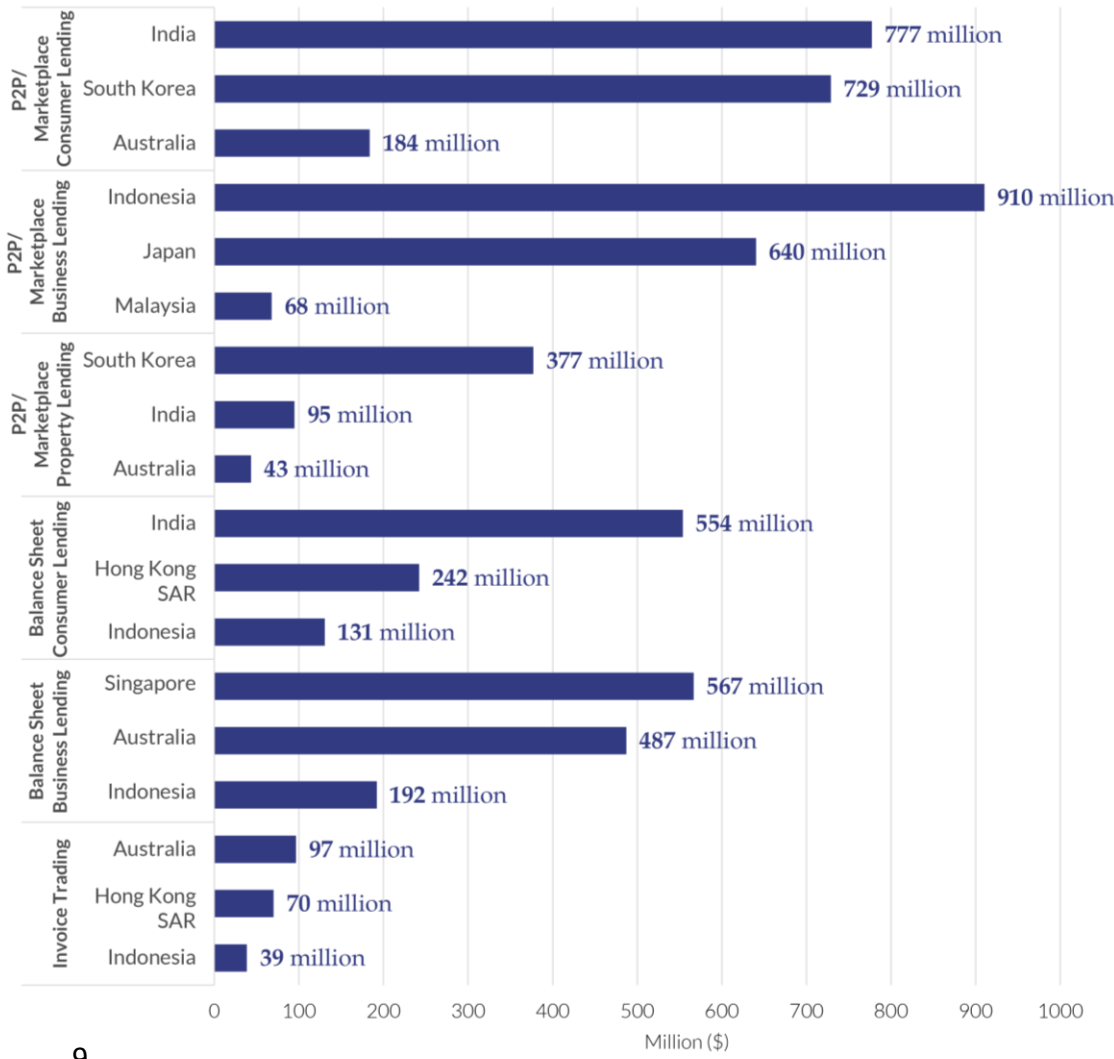
64% YoY growth

Equity and non-investment models accounted for \$737 and \$587 million of transaction value in 2020



Analysis across AP by business model reveals divergent patterns

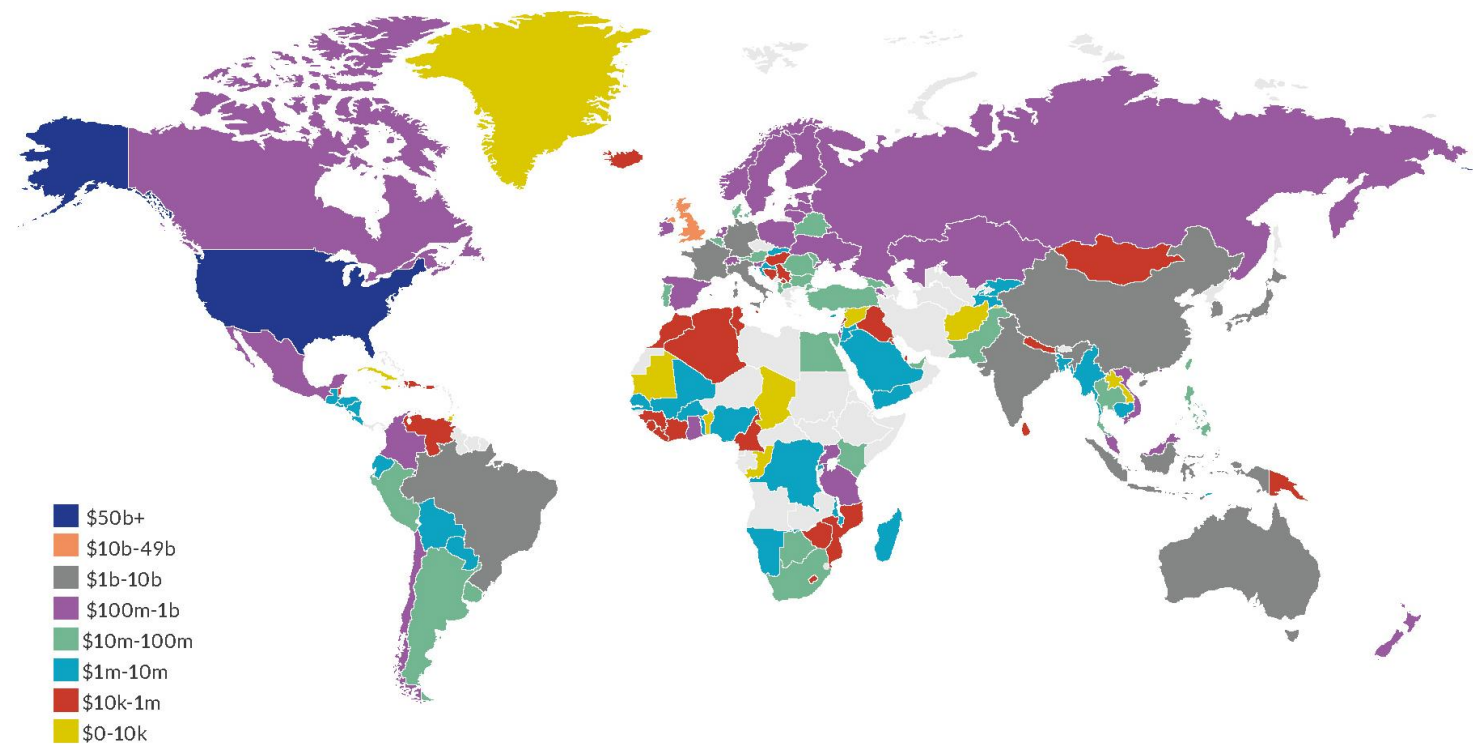
Top three countries by business model – 2020



Seven AP markets in top 20 globally

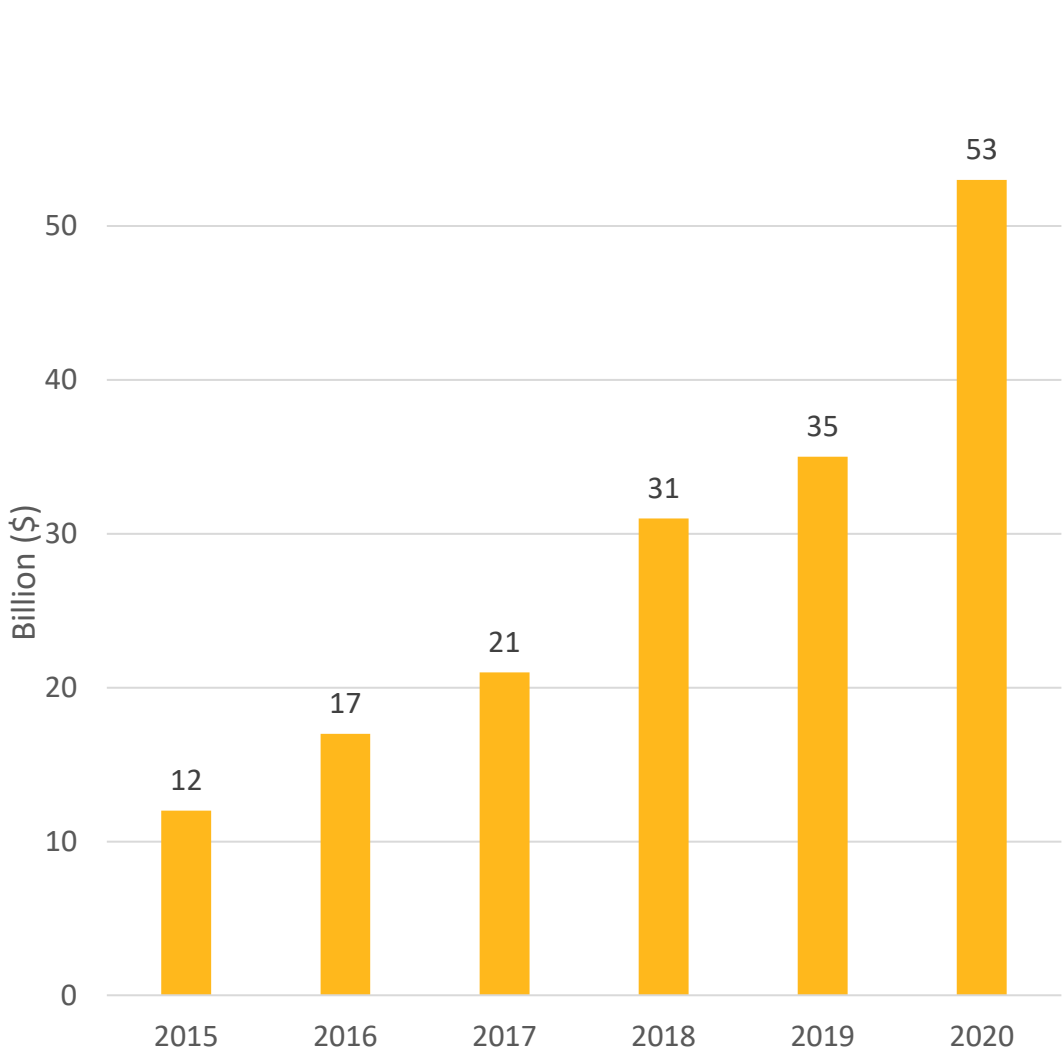
Comparative market value of alternative finance transactions (2020)

| Country/Jurisdiction | Value 2019 (USD) | Value 2020 (USD) |
|----------------------|---------------------|---------------------|
| United States | \$51,517,809,478.93 | \$73,620,196,501.32 |
| United Kingdom | \$11,015,704,172.97 | \$12,642,678,927.45 |
| Brazil | \$4,032,593,999.38 | \$5,320,256,780.17 |
| Italy | \$1,553,067,817.32 | \$1,857,579,606.86 |
| India | \$2,918,927,515.44 | \$1,711,415,456.87 |
| France | \$1,305,833,196.14 | \$1,659,732,510.49 |
| Germany | \$1,416,759,250.45 | \$1,482,413,458.30 |
| Indonesia | \$1,446,645,877.69 | \$1,448,268,490.20 |
| South Korea | \$1,604,485,917.75 | \$1,303,541,750.74 |
| China | \$84,346,675,112.17 | \$1,161,105,256.95 |
| Australia | \$1,211,581,537.18 | \$1,152,469,941.94 |
| Japan | \$598,652,505.98 | \$1,141,081,739.33 |
| Singapore | \$496,686,398.31 | \$963,297,183.08 |
| Chile | \$489,093,338.55 | \$803,556,924.13 |
| Spain | \$610,473,330.15 | \$673,607,601.44 |
| Netherlands | \$2,875,853,128.92 | \$559,956,012.63 |
| Mexico | \$547,898,666.99 | \$536,819,485.23 |
| Ghana | \$585,239,532.58 | \$528,074,210.31 |
| Israel | \$660,064,326.59 | \$495,784,598.96 |
| Hong Kong SAR | \$307,177,478.83 | \$419,265,308.80 |
| Ukraine | \$542,580,427.90 | \$400,685,110.42 |
| Finland | \$458,818,327.89 | \$390,162,222.86 |
| Poland | \$523,851,123.46 | \$389,928,181.56 |
| Sweden | \$293,874,101.62 | \$364,295,886.01 |
| Colombia | \$337,431,726.35 | \$341,719,382.57 |
| Canada | \$353,545,961.58 | \$309,672,582.85 |
| Zambia | \$172,383,365.84 | \$297,647,205.02 |
| Lithuania | \$189,489,200.02 | \$247,142,425.41 |
| Russia | \$313,281,190.91 | \$239,062,451.99 |
| Latvia | \$359,866,980.64 | \$237,537,126.98 |
| New Zealand | \$299,579,393.64 | \$222,878,493.56 |
| Kazakhstan | \$260,409,198.83 | \$172,733,120.34 |
| Ireland | \$32,462,127.84 | \$151,459,158.83 |
| Estonia | \$167,375,733.45 | \$151,399,673.79 |
| Czech Republic | \$70,145,554.22 | \$138,293,397.27 |
| Armenia | \$468,938,169.96 | \$128,946,978.54 |
| Uganda | \$60,411,448.59 | \$115,566,447.65 |
| Vietnam | \$46,158,438.02 | \$110,419,316.17 |
| Tanzania | \$83,109,062.53 | \$102,995,896.23 |
| Slovenia | \$97,306,057.95 | \$101,520,535.14 |
| Malaysia | \$128,019,896.47 | \$100,523,410.10 |

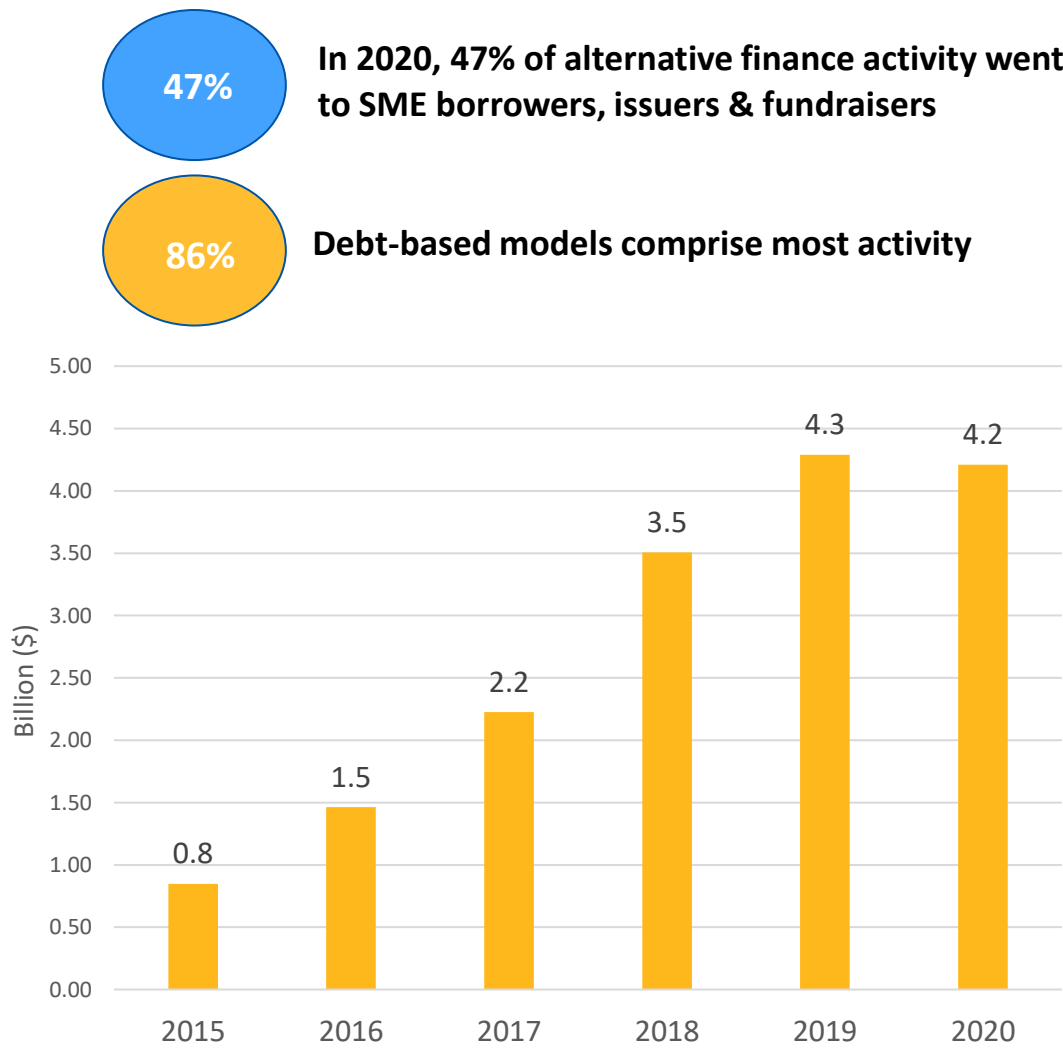


Global growth reported in alternative finance business funding values for 2020, while AP broadly flat

Global and AP alternative finance business funding value (USD billion)



Global Annual Business Values excluding China

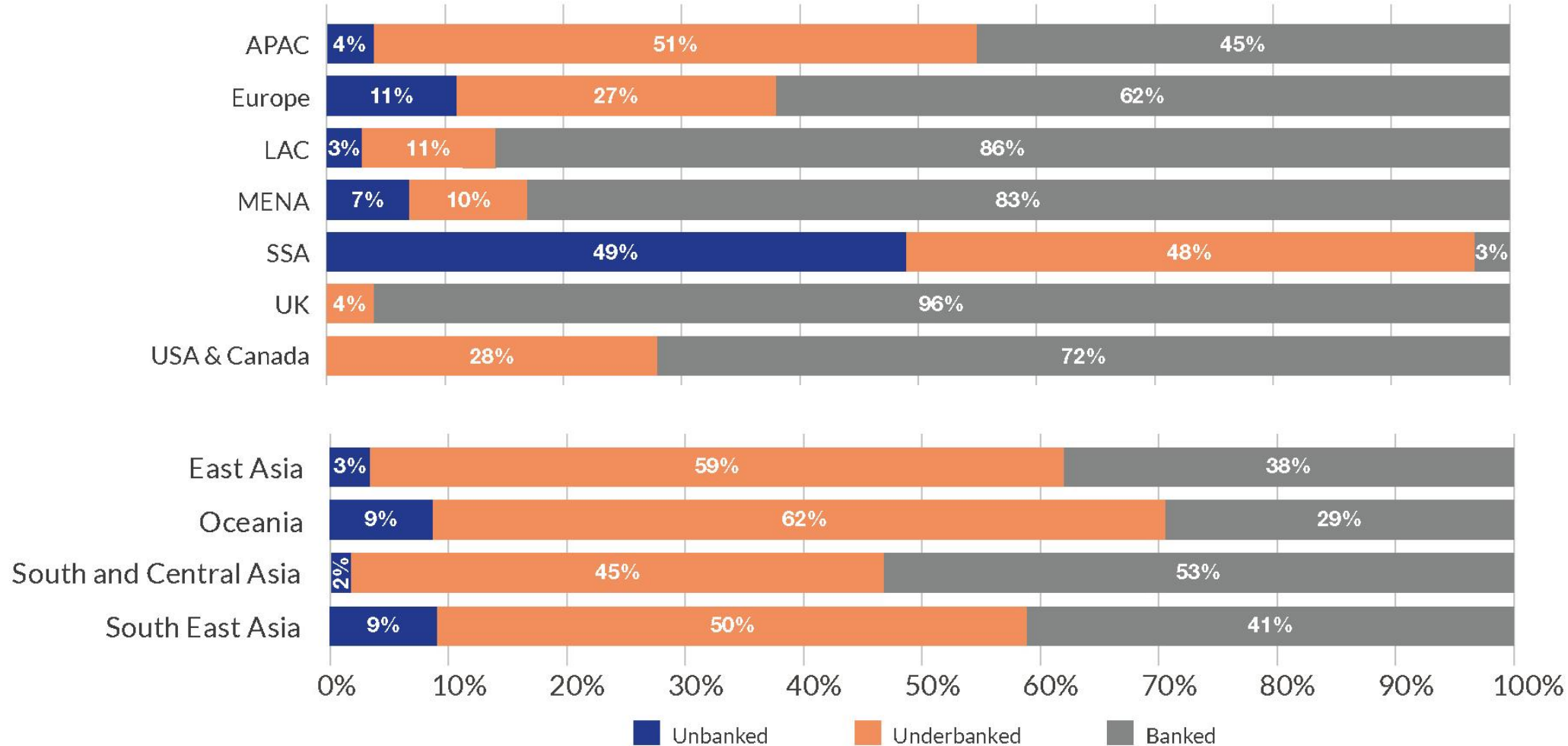


Asia-Pacific Annual Business Values excluding China



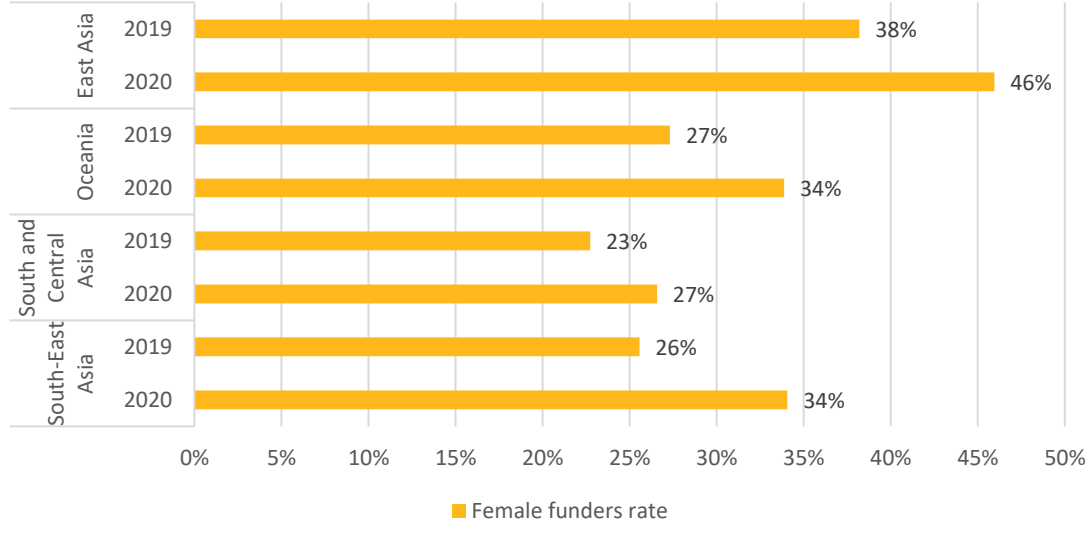
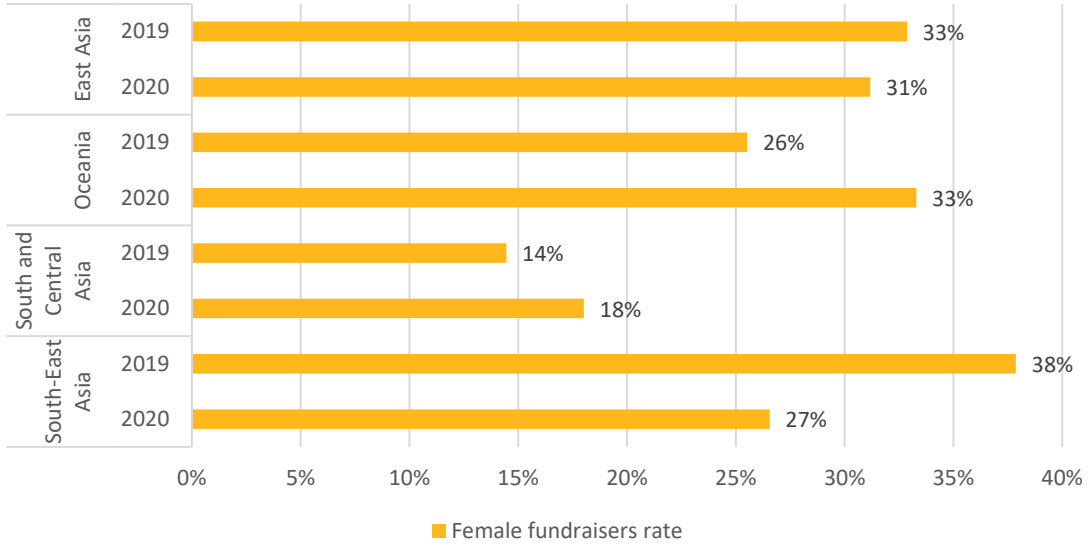
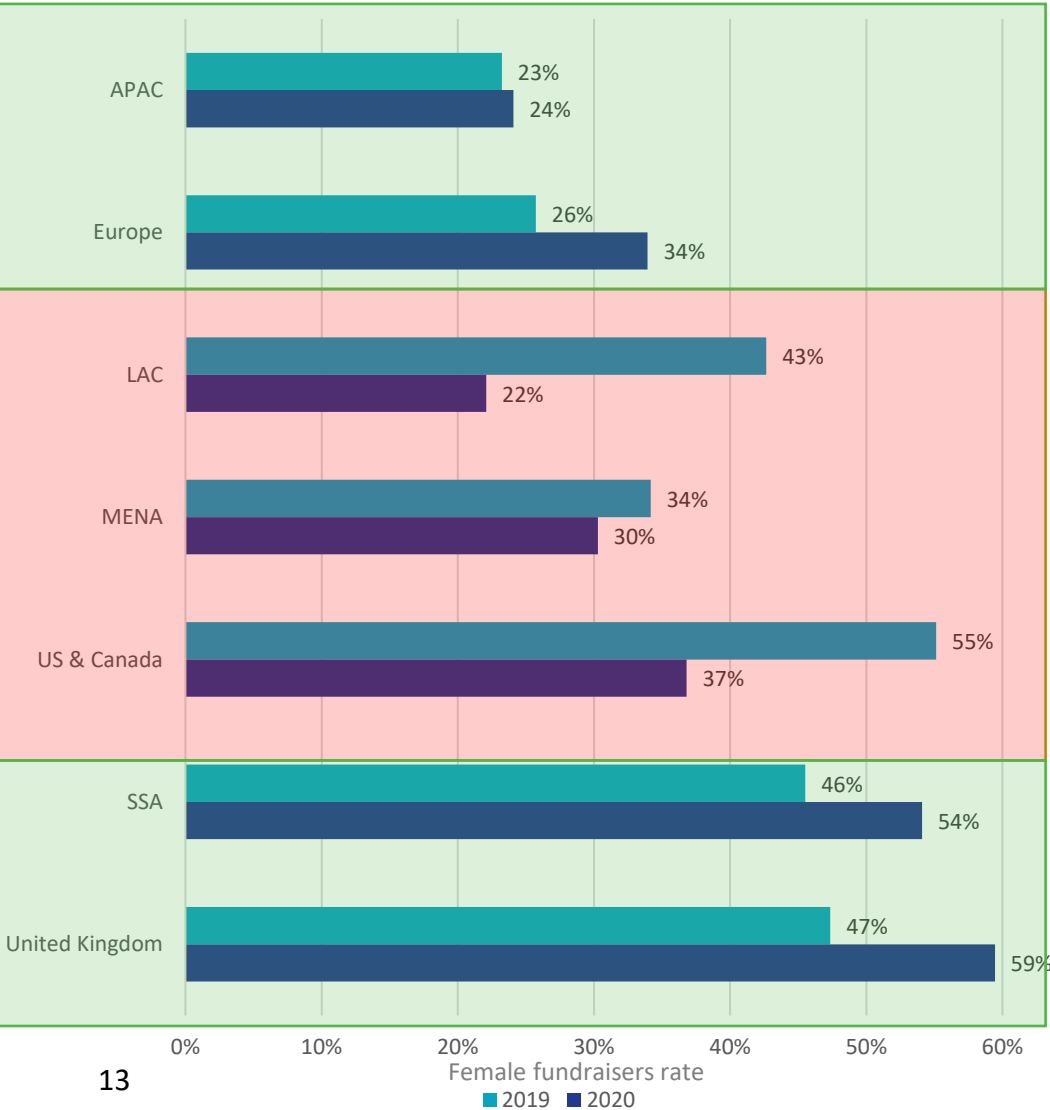
Some regions address underbanked and unbanked clients better than others

Banked, underbanked and unbanked status of borrowers



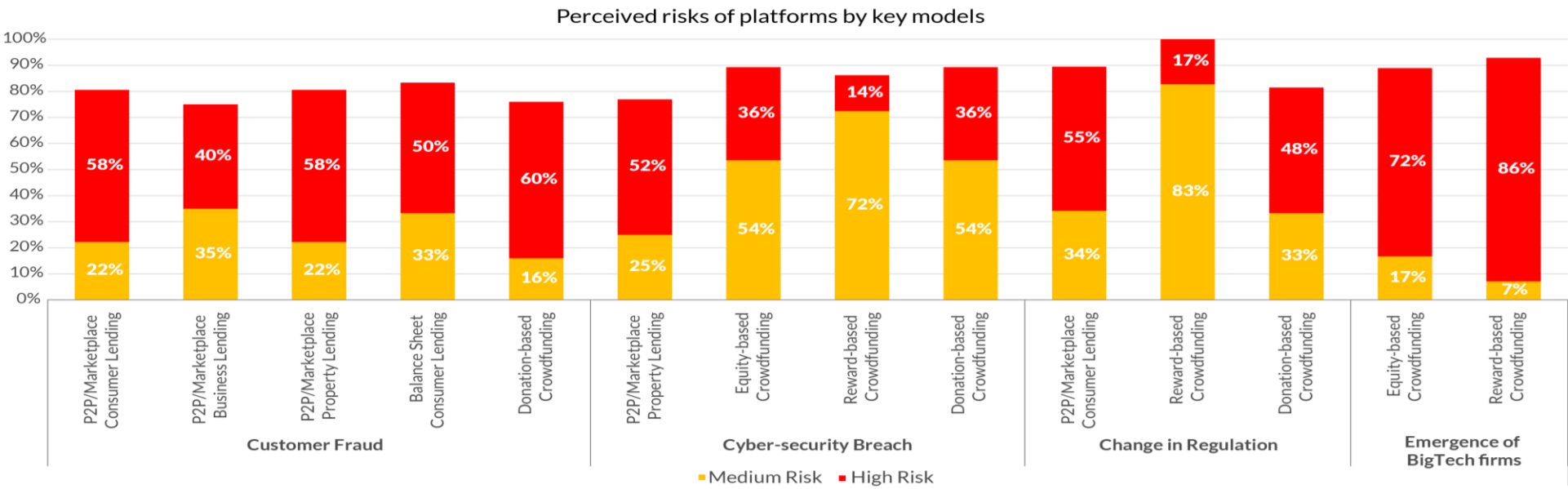
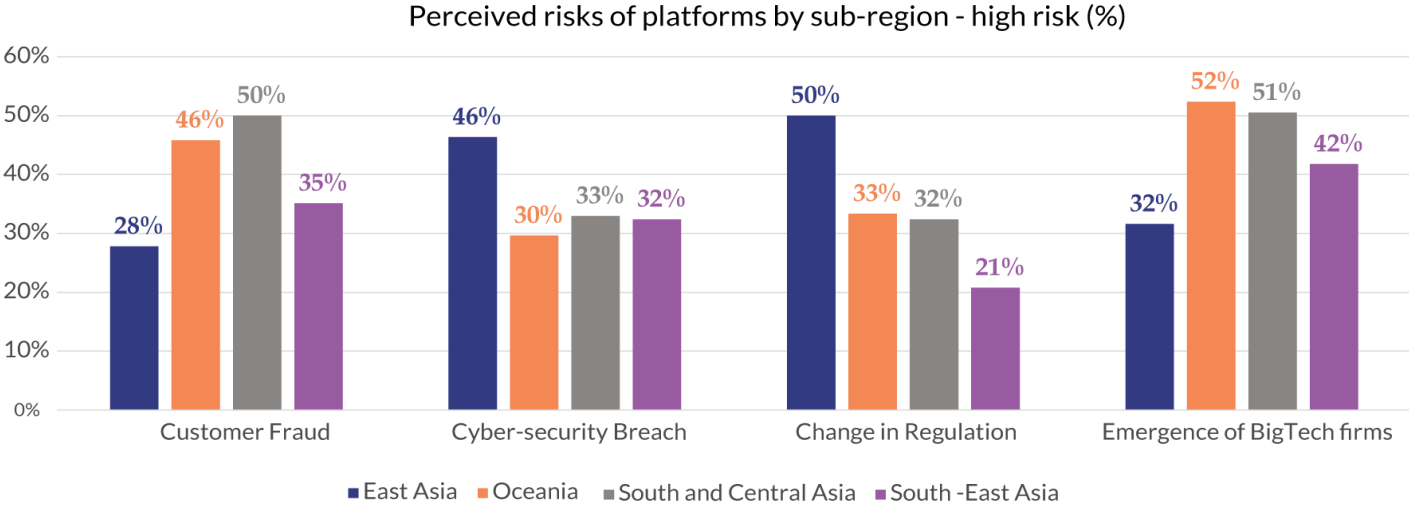
AP reported increasing female participation in fundraisers and funders – many regional and model variances

Female fundraiser and funder rate by region and sub-region



Top risk factors in AP - customer fraud and (unexpected) changes in regulation

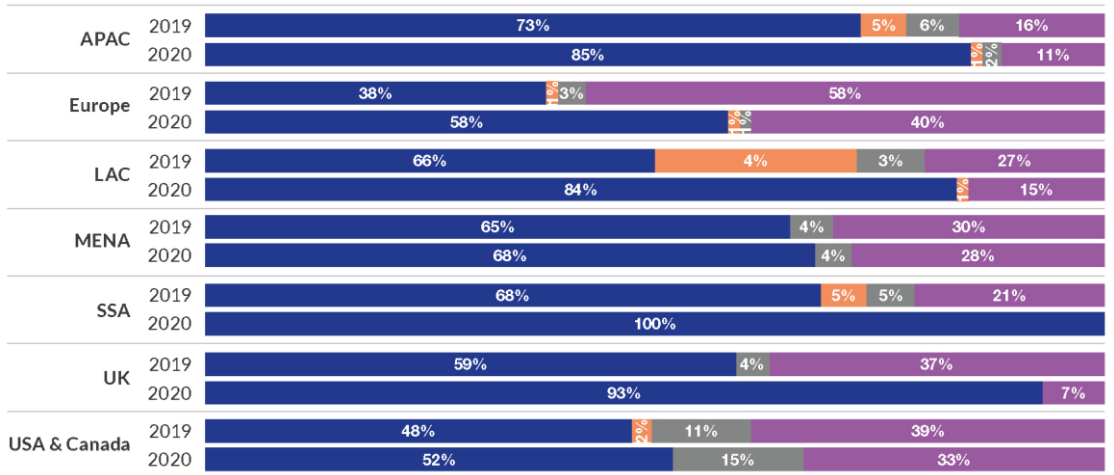
Perceived risks of platforms



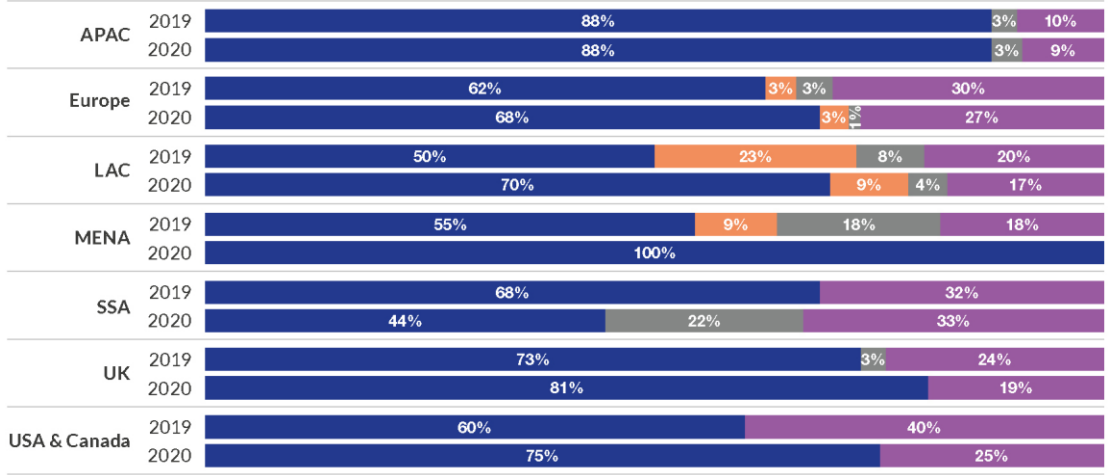
Regulatory authorisations are increasing across AP

Regulatory authorisation for debt and equity based models

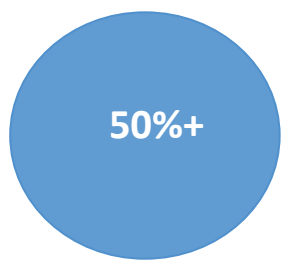
Regulatory Authorisation for Debt Models by Region - 2019-2020



Regulatory Authorisation for Equity Models by Region - 2019-2020



- My platform is authorized in my jurisdiction
- My platform is not authorized but has interim permissions to operate in my jurisdiction
- My platform is not authorized but has a relationship with another licensed institution
- Regulatory Authorization is not required for my business activities



More than half of all firms view 'Changes to Regulation' as a medium-to-high Risk Factor



Conclusion

- AP transaction values declined 7% in 2020 and significant sub-regional variations.
- Across AP, (unexpected) changes to regulations and customer fraud were biggest threats particularly to lending-based firms. Increasing regulatory updates and authorisations appear to be providing a more sustainable path to recovery, despite ongoing risks.
- In general, and across AP, greater collaboration is required more urgently between consumer, markets and regulatory and policy makers on an ongoing basis as:
 - Regulatory uncertainty is increasing due to greater complexity in business model and technology innovation and emerging risks
 - Greater appetite for digitisation, financial inclusion and financial stability emerge

Any questions...

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