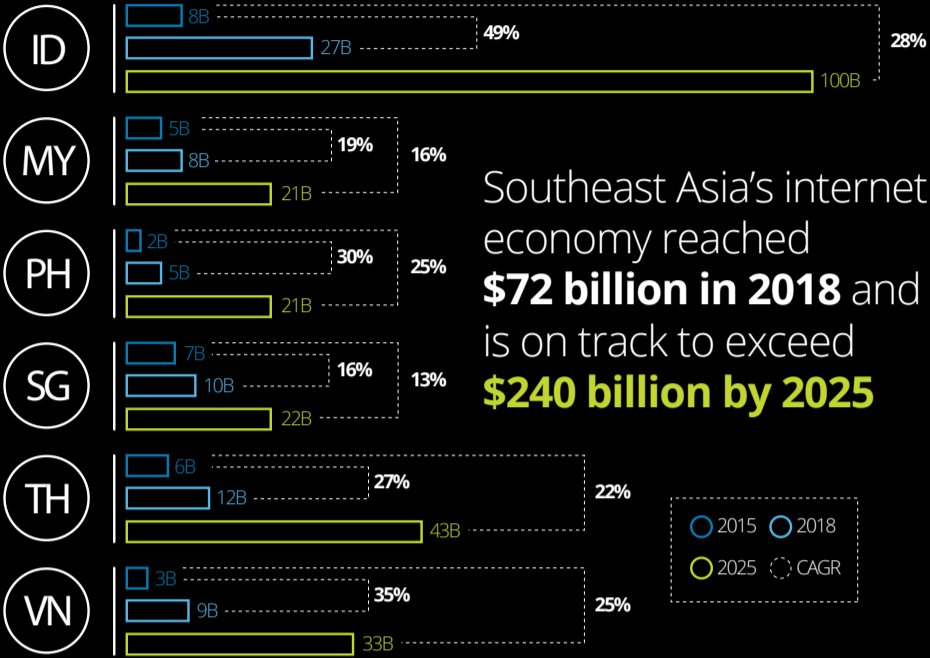
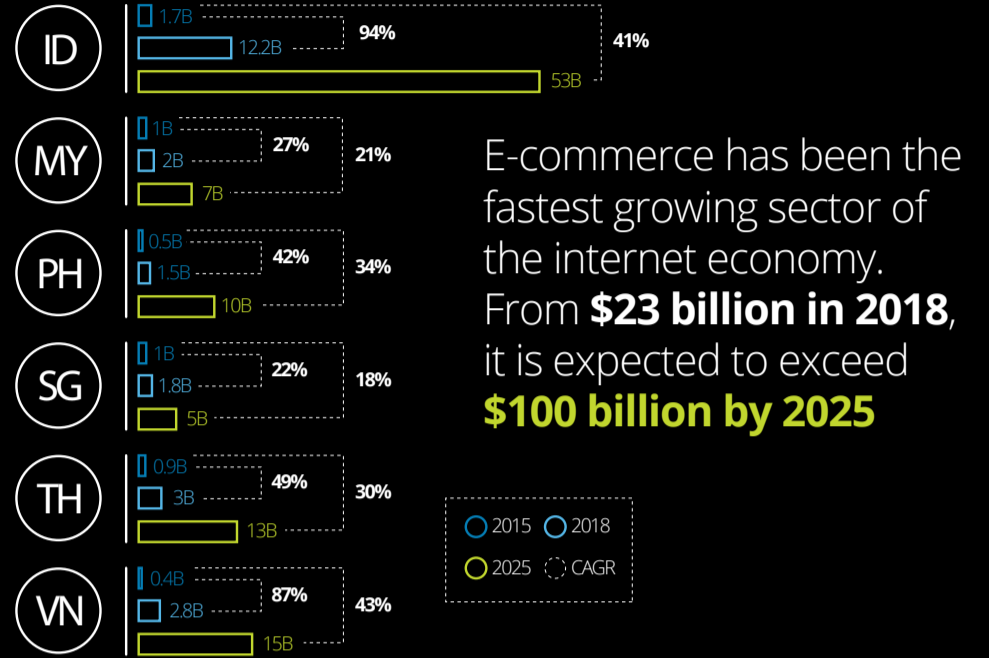


Source: e-Conomy SEA 2018, Google-Temasek report

SEA Internet economy market size (GMV, \$B)



SEA E-commerce market size (GMV, \$B)



SEA At A Glance



E-commerce use amongst internet users
Percentage of internet users who bought something online via any device in the past month (survey-based)



M-commerce use amongst internet users
Percentage of internet users who bought something online via a mobile phone in the past month (survey-based)



E-commerce consumer ARPU vs. GDP per capita
Average amount spent on e-commerce purchases of consumer goods by each e-commerce user in 2018, vs GDP per capita



Credit card ownership
The percentage of adults aged 15+ who possess a credit card



Penetration of mobile banking
Percentage of internet users that accesses banking services via a mobile device



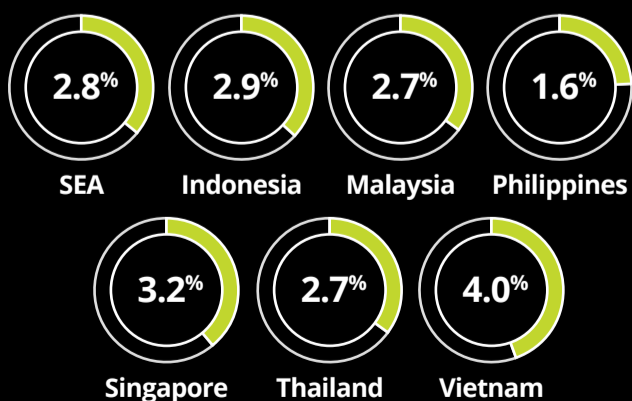
Use of ride-hailing apps
Percentage of internet users that use taxi booking or ride-sharing apps each month (survey based)

	ID	MY	PH	SG	TH	VN	W
E-commerce use amongst internet users	86%	75%	70%	73%	80%	77%	75%
M-commerce use amongst internet users	76%	58%	57%	54%	71%	62%	55%
E-commerce consumer ARPU vs. GDP per capita	2.3%	1.6%	0.6%	1.8%	1.5%	1.9%	N/A
Credit card ownership	2%	21%	2%	49%	10%	4%	18%
Penetration of mobile banking	61%	66%	54%	64%	74%	50%	41%
Use of ride-hailing apps	51%	48%	40%	52%	20%	45%	30%

WORLDWIDE

Source: Global Digital Report 2019, We Are Social and Hootsuite

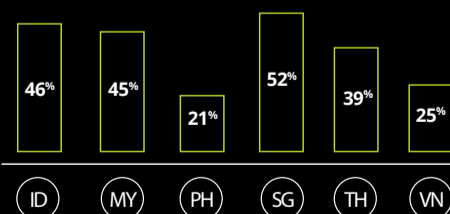
Internet economy GMV as % of GDP (2018)



GMV: Gross Merchandise Value

Digital payment service adoption

The adoption of digital payments is increasing, yet usage remains low, possibly due to the lack of widely accepted solutions.

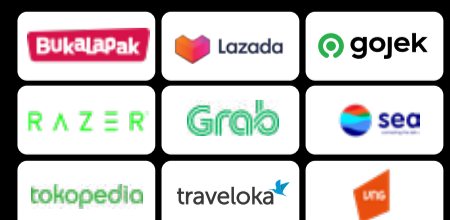
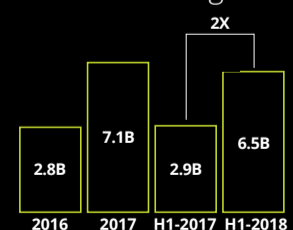


Multiple players offering digital payment services

- Ride Hailing**
Go-Pay (ID)
GrabPay (SEA)
Ovo (ID)
Kudo (ID)
- e-Commerce**
AirPay (SEA)
- Tech**
Apple Pay
Google Pay
Paypal
- Banks**
DBS PayLah! (SG)
Mandiri e-Money (ID)
- Telecom**
Telkomsel t-cash (ID)
Globe GCASH (PH)
TrueMoney (TH)

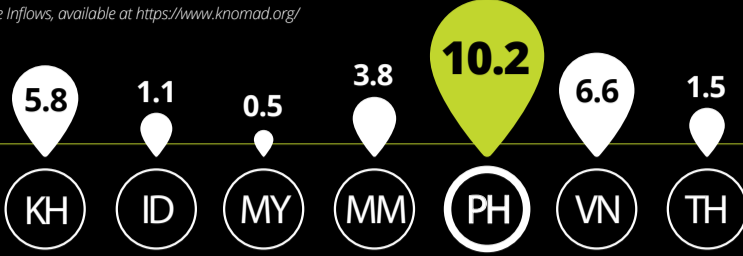
Fund-raising for SEA unicorns (\$B) 2016-H1 2018

Most funding went to SEA's 9 unicorns (\$16B since 2016). Notably, Grab is the first decacorn for the region.



Source: The World Bank, Remittance Inflows, available at <https://www.knomad.org/>

Remittance as a share of GDP in 2018 (%)



Migrant remittance inflows (US\$ million)

Year	KH	ID	MY	MM	PH	VN	TH
2018e	1,411	11,237	1,663	2,754	33,827	15,934	7,459
2017	1,295	9,011	1,648	2,565	32,810	15,000	6,720
2016	1,200	8,907	1,604	2,346	31,142	14,000	6,270
2013	1,003	7,614	1,423	1,644	26,717	11,000	6,585
2010	557	6,916	1,103	115	21,557	8,260	4,433

Coins.ph

Coins.ph provides mobile wallets and financial services such as remittance, mobile air-time top-ups, bill payments, and more. Founded in 2014, the company is said to have one of the country's largest cash distribution networks presently, serving 5 million Filipinos digitally through more than 100,000 partner merchants, and through more than 33,000 partner locations.

IMPROVING THE EXPERIENCE

No longer do people have to travel to remittance centres and banks, and wait in line for their turn to be served. With a mobile application in hand, Coins.ph users are now empowered to make transactions where they are, when they need to – and at a lower cost too!

ADOPTING NEW TECHNOLOGY

When Coins.ph executes a money transfer over the app, it involves converting the funds into bitcoin, which is underpinned by blockchain technology. This decentralised ledger system means that Coins.ph does not have to use international networks or build their own infrastructure to facilitate transfers, allowing them to bring the cost of money transfers down.

Did You Know?

The Philippines is the fourth-largest remittance-receiving country in the world after India, China and Mexico.

SOCIAL IMPACT

With just about 35% of the population with formal bank accounts, solutions like Coins.ph have the potential of promoting financial inclusion through more accessible and affordable services. The challenge for regulators is to ensure that new fintech solutions are safe and fair to consumers.

Others to watch:



Salarium

Salarium started out as a human resource-focused startup offering payroll SaaS solutions in 2013, and has since expanded to fintech solutions. They now offer a personal e-wallet (with a debit card option) called SALPay, that employees within the client corporation can easily sign up for. Employees can use SALPay for their personal bill payments and other transactions. Salarium launched an initial coin offering in 2018, through which they raised US\$13.5 million.

INCREASING EFFICIENCY

By deploying blockchain technology and offering SALPay as the payout option that is automatically linked to their payroll SaaS, Salarium's new setup removes the possibility of human error that still resides with traditional bank payroll processing, and cuts out the layers of intermediaries that exist today to verify and execute payroll payment instructions.

NETWORK EFFECT

Salarium has extended its reach from HR to personal finance by linking company payouts to individual e-wallets through the introduction of SALPay. This has opened the doors for them to find new revenue streams from day-to-day retail transactions and they can now play squarely in the e-wallet space. SALPay has already partnered over 120 businesses and services, and the ease of using SALPay can only increase as they build up more of such partnerships.

Moving into a Freemium model

As Salarium expands from HR payroll SaaS offerings to fintech solutions, it is changing its approach in getting more users. Their payroll solutions are now offered as a very low-cost service – or sometimes even for free – so that corporate clients can sign up, and then introduce Salarium to a new base of potential SALPay users. Based on news reports, as of 2018, the corporate user base for SALPay has over 10,000 users from over 500 companies.

Others to watch:



Exciting new developments in 2019

Innovative Startup Act passed in April, leading to the creation of

- Philippine Startup Development Program
- Philippine Startup Ecozones
- "Startup visas" for owners, employees, investors

Fintech companies make up 15% of Manila's startups, presenting an interesting niche to explore.

Source: <https://startupgenome.com/>

First Circle is a digital lending platform for micro, small and medium enterprises (MSMEs). Providing short-term funding to finance operations and working capital requirements, First Circle is licensed by the Securities and Exchange Commission (SEC) in the Philippines and is an official partner of the Department of Trade and Industry (DTI). It was founded in 2015 and has raised up to a Series A round since, bagging a total of US\$28.5 million in funding to date.

NEW BUSINESS MODEL

SMEs generally lack traditional credit data, and that prevents them from getting access to formal bank credit. By analysing alternative data sources to determine the credit-worthiness of their applicants, First Circle is able to provide loans to this untapped class of businesses and still effectively manage lending risks.

ADOPTING NEW TECHNOLOGY

First Circle owns proprietary software that allows them to quickly assess and decide on the outcome of each loan application. The entire application process can take place entirely online and will take a mere few days from initial application to eventual disbursement of approved loans. In addition, First Circle is able to acquire new customers quickly and relatively cheaply, through partnerships with e-commerce platforms like Lazada and Zalora, where much of their target clientele is based on.

Did You Know?

Micro, small and medium enterprises account for 99.56% of total business establishments. They contribute about 62.9% of total jobs generated, and about 35% of the country's GDP.

SOCIAL IMPACT

Access to finance is often cited as challenge for MSMEs in the Philippines. While some have suggested that banking policies could be relaxed to help MSMEs access more funding, lending solutions like First Circle have certainly filled a gap in the business financing landscape, which explains the impressive funding rounds – and regulatory scrutiny – that they and others like them are starting to receive.

Others to watch:



First Circle

Where is the Innovation?

Where is the Innovation?

FarmOn.ph is a crowd-funding platform set up in 2014 that allows others to make very small investments into specific farming projects. This allows farmers to raise capital to grow new cycles of crop.

INCREASING EFFICIENCIES

While crowd-funding is the main feature of FarmOn.ph, it is linking up more than just funders and farmers. As a digital platform with partners and farmers on the ground, FarmOn.ph is also a conduit of information on market access opportunities for the eventual harvest, and on farming methods, techniques and other forms of knowledge that can improve farming yield.

NEW EXPERIENCE

FarmOn.ph was first conceptualised as a game, and the funder experience is gamified such that the user is able to vicariously farm through the selection of land plots and crops to plant. FarmOn.ph rides on the familiarity of viral and addictive games like Farmville, marrying virtual farming with real-life outcomes.

SOCIAL IMPACT

Accounting for over 25 percent of the workforce and contributing to about 10 percent of the nation's GDP, the agriculture industry in the Philippines has a significant impact on food security, employment and poverty in the country. Productivity and access to funds for smallholder farmers remain concerns to be addressed for the industry, and solutions like FarmOn.ph provide new ways to solve these age-old problems.

Others to watch:



FarmOn.ph