

FinTech in ASEAN 2022: Finance, reimagined



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Foreword

Investments in ASEAN's FinTech firms tracked last year's bumper funding, clocking in US\$4.3 billion in the first nine months of 2022 - higher than the combined sum from 2018 to 2020. While the global economy may be in for challenging times ahead, the numbers so far signal a vote of confidence in ASEAN's FinTech industry, along with its rising middle class.

As digital services continue to proliferate in the region, more companies are finding ways to embed financial services within their apps. A travel app today may not just provide location reviews and itineraries, but also allow users to book and pay for their flights and accommodation, split those payments into instalments, buy travel insurance, and more. Apart from the convenience to users, the move to become a FinTech-enabled app can generate additional income streams as well as customer data for the business.

This is the power of embedded finance, and despite marked development in various embedded categories like consumer payments and buy now, pay later (BNPL), its growth potential remains high.

For this year's *FinTech in ASEAN* report, the team surveyed more than 4,000 respondents and spoke with industry leaders to find out how consumers are warming up to embedded finance, and how companies and FinTechs can tap into this promising sector.

We have named this edition *Finance, reimagined* as we have reached an inflection point for the industry - one where key drivers like embedded finance are contributing to the creation of accessible, user-focused digital ecosystems.



Janet Young

Managing Director and Head,
Group Channels and Digitalisation,
Strategic Communications and Brand,
United Overseas Bank



Wanyi Wong

FinTech Leader,
PwC Singapore



Shadab Taiyabi

President,
Singapore FinTech Association



Executive summary



ASEAN FinTech sees steady growth

ASEAN remained an attractive proposition for FinTech investments, amidst external pressures. Investments in the region now stand at 7 per cent of global FinTech funding, up from 2 per cent in 2018.



Singapore and Indonesia continue to lead in numbers

Both countries combined accounted for 76 per cent of ASEAN's total funding, driven by mega deals. Out of 163 deals that took place, more than half (55 per cent) went to Singapore-based FinTech firms.



Fundraising remains resolute in the face of winter

Funding in the first nine months of 2022 (YTD 2022) reached US\$4.3B – just shy of the US\$4.5B funding received in the same period last year, but higher than the combined sum from 2018 to 2020.

However, dark clouds lie ahead, as the number of deals made in 3Q fell to the lowest in two years.

Investments in late-stage companies (Series C and above) accounted for more than half of total funding, as investors grew more selective, placing a greater focus on FinTechs with a clear pathway towards profitability.



Crypto and blockchain companies saw vibrant dealmaking

Cryptocurrency companies moved into the top three rank of most-funded FinTechs, after payments and alternative lending.

In terms of deal flow, one in three investments in ASEAN went to crypto/blockchain companies.

Executive summary



Embedded finance is taking root in ASEAN

Digital transformation, data availability and a drive towards the cashless economy are increasing demand for more holistic digital user experiences in the region - something embedded finance excels at.

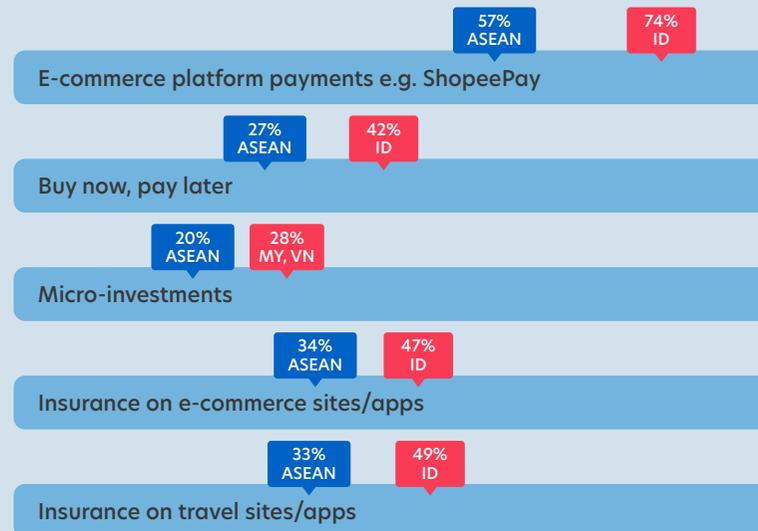
Our survey results indicate that an average 70 per cent of respondents in ASEAN use apps with embedded finance, the highest being in Thailand and Vietnam (83 per cent). Of those who use such apps, almost three-quarters use them at least once a week.



Indonesia stands out as a big market for embedded services

The high regional awareness of embedded financial services, along with shifting customer needs, have fanned adoption of embedded technology within mature digital ecosystems - including e-commerce, retail, and food delivery.

Our research unveiled an encouraging number of respondents who have used embedded-related services:



Staying resolute: ASEAN funding braces for winter



Introduction

Fresh from last year's high, ASEAN FinTech funding displayed resilience even as global events hampered optimism.

That momentum, however, is slowing.

In last year's *FinTech in ASEAN 2021: Digital takes flight* report, we saw how a prolonged pandemic still led to record FinTech funding¹ in ASEAN, along with a heightened adoption of FinTech solutions such as e-wallets, cryptocurrencies and online investment platforms.

This year, the ongoing Russia-Ukraine conflict and interest rate hikes to combat inflation have spooked markets, increasing expectations of an impending recession. These factors have also affected private investments globally as investors pull back from 2021 highs.

In this report, we review FinTech investments into six of the biggest ASEAN economies: Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam - also referred to as 'ASEAN-6'.

The four other ASEAN nations—Brunei Darussalam, Cambodia, Laos and Myanmar—have not been included in the funding analysis as there were no deals recorded as at the third quarter of 2022.

ASEAN's share of global FinTech funding rises to 7 per cent

- Global FinTech funding reached US\$63.5 billion up until September this year (YTD 2022), crossing the halfway mark of 2021's bumper funding.
- North America, which has led in global FinTech funding for the past three years, saw a drop of 57 per cent over its 2021 haul.
- ASEAN's FinTech sector² remained an attractive proposition amid external pressures. Investments in the region now stand at 7 per cent, up from 2 per cent in 2018.

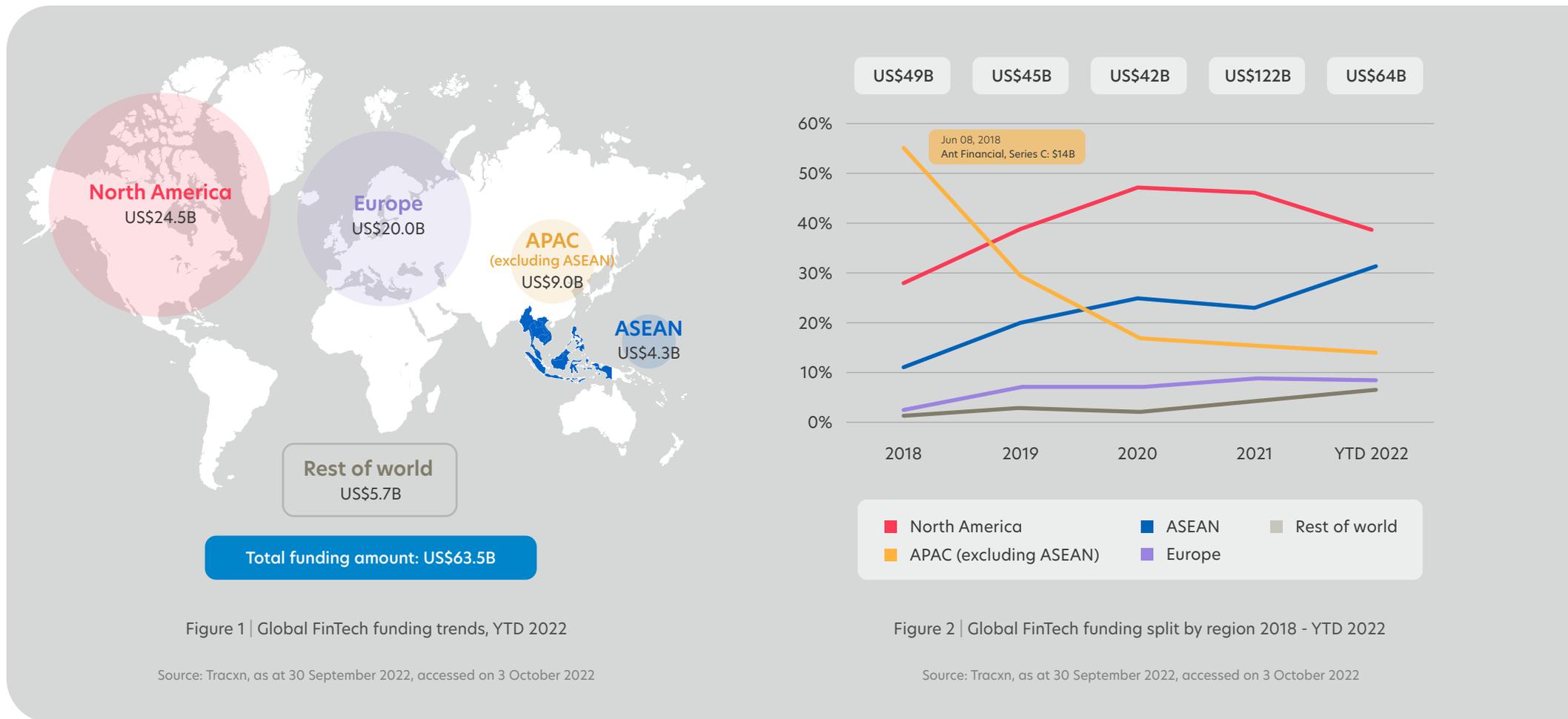


Figure 1 | Global FinTech funding trends, YTD 2022

Source: Tracxn, as at 30 September 2022, accessed on 3 October 2022

Figure 2 | Global FinTech funding split by region 2018 - YTD 2022

Source: Tracxn, as at 30 September 2022, accessed on 3 October 2022

Investments reach US\$4.3B, led by late-stage funding

- Funding in YTD 2022 reached US\$4.3B, just shy of the US\$4.5B funding received in the same period last year, but higher than the combined sum from 2018 to 2020.
- While funding activity remained vibrant in 1H22, 3Q funding fell to a quarterly low since 2Q21.
- Although the number of deals are lower (163 vs 194 YoY), the average deal size increased to US\$26.5M from US\$23M.
- Funding into late-stage FinTechs made up 54 per cent of the YTD total, up from 43 per cent, as investors back mature startups with a larger and more established customer base.



Explore the data

FinTech funding in ASEAN-6 (2018-2022)

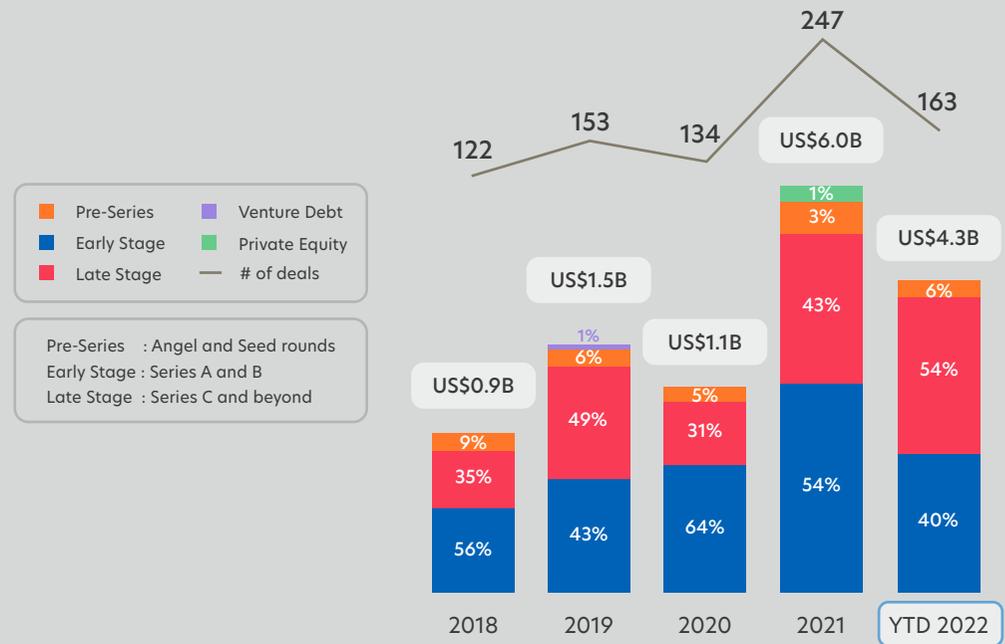


Figure 3 | ASEAN-6 FinTech funding trends, 2018 - YTD 2022



Figure 4 | ASEAN-6 quarter-on-quarter funding trends, 1Q21 - 3Q22

Source: Tracxn, as at 30 September 2022, accessed on 3 October 2022

Singapore and Indonesia continue to dominate FinTech funding

- Singapore and Indonesia accounted for more than three-quarters of ASEAN's total funding – Indonesia with a substantial 11 per cent gain over last year.
- The Philippines and Vietnam saw a reduction in their share of the pie as the number of mega deals (deals >US\$100M) from both countries decreased significantly in YTD 2022.
- Of the 163 funding deals that took place, more than half (55 per cent) went to Singapore-based FinTech firms.

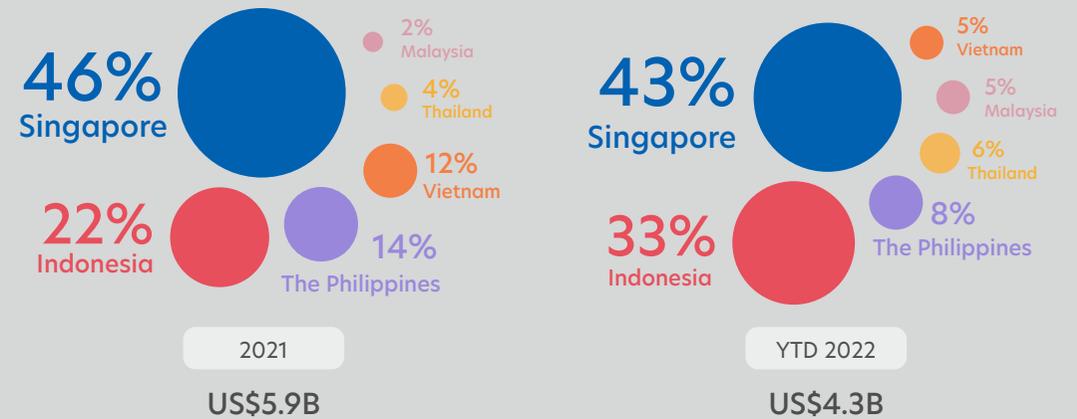


Figure 5 | Funding amount by country (US\$), 2021 vs YTD 2022

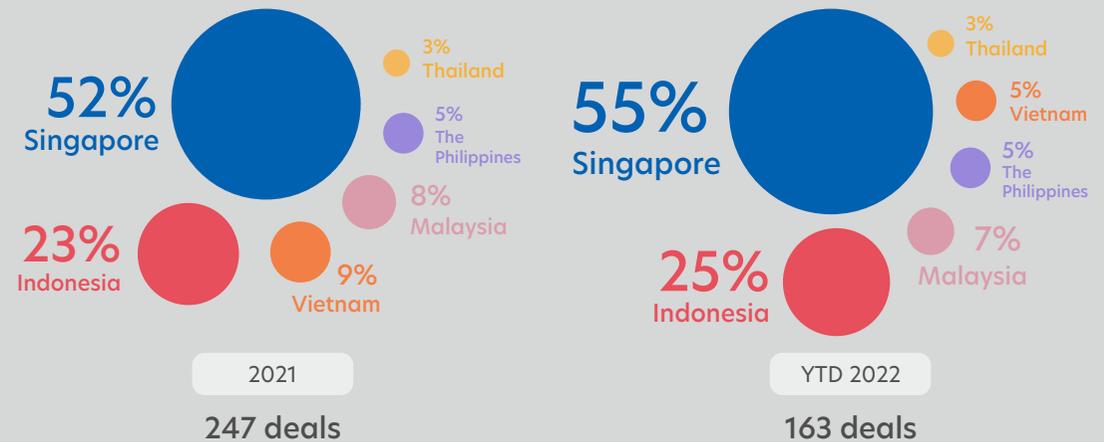
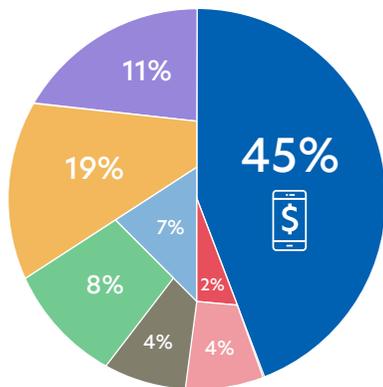


Figure 6 | Number of funding deals by country, 2021 vs YTD 2022

Source: Tracxn, as at 30 September 2022, accessed on 3 October 2022

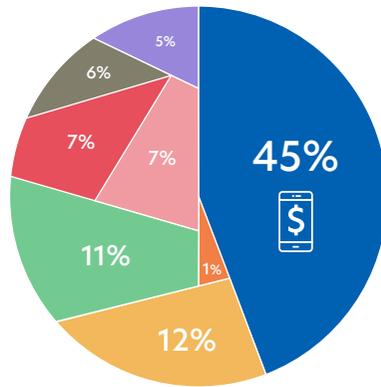
Payments category keeps lead in funding numbers, as crypto enters top three

- ▶ Apart from Vietnam, the payments category received the highest funding at US\$1.9B across ASEAN-6.
- ▶ Alternative lending stayed in second spot (US\$506M), while cryptocurrencies unseated investment tech to take third place at US\$461M.



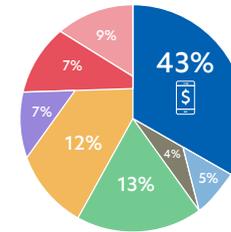
ASEAN-6 Total
2021

US\$5.9B



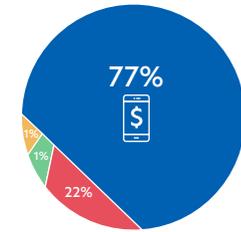
ASEAN-6 Total
YTD 2022

US\$4.3B



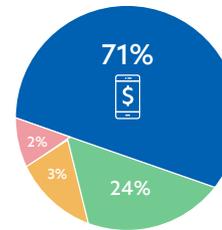
Indonesia

US\$1,421M



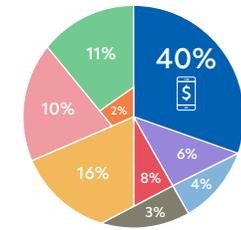
Malaysia

US\$234M



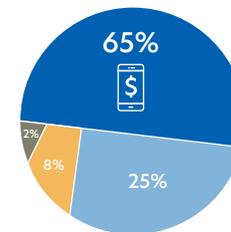
The Philippines

US\$337M



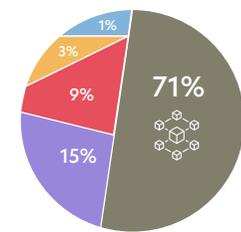
Singapore

US\$1,847M



Thailand

US\$260M



Vietnam

US\$211M

Figure 7 | Funding breakdown by FinTech categories, 2021 vs YTD 2022

Source: Tracxn, as at 30 September 2022, accessed on 3 October 2022

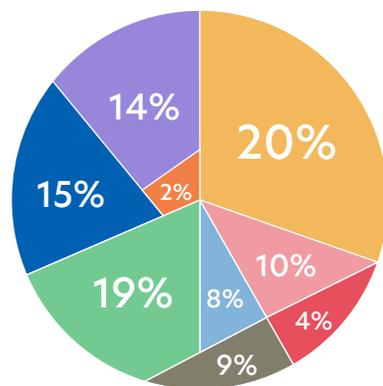
One in 3 deals were from the crypto/blockchain space

- Blockchain in Finance recorded the highest growth in proportion of deals across the region for YTD 2022 as investors continue to gain interest in the Web 3.0 space.
- In Singapore, despite the regulator's push to curb enthusiasm for retail investors in cryptocurrencies, the category attracted the highest proportion of deals in the country.

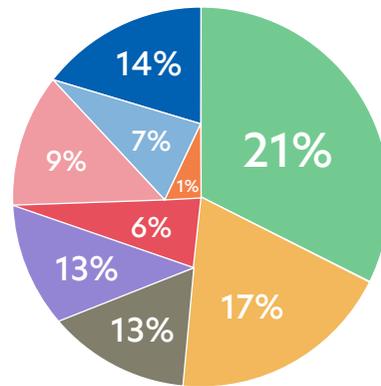


We see more banks in the west increasingly treat crypto as an asset class for their clients. More banks in this region will probably also explore that idea.

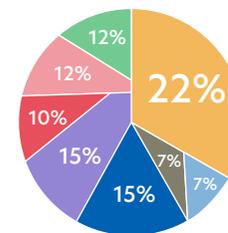
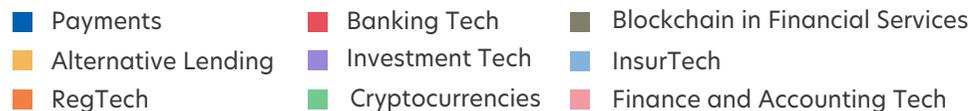
Liu Gen Ping
Partner, Vertex Ventures



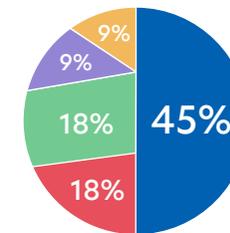
ASEAN-6 Total
2021
247



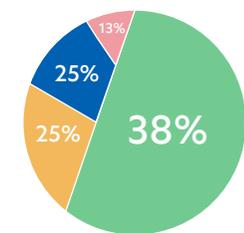
ASEAN-6 Total
YTD 2022
163



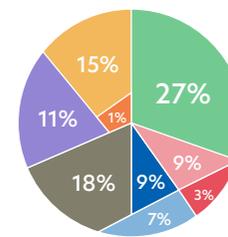
Indonesia
41



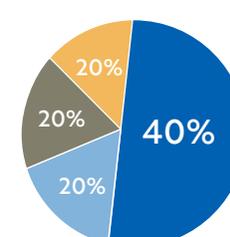
Malaysia
11



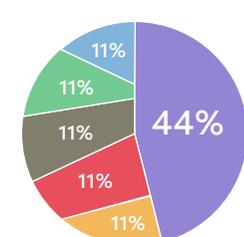
The Philippines
8



Singapore
89



Thailand
5



Vietnam
9

Figure 8 | Number of funding deals by FinTech categories, 2021 vs YTD 2022

Source: Tracxn, as at 30 September 2022, accessed on 3 October 2022

Enter ASEAN's gaming giants

- While the top five funded FinTechs are from the payments space, two names on this year's leaderboard stand out.
- Singapore's Coda Payments—which helps gaming publishers monetise their digital content—and Vietnam's Sky Mavis—which publishes the NFT-based *Axie Infinity*, with its own in-game economy—represent how the digital economy is shifting towards virtual worlds.
- 10 mega deals, amounting to US\$2.2B, accounted for 52 per cent of all FinTech funding in ASEAN.

YTD 2022			
Company	Round name	Primary category	Funding amount US\$ (M)
 Coda Payments	Series C	Payments	690
 Xendit	Series D	Payments	300
 DANA	Series D	Payments	250
 Voyager Innovations (PayMaya)	Series F	Payments	210
 TNG Digital	Series A	Payments	168
 Sky Mavis	Series B	Blockchain in Financial Services	150
 Funding Societies	Series C	Alternative Lending	144
 TONIK	Series B	Banking Tech	131
 Opn	Series C	Payments	120
 Pintu	Series B	Cryptocurrencies	113
Average funding amount: US\$228M			

Table 1 | Top 10 funded FinTech firms in ASEAN-6, YTD 2022

2021			
Company	Round name	Primary category	Funding amount US\$ (M)
 Mynt	Series D	Payments	475
 Advance Intelligence Group	Series D	Alternative Lending	400
 Grab Financial Group	Series A	Payments	300
 MoMo	Series E	Payments	300
 VNPAY	Series B	Payments	250
 Bolttech	Series A	InsurTech	247
 Ajaib	Series B	Investment Tech	243
 TSLC	Series B	Alternative Lending	225
 Xendit	Series C	Payments	215
 NIUM	Series D	Payments	200
Average funding amount: US\$285M			

Table 2 | Top 10 funded FinTech firms in ASEAN-6, 2021

Source: Tracxn, as at 30 September 2022, accessed on 3 October 2022

Number of new FinTech firms at record low

- There were 127 new FinTech firms³ set up this year across ASEAN-6.
- This represents a record low – even when compared with 2020, during the height of the pandemic’s restrictions.
- While capital may seem to be in shorter supply, VCs we spoke with were still upbeat about the growth prospects for the region, citing the innovation on the ground, talent, ideas and financial needs that remain to be addressed.

“

Compared with the last bull market, maybe it's called winter, right? But if you compare (funding now) to pre-pandemic, it's still summer.

Liu Gen Ping
Partner, Vertex Ventures



Explore the data

FinTech firms in
ASEAN-6 (2018-2022)

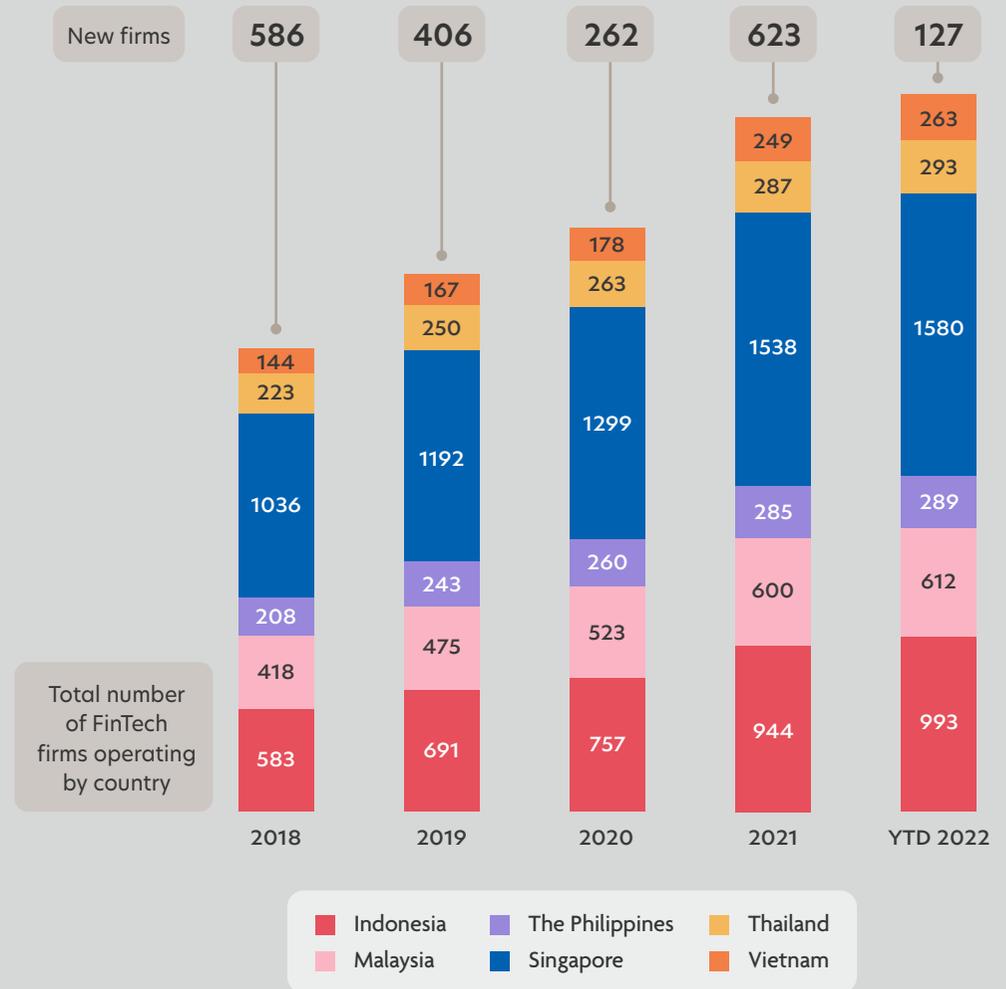


Figure 9 | Growth in FinTech firms by country, 2018-YTD 2022

Source: Tracxn, as at 30 September 2022, accessed on 14 October 2022

Bracing for a funding winter: 5 tips for FinTechs from VCs



Business sustainability trumps growth

Pay attention to gross margins, unit economics and having a clear pathway to profitability.



Lead with a plan

Figure out your milestones in the next 12-18 months to position for the upswing when the economy recovers.



Reprioritise your business focus

Rather than try to win on all fronts, double down in a key domain area that you are good at.



Stay nimble and adaptable

Market conditions and regulations can change fast. Learn to react swiftly.



Consider raising even when you don't need the money

Always make sure you have a strong war chest of at least 18 months in the bank.

“ Notes from the VCs' desk:

Early-stage companies need to convey the right message to investors, understand how to position their company and what makes sense in the early stages of growth.

Herston Elton Powers
Co-founder and Managing Partner, 1982 Ventures

Investors will look upon companies with a lean business model and stable margins favourably.

Ben Cheah
Partner, InnoVen Capital

Investors are now much less forgiving of these high-burn, high-growth companies. There is a renewed focus on gross margins, unit economics and path to profitability.

Justin Hall
Partner, Golden Gate Ventures

Founders can explore bridge financing – while it might not be a big upside from the last financing round, but if you're a great company, you can always claim back dilution. That is going to be the kind of mood for the next few quarters.

Weisheng Neo
Partner, Qualgro Ventures

Companies that continue to do well amidst the winter tend to have internalised a discipline to build a healthy business. Building healthy is not mutually exclusive from building for billion-dollar scale. Using this winter to focus on fundamentals then opportunity, not just for when the thaw or spring comes, but any season, will be key.

Tan Yinglan
Founding Managing Partner, Insignia Ventures Partners

Right now, companies must be thinking really hard about where is the growth and what is the use of proceeds? Who's that entity they can sell to and continue the vision? They just need to continue the vision.

Frank T. Troise
Managing Partner & CEO, SoHo Advisors

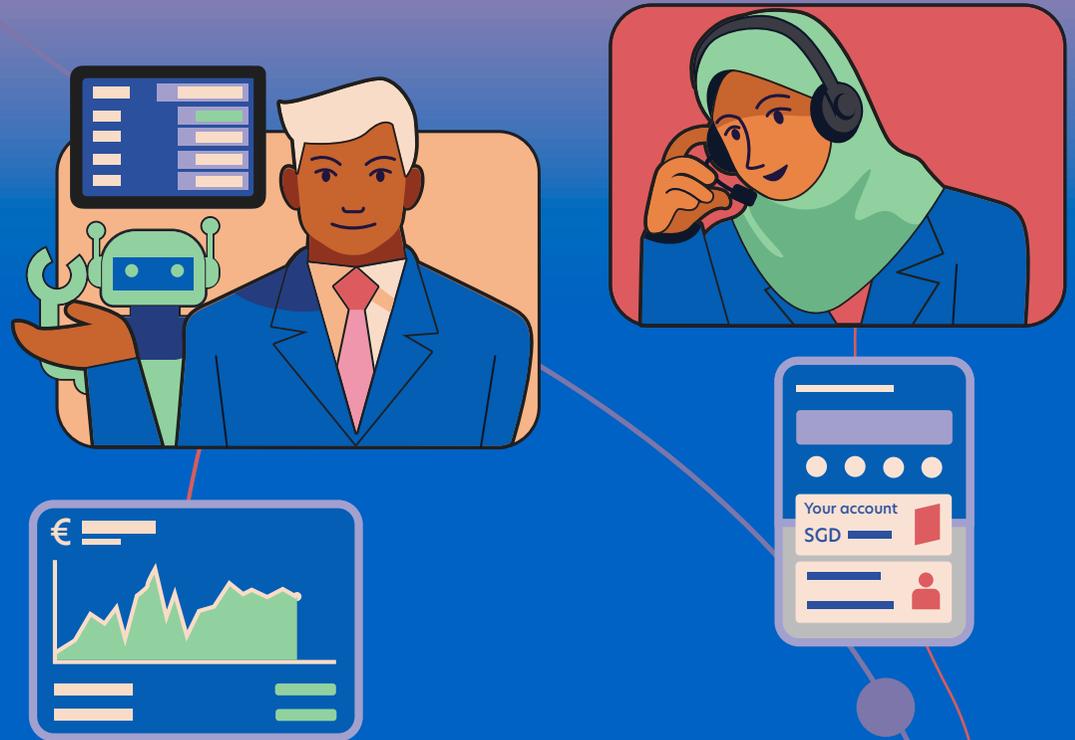
Founders should always build the firm to last because you can never really time the market. They should always plan for the long run.

Liu Gen Ping
Partner, Vertex Ventures

Be aggressive. You must only think to win.

James Tan
Managing Partner, Quest Ventures

Finance everywhere: Businesses try on FinTech





According to the *e-Conomy SEA 2021* report by Google, Temasek and Bain & Company, Southeast Asia’s internet economy is estimated to reach US\$1 trillion in gross merchandise value by 2030, driven by the migration of consumers and businesses online.

As businesses look to tap ASEAN’s thriving internet economy, FinTech offers businesses the opportunity to expand their existing services and plug gaps in the customer journey. In this chapter, we explore the growth of embedded finance across ASEAN, with findings divided into four categories: payments and rewards, lending, investing and insurance.

Observations were gleaned from a consumer survey, coupled with in-depth interviews with VCs and players in the embedded finance space. The case studies at the end of this chapter illustrate how embedded finance is taking shape from the perspective of both platforms and enablers alike.



Research methodology

Survey	In-depth interviews with			Desk research
4,313 respondents across ASEAN-6*	8 venture capital firms	9 firms with an embedded finance angle	3 regional FinTech associations	Analysis of embedded finance across ASEAN-6

*An electronic survey was conducted between Jun-Jul 2022 across Indonesia, Malaysia, Singapore, Thailand and Vietnam, while a supplementary survey ran in The Philippines from Jul-Aug 2022.

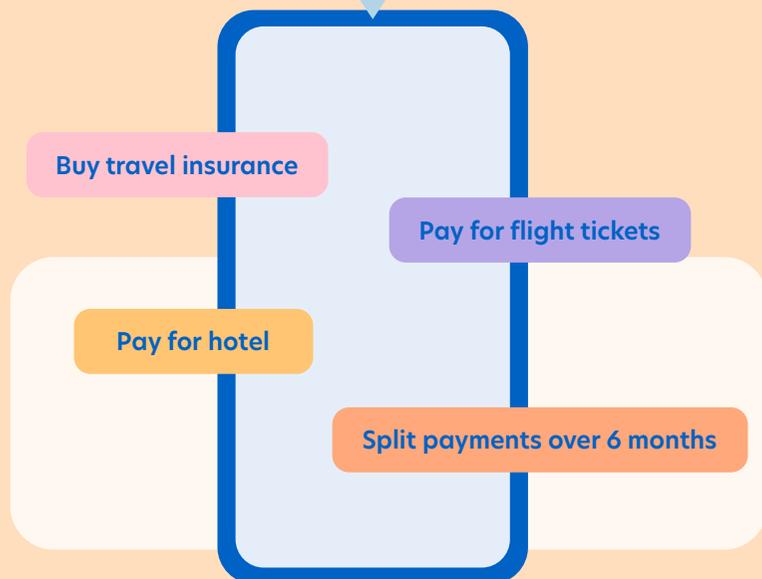
Embedded finance: A short guide

What is embedded finance?

Embedded finance is the integration of financial services within the products and infrastructure of a non-financial entity.

Take for example, a travel app. With embedded technology, customers can go one step further by booking air tickets, travel insurance and accommodation at the same time, and even splitting those payments up over an extended period. All without having to be redirected to any third-party destination.

Through embedded finance, the financial logistics of any given transaction fade into the background, thereby reducing friction and providing a seamless experience across the entire process.



What's driving this trend in ASEAN?



Consumer demand

The pandemic has accelerated the reliance on digital services. Customers are now accustomed to purchasing things online and have higher expectations of seamless digital experiences.



Ecosystem of partnerships

The region's super-apps have provided a blueprint in areas such as fostering partnerships. Embedded finance could thrive as more parties explore partnerships to leverage and expand existing business models.



Technology and infrastructure

FinTechs and tech startups have been building the infrastructure for others to build upon, such as 'plug and play' APIs. These are not just in core areas like payments, but also in non-core domains like KYC and credit scoring.

“ Embedded finance is ubiquitous, cutting across different verticals and industries. Its power lies in its ability to reduce user flow friction, ensuring that the most relevant financial service is presented at the right time.

Wilson Beh
President, FinTech Association of Malaysia

Embedded finance value chain

Who's involved?

In an embedded finance relationship, three core participants contribute to the distribution of digital products on a single interface: the embedder, enabler, and provider. The fourth party, the user, completes the ecosystem and makes it transactional.

- > **Embedder** : Non-financial brands that distribute products/services and house embedded applications.
- > **Enabler** : Firms that develop applications to connect embedders with providers to enable distribution.
- > **Provider** : Regulated banks and financial institutions that provide financial services.

How can businesses and users benefit?

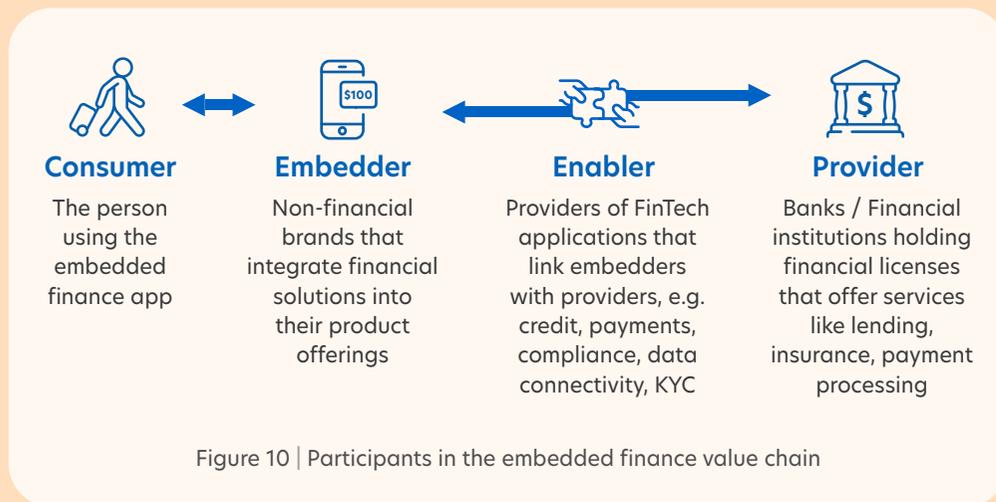
Embedded finance can offer a safe, straightforward, and economical way for non-financial entities to package necessary services customers might require into a single, manageable model.

Benefits for businesses

- New lines of revenue
- Enriched customer data
- Increased conversion rate

Benefits for consumers

- Greater convenience
- Multi-function interface
- Contextual, accessible services



What we see across our investments is that the rise of embedded finance in the region is driven by the demand for more holistic digital user experiences. Financial services are not just for payments anymore; it has become a fundamental part of one's digital identity and overall digital experience. Moving forward, nearly every tech company will have some level of embedded finance in their product or service.

Tan Yinglan

Founding Managing Partner, Insignia Ventures Partners

Snapshot of embedded finance in ASEAN

Integrated apps with built-in financial services offer an opportunity for users to adopt digital financial services, especially for those from rural areas with minimal access to banking services. We asked respondents across ASEAN their thoughts on using such apps. Here's what we found.

Explore the data
Embedded finance in ASEAN

Are consumers aware of embedded finance apps?

- > More than four in five survey respondents (81 per cent) were aware of embedded financial services.
- > Respondents in the Philippines and Vietnam held a resounding lead in this regard at 91 per cent and 90 per cent respectively.

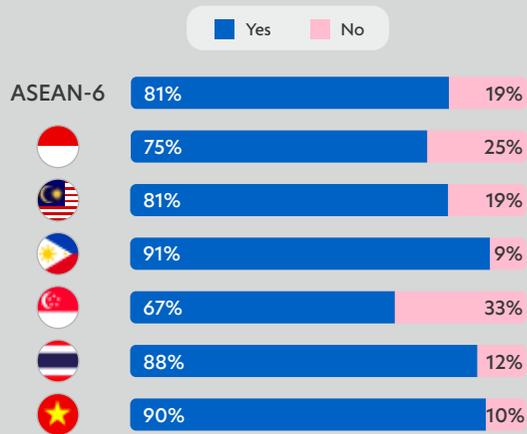


Figure 11 | Awareness of embedded finance apps across ASEAN-6



Question:
Are you aware of apps that have built-in financial and banking services that allow consumers to pay for various services that they use?

Base: All. Total: 4,313 / ID: 652 / MY: 674 / PH: 559 / SG: 1,013 / TH: 665 / VN: 750

Have they used such an app?

- > An average 70 per cent of respondents reported using such apps.
- > Usage in Thailand and Vietnam is highest at 83 per cent.
- > Singapore's lower usage may be due to a more mature financial ecosystem and the high penetration of credit cards.

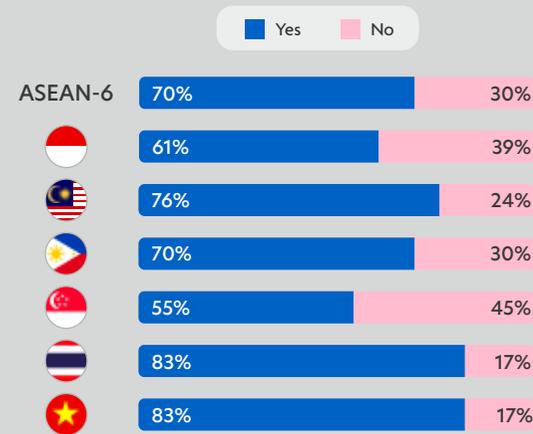


Figure 12 | Usage of embedded finance apps across ASEAN-6



Question:
Have you used an app like this?

Base: All. Total: 4,313 / ID: 652 / MY: 674 / PH: 559 / SG: 1,013 / TH: 665 / VN: 750

Snapshot of embedded finance in ASEAN

How often do they use it?

> 74 per cent of consumers who use apps with embedded finance use them at least once a week - with the highest in Vietnam at 85 per cent.

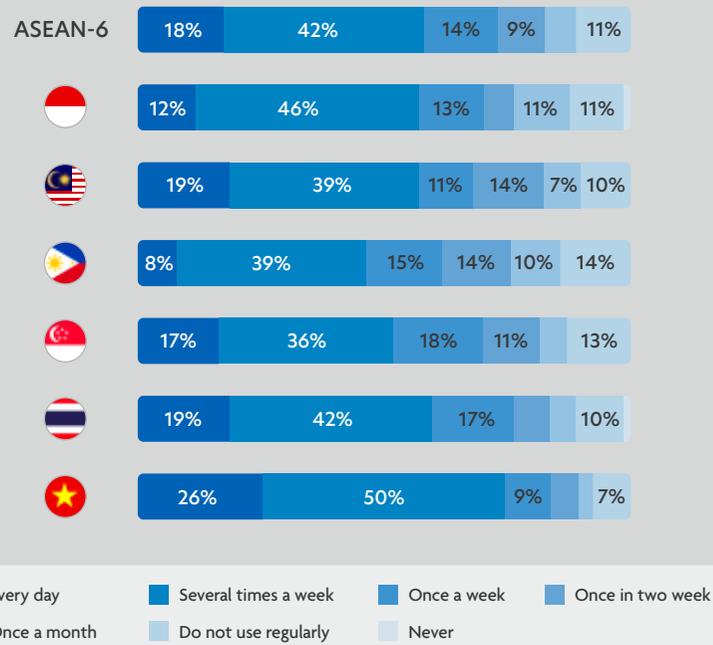


Figure 13 | Frequency of usage of embedded finance apps across ASEAN-6

Question: How often do you use such an app? Base: Respondents who have used apps with embedded finance.
Total: 3,031 / ID: 396 / MY: 514 / PH: 391 / SG: 554 / TH: 551 / VN: 625

Why do they use it?

> Payment convenience is the main reason driving usage across ASEAN, except in Singapore, where users favour rewards points and discounts.

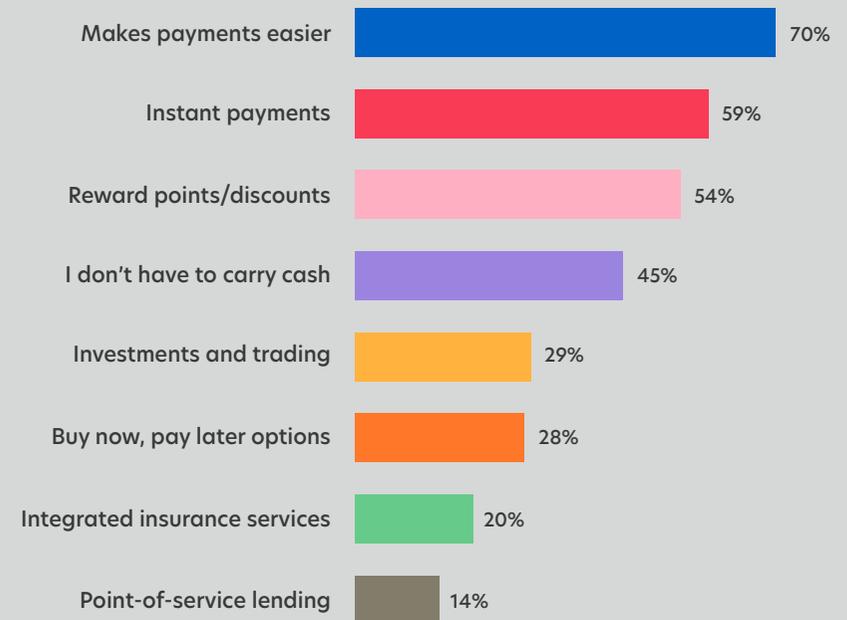
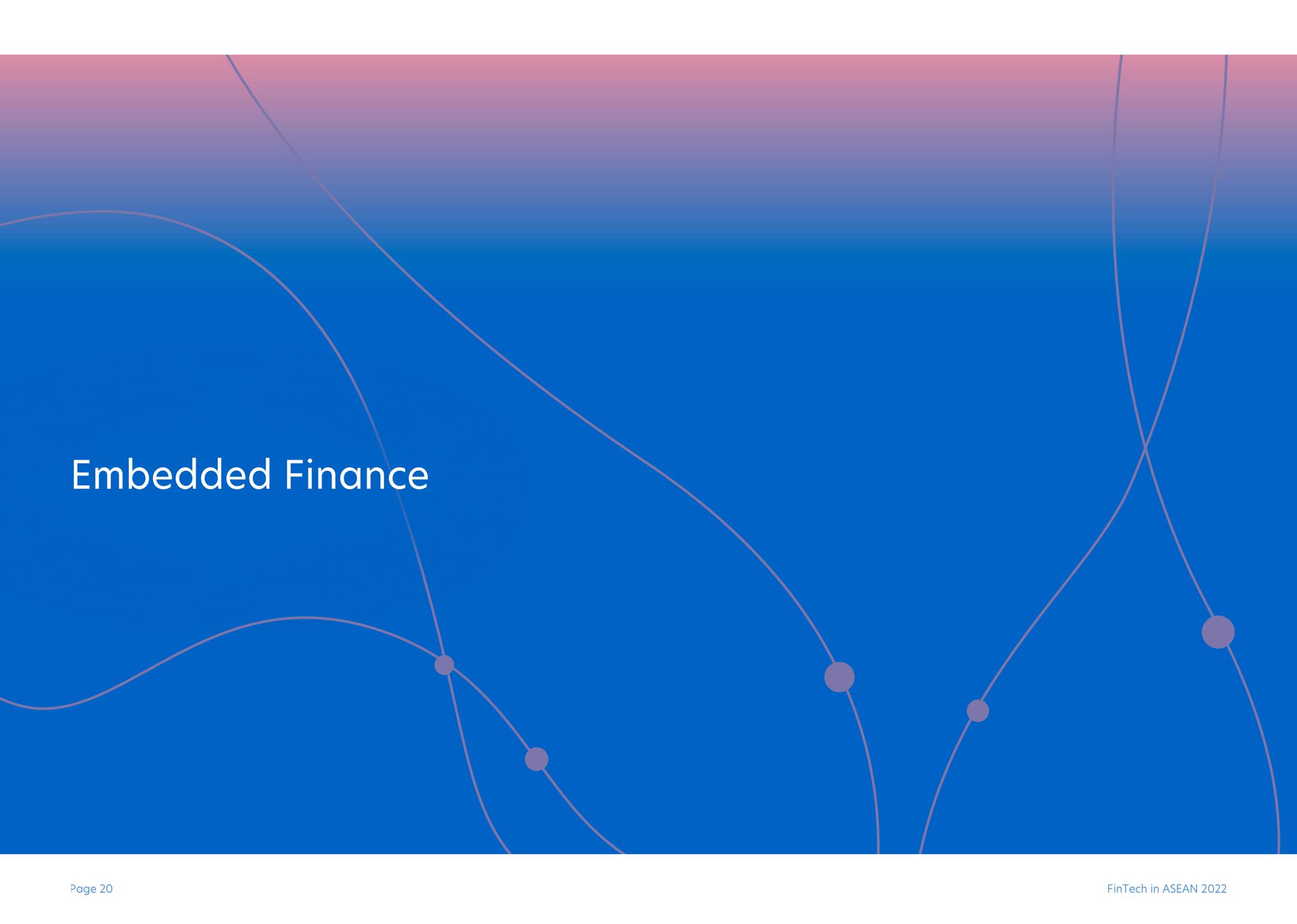


Figure 14 | Reasons for using embedded finance apps across ASEAN-6

Question: For what purpose do you use integrated apps that have built-in financial services?
Base: Respondents who have used apps with embedded finance.
Total: 3,031 / ID: 396 / MY: 514 / PH: 391 / SG: 554 / TH: 551 / VN: 625

Embedded Finance





Categories of embedded finance

Embedded finance includes, but is not limited to, these five categories; payments, lending, wealth, insurance and banking. All these services can be accessed by the consumer without having to be redirected to third-party destinations.



Lending

Embedded lending integrates loans or instalment payments through non-financial products or services.

Buy now, pay later

Housing / Auto loans

Earned wage access

Point-of-sale financing (includes B2B)

Payment

Embedded payments integrates financing and digital payment processing seamlessly into the retail journey.

E-wallets

Rewards

Cryptocurrencies

Banking

Embedded banking refers to non-financial companies offering their users banking products like a savings account or a branded card.

Linked accounts

Debit / credit cards

Embedded Finance

Investing

Embedded investing offers various platforms a springboard to seamlessly integrate investing into their vertical offerings.

Robo investing

Micro investing

Round-up investing

Insurance

Embedded insurance provides relevant and personalised insurance to customers at a time when they need it most.

After-sales coverage

Auto insurance

Travel insurance

Rent protection



Embedded payments and rewards

Payments forms the bedrock of FinTech applications – and by extension, embedded finance. End-to-end payment processes allow consumers to complete their online purchases via their preferred payment method. Businesses are also seeing how embedding such processes and owning the entire value chain can contribute to better customer engagement and revenue streams.

In our survey, 70 per cent of those who use embedded finance apps say that these apps make payments easier (see Figure 14). Payments via e-commerce platforms is also on the rise, with more than one in two respondents using this method (see Figure 15), no doubt fuelled by the rise in online shopping since the pandemic.

On the rewards front, the estimated US\$200B global market for rewards solutions is expected to converge with FinTech to offer more value to customers, disrupting traditional loyalty programmes with embedded variations and even crypto and stock rewards.

In the following slide, we look at how two companies are embedding payments and rewards into their product offerings.

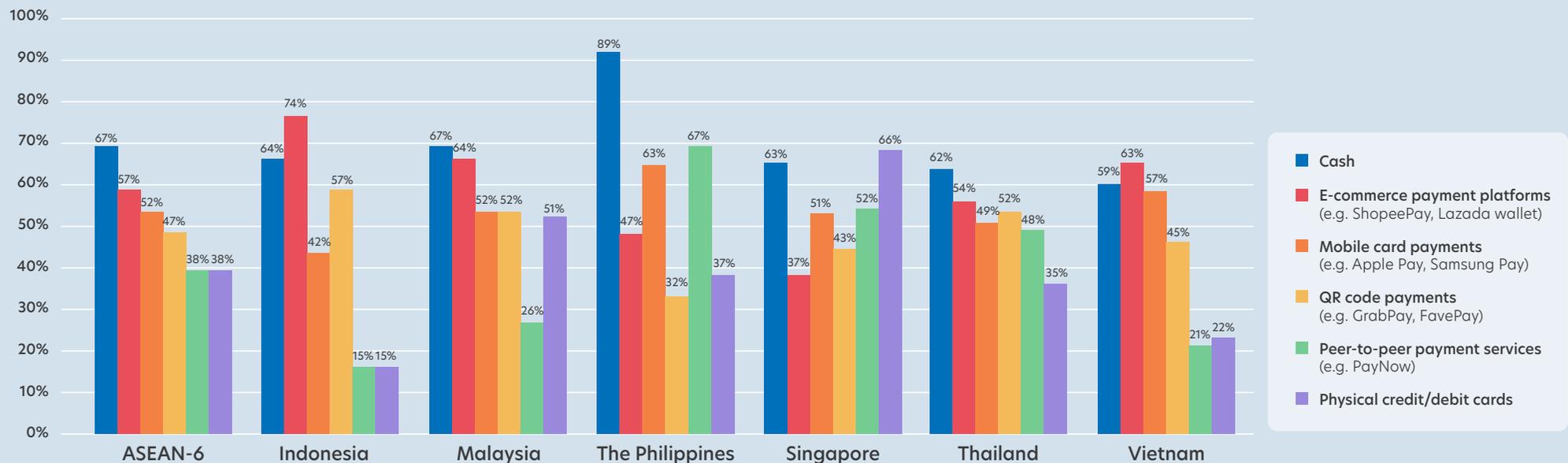


Figure 15 | Payment methods most used across ASEAN-6



Question:

People are increasingly turning to new payment and transaction services. Which of the following have you used in the last six months?

Base: All. Total: 4,313 / ID: 652 / MY: 674 / PH: 559 / SG: 1,013 / TH: 665 / VN: 750

Case studies: Embedded payments and rewards



Setel by Petronas is Malaysia's first fuel e-payment application that works on smartphones and the Apple Watch. Using Setel, consumers can pay for fuel from inside their car, earn rewards at a variety of retail partners, track their monthly fuel spending and download receipts for easier claims.

Setel users can also pay for street parking via the app, or opt for automated parking payments at selected parking lots. For electric vehicle drivers, Setel can help locate the nearest EV charging station and pay for the charge. Users can earn Mesra rewards points through these payment transactions.

In addition, customers can get instant quotations and purchase customised motor insurance right from the Setel app.



We observed the pain points that Petronas customers faced when transacting at the station, including a high dependency for cash, and we sought to make this journey more seamless and frictionless.

Mazlin Erawati
CEO, Setel



The Kris+ app, powered by Singapore Airlines, allows users to enjoy exclusive deals, lifestyle privileges and bonus miles online and at retail partner outlets in Singapore and overseas.

Kris+ started out as KrisPay, a mobile wallet developed by the SIA group to extend customer loyalty beyond flying. Back then, users were required to pay and accrue KrisPay miles via several steps that involved getting in and out of the app - a cumbersome customer experience. To solve this, the team redeveloped the app as Kris+, a lifestyle rewards digital platform with embedded Apple/Google Pay functionality in 2021.

With Kris+, customers can now pay and accrue miles in one seamless process. Users can even make partial payments with their accrued miles, a benefit that was non-existent previously.

Featuring its partner merchants, the app also allows users to book hotels and make restaurant reservations.



When we first started, we were looking for solutions to extend the loyalty programme outside of flying and into customers' daily lives. We were also looking at how we could advance digitally and be more innovative. That was how Kris+, SIA's very own digital platform, was born.

Jeanette Lee
General Manager of the SIA Lifestyle Ecosystem & Head, Kris+



Embedded lending

Embedded lending refers to loans offered directly by non-financial brands to consumers, bypassing the role of traditional lenders. Usually, the credit limit is lower, and the risk of default is dependent on the business model - some embedders work with banks or enablers to disperse the loan, while others take on the risk themselves.

Buy now, pay later

A common example of embedded lending in action is on the checkout page of merchant apps or e-commerce platforms. Along with various ways to pay, users are offered the option of splitting their bill into monthly instalments, to be repaid via a BNPL service.

Our research found that while traditional credit card instalment plans are favoured by 43 per cent of respondents across ASEAN-6, BNPL has room to grow especially in Indonesia, where 42 per cent say they have used or intend to use BNPL services (see Figure 16). As half of the population in Indonesia are unbanked⁴, with limited access to traditional financial products like credit cards, BNPL platforms offer users a way to better manage their monthly cash flow.



Credit card installment plans



BNPL schemes (e.g. Atome)



I prefer to pay upfront



Figure 16 | Preferred pay later methods across ASEAN-6



Question: Some retailers offer the option of pay later plans for purchases (electronics, fashion items, etc). Which pay later methods have you used or intend to use?

Base: All. Total: 4,313 / ID: 652 / MY: 674 / PH: 559 / SG: 1,013 / TH: 665 / VN: 750

Case studies: Embedded lending



Given the increased interest in the BNPL market, it is expected that digital banks will try to capitalise on the embedded finance trends through their own apps. Enter TMRW by UOB, a banking app which aims to optimise the customer experience through AI-driven insights and a smart savings tool.

TMRW's strategy to adapt their BNPL payment scheme to the rise of e-commerce activities is best exemplified through TMRW Pay. With TMRW Pay, customers can enjoy deferred payment services with zero interest and fees for the first 90 days, instant credit approval, and a waiver on the last instalment for their first purchase.

Embedded finance has allowed digital banks like TMRW to attract 3-4x more young professionals to their app, through partner platforms like Garuda and Dinomarket in Indonesia. Onboarding customers onto their platform while they are young, and keeping them engaged, potentially allows TMRW to capture higher lifetime value over the next 10-15 years.



We see more industries converging, where banks are orchestrating embedded finance plays across ecosystems, be it payments, lending, or even insurance. As a result, things become more intuitive relative to the customer's experience.

Arvid Swartsenburg
Head of Digital Strategy, UOB TMRW Digital Group



Leading BNPL player Atome was first launched in Singapore in 2019 and now operates in nine markets across Southeast Asia and Greater China. The company aims to empower shoppers by giving them time flexibility in terms of payments.

On the other hand, merchants who partner with Atome can use their model of flexible payments to drive sales from new customers in the market. Currently, the company has over 5,000 partnerships with leading online and offline retailers across the beauty, fashion, fitness, lifestyle and homeware industries.

To enter new markets, Atome leverages on partnerships with existing ecosystems by embedding themselves into them, as well as going directly into the market and serving customers. The former strategy has helped it overcome market entry hurdles such as language barriers, cultural preferences, and legal and regulatory framework issues.



Verticals and channels are going to see digitalisation and that is where embedded finance is going to play a key role. Atome is industry agnostic, and we are excited about the prospects of proliferation across all industries, from healthcare to retail to manufacturing.

Umair Javed
Head of M&A and Corporate Development,
Advance Intelligence Group



Earned wage access

Earned wage access (EWA), also known as instant pay or on-demand pay, is a financial service provided by employers to employees – usually lower-income workers – by giving them access to their accrued salary before the end of their pay cycle. While the United States and Europe lead the EWA scene, it is growing rapidly in ASEAN.

EWA is increasingly seen as a form of employee benefit. For employees, EWA helps to cover expenses by providing them with financial flexibility, reducing their need to rely on other methods of obtaining cash such as high-interest payday loans and avoiding late credit card and bank overdraft fees.

There are, however, some caveats to EWA for service providers and recipients. Some EWA service providers, for example, might be considered lenders due to their business models and hence charge fees for their services. Generally, the credit risk of EWA service providers is relatively certain, as the wage advance is secured by employers.

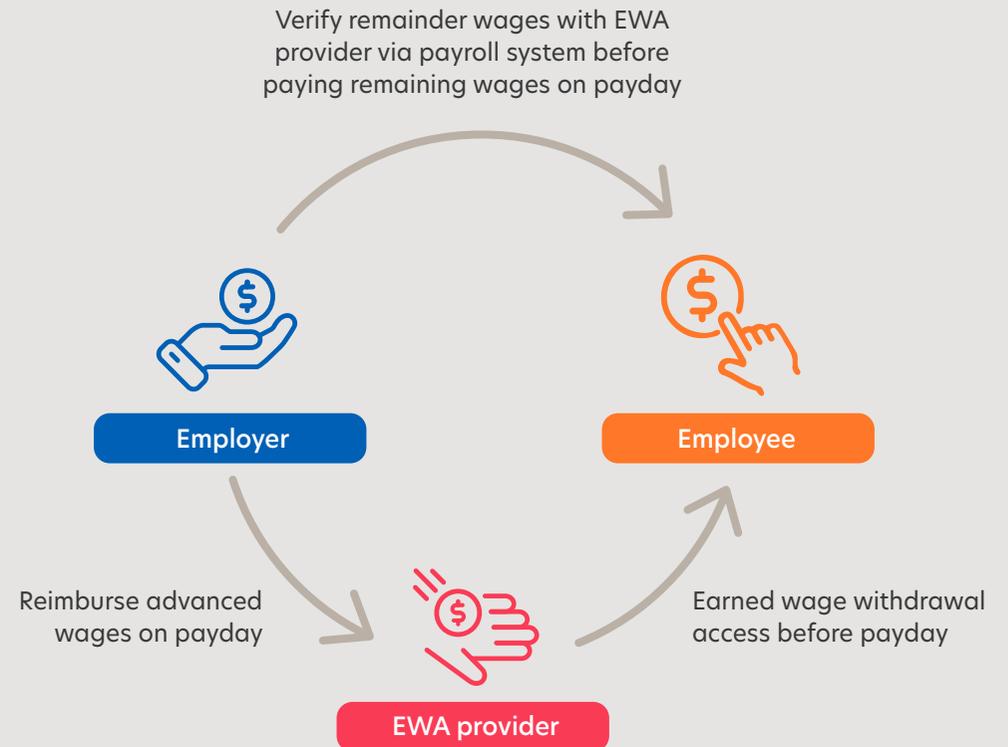


Figure 17 | The earned wage access model

Case studies: Earned wage access



Paywatch is a South Korean and Malaysian-based EWA startup that lets workers withdraw part of their wages before payday and receive the remaining amount on the actual day.

It partners with banks that are willing to provide low-cost financing. When employees withdraw their earnings before payday, bank partners will provide financing based on how much work has been completed to date.

While Paywatch first tested and incepted the EWA concept in South Korea, the company found that ASEAN offered a much stronger product market fit. Their clients (usually larger corporations) use EWA to show care for the wellbeing of their employees. The tailor-made approach has also helped clients ease their retention problems. These valuable features are expected to be applied to Hong Kong and new markets.



EWA is about improving the financial wellbeing of employees. We never allow users to access more than 50 per cent of their earned wages at any given time. In Malaysia, employers usually opt for employees to access between 25-35 per cent of their earned wages.

Alex Kim
Co-Founder, Paywatch



Philippines-based SAVii aims to provide holistic financial assistance to salaried borrowers. The company works with over 100 corporate partners and supports over 400,000 employees by providing the latter with safe, convenient, and affordable loans and advances on salaries, useful for personal and emergency financial necessities.

Such EWA options not only help employees with no prior access to formal credit, but also lets them avoid unlicensed money lenders. The company believes that in emerging markets where there is a large unbanked or underbanked population, salary-linked finance is the safest path to financial inclusion.

SAVii also provides other related services such as mental health support, on-demand financial education, and insurance products.



The key to embedded finances is being able to do something different than what you can do on the open market. In this regard, what we do is work with corporations to embed ourselves within those organisations to provide better financial products to their employees.

Liam Grealish
Co-Founder & CEO, SAVii



Embedded investing

Embedded investing is changing the way companies engage and work with traditional investment firms. It offers embedders a springboard to seamlessly integrate investing into their vertical offerings. Retail investors can then conveniently invest in a range of products without leaving their favourite social media, payments, or lifestyle platform. Robo-advisors and micro-savings enablers - two of which we will cover in our case studies - are viable starting points as they have a relatively low barrier to entry.

Digital investing is a sizeable market: In our survey, two in three respondents have used digital platforms to invest. Around one in five people have used robo-advisors and/or micro-savings platforms, with Malaysia and Vietnam registering the highest usage for micro-savings platforms at 28 per cent. As financial literacy and digital penetration continue to grow, usage of such investment platforms is expected to rise.

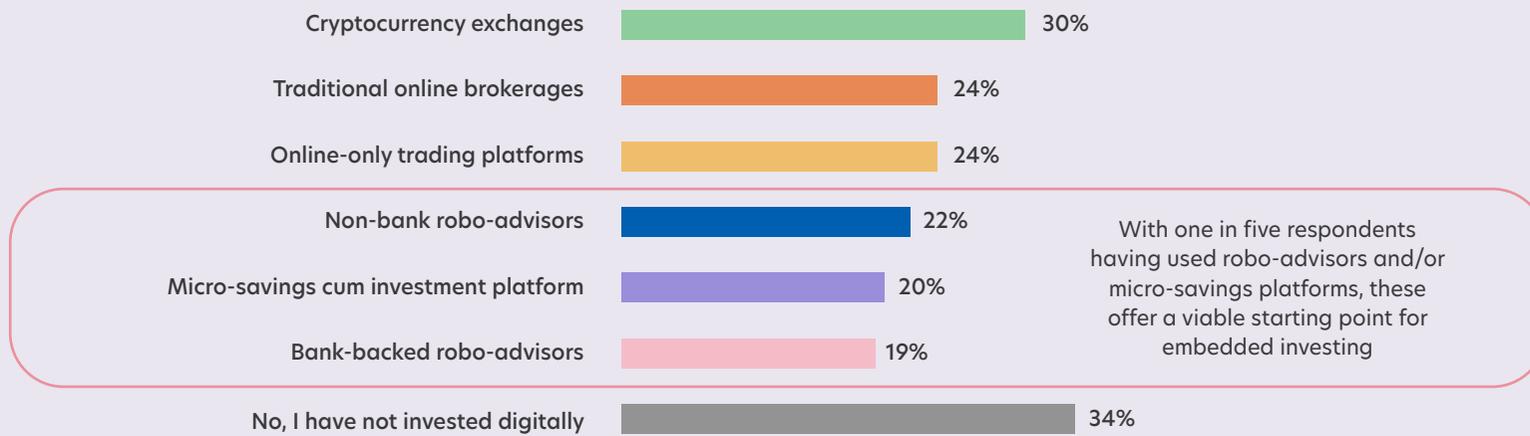


Figure 18 | Digital investment platform preferences in ASEAN-5 (data for the Philippines was not available)



Question:
Have you invested using digital trading and wealth management platforms?
If yes, which are the type of platforms that you have invested your funds in?

Base: All (excluding Philippines). Total: 3,754 / ID: 652 / MY: 674 / SG: 1,013 / TH: 665 / VN: 750

Case studies: Embedded investing



Australia-based Raiz, with its micro-investing app of the same name, is attracting users who wish to invest through round-ups, recurring investments and lump sum deposits.

Having expanded its operations to Malaysia and Indonesia, Raiz enables users to invest the rounded-up amounts of daily purchases into a diversified portfolio of exchange traded funds (ETFs), helped by its ability to track credit and debit cards, as well as bank accounts.

Users can even pair this micro-investing strategy with a recurring investment plan or if there is additional cash, to consider a lump sum investment.



Raiz has helped kick-start the investment journey and savings habit of many users. Through its micro-investing platform and automated round-up feature, the technology makes it easy for anyone to start investing in small amounts, even if it is just your spare change.

Aidi Izham
Chief Executive/Executive Director, Raiz



UOBAM Robo-Invest is Singapore's first robo-advisory service on a mobile wallet (Singtel Dash). It is designed to help customers invest in portfolios with a focus on Environmental, Social and Governance (ESG) factors, based on risk appetite and a view for the long-term.

UOBAM's partnership with Dash is part of the firm's strategy to be present in popular platforms to reach out to a wider audience. From UOBAM's experience, an embedded experience is only successful when a seamless user journey ensues. This can only be achieved when API connectivity is obtained and ready for partners to adopt.

Being API-ready allows UOBAM to achieve greater reach and flexibility when it comes to working with partners and their platforms - thus increasing its pool of potential partnerships.

Once enablers and embedders are digitally ready, then positioning for regulatory requirements and delivering on services can follow.



We want to be present in the places and platforms where people are converging. We want to be where consumers are and look at opportunities from that angle.

Rachel Ong
Deputy CMO, Head of Digital Business,
UOB Asset Management



Embedded insurance

Embedded insurance is the offering of relevant and tailored insurance to customers whenever they need it most.

By integrating insurance within consumer platforms, consumers can enjoy the convenience of context-specific coverage along their purchase journey. For insurers and businesses, this presents a strong value proposition for customers, besides enabling significant opportunities for brand building, increased revenue and forging customer loyalty over the long-term.

From our research, there has been a 7 per cent increase in the average number of people purchasing insurance online across ASEAN-6, with insurance provider sites and apps coming out tops as the preferred platform (58 per cent).

However, embedded insurance platforms such as e-commerce apps and travel sites are showing promising signs in five out of six countries (Malaysia, Thailand, Vietnam, Indonesia, and the Philippines), where respondents appear to be more receptive to purchasing insurance through them.

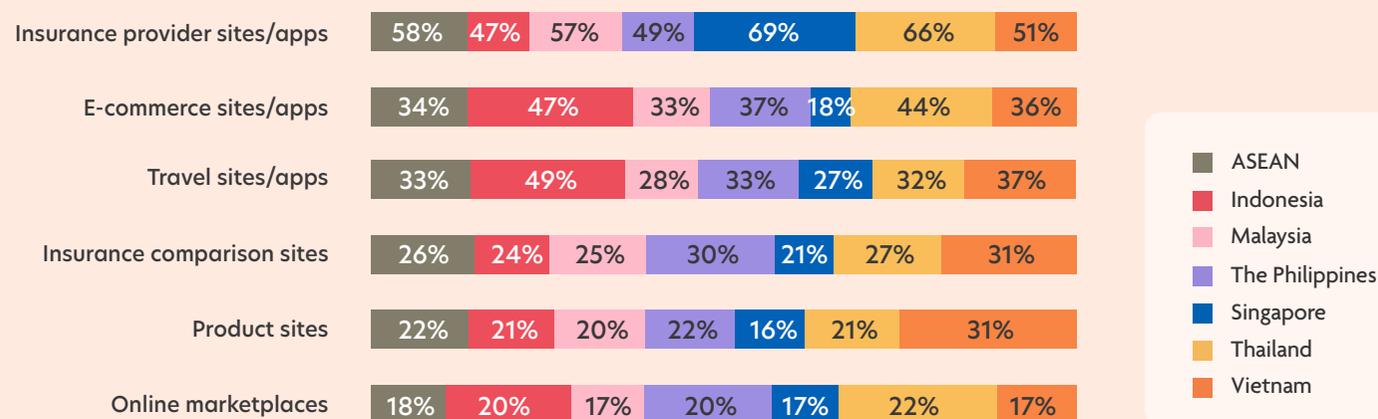


Figure 19 | Online insurance platforms used by respondents across ASEAN-6



Question:
Which platform(s) did you purchase the online insurance from?

Base: Those who have purchased insurance before. Total: 2,223 / ID: 260 / MY: 365 / PH: 201 / SG: 547 / TH: 391 / VN: 459

Case studies: Embedded insurance

CARRO

Singapore-based Carro is Southeast Asia's largest online automotive marketplace. It has a strong presence in Asia Pacific across countries like Singapore, Indonesia, Thailand, Malaysia and Vietnam.

Carro's services extend across the whole spectrum of the car ownership experience, including financing solutions, insurance products, and maintenance and repair services. The company has pioneered unique services such as contactless online car purchases, car rental subscriptions, as well as usage-based insurance in partnership with various insurance providers and distributed by its subsidiary, Genie Financial Services.

Changes in the FinTech fundraising environment have not impacted Carro significantly, and the company intends to further diversify its ancillary service offerings to boost finances.

“

If you buy a new car once every three years, you may not remember Carro as a brand. But by offering ancillaries like insurance, motor workshops and financing, we can extend our mind share and increase our customers' lifetime value. For our customers, they get to enjoy a one-stop solution for all their auto needs.

Joolin Chuah
Chief of Staff, Carro

Explore the data

Case studies of
embedded apps



Looking ahead: What's next for embedded finance?



Modernising traditional industries

Currently, much of the embedded finance in ASEAN is seen in ecosystems such as e-commerce and retail, food delivery and mobility, and superapps like Grab and Gojek. However, many industries in Southeast Asia have yet to be digitised, such as education, healthcare, agriculture, property and logistics. FinTechs play an important role in supporting SMEs from these largely untapped segments in finding new business opportunities and staying competitive in the digital age. Building a portable, secure FinTech product that can be scaled across multiple industries quickly will open doors for profitable partnerships.

In addition, as digital natives mature and a larger percentage of customers become more proficient at using technology, this will widen the pool of consumers and businesses who are open to leveraging financial services via digital platforms. The fundamental shift in consumer behaviour will continue to fuel the usage of embedded financial services.

The rise of digital banks in the region will further accelerate the adoption of embedded financial services in ASEAN, especially among the large group unbanked population. Banking products, e.g. cards, allow users to enjoy embedded financial services in their daily life, ranging from shopping to buying insurance. The space may change further when the new digital banks in Singapore and Malaysia start their operation.

“

Southeast Asia is still emerging. There are still many industries - education, healthcare, logistics - that need to be digitised. FinTech (in these verticals) is the most glaringly obvious right now, which is why there's so much focus on that and so much capital pouring in.

Justin Hall
Partner, Golden Gate Ventures

Monetising virtual worlds

The heightened anticipation around Web 3.0 and the metaverse is paving the way for gaming and digital asset companies to enter the FinTech fray. Understanding how cryptocurrencies and digital tokens can be embedded within a user's journey in the virtual world is imperative for financial players to remain relevant amid a rapidly changing world.

Take for example, NFTs. They are no longer just unique JPEGs without utility, with recent developments showing how they can be used as part of P2E (Play-to-Earn) games⁵. *Axie Infinity*, an NFT-based online video game developed by Vietnamese game studio Sky Mavis, recorded US\$3.5 billion⁶ in NFT transactions in 2021 which at that time, accounted for two-thirds of the blockchain gaming space's total transaction volume.

Another fast-growing development concerns the monetisation of virtual worlds. Metaverses like Decentraland and The Sandbox allow players to purchase, rent and sell lands, and transactions are done via respective native cryptocurrencies. The likes of PayPal and Mastercard have also lent some form of credibility to the future of cryptocurrencies by allowing people to purchase crypto assets through their respective products.

As more institutions and businesses stake a claim in the world of blockchain and the metaverse, mainstream adoption is underway. This is a space to watch.

Regulation must keep pace with industry changes

As non-financial entities begin offering financial services, should they be subject to the same stringent regulations as financial institutions, or should they self-regulate? How can existing regulations better keep up with fast-evolving business models and the democratisation of finance?

In an embedded finance relationship, the minimum requirement is for the financial institution or provider to be regulated and become a "sponsor" of the partnership⁷. While the bank or financial entity is accountable to the non-financial partner, there are legal and compliance obligations that must be fulfilled by both parties. Some regulatory examples would be KYC guidelines for the user, and other transactional rules that may vary by country.

Consistent and meaningful dialogue between regulators and the expanding ecosystem players will be key to this transition. Rather than lift regulations for non-financial companies, enacting an adaptable and tailored layer of directives could maintain some form of accountability as well as reliability. Regulators across ASEAN face tough decisions and will need to balance out access to financial services, while ensuring that consumers are not disadvantaged in that process.

“

Regulators need to ensure that regulations are written for the right audience - they should remain competitive and not overly complex, so that businesses can adapt and comply with these regulations.

Jeanette Lee
General Manager of the SIA Lifestyle
Ecosystem & Head, Kris+

“

Regulation across various areas, from digital bank licenses to open finance sandboxes and cryptocurrency rules, is making it easier for more complex and impactful FinTechs to be built.

Tan Yinglan
Founding Managing Partner,
Insignia Ventures Partners

Indonesia

Opportunities in FinTech continue to abound, albeit having a lower adoption rate in the country

- > e-Wallets have become increasingly popular for both online and offline transactions. More offline merchants have started to apply a “no-cash” policy, accepting only cashless payment methods from their customers.
- > In January 2022, the Financial Services Authority (OJK) completed the licensing process for all P2P Lending platforms, a major achievement given the large number of P2P Lending platforms established. As of 3 March 2022, there were 102 licensed P2P Lending platforms.

The recognition of digital banks as a subcategory of commercial banks in Indonesia has helped fuel M&A activities even more, as it provides further legal certainty on the OJK’s approach in relation to digital banks

- > It is likely that “backstage” enablers - e.g, payment gateways and application programming interfaces (APIs) in the payments sector, credit scoring in the lending and investment sectors, and e-KYC - will start to receive more attention.
- > There will also be further M&A activities as FinTech groups continue to add more licensed entities into their ecosystems to increase the breadth of their product offerings within Indonesia.



Quick Facts

- Population size (2022) : 276 million
- Median age (2022) : 31.1 years
- Internet penetration rate (2020) : 54%
- Smartphone penetration rate (2020) : 77% (2025 est. 88%)

FinTech Regulators

- Bank of Indonesia (Payments)
- Otoritas Jasa Keuangan (Financial Services Authority)

Regulatory Sandbox

- Yes

FinTech Associations

- Indonesian Fintech Association
- Indonesian Sharia Fintech Association
- Indonesian Joint Funding Fintech Association



Malaysia

Malaysia becomes the second ASEAN-6 country after Singapore to issue digital banking licenses to five successful applicants

- Malaysia will issue its digital bank licences in a phased approach across two stages: First, 'Restricted' licenses with lower paid-up capital, then 'Full' status licensees once milestones are met without supervisory concerns; and
- Both SEA and GXS bank also made BNM's pick after having secured Singapore's digital bank license.

BNM continues to promote a progressive and inclusive financial system

- As there is no FinTech-specific legislation in Malaysia, Bank Nasional Malaysia ("BNM") or the Securities Commission Malaysia ("SC") regulate FinTech industry participants to the extent that it engages in a regulated business or activity falling within their respective jurisdictions.
- The BNM also laid out major developmental and regulatory priorities for the next five years (2022-2026) in a new financial sector roadmap (Blueprint 3.0). Some of these goals will include supporting technology and data-driven innovation, improving the financial sector's competitiveness as well as ensuring financial intermediation stays effective to meet the economy's future demands.
- To promote the P2P financing and equity crowd-funding ("ECF") markets, authorities also play a part by increasing their investment through the Malaysia Co-Investment Fund ("MyCIF") - allocating RM50 million and RM30 million in matching grants for P2P financing and ECF respectively.

Opportunities for FinTech growth in Islamic Banking as market remains nascent

- Malaysia's Islamic financial technology companies are making slow progress in a booming Islamic finance market, amid competition from large local banks.
- Malaysia has yet to see funding rounds beyond the hundred-million-dollar ticket size for Islamic FinTech companies as the sector is still finding its feet on how to bring its offerings to scale.



Quick Facts

- Population size (2022) : 33 million
- Median age (2022) : 29.2 years
- Internet penetration rate (2020) : 90%
- Smartphone penetration rate (2020) : 86% (2025 est. 92%)

FinTech Regulators

- Bank Nasional Malaysia
- Securities Commission Malaysia

Regulatory Sandbox

- Yes

FinTech Associations

- Fintech Association of Malaysia

The Philippines

Initiatives from Bangko Sentral ng Pilipinas to support the continued growth and maturity of FinTech in the Philippines

- PESONet and InstaPay were named as Prominently Important Payment Systems (“PIPS”) pursuant to the National Payment Systems Act. PESONet is a batch electronic fund transfer service and is a viable alternative for checks and recurring payments. InstaPay is a real-time, low-value payment substitute for cash transactions.
- A third phase of sustainability-related regulations recently launched, with the release of draft guidelines on the integration of sustainability principles in banks’ investment activities. It sets out the expectations on the integration of sustainability principles in banks’ core strategies, governance, and risk management frameworks, especially in the areas of credit and operational risks.
- Financial institutions were urged to adopt robust control measures against cyber attacks on retail electronic payments and financial services (“EPFS”) due to the increasing shift to digital channels.

Opportunities for FinTech growth as developments have been slow but steady

- To date, some 66% of Filipinos remain unbanked, catapulting the Philippines to fourth place among the world’s most unbanked countries. This environment is highly conducive for FinTech platforms to flourish and address the financial divide.
- FinTech firms that provide MSME solutions and / or enablement, such as NextPay, will also be highly relevant. With over 99% of business enterprises in the Philippines classified as MSMEs, MSME survival is critical to the national economy.
- The Philippine Stock Exchange (“PSE”) is reportedly planning a cryptocurrency exchange. Meanwhile, the Union Bank of the Philippines (“UnionBank”), is piloting a new digital asset custody service in partnership with digital asset specialist Hex Trust.



Quick Facts

- Population size (2022) : 112.5 million
- Median age (2022) : 24.1 years
- Internet penetration rate (2020) : 50%
- Smartphone penetration rate (2020) : 78% (2025 est. 86%)

FinTech Regulators

- Bangko Sentral ng Pilipnas
- Securities and Exchange Commission
- Insurance Commission

Regulatory Sandbox

- Yes

FinTech Associations

- Fintech Philippines Association
- Fintech Alliance.PH

Singapore

Highly anticipated launch of four digital banks boosts financial services landscape

- MAS granted five Virtual Only bank licenses, comprising three Digital Full Banks (“DFB”) and two Digital Wholesale Banks (“DWB”).
- The first of the DWBs, Green Link digital bank went live in June 2022, with ANEXT launching just a week later. Both banks are aiming to provide micro, small and medium-sized enterprises (MSMEs) with innovative financial services.
- In August 2022, the country saw both Trust and GXS launched their range of financial products as competition in the digital banking space heats up.

ESG and cross-border payments continue to feature heavily on regulator’s agenda

- Singapore aims to become the regional green finance hub by promoting sustainability through Green Finance Action Plan and ESG Impact Hub. These initiatives will help drive collaboration between ESG fintech startups and solution providers, financial institutions and real economy stakeholders; and
- After the success in linking its payment system PayNow with Thailand’s PromptPay, Singapore looks set to continue with linkages to India’s Unified Payment Interface and Malaysia’s DuitNow.

Regulations surrounding cryptocurrencies are set to be tightened:

- The Financial Services and Markets Bill 2022 was introduced to tighten cryptocurrency regulation on companies that have a local presence in the market but offer digital token services outside of Singapore.
- Published guidelines on 17 January 2022 instruct the market to halt the advertising of offerings to retail investors in public spaces, citing concerns about the “risky” nature of such investments.
- Operators of crypto ATMs were forced to shut down their machines after the MAS outlawed cash-to-crypto terminals.



Quick Facts

- Population size (2022) : 5.45 million
- Median age (2022) : 35.6 years
- Internet penetration rate (2020) : 92%
- Smartphone penetration rate (2020) : 88% (2025 est. 93%)

FinTech Regulators

- Monetary Authority of Singapore

Regulatory Sandbox

- Yes

FinTech Associations

- Singapore Fintech Association



Thailand

Regulatory developments continue apace, with new rules on cryptocurrencies and digital assets

- The Bank of Thailand ("BOT") intends to jointly develop a payment system with commercial banks and has developed a cross-border prototype with the Hong Kong Monetary Authority.
- Public trials for the BOT retail central bank digital currency to commence in late 2022.
- Regulatory Regime for Digital Assets: additional requirements for the issuance of real estate-backed digital tokens with the aim of bridging a gap in regulations between real estate-backed digital tokens and real estate investment trusts.
- Implementation of the Personal Data Protection Act in June 2022.
- Thailand's central bank plans to allow banks to invest more than a current limit of 3% of their capital funds in FinTech, except for digital assets.

Initiatives and Investments by the Bank of Thailand to develop its policies and direction for repositioning the Thai financial sector in the new landscape

- Open competition expands the business scope and provides more flexibility to the financial sector as well as new entrants to the market, open infrastructure allows more financial service providers to access key infrastructure at fair and reasonable costs, open data enables better utilisation of data to support the development of better financial services while ensuring appropriate data governance.
- Around THB 2.5B is set aside for digital development projects, subject to be financed by the Digital Economy and Society Development Fund, in the 2022 fiscal year.
- On 2 February 2022, eight digital projects worth a combined THB 1B were approved, which will be pursued by the Digital Economy Promotion Agency.



Quick Facts

- Population size (2022) : 70 million
- Median age (2022) : 39 years
- Internet penetration rate (2020) : 78%
- Smartphone penetration rate (2020) : 81% (2025 est. 89%)

FinTech Regulators

- Ministry of Finance (Financial Services, Securities)
- Bank of Thailand (Financial Services)
- Securities and Exchange Commission (Securities)
- Office of Insurance Committee (Insurance)

Regulatory Sandbox

- Yes

FinTech Associations

- Thai Fintech Association



Vietnam

Vietnamese Fintechs have shown great potential. Along with Singapore and Indonesia, the country contributes heavily to the common market share of Southeast Asia

- With more diversified industries, Vietnam's FinTech market experienced a considerable growth in the number of start-ups. It is estimated that there have been more than 150 companies participating in the FinTech field. E-wallets and online payments are the leaders, followed by P2P Lending and Blockchain entities; and
- The FinTech ecosystem in Vietnam is developing fast and expected to record 200 companies in 2022. Over 2022, the e-wallet market will be fiercely competitive, possibly promoting e-wallet providers to merge into a few top "super-apps" in order to dominate the market.

Increased Government intervention to revolutionise legal and regulatory frameworks and develop a Regulatory Sandbox

- Vietnam is the only ASEAN-6 country which does not have a regulatory sandbox at the start of 2022. It is also one of the few that does not have established regulations and legal frameworks; and
- Previously, Vietnam had a "wait and see" approach where regulators played an observant role. In 2022, the State Bank of Vietnam announced plans to develop a regulatory sandbox for financial technology companies as it looks to gather feedback on draft regulations for the sector.



Quick Facts

- Population size (2022) : 99 million
- Median age (2022) : 31.9 years
- Internet penetration rate (2020) : 70%
- Smartphone penetration rate (2020) : 62% (2025 est. 85%)

FinTech Regulators

- State Bank of Vietnam (Finance matters)
- Ministry of Public Security (Data Privacy and Cybersecurity)

Regulatory Sandbox

- Proposal Stage

FinTech Associations

- Vietnam Fintech Club



Interviewee profiles



Scott Krivokopich
Co-Founder & Managing Partner,
1982 Ventures



1982 Ventures is the leading seed fund investing in FinTech start-ups in Southeast Asia. 1982 Ventures focuses on being the first port of call for FinTech founders and the first money in.



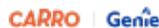
Umair Javed
Head of M&A and Corporate
Development, Advance Intelligence Group
(Parent company of Atome)



Founded in 2016, Advance Intelligence Group is one of the largest independent technology startups headquartered in Singapore and leverages innovative technology and partnerships to build an ecosystem of products and services serving consumers, enterprises and merchants.



Joolin Chuah
Chief of Staff, Carro



CARRO is SEA's #1 online car marketplace providing innovative, full-stack car ownership services. Genie Financial Services is a subsidiary that provides competitive auto financing options.



Wilson Beh
President, Fintech Association of Malaysia



Fintech Association of Malaysia (MTA) is the national Fintech platform founded in 2016. Its main objectives are to accelerate innovation in the financial sector, connecting entrepreneurs and startups in their initial steps and be the catalyst toward better national policies, legislation and regulations in Fintech. More information on FAOM can be obtained from its website: <https://fintechmalaysia.org/>



Justin Hall
Partner, Golden Gate Ventures



Golden Gate Ventures is a venture capital fund in Southeast Asia (SEA) founded by Silicon Valley natives. Since 2011, the firm has launched four funds, managing a portfolio of US\$250M AUM across more than 60 companies. Our mission is to empower the audacious: we believe in empowering founders who are risk-takers, who dare to challenge the norms, and who leverage technology to change the way the world works.



Ben Cheah
Partner, InnoVen Capital



InnoVen Capital is Asia's leading venture debt platform providing debt capital to high-growth venture-backed startups with a portfolio of over 300 market leaders from a range of industry verticals in Asia.



Tan Yinglan
Founding Managing Partner,
Insignia Venture Partners



Insignia Ventures Partners is an early-stage technology venture capital firm founded in 2017 investing in Southeast Asia's most influential technology companies, including unicorns Carro, Ajaib, and GoTo and category leaders Payfazz, tonik, and Flip.



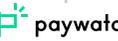
Jeanette Lee
General Manager of the SIA
Lifestyle Ecosystem & Head, Kris+



Kris+ by Singapore Airlines is a lifestyle rewards app that brings payments, rewards and it's group assets KrisShop & Pelago under one platform, offering the best miles earn rate across dining and retail partners in Singapore.



Alex Kim
Co-Founder, Paywatch



Paywatch is the only earned wage access provider in Asia partnered with major banks and recognized by the UN for its commitment to promoting financial inclusion.



Weisheng Neo
Partner, Qualgro



Qualgro is a leading tech Venture Capital (VC) firm in Southeast Asia, in areas such as Data, AI, and Software. We invest across Southeast Asia, mainly at Series A & B.



James Tan
Managing Partner, Quest Ventures



Quest Ventures is a top venture capital firm in Asia. Its portfolio of 100+ venture-backed companies operate in more than 150 cities across Asia, creating employment and advancement opportunities for more than 4,400 employees, while its Enterprise and ESG efforts directly impact thousands more. For more information: www.questventures.com



Aidi Izham
Chief Executive/ Executive Director, Raiz



Raiz (ASX:RZI) is a multi-award-winning micro-investing platform with operations in Australia and Southeast Asia. With Raiz, users can automatically invest the virtual 'spare change' from their daily purchases into diversified portfolios.

Since launching in 2016 Raiz has achieved solid growth, amassing more than 3.1 million downloads, over 3,080,000 signups, and over 671,000 active monthly customers with close to A\$1 billion Funds under Management as at 30 September 2022. Raiz is ramping up its growth strategy across Asia-Pacific, with offices in Malaysia and Indonesia with plans to expand into Thailand and Vietnam.



Liam Grealish
Co-founder & CEO, SAVii



SSAVii was founded in 2016 to empower hardworking Filipinos through the salary link. Today, SAVii delivers financial power at work to 100+ corporate employer partners through safe and affordable customized financial solutions paired with education - designed to enhance employee wellness. They have over 450,000 employee customers, and are taking their first steps into India this year.



Mazlin Erawati
CEO, Setel

Launched in January 2020, Setel is a mobile platform that aims to make everyday life simpler and better by innovating for better, inclusive mobility. Setel is delighting customers at Petronas stations nationwide with a seamless and customised retail-on-the-go experience, now joined by online merchants and retail partners.



Frank T. Troise
Managing Partner & CEO, SoHo Advisors



SoHo is APAC's leading merchant bank for Sustainability and FinTech. The firm's advisors consist of leading investment bankers, operating executives and policy-makers.



Chonladet Khemarattana
Chief Executive Officer,
Thai FinTech Association



Thai Fintech Association (TFA) is the non-profit organization established in 2016 with the purpose to encourage the cooperation from stakeholders in all sectors to develop Thai Fintech industry for sustainable growth internationally. The association also acts as a liaison between fintech companies and government including its various regulatory arms.



Arvid Swartsenburg
Head of Digital Strategy,
UOB TMRW Digital Group



UOB TMRW is a digital platform serving all of UOB's customers. UOB TMRW provides digital adaptive banking through a data-driven digital banking experience that is simple, seamless and personalized.



Rachel Ong
Deputy CMO, Head of Digital Business,
UOBAM



With more than 35 years of experience in fund management and an extensive local presence in Asia, UOB Asset Management manages more than S\$33 billion in clients' assets.



Liu Gen Ping
Partner, Vertex Ventures



Vertex Ventures Southeast Asia and India invests in high-growth start-ups seeking their first round of institutional venture capital funding in Southeast Asia and India, with a primary focus on Singapore, India, Indonesia, Thailand and other emerging hubs of innovation across the region. It has a long and strong track record of investing in early-stage startups and building champions like Grab, Patsnap, 17Live, Nium, FirstCry, Licious, AsianParent, Validus, Warung Pintar, and others.

For more information, please visit: <https://www.vertexventures.sg/>



Nguyen Huu Tuat
Co-founder & CEO of NextPay Group,
Vietnam Fintech Club



Vietnam Fintech Club (VietFintech) is a voluntary and self-governed body established under Decision No. 119/QĐ-HHNH of the Vietnam Banks Association. Its mission is to create an ecosystem that enables Vietnam to leverage the potential to become a world-class FinTech Hub.

Appendix

Staying resolute: ASEAN funding braces for winter

¹ The term 'funding' in this chapter includes all disclosed funding rounds categorised as 'pre-series', 'early stage rounds', 'late stage rounds', 'private equity' and 'venture debt' provided on data platform Tracxn under its FinTech practice area. It does not include companies solely funded by grants, conventional debt, mergers and acquisitions, initial coin offerings (ICOs) and post-initial public offerings (IPOs). Our tabulations do not include investments into Grab and Gojek (as their core business is categorised as transportation and delivery), but we have included Grab Financial Group's US\$300M raise last year.

² The countries included in ASEAN's FinTech funding count here are Cambodia, Indonesia, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. Brunei Darussalam and Laos were not included as there were no funding rounds recorded between 2018 - YTD 2022.

³ The number of FinTech firms set up and in operation in this year's report differs from last year due to a significant recategorisation of some companies into the FinTech vertical on data platform Tracxn. As more companies expand their services into different areas of FinTech (for example, NFT firms), these companies will be retrospectively added to the tally.

Finance everywhere: Businesses try on FinTech

⁴ In an ISEAS-Yusof Ishak Institute article by Irni Rahmayani Johan (2022/5 Tackling the Challenges of Financial Inclusion and Illegal Lending in Indonesia), the author puts Indonesia's unbanked numbers at 51 per cent or 92 million adults, with a further 26 per cent underbanked.

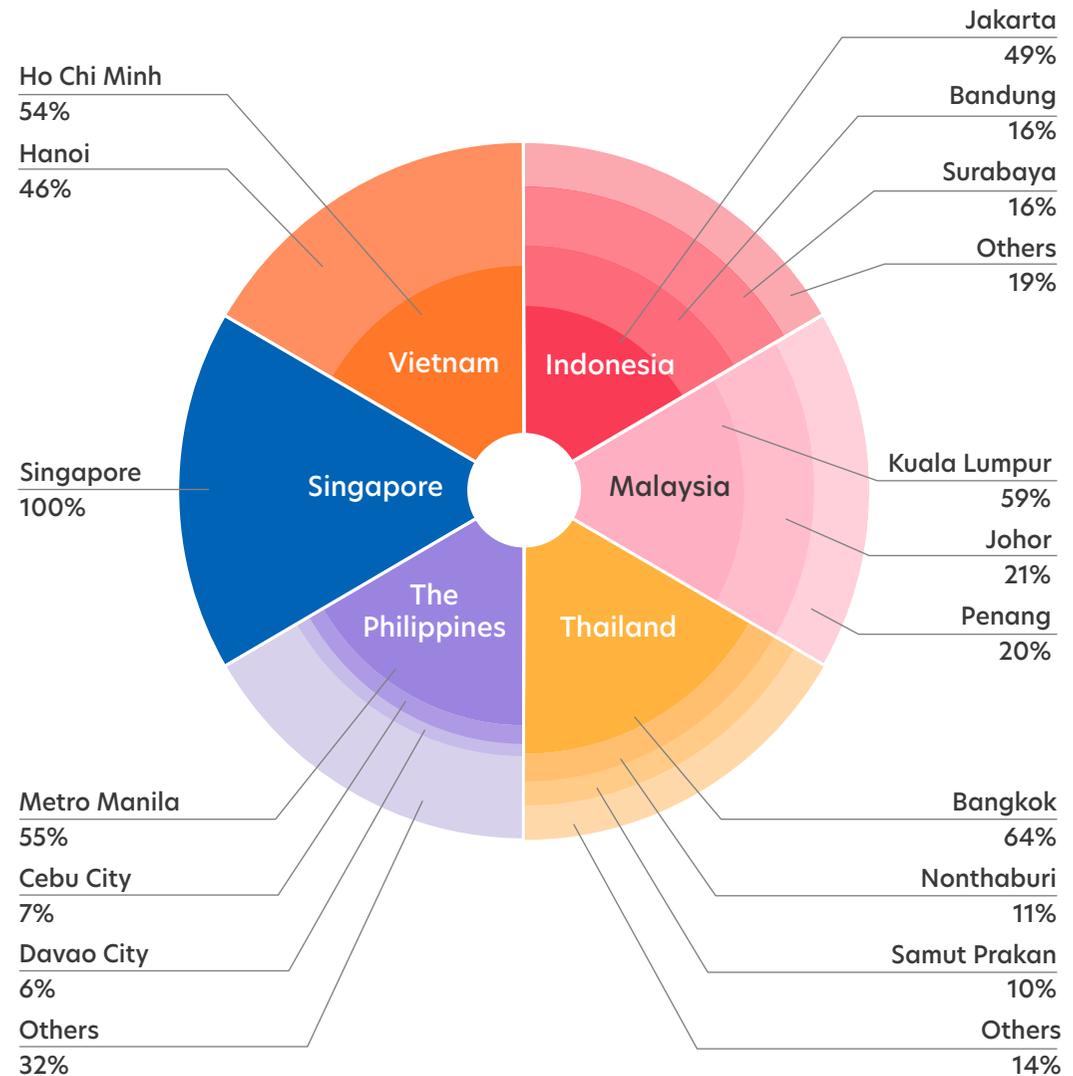
⁵ In NFT-driven P2E games, the in-game assets are usually in the shape of NFTs that are minted by game developers. The virtual items can be earned or purchased by players and can be traded for fiat money.

⁶ According to NonFungible.com's Yearly Trends Report 2021, Axie Infinity led the blockchain gaming space with US\$3.5B in NFT transactions - four times more than second-placed NBA Top Shot (US\$827M). Despite the bearish outlook for cryptocurrencies this year, Web3 games and metaverse projects are still attracting large investments, including US\$150M in funding for Sky Mavis.

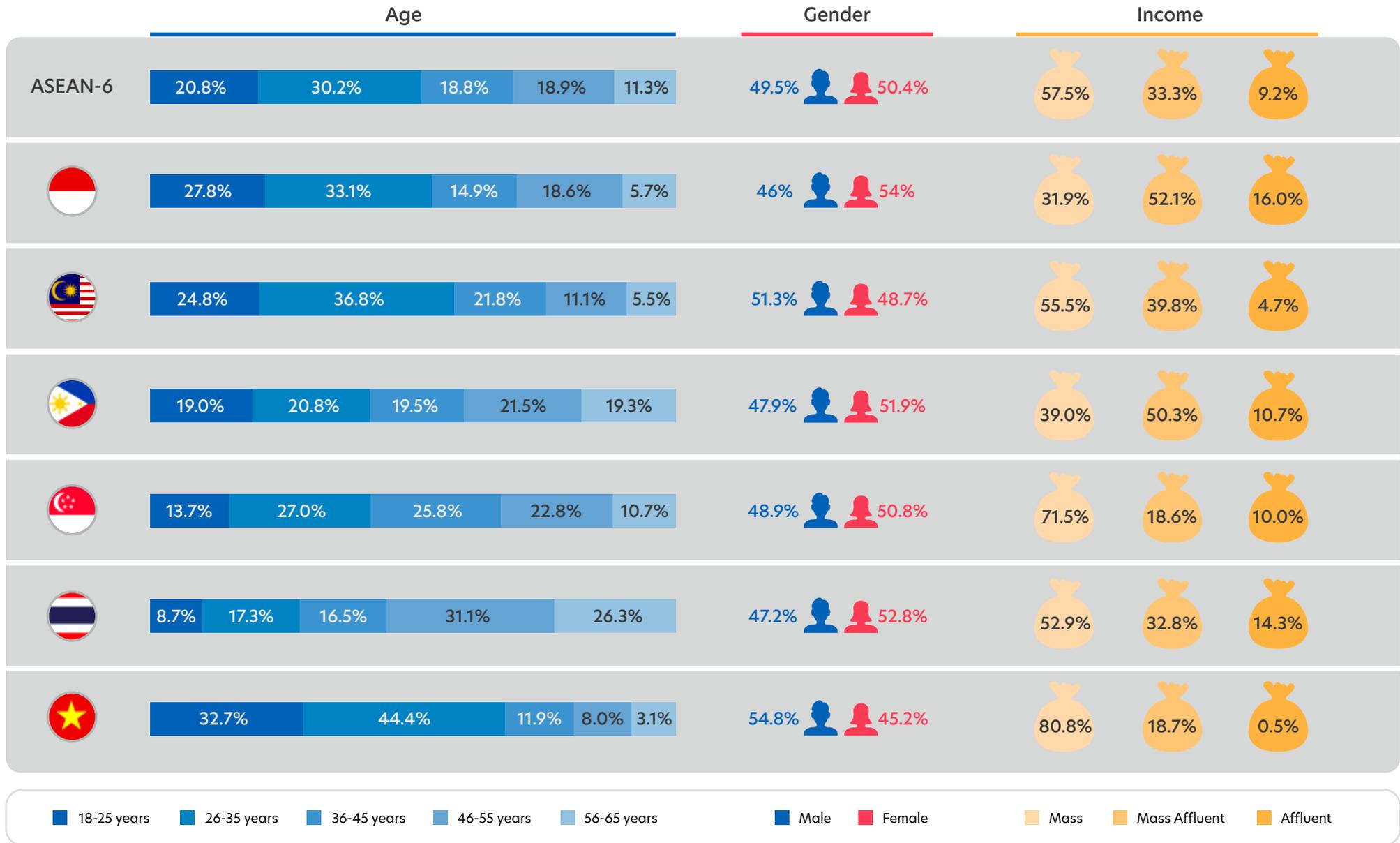
⁷ The role of a financial institution or provider as a 'sponsor' of the embedded partnership is described in a report by Goldman Sachs, titled The embedded finance journey: Innovation that differentiates the customer experience. The report briefly mentions the current regulatory environment for participants within an embedded finance relationship.

Survey respondents

Where do you currently live?



Survey respondents



Taxonomy and definitions

Categories	Tracxn classification	Focus
Alternative Lending	Alternative Lending	Online lending platforms (including balance sheet lenders, marketplaces, P2P lenders as well as lead generators) and companies that enable online lending.
	Crowdfunding	Online platforms where people, organisations raise money from the masses, for various projects and causes.
Banking Tech	Banking Tech	Companies which provide Tech solutions primarily for banking industry including software, innovative hardware, and Tech-enabled services.
Blockchain in Financial Services	Blockchain in Financial Services	Companies which leverage the blockchain technology to cater to the financial sector. Also includes companies providing financial services related to NFTs.
Cryptocurrencies	Cryptocurrencies	All companies that provide bitcoin and other digital currency products and services.
Finance and Accounting Tech	Finance and Accounting Tech	Tools or software for automating functions of finance and accounting department of an organization.
InsurTech	Insurance IT	Companies which provide software products and data solutions primarily for the insurance industry.
	Internet First Insurance Platforms	Companies which provide tech platforms to consumers for purchasing and managing their insurance.
	Employer Insurance	Companies which provide employers with solutions for managing employee insurance benefits.

Categories	Tracxn classification	Focus
Investment Tech	Investment Tech	Companies offering platforms for retail and institutional investors to research and invest in multiple financial assets. Also includes companies offering solutions to financial institutions providing investment related services.
	RoboAdvisors	Companies that provide automated investment and advisory services with little or minimal human intervention. Also includes companies that provide white label robo advisory platforms/software.
	Wealth Management Platforms	Companies providing wealth management platforms.
Payments	Remittance	Companies providing cross-border money transfer solutions and services to consumers and enterprises.
	Forex Tech	Companies which provide tech solutions, including internet-first platforms and software for forex market which includes currency exchange and currency investments.
	Payments	Companies which participate in traditional web based and offline payment cycle. Also includes companies which provide alternative mode of payment, companies which support the payment companies in terms of security, analytics, platform etc.
	Mobile Payments	Companies offering solutions to make and (or) accept payment via mobile.
RegTech	RegTech	Companies offering a range of tech products primarily for financial institutions and regulators for efficient implementation and monitoring of financial regulations.

FinTech solutions are grouped by categories based on Tracxn's taxonomy for the FinTech practice area.

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A big thank you for supporting this report and contributing valuable insights to FinTech in ASEAN:

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Regional FinTech associations:
Fintech Association of Malaysia, Thai FinTech Association, Vietnam FinTech Club

About



UOB is a leading bank in Asia with a global network of around 500 offices in 19 countries and territories in Asia Pacific, Europe and North America. Since its incorporation in 1935, UOB has grown organically and through a series of strategic acquisitions. UOB is rated among the world's top banks: Aa1 by Moody's Investors Service and AA- by both S&P Global Ratings and Fitch Ratings. In Asia, UOB operates through its head office in Singapore and banking subsidiaries in China, Indonesia, Malaysia, Thailand and Vietnam, as well as branches and representative offices across the region.

Over more than eight decades, generations of UOB employees have carried through the entrepreneurial spirit, the focus on long-term value creation and an unwavering commitment to do what is right for our customers and our colleagues.

We believe in being a responsible financial services provider and we are committed to making a difference in the lives of our stakeholders and in the communities in which we operate. Just as we are dedicated to helping our customers manage their finances wisely and to grow their businesses, UOB is steadfast in our support of social development, particularly in the areas of art, children and education.

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Find out more and tell us what matters to you by visiting us at www.pwc.com/sg.



Singapore FinTech Association (SFA)

The SFA is a cross-industry non-profit organisation. Its purpose is to support the development of the FinTech industry in Singapore and facilitate collaboration among the participants and stakeholders. The SFA is a member-based organisation with over 800+ members. It represents the full range of stakeholders in the FinTech industry, from early-stage innovative companies to large financial players and service providers.

To further its purpose, the SFA also partners with institutions and associations from Singapore and globally to cooperate on initiatives relating to the FinTech industry. Well-connected globally, the SFA has signed over 70 international Memorandum of Understanding (MoU) to lay the network for its members and ecosystem.

For more information visit <https://singaporefintech.org>.

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