

**ADVISORY GROUP
MEETING II
PAPER 3-B**

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CROWDO

Item #3 “Innovation in Lending”

**The Advisory Group on APEC Financial
System Capacity-Building**

April 16th, 2018

**Crowdo Group CEO
Reona Shimada**



Introduction: Crowdo

- Launched: Commercially launched in 2013
- Vision: Region's First Digital Financial Institution #UnlockYourPossibility
- Business Model: Artificial Intelligence-driven Online Marketplace for Lending and Investments
- Community: Emerging Asia Small Medium Enterprises x Global Investor Community
- Operations: Regional – Singapore, Indonesia and Malaysia
- Financial Institution Status: Licensed / Registered by the Monetary Authority of Singapore, Otoritas Jasa Keuangan, Securities Commission Malaysia



Problem Statement: SMEs / Entrepreneurs – Inefficient Access to Capital

Massive and Dynamic Micro Small Medium Size (MSME) Enterprise in SE. Asia



Motorbike Taxi

75 million

of MSMEs



Private hire transport

Up to 99%

% of all business establishments



Online merchants

Up to 97%

% of all employment



Informal Retail

Up to 58%

% of GDP contribution



Small Medium Enterprises

700k / 1 million

of Go-Jek / Grab Drivers

Negligible to Hostile Financing Environment



40 to 45% Underserved; 8 to 10% Unserviced



Financing: Lengthy & complicated; High rejection rates

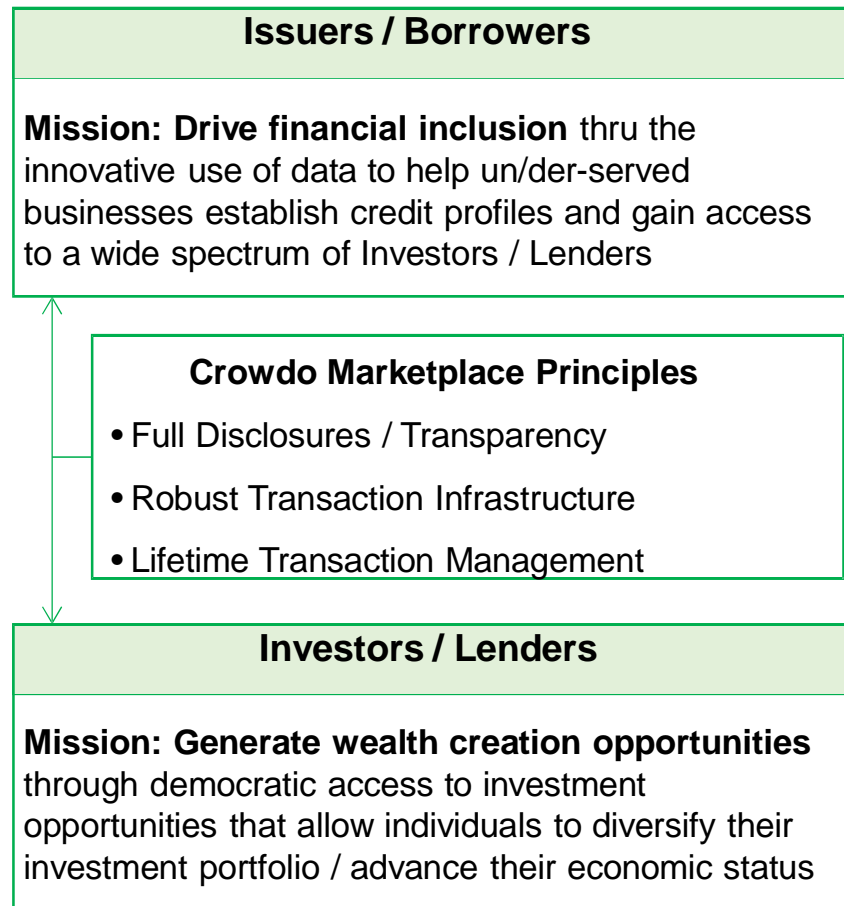


Rampant predatory financing



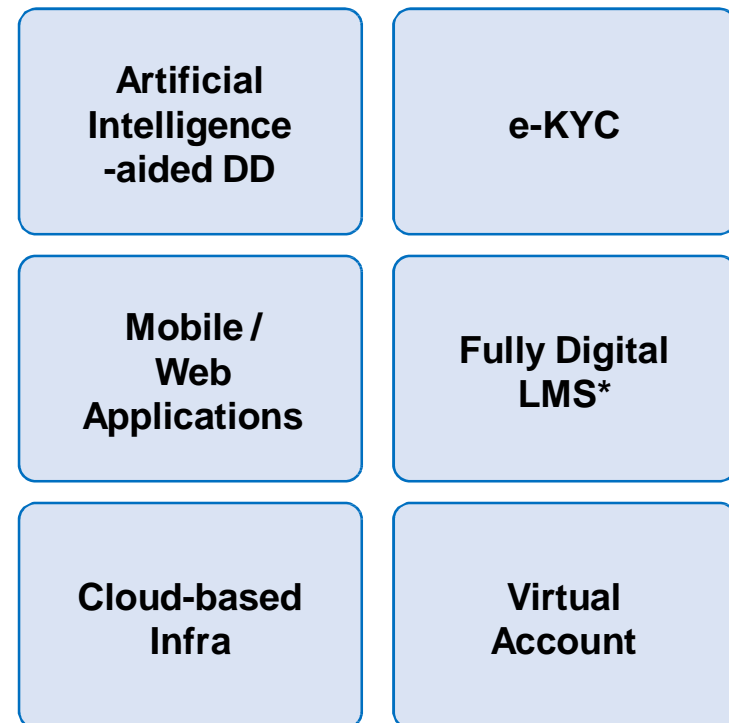
Business Model and Innovation

Marketplace Dynamics



Underlying Technology Infra and Modules

Technology Adoption to Drive Innovation, Scalability AND Lower the Cost to Serve



* LMS: Loan Management System



Future Vision: Building a Regional Fintech Bridge for Alternative Financing

Regional Reciprocal Economic Exchange



Key Enablers to Realize Regional Fintech Bridge



(1) Breakthroughs: Enhanced Investor Protection

Create an environment which reduces information asymmetry as well as boosts confidence in the alternative financing market to accelerate mass adoption (and increase credit access to SMEs)

Enablers to Enhance Investor Protection via Alternative Lending

Credit Data Access

Level Playing Ground for Access to Borrower Credit Info

- Ability to access / contribute to Central Bank blacklists upon DD / based on performance
- Access cross border data without local in-market entity

Insurance / Guarantee

Subsidies of Financial Costs for Protection Mechanisms

- Subsidy of insurance premiums
- , or provide a guarantee on the loan
- Incentivize insurance companies to participate in the industry

Secured Transactions/ Collateral Mgmt / Liquidation

- Enabling the Use of a Wider Range of Movable Assets as Collateral
- Collective Rights as a Creditor
- Facilitate Purchase of Distressed Loans



(2) Breakthroughs: Balanced Integration with the Existing Financial Industry

Areas that Benefit from Integration with Conventional Finance

Facilitate integration to aid ramp up of Fintech industry and mutual exchange of knowledge

Pooling of User ID and Access for e-KYC purposes

Distribution of Alternative Financing Products

Financial Institution / Bank Balance Sheet investments into P2B Loans

Referral and Graduation Program between Alternative and Conventional Operators

Knowledge Sharing on Alternative and Conventional Credit Analysis

Support to Facilitate Cost Competitive / Faster Cross Border Monies Handling

Areas that may Adversely Impact Fintech Performance thru Forced Integration

Areas that may materially increase cost to serve and make transactions economically unviable

Monies Handling via Bank Escrow

Traditional Remittance Services

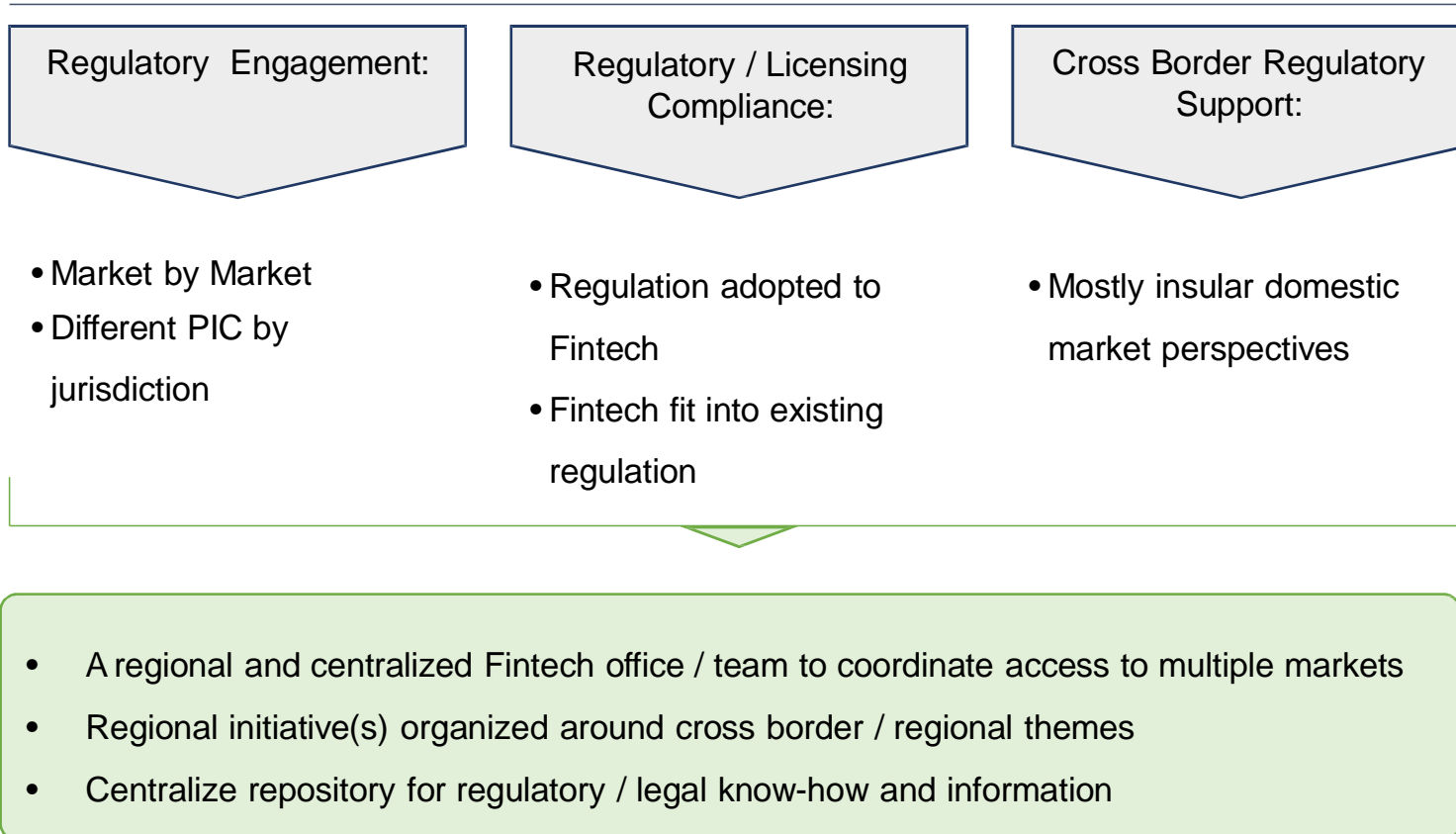
Securities Handling via Trustee

Mandatory bank account set up for users



(3) Breakthroughs: Realizing Regional Potential thru a Centralized Centre of Excellence

Major Regional Scalability Challenges





Wrap-up

- Crowdo: Artificial Intelligence-enabled Online Marketplace for Lending / Investments
- Micro Entrepreneurs / SMEs – A Driving Force for Economic Activity. Credit and Capital Starved
- Breakthrough in Alternative Financing is in Creating a Regional Market and Ecosystem
- Opportunity to Introduce Well Defined and High Impact Initiatives to Build This Market
- (1) Enhancing Investor Protection; (2) Balanced Integration with Conventional FIs; (3) Regional Centre of Excellence
- Thank you!