

Digital Disruptive Technology in Financial Services

3 August 2018

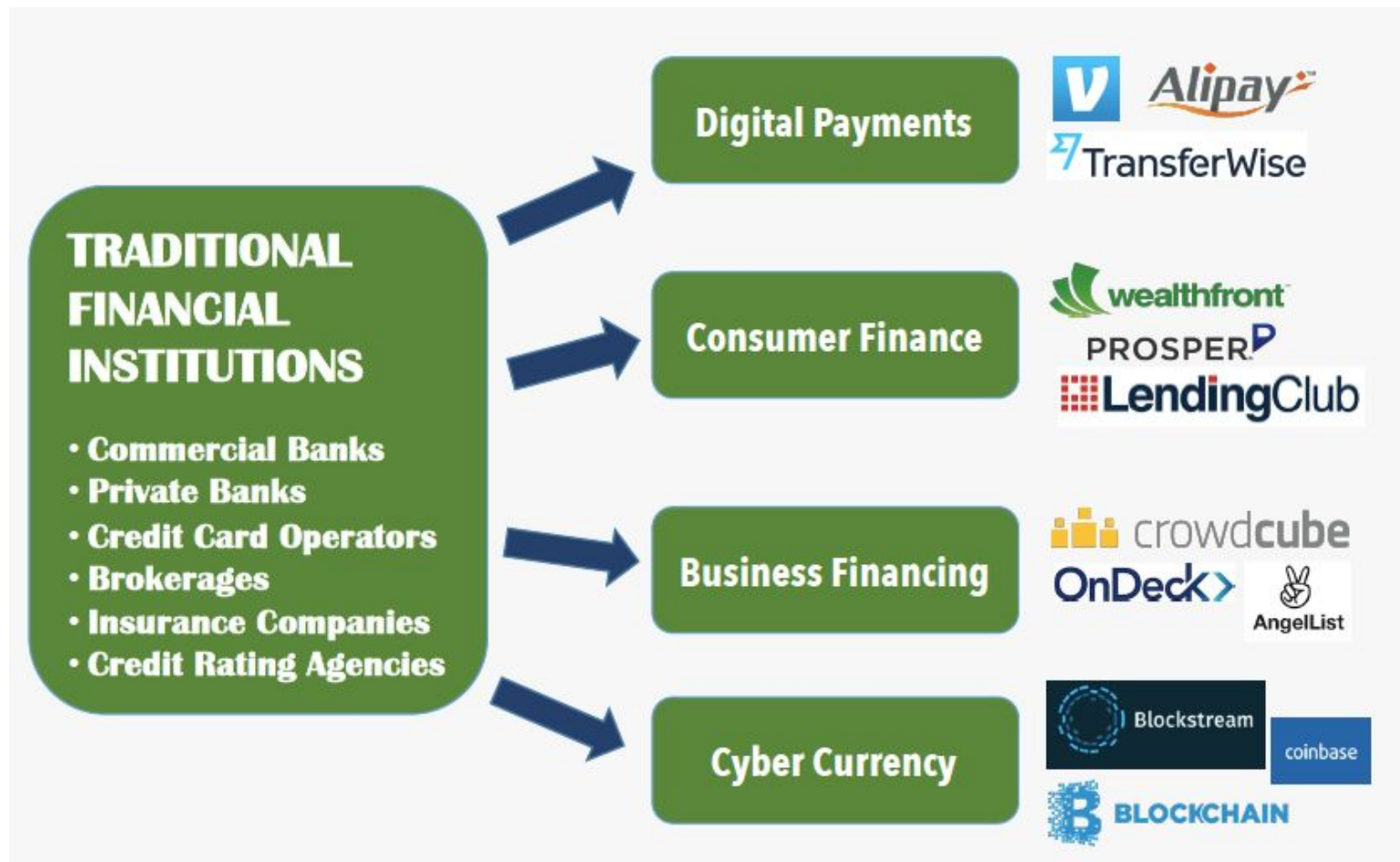
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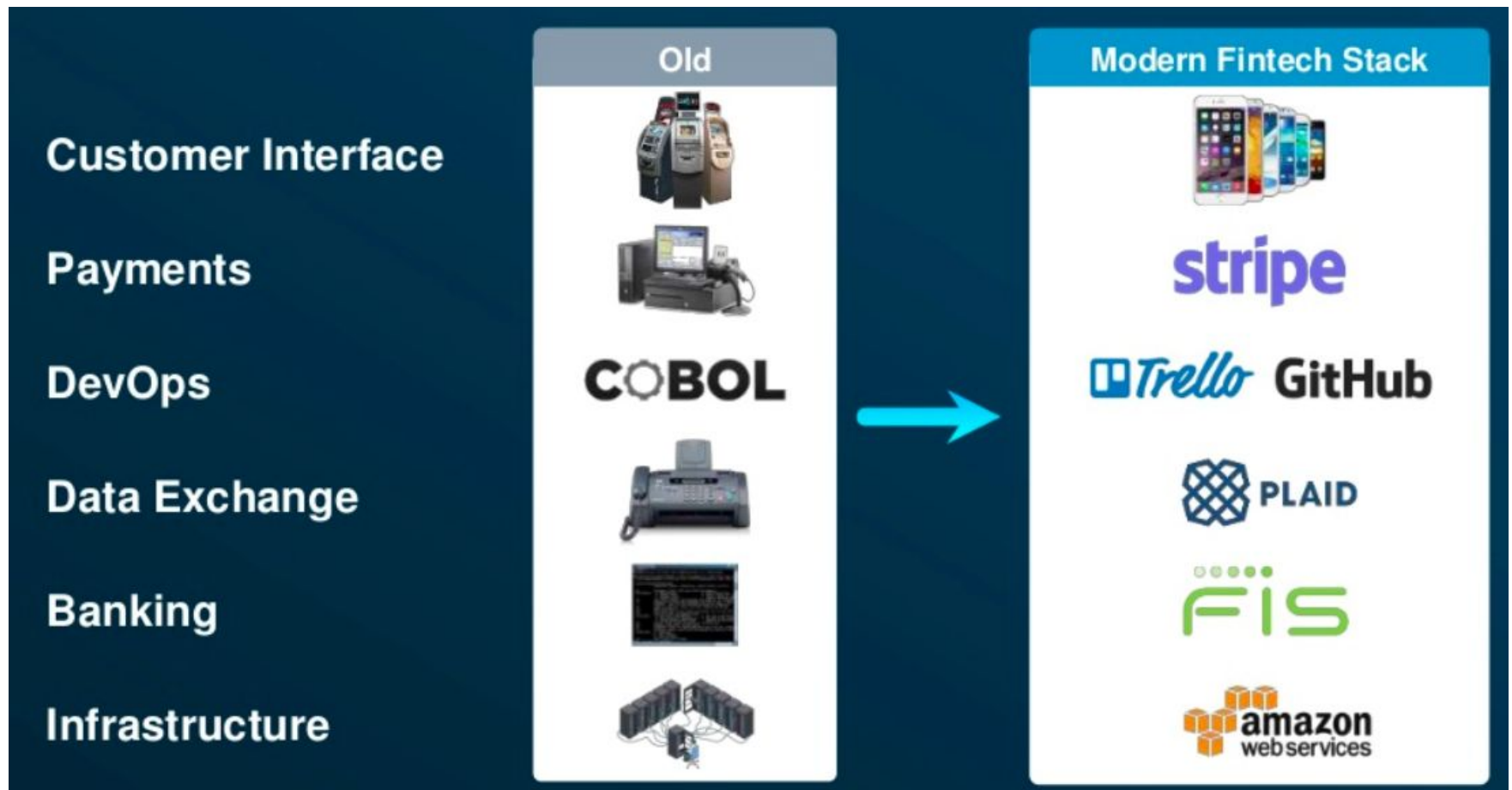
Unbundling the Financial sectors



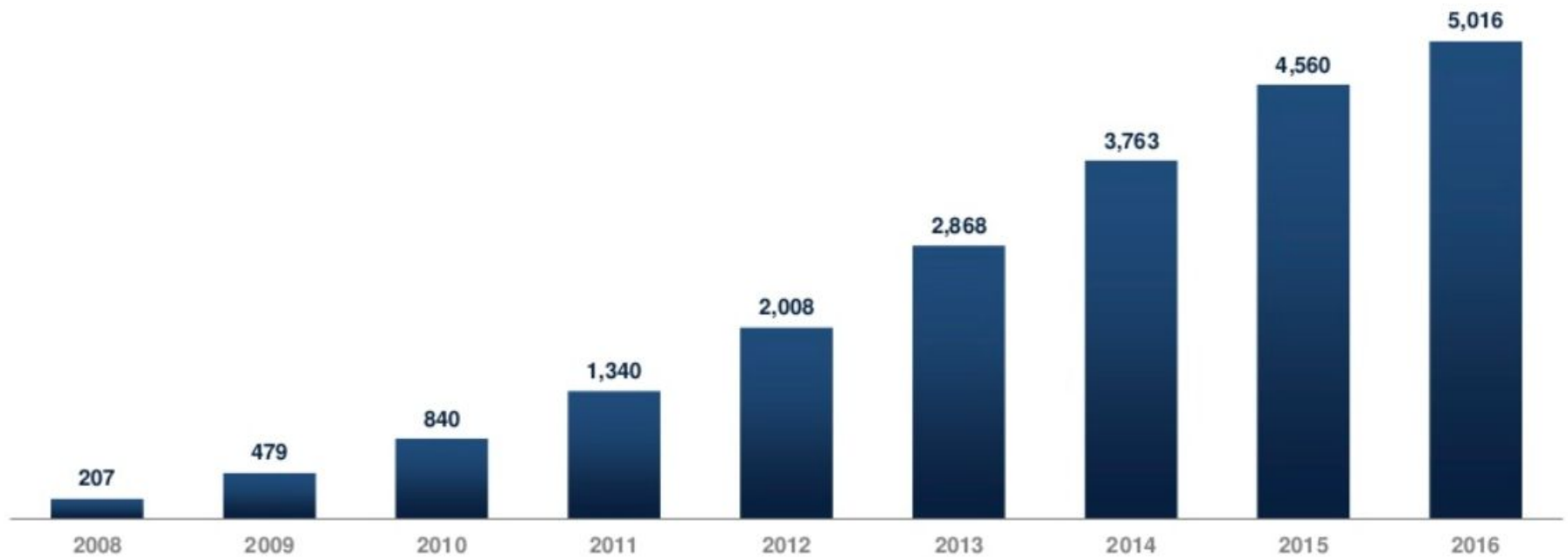
Fintech Technologies

- Identity, privacy and anonymity
- Blockchain and encryption
- Big data and analytics
- AI, DSS and automation
- Smartphones and consumer tech

New Tech has changed how startups are built



Cumulative Number of Fintech Companies Founded¹



(1) Source: Pitchbook, KP estimates. Includes privately-held fintech companies.

Lending

OnDeck > LendingClub
Kabbage PROSPER
gorefi wonga
Orchard zest finance
affirm borro earnest

Personal Finance

Credit Karma mint
playmoolah BillPin BillsGuard
CoverHound HelloWallet
planwise smartasset wallooby

Payments

Square stripe
PayPal Paydiant fuze network
argo pay protean WEPAY
GC ReadyForZero BillMeLater venmo
iZettle Loop Braintree

Retail Investments

ROBINHOOD motif LV PERSONAL CAPITAL
SigFig Bettermint
KAPITALL wealthfront
FutureAdvisor tradier

FinTech

1,072 Companies

Institutional Investments

ADDEPAR finalta KENSHO
QUOVO Hedge LUCENA RESEARCH
StockTwits SumZero CONTIX

Equity Financing

CircleUp gust ShareSpout

Remittances

XOOM The Smarter Way To Send Money™
WorldRemit azimo
CurrencyFair

Business Tools

xero zen payroll free

Crowd-funding

KICKSTARTER Quirby INDIEGOGO
tilt LOCAL LIFT neighbor.ly

Consumer Banking

SIMPLE Cardlike vobu Moven

Financial Research

Seeking Alpha COSEER STOCK TAGON Q

Banking Infrastructure

ploid Bank of America DemystData
STANDARD TREASURY spout

36 of these new Fintech companies are now “unicorns”



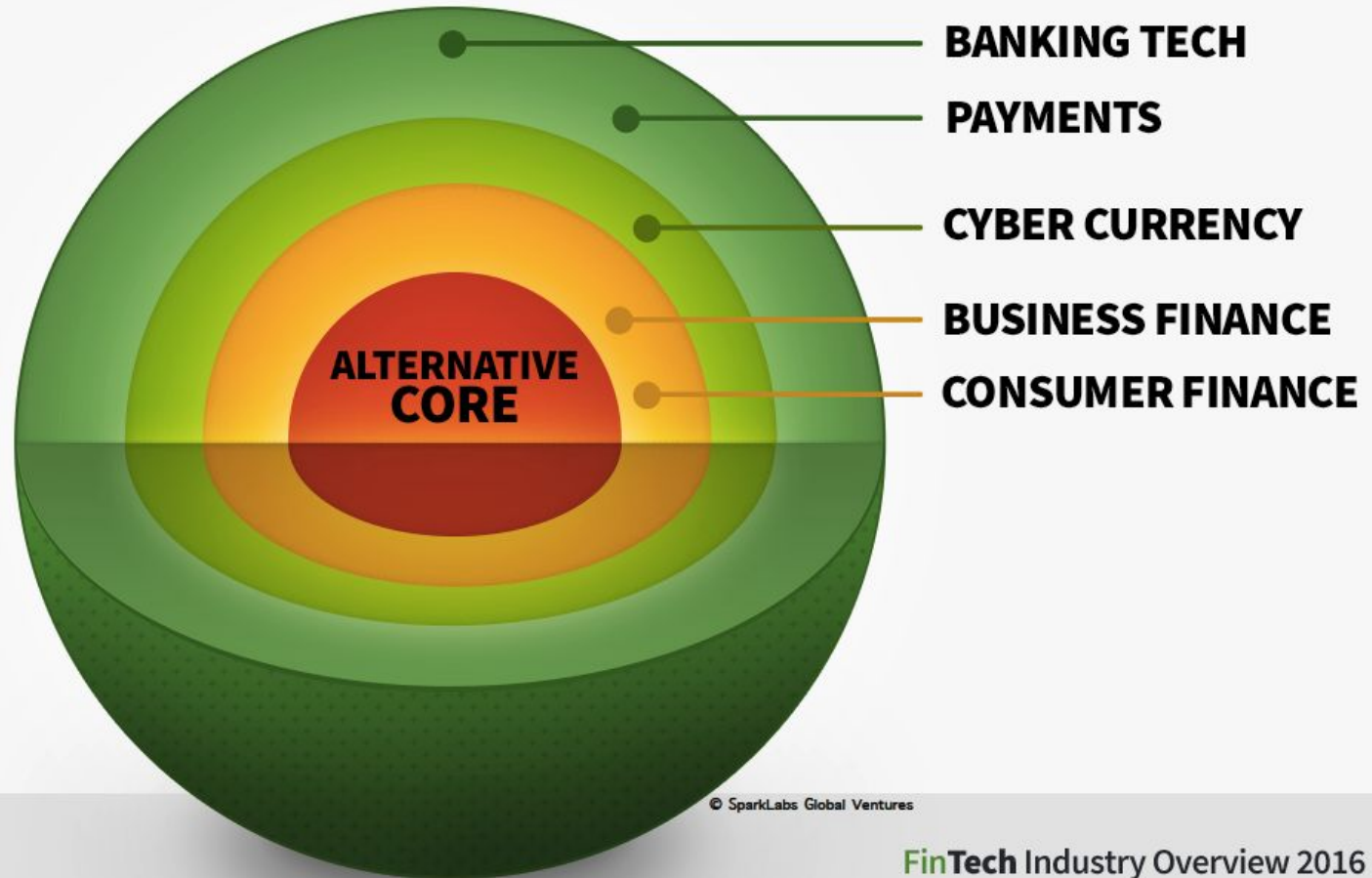
Note: Includes IPOs of ZhongAn, LendingClub, and Square.

Layers of disruption in FinTech

Attacking the Core

Our team believes the initial activity and transaction volume will be from the first layers of disruption in fintech (i.e. banking tech, payments), but long-term and more game-changing innovations will occur in the next layers.

Ultimately, this will lead to new startups and technologies changing the core of the finance sector: commercial banking and insurance (life, health, property).



Layers of disruption in FinTech

Banking Tech

Analytics
Data Management
CRM
Security

Payments

Online B2C Commerce
Mobile Wallet POS
P2P Money Transfer
Payment Solutions

Cyber Currency

Blockchain
Bitcoin
Digital Wallets
Cryptocurrency Exchange

Business Finance

P2P Business Lending
Credit Lines for Business
Crowdfunding

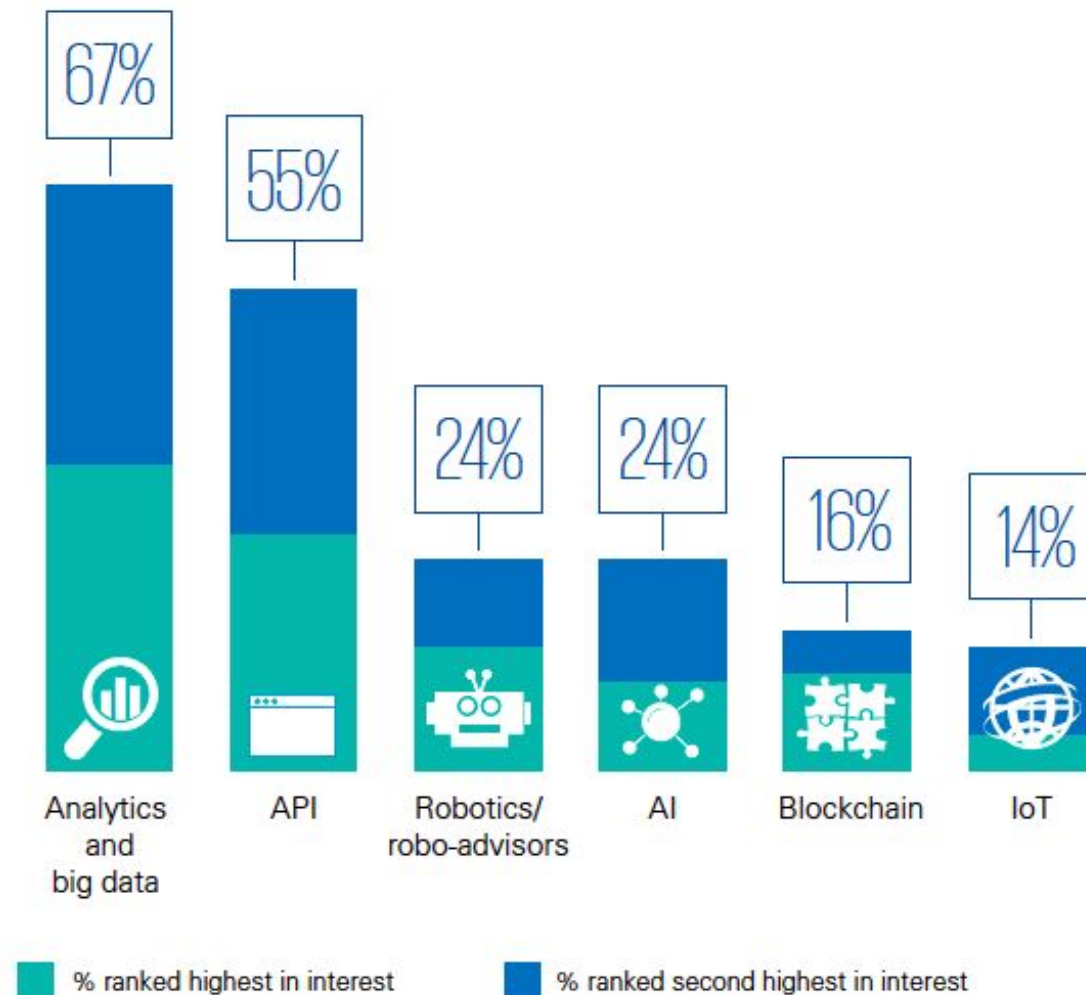
Consumer Finance

P2P Consumer Lending
Robo Advisors
Personal Finance Mgmt
Mortgage Lending
Credit Assessment

Alternative Cores

Alternative Health Insurance
Alternative Car Insurance
Alternative Property Insurance
Digital Banks

Emerging fintech technologies of most interest, next 3 years — all respondents



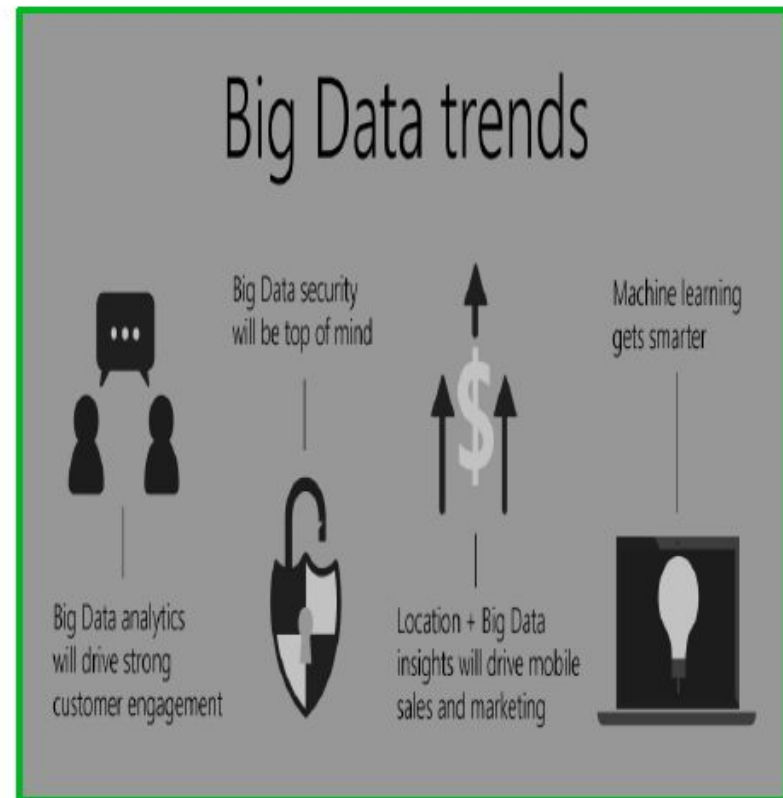
Source: KPMG International global fintech survey, 2017

Competitive Advantage



According to a research by Gartner, the use of big data has improved the performance of businesses by an average of 26%

- Enhances **risk assessment** process
- Effectively **analyze non-structured data formats** alongside structured data formats
- Improved **fraud risk decision making**
- **Planning audits**
- **High Volume** of data, **shorter time period**
- **Cost effective**



Why Big data in Financial Institutions?



ACQUIRE Customers DEVELOP Customers RETAIN Customers



Market Data



Digital Footprint

Structured Data

- Combining Data Silos
- Most financial firm do not combine unstructured with structured data.
- Major banks often spend \$5 billion a quarter on technology, but can't personalize offerings for 10 to 30 million people

10% structured-90% unstructured data

- Financial Institutes hold vast arrays of unstructured data
- This data is largely under-analyzed and rarely adds business value



Trading Ideas



Research Reports



News



Emails



Twitter



Internal Reports



Unstructured Digital Footprint

Unstructured Data

Driver for API adoption in banking



Extreme Velocity to create Digital Experiences Replacing Physical



Creation of common "OMNI Channel" capabilities (Decouple Experience!)



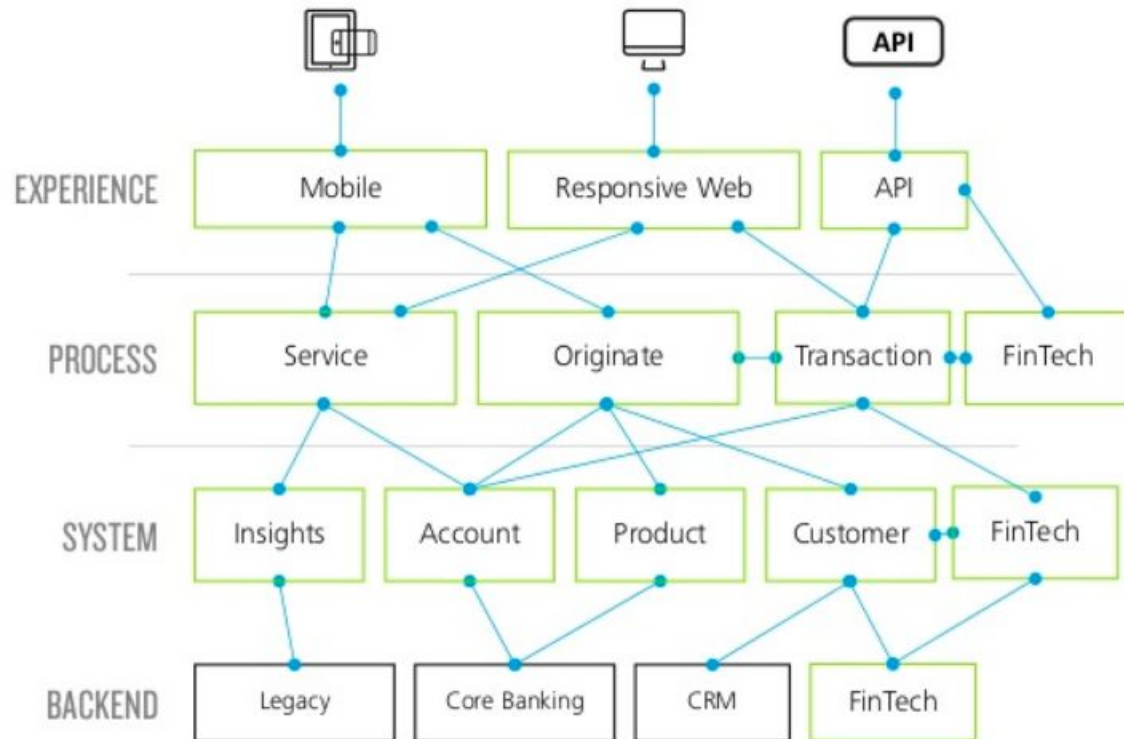
Modernize legacy systems & integrations



Need to incorporate new technologies e.g. FinTechs

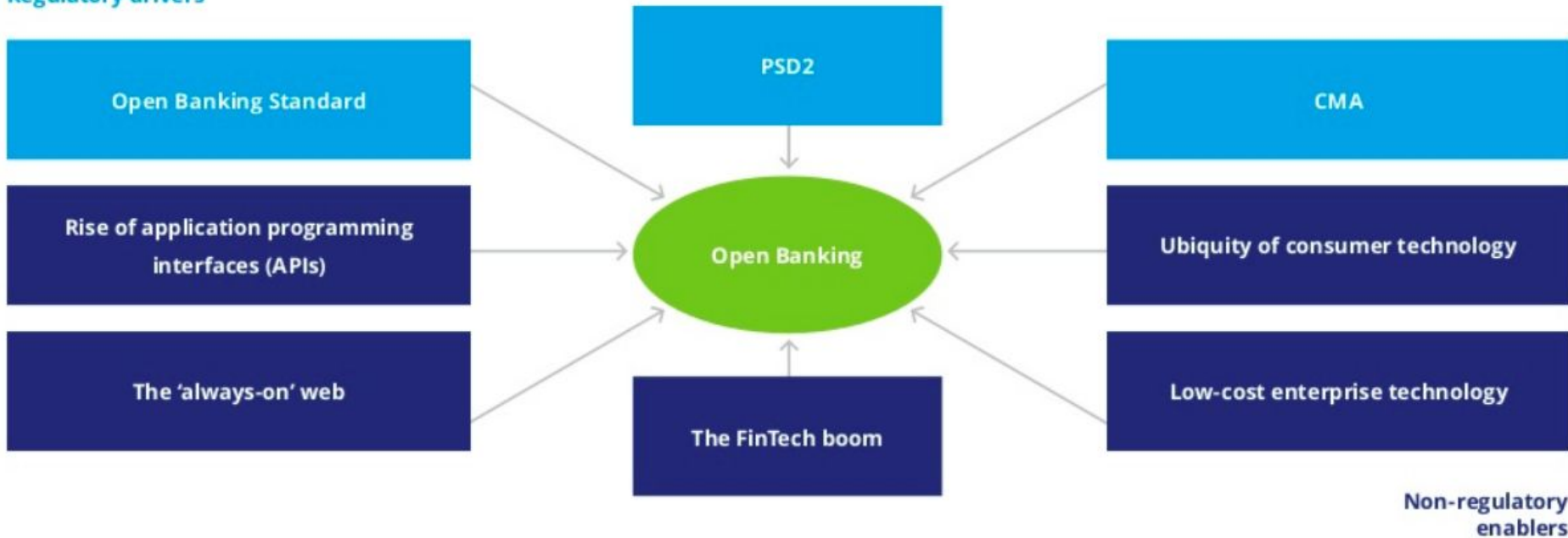


Expose bank services in new ways (Move to OpenAPI)



UK Open banking

Regulatory drivers



What is open banking?

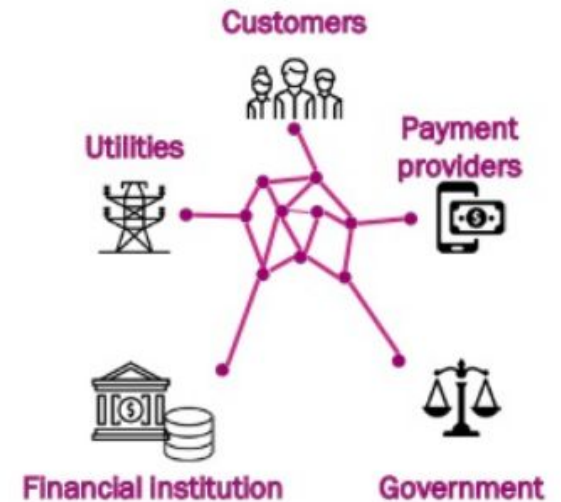
Closed Ecosystem

- Limited access to data & sharing

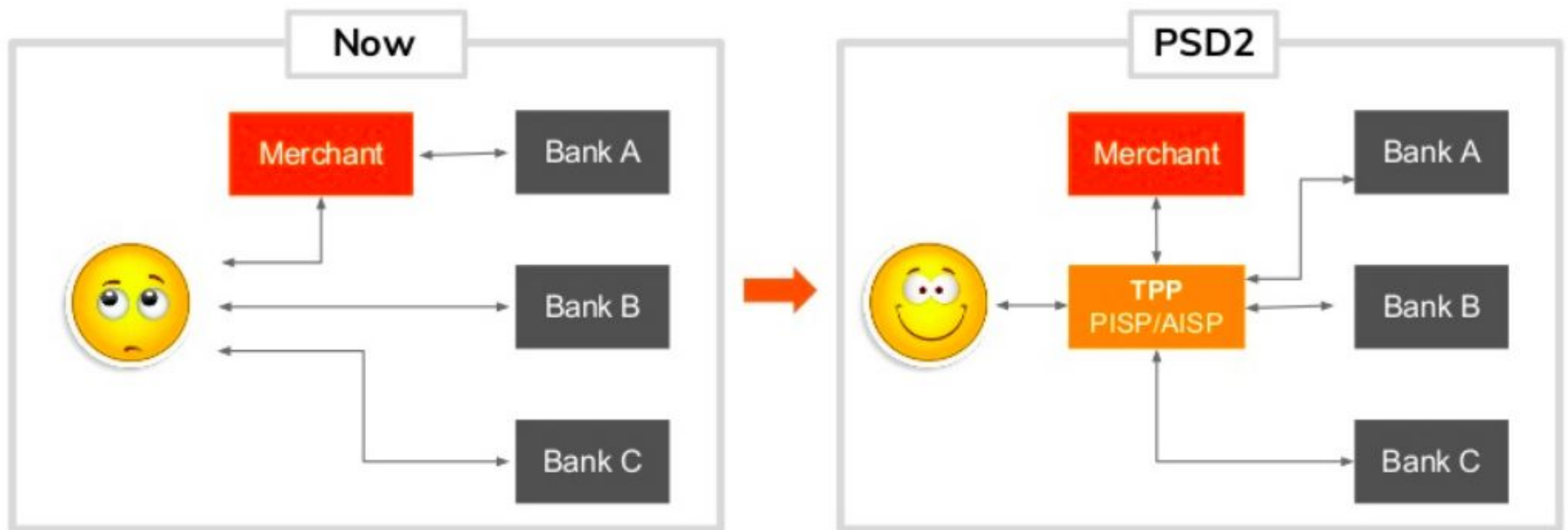


Open Ecosystem

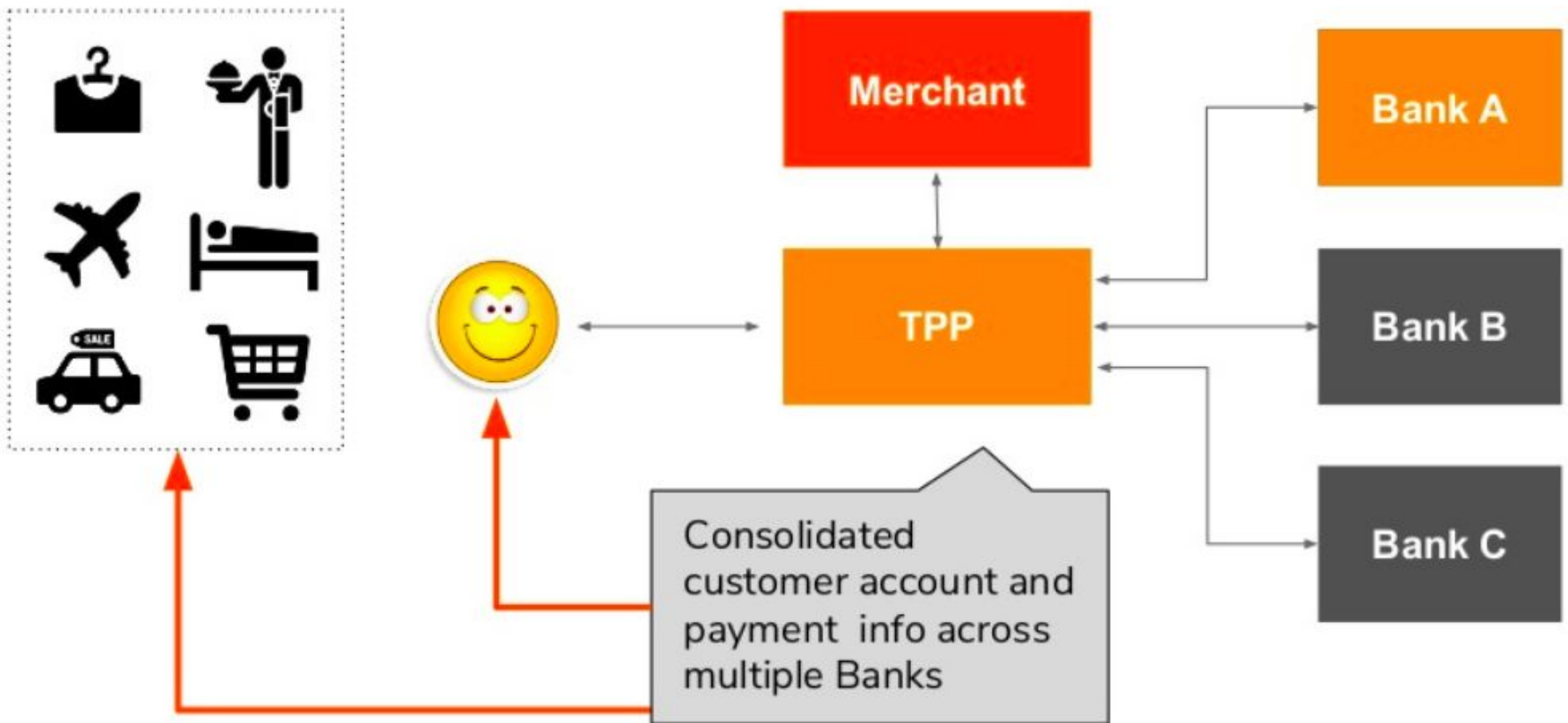
- Data access & sharing bi-directional
- Business models are distributed
- Banks serve as platforms



Open banking, changing the way we transact



Open banking, The opportunities



Benefit to consumers



Aggregated accounts enable new insights



Enhanced speed, convenience & simplicity

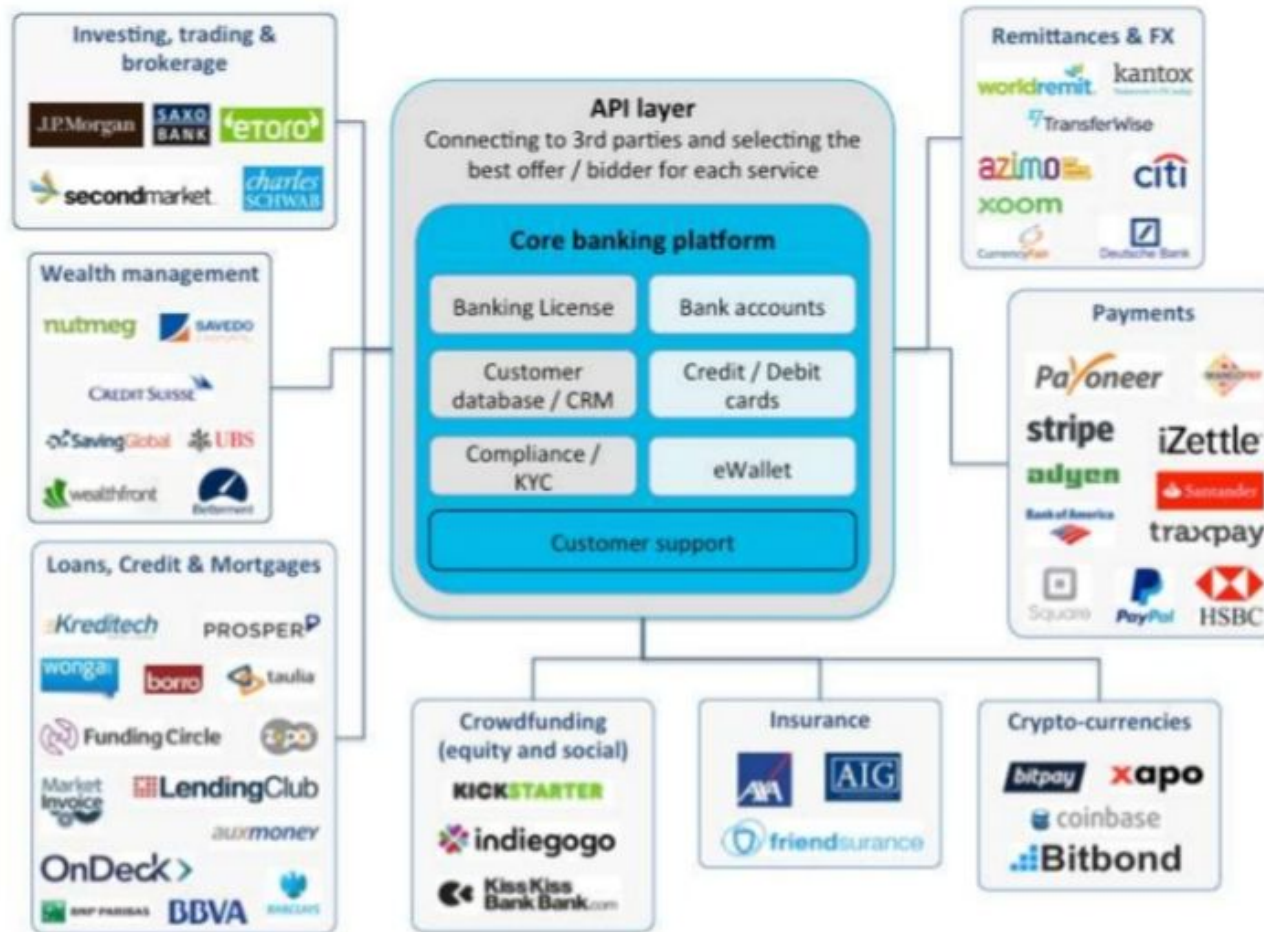


Services are more personalised/tailored



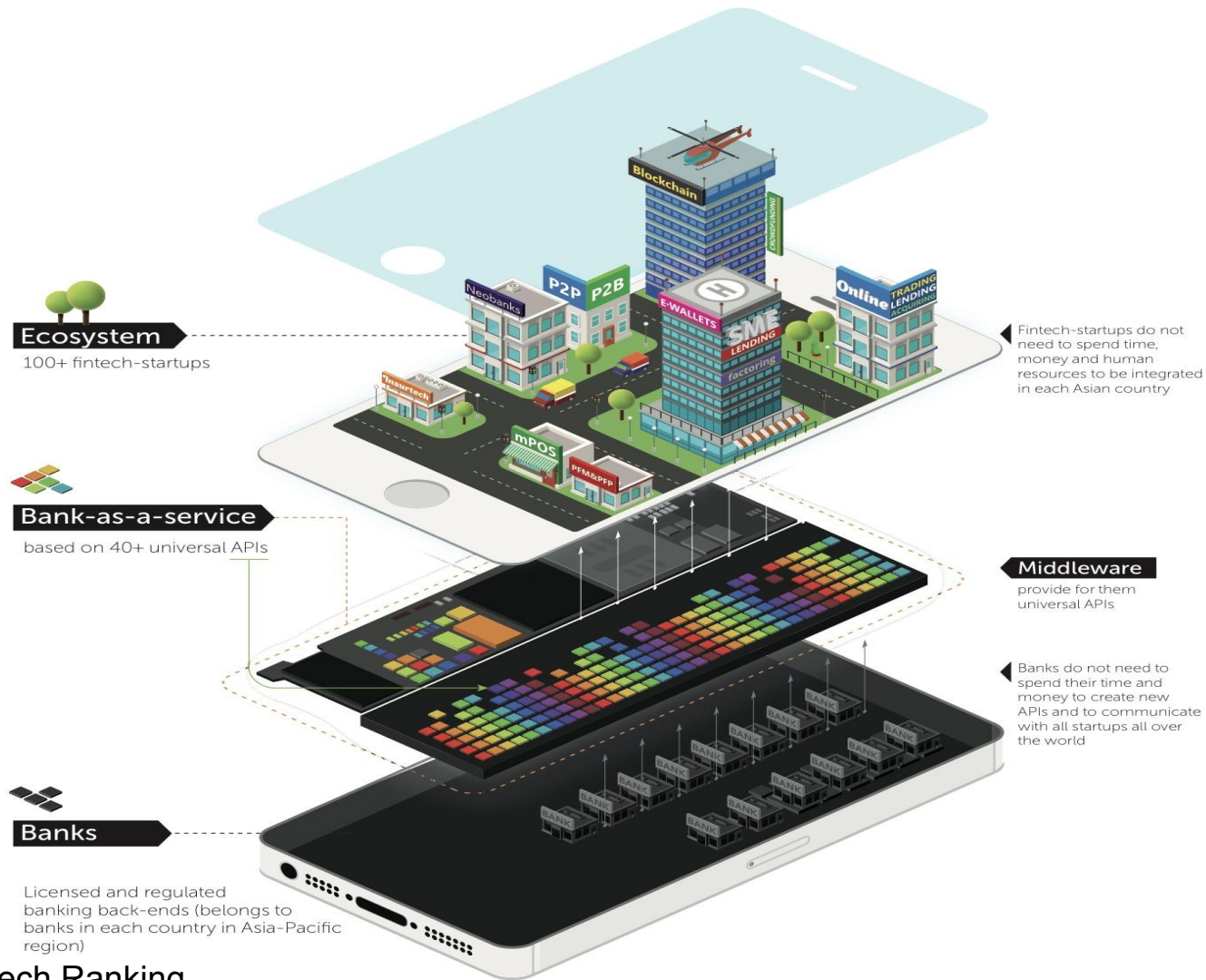
Access to more suitable, cost-effective products

A new model for digital banking: the Neo-API Bank



*Core banking platform + API Layers
+ CRM + KYC
+ Banking License*

Layers of BaaS-platform



Key characteristics

- Customer centric
- Modular technology platform
- Strong data analytics capability
- Agile operation
- Open to partnership

Skills and capabilities

Acquiring and harnessing customer data in innovative and more individually tailored propositions

A shift in culture towards a 'fail fast and learn quickly' mentality and an agile way of working

Learning to operate in a shared ecosystem with FinTechs and other tech-enabled firms



Who will win?

Incumbent banks could be in a position to win, owing to:

- Incumbency advantage
- Strong, trusted brands
- Financial expertise

However, a number of other organisations may be in a position to leverage their strengths to win in this space, including:

- Tech giants
- FinTechs
- Price comparison websites
- Digital payment providers

Banking is now a Data business



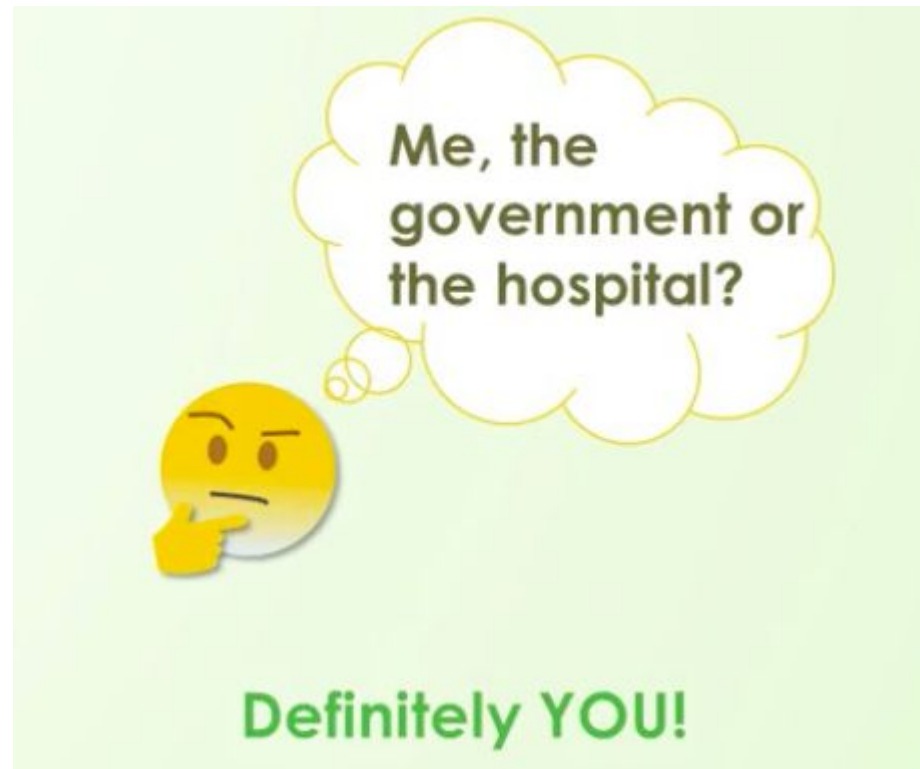
Financial Trails:

Personal details
Monthly income
Monthly expense
Transactional data

*Consumer not only deposit money to banks,
but also **Data***



Who own my medical diagnosis data?



Some financial institution may use your data

- For data analytics of consumer behaviour
- For digital marketing
- etc.

Consumer should have a right to profit from their own data.

ขอบคุณครับ

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