Inclusive Finance for SMEs

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It is a global challenge how to expand financial coverage of SMEs and more individuals.

- **2 billion**: 2 billion people without bank account.
- **72%**: 72% of adults lack basic financial knowledge.
- **25%**: Traditional credit reporting system covers <25% of the population.
- **23%**: Loans in rural area account for 23% of total loan balance.
- **10%**: Only 10% have credit card.
- **21%**: Among those with financing needs, only 21% get loans from formal FIs.

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Cost of serving SMEs remains high

Typical Cost structure for SME financing in Asia

- **Risk**: ~10%
- **Operational**: ~10%
- **Processing Time**: weeks

SMEs pay: 30-50% APR
In China, things start to change with digitalization

商户多收多贷
Merchant loans-
Based on mobile payments received

消费者花呗支付
Consumer mobile credit-pay
Shop owners: every payment received turns into credit

Case:

A Noodle Shop in the remote Qinghai Provence
Shop owner: a 23-year-old entrepreneur

Use QR code to collect customer payments

¥20K monthly sales → preapproved for ¥20K loan

Use the loan to open his 2nd shop...

Sales grow to 38k

Monthly sales volume over time
Automatic and paperless process for supply chain finance, even for a beef vendor

Case:

A Tmall shop called Beef & Family, selling imported beef and mutton online, covering more than 106 SKU

Hard for his to get loans from banks--no fixed assets, perishable products

Loans from us totaled ￥3.57 million in the last 6 months, in inventory and account receivable finance
"Yu Li Bao": a flexible monetary fund designed for SMEs

Case:
-A Wen Fashion Store, 4 employees
-Monthly sales ¥3,000 from a store, ¥2,000 from Taobao
-Sales automatically transferred into ‘Yu Li Bao’ and earned them interests
-They can withdraw the money just like from a checking account

Asset gain base on Fund Accumulation

Online Sales

Offline Sales

No minimum threshold

Real time withdraw

Alipay Balance

Bank Card
Risk management with big data technology

Big data intelligent risk management

- 3,000+ Credit policy rules
- 100+ AI risk related models
- 100,000+ features

Example:
Separating business transactions from personal transactions

Alipay payment patterns

Individuals  A store Owner
Serving millions of SMEs without a single branch

5M+ SMEs served

￥900B+ Loans extended
Average loan size: ￥30K

“310” experience
3 min application time
1 sec processing
0 human intervention

Average APR: 6%-16%
Default rate <1%

注：310式体验针对大淘宝平台体系内用户
After adopting Ant Financial cloud service, Paytm in India overcomes bottleneck and leaps forward, with the number of customers exceeding 200 million, which has increased by 5.6 times from last year; payment volume has increased by 2.6 times.

From China

More than China
Our mission: building a global inclusive financial ecosystem

The numbers so far

- 6亿+ 服务全球个人用户数
  Service individual user number
- 500万+ 服务小微企业数
  Service small and micro enterprises
- 200+ 服务国家和地区数
  Service small and micro enterprises
- 3亿+ 累计服务保险用户数
  Service small and micro enterprises
- 2亿+ 理财服务用户数
  Service individual user number
- 5亿+ 信用查询和服务次数
  Service individual user number