AGENDA

• Welcome and Introduction
  › Mr Chris Rees, Senior Trade Commissioner, Austrade Singapore

• Australia’s Fintech Capabilities
  › Mr Ian Pollari, Partner, Global Co-Chair for Fintech, KPMG

• NSW Fintech initiatives
  › Mr Ash Brosnan, Economic Policy Group, NSW Department of Premier and Cabinet

• Q & A
WELCOME & INTRODUCTION

Mr Chris Rees
Senior Trade Commissioner
Austrade Singapore
The Australian Fintech ecosystem consists of investors, developers, incubators and accelerators in areas including payments, crowdfunding, automated advice, and capital markets.

This Webinar is an introduction to the Fintech Ecosystem in Australia.
AUSTRALIA’S FINTECH CAPABILITIES

Mr Ian Pollari
Partner
Global Co-Chair for Fintech, KPMG
Australia
THE EVOLUTION OF FINTECH

Traditional competition

Current competition

Future collaboration
AUSTRALIA FEATURES PROMINENTLY IN THE FINTECH 100 REPORT
FINTECH 100 KEY THEMES

Funding boom
The Fintech 100 companies have collectively raised in excess of US$10 billion.

Insurance finds its fintech footing
The top two companies on the list are insurance fintechs (with 7 overall, compared to none last year).

China fintech leads the world
Zhong An, a Chinese company tops this year’s list, and there are 7 Chinese fintech companies on the list.

Fintech is now truly a global sector
The list is comprised of 40 US companies, 20 from EMEA, 18 from the UK and 22 from AUSPAC.

Australia is punching above its weight
Australia’s Society One and Prospa appear in the top 50 established fintechs; and there are.

Payments is most at risk of disruption
Fintech growth in payments, currencies and transactions – these segment of fintech now represent 23% of the fintech 100, a substantial uplift on last year.

Shift from disruptors to enablers
There are 25 ‘enablers’ (i.e. service providers to financial
The KPMG and CB Insights Pulse of Fintech Report highlights the following seven key trends in global fintech financing:

1. VC-backed fintech investment jumped to record highs

2. Larger deals across the fintech sector spiked in 2015

3. Corporates participate in 1 of every 4 fintech deals

4. Asia saw funding to VC-backed fintech companies quadruple in 2015

5. There are 19 fintech unicorn companies globally

6. Bigger deals in blockchain and bitcoin
7. Global fintech investment reached $19 billion in 2015

Annual Global Fintech Financing
VC-Backed Fintech Companies vs. Overall Fintech Investment, 2011 - 2015

Source: Venture Pulse. Q4’15. Global Analysis of Fintech Venture Funding. KPMG International and CB Insights (data provided by CB Insights)
### Asia-Pacific market volume by country outside of China, 2015 ($USD)

<table>
<thead>
<tr>
<th>Country</th>
<th>Volume</th>
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<tbody>
<tr>
<td>Japan</td>
<td>$368.23m</td>
</tr>
<tr>
<td>Australia</td>
<td>$348.37m</td>
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<tr>
<td>New Zealand</td>
<td>$267.77m</td>
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<tr>
<td>Korea</td>
<td>$41.18m</td>
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<td>India</td>
<td>$39.91m</td>
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<td>Singapore</td>
<td>$39.76m</td>
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<td>Taiwan</td>
<td>$13.81m</td>
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<td>Hong Kong</td>
<td>$9.26m</td>
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<tr>
<td>Malaysia</td>
<td>$3.36m</td>
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<td>Indonesia</td>
<td>$2.26m</td>
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<td>$1.04m</td>
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<tr>
<td>Mongolia</td>
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<td>Sri Lanka</td>
<td>$0.04m</td>
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<td>Vietnam</td>
<td>$0.03m</td>
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### Australia: Alternative finance market volume, 2013–2015 ($USD)

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume</th>
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<tbody>
<tr>
<td>2013</td>
<td>$24.22m</td>
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<tr>
<td>2014</td>
<td>$62.87m</td>
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<tr>
<td>2015</td>
<td>$348.37m</td>
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</table>

Source: Harnessing the Potential, KPMG International, Cambridge University, Sydney University and Tsinghua University, February, 2016
Australia: Alternative finance market volume by model, 2013-2015 ($USD)

Source: Harnessing the Potential, KPMG International, Cambridge University, Sydney University and Tsinghua University, February, 2016
The Australian Government and regulators are supporting FinTech & Innovation

Federal Government innovation commitment

Fintech priorities

ASIC Innovation Hub

New Payments Platform

Fintech Association

Fintech Advisory Group

Trade & Investment

Australia Unlimited
AUSTRALIAN FINTECH LANDSCAPE
AUSTRALIAN FINANCIAL INSTITUTIONS ARE EMBRACING FINTECH AND INNOVATION

[Logos of Westpac, Commonwealth Bank, NAB, ANZ, AMP, and Suncorp]
There are seven primary areas that we recommend incumbent financial institutions should be pursuing in their endeavours to respond to digital disruption.

1. Leadership, Culture and Governance

2. Internal Ventures
   - Build innovation capabilities
     (Agile, Design Thinking, Start-Up Ready)
   - Build

3. Sourcing
   - Accessing a broader range of external partners/providers
   - Procure

4. Partnerships
   - New products and business model opportunities
   - Collaborate/Partner

5. White-labeling
   - Selling to or through fintech companies
   - Sell to/through

6. Investments & Acquisitions
   - Equity stakes in high growth businesses and acquisitions
   - Invest/Acquire

7. Fintech scanning
   - enabling and disruptive fintech: global and local

INTERNAL

EXTERNAL
Fintech will develop as a globally distributed network of connected eco-systems, as such we have identified contacts 10 primary markets of fintech activity and investment to form KPMG’s Global Fintech practice.
Ian Pollari
Partner, KPMG Global Co-Lead
Head of Banking, KPMG Austral

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NSW FINTECH INITIATIVES

Mr Ash Brosnan
Economic Policy Group
NSW Department of Premier and Cabinet
Australia
Australian Fintech
May 2016
NSW and Singapore– New Wave of Collaboration

Collaboration between Sydney and Singapore

- Cross-pollination of ideas
- Access to Global Markets
- Global Partnerships and JVs
- R&D and Commercialisation
- Access to Global Capital
## Start-ups flourish in Sydney and Singapore

### Start up Ecosystem ranking

<table>
<thead>
<tr>
<th>City</th>
<th>Ranking</th>
<th>Performance</th>
<th>Funding</th>
<th>Market Reach</th>
<th>Talent</th>
<th>Startup Exp</th>
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**Source:** KPMG Unlocking the Potential: The fintech opportunity for Sydney, Compass 2015 Global Startup Ecosystem Ranking
NSW is the start-up state

Number of tech start ups in Australia (2013)

Fintech
Australia is in the top three emerging Fintech markets

1. USA
2. UK
3. Australia
4. Israel
5. Germany

Source: KPMG Unlocking the Potential: The fintech opportunity for Sydney, Compass 2015 Global Startup Ecosystem Ranking
Largest investment management market in Asia and seventh largest globally

Investment fund assets, US$ billion, June quarter, 2015

New Zealand 39 1990
Taiwan 64 1995
India 161 2000
South Korea 363 2005
China 864 2010
Japan 1,120
Singapore 1,263
Hong Kong 1,544

ASIA REGION

Australia 1,588 Current value

AUSTRALIA

Source: Austrade Benchmark Report 2016
A smart and skilled workforce fosters innovation and productivity

QS top university rankings

Two Sydney Universities are in the Top 50 universities in the world
- University of Sydney
- University of NSW

53% of NSW residents hold tertiary qualifications

Culture of Innovation

Sources: ABS, QS annual world university rankings
Cyber-security is a growing risk in Australia and the World

Increase in Number of detected security incidents last year

38.5% World

109% Australia

Innovation is a national priority for Australia

The NSW Innovation Strategy will leverage off the efforts of the Federal Government

THE FOUR KEY PILLARS

TAKING THE LEAP
Culture and capital

WORKING TOGETHER
Collaboration

BEST AND BRIGHTEST
Talent and skills

LEADING BY EXAMPLE
Government as Exemplar

Sources: Australian Government, National Innovation and Science Agenda
NSW’s next steps to create an open and innovative economy:

**Open Economy**
Develop a new international strategy focusing on removing barriers for international investment.

**Ease of Doing Business**
Making NSW the easiest State to start a business.

**NSW Innovation Strategy**
- Working in partnership with industry to identify the best role for government
- Leveraging the efforts of the Federal Government

**Tech start-ups**
Improve Sydney’s global ranking as a start-up eco-system
The NSW Innovation Strategy Themes

Leverage off the efforts of the Federal Government

- Open For Business
- Disrupting Business and Government
- Accessing Markets and Money
- Sharing Innovation Spaces
- Leveraging Data
- Meeting Business Demand for Education and Skills
- Doing Business With Government
- Smarter Government
FINTech Connect Asia

Grow your Fintech company in Sydney

Applications now open

Applications Closing April 8 2016
QUESTIONS & ANSWERS (Q&A)

Panel:
Ian Pollari, KPMG
Ash Brosnan, NSW Department of Premier & Cabinet
Chris Rees, Austrade Singapore
THANK YOU

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