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FinTech firms in Singapore attract most global funding within ASEAN according to report by UOB, PwC and SFA

Singapore, 12 November 2019 – Financial technology (FinTech) firms in Singapore continued to attract the lion's share of global funding among ASEAN countries, receiving more than half (51 per cent) of funding for the region according to the FinTech in ASEAN: From Start-up to Scale-up report. Released by United Overseas Bank (UOB), PwC and the Singapore FinTech Association (SFA), the report also found that Singapore tops the region as the preferred base of FinTech firms and is home to 45 per cent of all FinTech firms in ASEAN.

Testament to the country's push to encourage FinTech innovation across a broad range of areas, funding for Singapore-based FinTech firms was the most evenly distributed, with insurance technology, payments and personal finance leading the way. According to the report, the diversified funding also indicates the country's more mature FinTech landscape, compared with other ASEAN markets where the FinTech sector is still nascent and is largely focused on payment-related solutions.

Ms Janet Young, Head, Group Channels and Digitalisation, UOB, said, "Singapore's favourable regulatory and business environment, strong investor interest and maturing FinTech sector continue to make it an attractive base for firms that are looking to tap ASEAN's growth potential. As such, more firms in the country have also graduated from pre-series to later-stage funding.

"However, expanding into and within one of the world's most diverse regions is not plain sailing. Therefore, in order to increase their chances of success, it is important for FinTech firms to find the right partner to supplement the experience, insights and connections required to navigate the differing regulatory frameworks and operating landscape across ASEAN."

Stamina, realistic valuations and talent enable successful expansion across ASEAN

Businesses were the main target customer segment for FinTech firms (79 per cent). Among businesses, financial institutions made up half (50 per cent) of the target segment, followed by corporates (17 per cent) and small- and medium-sized enterprises (12 per cent). Consumers and start-ups made up the rest of the target segment (21 per cent).

As most financial institutions and corporates tend to require multi-level approvals across different stakeholders, FinTech firms need to be prepared for a longer lead time before sealing the deal and onboarding these clients. FinTech firms offering business-to-business solutions should therefore ensure that they have a longer funding runway to meet their operating expenses.

The report also found that FinTech firms in ASEAN are generally optimistic about their current and future funding needs, with almost half of those surveyed confident of raising more than US\$10 million for their next funding round.

Ms Wong Wanyi, FinTech Leader, PwC Singapore, said, “This optimism is not surprising, given the promise that the ASEAN region brings and the liberation of the industry through digital banking licenses. The increasing penetration of mobile devices coupled with the capabilities of new innovative technologies have made FinTech firms a key driver in this evolving ASEAN financial services landscape, providing an experience that is easier, faster and more convenient. That being said, the FinTech scene is very competitive so FinTech firms should be focused and have a clear value proposition. Scaling up should be at the right pace and for the right reason.”

Talent remains a challenge, with 58 per cent of FinTech firms surveyed indicating that this was an inhibitor to their regional expansion plans.

Mr Chia Hock Lai, President, SFA, said, “FinTech firms need to consider if there is suitable and abundant expertise at the location they have chosen to scale their business. Given the long time it takes to hire the right talent, firms must plan ahead when it comes to expanding their workforce and business in a new market. One way that some firms overcome this challenge is to hire local talents at least six months ahead of their expansion into a new market.”

The FinTech in ASEAN: From Start-up to Scale-up report can be downloaded by visiting: www.uob.com/fintech2019.

About United Overseas Bank

United Overseas Bank Limited (UOB) is a leading bank in Asia with a global network of more than 500 offices in 19 countries and territories in Asia Pacific, Europe and North America. Since its incorporation in 1935, UOB has grown organically and through a series of strategic acquisitions. UOB is rated among the world’s top banks: Aa1 by Moody’s and AA- by both Standard & Poor’s and Fitch Ratings. In Asia, UOB operates through its head office in Singapore and banking subsidiaries in China, Indonesia, Malaysia, Thailand and Vietnam, as well as branches and representative offices across the region.

Over more than eight decades, generations of UOB employees have carried through the entrepreneurial spirit, the focus on long-term value creation and an unwavering commitment to do what is right for our customers and our colleagues.

We believe in being a responsible financial services provider and we are committed to making a difference in the lives of our stakeholders and in the communities in which we operate. Just as we are dedicated to helping our customers manage their finances wisely and to grow their businesses, UOB is steadfast in our support of social development, particularly in the areas of art, children and education.

About Singapore FinTech Association (SFA)

The SFA is a cross-industry and non-profit organization. Its purpose is to support the development of the FinTech industry in Singapore, and to facilitate collaboration among the participants and stakeholders of the FinTech ecosystem in Singapore. The SFA is a member-based organization with over 350 members. It represents the full range of stakeholders in the FinTech industry, from early-stage innovative companies to large financial players and service providers.

To further its purpose, the SFA also partners with institutions and associations from Singapore and globally to cooperate on initiatives relating to the FinTech industry. The SFA has signed over 50 international Memorandum of Understanding (MoU) and are the first U Associate organisation to be affiliated with National Trades Union Congress (NTUC). Through their FinTech Talent (FT) Programme, launched in 2017, over 300 professionals have been trained in FinTech, including blockchain & cryptocurrency, cybersecurity and regulation.

About PwC

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