MMA FORUM VIETNAM
NOVEMBER 3, 2017 | HO CHI MINH, VIETNAM

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MOBILE MARKETING ASSOCIATION

FINANCIAL INLCUSION LEVERAGING THE MOBILE DEVICE
THE FECREDIT EXPERIENCE

Mr. KALIDAS GHOSE

CEO – FE CREDIT

FE CREDIT
VAY TIÊU DÙNG TÍN CHẤP



FINANCIAL INCLUSION IS ESSENATIAL FOR ANY EMERGING ECONOMY

DEFINITION

Financial inclusion is:

✓ **People** and **businesses** can access secure, convenient and affordable **payment** and **other financial services**,

✓ Use them to **meet everyday** needs and long-term goals.

CHALLENGES

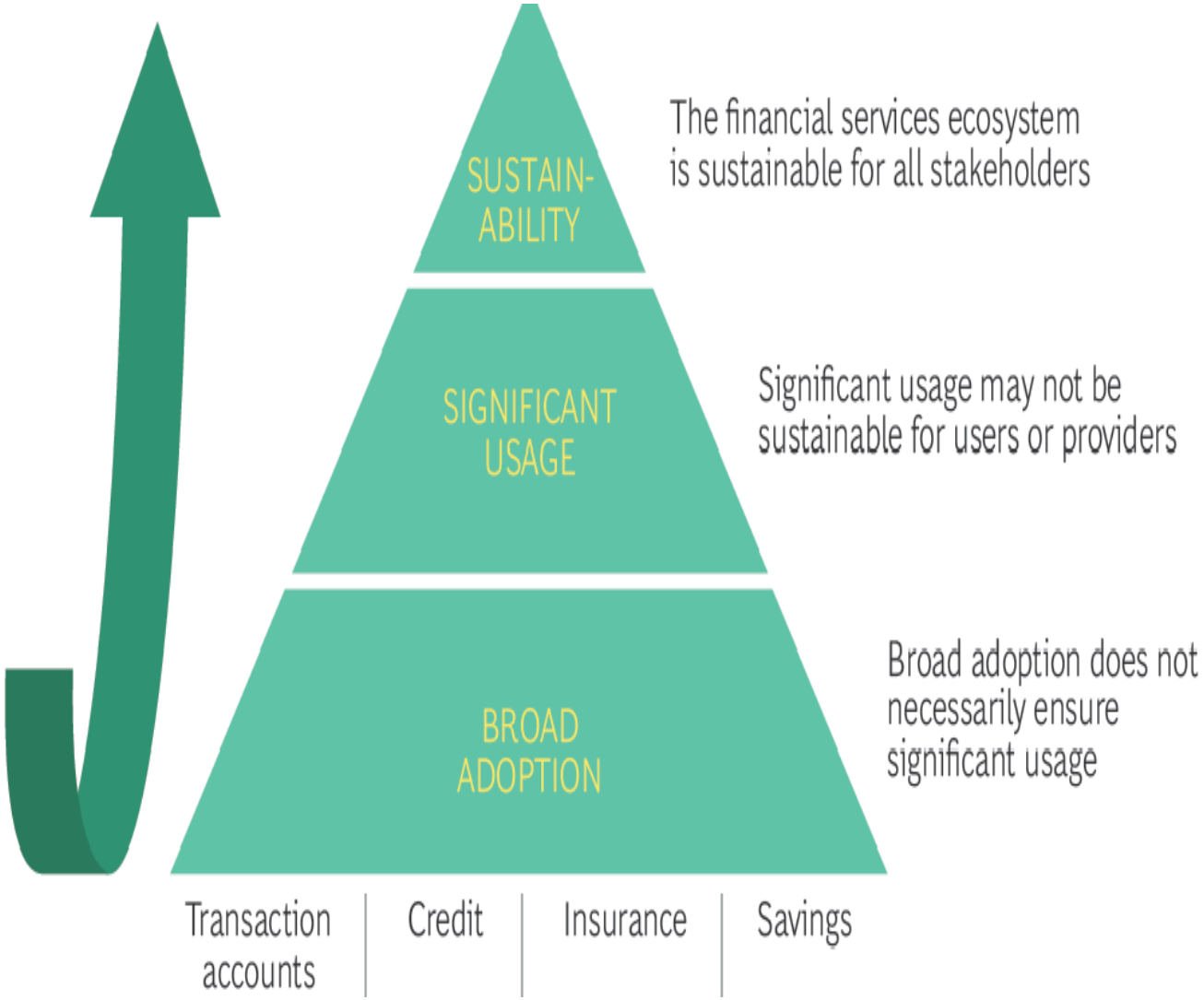
✓ About ½ of adult world lives in the *emerging economy*

✓ *2 billion people* face financial barrier

✓¼ *of adult having transaction account withdraw their wages once they are deposited.*

✓ These adults are not taking advantage of other financial service





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Vietnam has one of the lowest penetration of consumer lending and a significant potential for growth



VIETNAM

% HH DEBT PENETRATION TO GDP

20%

FAST GROWING AND...

96 MILLION PEOPLE

...YOUNG POPULATION – 15 TO 40 YEARS OLD

40%

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Others

MALAYSIA



% HH DEBT PENETRATION TO GDP

80%

INDIA



% HH DEBT PENETRATION TO GDP

17%

SOUTH KOREA



% HH DEBT PENETRATION TO GDP

82%

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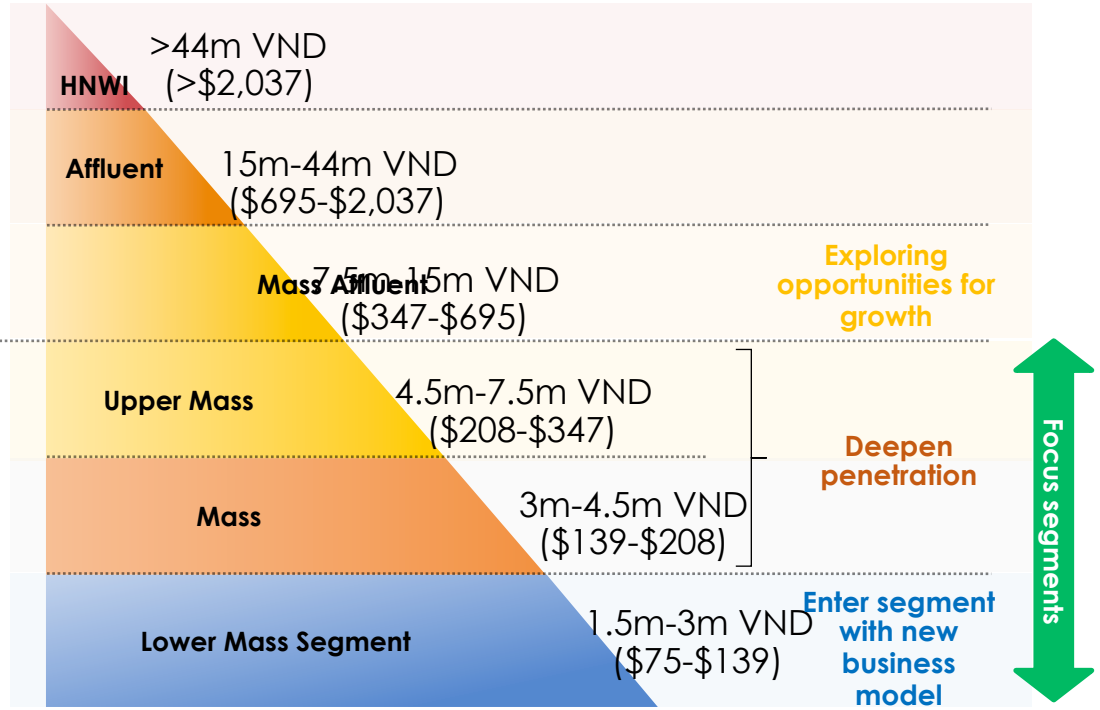
Source:
www.aecnewstoday.com, www.tradingeconomics.com, www.economist.com, WWW.INDIANEXPRESS.COM

In Vietnam, Mobile adoption is extremely high

MOBILE PHONE (ANY TYPE)	SMARTPHONE	LAPTOP/COMPUTER	TABLET
Monthly income (indicative)	Strategic objective		
98%	72%	44%	14%

Device Usage (% of adult VN Population)

SEGMENTATION BY INCOME



FECREDIT's primary customer segment

Smartphone users take 70% young population (18-34), our main segment, who have strong demand to use high-tech and e-shopping

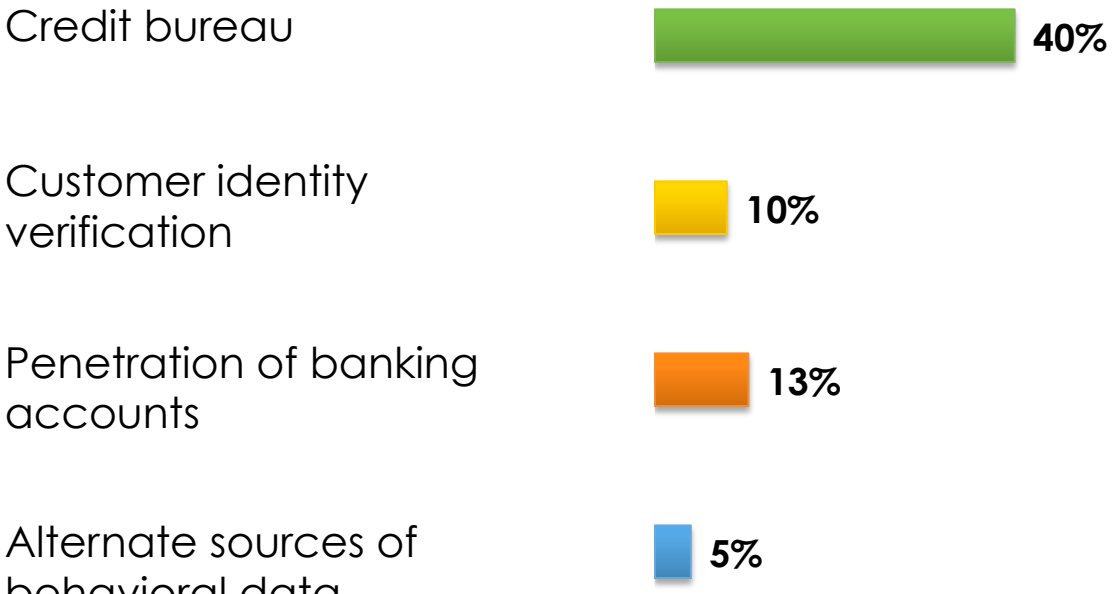
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Further development of consumer lending faces an infrastructural obstacles

LENDING INFRASTRUCTURE DEVELOPMENT INDEX

Based on the market experts' opinions



Lack of information and services
- Bureaus lacking information on unbanked segment
- Low level of automation and underdeveloped extra services

No access to official data bases
- Access to information on national ID, taxpayers etc. is non-existent or underdeveloped

Low adoption of banking services
- Significant share of population still receives part or whole salary in cash
- Utilization of bank accounts often is limited to cash withdrawals

Alternate resources are not explored yet
- Most of companies like telco, insurers, facility providers are still considering sharing an info

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TELECOM PROVIDERS WITH WIDE SPREAD OF CUSTOMER BASE ARE IN POSITION TO TAKE A PLACE OF CREDIT BUREAU

~40%[1]
Credit Bureau

100%[2]
Mobile Phone



Vietnam lacks well established credit bureaus…

- Bureaus lacking information on unbanked segment
- Data quality is low what leads to deficiency in customer profile completeness
- Low level of automation and underdeveloped extra services

… while telecom data provides multiple data points that represent rich footprint of subscriber:

Network
Connected People, Frequency of contacts, Affinity degree

Messaging
Frequency, Most connected subscribers

Mobile Device
Type, Model, Change of mobile device

Expenses
Amount spent, Air time, Data

Location
Travel behavior, Most frequent places

Browsing

…and beyond!

1. Hit-rate of credit bureau check for major consumer lenders in Vietnam, with total customer base over 7 million

2. Based on Mobifone, Viettel and Vinaphone reports there are 110 million active SIM cards in Vietnam, as per end of 2016

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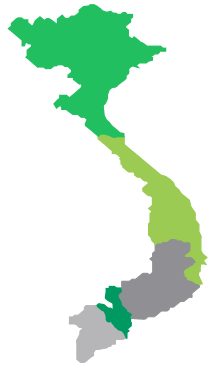
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FE Credit - Leading position of FE Credit enabled development of score card based on the combination of credit behavior and telco data

NATIONWIDE COVERAGE

FE is represented in all provinces of Vietnam

63 provinces (nationwide): Ho Chi Minh City, Hanoi, Binh Duong, Dong Nai

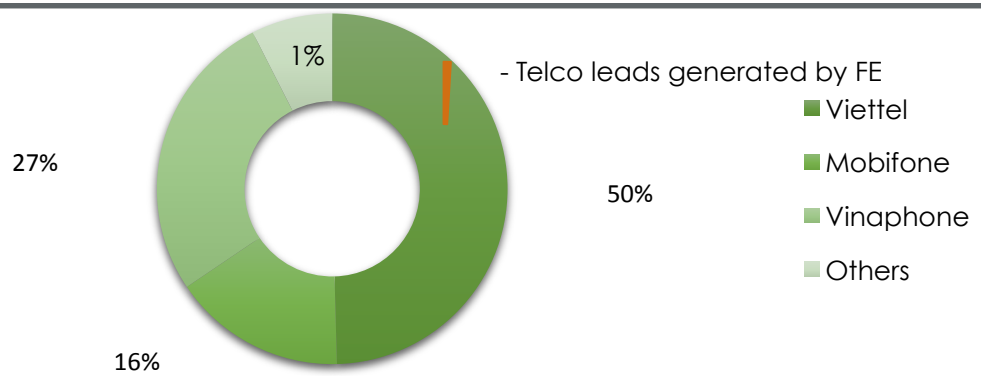


Enter lower mass, upper mass and mass affluent segment

Diversified sales channel: TSA, DSA, 3rd parties, Kiosk and more than **8,000** Point Of Sales

Fast process, easy document

Penetration of mobile service

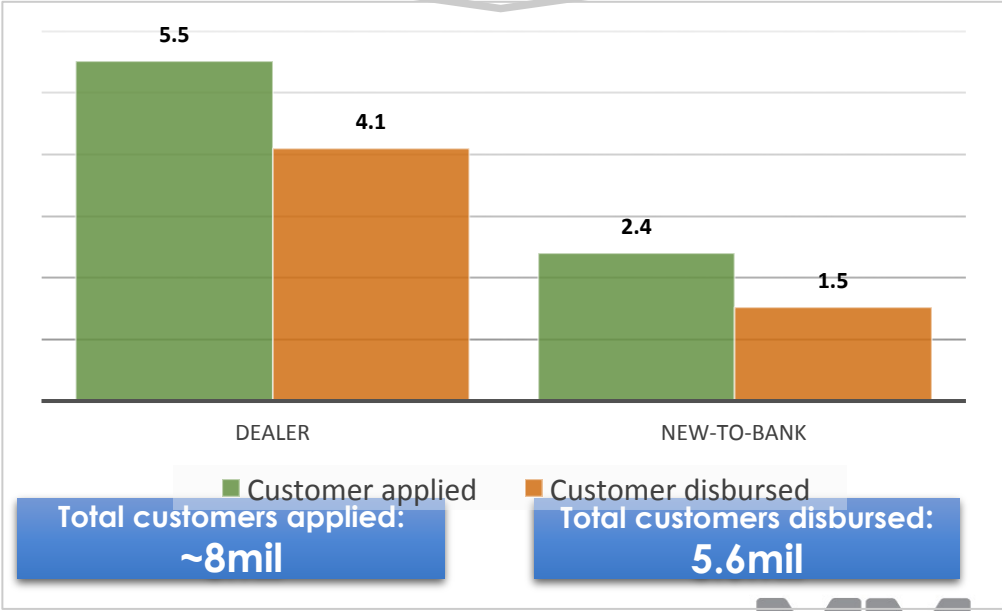


Unit: mil numbers	Viettel	Mobifone	Vinaphone	Others
No. of phone numbers	63.6	20.5	34.6	9.6

BIGGEST CUSTOMER DATABASE – 8 Million

1. Strong product proposition and nationwide presence enabled raise of the biggest consumer finance customer base in Vietnam.

2. Combination with information from Telco companies is the best advantage competitive to build up strong score-card for FE Credit.



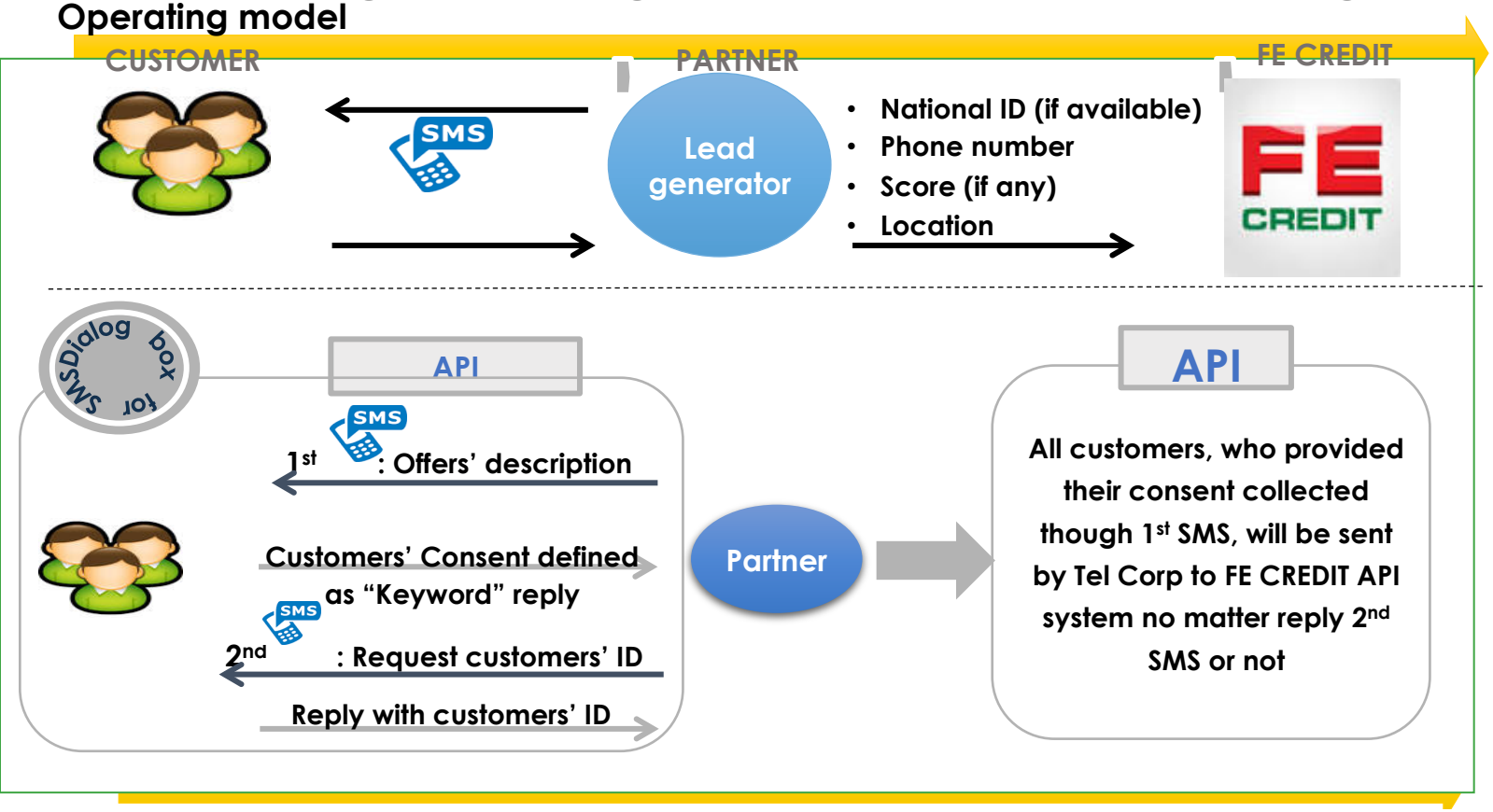
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FE CREDIT HAS LAUNCHED FIRST IN THE WORLD LARGE SCALE TELCO SCORE BASED LENDING PROGRAM

Real–time lead generation, high reliable score, nationwide coverage

Operating model



ROLE

TELCO

- **Data provision** for score cards and lead generation
- **Control customers relations** to prevent misuse of personal data

SCORING PROVIDER

- **Score development** for customer credit behaviour and propensity to buy
- **Data flow management** to maintain agreed SLA

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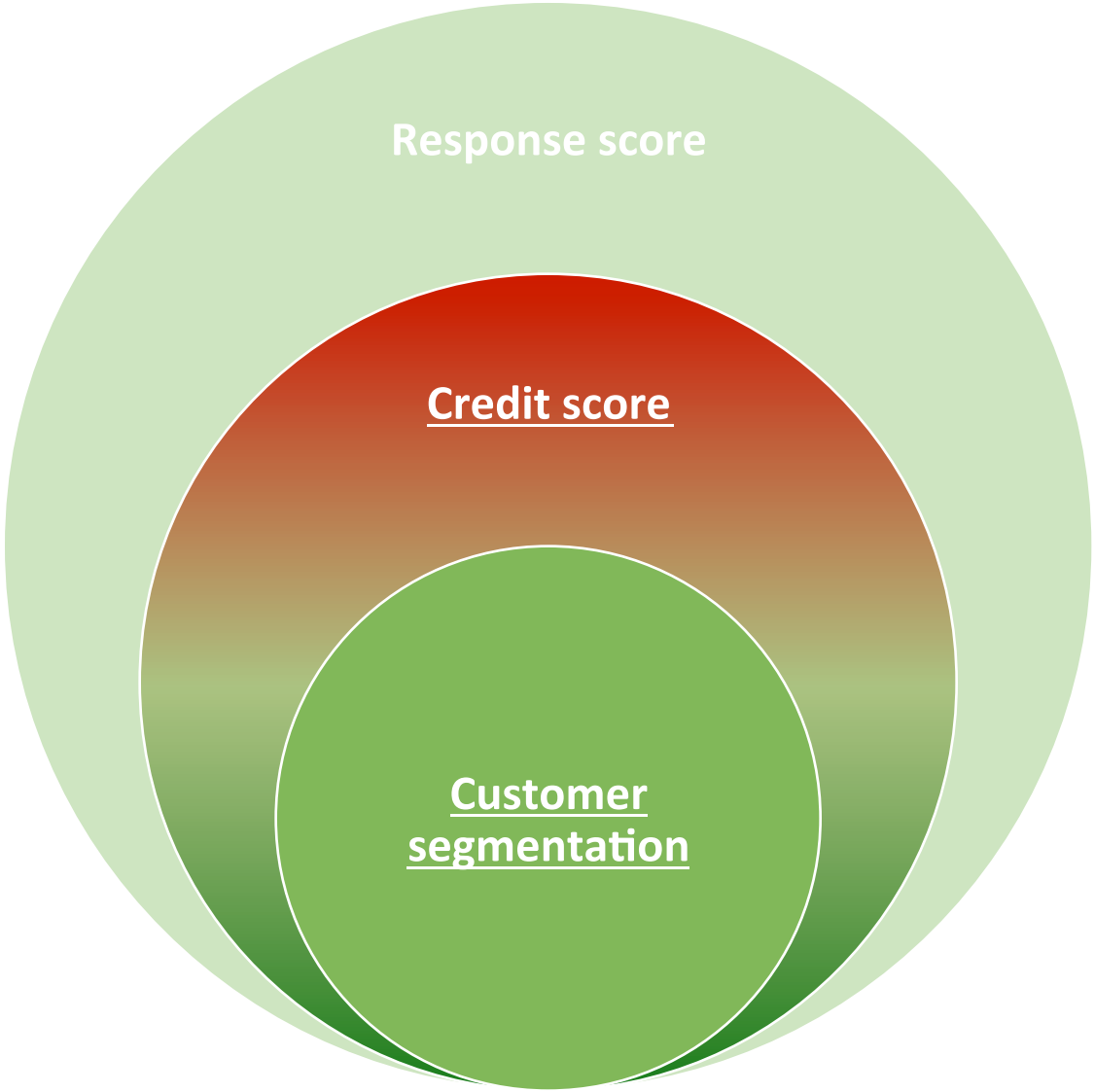
- **Lending operations** management starting from first interaction till deal closure and post sales service
- **Lending proposition development** to ensure maximum conversion and responsible lending principle



Key data set from mobile device to arrive at customer risk profile

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Customer evaluation based on mobile data



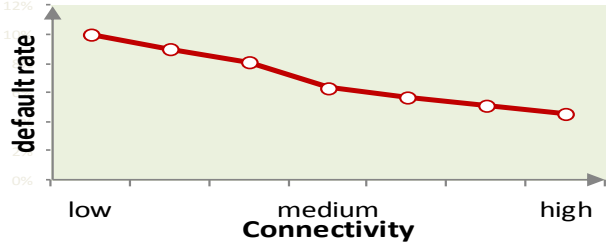
Key components

Response score

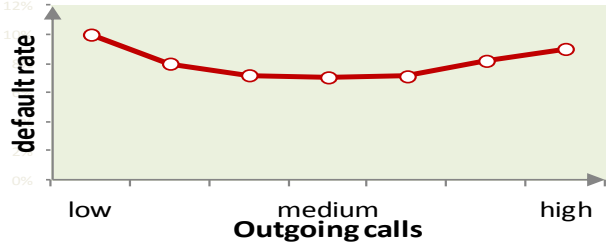
- **Reduce cost per activation** by using collected data to determine response rate on different products

Credit Score

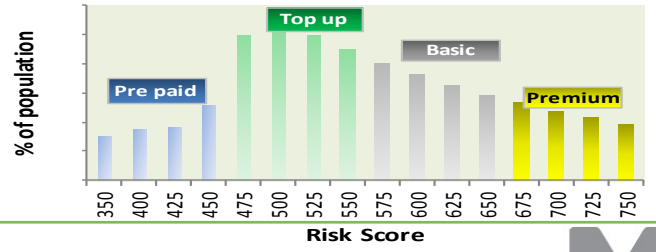
- **Risk depends on call activity**



- **Risk is related to outgoing calls volume**



Customer segmentation



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ENHANCED PROCESS FOR INSTANT APPLICATION IN 1 CLICK

Shortest time to cash <2 days

TOP LEVEL PROCESS DIAGRAM



SMS	RESPONSE CAPTURE	RESPONSE FOLLOW UP	DEAL CLOSURE	LOAN DISBURSEMENT
3rd party Score provider	SMS GATEWAY LANDING PAGE	TELESALES	COURIER	TO ACCOUNT OR VNPOST
Fair price based on the highly reliable score	**Only 1 click to apply**	**<30 min for Callback**	**Appointment in <24h** • Minimum documents required (ID, FB) • Largest POS network • Enhanced courier service	**12h for disbursement** • Various fast disbursement channels based on customers demand

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CUSTOMER JOURNEY COMMENTS

Mr. TRAN THANH TUNG



DOB: 1975 **Gender**: Male

Occupation:

Construction worker

Residency:

Ho Chi Minh City

Income:

VND10,000,000/m (448 USD)

Marital status:

Married w/2 kids

Mr. Tung and his wife work full time and together make roughly **VND 10,000,000/mo (448 USD)**, his personal income is **VND 6,000,000/mo (269 USD)**

His two children are still school aged – one is a freshman in college and one in secondary school. For a family of four and living in this big city, **his family's tight on the budget**.

He inherited his current home from his late father. House renovation is on his to-do-list for a while. As a constructor, he knows exactly how much it would cost to renovate his home, but how to **finance the project has always been an issue**.

Applying for a bank loan is out of option with his current income. A few hundred millions is a big amount to borrow from relatives. "Loan shark" is a last resource that he would never dare to take.

By chance, he came across FE CREDIT

- 8AM: Receive SMS from FE CREDIT
- 9AM: Mr. Tung responds to the SMS
- 1PM: Telesales get in contact with Mr. Tung
  - Verify his need
  - Inform product feature
  - Confirm required documents
- 6PM: Courier collects documents as his house
- 8AM: Loan disbursement to his account

DREAM REALIZED

House renovation

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FASTEST ROLLOUT AND RAPID GROWTH OF VOLUMES

FE Credit jointly with partners has build up a light and scalable infrastructure which can service more than 2 million potential customers in 2018, by leverage large existing customer database and cooperate with fin-tech companies

Province covered

5 (8%)

Population engaged

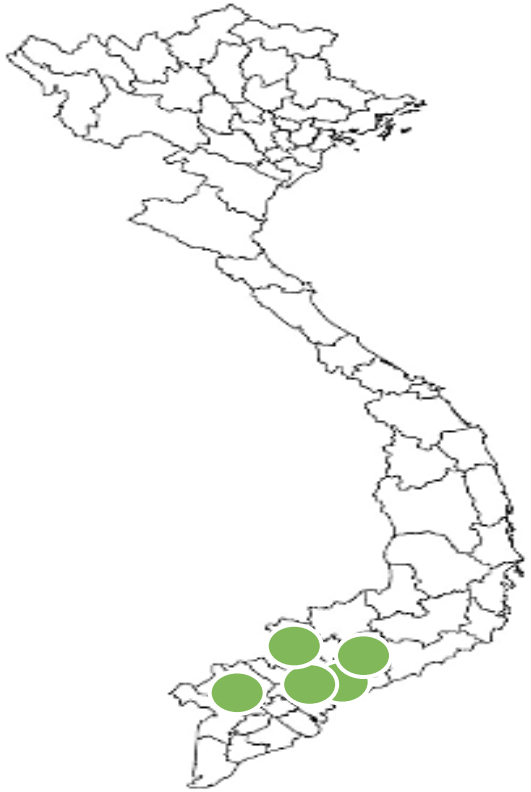
11,000

Loans disbursed

600

Time to cash, days

3-4



Province covered

58 (91%)

Population reached

>25,000,000

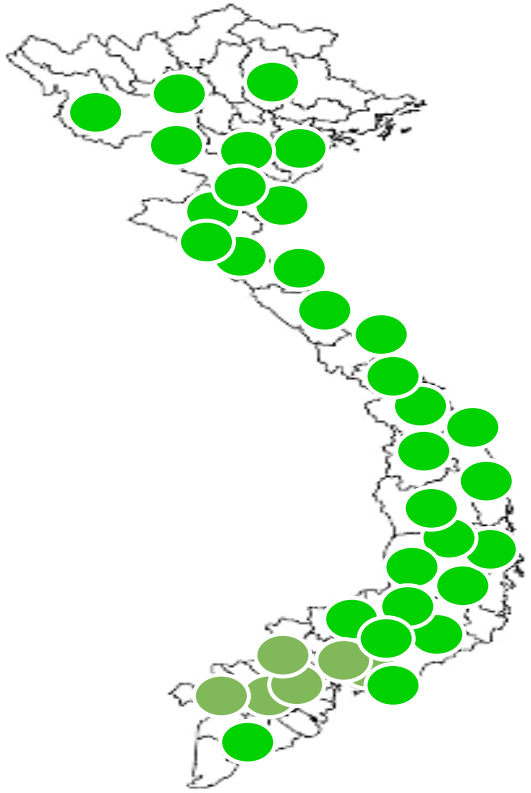
Loans disbursed

>350,000

(9.47% new open account of Vietnam during this period(*))

Time to cash, days

<2



MAY'16 → **SEP'17**

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(*) Source: SBV, SaigonTimes

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CREATE DIGITAL ECO-SYSTEM BASED ON MOBILE PHONE NUMBER



24*7 Data Feed



Demographics, Life Stage

Location

Digital Identity

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Data Engine

Real Time Information



Income/Credit Surrogate

Lagged Information



MKT Insights



Logistics



Product Design & Development



Manufacturing Plant



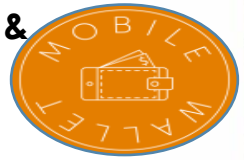
Old World Supply Chain – Broken!





Purchase History &

Reward Points











Digital Supply Chain – Agile



D2C Offer Real Time Information

CUSTOMER
Convenience, Better Choice, Seamless Experience, Rewards, Access to Better Pricing & Financial History Built Effortlessly.

RETAILER
Higher Sales, Ready Customer Loyalty Management Platform, Better Merchandise Planning

MANUFACTURER
Faster Time to Market, Higher Margins, Richer Customer Information, Clearer Segmentation, Better Product Design & Improved Loyalty

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THANK YOU

