

VISA



Visa & Fintech
in Asia Pacific

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Foreword



Tasneen Padiath,
Head of Digital Accounts
& Fintech, Asia Pacific, Visa

Visa has been at the forefront of driving innovation in payments since its inception more than sixty years ago. In the last few years, the landscape has evolved tremendously. We have seen major disruptions in banking and finance, spurred by digital and technological advancements.

Asia Pacific is the epicenter of these new burgeoning and exciting developments. As the original fintech, Visa continues to pioneer new kinds of digital payments that are driving the next generation of payments innovation. As a network business, we have a commitment to unlock the potential in each transaction and bring new experiences to the global digital payments network.

This report illustrates our views, approach and strategy as a key ecosystem player leading the next wave of fintech revolution. It outlines our values and reflects our promise to connect and partner with financial institutions, businesses, merchants, government entities, and strategic partners to enhance the payment experience.

We look forward to shaping and growing the payments ecosystem, driving new ways to pay and be paid for everyone, everywhere.

About This Report

The fintech sector is a dynamic and fast-evolving part of the broader finance and banking economy.

In Asia Pacific, Visa operates in 57 markets¹. With more than half the world's population living in Asia Pacific, the region provides an incredibly diverse backdrop for digital commerce and growth. In this report, we examine the fintech landscape in Asia Pacific, the changing nature of competition in the region as well as Visa's role in shaping the digital payments landscape of the future.



¹ Number of markets in which Visa cards are issued

The Asia Pacific Landscape

Asia Pacific is the global leader in internet users²



By 2030, **53%** of internet users are expected to reside in the region.²



Growth in internet users²

From 2018 to 2030:
+400 million people
(Total: 1.6 billion by 2030)

Spurred by factors²:



Investment in Digital Infrastructure



Competition-enabling Regulations



Adoption of Mobile Technology

Asia Pacific is the most populous region in the world and by 2030, will add an additional 400 million people to the global total².

Mobile has changed the landscape for everyone in payments, but the greatest impact is here in Asia Pacific. The mobile device has grabbed people's attention in a way that cash or plastic never could.

The increasing adoption of mobile commerce is spurring fintech innovation. Fintechs in particular, are adept at addressing specific pain points in the commerce value chain that have long been overlooked. When combined with an excellent front-end user interface, fintechs are able to deliver new and seamless customer experiences.

² Digitalisation in Asia: How One Region is Shaping Worldwide Trends, Euromonitor International

Emerging Fintech Trends

Asia Pacific is a hotbed of fintech activity. Out of the 100 biggest fintechs in the world in 2018, 34 were in payments.³



In 2018, over half – 54% - of fintech investment globally went to companies in Asia⁴

\$17 trillion
in consumer payments

+

\$15 - \$20 trillion
in business-to-business spending still made in cash/cheque

+

1.7 billion people
outside the formal financial sector

=

A huge opportunity for fintechs to pioneer new kinds of digital payments that will drive the next generation of payments innovation.

Rise of the mobile-savvy consumer in Asia Pacific



Mobile Penetration

Observations:

- Increase in smartphone penetration
- People in the region are carrying less cash⁵
- People are using digital payments for more of their everyday spend⁵

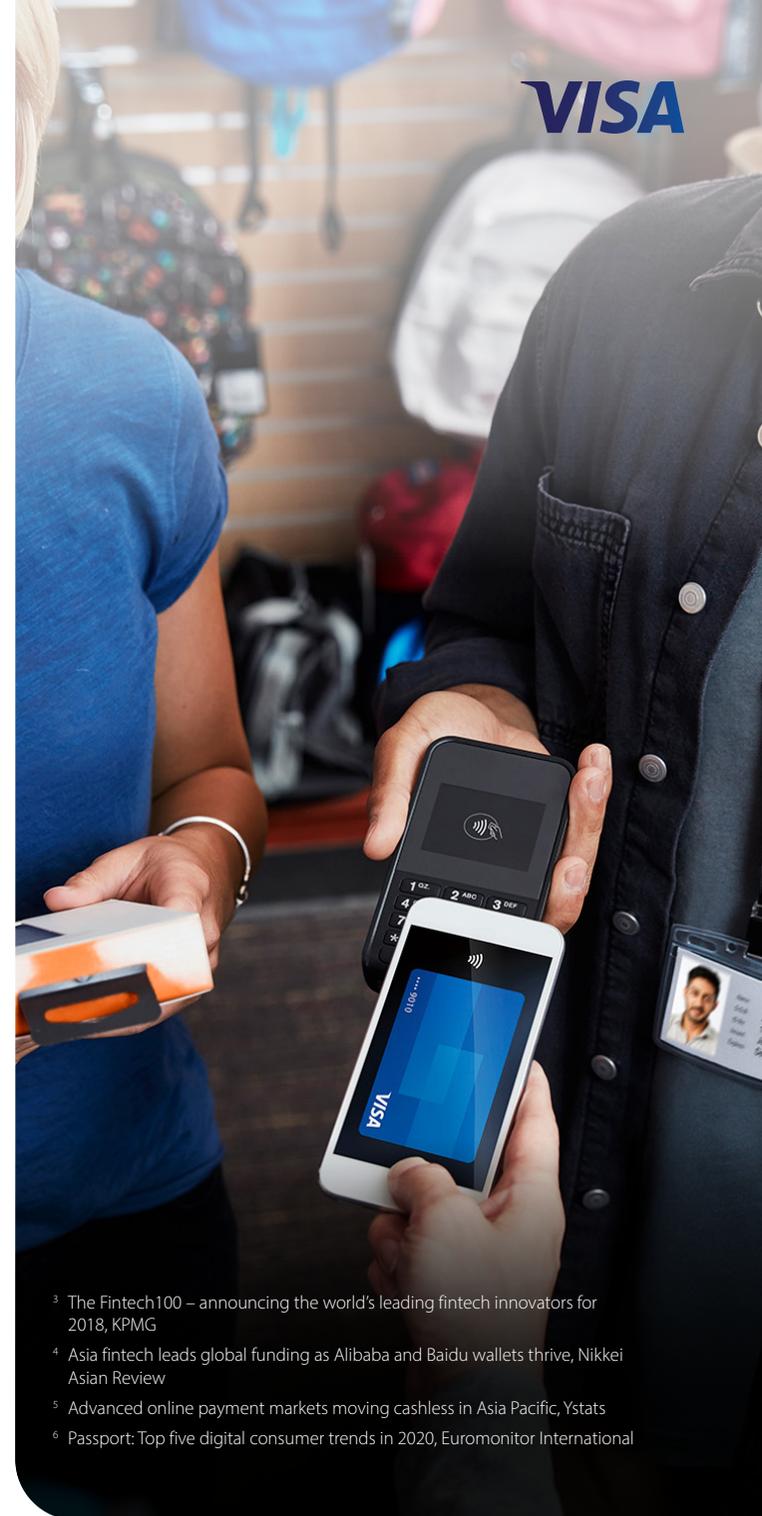


Mobile Commerce

Trend observed:

As of 2020, Asia Pacific is expected to be the global leader in mobile commerce with nearly 80% of digital commerce happening on mobile devices⁶.

Asia Pacific leads the region in the rise of digital wallet adoption, and new generation of platforms such as WeChat, LINE and Airwallex, and the unbundling of banking services. Moreover, consumers and businesses are transacting in new channels. The end users benefit as they have a better and wider range of options for moving money.



³ The Fintech100 – announcing the world's leading fintech innovators for 2018, KPMG

⁴ Asia fintech leads global funding as Alibaba and Baidu wallets thrive, Nikkei Asian Review

⁵ Advanced online payment markets moving cashless in Asia Pacific, Ystats

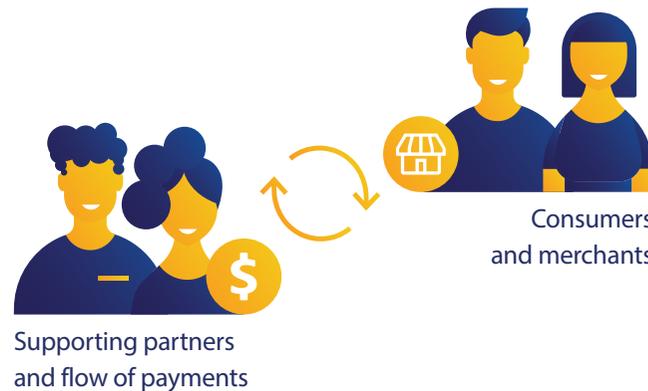
⁶ Passport: Top five digital consumer trends in 2020, Euromonitor International

The Changing Nature of Competition



Fintechs are key enablers around the world in helping to expand assets through electronic payments, open new acceptance, drive new payment flows and create new ways to pay and be paid. In the traditional model, fintechs and incumbents saw themselves in direct competition.

However, in the past few years, fintechs have shifted focus from wanting to put incumbents out of business to partnering with them for shared success. At the same time, incumbents have recognised the value in collaboration with fintechs.



Visa is a network business and our performance is fuelled by partnerships, whether it be our traditional financial institutions, fintechs, commercial players, new payment flow partnerships or our sponsorship partners.

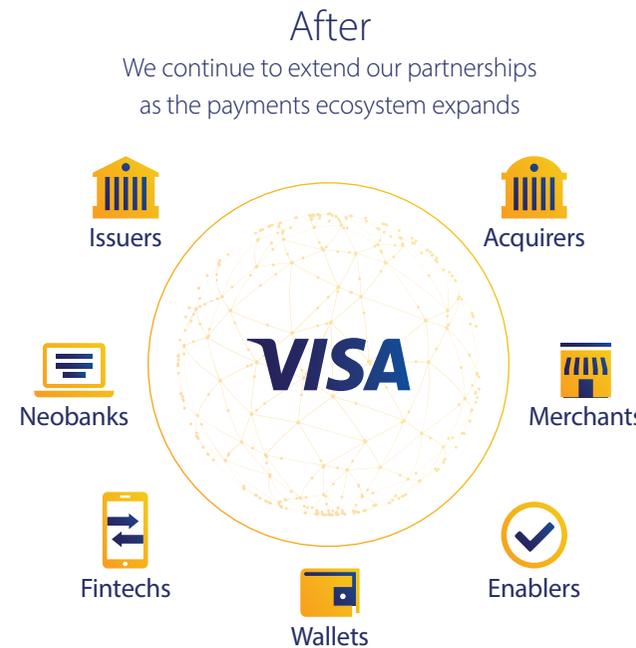
These partnerships have enabled our continued growth. As a key ecosystem player, we want to support a broad range of new partners who are helping to redefine and enhance the payment experience for consumers and businesses. We want to connect fintechs and their ideas with our bank and merchant partners, so that innovative new commerce experiences can be delivered with scale.

Visa's Approach to Fintechs

Visa is an open network business. We have a responsibility to partner with players that are bringing innovation into the global digital payments network – that's how the network evolves.

At the most fundamental level, what Visa does is connect buyers with sellers in order to transact in a growing variety of channels where commerce happens.

Visa believes that what's best for buyers and sellers is an interoperable, open system that can be used for payments in any channel, and geography. Often, people have to download a different app or learn a new payment method every time they travel to a different country. However, that shouldn't be the case. Open, interoperable standards will bring consistency to payment experiences in an increasingly globally connected world.



Open and Closed Loop Systems

As an open network, we interconnect all types of partners



Benefits of an open ecosystem

- Shared Mindset
- Customer Centred
- Accessible & Scalable
- Data Sharing
- Trusted & Secure
- Speed & Agility

Payments is such a complex, networked industry that no matter how big you are as a single player, going it alone will only get you so far.

For example, in Southeast Asia, governments are investing in domestic real-time payments networks. Connecting all of these domestic networks so they can seamlessly move money is challenging. Most of the new payment experiences in Asia Pacific were proprietary closed-loop ecosystems limited to one country or geography.

But today, we are seeing a fundamental shift from closed ecosystems to open ecosystems. These digital platforms are moving from being competitors to being very important partners. By bringing closed-loop players into the open-loop environment, Visa is able to share the standards that ensure a secure and trusted network and extend those interoperable standards to both traditional and new players. Today, many of these new players are becoming issuers of Visa credentials and enablers of Visa acceptance.



Network of Networks

Our endpoints are rapidly expanding through the opening of traditionally closed-loop ecosystems

		 Credententials	 Acceptance
Wallets		✓	✓
		✓	✓
		✓	✓
		✓	✓
		✓	✓
		✓	✓
		✓	✓
		✓	✓
		✓	✓
Networks		✓	✓
		✓	✓
		✓	✓
		✓	✓

Visa's Network of Networks strategy focuses on enabling the movement of money for everyone, everywhere, by being a single point of connection for any transaction, whether it's on the Visa network or beyond the Visa network.

Fintechs play an important role by expanding the number of endpoints (access points that senders and receivers use to move money) to facilitate a greater number of ways in which money can move.

Moving current closed-loop partners to open-loop will unlock:



1B+

New Credententials



65M+

New Acceptance Points

Sources: Partner provided user numbers; Publicly reported user numbers; Visa Analysis.



Growing Digital Payments

By 2025, digital payments are expected to cross \$1 trillion by 2025, becoming the payment method of nearly one in two dollars spent in Asia Pacific⁷. With an increasing demand for e-wallets, it is poised to grow even faster in the years ahead.

Historically, traditional banks were the primary issuers of payment credentials. Today, we're seeing a tidal wave of new issuance from neobanks, messaging apps, ride-hailing companies, marketplaces, digital wallets, and the list goes on and on. These new issuers are growing credentials and often reaching new unbanked or under-banked.

We believe in the power of partnerships to create new digital payment solutions and tweaking the payment experience to make it more seamless for consumers.

New Issuance



Neobanks



Ride-hailing Companies



Messaging Apps



Digital Wallets



Marketplaces

⁷ e-Economy SEA 2019, Google, Temasek and Bain & Company

Visa offers wallets greater payment functionality to both consumers and merchants in their ecosystem

Across Asia Pacific

20+

Wallet Partners

1B+

Users

65M+

Merchants

India



540M Users
16M Merchants

Indonesia and Southeast Asia



155M App Downloads
420K Merchants

China



50M+ Merchants

South Korea



16M Users

Thailand, Indonesia, Japan and Taiwan



164M Users
4 Key Markets

For Taiwan:

\$8B Payments Volume
2.5M Credentials
Other markets underway

Visa is partnering with market-leading wallets to grow credentials and acceptance across Asia Pacific.

We have 3.5 billion cards today and our current wallet partners could add 1 billion credentials to that number.

We are also working with fintechs and leading wallets to enable new acceptance methods. For example, with Alipay and WeChat opening up acceptance in China, we will add more than 50 million acceptance locations for Visa travellers into China.

Visa Partner Portal

Visa Partner (<https://partner.visa.com>) is a one-stop shop for fintechs looking to partner with Visa.

The portal provides fintechs with unprecedented access to Visa's technologies, network and solutions, enabling them to scale and bring new payments solutions to life with speed and security. It simplifies the process of working with Visa and helps fintechs more easily leverage Visa's network, resources and tools to succeed. It includes an array of services and resources such as a list of Visa endorsed third party issuer processors, BIN sponsors and program managers, to help fintechs at all stages get up-and-running with Visa.

Explore common payment solutions that Visa works with its partners on:



1. Digital Wallets

Digital wallets are a great way to virtually load a physical card into a mobile app – and store its value for fast, easy access at the point of purchase



2. Digital Banking

Deliver new banking experiences by adding issuance, card controls, push payments, tokenisation and many more



3. Alternative Lending

Leverage alternative lending solutions from Visa to provide consumers and businesses with flexibility in how and when they want to pay



4. Vendor Payments

Streamline and simplify the way payments are made to suppliers and vendors



5. Disbursements

Ability to send funds quickly and easily from one consumer to another, or from a business to a consumer, using the eligible Visa debit or reloadable prepaid card consumers have

Resources:



Apply

Ability to apply for the Fintech Fast Track programs across the globe



Build

Explore fintech-relevant APIs, with links to get started on Visa Developer Centre



Learn

Payments 101 educational videos that teaches the basics of payments and issuing for fintechs throughout their lifecycle



Partner

Directory to help identify the right partners in market, including BIN sponsors, issuer processors, Visa Direct partners, and Visa Ready certified processors



Visa License

Digitised the Visa licensing process for fintechs, including anti-money laundering and credit risk settlement

Visa Fintech Fast Track

The Visa Fintech Fast Track Program was launched in Asia Pacific in November 2018. It is designed to support fintech and start-ups. Through this Fast Track Program, fintechs are able to partner quickly with Visa and access our global payments network.

Through Visa Fintech Fast Track, we work with our partners to enable digital payment experiences that extend access to Visa's network to billions of connected devices, from smartphones to connected cars to wearable devices.

Go live rapidly with dedicated partners:



Expedited licensing and partnership
with turnkey financial institutions and processors to shorten enablement timeline to as little as 4 weeks*



Streamlined risk collateral
and BIN licensing process, aided by simplified requirements and contracts



Favourable commercial terms,
including rebates on core fees and launch incentives to unlock growth

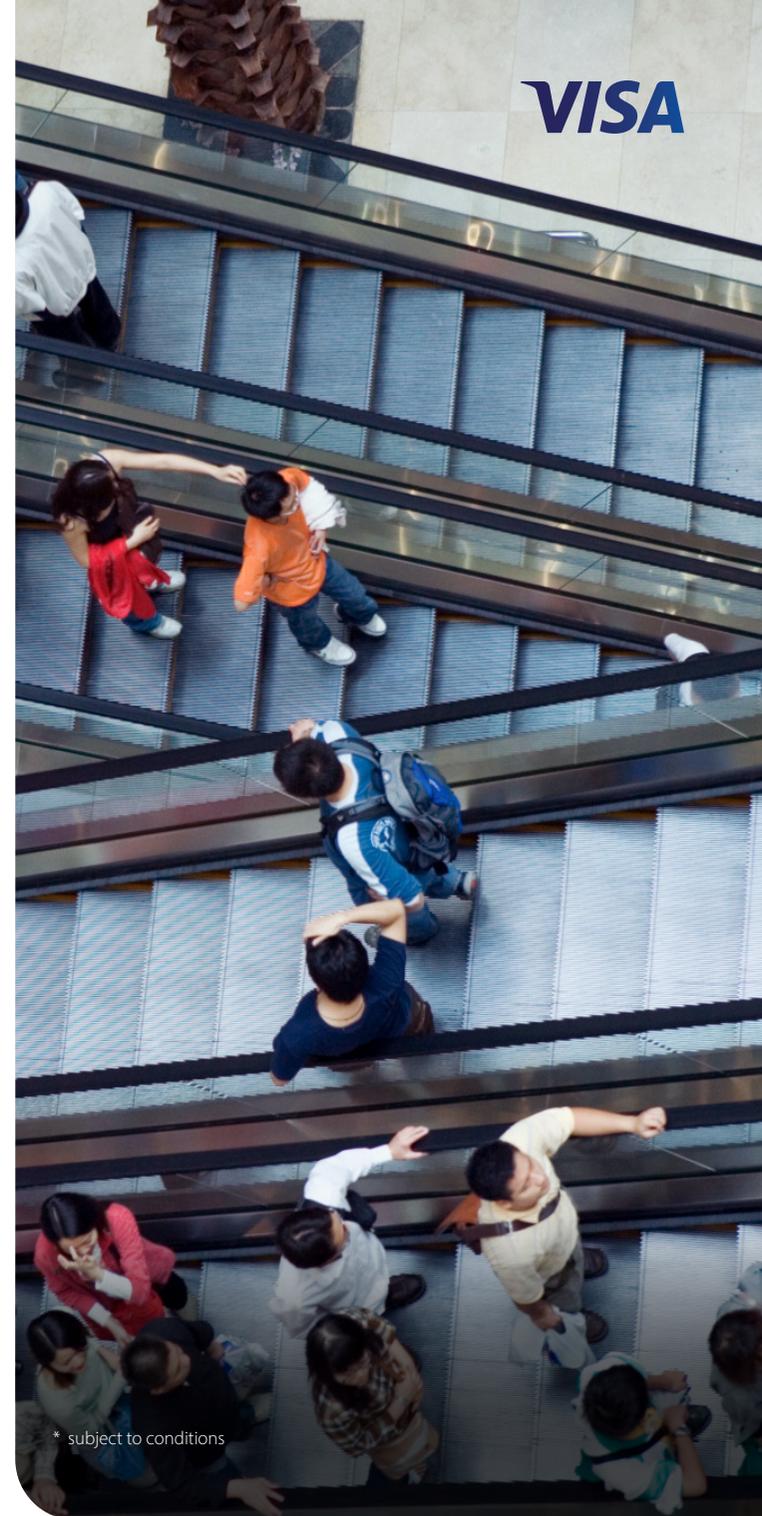


Eased collateral requirements
to get a direct license and access to Visa assets and consultative expertise



Dedicated program managers
and hands-on support to launch and grow with Visa

* subject to conditions



Visa Everywhere Initiative

A global innovation program that tasks start-ups to solve payments and commerce challenges of tomorrow. Through the Visa Everywhere Initiative, start-ups can further enhance their product propositions and provide visionary solutions for Visa's vast network of partners.

2015



Launch of Visa Everywhere Initiative in the US



More than 4,000 start-ups have participated in the 23 editions of the Visa Everywhere Initiative



Over \$2.5 billion collectively raised in funding

2019



Launch of Women's Global Edition
A competition that tasks women entrepreneurs from around the world to solve fintech and social impact challenges for the opportunity to win up to USD200,000 and a chance to collaborate with Visa



VISA everywhere
you want to be