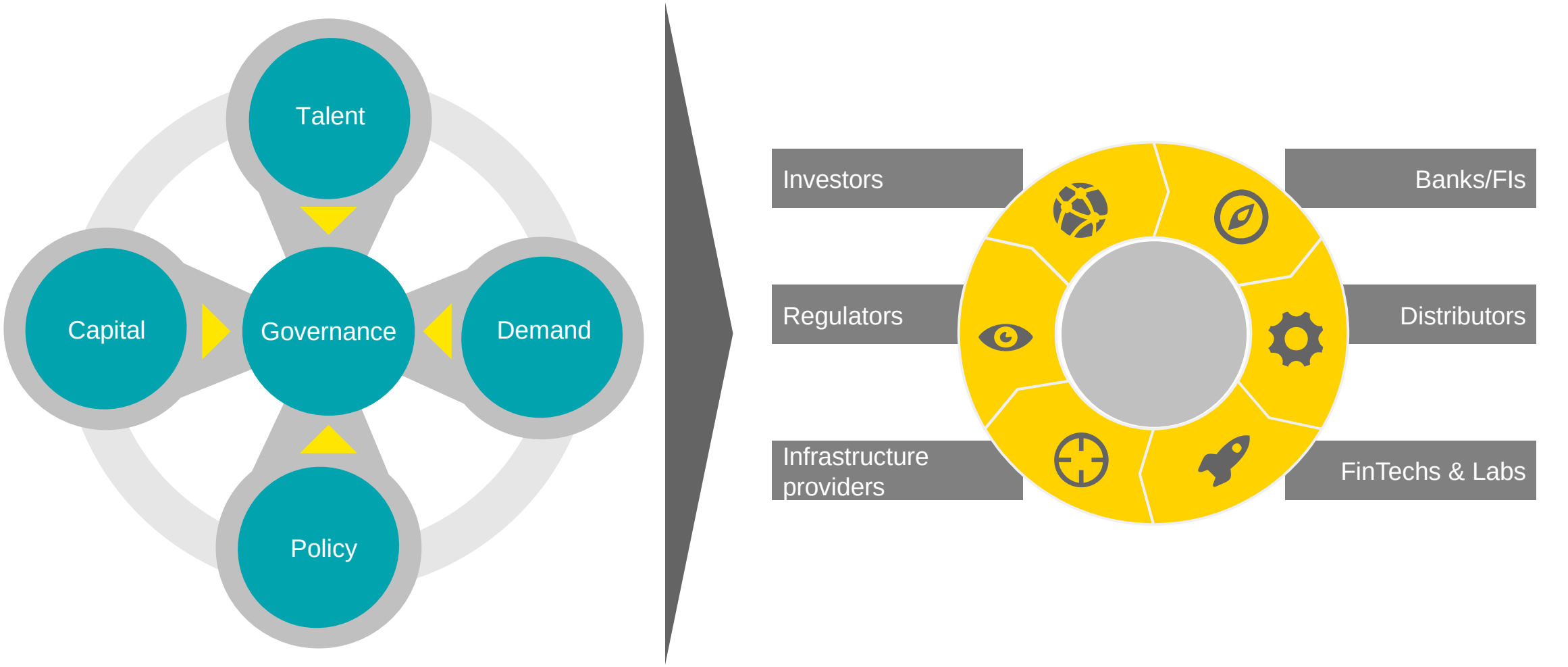
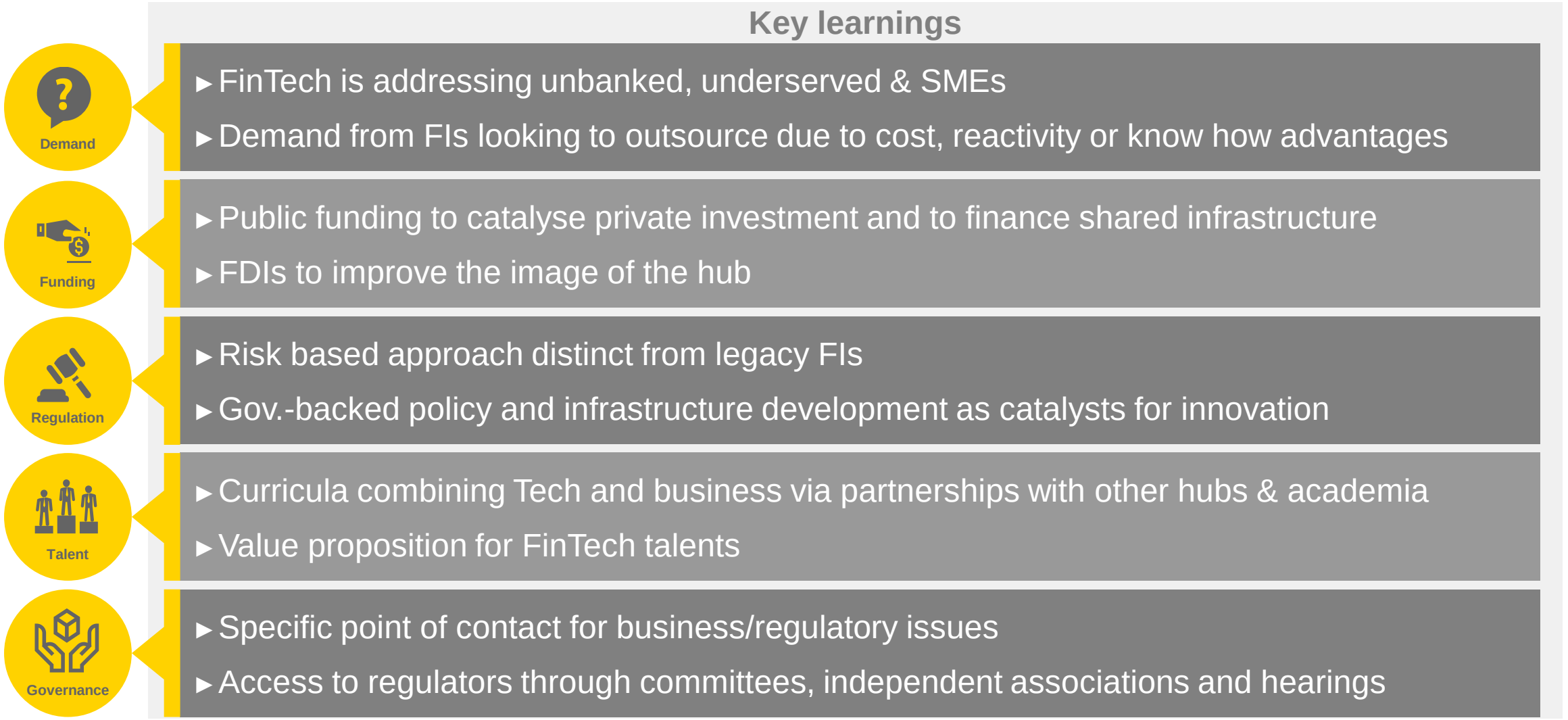
# Developing a successful FinTech cluster

Building a better working world

# Understanding why a FinTech ecosystem is successful requires in depth scanning of participants through several lenses



# Successful FinTech clusters are leveraged to serve national agendas and require specific enablers



# Strategic choices need to be shaped and selected based on the market challenges, national objectives and benchmark learnings

**SANITIZED EXAMPLE**

| Dimension | | Choices | | | |
|---|---|---|---|---|---|
| Demand | Target client segments | Unbanked | Underserved | FIs/Corporates | All |
| | Priority focus areas | See illustration below | | | |
| Funding | Source | Local Private | Local Public | Foreign | |
| | Use | Marketing & Development | Infrastructure | Local FinTechs | Foreign FinTechs |
| Regulation | Approach | Passive | Conservative | Risk based | Permissive |
| | Role of CB | Regulatory only | Catalyst for change | Involved in all projects | |
| Talent | Personal background | Locals | Repats | Expats | |
| | Professional background | Entrepreneurs | Professionals | Students | |
| Governance | Decision process | Siloed | Consultative based | Committee based | Top-down |
| | FinTech Hub | State linked | Collaboration with private sector | Independent/private | |

# FinTech demand need to be mapped across segments with a clear dentification of benefits and adoption barrier

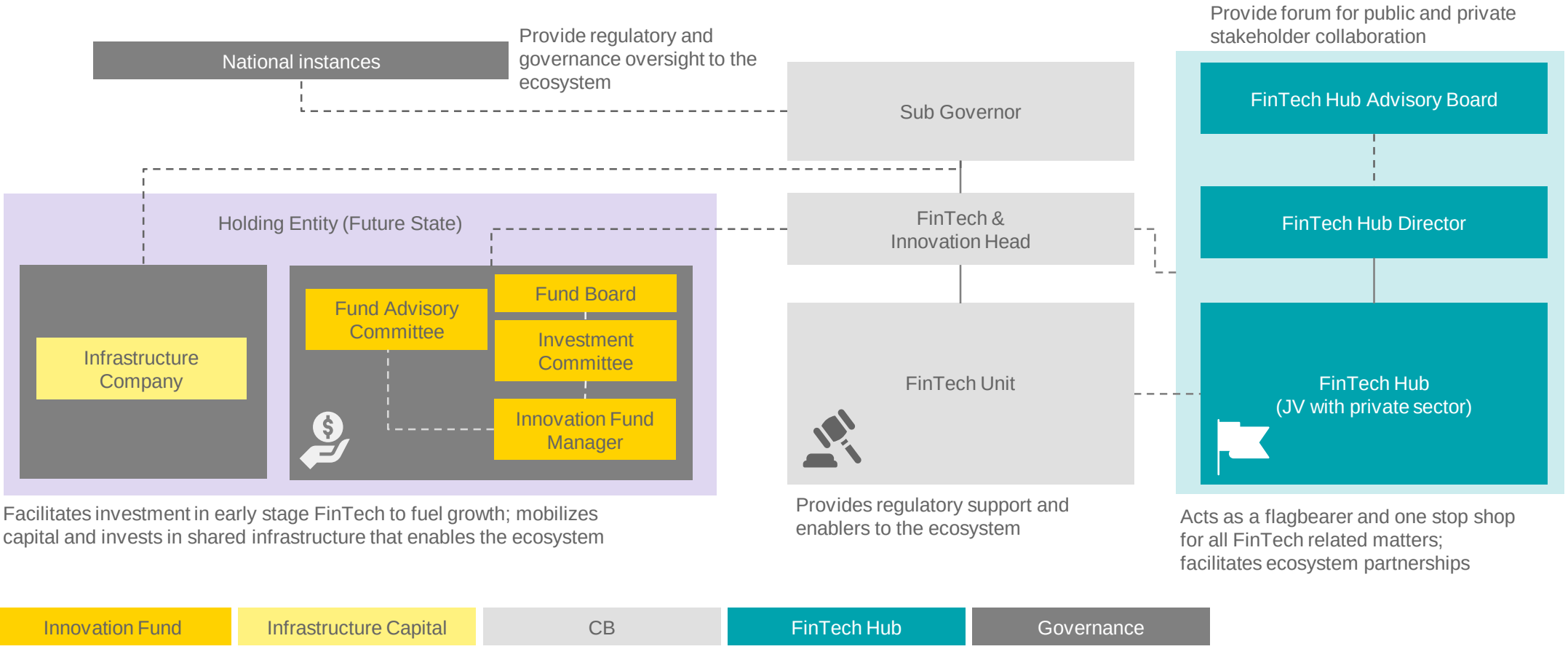
**SANITIZED EXAMPLE**

1st wave | 2nd wave

| Segments | Demand area for FinTechs | | | | Adoption barriers |
|---|---|---|---|---|---|
| **Retail** | **Payments and cards**<br>Remittance/ P2P<br>P2M P2G – G2P | **Deposits and accounts**<br>Deposit pooling<br>Brokerage accounts | **Lending**<br>Micro-lending<br>Durable goods loans | **Insurance and value added services**<br>Health/life insurance<br>PFM tools | ▸ Fees<br>▸ Financial literacy<br>▸ Indebtedness fear<br>▸ Device without data<br>▸ Limited trust in Digital Financial Services |
| **SME and Corporate** | **Payments and cards**<br>Acceptance<br>M2G – M2Supplier | **Deposits and accounts**<br>Investment accounts<br>Saving accounts | **Lending**<br>Short term loan<br>Trade finance | **Insurance and value added services**<br>Micro-insurance<br>Market place | ▸ Visibility and taxation<br>▸ Credit and acceptance cost<br>▸ Fear of complexity<br>▸ KYC and onboarding processes |
| **FIs** | **Digital enablers & RegTech**<br>Shared KYC utility<br>Alternative credit scoring<br>API<br>Cloud | **Cybersecurity**<br>Transaction security<br>Data sharing | **Productivity enabler and outsourcing**<br>AI<br>Chat bots | | ▸ Lack of strategy to outsource core FI functions to FinTechs<br>▸ No knowledge of handling FinTechs<br>▸ Unclear regulatory framework |

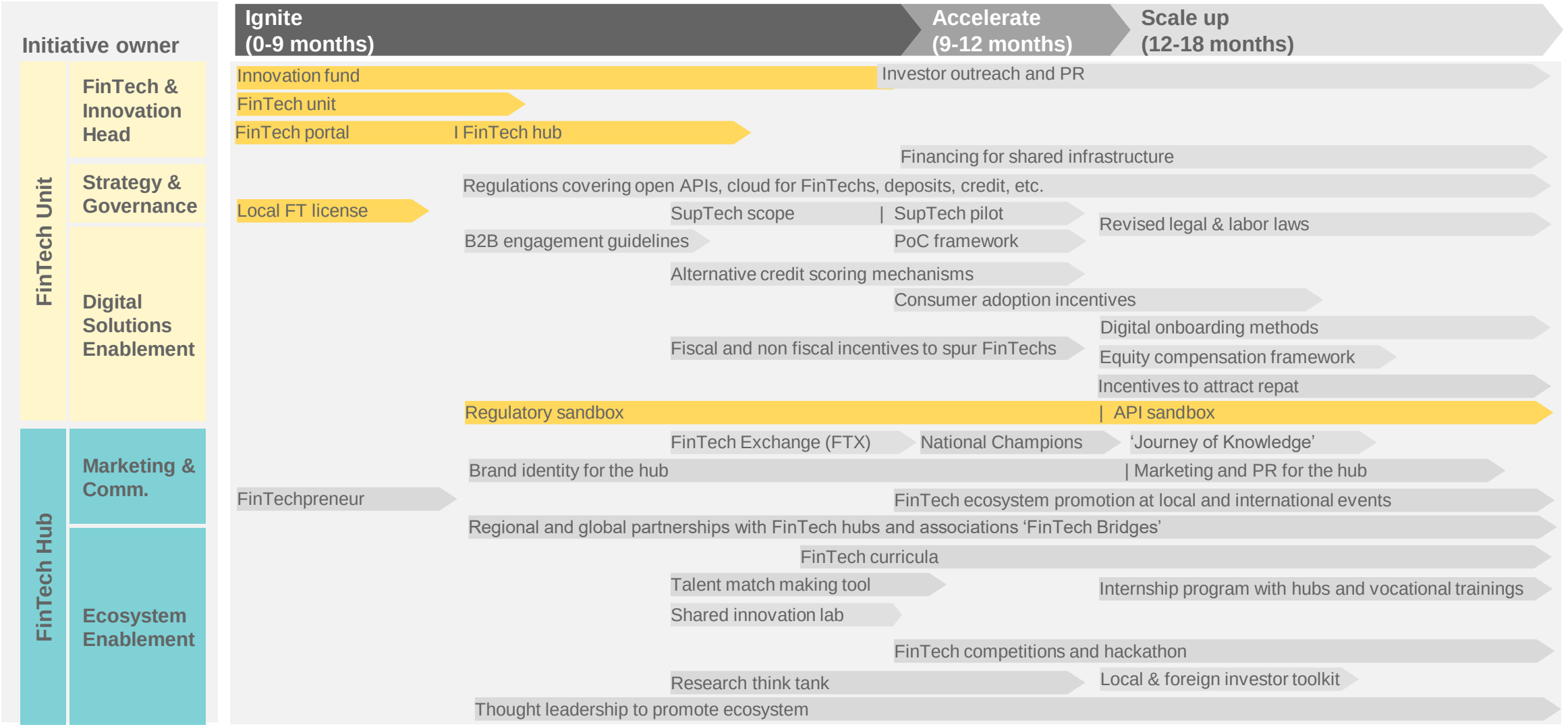
# Multiple entities need to be involved to enable and oversee the FinTech ecosystem

**SANITIZED EXAMPLE**



# A detailed roadmap needs to be develop strategic initiatives, managing all the interdependencies

**SANITIZED EXAMPLE**



# Thank you