

Option 1- Full FinTech

Efficiency Saving  
Option 1

Inexpensive Bank Engine  
API Driven Modular  
21<sup>st</sup> century



Option 2- FinTech API with Bank Legacy

Efficiency Saving  
Option 2

Proprietary Mainframe or Heavy Unix solution  
Legacy Infrastructure  
Designed in 60's-80's and modernised

API in FinTech Credit in Market  
Bank and Card in Alternate



Option 3- Bank Legacy

Proprietary Mainframe or Heavy Unix solution

Legacy Infrastructure

Inhouse monoliths

Self Built rather than API Systems

Designed in 60's-80's and modernised

Custom Card Issuance and Acquisition

Custom Credit Process

Custom/In-efficient KYC



Industry Average Per User Technology /Operations Cost= **420 Rand** for Average Banking (+-30USD)

Under this model – there will always be Underbanked as its infeasible to recover 420 rand per month (+-30USD)

Modern MobileMoney (Fintech) Cost per user is monthly **20-60 Rand – (1.5-4.5 USD)**

Fintech is emerging but lacks scale and distribution to reach. Until Telcos got involved, but then only for payments

Acceptance mechanisms drive adoption of digital finance products.

Card and Interchange Costs

Mall Operating Costs



**Modern Architectures Free**  
Modern technology players – Google, Amazon, Microsoft have decimated banking datacentre advantages in capital, faster cheaper, and more reliable



#### Cloud Enablers

Cloud providers have embraced banking standards for THEIR OWN USAGE – PCI DSS compliant cloud services ? Microsoft Azure for example provides PCI DSS datacenters



#### Modular Tech

Hyper modular containerised technologies like Kubernetes, Docker etc obliterate mainframe, and legacy bank silos, and process advantages. That's how we built Curve



#### Marketplace Tech

Federated big data models can scan backend datasources (like AWS and Azure), and do highly specific analysis like AML, Dodd Frank, POPI, Basel (1..n), as a marketplace service

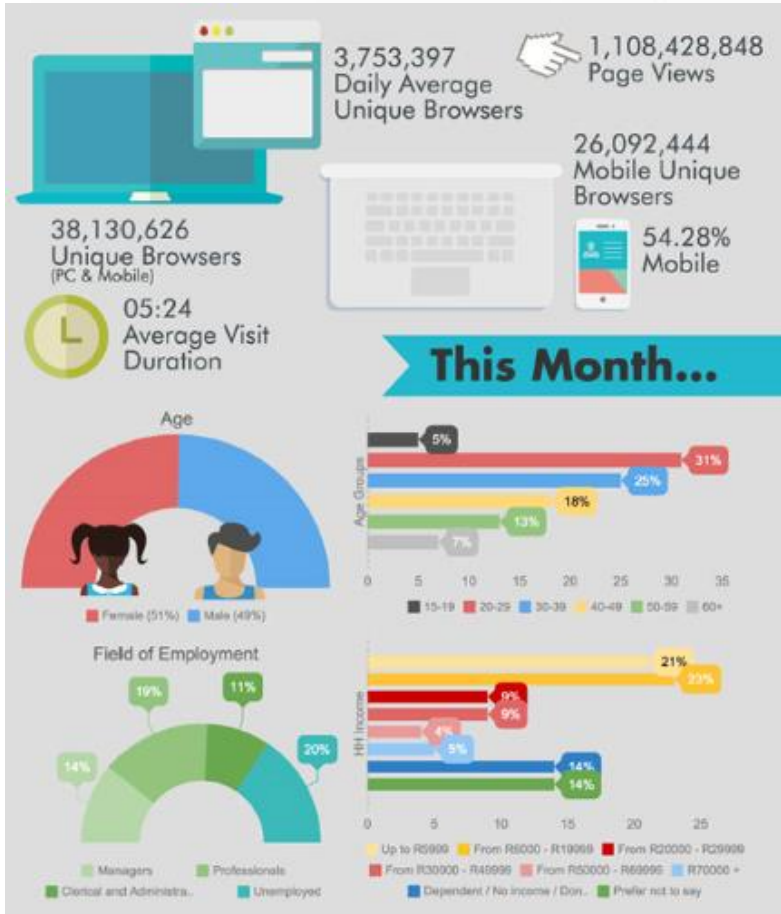


#### Service Separation

There is already a separation between lending licensing, and transactional banking (EG lenders versus banks). All that's missing is they federate.....

everything is green fields in Fintech

# ECOMMERCE AND INTERNET ACCESS IN SOUTH AFRICA

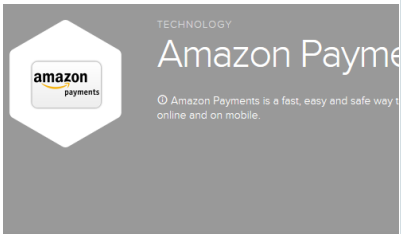


Top two ecommerce sites in South Africa are **community driven second hand goods ecommerce platforms** and the **mobile phone** is the predominant platform for accessing the internet/ecommerce in SA

Instant Transaction	Trust	Amazing Experience
Merchant settled instantly, but obligated to deliver. Any counterparty on any rails	Escrow features and conditional purchases, move beyond simple EFT or card. Trust is enforced	Buying and Selling needs to blend into payment- rethink the separation
Customer pays frictionlessly, and understands the structures and context of payment	Tracking/Controlling User Behaviour and Feedback. Gamifying the bank relationship, expanding the network from individual to ecosystem	Trust is now a currency variable – sets prices, connects supply chain – one transaction (phone purchase) leads to the next (insure device)
Any payment, any acquiring, any settlement, rich data beyond the transaction gives Investec market a cross sell	Enforce consequences of bad transactions, reward good ones. Loyalty programs are too simple	KYC, AML, Dodd Frank, POPI, and everything else is digitally invisible. Compliance models on Cloud marketplaces.
No penalty for convenience, it should be incented. Value services surfaced in context of transaction.	Community needs to contribute to trust, not outsource to bureaus only. Credit rethink, and federate to other risk profile lenders	Credit Model, Financing, Insurance, wraparound products need to be in CONTEXT of the transaction AND the user
The Device Manufacturers will integrate upwards – so we better integrate down. We source, acquire, and clear it !	PSD2 et al will drop your barriers for trust, get there first.	The experience masters (Google, apple, Microsoft, Amazon, Netflix) are coming. They cant own your customer’s passion

# That future wont happen....?

- **The Banks will stop it ?**
- **The Associations will stop it**
- **The Regulators will stop it**



### Top Websites Using AliPay

All Websites Using AliPay >

<a href="#">alibaba.com</a>	42 TRAFFIC RANK	651.1M MONTHLY VISITS	>
<a href="#">alibaba.com</a>	181 TRAFFIC RANK	208.1M MONTHLY VISITS	>
<a href="#">douban.com</a>	150 TRAFFIC RANK	170.1M MONTHLY VISITS	>
<a href="#">adnetworkperformance.com</a>		90.7M MONTHLY VISITS	>
<a href="#">tradeadexchange.com</a>		70.2M MONTHLY VISITS	>
<a href="#">shopify.com</a>	640 TRAFFIC RANK	65.9M MONTHLY VISITS	>
<a href="#">airbnb.com</a>	335 TRAFFIC RANK	57.3M MONTHLY VISITS	>
<a href="#">zara.com</a>	411 TRAFFIC RANK	51.5M MONTHLY VISITS	>
<a href="#">cargurus.com</a>	576 TRAFFIC RANK	43.7M MONTHLY VISITS	>
<a href="#">amazon.cn</a>	647 TRAFFIC RANK	38.1M MONTHLY VISITS	>
<b>160,979 additional websites are using AliPay</b>			>

# Numbers | 1 Hours And Statistics



ers in the United States as of

**ABOUT THIS STATISTIC**  
 This statistic gives information on level of familiarity with Apple Pay according to online users in the United States as of December 2016. During the survey period, 86 percent of respondents were aware of the digital payment service but only 12 percent used it.

**SPECIAL FUNCTIONS**

Download as ...

- Graphic (PNG)
- Excel (XLS)
- PowerPoint (PPT)
- PDF

Options

- Settings
- Print
- Research Alerts



5.55m/s

0.45MW

29.173



6.54m/s

0.29MW

186.173



7.34m/s

0.34MW

171.173



8.55m/s

0.29MW

20.173



6.54m/s

0.65MW

171.173



7.34m/s

789MW

-24.261



6.54m/s

0.29MW

5.572



6.54m/s

0.29MW

5.572



putting it all together  
show you

# Supporting Facts



## SOUTH AFRICAN MARKET ANALYSIS

*LSM	Income per month	%Participating in E-Commerce EM [3]	%Participating in E-Commerce AMPS [3]	Weighted Average	Emerging number of users (20% of 20% of population*)
1-4	< R2999	8,93%	1,78%	5,36%	340,000
5 & 6	R3000 < x < R6000	11,54%	6,53%	9,04%	600,000
7	R6000 < x < R12000	14,68%	17,60%	16,14%	
8	x > R12000	64,85%	74,10%	69,48%	

The Curve User

- The above data is a reflection of the source data located in the briefing document pack on page \_\_
  - \*The 20% of 20% is calculated as
    - 20% adoption on the banking side
    - 20% of the above population adopting the e-commerce engine
- The assumptive averages of 360 000 users for the mall calculations is a conservative number given the above research from two independent sources
- Lower LSM's have a large proportion of smart phones. These potential clients can access the mall for products such as small appliances and insurances can be sold to those under insured.

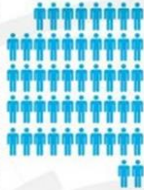
SOURCES: E-COMMERCE ANNUAL REPORT SOUTH AFRICA (VISA, AIB AND EM) [1]

# PROBLEM STATEMENT – BANKING IN SOUTH AFRICA

WHEN IT COMES TO FINANCIAL EDUCATION 35% can't understand banking jargon

**43% say that it is IMPOSSIBLE to understand fees**

"So guidance on how to manage money is important "I need help understanding my account and how to manage my money"  
"I want to speak to a financial consultant and incorporate the advice banking is giving to banks that give (FSA)"  
"I'd want bank manager for a day I would try to help people understand what makes banking so difficult. Explain to people why banking jargon is necessary."



**50%** of people say that banks make them pay for keeping their cash

AND WHEN ASKED ABOUT PERSONAL SERVICE

I EXPECT MY BANK MANAGER TO KNOW ME, MY NAME AND ABOUT MY LIFE

Find out what my needs are. That way I can be better advised as to which products I need. Individual finance options based on my individual risk profile  
"Get to know me so that you have a better sense of who I am and what I need"

**"TREAT ME AS AN INDIVIDUAL NOT AS A NUMBER"**

"Banks should be in with my life, I shouldn't have to fit in with them"  
"The days of having a bank manager as a direct source seem to have disappeared entirely."  
"Today I am the bank manager and I'm going to make it my task to contact 5 clients that have been with us for ten years to find out how they are doing and to hear if they have any queries."

**46%** are FRUSTRATED with fees and tricky literature but won't change banks

This could have to do with the fact that 42% want a standard menu of fees because they are hard to compare

OTHERS HAD MORE PRESSING ISSUES  
"I only knock off work at 16:30 and by then the banks are closed  
Many people stand in long queues just to be told that they need to go to someone else. The floor boss/tes should direct people as soon as they enter or try to help them herself."  
Don't have empty counters when there is a long queue waiting to be formed  
Provide seats for waiting customers, especially grannies to make it more comfortable

**47%** asked what is a bank manager again?

15% are looking for a new bank, but it's a long time commencing to change  
5% want staff to be more customer  
60% feel that bank managers are doing a good job

A lot of people fear opening bank accounts because they feel they will be made to communicate in English with the tellers. Have specific queues for the most spoken African languages e.g Zulu and Sotho that would make me feel more comfortable."

WHILE...  
76% of people do trust their banks while almost a quarter don't  
42% of consumers would still bank even if they didn't have to  
24% say banking is tailored to the bank's needs, not mine  
29% say banks are upfront and to the point with their money

MAKE YOUR CUSTOMER FEEL SPECIAL  
**"TREAT CUSTOMERS LIKE YOU NEED THEIR BUSINESS"**

"Don't take me for granted"  
"As a young mom it is difficult to get the pram through the revolving door and it is hard to stand in queues with a pram"

VALUE YOUR CLIENT'S TIME  
"Don't have to make paperwork every time I open a new account"  
"New FICA documents stand as that I don't have to re-submit the ones"  
**"SMOOTH OUT RED TAPE ISSUES"**

MAKE SURE YOUR CUSTOMER'S TIME IS NOT WASTED  
"A trip to the bank is never pleasant"  
"Pay me to stand in line for more than 15 minutes."  
**my time is worth money too."**  
"Bank queues are quite long and can be frustrating sometimes - especially when you are in a hurry"

ENCOURAGE SMART MONEY MANAGEMENT AND SAVING  
There should be a focus on growing and saving money  
"Reward me for saving money"  
"There is no incentive for anyone to save in South Africa, as the interest rates are too low.  
If you give better interest rates and allow for cash free deposits and withdrawals, everyone in South Africa will join your bank."

and my account rather than a machine. Someone who knows me and my business"  
**"I WANT TO DEAL WITH A PERSON AT THE CALL CENTER NOT A MACHINE"**

**"BRING THE HUMAN TOUCH AND JUDGMENT OF CHARACTER BACK INTO BANKING. COMPUTERS CAN'T DO IT"**

POINT OF CONTACT  
**ONE**

BE PROACTIVE  
"Let me know before my card expires"  
"As bank manager for a day I am going to phone up all my customers and show them how they can save money on their bank charges, and do it for them"  
Banking has improved in terms of technology but has not improved in terms of personal relationships

**FEES** **56%** say that if the finance minister could change one thing in 2012, they would ask for bank charges to be slashed

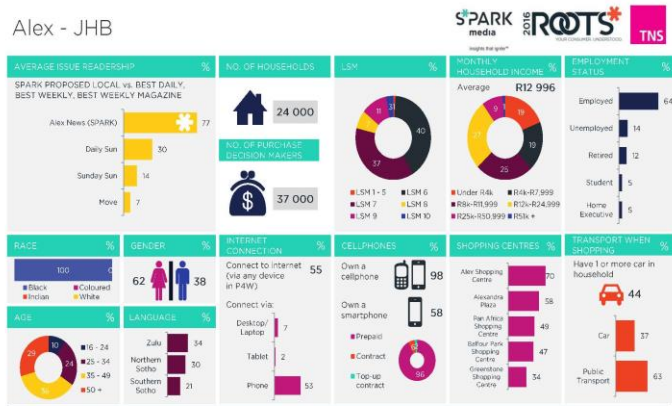


28% of banks are upfront and to the point with their money  
Consumers feel that online fees are not fair  
37% have tried to compare costs but gave up  
42% want a standard menu of fees  
42% say that it is impossible to understand fees  
Only 20% of respondents describe the practice of comparing costs as "simple"

BANKING IS EASIER IF FEES WERE CONSISTENT ACROSS BANKS  
"I would like to see a standard menu of fees across all banks so that I can compare costs more easily"  
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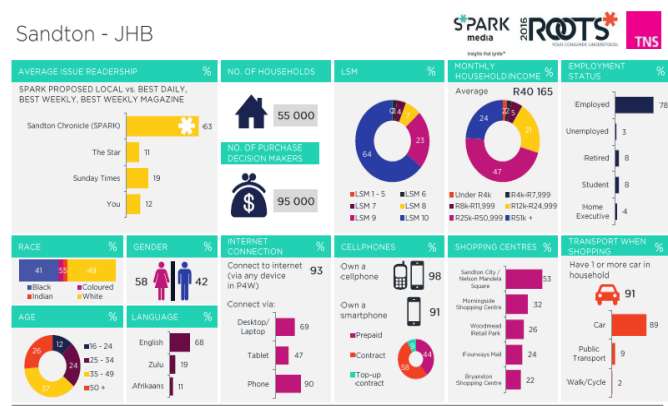
# SUBURB RESEARCH DATA

Alex - JHB



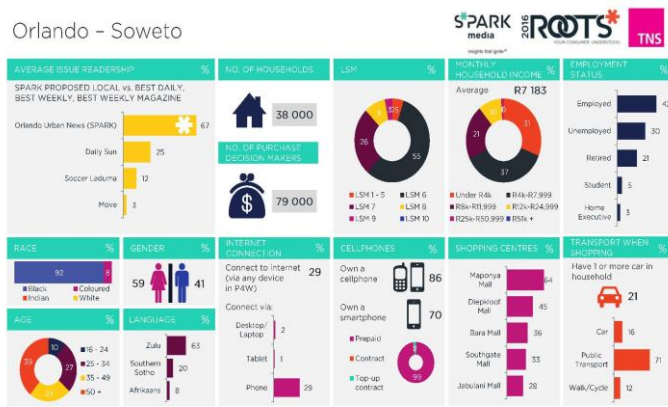
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Sandton - JHB



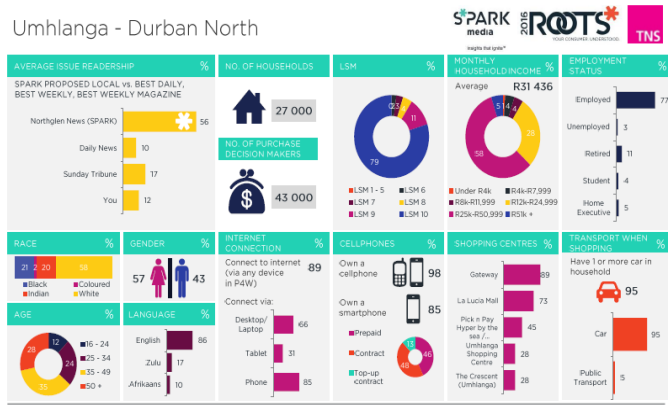
n=300

Orlando - Soweto



n=201

Umlhanga - Durban North



n=300

## FINANCIAL SERVICE PROVIDERS ORIGNATION COST

Strong case for third party ecommerce platform providers and flat fee origination costs for merchants

Cumulative pre-tax profit

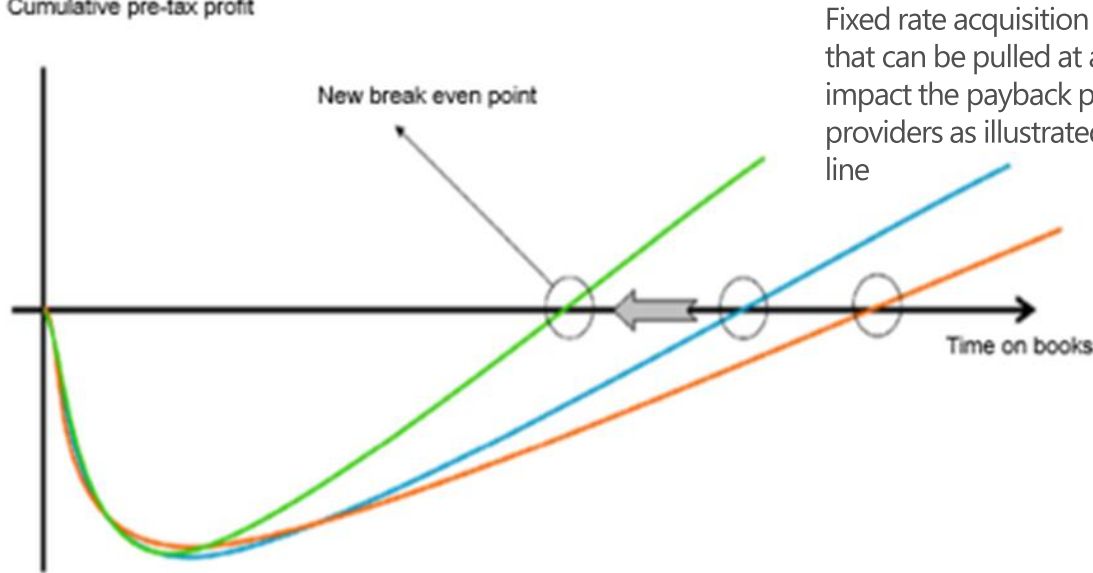
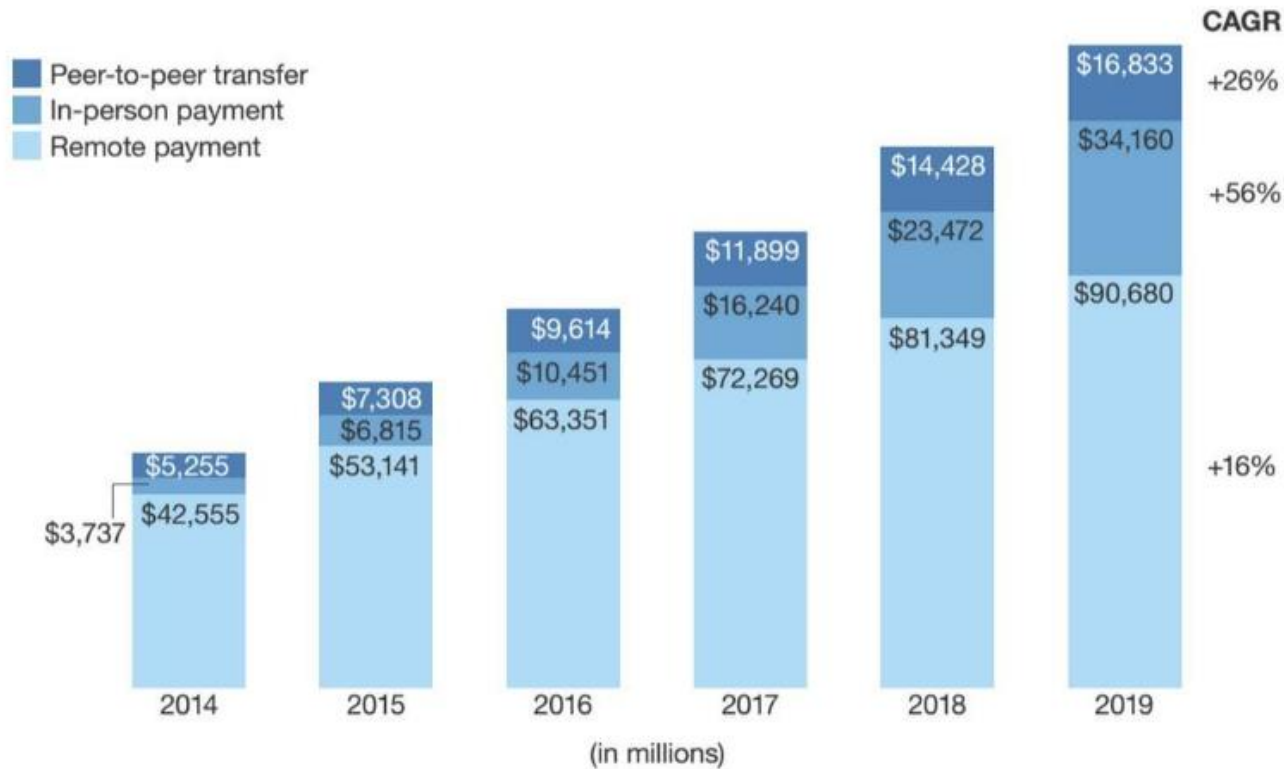


Figure 1 US Mobile Payments Will Reach \$142 Billion By 2019



Note: Forecast does not include purchases made on a tablet or card payments made at mobile point of sale (mPOS) or with a mobile card reader.

Forrester's U.S. Mobile Payment outlook from its November 2014 Mobile Payments Forecast.

## LSM POPULATION ANALYSIS SOUTH AFRICA

	Nov 2015		Mar 2016
LSM 1	1.0	} 22.7	1.0
LSM 2	2.9		2.1 ↓
LSM 3	5.5		5.7
LSM 4	13.3		12.4 ↓
LSM 5	16.5	} 51.7	16.4
LSM 6	22.0		23.2 ↑
LSM 7	13.2		13.7
LSM 8	9.2	} 25.5	9.4
LSM 9	9.7		9.9
LSM 10	6.6		6.3
			} 21.2
			} 53.3
			} 25.6

Significant growth in the LSM 5 -7 population indicating a growth in the middle class in South Africa

- From the above figure it is clear that the trajectory around a larger middle class is developing and a sharp decrease in the lower <3 LSM bracket. For the analysis of financial inclusion through free banking services the above statistics and trajectory bodes well for an entrant into the market to capture this progressive audience