



FINDING THE WAY FORWARD IN POST COVID-19 WORLD Future of Fintech

Impact of the COVID-19 on Financial Markets

- Coronavirus pandemic affects the economy on both the supply and demand sides.
 - Reduction in the supply of labour (Supply Side)
 - Dramatic and sudden loss of demand (Demand Side)
- In addition to the effects on the supply and demand side, COVID-19 has already jolted financial markets.
 - Bond yields, oil, and equity prices have sharply fallen
 - Trillions of dollars, across almost all asset classes, have sought safety

} Since February 21, 2020
- The markets are trying to price using the worst-case scenario, which has increased volatility recently.
- Capital markets firms around the world are mobilizing and taking steps to Minimize COVID-19's effects on day-to-day operations.
 - Financial, risk, and regulatory compliance implications that are resulting from the continuing uncertainty around COVID-19
 - Change in the role of intermediary (Importance of intermediaries ?)
 - New age interpretation of financial services (does not require any physical presence)

Impact of the COVID-19 on Financial Markets

The 10-year US Treasury yield has been falling to record-low levels

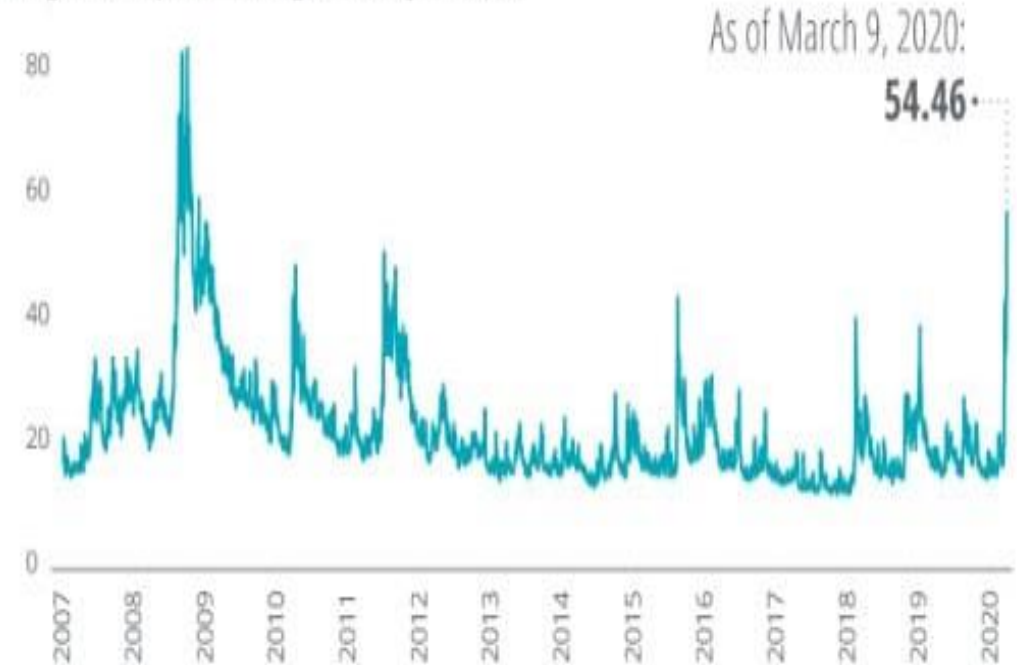
— 10-year US Treasury yield (percentage)



Source: Federal Reserve Bank of St. Louis.

The VIX, a measure of the stock market's expectation of volatility based on S&P 500 index options, has risen significantly

— Chicago Board Options Exchange's Volatility Index (VIX)



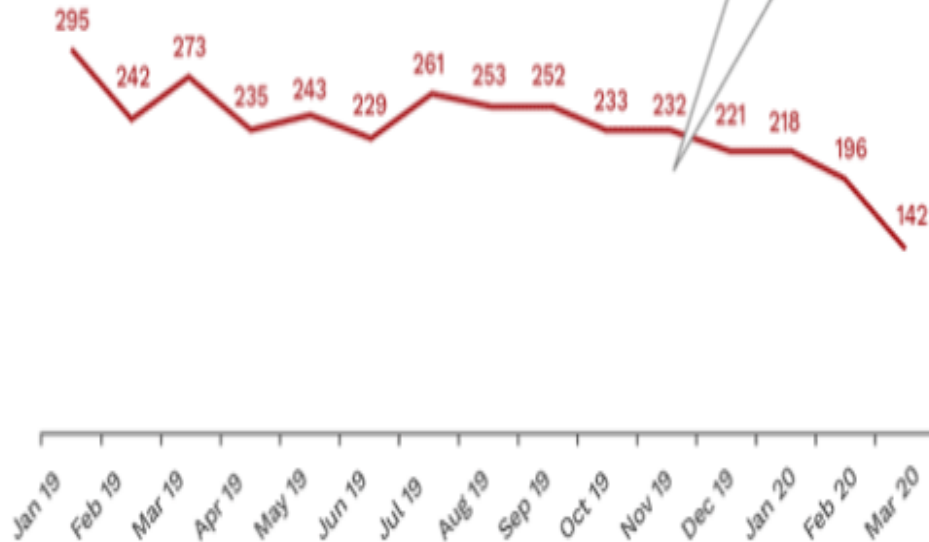
Source: Federal Reserve Bank of St. Louis.

Fintech Role in the Recovery Phase

- COVID-19 pandemic has forever changed our world. (social distancing, ensure business continuity, strengthen health-care outcomes, reducing the dependence on physical financial interactions and the need for cash)
- Fintech can facilitate government responses.
 - Fintech is proving to be a useful tool in ensuring access to financial services and helping deliver governments' support measures
 - Right balance between enabling fintech and safeguarding the financial system
- Crises raise endless challenges, but there are also opportunities.
- Its role will depend on the industry's resilience to the shock and how the fintech landscape evolves post-COVID-19.
 - Find a way to move forward in an agile manner
 - Able to guarantee their present, but without forgetting to envision the future

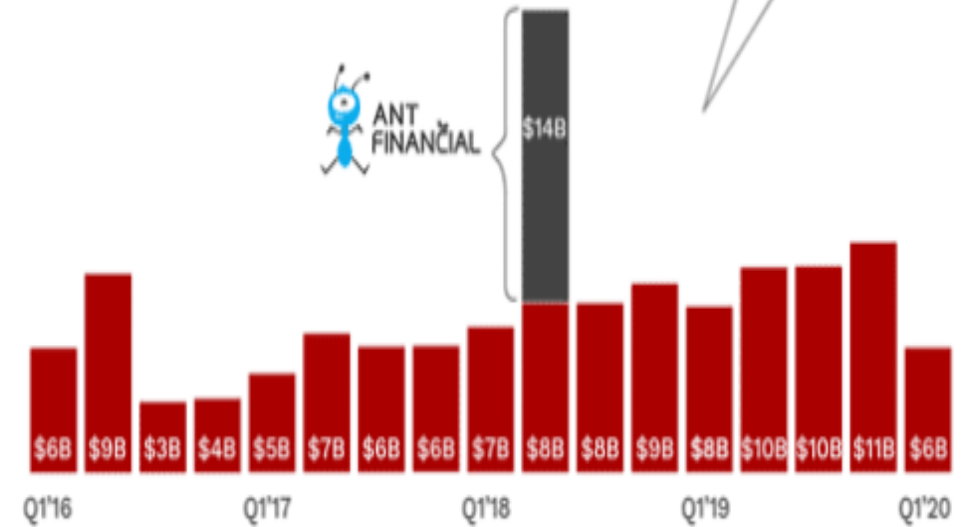
Effect of COVID-19 on Fintech

Fintech deals have fallen for 8 straight months



SOURCE: CB Insights © May 2020 The Financial Brand

Fintech funding has fallen to 2017 levels



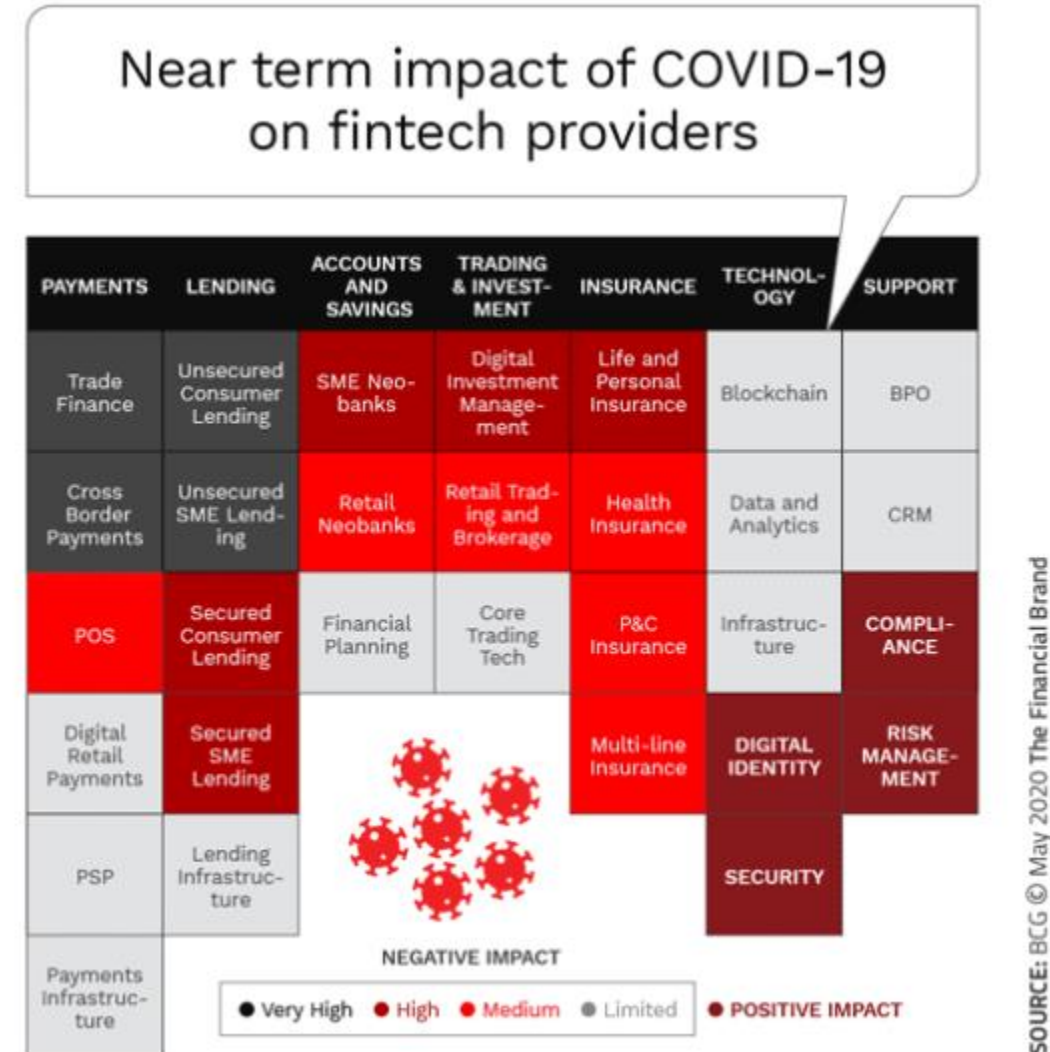
SOURCE: CB Insights © May 2020 The Financial Brand

Effect of COVID-19 on Fintech

- Access to funding.
 - Rely on investor funding
 - Interest rate cuts, Economic slowdown
 - Tightened lending standards
- Reduction in business and consumer spending.
- Focus on 'new normal' to reduce costs and remain sustainable in this difficult period.
- Maintain operational resilience.
- Tightening their underwriting standards to retain the quality of their balance sheets and mitigate any potential rise in defaults.
 - Historical data less reliable in today's environment
- Data privacy and App securities challenges.
- Change in business and revenue models

Effect of COVID-19 on Fintech

- Payments
 - POS payments- negatively impacted by the slow recovery
 - P2P digital payments - will continue to be strong
- Lending
 - Strong category in the long-term
 - Faces difficult short-term prospects - miss payments or default
- Investment Services
 - Highest usage numbers early in the COVID-19
 - Expected to continue - extreme market changes
- Technology Providers
 - Early winners
 - Traditional financial institutions are forced to reduce costs



New Opportunities for Fintech Companies

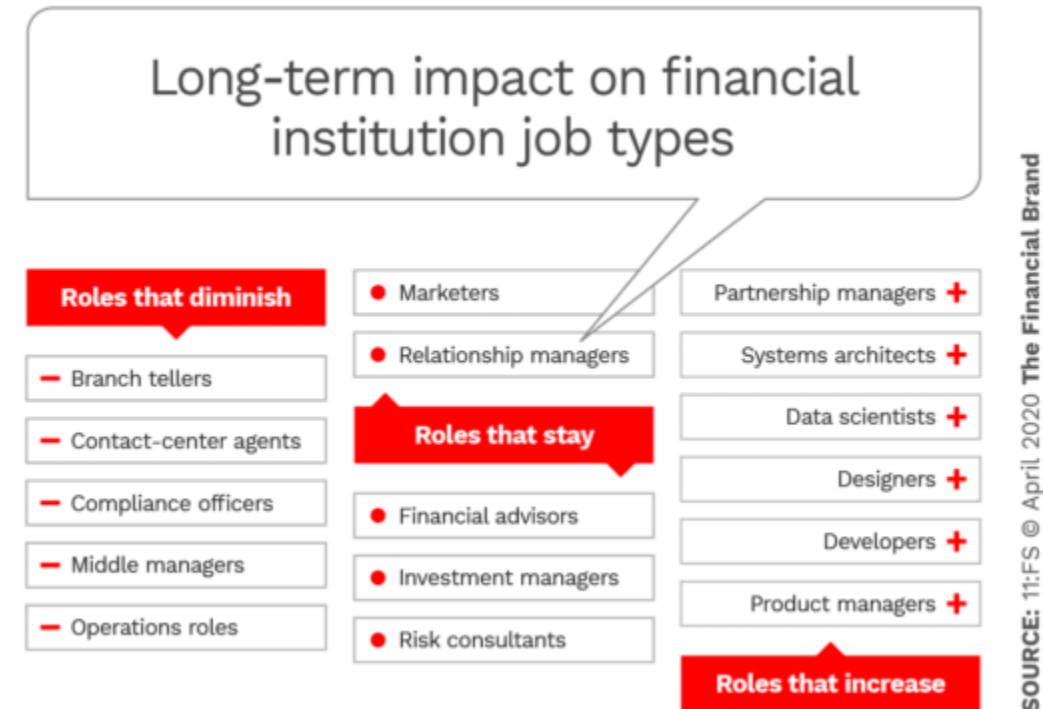
- Rapid digitization.
 - Depends on investors' funds
- More collaboration with other financial institutions.
- Boosting overall security to cyber attack
- Expansion of digital finance - Harnessing the Internet of Things
 - Cashless payments, Mobile APP Payments
 - Robo-advisors
 - AI and big data
- Advancing financial inclusion programs
- Regulatory progress
 - COVID-19 has pushed the adaption of fintech and regtech.
 - Crypto currency



SOURCE: © Capgemini April 2020 The Financial Brand

Post COVID-19 Financial Services

- Be able to operate effectively
 - Ongoing risk of pandemic
- Pandemic risk insurance, Impact investing
- Digitalisation
 - Competitive advantage
 - Financial services firms - modify their business models
- Adoption within the digital economy
 - Digitalized crowdfunding platforms
 - Network effects in capital markets
- Emerging regulatory approaches and key considerations
 - Innovation Facilitators
- Upskill and Reskill employees and build new capabilities





Thank you for your attention!

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