

Insights from the EY FinTech Adoption Index and EY FinTech Australia Census

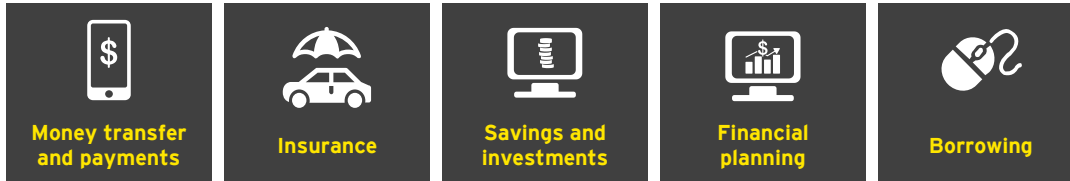
Erik Heller
EY Sweeney

May 2018

FinTech Adoption Index 2017

EY's Global Fintech Adoption Index

- ▶ Comprehensive research to highlight where FinTech is gaining traction
- ▶ Identifies 17 different types of FinTech services in five broad categories
- ▶ FinTech usage/adoption defined as having used two or more FinTech services in the last six months

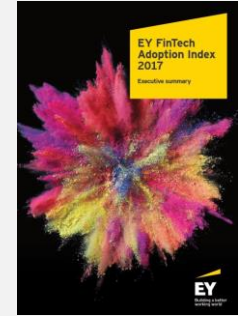


“Adoption: accepting or starting to use something new.”

Cambridge, Dictionary

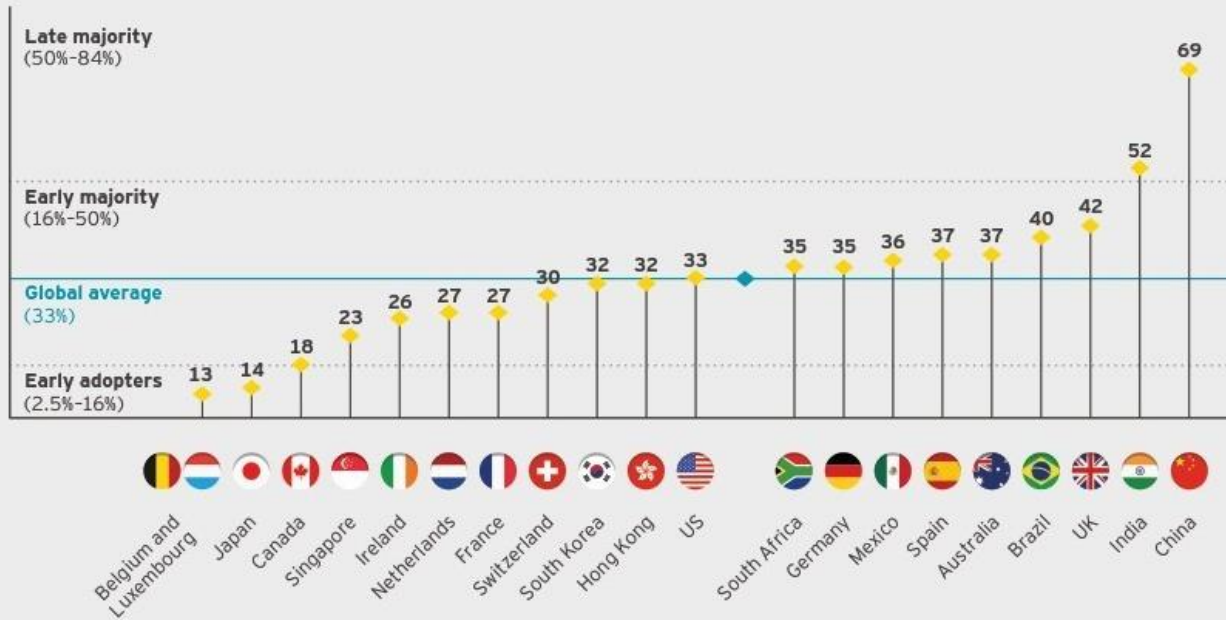
RESEARCH METHOD

- ▶ 2017 global online survey of over 22,000 consumers
- ▶ 20 markets across Americas, Europe, Africa and APAC
- ▶ 8 markets also covered in 2015
- ▶ Next edition scheduled for late 2018/early 2019



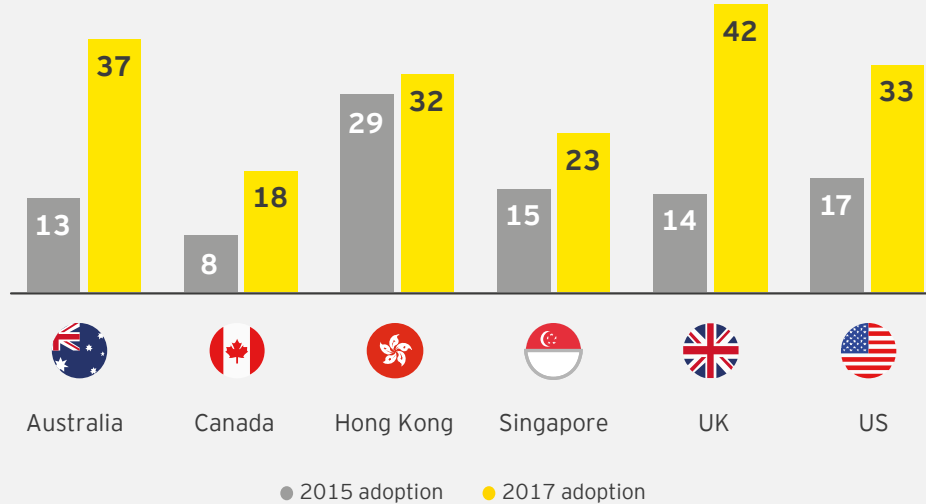
Fintech has achieved initial mass adoption in most markets

Progress of FinTech adoption globally and across 20 markets



FinTech adoption more than doubled in key markets

Comparison of FinTech adoption in six markets between 2015 and 2017








Australia has one of the fastest growing FinTech adoption rates.






New services and new players are driving higher adoption

Comparison of FinTech categories ranked by adoption rate in 2015 and 2017

2015

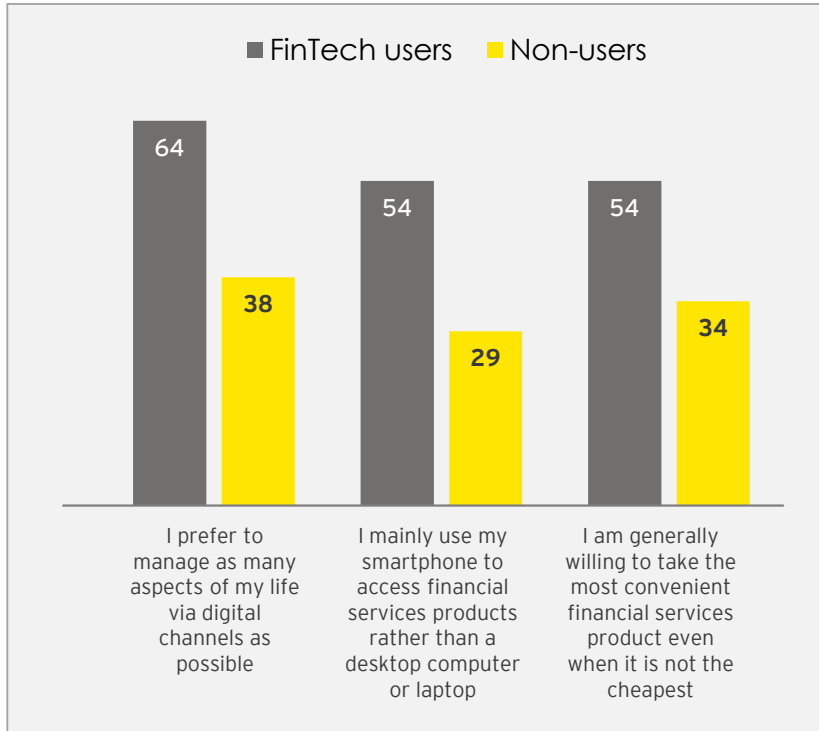
1		Money transfer and payments: 18%
2		Savings and investments: 17%
3		Financial planning: 8%
4		Insurance: 8%
5		Borrowing: 6%

2017

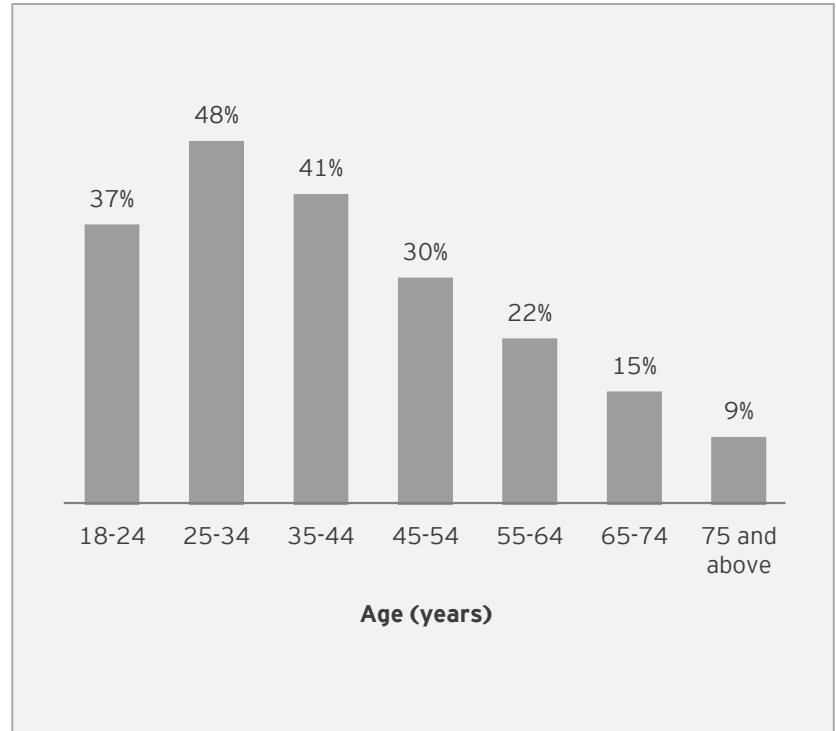
1		Money transfer and payments: 50%
2		Insurance: 24%
3		Savings and investments: 20%
4		Financial planning: 10%
5		Borrowing: 10%

FinTech users prefer digital solutions to manage their lives

Views on digital financial services, FinTech users versus non-users (%)

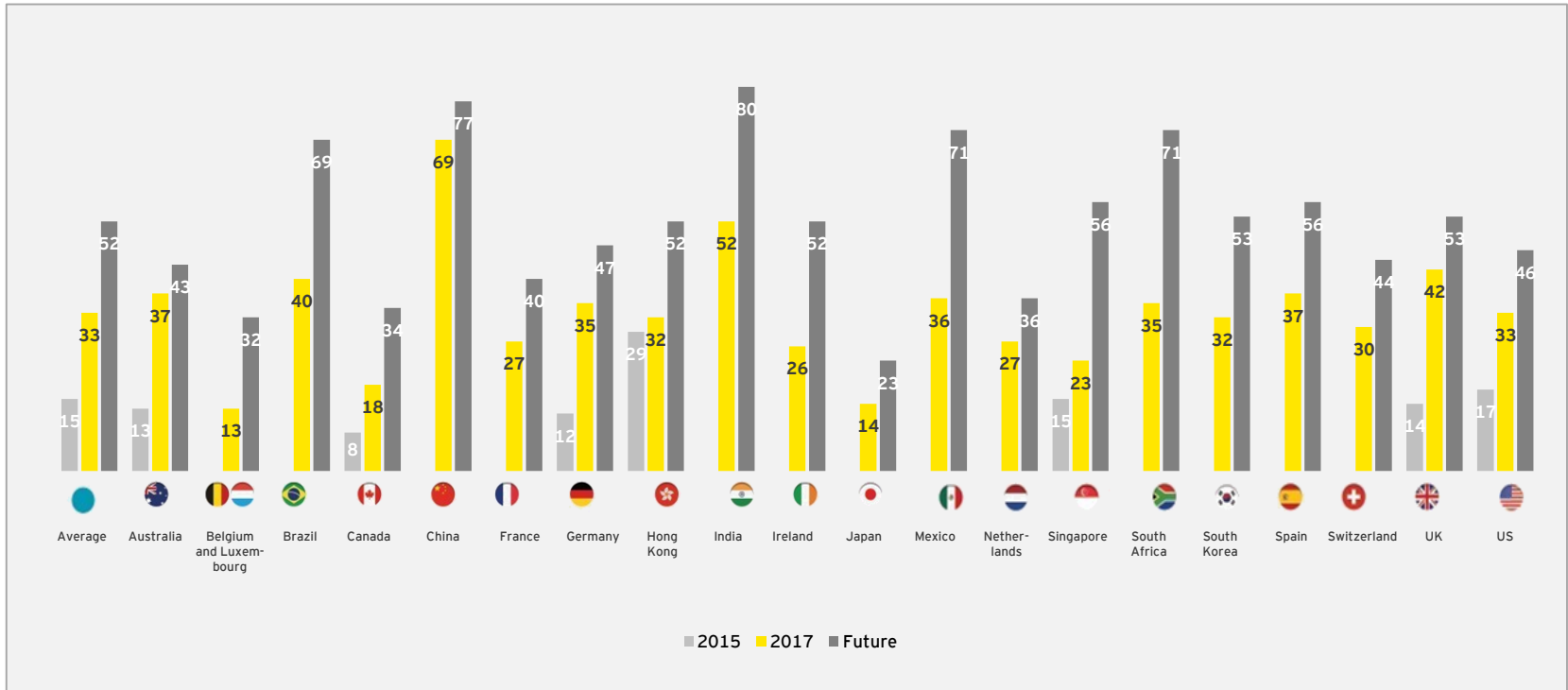


FinTech adoption across age brackets



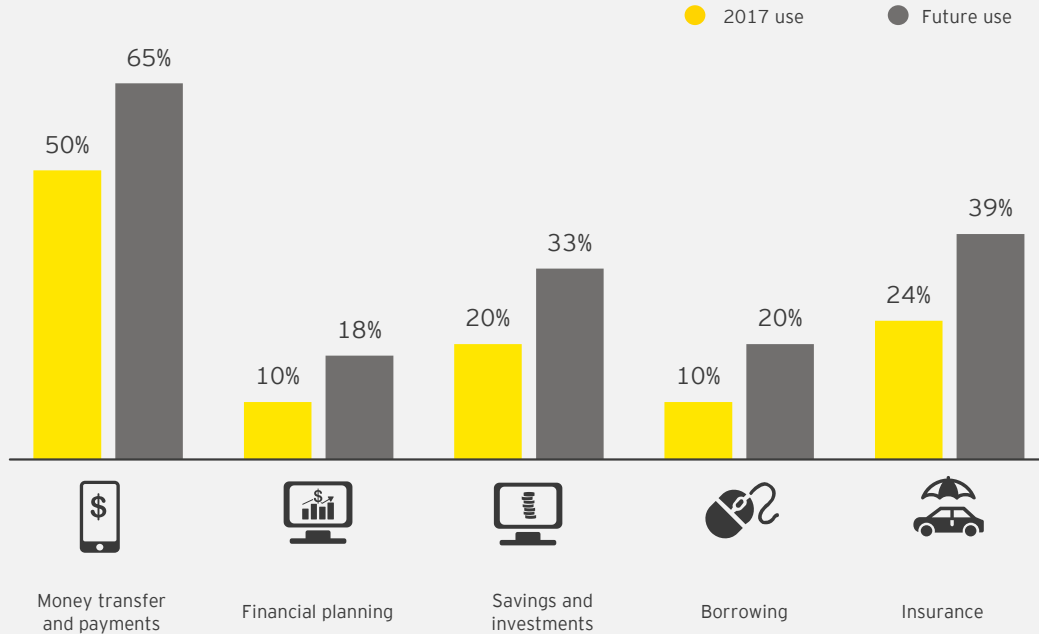
FinTech adoption will continue to gain momentum

Comparison of past, current and anticipated future use of FinTech, by market (%)



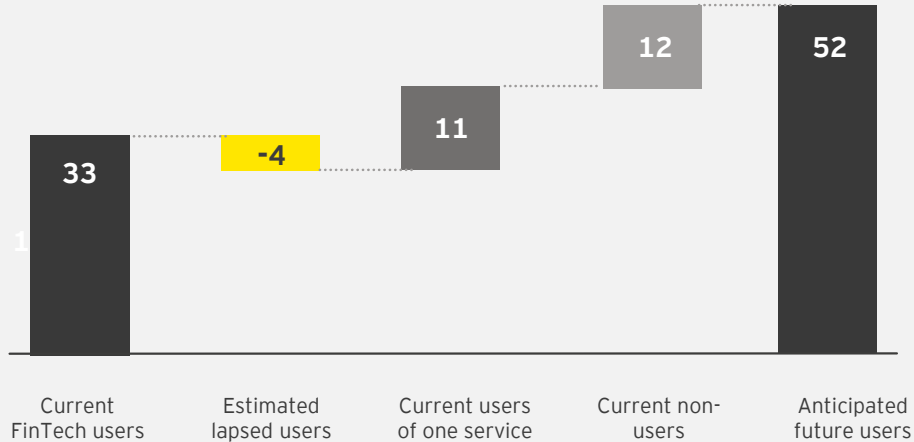
Accelerating adoption in smaller categories will fuel growth

Comparison of current and anticipated future use of FinTech, by FinTech category



FinTech adoption is expected to surpass 50%

Analysis of current and future use of FinTech

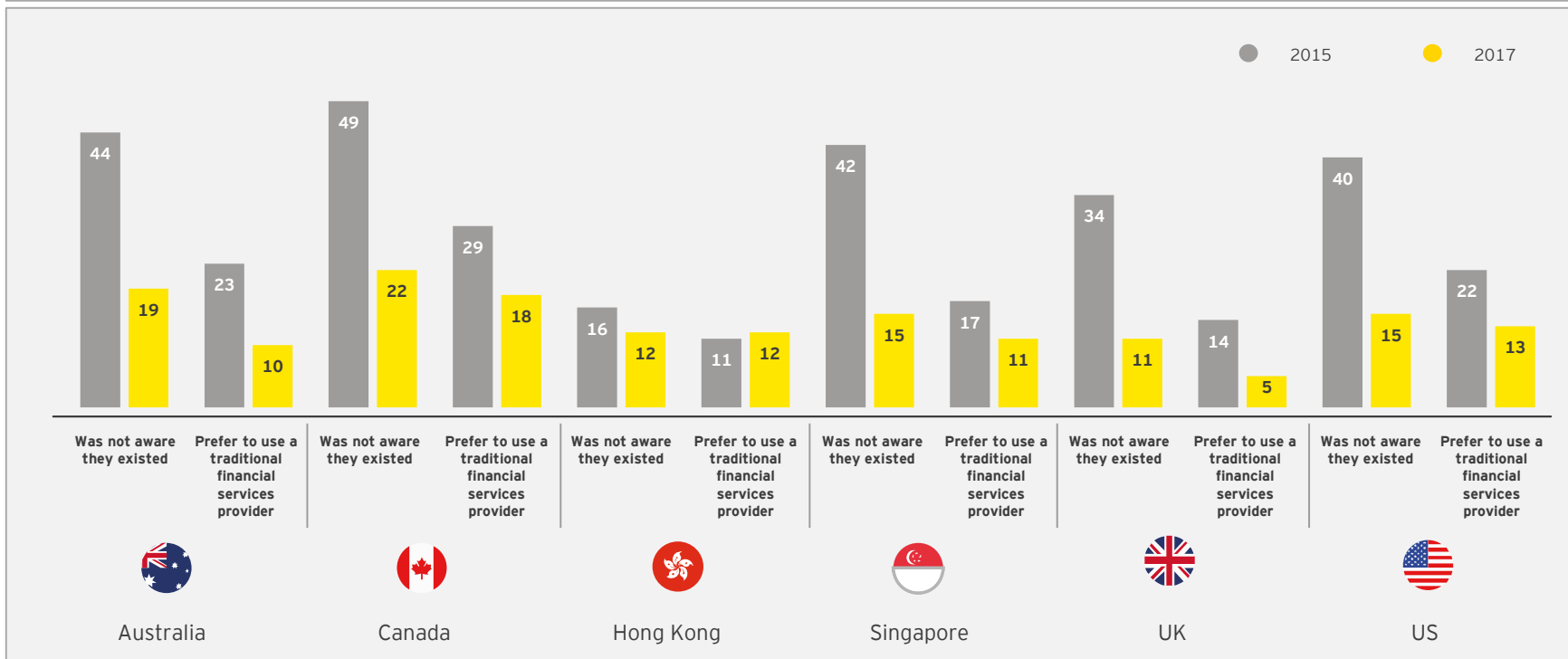


Majority of non-regular FinTech users have begun the journey to FinTech adoption.

Analysis on future intended use suggests adoption will increase to 52%.

Barriers to increased adoption are evaporating quickly

Comparison of two selected barriers to adoption in six markets between 2015 and 2017



FinTech Australia Census

FinTech Australia Census

- ▶ Collaboration of FinTech Australia and EY
- ▶ FinTech Australia Census: comprehensive and focussed thought leadership research...
 - Help define the industry
 - Identify the challenges
 - Cast a light on way forward

“In 2016, FinTech Australia had identified some 250 FinTech companies in Australia. We now estimate there’s close to 600. From Hobart to Townsville, Perth to Gold Coast - great FinTech companies emerging everywhere.”

Danielle Szetho, CEO FinTech Australia

RESEARCH APPROACH

**QUANTITATIVE RESEARCH:
166 ONLINE SURVEYS**



**QUALITATIVE RESEARCH:
10 IN-DEPTH INTERVIEWS**



**VOX-POPS:
16 INTERVIEWS**

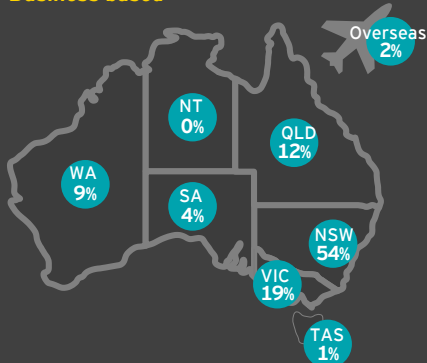


**OTHER EY FINTECH
REPORTS/ RESOURCES**

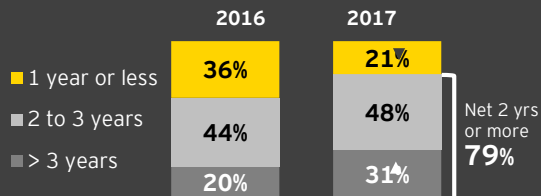


Fast facts: Sector profile 2017

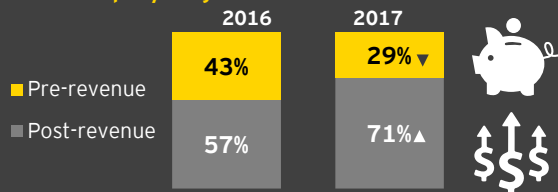
Business based



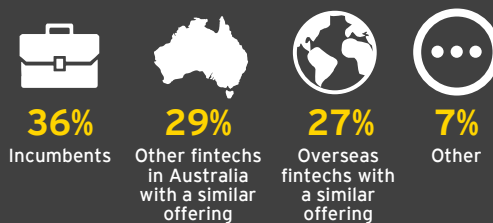
Age of company (excl. didn't answer)



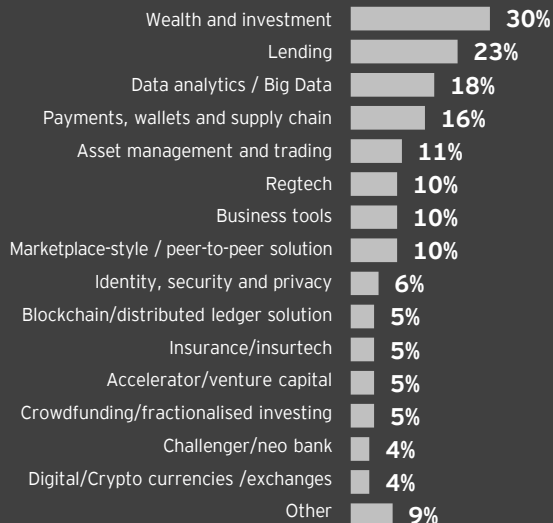
Company stage



Biggest competitors (excl. none)



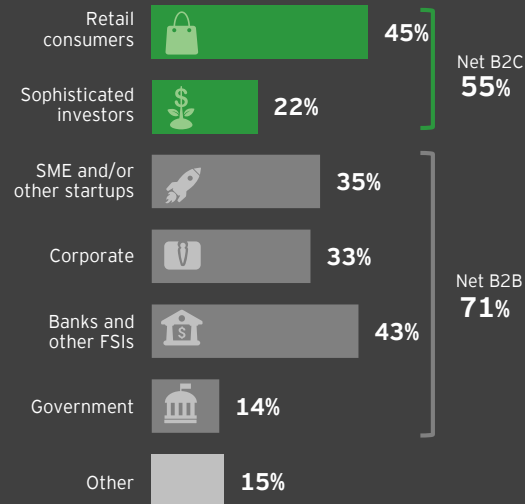
Type of fintech (multiple response)



Number of employees (median)



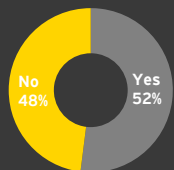
End customers (multiple response - excl. don't know)



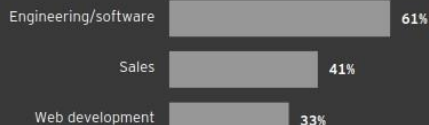
Drivers of FinTech success

TALENT

Lack of experience/skill
in Australia



Talent pool shortage (top 3)



Base: Have faced challenges attracting suitable talent (n=76)

ENVIRONMENT

Accelerators and incubators are an important
contribution to the success of the fintech industry



DEMAND

- ▶ FinTech adoption continues to grow
- ▶ A more diverse profile
- ▶ Solution-centric
- ▶ Cost of acquisition and retention

CAPITAL



POLICY

- ▶ Tax incentives
- ▶ Open banking
- ▶ New payments platform
- ▶ Licencing
- ▶ Regulatory sand boxes

Outlook and optimism

COMPETITION

International



- 63% feel Australian FinTechs are internationally competitive
- 45% feel they will be able to win against international competitors

Local



- Lack of quality FinTechs in Australia...?
 - 👍 34% agree
 - 👎 38% disagree

ADVANTAGE AUSTRALIA

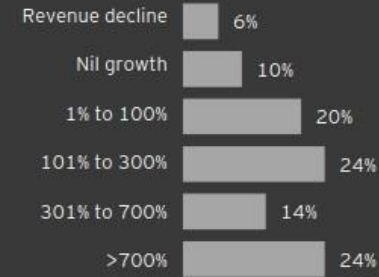
Regulatory environment

Advanced financial services industry

Access to Asia

Annual revenue growth %

Revenue in June 2017 compared to June 2016



Base: Companies in post-revenue stage excluding 'prefer not to say' (n=49)

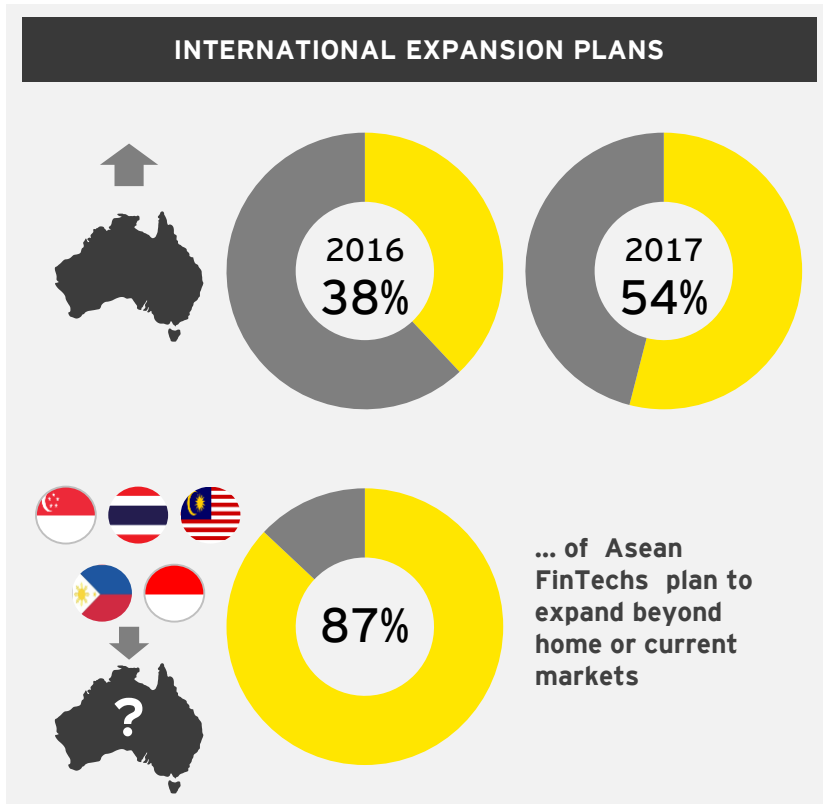
Median post revenue growth



208%

June 2017 vs.
June 2016

A global market



"I am delighted to see the increase in Australian fintech firms that are setting global goals for their businesses. More than half are now focused on expanding overseas in the next year. Supporting these creative start-ups is a major focus of Austrade, especially through our 'Landing Pads' program in five global innovation hubs, which is already propelling many clever Australian businesses to new heights."

Stephanie Fahey, CEO Austrade

"The disruption of financial services is most likely to come from digital giants from developing markets such as China or even those technology giants from the US who are extending their platform dominance into financial services. In the face of this, many local fintech start-ups are likely to be acquired by either global players or local incumbents and should be preparing for that possibility by keeping in close contact with potential acquirers."

Simon Cant, Chair FinTech Australia



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