



How is FinTech changing the financial services landscape in Myanmar?

25th July 2019

How is FINTECH helping financial inclusion around the world?

Innovation Area	Fintech	Service
Interactive customer engagement	Juntos	Mobile messaging and customer service
	Arifu	Mobile advice and information
	People's Pension Trust	Mobile nudges and incentives to encourage long-term savings
Smartphone-based payments	Wave Money	Payments app
	NALA and Hover	Payments app with no data requirements
	Fundu	Mobile-based person-to-person ATM app
Connections-based finance	M-Changa	Digital crowd-funding site
	Ma Tontine	Digital savings groups and credit advance
	Pezesha	Digital person-to-person lending
	Patasente	Digital lending marketplace for MSMEs
	Social Lender	Social-score based lending
Location-based smallholder finance	Farmdrive	Digital loans for farmers
	Apollo	Digital loans for farmers
	Pula	Satellite data-based digital insurance
De-risked nonproductive finance	Microensure	Digital health insurance bundled with microcredit
	Tulaa	Digital credit for farm inputs
	Biolite	Energy products on credit

Introduction to Yoma Bank & Wave Money



- Yoma Bank is 48% owned by FMI, 43% by Yangon Land, 5% by U Zaw Moe Khine and 5% by IFC
- Full banking license reinstated in 2012. Significant growth of the bank since that time.
- In 2017 launched the digital division , including a significant technology transformation
- 25 years in operation
- 79 branches and 3,000 employees across Myanmar



WAVE MONEY

- Wave Money is a joint venture between Telenor (51%), Yoma Strategic (34%)*, FMI (10%) and Yoma Bank (5%)
- Product offering includes money transfer, either through mobile account or at Wave Money agents, in addition to corporate products
- Additional products include an online payment gateway and salary disbursements
- First licensed provider under the Central Bank of Myanmar's Mobile Financial Services Regulation in October 2016

Wave Money recognized as one of the “Emerging 50”, which are exciting new fintechs that are at the forefront of innovative technologies and practices and are often pursuing new business models.



H2 VENTURES

FINTECH100

Leading Global
Fintech Innovators

Wave Money and Yoma Bank are both working on solving fundamental problems in the Myanmar financial system



Source: Lauren Serota

Only 6% of adults rely exclusively on banks for financial services. 31% of people are completely financially excluded.



At 4.7 branches per 100,000 people, bank branch penetration in Myanmar is on par with Iraq and Sudan.

What does it actually mean to be financially excluded in a developing market?



Don't have access to credit, and call fall prey to unscrupulous lenders



Can't build a credit record



Have no safe, reliable and easy way to make payments



Don't have a secure place to save money



Don't have security accepted by formal lenders



Have no easy way to receive money as remittances from relatives working away



Wave Money occupies a leading position amongst mobile financial services providers in Myanmar

First license holder under Mobile Financial Services Regulation. #1 in distribution, brand awareness and money transfer volume.



- **Number 1 in distribution.**
- Rolled out high quality network of 45,000 agents
- Largest cash in/cash out network in Myanmar

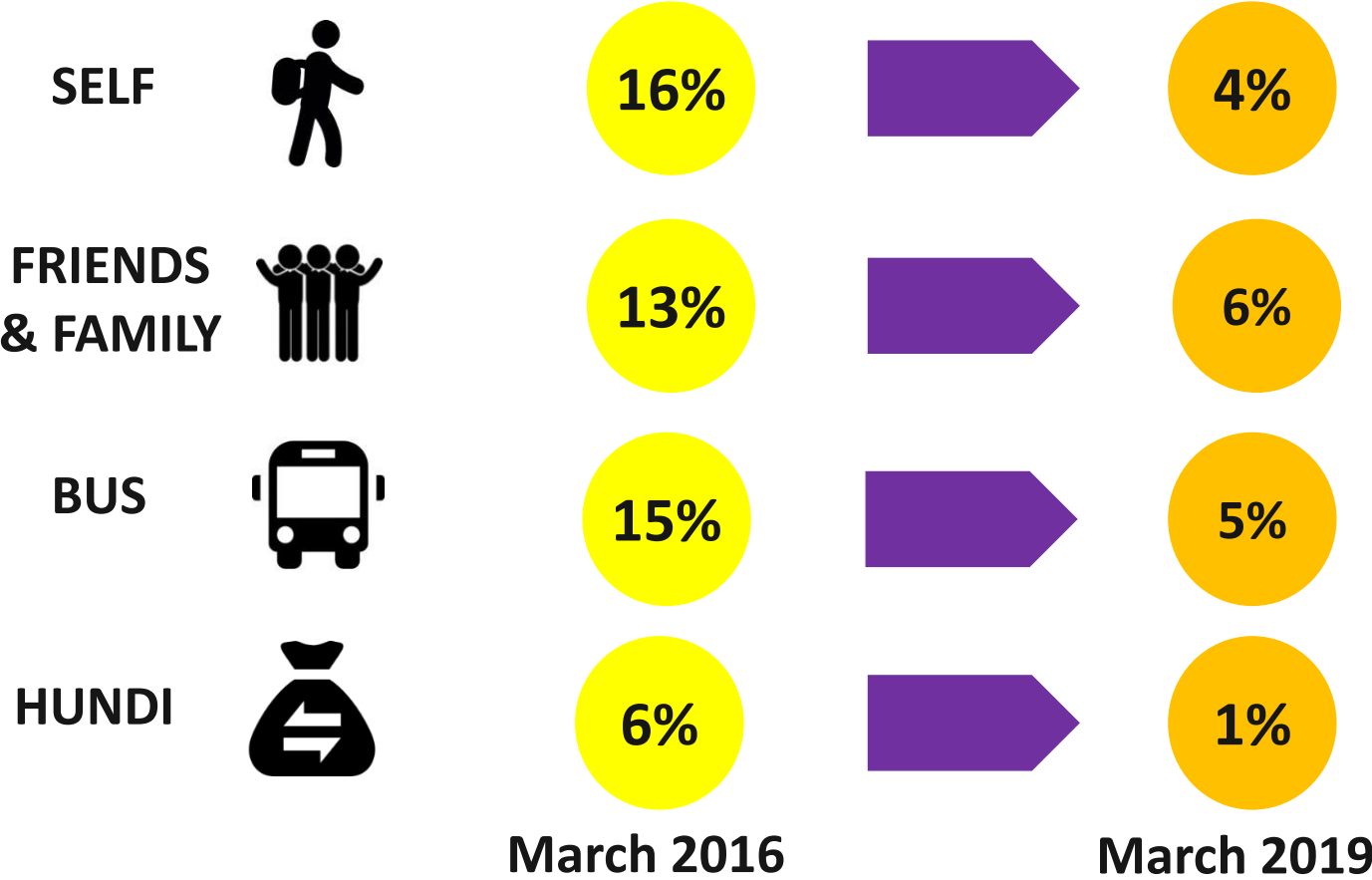


- **Number 1 in brand awareness.**
- Highest brand awareness amongst mobile financial services providers in Myanmar by a significant margin



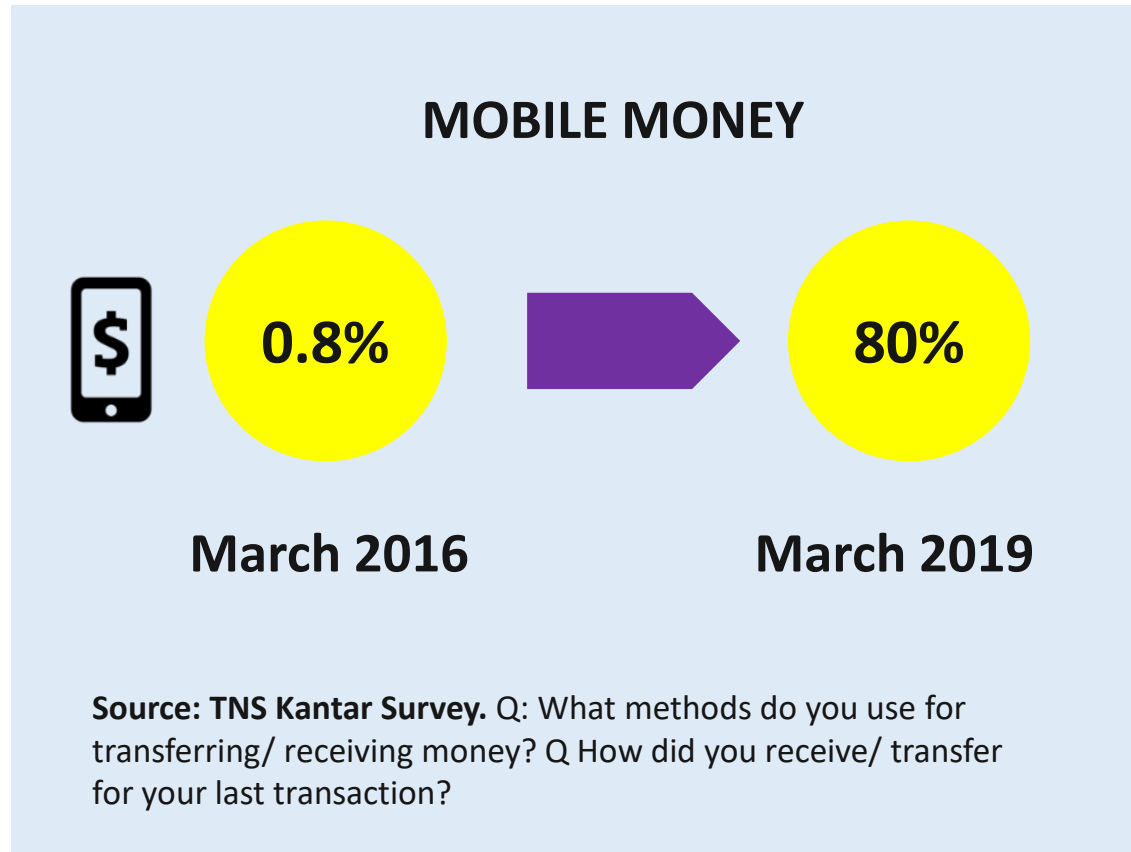
- **Number 1 in money transfer.**
- More money transfer transactions than any other mobile financial services provider in Myanmar

In the three years since launch, we are seeing the informal market for money transfer dropping dramatically



Source: TNS Kantar survey. Q: What methods do you use for transferring/ receiving money? Q How did you receive/ transfer for your last transaction?

The informal market has largely been replaced by mobile money, with domestic remittances increasing month on month



In first half of 2019
US\$1.7 billion was
transferred through
Wave Money's network

Bank and mobile operator collaboration has not always been successful in developing markets



NEDBANK

- Launched in 2010 targeting to build a customer base of 10 million users in three years
- Partnership shut down in 2016 after reaching only 76,000 active users
- A Nedbank one of the largest banks in South Africa with a market reputation of catering for middle-class and high-income earners; these customers already had banking services and platforms



- Partnership signed in 2014 to offer mobile service to consumers and SMEs, aiming at boosting revenue and customer base
- Partnership terminated in 2018 – much ahead of original plan of 2015
- Expected to acquire one million clients within three years but reached only 440,000, with active user base being much lower than that

The relationship with Yoma Bank has been critical to our success since launch in August 2016



First real time wallet to bank linkage in Myanmar

Cash Management

Agent & Distributor Lending

Cash In & Out at Agents

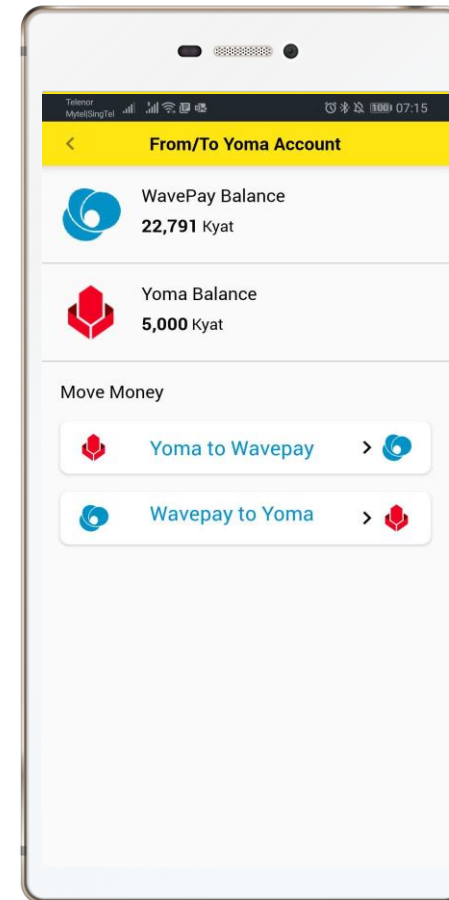
We have had a real time connection between mobile wallets and Yoma bank accounts since December 2016

User Benefits of Connecting to Yoma Account

Instant credit replenishment in wallet

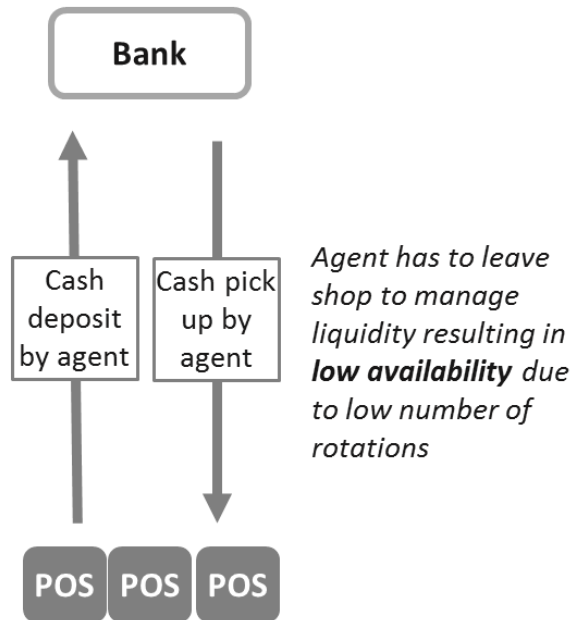
Time & cost savings for avoiding physical cash-in/out journey

No transaction fee



The cash management capability built by Yoma Bank has allowed us to increase eMoney rotation at distributors

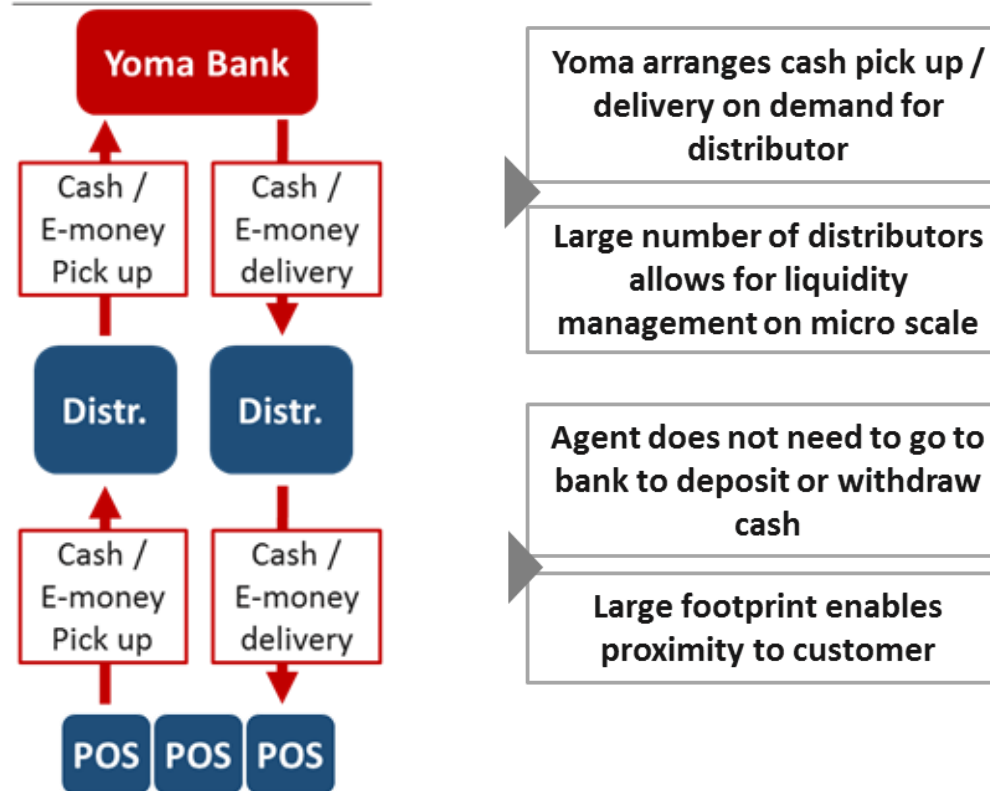
In existing business models retailers are required to go to bank for liquidity



- Businesses such as Red Dot were challenged by financial infrastructure in Myanmar and have **retailers manage liquidity**

Cash management capabilities in our business model take the liquidity burden off the distributor and retailer, ensuring that eMoney is available consistently in network

Cash Management setup



Since November 2018 we have been extending credit to distributors and agents through Yoma Bank



Fast credit

- Just 1 business day between application and disbursement
- Makes it easy to plan business and inventory



Easy credit

- Issued within pre-approved credit limit based on their Wave transaction volume
- No invasive due diligence process required



Bigger credit

- An opportunity for our partners to build credit history for future financing
- Possibility of graduating to larger SME loans with Yoma Bank

~9,000
loans
issued

To 5,500
partners
(20% of all
qualifying
partners)

**4x higher
income
for agents
with Yoma
credit than
non-credit
agents**

Now extending the relationship to allow customers to cash in and out to and from bank accounts at Wave Money agents



National reach

- 3.7X coverage expansion to cover 93% of all townships in the country
- A foray into under-served market segments
- Cost to serve extremely low for providing basic transaction services

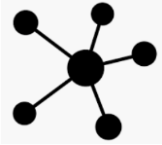


WAVE MONEY

Further boosting agent income

- Higher earnings for agents through handling of Yoma Bank transactions
- An opportunity to acquire new customers at agent shops through natural brand exposure and incentive offers

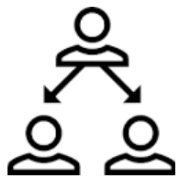
What results are we seeing as a result of this unique collaboration with Yoma Bank?



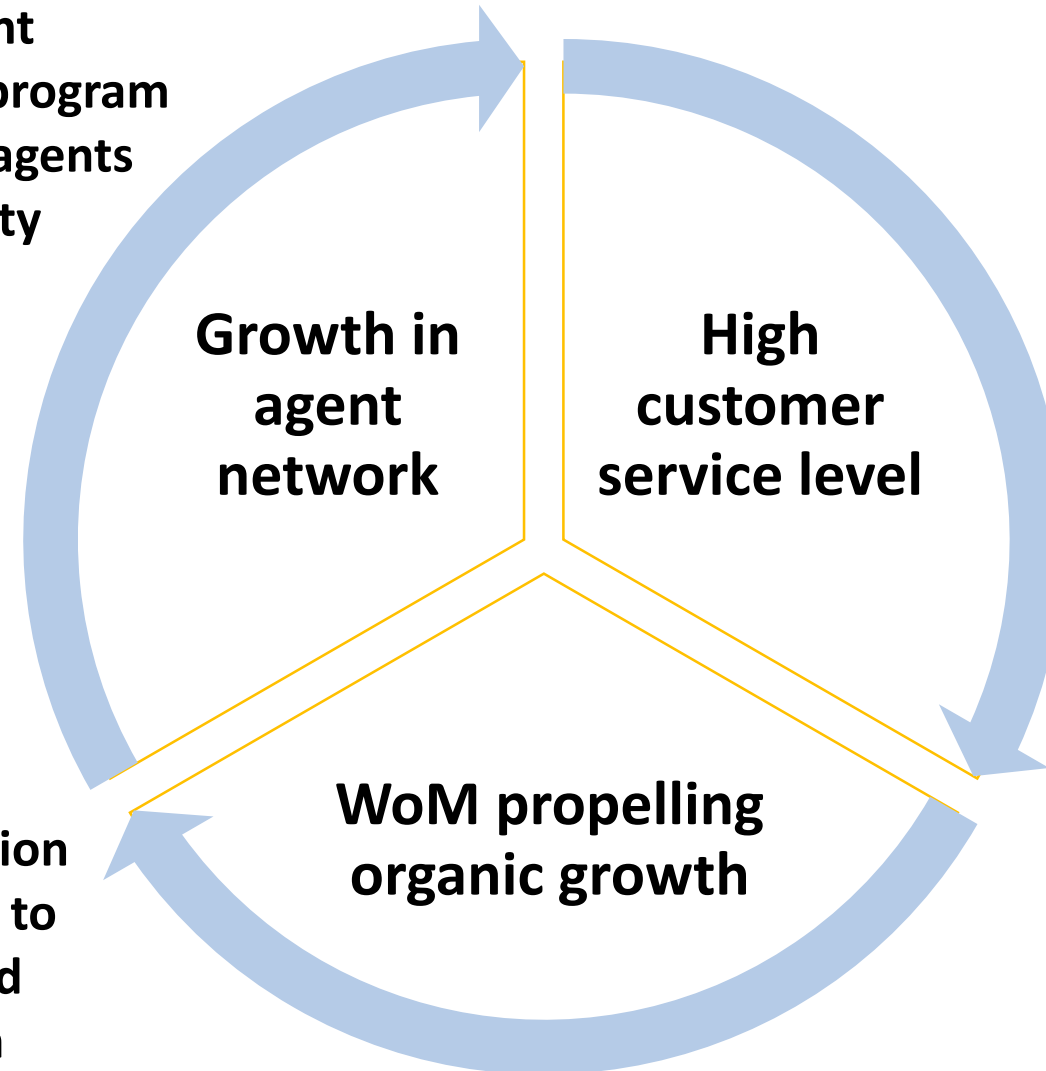
Cash management service & credit program make it easy for agents to manage liquidity



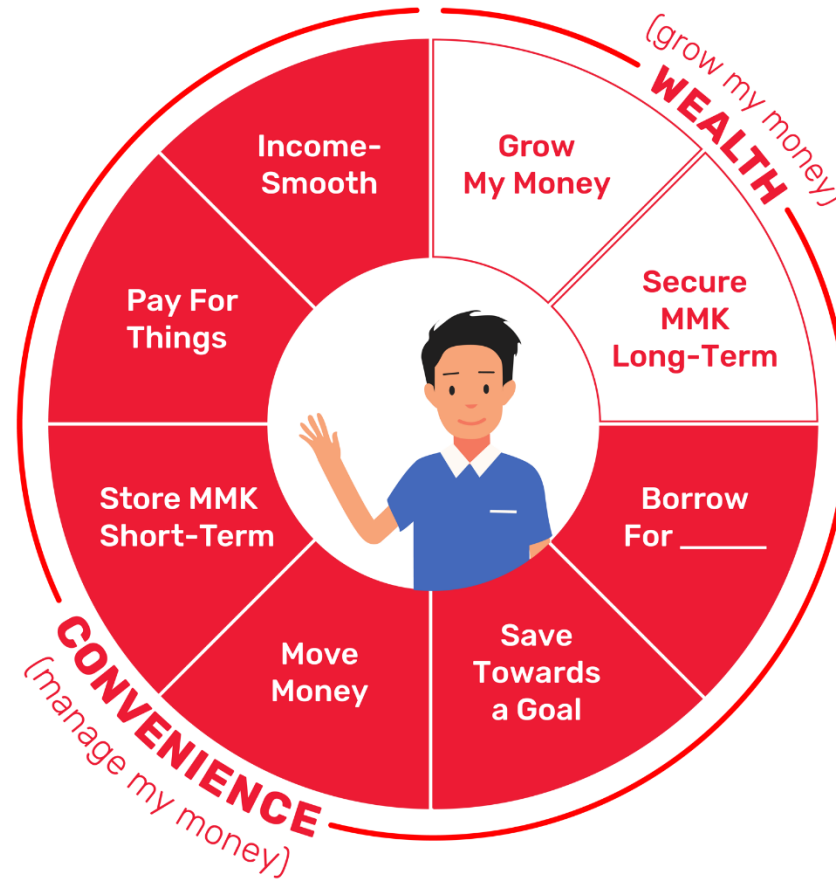
Customers are satisfied with consistent level of agent service and easy-to-use wallet, helped by real-time Yoma account linkage



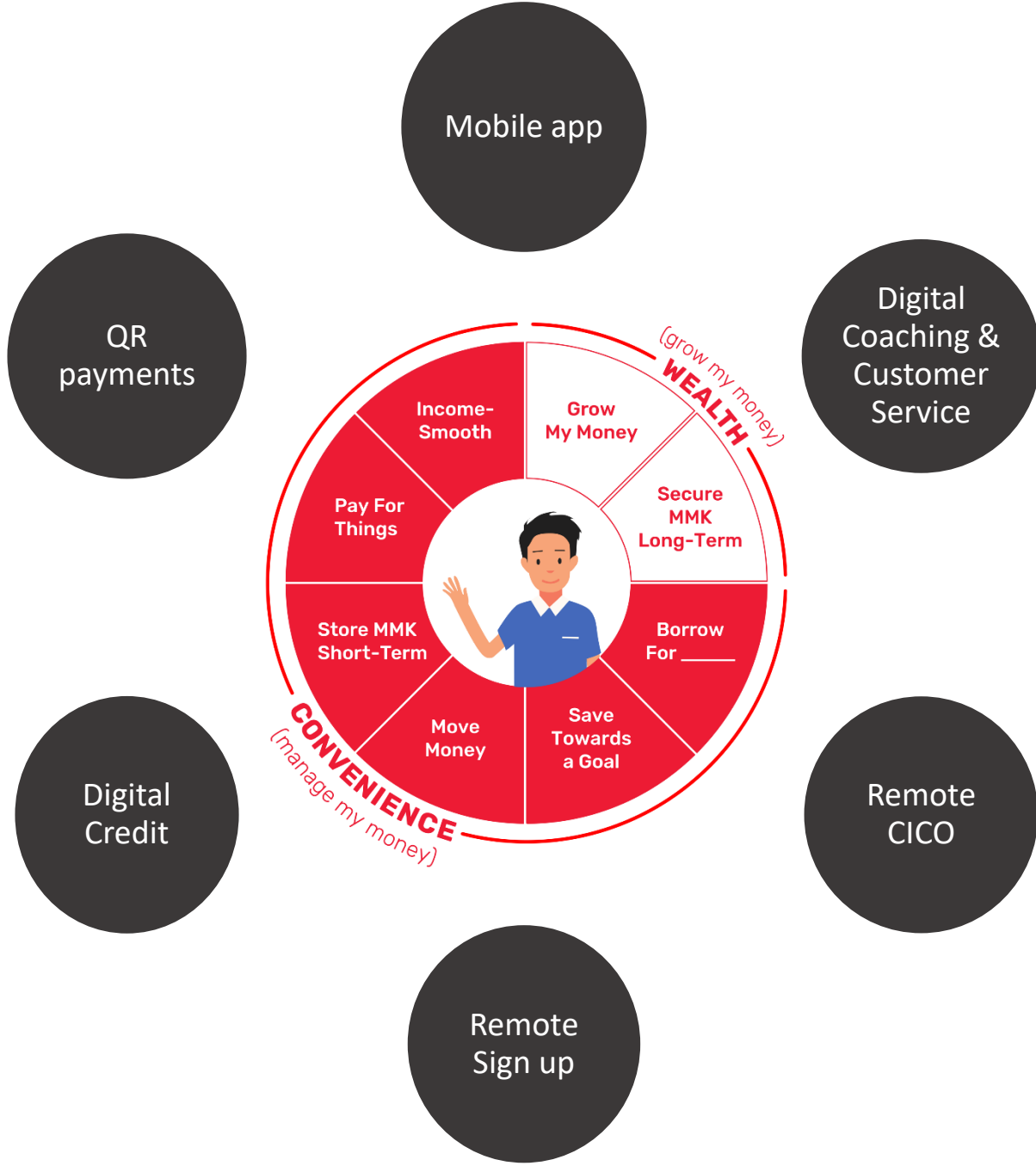
Trust and satisfaction in customers lead to brand equity and word-of-mouth



How does a bank use FINTECH for financial inclusion?

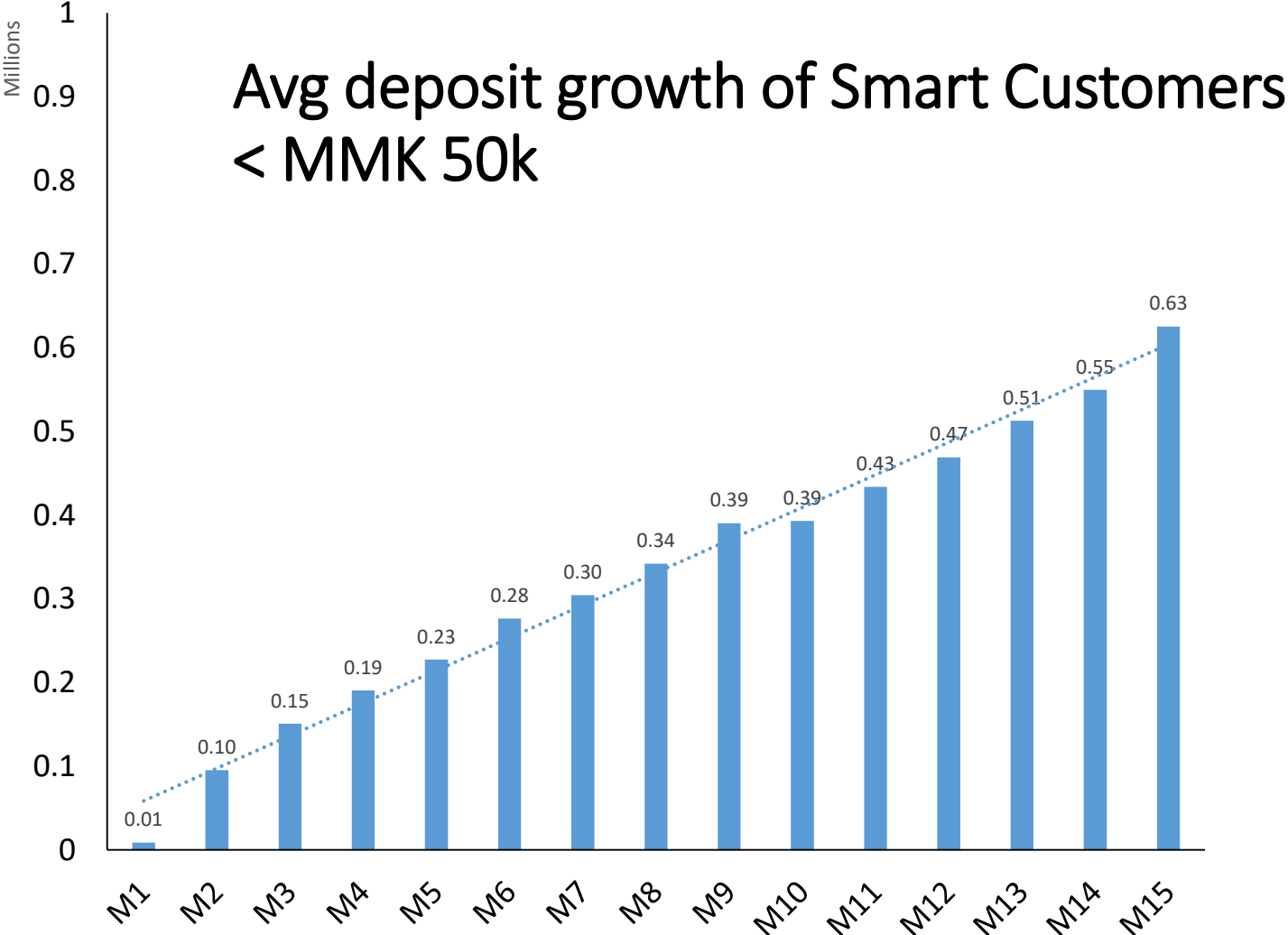


Yoma Bank uses
FINTECH to build
an ecosystem of
financial services



Customer Value =

Daily financial life
made easier



Wave Money and Yoma Bank are building solutions to solve these financial exclusion problems

Crossover Opportunity



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Yoma Bank

Wave Money



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