



FINANCIAL SERVICES & CAPITAL MARKETS

+ Lifting-The-Barriers Roundtable

Preliminary Paper



CIMB
ASEAN
RESEARCH
INSTITUTE

About CARI

The CIMB ASEAN Research Institute (CARI) was established in 2011 as a member of CIMB Group. CARI prides itself on being the first independent, transnational research institute dedicated solely to the advancement and acceleration of the ASEAN integration agenda. CARI was designed to pursue research and to promote thought leadership in support of an integrated ASEAN Community. CARI seeks pragmatic solutions and policy recommendations to address challenges in ASEAN integration and connectivity. CARI's headquarters is located in Kuala Lumpur but the institute has a regional presence.



About ASEAN Business Club

A fully private sector driven initiative of ASEAN's leading businesses coming together to support economic integration while providing a platform for networking. The ABC creates an avenue for ASEAN's businesses to engage with global regional leaders. The club's vision is ASEAN: Open for Business.



About Accenture

Accenture is a global management consulting technology services and outsourcing company with approximately 266,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. In ASEAN, Accenture's offices are located in Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

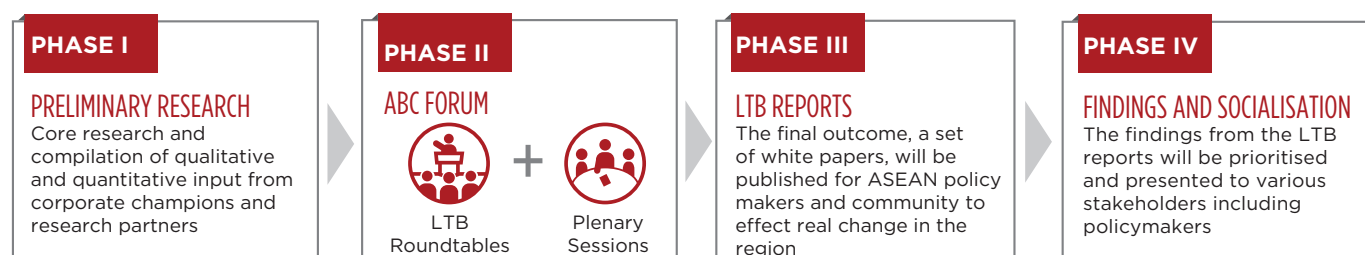
PREFACE

The Lifting-The-Barriers Initiative (LTBI) is a year-long research exercise designed in conjunction with the ASEAN Business Club (ABC) Forum. The overall objective is to conduct sector based research with the purpose of identifying bottlenecks and barriers to trade and ASEAN economic integration.

The LTBI in 2013 and 2014 have yielded 13 reports for 11 sectors, namely 1) Financial Services, 2) Capital Markets, 3) Connectivity, 4) Aviation, 5) Infrastructure, Power and Utilities, 6) Healthcare, 7) Legal and Tax, 8) Automotive and manufacturing, 9) Minerals, Oil and Gas, 10) Retail, 11) Food and Beverage Industry. The LTBI 2015 continues to highlight five key sectors covered in 2013 and 2014, with the addition of the tourism sector which is one of the twelve priority integration sectors (PIS) of the ASEAN Economic Community Blueprint.

The Lifting-The-Barriers reports have been widely referred to by ASEAN policy makers and stakeholders. The ASEAN Chair of 2015, the Right Honourable Prime Minister Dato' Sri Najib Razak, publicly cited the LTB reports as being a useful guide for Malaysia's stocktake exercise to identify the gaps between ASEAN aspirations and the reality in the business sector, in anticipation of the pronouncement of the ASEAN Economic Community later this year.

The LTBI has four phases, each playing a unique role in helping achieve the wider objective. Details of the initiatives are:



Phase I:

Phase I of the LTBI involves core research and seeks to identify the existing barriers in each sector to assist in understanding the challenges faced by different segments of the industry. We also study the AEC obligations and impacts on businesses and the industry as a whole.

Phase II:

Phase II convenes around the sector based “Lifting-The-Barriers Roundtables” at the ABC Forum. The roundtables serve as a platform for different stakeholders to deliberate on the future of their sector and of ASEAN as a region.

Phase III:

Phase III consists of the production of the final outcome of this exercise, the Lifting-The-Barriers Reports, white papers delivered to the relevant regulatory bodies to effect real change and accelerate ASEAN integration efforts. This phase will consolidate materials from Phase I and Phase II. The Reports summarise the industrial insights and ideas discussed at the Roundtables.

Phase IV:

Phase IV is the socialisation of key findings from the LTBI. This phase involves the distribution and presentation of the key findings to the relevant regulatory bodies as well as to other industry stakeholders. The 2014 LTB Reports were distributed to over 1000 companies and corporate entities as well as presented to various ASEAN government bodies and institutions.

DISCLAIMER:

This is a discussion paper intended to inform and facilitate debate for the ASEAN Business Club Forum on the 14th of May 2014. It is not for submission, distribution or for any other purpose for which it was not intended. No citation or quotation is to be extracted from this report without the express consent of CIMB ASEAN Research Institute and the relevant Research Partner

FULFILLING THE NEEDS OF THE ASEAN UNDERSERVED

RECAP OF 2014 ABC FORUM ON 'FUELING ASEAN GROWTH THROUGH AN INTEGRATED FINANCIAL AND CAPITAL MARKET'



Financial Services Industry

Establish regional industry utilities to foster integrated financial and capital market

- Leverage exchange infrastructure (e.g. ASEAN trading link)
- Participant-led utilities driven by a consortium of banks
- Lead with industry practices especially in new domain, laying the foundation for policy and regulation

Leverage new phenomena such as internet financial services platforms to provide alternative funding options that mitigate constraints

- Peer-to-peer financing
- Crowdfunding

Focus of today's discussion



Policy Makers

Build trust through enhanced regulatory alignment

- Move towards a common regulatory framework (e.g. alignment and coordination of policies)
- Standardised rule making body
- Capital flow liberalisation
-

Creation of an ASEAN "growth" bank to support economic development

- Foster greater financial and development cooperation among ASEAN member states
- Provide financing for infrastructure projects

Support industry-driven initiatives

Focus on talent development and mobility

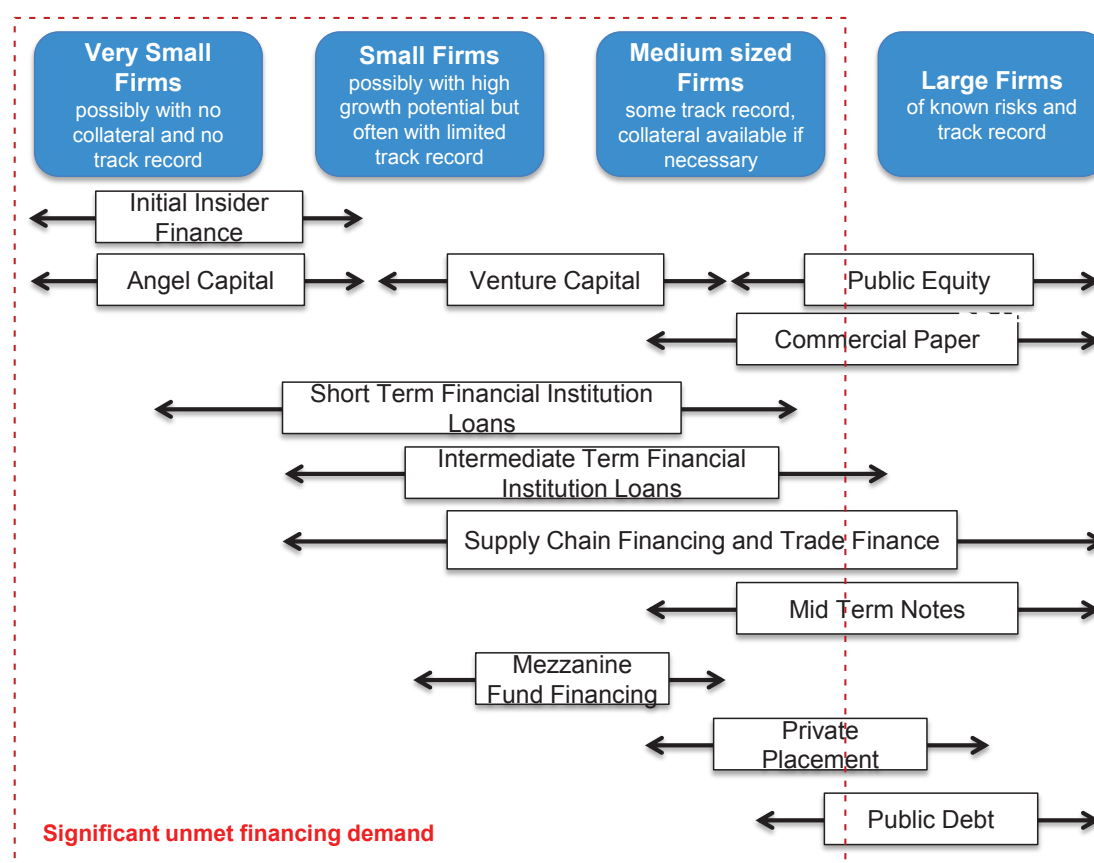
Implementation of Recommendations is in Progress

ASEAN-5: Indonesia, Malaysia, the Philippines, Singapore and Thailand
BCLMV: Brunei, Cambodia, Laos, Myanmar, Vietnam

MANY SMALL AND MID-SIZED CORPORATES HAVE STRUGGLED TO OBTAIN FUNDING THROUGH FINANCIAL INSTITUTIONS TO MEET FINANCING NEEDS

Underserved Corporate Financing Needs –Micro to MidCaps

- Today, most public exchanges only list and trade equities, debt and derivatives instruments, which do not holistically solve many small and medium corporate funding needs
- Lenders have been hesitant to extend credit due to poor consistency of financial/credit reporting standards, lack of credit ratings and concerns of cross border ownership rights
- Requires more sophisticated and innovative institutional arrangements in order to respond effectively to the real needs of this segment



WITHIN ASEAN, THE AEC HAS RECOGNIZED THE CHALLENGES OF SMES WITHIN THE REGION AND IMPLEMENTED INITIATIVES TO ADDRESS THEM



SMEs account for more than 96% of all enterprises and 50% to 85% of domestic employment. The contribution of SMEs to GDP is between 30% and 53% and the contribution of SMEs to exports is between 19% and 31%.

Within the **ASEAN Strategic Plan for SME Development (2010 - 2015)**, 5 key goals were identified...

... and there has been **significant investments and initiatives to ease SME's access to finance and funding access to finance and funding.**

Access to Finance

Access to Market and Internationalization of SMEs

Access to Human Resource Development

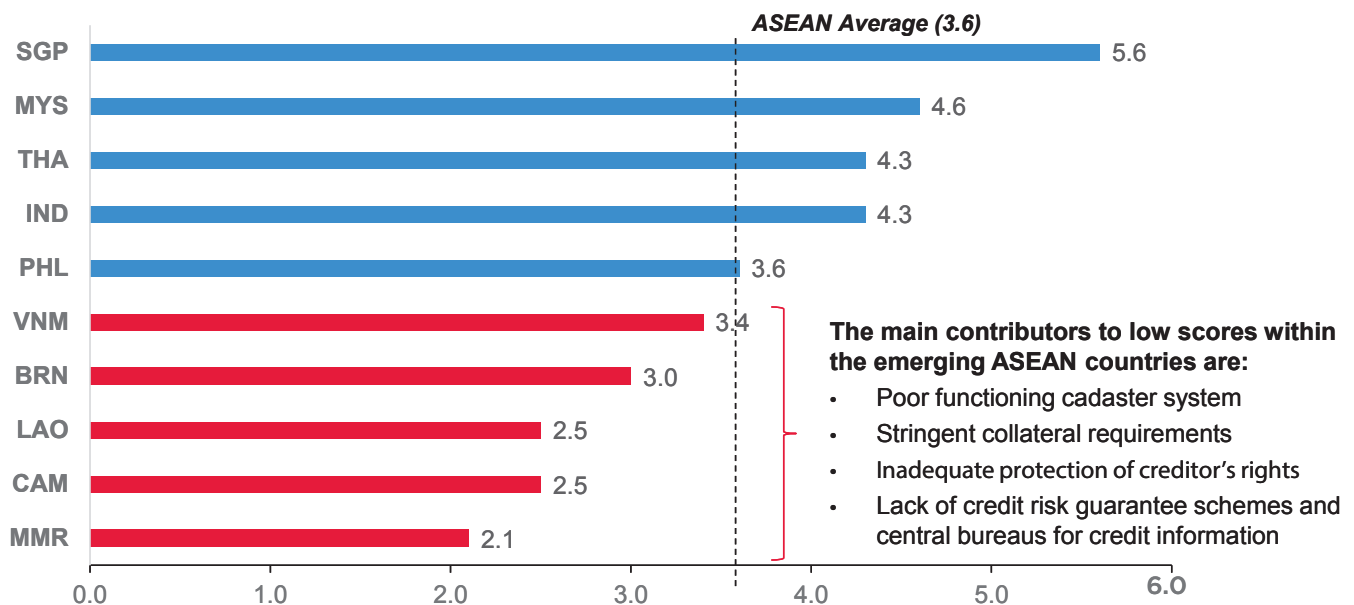
Access to Information and Advisory Services

Access to Technology and Innovation

- 2008-09 - Established a common curriculum for entrepreneurship in ASEAN
- 2010-11 - Established a comprehensive SME service centre with regional and subregional linkages in ASEAN
- 2010-11 - Established an SME financial facility in each ASEAN Member Country
- 2012-13 - Established a regional programme for the promotion of internship scheme for staff exchanges and visits for skills training
- 2014 -15 - Established a regional SME development fund that would be used as a financial source for SMEs that are undertaking business in the ASEAN region

THE LATEST RESEARCH INDICATES THAT THERE IS STILL SIGNIFICANT GAP IN SME'S ACCESS TO FINANCE IN EMERGING ASEAN COUNTRIES

Overall Scores for SME's Access to Finance



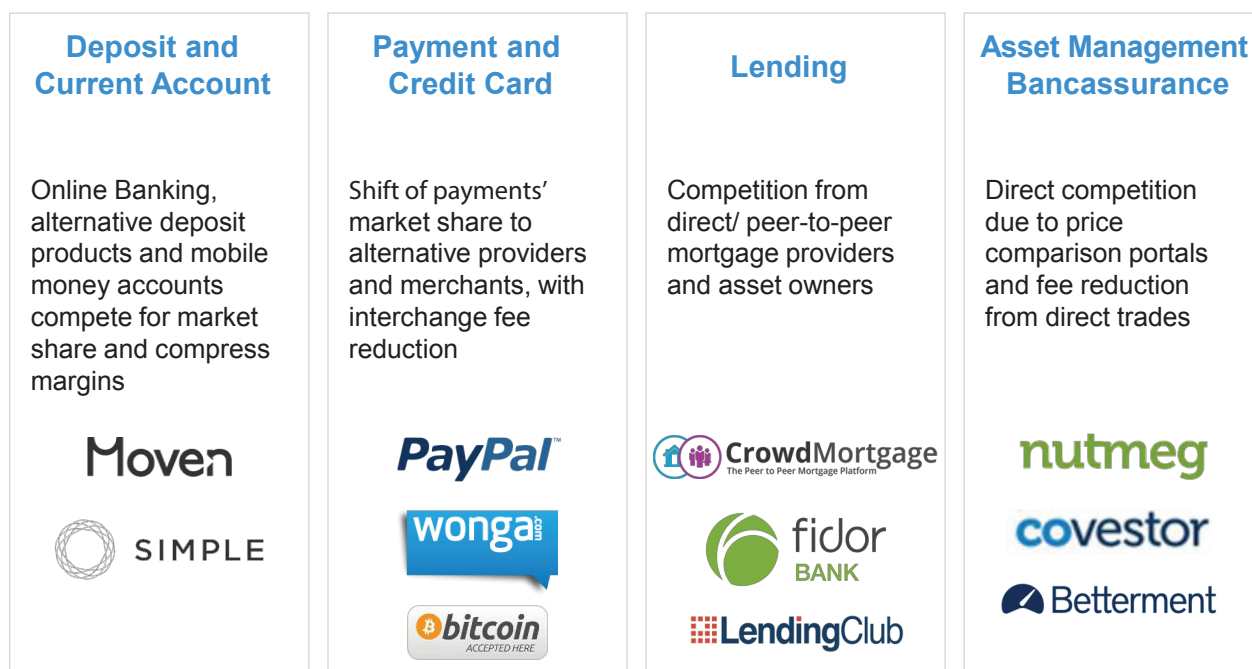
One of the main recommendations of the report is for “promotion of innovative and alternative finances such as channeling through domestic and regional networks of equity fund, venture capital finance, angel capitalists, and crowdfunding platforms for SMEs.”

Source: ASEAN SME Policy Index 2014, ERIA SME Research Working Group

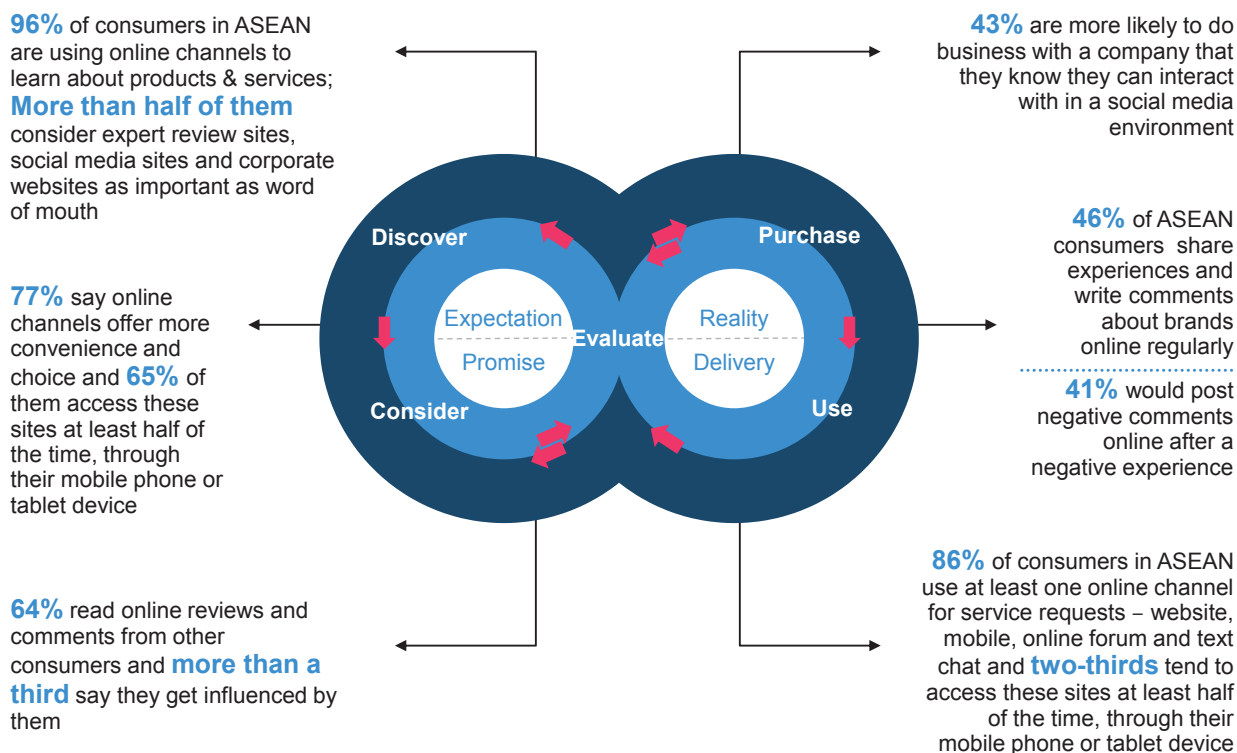
DIGITAL DISRUPTORS HAVE FUNDAMENTALLY CHANGED THE THINKING AROUND HOW TO MOST EFFECTIVELY MEET CUSTOMERS' NEEDS

Industry	Digital Disruptors	What has changed?
Retail	amazon.com [®] Alibaba Group	Mobile/Pinterest users purchase twice as much as online or in-store shoppers
Energy	nest OPower	313M smart meters installed globally; 1.1B by 2020
Communications	WhatsApp Skype	Whatsapp eating 50-90% of voice / SMS revenues
Hospitality	airbnb	AirBnB valuation higher than most hotel chains, over 11mm stays and 750K listings
Transportation	Uber Lyft	Uber has >8 million users with an average of 1 million rides daily in 290 cities

THE FINANCIAL SERVICES INDUSTRY IS ALSO EXPERIENCING DISRUPTION FROM NEW DIGITAL PLAYERS



AS A RESULT THESE DIGITAL DISRUPTORS HAVE CHANGED THE BEHAVIOURS OF CONSUMERS GLOBALLY AND IN ASEAN



Source: Accenture Engaging the Nonstop-Customer Study, 1,859 consumers in ASEAN were surveyed via the Internet in July 2013

ASEAN CONSUMERS ARE TURNING MORE TOWARDS GLOBAL AND LOCAL DIGITAL PLATFORMS TO MEET THEIR EVERYDAY NEEDS



Source: Accenture Analysis of Alexa website; Company websites

IN MEETING THE NEEDS OF SMES, P2P PLATFORMS HAVE SHOWN SOME INITIAL SUCCESSES IN THE US, EUROPE AND CHINA

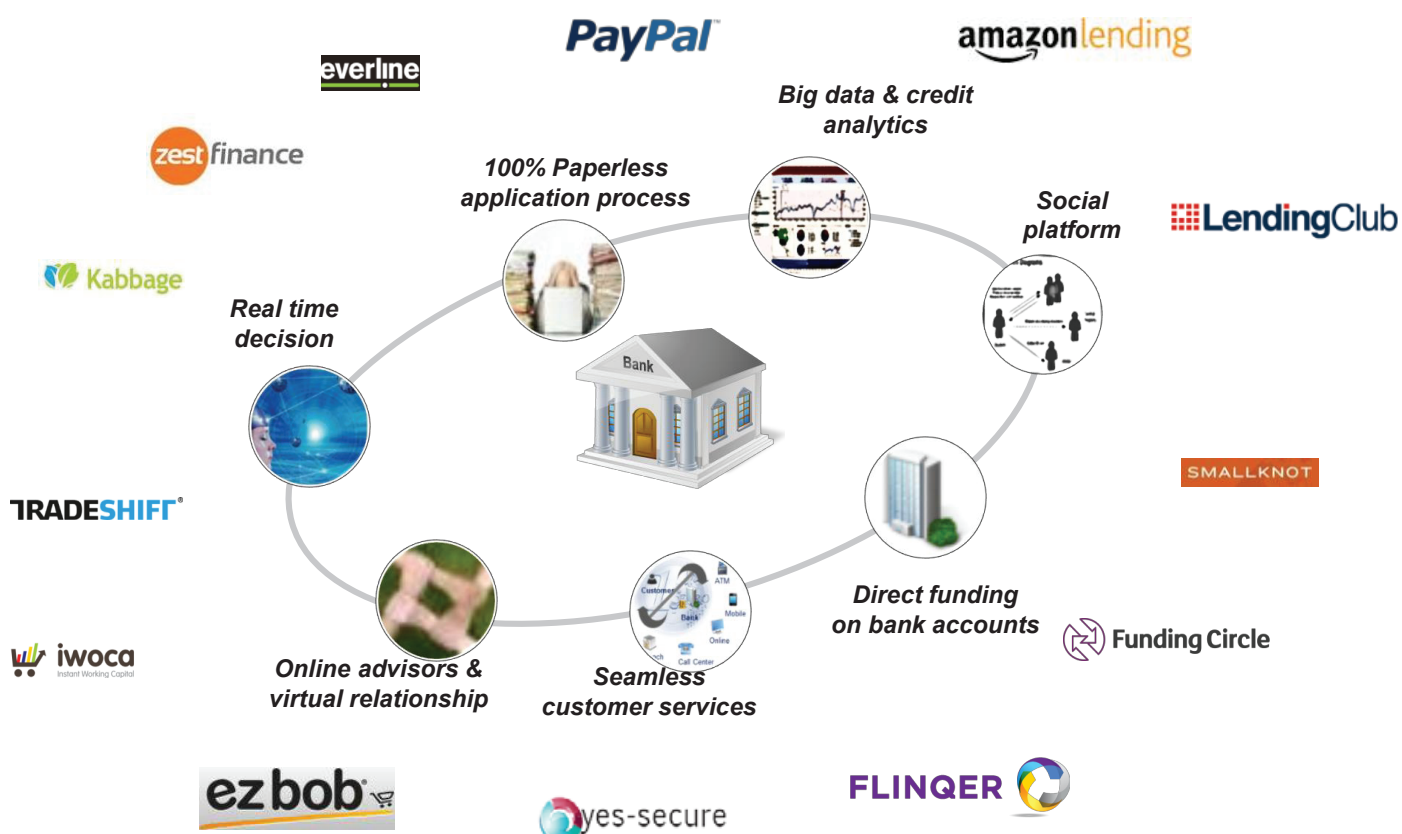
Examples	Target SME segments	Highlights
	Micro, Small and Medium Enterprises in the US	<ul style="list-style-type: none"> World's largest P2P lending platform with US\$7.6 billion loans funded by end-2014 Recent partnerships with Google and Alibaba to provide loans to their partners and merchants
<p>金融资产交易市场</p>	Micro, Small and Medium Enterprises in China	<ul style="list-style-type: none"> Total transaction value of over USD\$ 6.4 billion in 2014 Highest Alexa ranked Internet Banking type website in China
	Small and Medium Enterprises in the UK and US	<ul style="list-style-type: none"> £603,539,340 lent to British businesses Referral partnerships with RBS and Santander UK for smaller businesses the bank is unable to lend to
	Micro Companies in Developing Countries	<ul style="list-style-type: none"> US\$ 3 million raised to fund ~13,000 projects Only charges a 5% fee on each loan compared

THESE PLATFORMS OFTEN OFFER A SUPERIOR CUSTOMER EXPERIENCE IN ORIGINATION AND FULFILMENT COMPARED TO TRADITIONAL BANKS...

Selected Credit & Lending Metrics	Poor Performers	Average Performers	Good Performers	Digital Disruptors	Category Description
Origination Rework Rates	30% - 50%	15% - 30%	5% - 14%	<1%	Proportion of lending applications that are handled more than once by sales / credit to correct errors or clarify customer data prior to disbursement
Average Lending Turnaround (Days)*	20 - 40+	5 - 30	1 - 15	Real time	Average time taken to process an application from start to finish, including idle time but excluding time waiting for customer response
Average Doc Preparation Times (Mins)*	80 - 100+	30 - 100	5 - 30	Real time	Average time taken to generate loan documents and proceed to disbursement activities
Customer Touch Points in Origination (#)	10+	5 - 10	2 - 5	1	Number of unique customer touch points / enquiries for a customer applying for business loan
Data Capture (Mins)*	180 - 240+	100 - 200	30 - 180	10-15	Time taken to capture and document all relevant application-specific information for a business loan directly into the originations system

Note: (*) Range represents the difference in types/complexity of deals
Source: Accenture experience

... AND ALSO HAS SPECIFIC CAPABILITIES WHICH ENABLE THEM TO DIFFERENTIATE FROM TRADITIONAL BANKS



IN ASEAN, WE ARE ALREADY SEEING EMERGENCE OF NEW P2P PLATFORMS ALONG WITH THE UPCOMING ASSOCIATED REGULATORY RULES



The Monetary Authority of Singapore (MAS) has published a consultation paper looking at how to allow businesses to raise finance through securities-based crowdfunding (SCF).

There are a few P2P Financing platforms which have announced their launch in Singapore in anticipation of MAS finalising its regulations:



The Securities Commission Malaysia has opened the application process for prospective investment crowdfunding platforms



The Securities and Exchange Commission (SEC) of Thailand said the rules (for crowdfunding portals) are now being finalized and could be out within the year



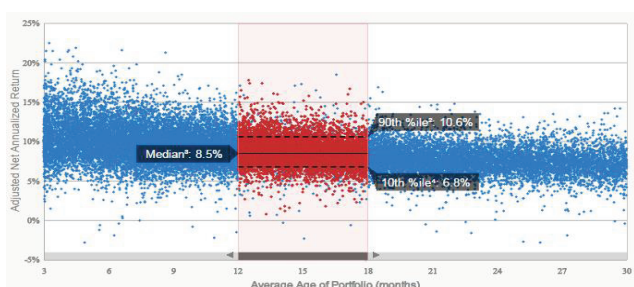
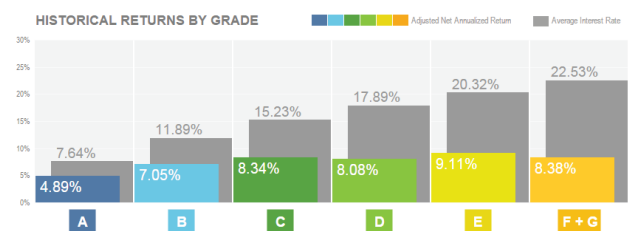
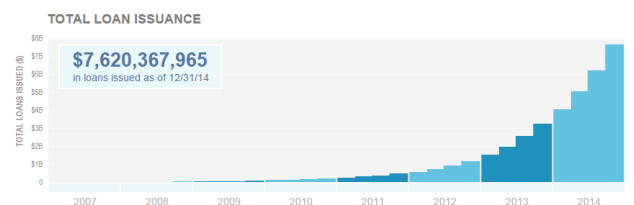
Cambodian Secretary of State, Ministry of Posts & Telecommunications, Mr. Kan Channmata, expressed his desire for Cambodia to leverage crowdfunding to boost their entrepreneurial class and grow their economy.

Source: Various news reports

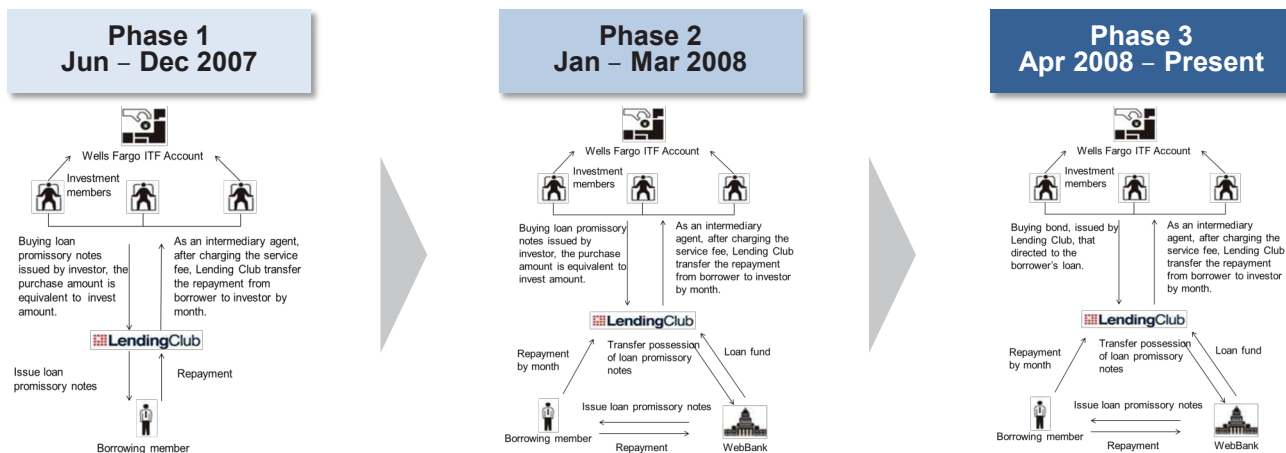
LENDING CLUB IS THE WORLD'S LARGEST P2P PLATFORM, WITH US\$7.6 BILLION LOANS FUNDED BY END-2014



- Established in 2007 in the US, Lending Club has facilitated **over USD7.6b in financing** to both individual consumers and businesses
- Leveraged technology** to operate a financing **marketplace at a lower cost** than traditional bank loan programs, passing the savings on to borrowers in the form of lower rates and to investors in the form of solid returns
- Charges borrowers an risk-tiered origination fee and financing rates, late payment fees.
- Offers solid return **Notes as fixed income** investment generating monthly cash flows, 4.7% -8% returns p.a. (based on credit quality)
- Provides both a **DIY and automated investment option** for investors
- Charges investors an account service fee (1% of payments received within 15 days of due date. If a borrower misses a payment, investors do not pay a service fee) and collection fee for late payments
- Provides **secondary market trading systems** 'Note Trading Platform' to trade notes with other Lending Club investors. Sellers are charged a transaction fee equal to 1% of the purchase price
- IPO in Dec 2014 raised nearly USD 870mil



LENDING CLUB EVOLVED ITS BUSINESS MODEL THROUGH PARTNERSHIPS WITH FIS TO GAIN INVESTOR CONFIDENCE AND COMPLY WITH INCREASING REGULATORY REQUIREMENTS



- All investors of Lending Club deposit their funds in Wells Fargo ITF (in trust for) accounts which are FDIC-insured
- Lending Club quickly transitioned from issuing loan promissory notes from its lenders (Phase 1) to partnering with Utah-based WebBank (Phase 2) where the bank would take over the funding of the loan and issuance of loan promissory notes. Ownership of the notes will then be transferred to Lending Club at cost. The enabled Lending Club to:
 - Avoid having to apply for individual lending licenses in each State it wanted to operate in
 - Offer an uncapped, variable interest rate on each loan which was key to building a nationwide marketplace model
- Lending Club further changed its model to selling Member Dependent Notes (Phase 3), which is a type of bond to investors in order to comply with SEC regulations. The change meant that:
 - Investors became creditors of Lending Club instead, and
 - Investors and borrowers no longer have any direct legal obligations with each other

SINCE THE DEBUT AS A CONSUMER LENDER, LENDING CLUB HAS ALSO MADE INROADS IN INCREASING THEIR LENDING TO SMALL BUSINESSES

Lending Club Launches Business Loans



- Business owners can borrow up to US\$300,000 with terms ranging from 1-5 years
- Loan application can be completed and quotes received in 5 minutes
- In the first 9 months, Lending Club has lent out USD\$120 million to small businesses

Google - Lending Club Alliance Takes Captive Finance into Digital Age



- Lending Club will facilitate loans to Google partners including resellers, consultants and system integrators which help the tech group distribute its applications and services
- Google partners will be able to borrow up to USD\$600,000 for 2 years

Alibaba taps Lending Club to aid US Expansion



- Lending Club will provide financing for small US businesses seeking to buy inventory from the Alibaba's Chinese-based suppliers
- Businesses can borrow up to USD\$300,000 with an application process that takes fewer than five minutes

AS PART OF THE LOAN APPLICATION PROCESS, LENDING CLUB ASSIGNS A LOAN GRADE FOR EACH LOAN IN ORDER TO DETERMINE THE INTEREST RATE

Lending Club determines the interest rate for a loan through a simple formula:

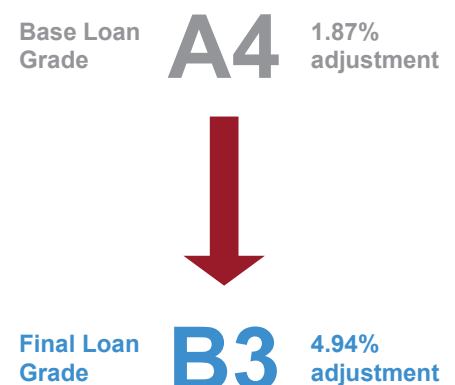
“Lending Club Base Rate” + “Adjustment for Risk & Volatility”

- Base rate determined by Lending Club (currently at 5.05%)

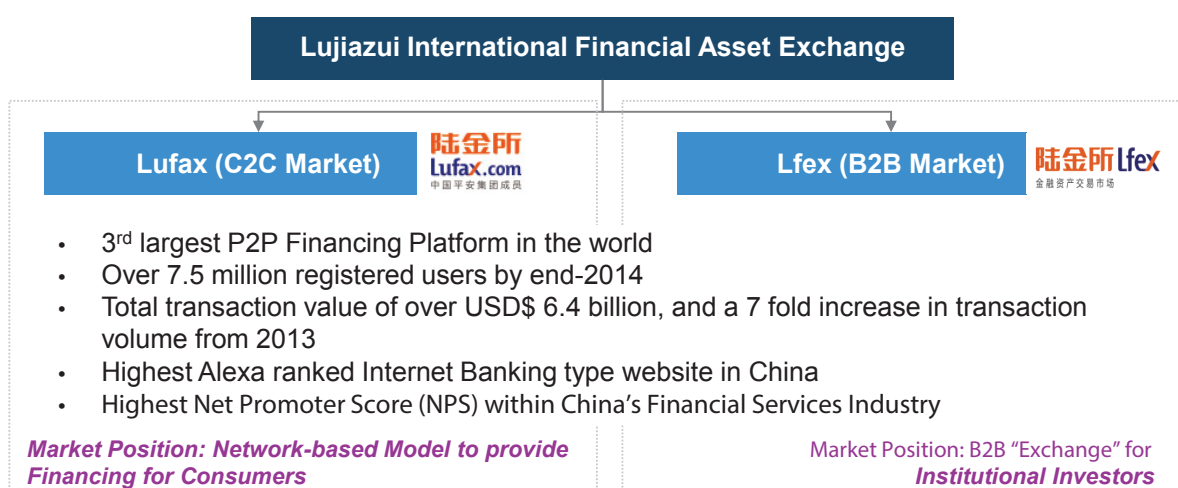
- The adjustment is determined based on the **Loan Grade** assigned by Lending Club to a particular loan.
- Currently adjustments range from 0.88% (for grade A1) to 21.01% (for grade G5).

How does Lending Club assign a Loan Grade?

- Lending Club uses an applicant's **FICO score** to determine the base loan grade from A1 – C5, e.g. applicants with FICO score of 770 and above are A1, 660 – 663 are C3, etc
- From an applicant's base loan grade, Lending Club can then downgrade the loan based on certain criteria:
 - Requested loan amount:** There is a maximum loan amount based on the base loan grade. If an applicant wishes to borrow an amount above the maximum, his loan will be downgraded
 - Loan term:** Loans with terms beyond 36 months are downgraded to reflect higher risk
 - Other risk modifiers:** Number of recent credit enquiries, length of credit history, number of open accounts, revolving credit utilisation etc.



IN ASIA, P2P PLATFORMS HAVE ALSO FOUND SUCCESS WITH VARIATIONS IN THE B2B SPACE



Lufax/Lfex is leading P2P financial services provider in China, whose business model is adapted from LendingClub in the US. It is the internet FS arm of Ping An group entering into the OTC capital markets to address two untapped and under-served demands in China:

- Difficulties for consumer and corporates to source funding from traditional financial institutions
- Unlock and release dormant assets of financial institutions The Lufax and Lfex platforms created opportunities for

TRANSACTIONS BETWEEN FINANCIAL INSTITUTIONS, BUSINESSES AND CONSUMERS ACROSS A DIVERSE RANGE OF PRODUCTS

Illustrative

Possible Trading Partners on Lufax & Lfex Platforms

	Financial Institutions (F)	Businesses (B)	Consumers (C)
Ping An & Lufax (PL)	PL2F	PL2B	PL2C
Financial Institutions (F)	F2F	F2B	F2C
Businesses (B)	B2F	B2B	B2C
Consumers (C)			C2C

Product Categories

F2F	P2P
<ul style="list-style-type: none"> Loans Bank notes Receivables Insurance assets, ... 	<ul style="list-style-type: none"> Unsecured (Near Prime, Prime) Secured (Mortgages, Vehicles, PF, Investments)
Securitisation	Secondary Market Financial Products
<ul style="list-style-type: none"> Credit cards Loans Mortgages Commercial properties Public utilities, ... 	<ul style="list-style-type: none"> Trusts Money Market Public funds Private Placement funds Wealth mgmt. products, ...
Real Estate / Notes	Equity
<ul style="list-style-type: none"> Project financing Notes Project interests Government financing 	<ul style="list-style-type: none"> Unlisted equities Angel financing Margin financing Share financing

Factoring / Leasing

LUFEX LEVERAGED THE SCALE OF THE PING AN GROUP COMBINED WITH A DIFFERENTIATED PLATFORM AND STRONG SECURITIZATION CAPABILITIES TO QUICKLY CAPTURE A LARGE PORTION OF THE MARKET

Lufax's Key Differentiators in the Market

Low Trading Costs

Absence of physical branches and digitization of trading processes on the online platform.

Superior Asset Liquidity

Builds secondary market for non-standard assets through trust plans, WM products, PE etc.

Diversified Products

Ability to securitise a wide-range of non-standard assets from financial institutions, businesses and individuals.

Superior User Experience

Next-generation digital platform allows customers to trade online and via mobile.

Strong Parent Company Backing

Part of Ping An Group, which holds a full range of financial licenses and an 80million customer base.

Lufax's Revenue Streams and Key Successes

Asset Underwriting*

Underwriting fee of 5% - 20% for standardized packaging, pricing and underwriting services.

*Principal source of income at the initial development stage

Platform Trading

Trading fees of 0.5% - 5.0% for each transaction performed on its platform.

Product Distribution

Distribution commission of 5% - 20% for each product listed on its platform.

Advertising

Advertising income through targeted ads for specific customers based on behavioral patterns.

- 3rd largest P2P Lending platform in the world
- Largest securitization platform in China
- >5 million registered users, with RMB 3.3 billion in transactions in Q3 2014 alone.

FUNDING CIRCLE HAS WORKED WITH THE GOVERNMENT AND LOCAL COUNCILS TO PROVIDE FUNDING DIRECTLY TO SMES IN THE UK

Description

- Funding Circle was founded in 2010 in the UK. It is a peer-to-peer financing platform for small and medium businesses.
- In 2013 it extended its operations into the US, headquartered in San Francisco.

How Does It Work?

- In the UK, businesses on Funding Circle can borrow between £5,000 - £1 million over a maximum period of 5 years.
- Funding Circle conducts a credit assessment on all prospective borrowers and rank them in one of five risk bands.
- Approved borrowers can advertise their loan request on the platform. This will then enter into a 7-day auction process where investors will bid the amount which they wish to lend and the interest rate they wish to earn.
- Funding Circle advises investors to spread its investments across at least 100 businesses equally. It has an auto-bid function to automatically place bids based on certain criteria.

Key Facts & Figures

- Since launch, Funding Circle has lent ~£600 million to British businesses.
- The platform has also attracted the attention from the UK government and local city councils as a platform to provide government funding directly to small and medium businesses in the UK.
- Funding Circle has also announced partnerships with RBS and Santander UK where the banks will refer some smaller businesses that it is unable to finance to the platform.



£603,539,340

Lent to British businesses

10,051

Loans originated in the UK

39,078

Investors in the UK

6.3%

Average annual return

2.0%

Estimated annual bad debt

ZIDISHA PROVIDES AFFORDABLE MICRO-FINANCING TO ENTREPRENEURS IN EMERGING MARKETS THROUGH ITS ONLINE-ONLY P2P PLATFORM

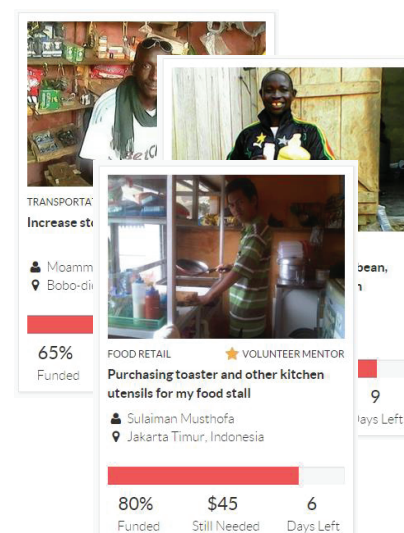
Description

- Zidisha is a nonprofit, fully online peer-to-peer platform for entrepreneurs available in 9+ developing countries.
- Zidisha only charges a 5% fee on each loan successfully disbursed and a one-time membership fee compared to microfinance loans which charge 40 - 50% interest.

How Does It Work?

- Zidisha does not provide any formal credit rating for entrepreneurs. It relies on social-network verification by getting entrepreneurs to link their active personal Facebook account to their Zidisha account.
- Zidisha chose to partner with mobile payments firms such as M-PESA, MTN Mobile Money and Indosat Dompotku to disburse loans to investors. Funds from investors are accepted through PayPal.
- Zidisha incentivizes timely and responsible repayments by limiting new entrepreneurs to small loan amounts and progressively increasing limits if they maintain timely payments. Payment records are also published on the platform for full disclosure.
- In order to keep operating costs low, Zidisha relies on a network of volunteers and fellow nonprofit organisations to provide services, e.g. Sift Science provides machine-learning algorithms to identify fraudulent loan applications.

zidisha



Key Facts & Figures

- Since its 2009 launch, Zidisha has managed to raise ~USD\$ 3 million in loans and fund ~13,000 projects.
- Zidisha lenders have achieved an ~88% on-time repayment rate. Thus far only 4.5% of loan amount disbursed had to be written off.

Note: Burkina Faso, Ghana, Guinea, Haiti, Indonesia, Kenya, Niger, Senegal, Zambia

GLOBAL BANKS IN THE US AND EUROPE HAVE FOUND INNOVATIVE WAYS TO TAP ON TO THE SUCCESSES OF LENDING CLUB AND OTHER P2P PLATFORMS



LendingClub

... is working on securitising loans originated through Lending Club



LendingClub

... issuing \$150 million in qualifying CRA loans to low and middle-income families on Lending Club platform

BLACKROCK®

PROSPER

... purchased more than \$330 million of loans originated through Prosper



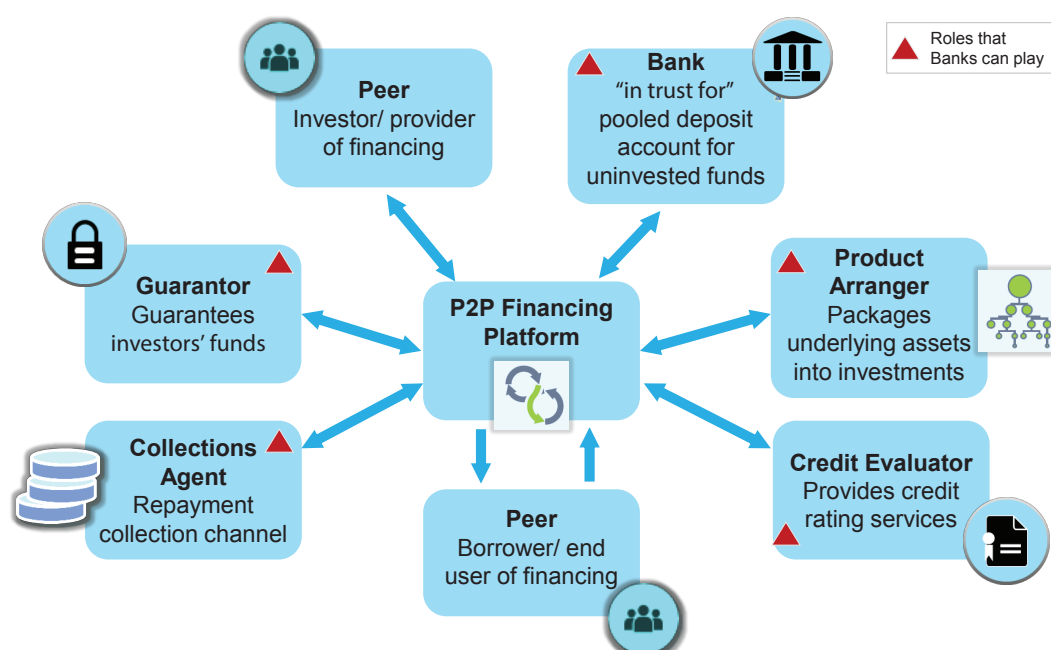
Funding Circle

... formed a partnership where the bank can refer some smaller businesses that it is unable to finance to Funding Circle

- The goal is to capitalise on the fast-growing industry through a **bond deal comprised of P2P consumer loans** that would carry an **official stamp of approval from a credit-rating agency**
- A credit rating would **open the sector up to a wider array of investors**, including insurers and pension funds
- This is the latest sign of the nascent “P2P” industry’s **growing acceptance on Wall Street**
- **Other small securitizations have already been completed**
 - The hedge fund Eaglewood Capital was first to securitise P2P loans with a \$53m unrated deal sold last year
 - In July, SoFi, a P2P lender that specialises in student loans received an investment grade rating from S&P

Source: Financial Times, November, 2014

THERE ARE DIFFERENT ROLES IN WHICH EXISTING FINANCIAL INSTITUTIONS CAN ALSO PARTICIPATE IN A P2P FINANCING PLATFORM



POSSIBLE OUTCOME: TO CREATE A PAN-ASEAN REGIONAL P2P FINANCING PLATFORM TO MEET THE FINANCING NEEDS OF ASEAN SMES



A Pan-ASEAN Regional P2P Financing Platform would be able to harness the collective investment strength of the region to meet the funding needs of ASEAN SMEs and stimulate further growth within the region

- ✓ Provide access to a **larger, regional community of investors** for ASEAN SMEs
- ✓ Offer **cheaper source of funds** through the use of digital platforms for origination and fulfillment of loans
- ✓ **Faster time to obtain funding** as digitization of loan processes would minimise manual intervention and mistakes when processing applications
- ✓ Provide an **effective, direct channel for government funding** to ASEAN SMEs in order to stimulate growth
- ✓ Encourage innovation and incubation of new business ideas

KEY DISCUSSION POINTS

- Is there a market across ASEAN which would benefit from a regional P2P financing platform?
- What would be the most cost-efficient and effective mechanism to facilitate P2P investments, fund disbursement and collection across the region?
- What are the possible inputs into a credit rating framework which would represent the credit worthiness of lenders on the platform?
- How can traditional financial institutions contribute to the start up and eventual operations of this platform?
- What are the regulatory frameworks required in order to make this work regionally?

AN INITIATIVE BY



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