

# Smart Nation, Silicon Valley Technology, and Asia Growth Strategy

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Founder, Ferrell Asset Management

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at Encina Hall, Stanford



**Sim Kee Boon Institute  
for Financial Economics**

Technology, especially **Silicon Technology**, has been playing an increasingly important role in the world economy and causing disruption in every industry. If we are at the **tipping point of a technological revolution**, where will this lead us and how should we move forward? This seminar will look at the policy strategy perspective from a company, an industry and a country.

Prof Lee will present a winning strategy that several technology **companies** have adopted with **lower business costs with millions of sticky customers**. With an initial social objective, these companies have the common LASIC characteristics of **low margin and barrier of entry, asset light, scalable, innovative and are operating in a low compliance regime**.

At the **industry** level, the Chinese financial sector was disrupted in compressed time a couple of years ago. **Chinese banking industry has responded with a counter strategy** after losing 25% of bank deposits to Yu'E Bao of Alipay. A new industry strategy, led by e-ICBC, has taken shape.

At the **country level**, Singapore is an asset sharing economy with over 90% of the population owning their own home. It has recently adopted an **inclusive smart nation strategy to grow the GNP** after focusing on growing the GDP since independence 50 years ago. Prof Lee will share his vision that adopting impact investing may be the winning strategy for business, industry and nation going forward with ASEAN being the most sought-after region for growth.

# Questions

- **What is so interesting about Silicon Valley Technology?**
- **What is Asia Growth Strategy?**
  - **Company**
  - **Industry**
  - **Country**
- **Smart Nation**

# FinTech Examples: Not Just About Technology

## Personal Finance



## Money Transfer



## Wealth Management



## Crowdfunding



## Lending



## Digital Currency



## Payments



PayNearMe



Ecosystem is key with many participating!

<b>Year founded</b>	2008		<b>Latest funding round</b>	Series D	
<b>Founder(s)</b>	Adam Nash		<b>Location</b>	203 Forest Avenue, Palo Alto, CA 94301	
<b>Funding rounds</b>	5		<b>Phone</b>	650-249-4258	
<b>Total funds raised</b>	\$129.5m		<b>Email</b>	-	
<b>Sales info</b>	Mangages \$2b in assets (2015) & \$500m (2014); Most of Wealthfront's clients are in their 20's and 30's, and their account with Wealthfront is most often their first investment account ever				
<b>Round</b>	Angel	Series A	Series B	Series C	Series D
<b>Date</b>	16-Dec-2008	15-Dec-2009	20-Mar-2013	2-Apr-14	27-Oct-2014
<b>Funds raised</b>	\$3m	\$7.5m	\$20m	\$35m	\$64m
<b>Investor(s)</b>	Andy Rachleff Ben Horowitz Bruce Dunlevie Doug Mackenzie Jeff Jordan Kevin Compton Marc Andreessen	DAG Ventures (Lead)	Greylock Partners (Lead); Partners: Andy Johns and Reid Hoffman; Index Ventures (Lead) Partner: Mike Volpi; The Social+Capital Partnership (Lead) Partner: Chamath Palihapitiya; Adam D'Angelo; Andy Dunn; Cipora Herman; Duff, Ackerman and Goodrich; Hunter Walk; Matt Mullenweg; Michael Schroepfer; Peter Pham; Satya Patel; Science;	Index Ventures (Lead) Partner: Mike Volpi; Ribbit Capital (Lead); Ali Pincus; Alison Rosenthal; Benchmark Partner: Andy Rachleff; DAG Ventures; Greylock Partners Partner: Andy Johns; Kevin Rose; Marissa Mayer; Mark Pincus; Paul Kedrosky; SK Ventures; The Social+Capital Partnership; Timothy Ferriss	Spark Capital (Lead) Partner: Jeremy Philips DAG Ventures Dragoneer Investment Group Greylock Partners Partner: Andy Johns Index Ventures Partner: Mike Volpi Ribbit Capital The Social+Capital Partnership



# WHAT THEY DO!

- Wealthfront Inc. is a privately owned **investment manager**. The firm primarily provides its services **to individuals**. It also caters to **high net worth individuals, charitable organizations, and corporations**. The firm invests in the **public equity and fixed income markets** across the globe. It also invests in **mutual funds and exchange traded funds**. For the fixed income portion of its portfolio, the firm invests in diversified portfolio of investments including corporate bonds, government bonds, municipal bonds, emerging market bonds, and treasury inflation-protected securities. It also invests in **real estate and natural resources**. The firm benchmarks the performance of its portfolio against the **S&P 500 Index**. It conducts **in-house research** to make its investments. The firm was formerly known as **kaChing Group Inc.**
- The company uses its own set of **complex algorithms and software to make financial advisory decisions** for clients looking to save up for their future. Alongside **managing more than \$2 billion in client assets**, Wealthfront also says that it has saved its clients a total of **\$10 million in fees** they would have been charged with a traditional advisor.
- Wealthfront claims to remove all commissions/account maintenance fees, by **charging 0.25% of AUM. The first \$10,000 is managed for free.**
- 2013, Wealthfront introduced "**direct indexing**", a **tax-loss harvesting platform** that purchases the individual securities of an investment portfolio
- **First company in Silicon Valley to reach \$1b in AUM** (reached this value in 2.5 years)

## Other Features:

- Earn free management of an additional \$5,000 when you refer a friend
- Automated portfolio rebalancing
- Choose your risk level
- Single Stock Diversification Program
- Daily tax-loss harvesting
- Customized portfolio
- Automated deposits

# Ecosystem and Culture

- Fintech as an example
- Hedgelabs
- Ecosystem
  - Critical Mass
  - PhDs, Software Developers, Technology Experts, Angel Investors
  - Education Institutions, VCs, Consultants, Tech Giants, Accelerators and other complementary service providers
- Culture
  - “Failure as a badge of honour”
  - “Crazy ideas are rewarded”
  - Passion entails suffering
  - Sharing of ideas, knowledge, business models, contacts, network

**What About Asia?**  
**First, you need to understand**  
**the meaning of**

**Dian Fu**

**颠覆**





Yu'E Bao



ZhaoCai Bao



YuLe Bao



Mayi Dake

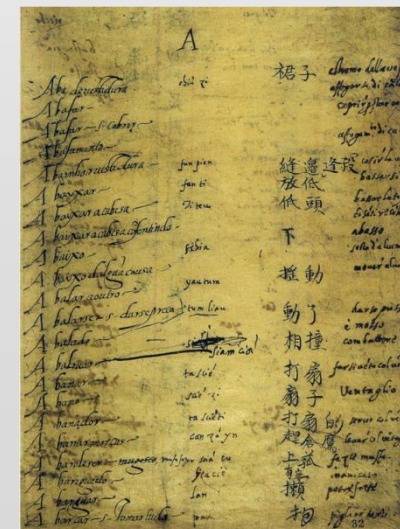


# Let us start with HanYu PinYin

- Romanization of Chinese: Between 1583-1588, Jesuit scholar in mathematics and astronomy Matteo Ricci, fellow Jesuit Michele Ruggieri, and Brother Sebastiano Fernandez compiled the first bilingual “Portuguese-Chinese” Dictionary in Zhaoqing~肇庆.
- The official phonetic system for transcribing the Mandarin pronunciations of Chinese characters into the Latin alphabet in China and Singapore.
- The Hanyu Pinyin system was developed in the 1950s based on earlier forms of romanization. It was published by the Chinese government in 1958 and revised several times.
- The International Organization for Standardization (ISO) adopted pinyin as an international standard in 1982.
- Singapore also adopted Hanyu Pinyin in the 80’s.
- The system was adopted as the official standard in Taiwan in 2009, where it is used for romanization alone rather than for educational and computer input purposes.



The Chinese word TianZhu ~天主 for God first appeared in Ruggieri’s Chinese translation of the *Ten Commandments* and later *Catechism* with Ricci on the left.



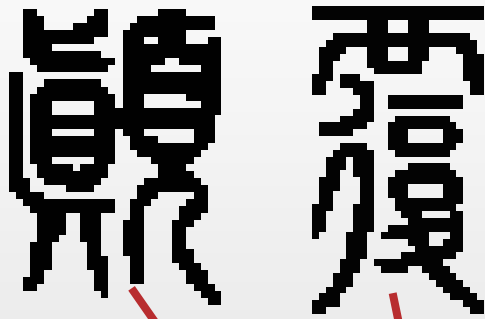
A page from the manuscript Portuguese-Chinese dictionary 葡汉辞典 created by Ruggieri, Ricci, and a Chinese lay Jesuit brother (between 1583-88)

# What is

Falling with the head down

To turn it upside down

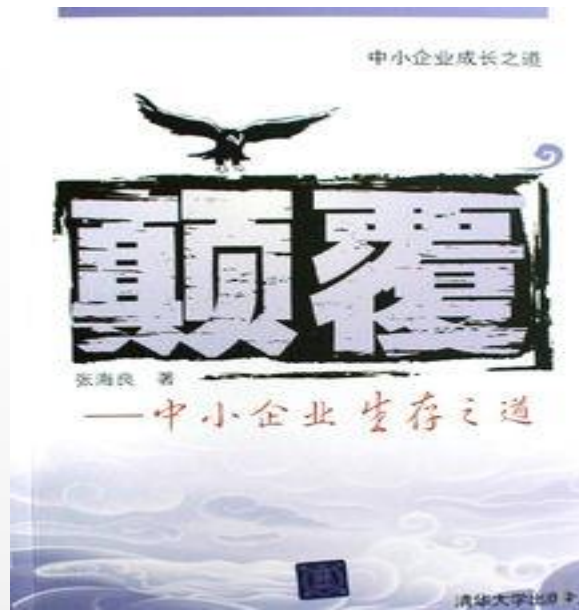
Ancient writing



# Dian Fu



甲骨文	金文	篆文	隶书	楷书	行书	草书	繁体标宋	简体标宋	简化方案
𠩺	顛	顛	顛	顛 颠	顛	颠	顛	颠	采用俗体楷书字形(类推简化。如: 頁 → 页 頂 → 顶)
暂缺	古鉢	说文解字	北海相景君铭	颜真卿 颜真卿	文征明	怀素	印刷字库	印刷字库	
甲骨文	金文	篆文	隶书	楷书	行书	草书	标准宋体		
𠩺	𠩺	𠩺	𠩺	𠩺	𠩺	𠩺	𠩺	𠩺	
暂缺	暂缺	赵孟頫	吴大澂	说文解字	孟孝琚碑	蔡襄	唐寅	陆游	印刷字库



# 颠覆

# Dian Fu

# 颠覆

Disrupt;  
overturn;  
subvert;  
overthrow



# Crocodile in the Yantze River: The Alibaba Story

<http://www.crocodileintheyangtze.com/buynow.html>

50mins:52mins

**From Start-up to the World's Largest IPO Ever That Raised USD25b.**

**Dian Fu No 1**

**Xin San Ban~新三板**

**New Third Board**

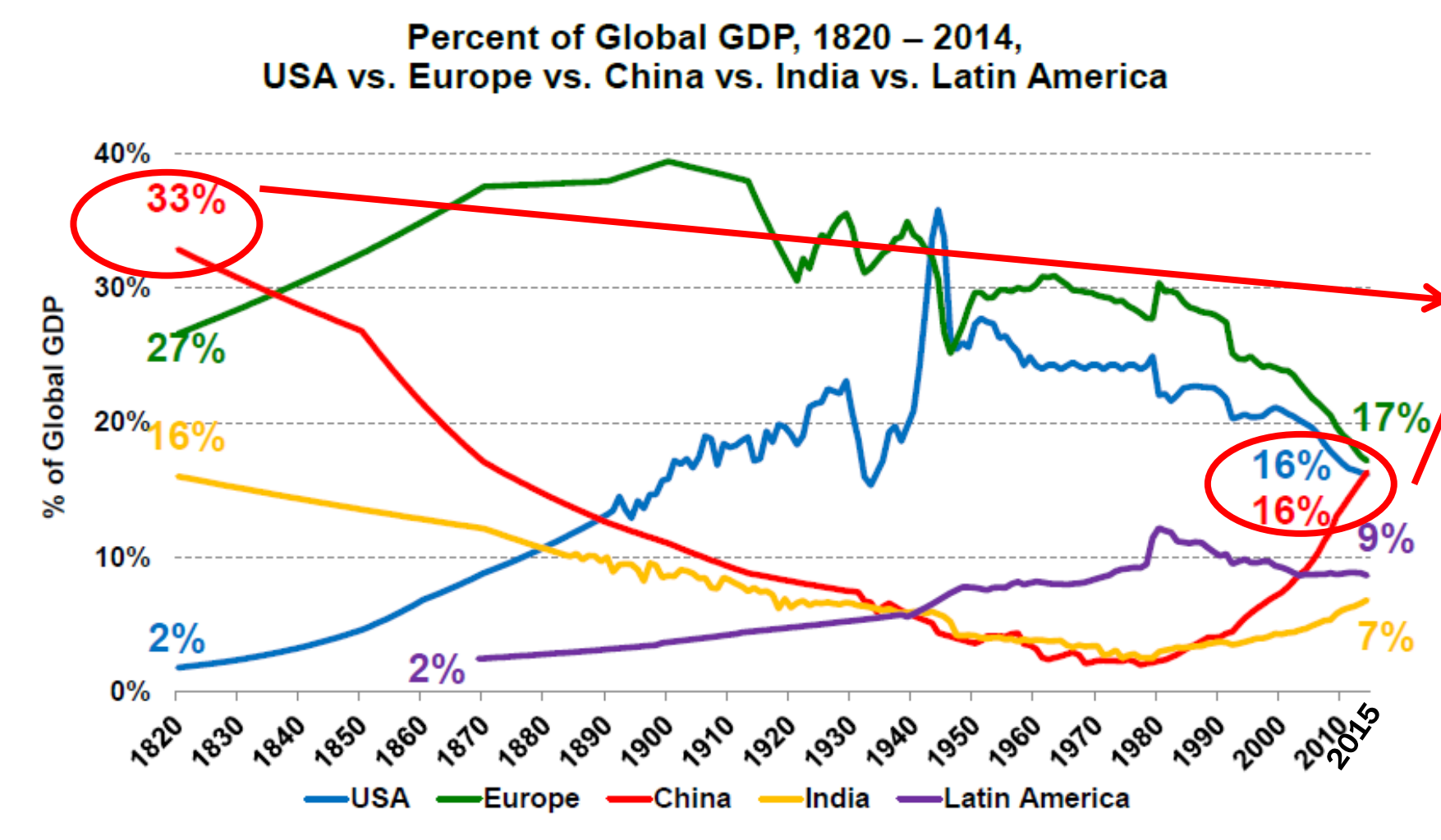
**or**

**NEEQ**

**颠覆**



# The Rise of China GDP: Only Half Way There!



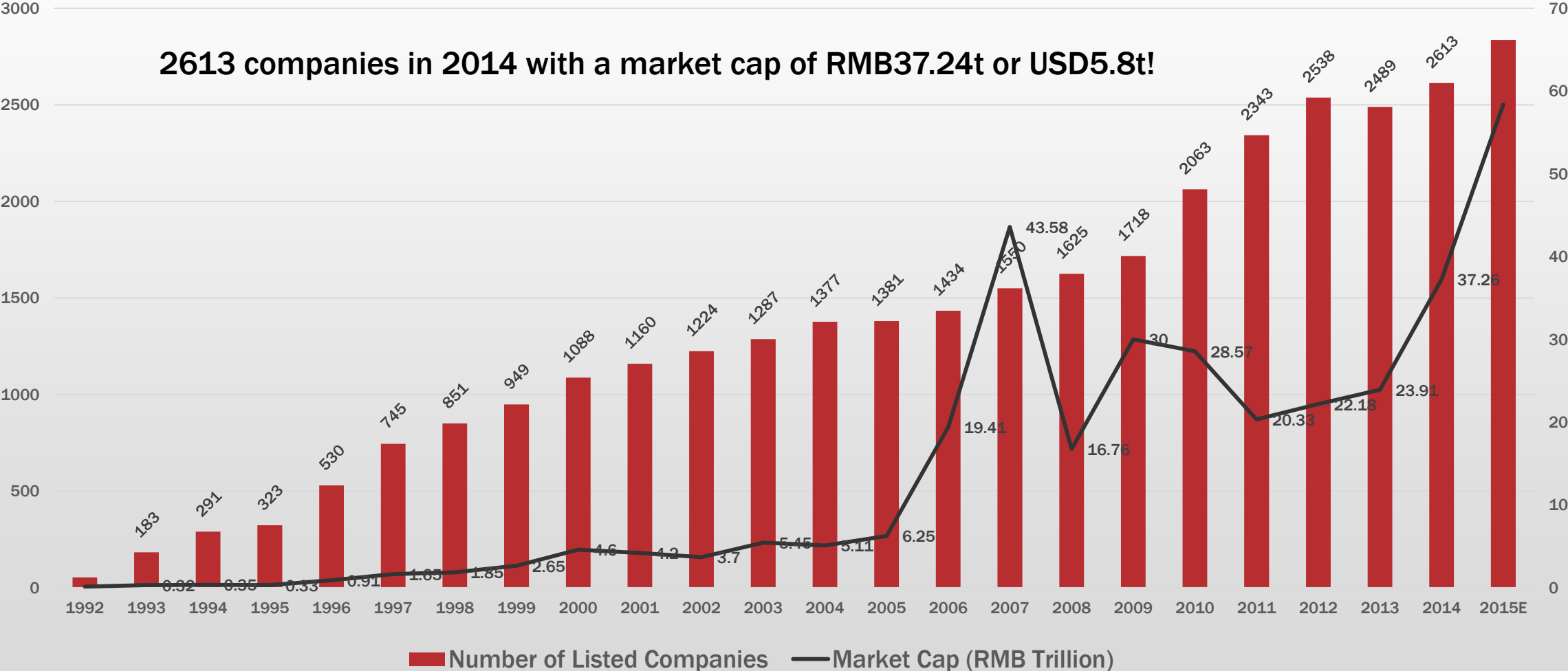
Around 1820, China accounted for 33% of world GDP.

There is still more room to go with 5% pa (or more) growth than other developed countries!

Source: Angus Maddison, University of Groningen, OECD, data post 1980 based on IMF data (GDP adjusted for purchasing power parity). Other countries account for ~35% of global GDP

# The Rise of the China Stock Market: It has grown 10x to RMB 37.4t from 2002!

China Stock Value 2012-2015



Source: The Real Value of China's Stock Market by Fangzhou Lu, SSE and SZSE



# Market Capitalisation of the World's Top Stock Exchanges

(As at end Jun 2015)

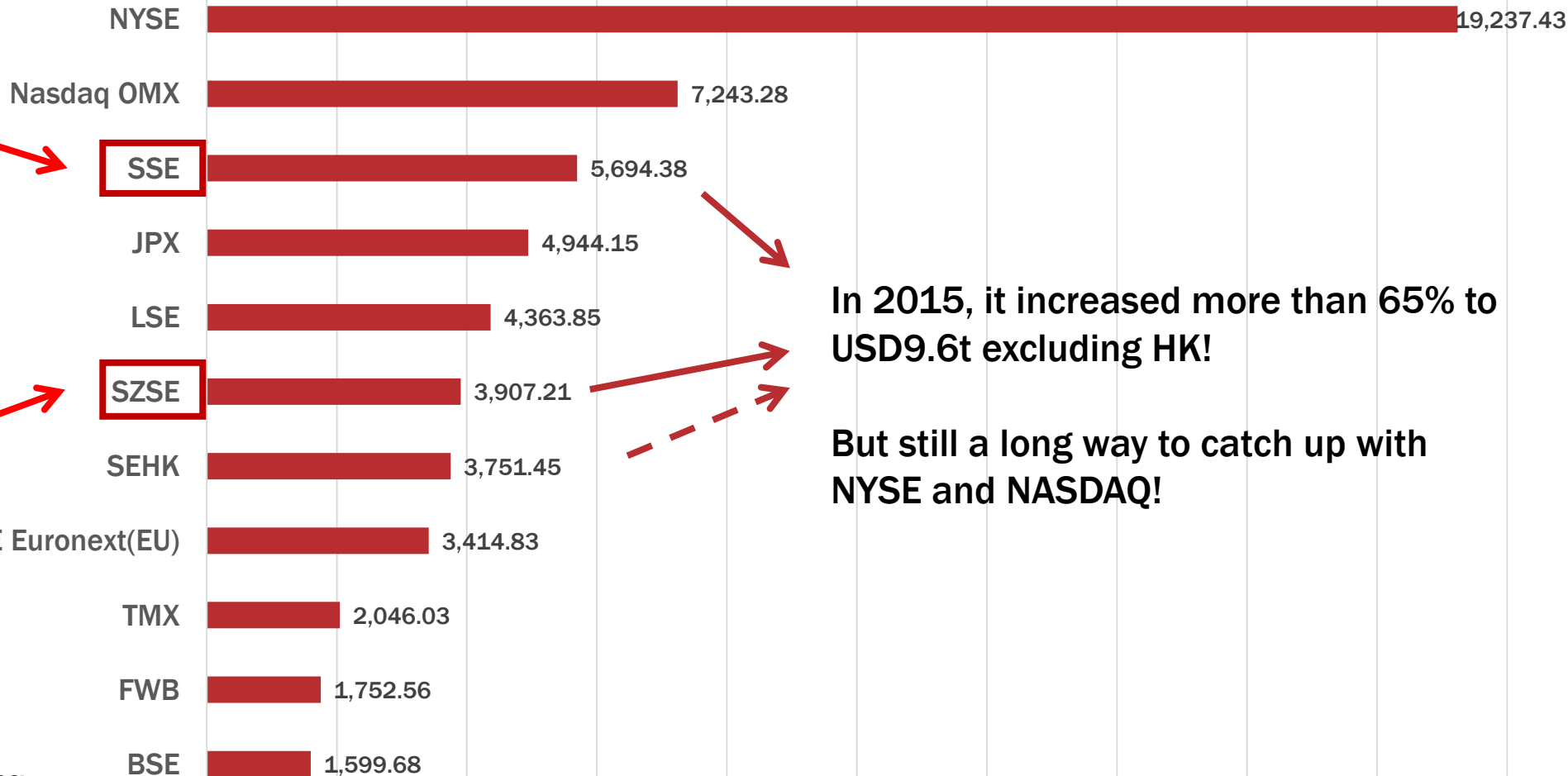


London Stock Exchange



Market Cap(\$billions)

0 2,000 4,000 6,000 8,000 10,000 12,000 14,000 16,000 18,000 20,000

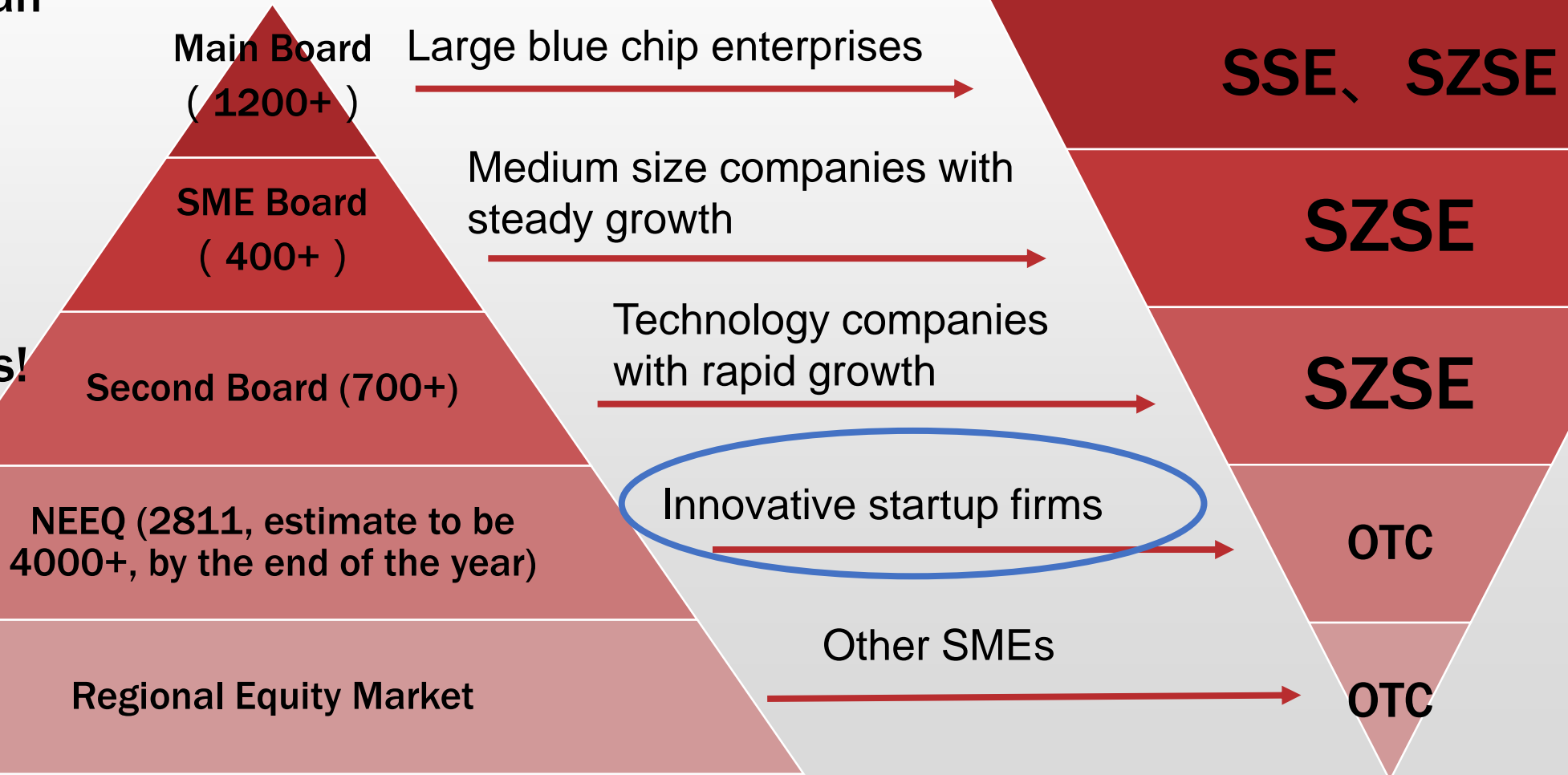


In 2015, it increased more than 65% to USD9.6t excluding HK!

But still a long way to catch up with NYSE and NASDAQ!

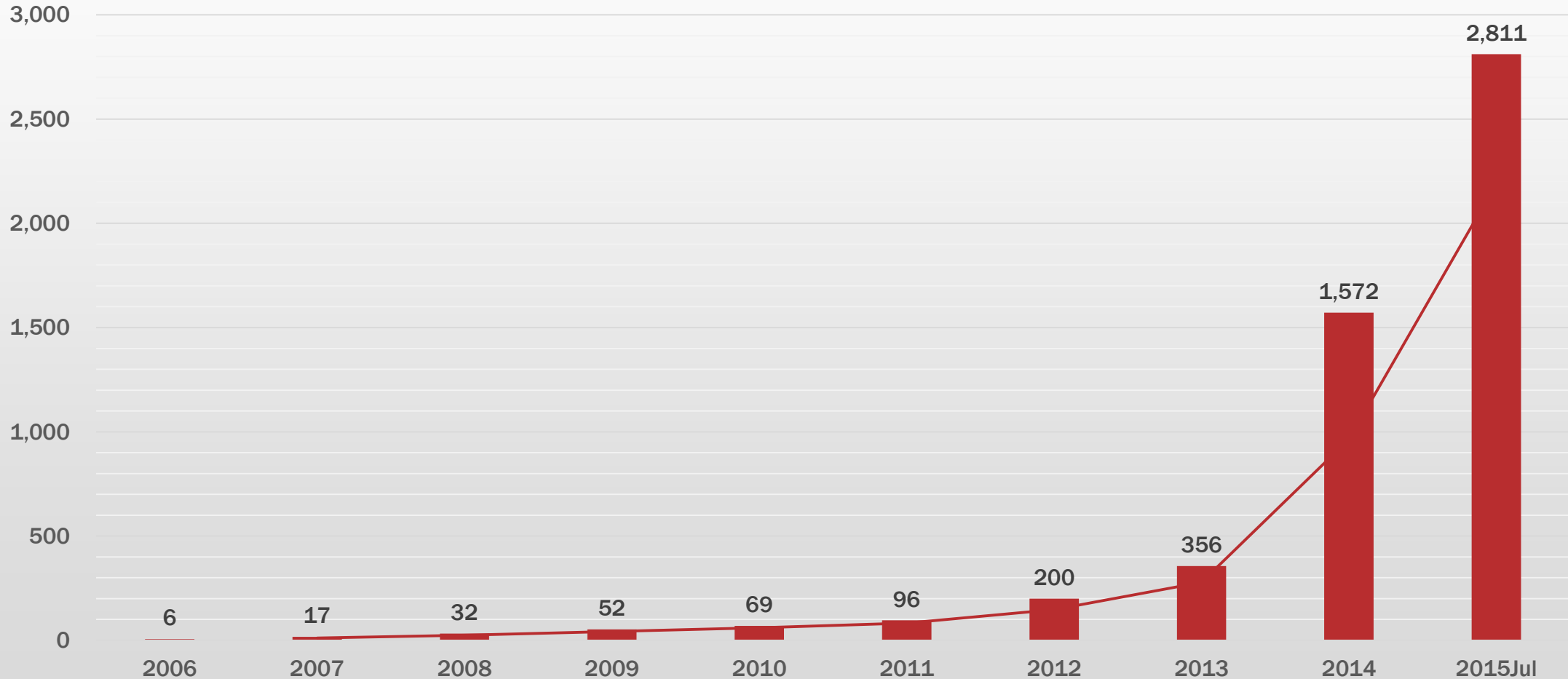
# What is NEEQ or Xin San Ban ~新三版

Xin San Ban  
~新三版  
National  
Equities  
Exchange  
and  
Quotations!



# Exponential Growth Over the Last Two Years

## Numbers of Listed firms on NEEQ, 2006 - 2015



# There is A Rush to Privatise Chinese Companies Listed on NASDAQ For “A” Share Listing

More than a hundred NASDAQ companies are in the process of delisting for listing in A share market!

序号	名称	行业	股票代码	目前/退市前市值 (单位: 亿美元)	私有化发出时间	完成时间	状态
1	陌陌	科技	MOMO.O	32.15	2015.6.23	---	进行中
2	中星微电子	科技	VIMC.O	3.38	2015.6.22	---	进行中
3	中国信息技术有限公司	科技	CNIT.O	1.28	2015.6.22	---	进行中
4	航美传媒	运营商	AMCN.O	3	2015.6.19	---	进行中
5	奇虎360	科技	QIHU.N	87.16	2015.6.17	---	进行中
6	创梦天地	科技	DSKY.O	5.59	2015.6.13	---	进行中
7	博纳影业	消费服务	BONA.O	7.98	2015.6.12	---	进行中
8	如家	消费服务	HMIN.O	15.29	2015.6.11	---	进行中
9	世纪互联	科技	VNET.O	17.77	2015.6.10	---	进行中
10	人人公司	科技	RENN.N	14.62	2015.6.10	---	进行中
11	易居中国	金融	EJ.N	9.26	2015.6.9	---	进行中
12	晶澳太阳能	能源	JASO.O	3.9	2015.6.5	---	进行中

Source: [http://mp.weixin.qq.com/s?\\_\\_biz=MjM5OTkzODQ0Mg==&mid=207435837&idx=5&sn=bfeddf34dc5149d1984c9f8daa0dd0aa&scene=5#rd](http://mp.weixin.qq.com/s?__biz=MjM5OTkzODQ0Mg==&mid=207435837&idx=5&sn=bfeddf34dc5149d1984c9f8daa0dd0aa&scene=5#rd)

# Privatisation + Listing = Unwinding VIE Structure

**FOCUS Media** 分众传媒

**巨人网络**

**世纪佳缘** [jiayuan.com](http://jiayuan.com)

**home inn** 如家酒店

**Airmedia** 航美传媒

**IMICRO** 中星微电子  
Nasdaq: VIMC

**人人网** [renren.com](http://renren.com)

**陌陌**

**360**

**SHANDA GAMES**

**BONA**  
FILM GROUP  
博纳影业集团

**完美世界**  
PERFECT WORLD  
David Lee: The Game of Dian Fu

**CNIT** 云管端  
中國信息技術有限公司  
China Information Technology, Inc.

**ChinaEdu** 弘成教育

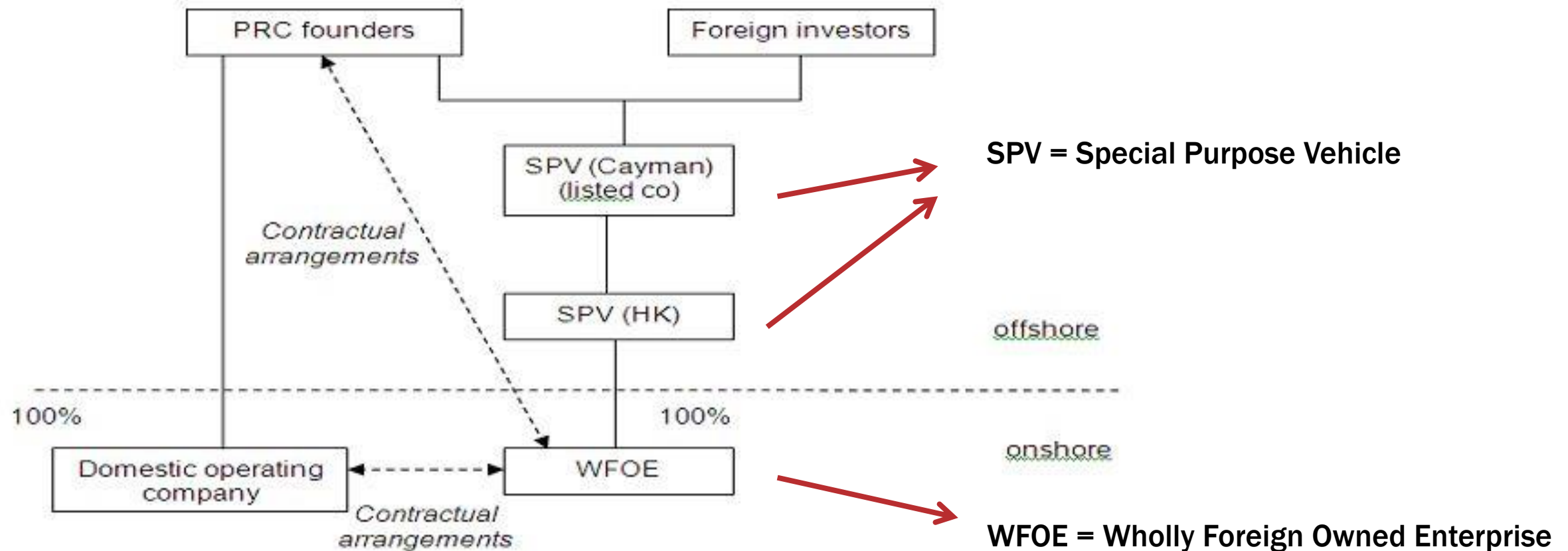
Dian Fu No 2

VIE

顛覆



# Variable Interest Entity (VIE) Structure:



# A Clever Financial Engineering For Baidu, Alibaba, Tencent and Sina (BATs)



Company	Listed Location	Listed Date
Sina	America	2000/4/13
Tencent	Hong Kong	2004/6/16
Baidu	America	2005/8/5
Alibaba	America	2014/9/19

**VIE was how the BATs flew out of China!**

- The VIE structure is also commonly referred to as the Sina-model structure, since it was first used by Sina in 2000



# BATs Can Now Return to China As They Are

- Circumvent regulation of China Securities Regulatory Commission for company listing and shorten the IPO process in foreign countries.
- VIE structure plays an important role in allowing foreign shareholders participation in some Chinese industries in China, e.g., Internet industry.
- **The most recent announcement is that VIE structure can be listed in China!**

# Dian Fu No 3

Zou Chu Qu~走出去  
Chu Hai~出海

“Out to the Sea”

In Preparation of  
Investment Abroad

# 顛覆



# In the Beginning From Our Eyes

## Zou Chu Qu~走出去

- **Cosco**
  - First company to embark on a backdoor listing with foreign assets (ships) in Singapore in 1993
- **China Everbright**
  - Second company
- **China Travel International Investment Hong Kong Ltd**
  - Listed in HK in 1992 with 10-15 back door listings
- **Tsingtao Brewery H shares**
  - HKSE July 1993 first batch of 9 approved companies
  - Late 1994, another 22 companies were approved

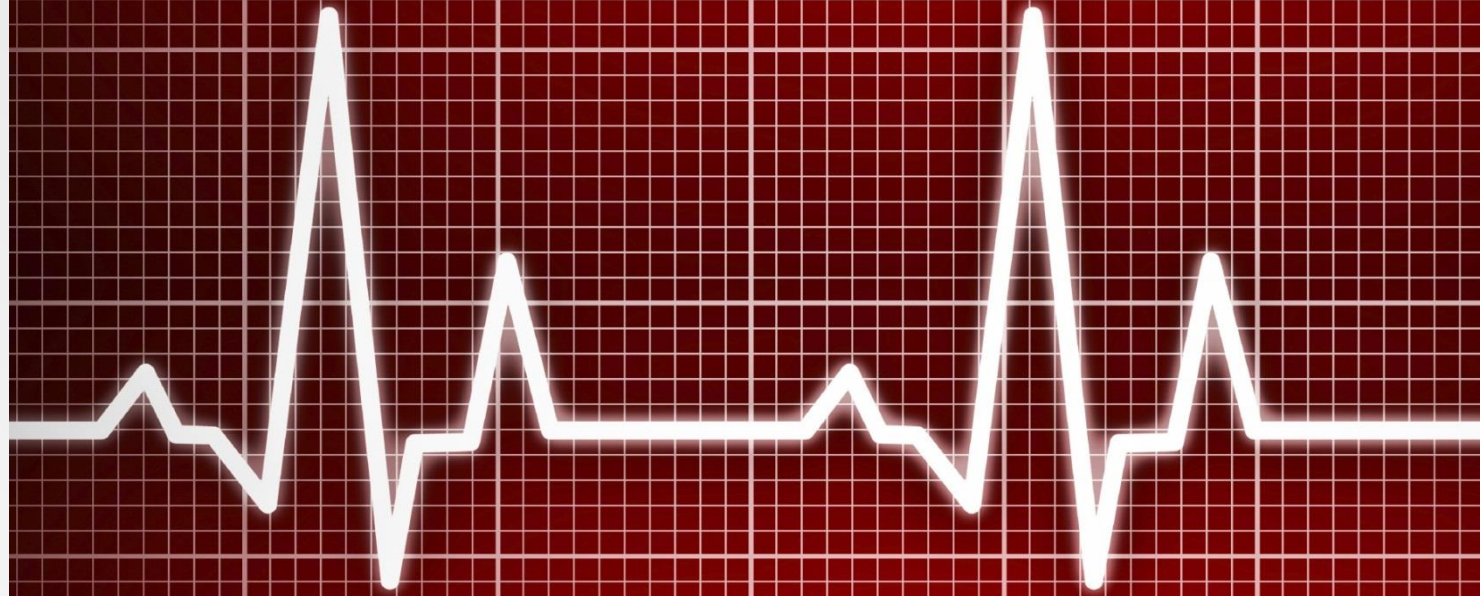
# Listed Companies Are Investing Offshore: Chu Hai~出海

- Third week of Aug 2015 alone, 10 listed companies announced M&As of companies based outside China
- 2015Q2 overseas M&A activities increased by 60% to **USD32.55b, 128 deals, mainly in TMT, Real estate and Finance**
- 顺荣三七(002555.SZ): Acquired 81.25% of Japanese games company SNK for USD63.5mil
- 苏宁环球 ( 000718.SZ): Acquired 20.17% of Korea's REDROVER for RMB242m
- 紫金矿业 ( 601899.SH: Acquired 100% of Australia's Phoenix Gold Limited for RMB200m
- 德奥通航 ( 002260.SZ), 富邦股份 ( 300387.SZ), 江河创建、巴安水务、歌尔声学、赣锋锂业

# Dian Fu No 4

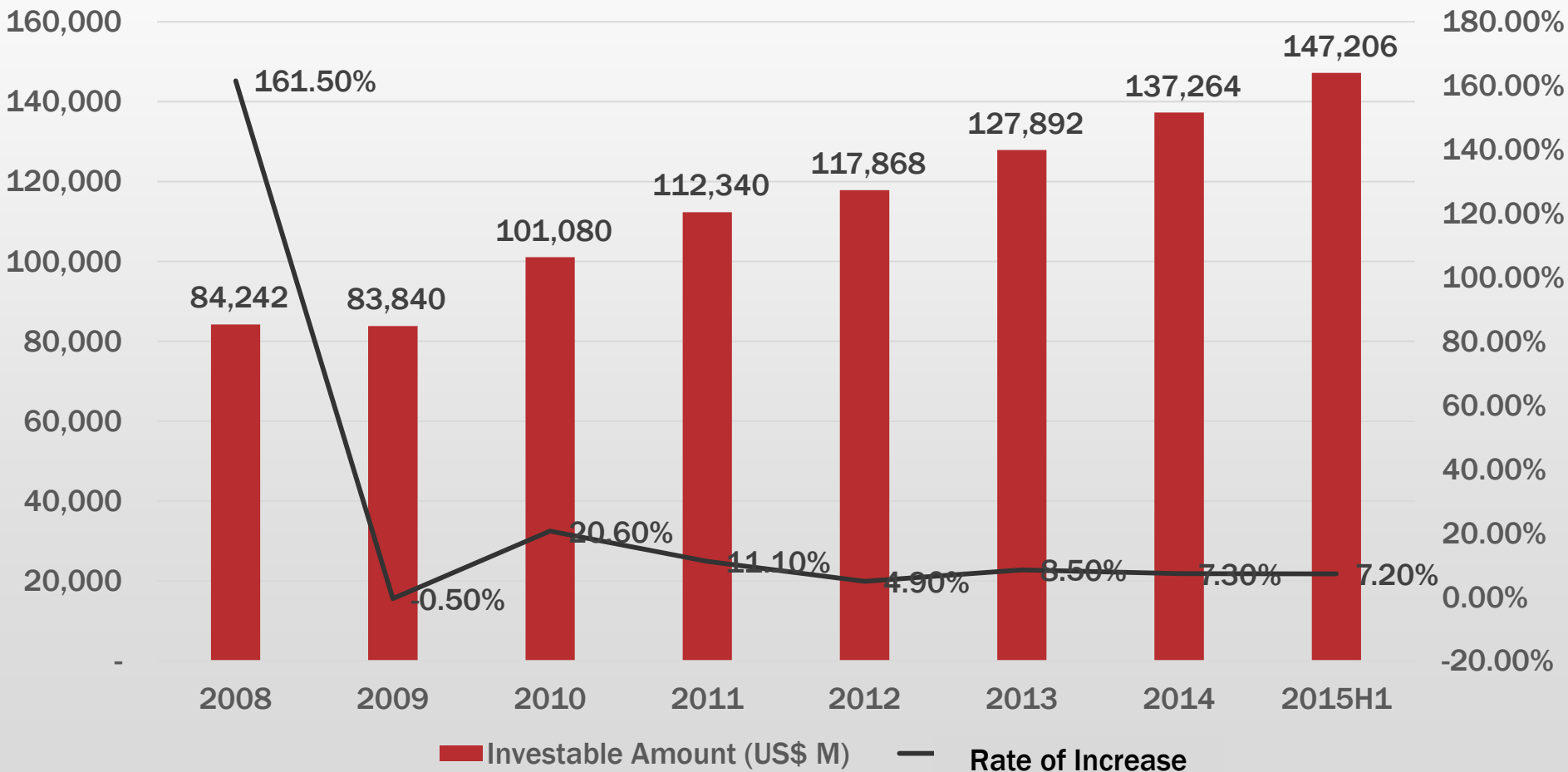
Rise of the China  
VC/PE  
(Private Equity)

# 颠覆



# Rise of the China PE

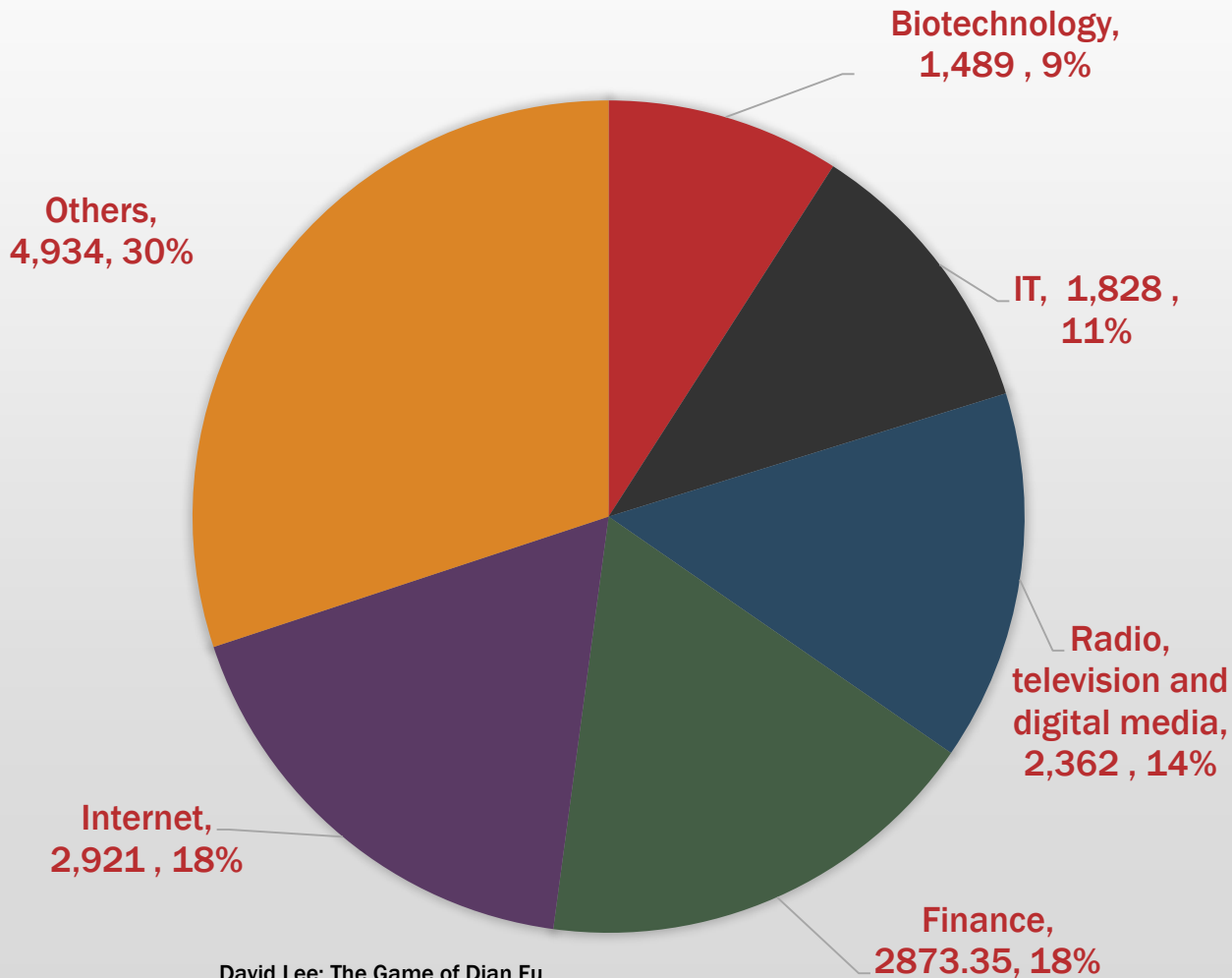
## Capital Stock of PE Investable Amount in China, 2008-2015H1



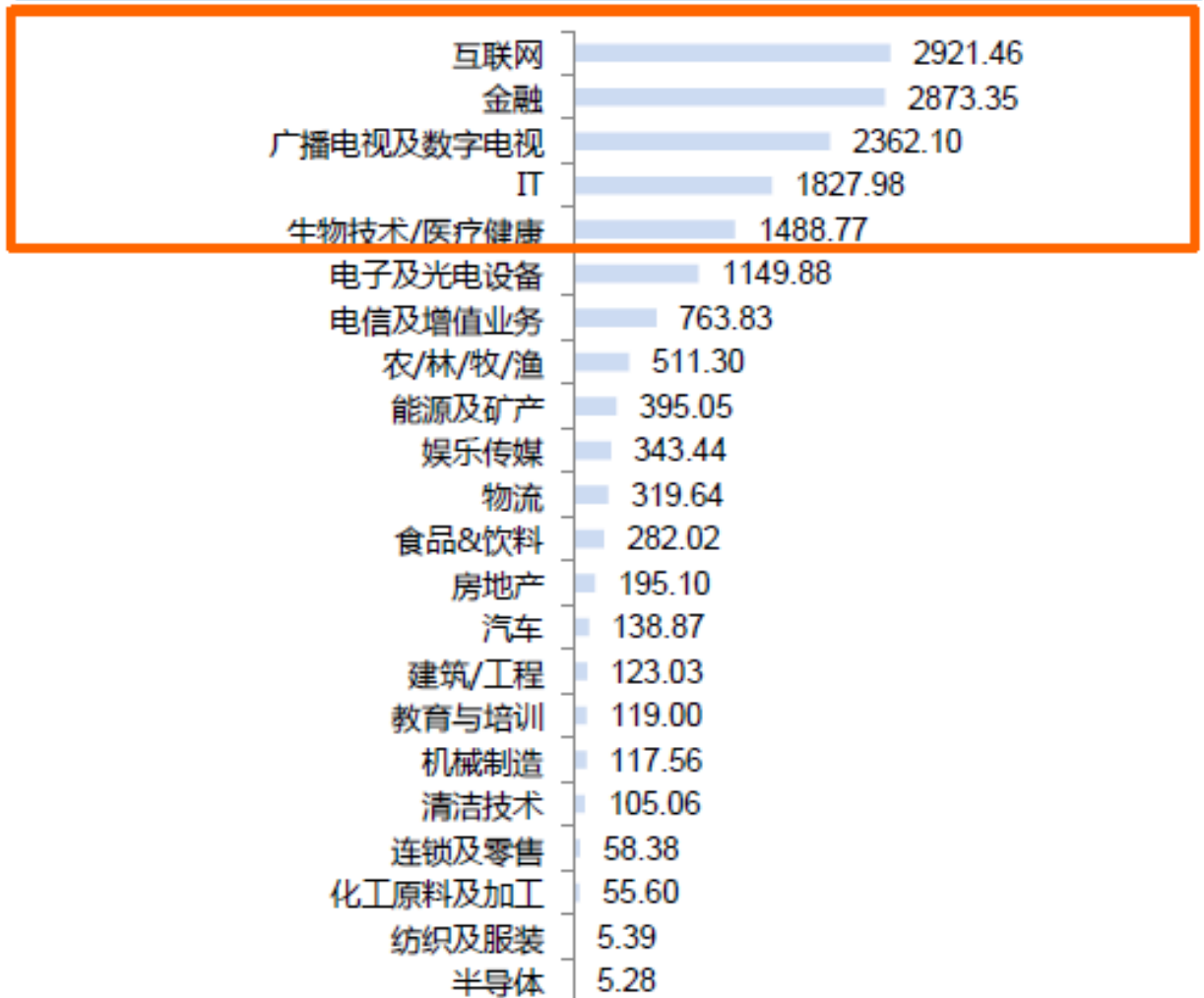
**Investable Amount has crossed USD147bil half year 2015 with 7.2% growth!**

# Rise of the China PE – Internet Tops the List!

## TOP 5 HOTTEST INVESTED INDUSTRIES OF PE, 2015H1



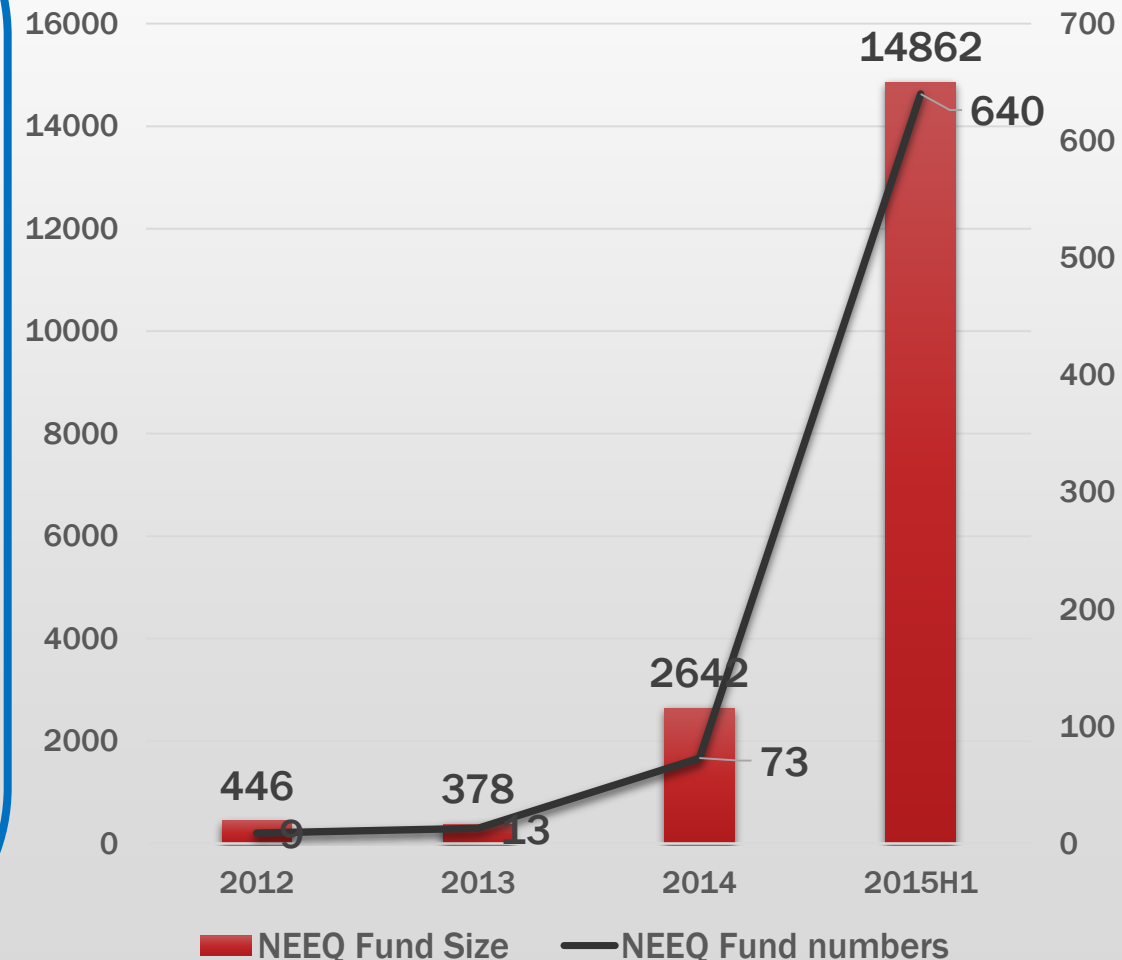
## RANKING OF THE PE INVESTED INDUSTRIES, 2015H1



# NEEQ Is the Catalyst for VC/PE

- Currently, there are more than 2811 enterprises listed in the NEEQ, which includes not only **high-tech enterprises**, but also **investment agencies** such as Jiu Ding Investment (九鼎投资) and Silicon Valley Paradise (硅谷天堂).
- NEEQ is set up to support the government objectives of capital market development and reform, to support innovation, to upgrade the industry and to encourage corporate restructuring.
- **New NEEQ funds were set up.** NEEQ is a new source of funding for star-ups, an alternate source for new investment, and an exit route for PE/VE.

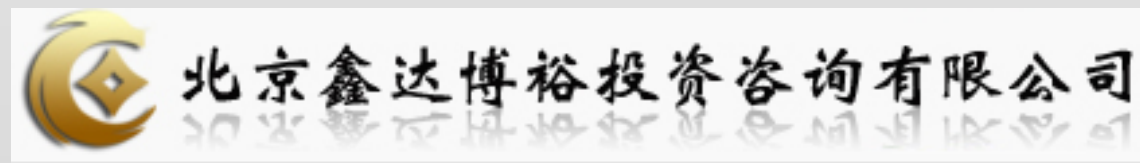
## NEEQ Fund Information, 2012-2015H1





# Top 10 PE Firms in China

Ranking	English name
1	CDH investment fund management company
2	Hillhouse Capital Management
3	Tiger Global Management
4	Tencent Collaboration Fund
5	Shanghai Yunfeng investment management co., LTD
6	Fosun International
7	Citic industrial investment fund management co., LTD
8	Kunwu Jiuding investment management co., LTD
9	Boyu Capital Advisory
10	DST



# Top 10 VC Firms in China

Ranking	English name
1	IDG Capital
2	Sequoia Capital China
3	Shenzhen Innovation Investment Group co., LTD
4	Jiangsu Venture Capital Co.,LTD
5	Delta Capital Markets Ltd.
6	Dachen Venture Investment Co., LTD
7	SAIF Partners
8	Qiming Venture Partners (Shanghai)
9	Cowin Capital
10	GSR Ventures



# Dian Fu: PE/VC for SOEs' Restructuring

## - Guo Qi~国企

From self governing, separation ownership from shareholding, shareholding restructuring experiment, restructuring of shareholding and strategy, to deepening the restructuring of SOEs

In a mid July Report, S&P estimated USD14.2t Chinese Corporate Debt at end 2013. On 17<sup>th</sup> July, Economist estimated that the number was possibly 25% less.

Deducting Local Government Financial Vehicles (LGFVs), the number is closer to **USD11.4t.**



Source:

[http://mp.weixin.qq.com/s?\\_\\_biz=MzI1MTAxNDE0Ng%3D%3D&mid=211919834&idx=1&sn=87b8dfd794da30c48a6f24e58eb53448&scene=2&from=timeline&isappinstalled=0#rd](http://mp.weixin.qq.com/s?__biz=MzI1MTAxNDE0Ng%3D%3D&mid=211919834&idx=1&sn=87b8dfd794da30c48a6f24e58eb53448&scene=2&from=timeline&isappinstalled=0#rd)

# M&A of SOEs

图 1 2008-2014 年国有企业兼并重组市场趋势



M&A amounted to USD35b

There were 481 cases in 2014

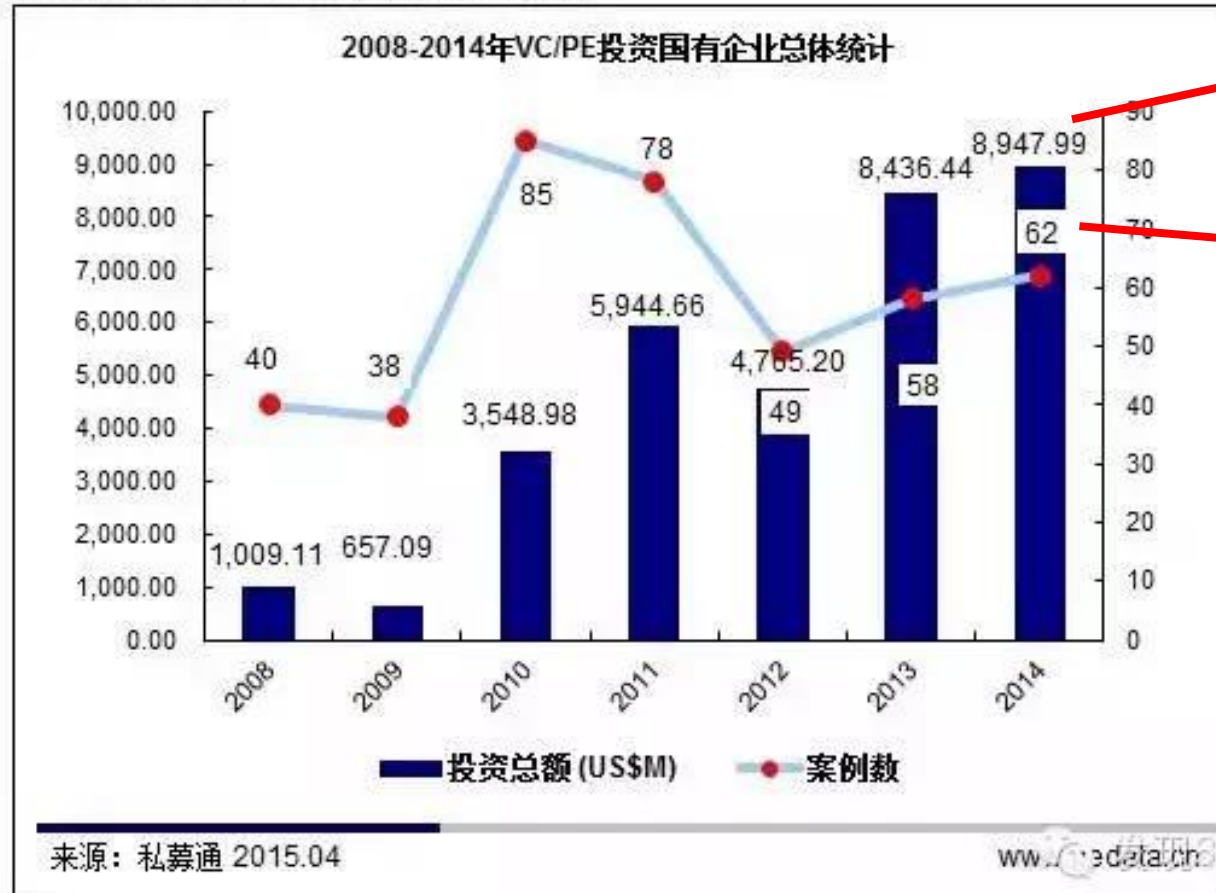
SCB estimated that China's **overall debt** increased from 150% of GDP in 2008 to **245% of GDP at USD22.8t in 2014.**

Source:

[http://mp.weixin.qq.com/s?\\_\\_biz=MzI1MTAxNDE0Ng%3D%3D&mid=211919834&idx=1&sn=87b8dfd794da30c48a6f24e58eb53448&scene=2&from=timeline&isappinstalled=0#rd](http://mp.weixin.qq.com/s?__biz=MzI1MTAxNDE0Ng%3D%3D&mid=211919834&idx=1&sn=87b8dfd794da30c48a6f24e58eb53448&scene=2&from=timeline&isappinstalled=0#rd)

# SOEs' Output is 2/5 of GDP and 1/5 Employment

图 2 2008-2014 年 VC/PE 投资国有企业趋势



VC/PE Investment amounted to USD8.9b

62 cases in 2014

Local Governments are allowed to issue market-directed debt instruments on top of state-directed debt swap to lower borrowing cost. There are more promotions of **Public-Private-Partnerships (PPPs)**.

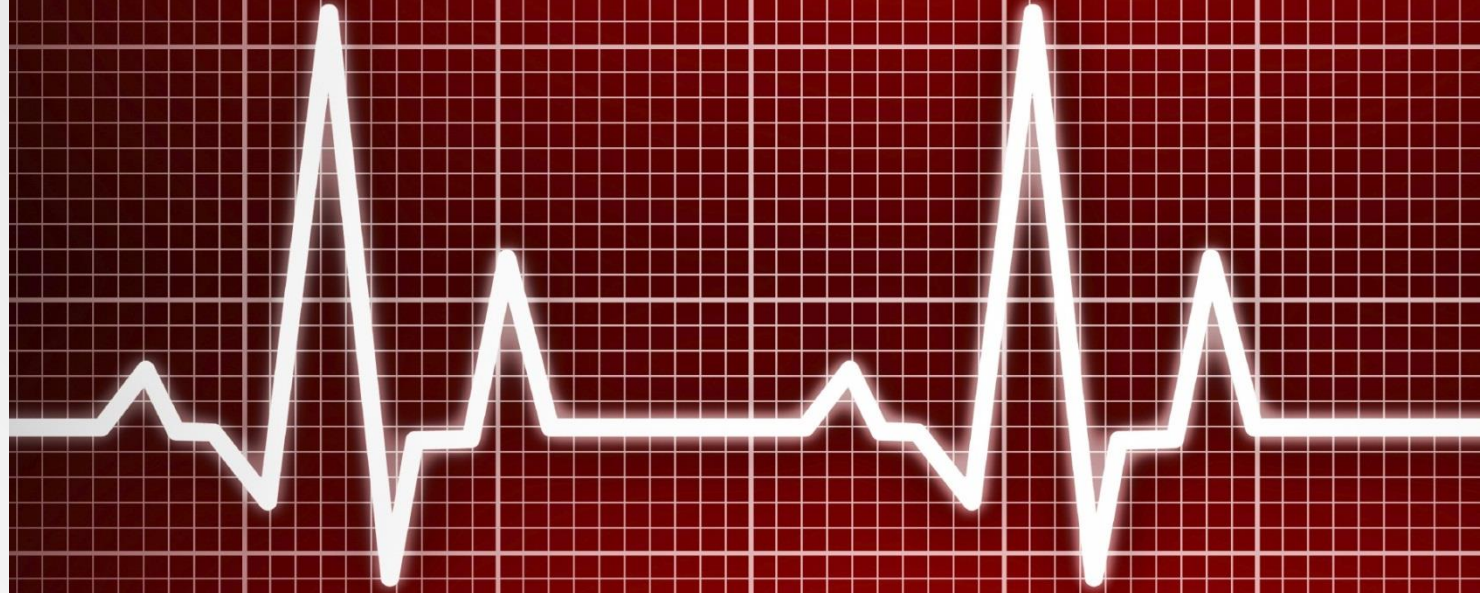
Source:

[http://mp.weixin.qq.com/s?\\_\\_biz=MzI1MTAxNDE0Ng%3D%3D&mid=211919834&idx=1&sn=87b8dfd794da30c48a6f24e58eb53448&scene=2&from=timeline&isappinstalled=0#rd](http://mp.weixin.qq.com/s?__biz=MzI1MTAxNDE0Ng%3D%3D&mid=211919834&idx=1&sn=87b8dfd794da30c48a6f24e58eb53448&scene=2&from=timeline&isappinstalled=0#rd)

Dian Fu No 5

Rise of the China P2P

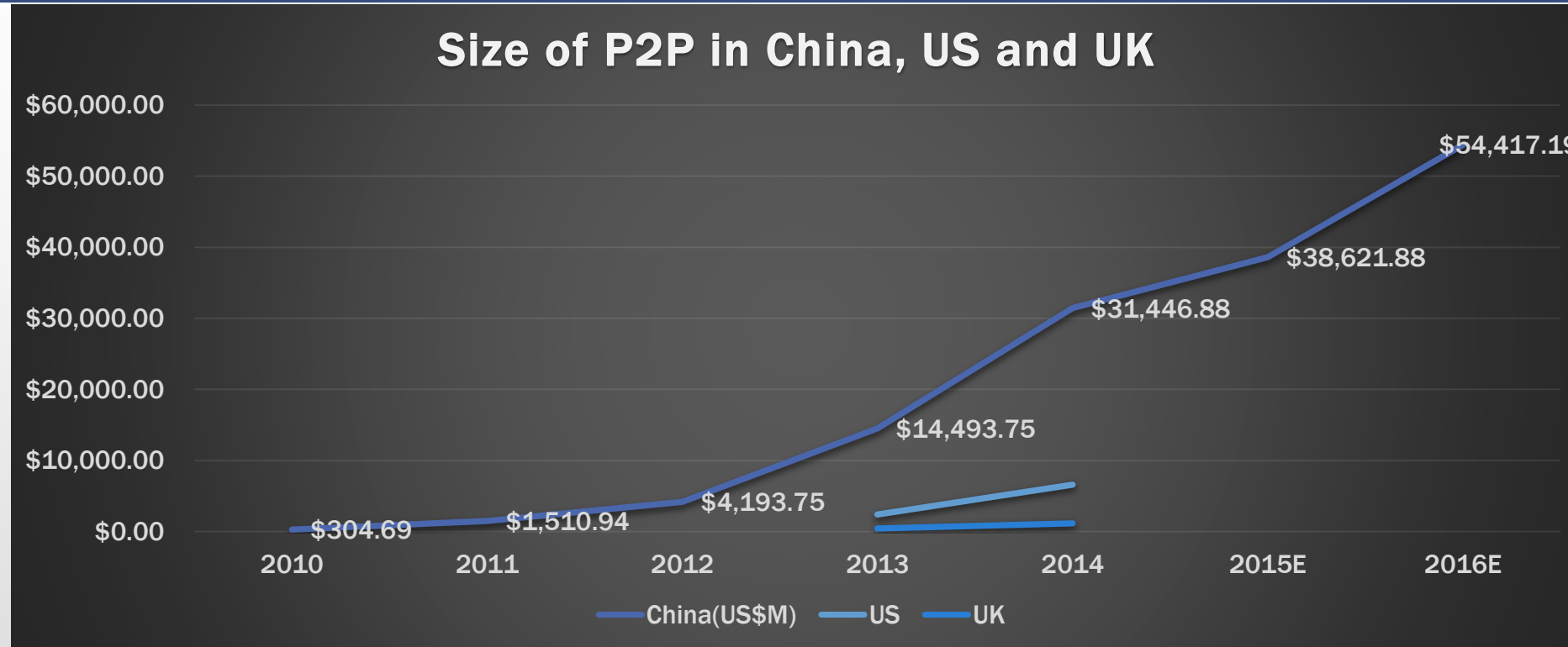
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# P2P is the Fastest Growing Sector in Finance

- US :P2P market is dominated by 2 large players, Lending club and Prosper, which accounts for 96% of the total market.
  - The revenue sources of Lending Club are transaction fees(1-6%), servicing fees(1% of the repayment) and management fees( 0.7%-1.25% of the assets under management)
- China: **the growth of the P2P platforms has present an exponential pattern since PaiPaiDai~拍拍贷 was introduced in 2007.**
  - 2028 P2P platforms: 683.5 billion RMB loans with 208.7 billion RMB outstanding during the first half of 2015.
  - The average annualized interest rate is 14.8% and average lending period is 6.74 months.
  - Over the past 5 years, more and more platforms face solvency issues, the number of such companies is 419 in the first half of 2015, 7.5 times as that of the same period of 2014.

# Comparison of P2P in China, UK and US



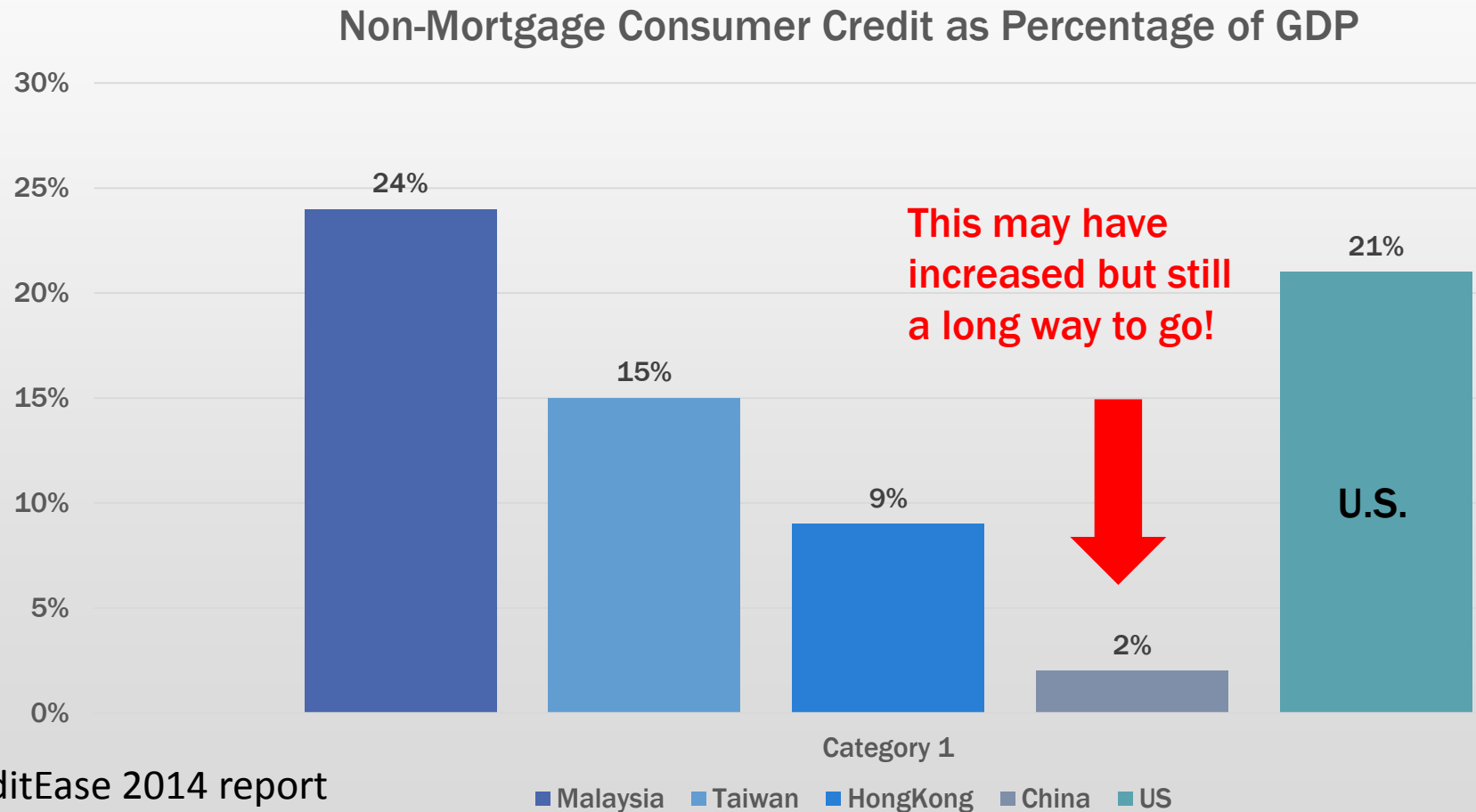
**China P2P market is still 5 times larger than the US at over USD32b!**

(US\$ M)	2010	2011	2012	2013	2014	2015E	2016E
China	\$304.69	\$1,510.94	\$4,193.75	\$14,493.75	\$31,446.88	\$38,621.88	\$54,417.19
US				\$ 2,400.00	\$ 6,600.00		
UK				\$ 441.20	\$ 1,151.44		

Source: [http://www.guancha.cn/economy/2015\\_01\\_25\\_307435.shtml](http://www.guancha.cn/economy/2015_01_25_307435.shtml)



# China Consumer Credit Has Room to Grow!



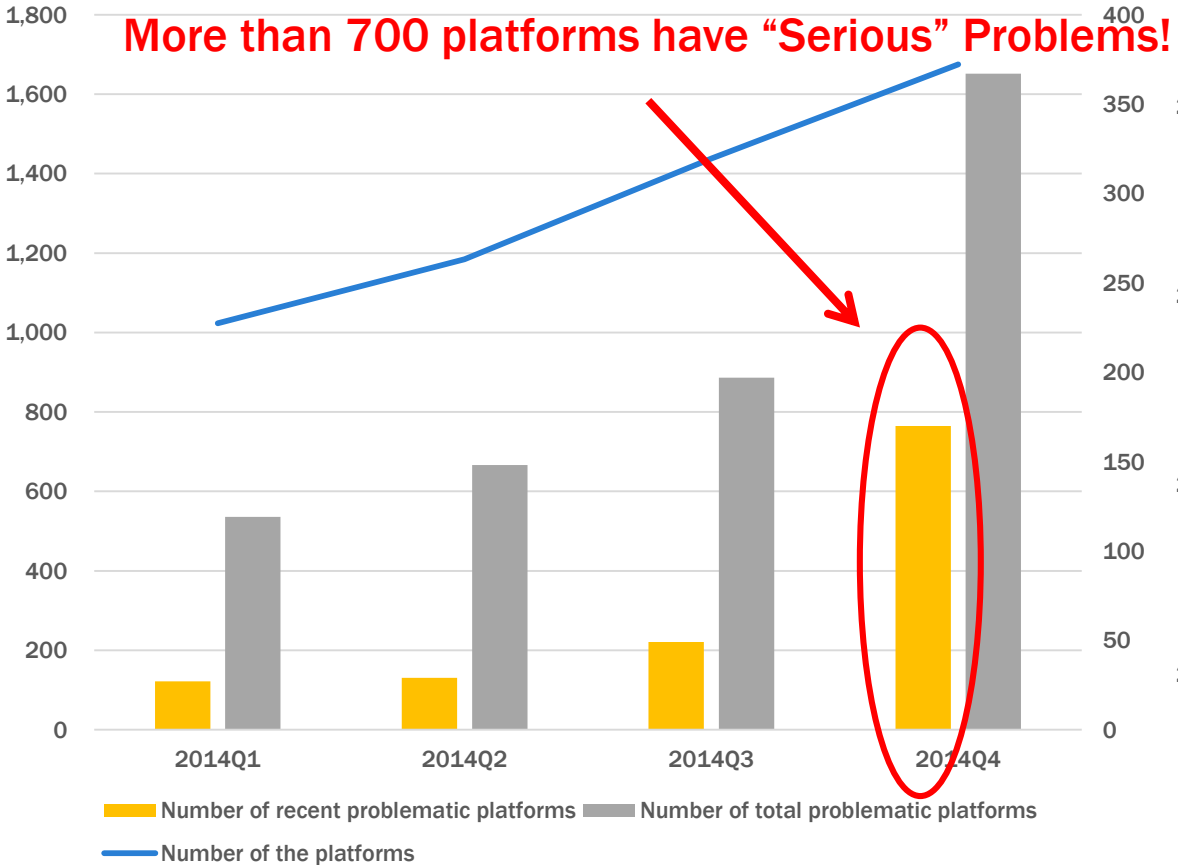
**China Saving Rates are still very high and P2P has a long way to go! BUT.....**

Source: CreditEase 2014 report

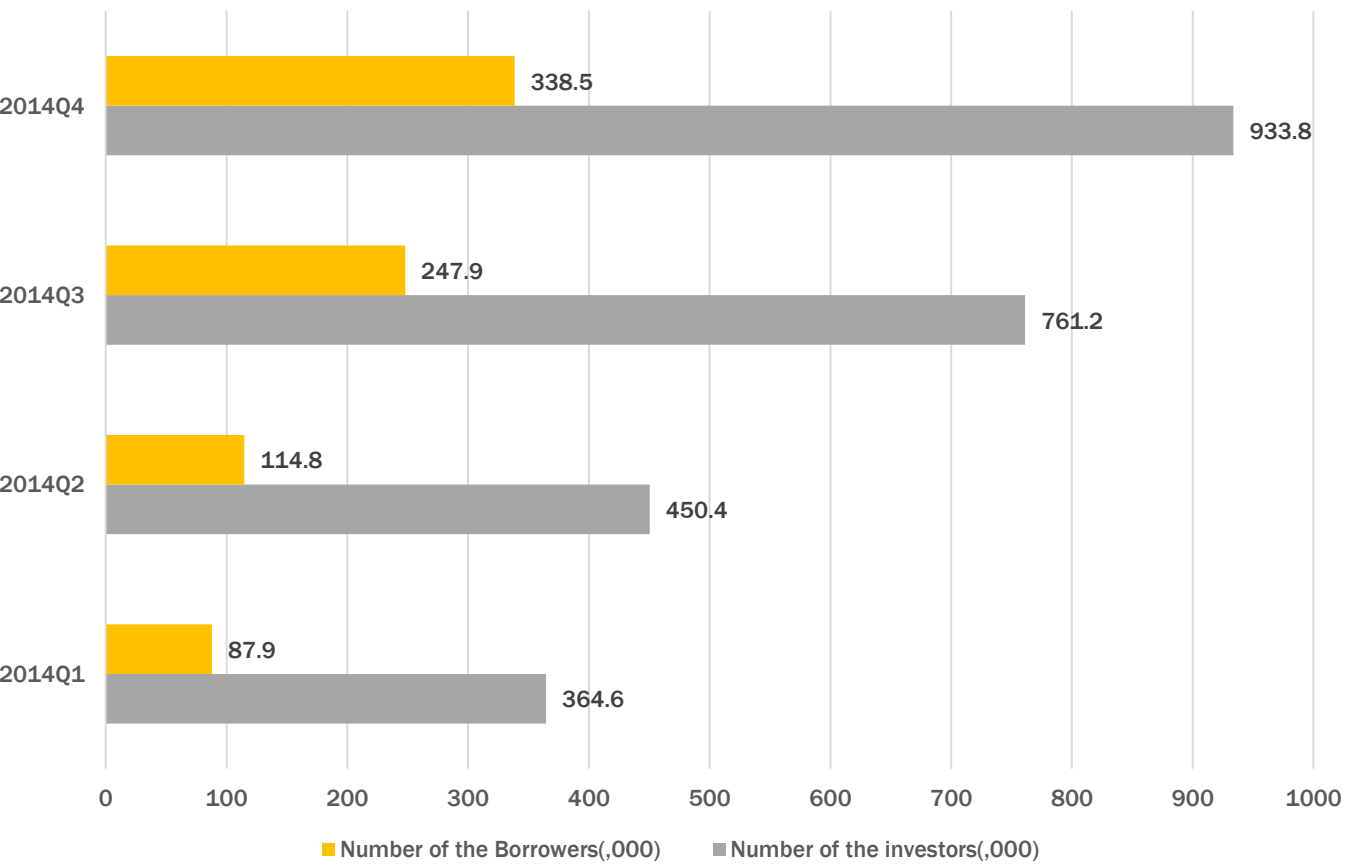
# Approaching 1 mil Lenders: Problematic Platforms on the Rise

Some problematic platforms are for equity margin financing with many investors involved!

The Development of P2P platforms



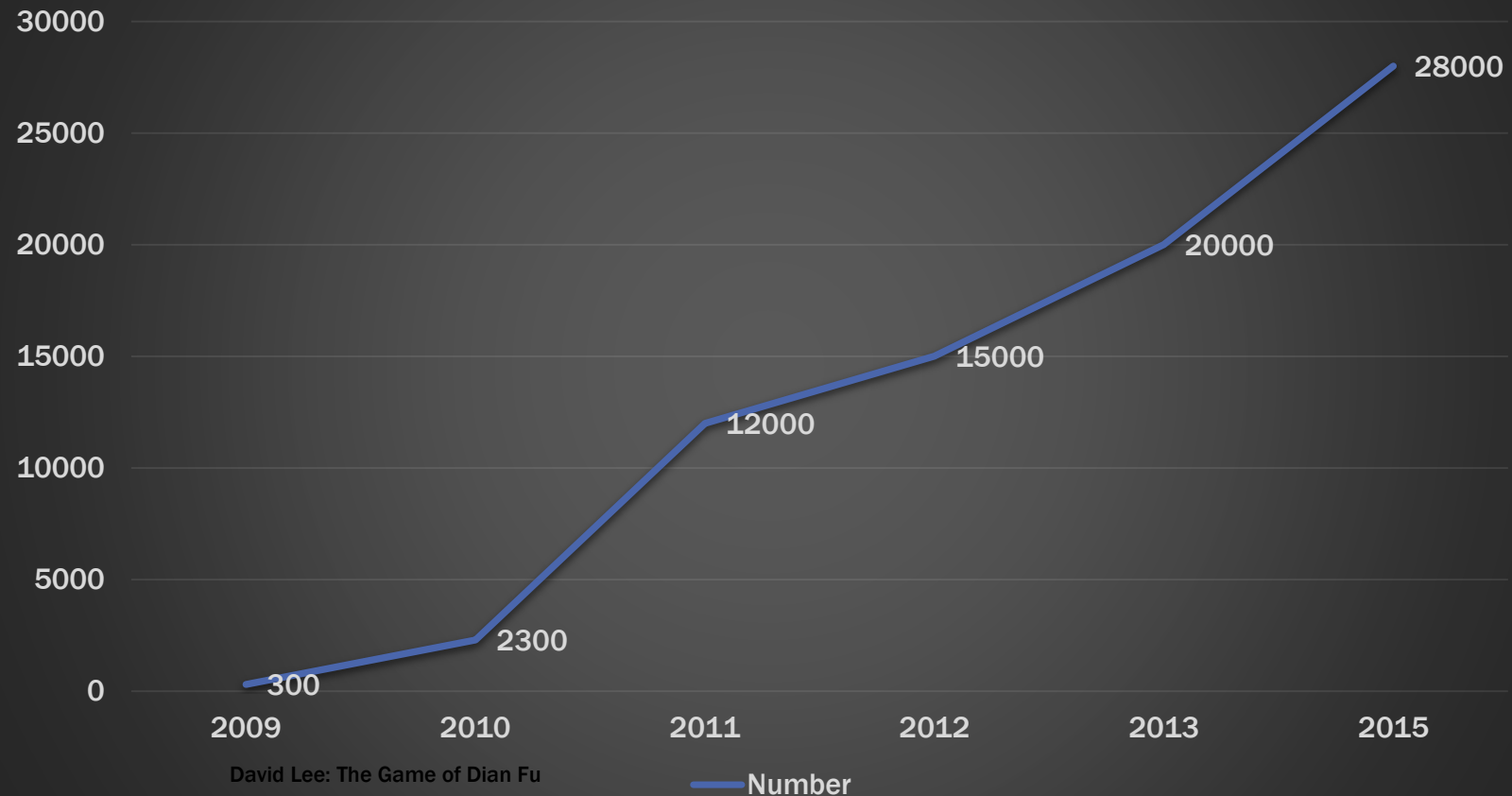
The Development of P2P platforms



# Created Massive Employment Opportunities!



## The Number of Workers in CreditEase



- Current number of the largest 5 year-old P2P HengChang 恒昌 employees: 47,000



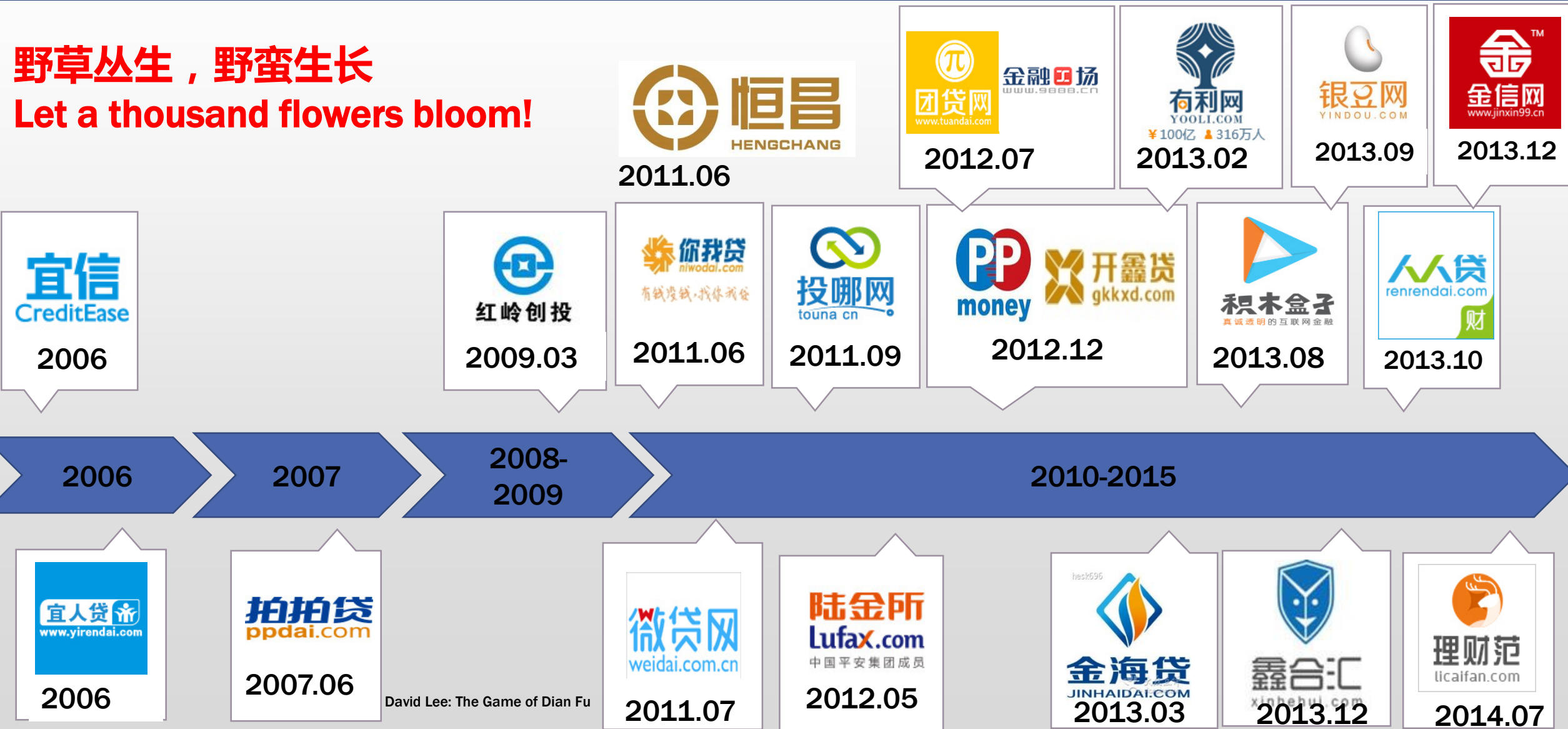
Source:

<http://www.askci.com/news/2015/08/03/101936qzad.shtml>

# Explosive Growth in the Last 5 years

野草丛生，野蛮生长

Let a thousand flowers bloom!



David Lee: The Game of Dian Fu

# Many FinTech start-ups in China

## Supply chain finance & P2P

Since last year, the payments infrastructure and landscape were relatively established, resulting in many platforms for example, **O2O platforms, e-commerce platforms, cars, real estates and large scale logistic supply chain systems** etc. to embrace the use of P2P financing. Moreover, the risk management capabilities and financing facilities provided by logistic supply chain and e-commerce businesses successfully merges with the P2P business landscape to further strengthen this supply chain finance.

Apart from Alibaba and Jingdong platforms and the resulting goods sold there, property, automobiles, commodities and industrial goods have generally and recently favoured P2P financing due to the presence of the naturally large market outreach and secure financing capabilities of P2P financing.

P2P平台或产品	招财宝	京宝贝	新浪微财富	宜信	云容网	积木盒子	中瑞财富	金联储	陆金所	广州e贷	房金所	银湖网	投哪网
对接资产端	阿里	京东	金银猫、票据宝	eBay	淘车无忧	大搜车	瑞茂通	金银岛	绿地、世茂	方圆地产、美林基金	新浪易居	熊猫烟花	跨国采购中心
服务领域	阿里电商平台供应商	京东电商平台供应链	供应链金融	eBay电商平台供应链	“淘车宝”，二手车商和购车者融资服务	二手车经销商库存融资	大宗商品供应链	大宗商品供应链	房地产首付款、尾款	房地产首付款	房地产首付款	熊猫烟花供应链企业融资	供应链金融

# 3 P2P Categories: Original, State/Bank, Internet



❖ **P2P start-up platforms/original P2P platforms**  
Passed 2000 in China.

❖ **Bank or state-owned P2P Platforms**

P2P financing fills the gaps of bank financing (Limited bank outreach due to geographical conditions and no financial services for SMEs) Once policies on P2P financing are refined, it is likely that the P2P banking industry would rapidly take off. Although traditional banks have the advantage of lower associated risk as well as the quality of the assets that they hold, they lack experience in the internet business.

❖ **Internet P2P Financing Companies**

Internet companies entering the P2P industries in two ways: Building the P2P platform by themselves and acquiring an original P2P platform business.

# P2P Supervisors: Finally Guidance was issued in Mid July!



The People's Bank of China taking charge of Internet payment business



China Banking Regulatory Commission taking charge of P2P lending, Internet Trust and Internet consumer finance business



China Securities Regulatory Commission taking charge of equity crowd funding business



China Insurance Regulatory Commission taking charge of Internet insurance business

**Dian Fu No 6**

**DiChan Bao~地产宝**



**Real Estate Treasure**

**REITS is knocking the door of China**

**颠覆**





# C-REITs

- HK:越秀(Dec 2005), 春泉(May 2014)
- Spore: Capital Land 凯德、Ascendas 腾飞、Mapletree 丰树、Forterra 富达来
- Dec 2008 Finance Regulation 32
- Mar 2013 Regulation on Real Asset Securitisation 证监会发布《证券公司资产证券化管理规定》
- Jan 2014 Approval of CITIC QiHang Real Estate Management Company 关于核准中信证券股份有限公司设立中信启航专项资产管理计划的批复
- REITs? – no tax advantage, around 5-6% yield

# Magical 1.5 Hour!

## China:

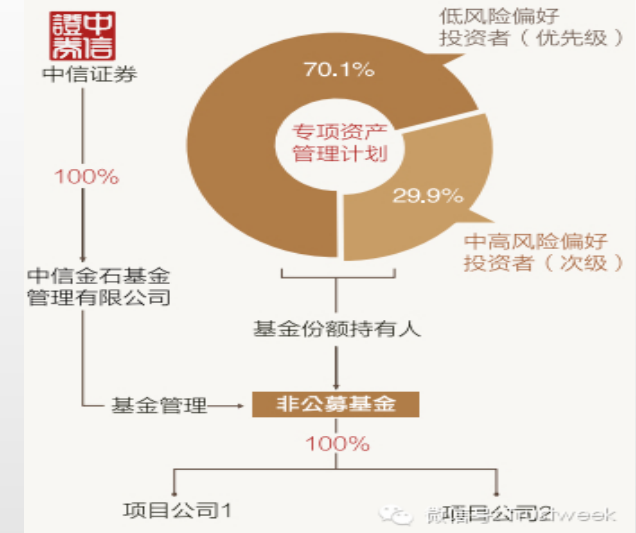
- **TianJin** Real Estate Bond 天津“债权版”(Aug 2012)
- 中信启航 **CITIC QiHang** (Jan 2014, **RMB52.1b**, 70% AAA min 5mil investment class A 5.5-7%, 30% unrated min 30mil class B 12-42%, max 200 investors)
- 鹏华前海万科公募 **PengHua** (June 2015 , **RMB3b**, IPO, Hybrid)
- 万达商业地产众筹产品稳赚1号 **Wanda** (June 2015, **RMB5b**, Crowdfunding, pre-REITs)



David Lee: The Game of Dian Fu



## 中信启航专项资产管理计划交易结构



# CITIC QiHang

**Wanda's Crowdfunding of RMB5b  
Within 3 days! The Retail Portion  
Was Completed in 1.5 Hours.**

**Dian Fu No 7**

**Chuang Ye Jia Su Qi~**  
**创业加速器**



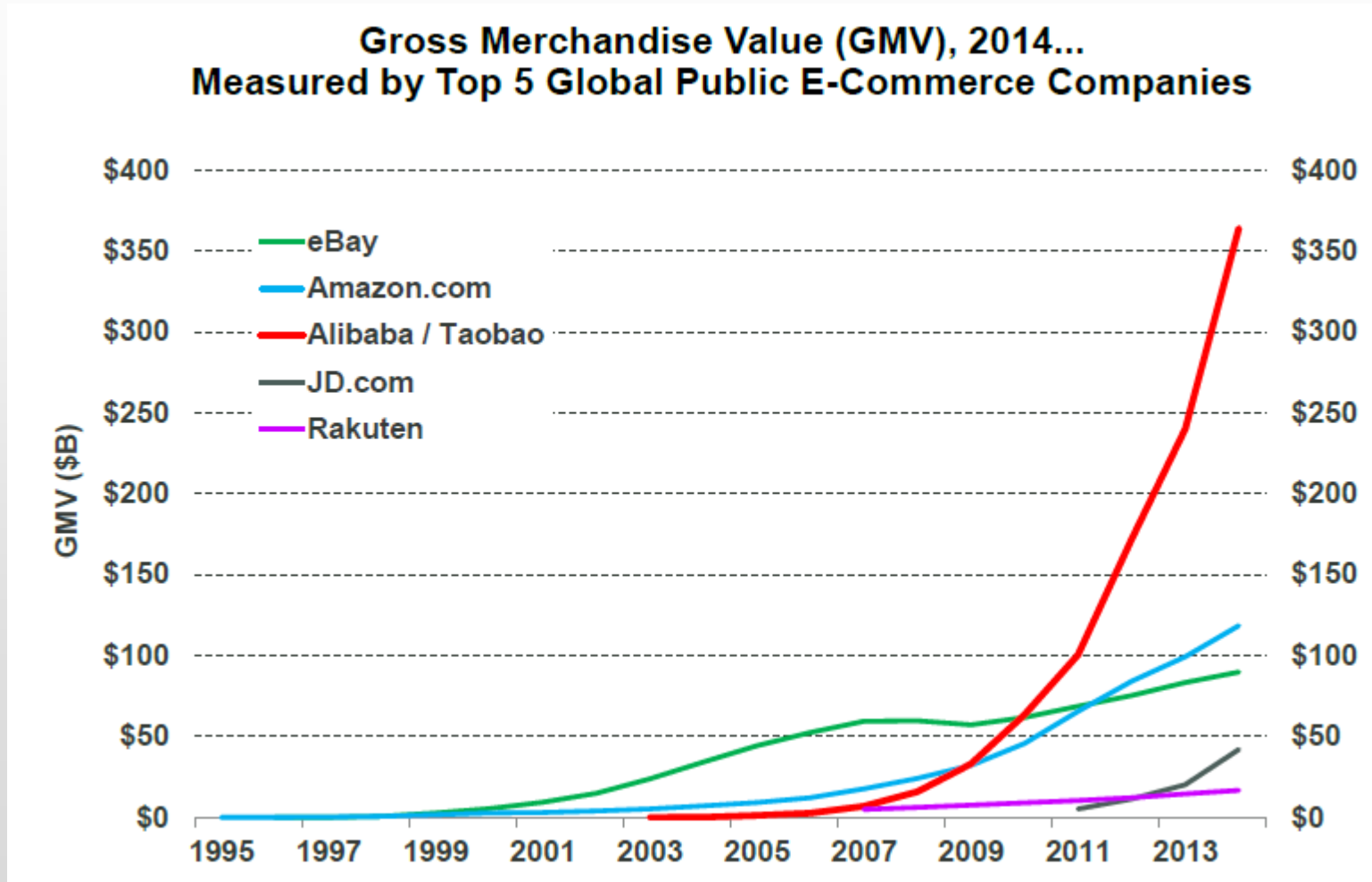
**Accelerator:**

**Rise of the China  
FinTech Start ups**

**颠覆**



# Internet and cellphone are changing the consumers' habit



David Lee: The Game of Dian Fu

Source: Companies are eBay, Amazon, Alibaba, JD.com, and Rakuten. Per publicly available company data, Morgan Stanley Research.

# Unlike Silicon Valley, Corporates like BAT are driving FinTech Innovation via a holistic approach



# Ants Financial (Alipay), QQ and Baidu Wallet

- ❖ 阿里巴巴通过蚂蚁金服布局互联网金融，基本覆盖了金融“存、贷、汇”三大板块，是阿里巴巴“平台+金融+数据”的架构和规划中的重中之重。
- ❖ 腾讯的互联网金融发端于财付通，后续推出的微信支付、手机QQ支付、腾讯征信和理财通等，未来不排除腾讯整合集团的互联网金融业务。
- ❖ 在BAT三巨头中，百度在互联网金融领域略显落后。百度虽然相继推出“百发”“百赚”和百度钱包，但是相比阿里和腾讯，百度在互联网金融上的拓展始终不尽如意。

	百度	阿里巴巴	腾讯
战略切入点	基于搜索平台	基于交易平台	基于社交关系链
发展阶段	开始涉足互联网金融	互联网金融和传统金融全方位尝试	更多基于现有业务探索金融方向
主要面向对象	金融客户、小微企业、公众网民	小微企业、公众网民	公众网民
现有业务布局	百发、百赚、百度钱包	基本覆盖了存贷汇三大板块	业务较多，但是尚未有序整合
核心优势	搜索、大数据和云计算技术	最大的电商交易平台	强势的社交关系链

# Alibaba's Strategy – Acquisition & Investment

Time	Firm Name	Name	Amount (US\$ M)
2005-08	中国雅虎	Yahoo China	NA
2006-10	口碑网	KouBei	600
2008-05	phpwind	phpwind	NA
2009-09	万网	WanWang	540
2010-03	星辰急便	Stars Express	4.6
2010-06	Vendio	Vendio	NA
2010-08	易图通	EMG	35
2010-08	Auctiva	Auctiva	NA
2010-10	搜狗	Sogou	15
2010-11	一达通	OneTouch	NA
2011-05	CNZZ	CNZZ	NA
2011-07	美团	MeiTuan	50
2012-11	丁丁网	ddmap	NA
2013-03	虾米网	XiaMi	NA

Time	Firm Name	Name	Amount (US\$ M)
2013-04	新浪微博	Sina Corp	568
2013-05	高德	AutoNavi	234
2013-03	友盟网	Umeng	80
2013-07	穷游网	Qyer	NA
2013-08	UC优视	UC	NA
2013-09	酷盘	Kanbox	NA
2013-10	天弘基金	Tianhong Asset Management Co	4
2013-10	ShopRunner	ShopRunner	NA
2013-12	日日顺物流	RRS	233
2014-01	中信21世纪	CITIC 21CN	207
2014-02	TutorGroup	TutorGroup	NA
2014-03	文化中国传播集团	ChinaVision Media Group	804
2014-03	TangoMe Inc.	TangoMe Inc.	215
2014-03	银泰商业集团	Intime Retail Group	692

# Alibaba's Strategy – Acquisition & Investment

Time	Firm Name	Name	Amount (US\$ M)
2014-03	魅族	Meizu	1050
2014-04	恒生电子	Hundsun Technologies Inc.	515
2014-04	华数传媒	Wasu Media Holding	1050
2014-04	优酷土豆	Youku	1080
2014-05	阿斯兰	ASLAN	NA
2014-05	新加坡邮政	Singapore Post Ltd.	223
2014-06	恒大	Evergrande	187
2014-09	石基信息	Shiji Information Technology Co	439
2014	快的	Kuaidi	NA
2014	陌陌	Momo	NA
2014	茵曼	Inman	NA
2015-03	光线传媒	Enlight Media Group	375
2015-06	上海文化广播影视公司	SMG	187
2015-07	魅力惠	Mei.com	100
2015-08	苏宁云商	Suning Appliance Co	4.4



# Many FinTech start - ups in China

## Incubators/Accelerators 创业孵化加速器



ZhongGuanCun~中关村



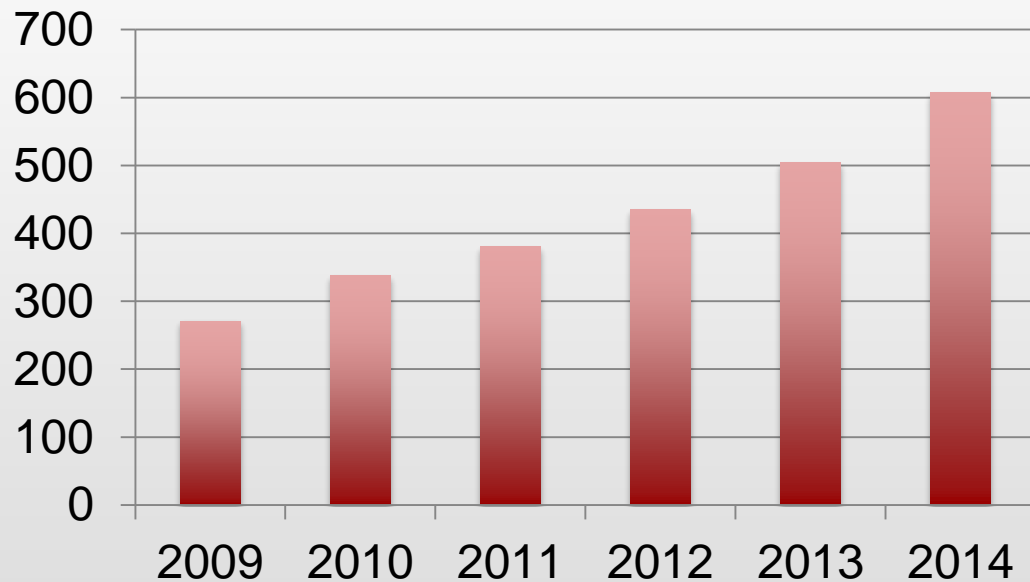
ShenZhen~深圳



HangZhou Dream Town  
杭州梦想小镇

# Incubators – over 1600 as at June 2015

## Numbers



Resource : 投资中国研究院《孵化器2014年度报告》

孵化器类型	细分	典型代表
国有背景孵化器	国家留学人员创业园	北京市留学人员海淀创业园
	国际企业孵化器	重庆高技术创业中心
	国家大学科技园	北大科技园
	其他	联想之星
民营背景孵化器	投资驱动型孵化器	创新工场
	产业驱动型孵化器	微软创投加速器
	中介型孵化器	车库咖啡

- Total number of incubators reach over 1600 in 2015.06
- The number of national-level incubators is over 600

# Incubators



Resource:清科研究中心,  
2015/6

There are 12 national-level incubators located in Shenzhen

Dian Fu No 8

Zhong Chou~众筹

Crowdfunding

颠覆



# Crowdfunding: Debt, Equity, Reward and Donation Based



## 1 Debt-based

In this type of crowdfunding, the company raising money does not sell shares, but instead borrows money from the crowd. The individual lending the money receives the company's legally binding commitment to repay the loan at certain time intervals and at a certain interest rate.

## 2 Equity-based

Members of the crowd become part-owners of the company that is raising funds. The crowd realizes a return of its investment and, assuming the company performs well, receives a share of the profits in the form of a dividend or distribution.

## 3 Reward-based

Individuals forming the crowd give money to a business in exchange for a "reward," typically the product or service that the particular company produces or provides.

## 4 Donation-based

The crowd give money or some other resources because they want to support the cause.

# Another Catalyst for Start-ups!

## Crowdfunding

@狐狸君raphael

Debt

¥ 债权众筹	拍拍贷 PPDAI.COM	人人贷 renrendai.com	积木盒子 本息安全的优质理财投资平台
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Equity

📄 股权众筹	天使汇 angelcrunch	大家投 dajiatou.cn 天使·投·资·众·筹·平·台
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Reward

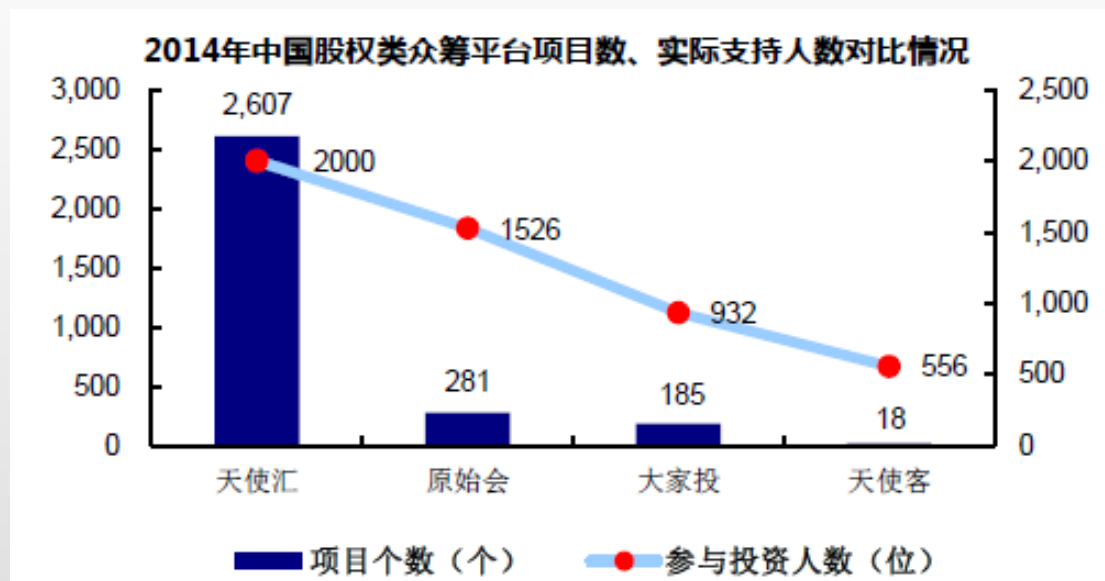
📦 回报众筹	点名时间	追梦网 dreamore.com	众筹网 zhongchou.cn
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Donation

⚙️ 捐赠众筹	微公益 gongyi.weibo.com	TREVOLTA	crowdt:lt
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# AngelCrunch is the Archangel for Equity!

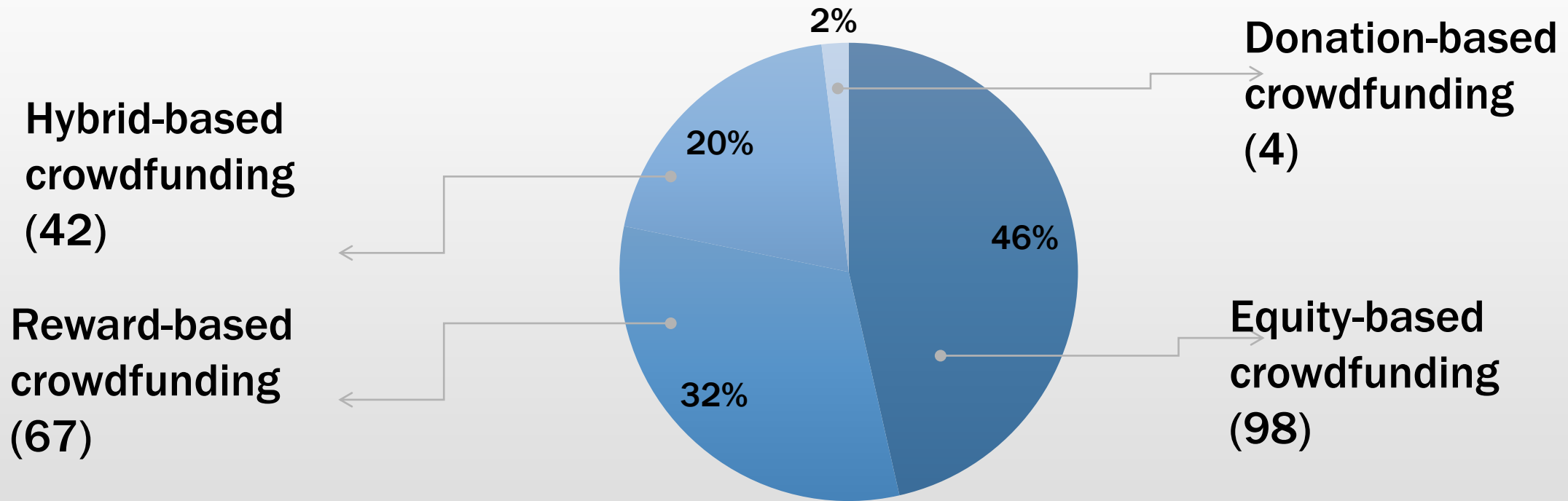
## Equity-based crowd-funding



In 2014, AngelCrunch **天使汇** dominated the equity crowdfunding market with 2,607 deals amounting to **RMB 769mil.**

	AngelCrunch	YuanShiHui	DaJiaTou	TienShiKe	Total
Number of Deals	2,607	281	185	18	3,091
Total Amount RMB10k	76,900.00	19,404.00	3,933.00	2,875.00	103,112.00
Number of Investors	2,000	1,526	932	556	5,014

# Crowdfunding: Equity is Still the Favourite



Source: 网贷之家 《2015年中国众筹行业半年报》 <http://www.wangdaizhijia.com/news/baogao/21251-all.html>

- Total amount of crowdfunding platforms reach 211 until 2015.06



# Crowdfunding—Beijing Leads Both by Numbers and Capital Raised

Area	No of Platforms	Amount Raised
Beijing	27%	35%
Guangdong	23%	28%
Shanghai	17%	13%
Zhejiang	7%	13%
Others	26%	11%

- Raise over 4.6 billion RMB during the first half year of 2015.

# Crowdfunding – The Giants Are Joining the Game

Company/Group	Name	Type	Date
Alibaba	Taobao Crowdfunding (淘宝众筹)	Reward-based crowd-funding Donate-based crowd-funding	2013
	<b>Ant Dake (蚂蚁达客)</b>	Equity-based crowd-funding	<b>2015.6</b>
Jingdong	Jingdong Crowdfunding (京东众筹)	Reward-based crowd-funding Donate-based crowd-funding Lending-based crowd-funding	2014
	Dongjia (东家)	Equity-based crowd-funding	2015.3
Ping An Insurance (Group)	<b>Qianhai Crowdfunding</b> (前海众筹)	Equity-based crowd-funding	<b>2015.4</b>
Suning	Suning Crowdfunding (苏宁众筹)	Donate-based crowd-funding Reward-based crowd-funding	2015.4
Baidu <small>David Lee: The Game of Dian Fu</small>	Baidu Crowdfunding (百度众筹)	N/A	Forthcoming

Jacky Chan

# Dragon Blade

## 天将雄师

<https://www.youtube.com/watch?v=TVvpzS8LD78>

# Example—Debt-based Crowdfunding

Yu Le Bao ~娱乐宝

## Dragon Blade 天将雄师

10:15 PM 77%

项目详情

特权 简介 热点

剧情简介:

《天将雄师》(Dragon Blade)是李仁港编剧并执导的一部古装动作电影,由成龙主演。d">购买娱乐宝《天将雄师》即可获得以下丰富娱乐权益

一、“买1送4”不可错过,乐享超值权益大礼包1、专享成龙拜年视频,视频问候,暖人心意,新年全家乐!(娱乐宝用户专属特权,明星陪你过大年)2、独家电影“彩蛋”,银屏看不到,独一无二幕后猛料,唯我专属(影片写真电子书1份/2月13日送出)3、看《天将雄师》专享超VIP礼遇,HOLD住女友“女王”待遇,不是有钱就能享(限成龙耀莱影城)4、价值799元“天将雄师”成龙茅台特供酒,娱乐宝用户专享400元代金券折扣,一种身份一种尊贵

二、借势2015幸运抽奖,送你羊年开运礼

1、耀莱《天将雄师》之夜韩国金唱片大赏首降中国。29届韩国金唱片大赏颁奖盛典,限定门票先抢先得

2、耀莱《天将雄师》之夜-韩国金唱片大赏颁奖盛典,千元门票娱乐宝用户专享百元购,礼遇百名韩

10:14 PM 77%

项目详情

特权 简介 热点

大都护,维护和平 士,与霍安结缘 子,为皇位谋害父亲

崔始源 林鹏 王若心

饰殷破,霍安副将,武功高、心机重 饰冷月,冷艳帅气,对霍安暗生爱慕 饰秀清,霍安的发妻,温柔

项目说明

综合年化收益率:6.7%(国华创富人生1号历史年化结算利率)+0.3%(杭州缪斯客网络科技有限公司发放的现金红包)

现金红包温馨提示:您的保险合同生效满1年后的15个工作日内,杭州缪斯客网络科技有限公司将向您发放相当于您投保本金0.3%的现金奖励,现金发至您购买保险产品时的支付宝账户。但您未满1年即已退保的部分,不发放现金奖励。

保险产品风险提示:国华创富人生1号为万能保险产品,结算利率超过最低保证利率的部分是不确定的\*历史年化结算利率仅代表产品的历史收益情况,不代表对产品未来收益的承诺。本产品前三年最低保证结算利率2.5%,超过最低保证利率部分是不确定的。

10:13 PM 78%

项目详情

娱乐宝项目第5期

天将雄师

42801

特权 简介 热点

已发放特权

天将雄师 电影写真电子书

3334

# Example—Equity-based Crowdfunding



点名时间 首页 新品 动态 搜索 服务介绍 | 注册 登录

★ 86 评价    ♥ 11996 心愿

TA们加入了心愿

史上第一部众筹电影《十万个冷笑话》，征求十万个微赞助商

从改编成动画至今，《十万个冷笑话》以无厘头的风格，俘获了众多网友引而不发的节操，在网络上总共播放了12集，总播放量已经近十亿次。因为这么多人喜欢，于是我们决定拍摄一部剧场版。

- The first Crowdfunding film in China in 2014.
- It has reached 120 million RMB at the box office within 24 days.

# Example—Equity-based Crowdfunding

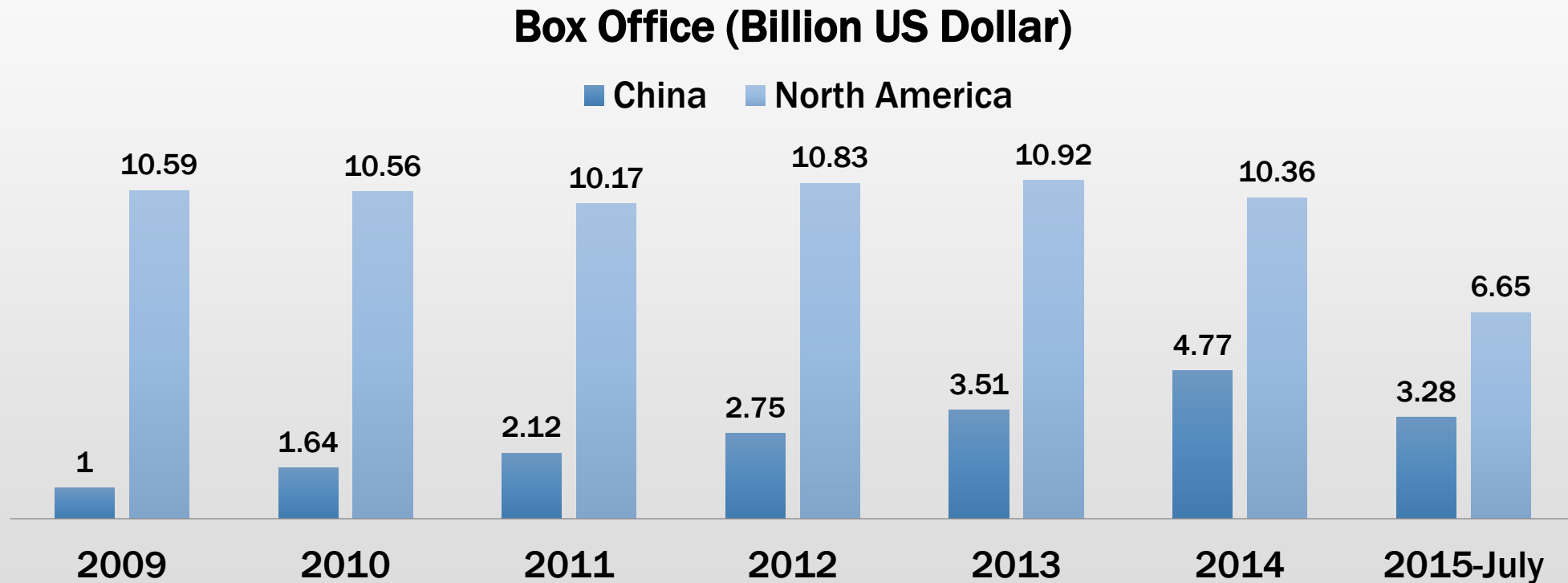


**The highest grossing animated film in China to date.**

- Prior to 4<sup>th</sup> August , “Monkey King: Hero is Back” has reached 800 million RMB at the box office within 24 days.
- 89 investors invested a total of 7.8 million and expected to get 30 million RMB of principal and interest, i.e., **400%** return.

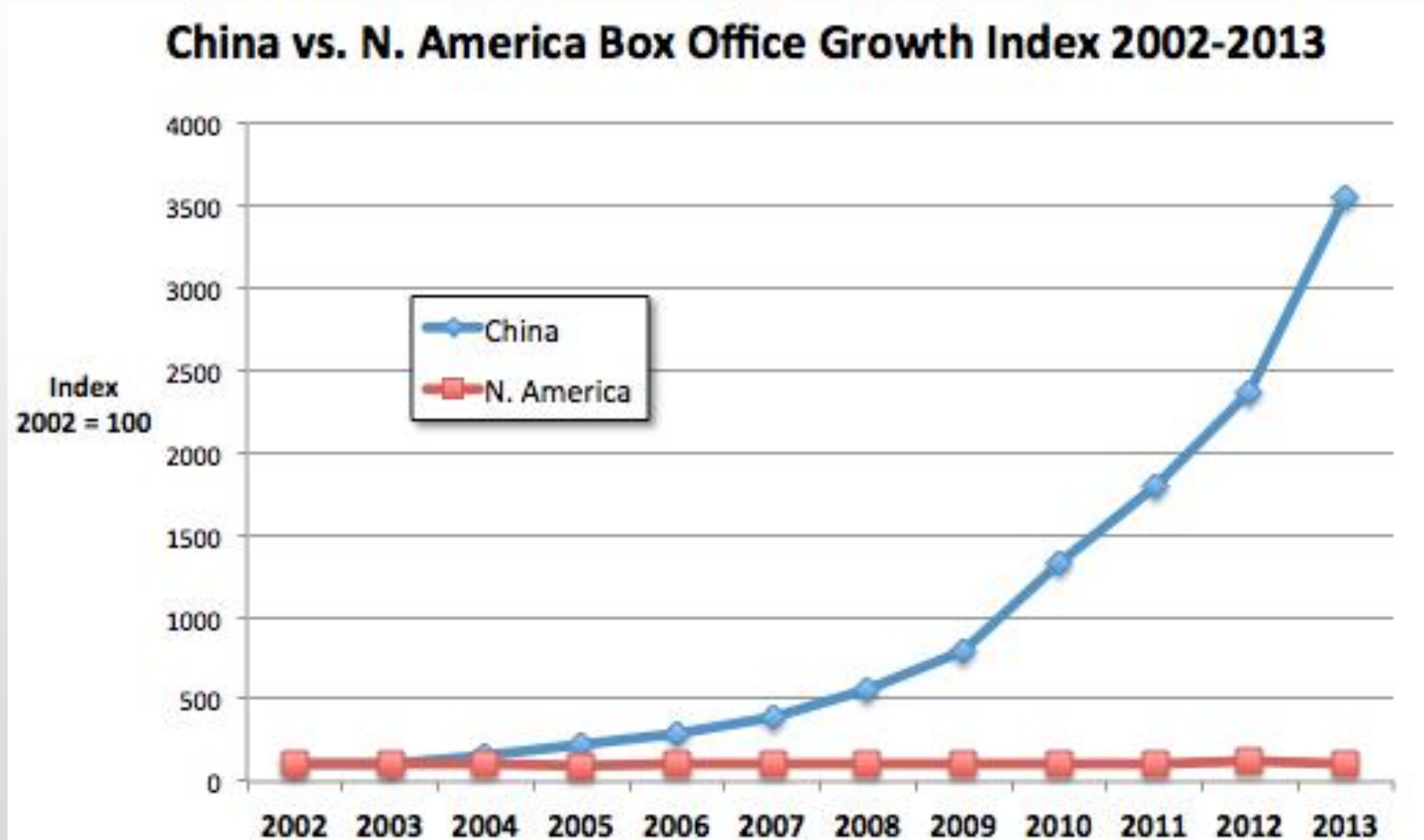
# China's Box Office to Cross USD5bil in 2015 at 15.5% Growth

Sources: <http://www.the-movie-times.com/thrsdir/Yearly.cgi>; [http://www.pwccn.com/home/eng/pr\\_090615.html](http://www.pwccn.com/home/eng/pr_090615.html)



- According to PwC's Global Entertainment and Media Outlook 2015-2019, China's box office spending is projected to pass US\$5bn in 2015 and to rise at a compounded annual growth rate (CAGR) of 15.5%. It is expected to reach US\$8.86bn in 2019.

# Example

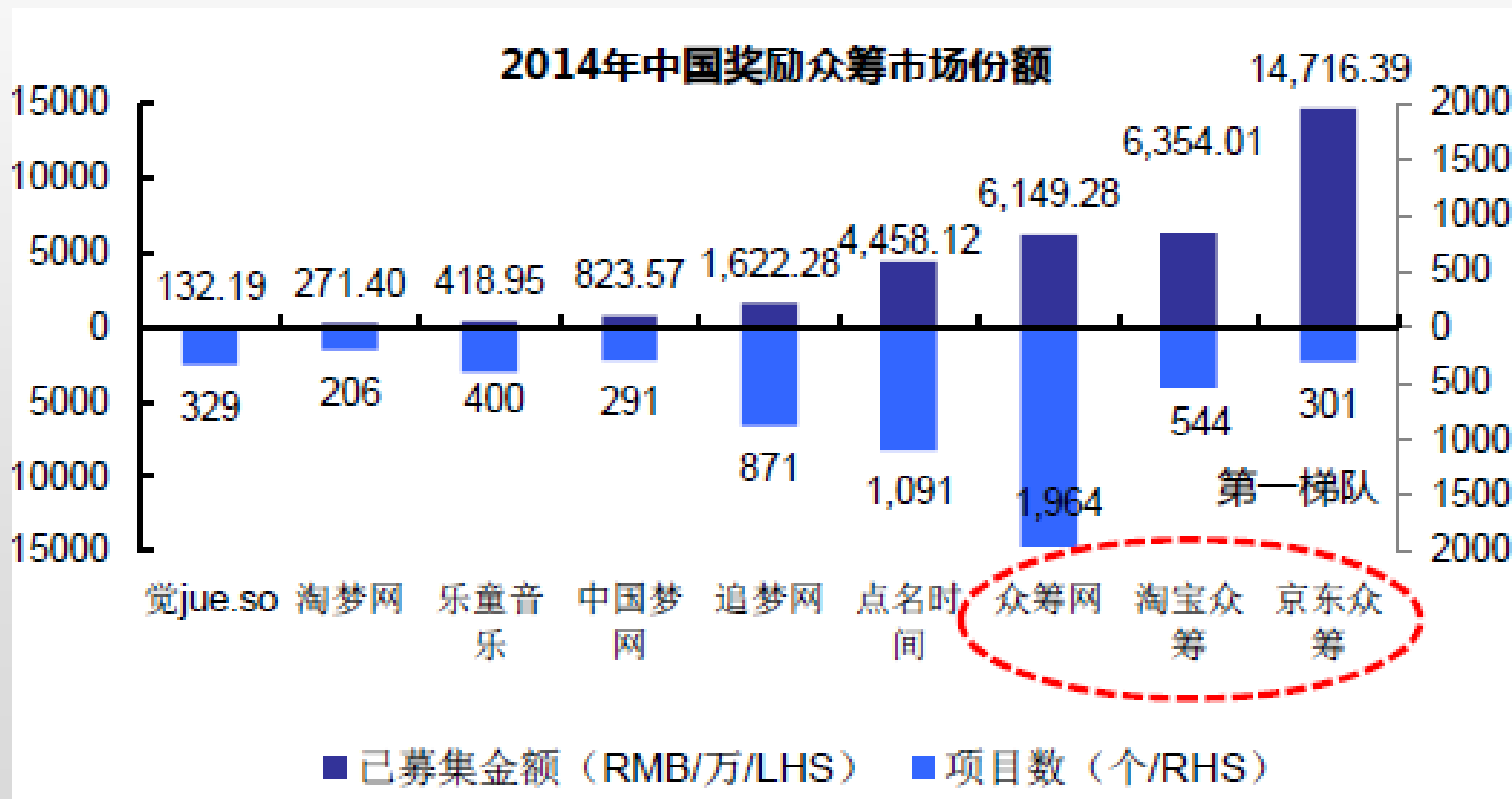


Source :<http://www.the-movie-times.com/thrsdir/Yearly.cgi>



# Many FinTech start - ups in China

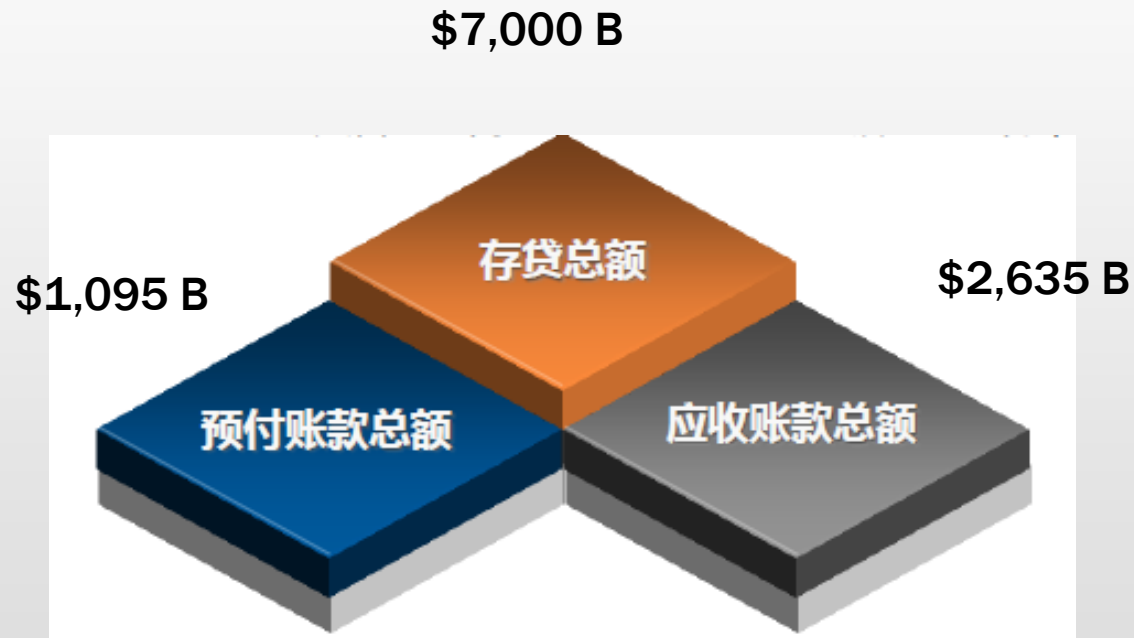
## Reward-based crowd-funding



Led by JinDong and TaoBao with 301 and 544 deals, and RMB147mi and RMB63m.

# Supply Chain Financing is a USD2t Market

## Supply chain finance & P2P – Big Market



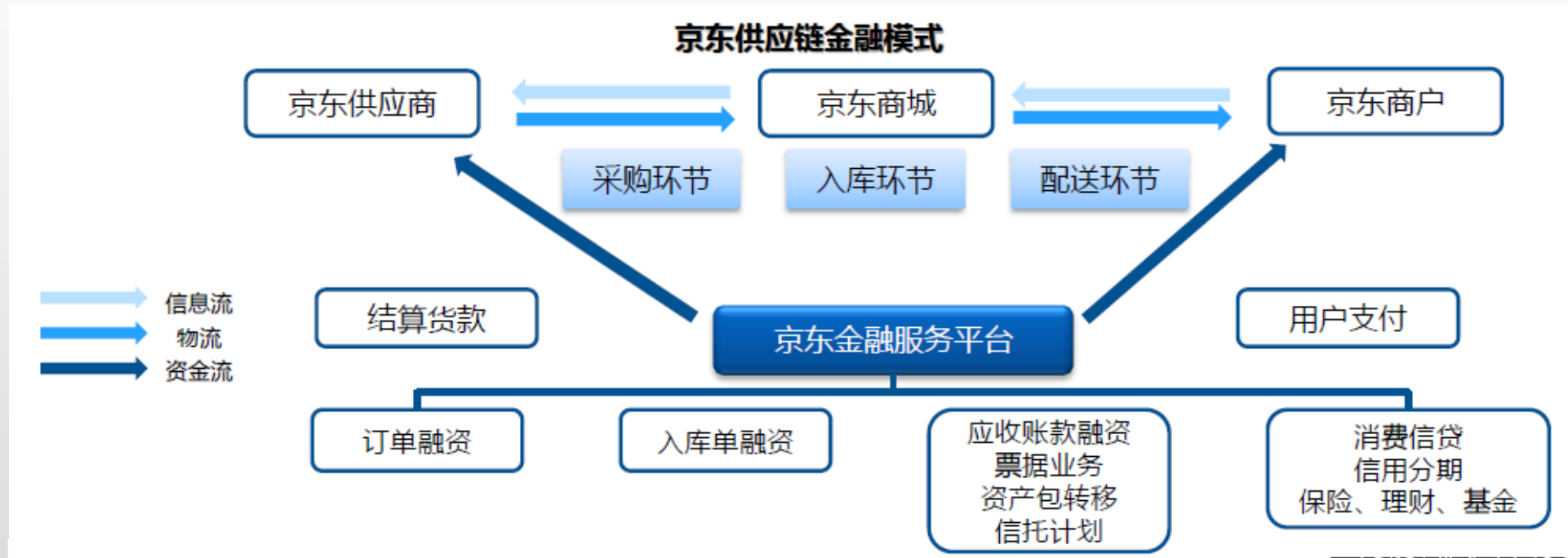
In total, there will be \$10,730 Billion of Supply chain finance (non-finance firms).

假设其中有20%具备融资需求，那么供应链融资潜在的业务规模就高达\$2,146B.

Source: 2015中国互联网金融报告

# JD and Other e-Commerce are the Lead Players

## Supply chain finance & P2P – Jingbaobei (京宝贝)



2013年12月，京东的供应链金融产品“京宝贝”上线。上线当月其融资金额超过\$50B，2014年1月份放贷额突破\$1,587B。与银行合作一段时间之后，京东根据客户的需求，设计出了进军金融最核心的产品：供应链金融产品“京宝贝”和“京小贷”。“京宝贝”上线之后，京东开始使用自有资金放贷。

-其供应链金融可以在一个月内完成超过\$1,587B规模的放贷，主要原因在于把握住了客户的需求。相对于传统供应链金融，“京宝贝”优势明显：门槛低、效率高、客户体验好。

# Current Investments are into FinTech

## Main investment cases in FinTech firms, 2014

投资机构	被投资企业	投资时间	投资金额 (US\$ M)	二级行业	投资轮次	投资阶段
高榕资本	普惠金融信息服务(上海)有限公司	2014-12-22	50.00	P2P	A	初创期
启明创投;IDG资本;鼎晖投资(天津);启明创投;宽带资本	杭州财米科技有限公司	2014-12-1	50.00	金融网销	C	扩张期
联想控股直投部	温州翼龙贷经济信息咨询有限公司	2014-11-3	162.70	P2P	A	初创期
N/A	上海银商资讯有限公司	2014-11-3	19.93	第三方支付	B	N/A
经纬中国、顺为基金、银泰资本、和玉投资、祥峰集团	北京乐融多源信息技术有限公司	2014-9-5	37.19	P2P	A	初创期
昆仲资本、红杉	深圳市金蝶随手网科技有限公司	2014-9-1	120.00	金融网销	C	扩张期
源码资本;不公开的投资者	中业昌泰投资(北京)有限公司	2014-9	20.00	P2P	A	初创期
凯鹏华盈、红杉、光速创投、淡马锡	北京融世纪信息技术有限公司	2014-7-23	60.00	金融搜索及资讯	C	初创期
N/A	上海雪山金融信息服务有限公司	2014-7-1	15.50	P2P	A	N/A
经纬中国、宽带资本、海通开元	先智创科(北京)科技有限公司	2014-6-30	32.50	金融网销	B	扩张期
若水合投	东亮拾财贷(厦门)资产管理有限公司	2014-6-26	16.25	P2P	A	初创期
联银创投	银联商务有限公司	2014-6-11	55.49	第三方支付	E	成熟期
N/A	杭州锐拓科技有限公司	2014-6-1	16.37	P2P	A	初创期
鼎晖创投、IDG资本、启明创投	杭州财米科技有限公司	2014-2-28	19.00	金融网销	B	扩张期
N/A	杭州财米科技有限公司	2014-2-1	150.00	金融网销	A	初创期
不公开的投资者	北京钱方银通科技有限公司	2014-1-23	16.37	第三方支付	B	初创期
N/A	人人贷商务顾问(北京)有限公司	2014-1-1	130.00	其他	B	扩张期

# The Game of Dian Fu is in Digital Wallet

<b>Digital Wallet</b>	<b>User Amount</b>	<b>Resource</b>
WeChat & QQ Wallet	Over 100 million	The forth quarter 2014 result
Alipay Wallet	270 million	The first quarter 2015 result

Dian Fu No 9

RenMinBi~人民币

People's Currency

颠覆



# Internationalization of RMB in Africa

2000.10

- 中国银行约翰内斯堡分行成为南非第一家正式对外营业的中资银行，率先完成非洲第一笔人民币跨境结算业务。

2012.8

- 尼日利亚和坦桑尼亚首次将人民币列为储备货币

2013

- 3月，南非央行与中国人民银行签署协议，确定投资中国银行间债券市场额度为15亿美元

2014

- 尼日利亚央行宣布将人民币储备份额由2%提升至7%

2015.7.8

- 津巴布韦副总统在北京访问时提出使用中国货币人民币作为津巴布韦法定货币。

- 中国银行约翰内斯堡分行担任南非人民币清算行，成为中国人民银行在非洲指定的第一家人民币清算行。

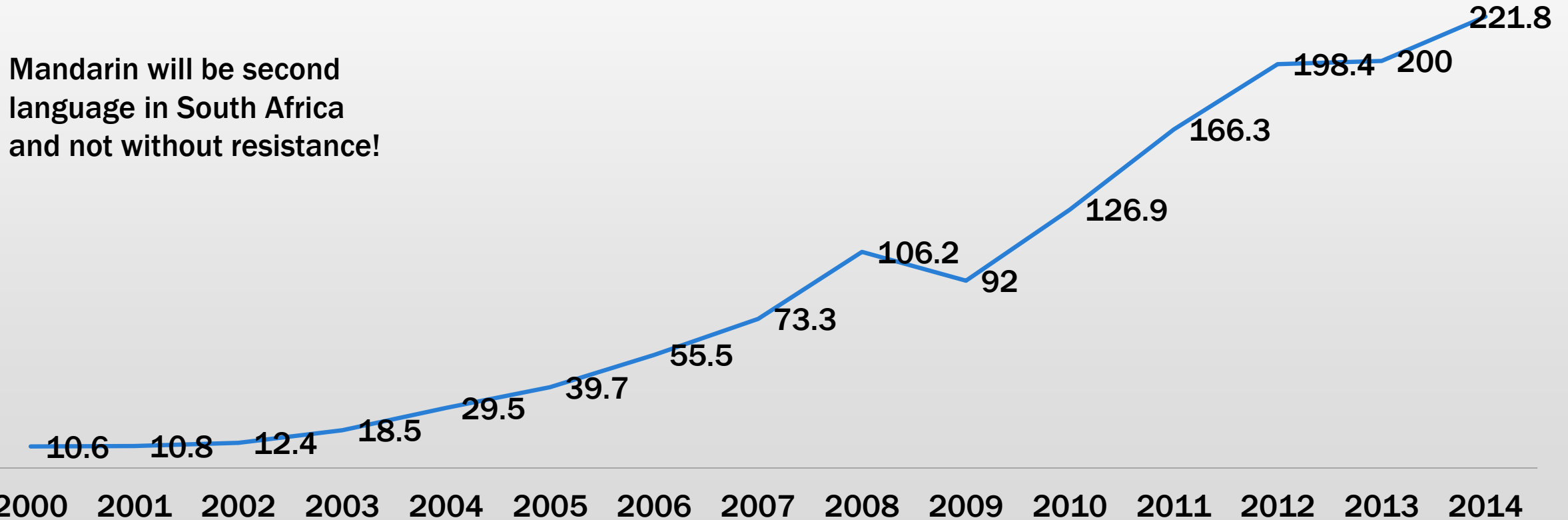
- 尼日利亚央行宣布将人民币储备份额由7%提升至10%。



**Vice President of Zimbabwe proposed to China to have the Yuan as a legal tender during July 2015 visit to China!**

# Internationalization of RMB in Africa

Trade Volume between China and Africa (Billion RMB)





# Internationalization of RMB in Africa

- From 2000 to 2012 , Sino-African trade accounted for the proportion of China 's total foreign trade , increased to 5.13% from 2.23% .
- From the perspective of Africa, Sino-African trade accounted for Africa's total foreign trade rose from 3.82% to 16.13% during the same period.

**Source:** 《中国与非洲的经贸合作(2013)》白皮书

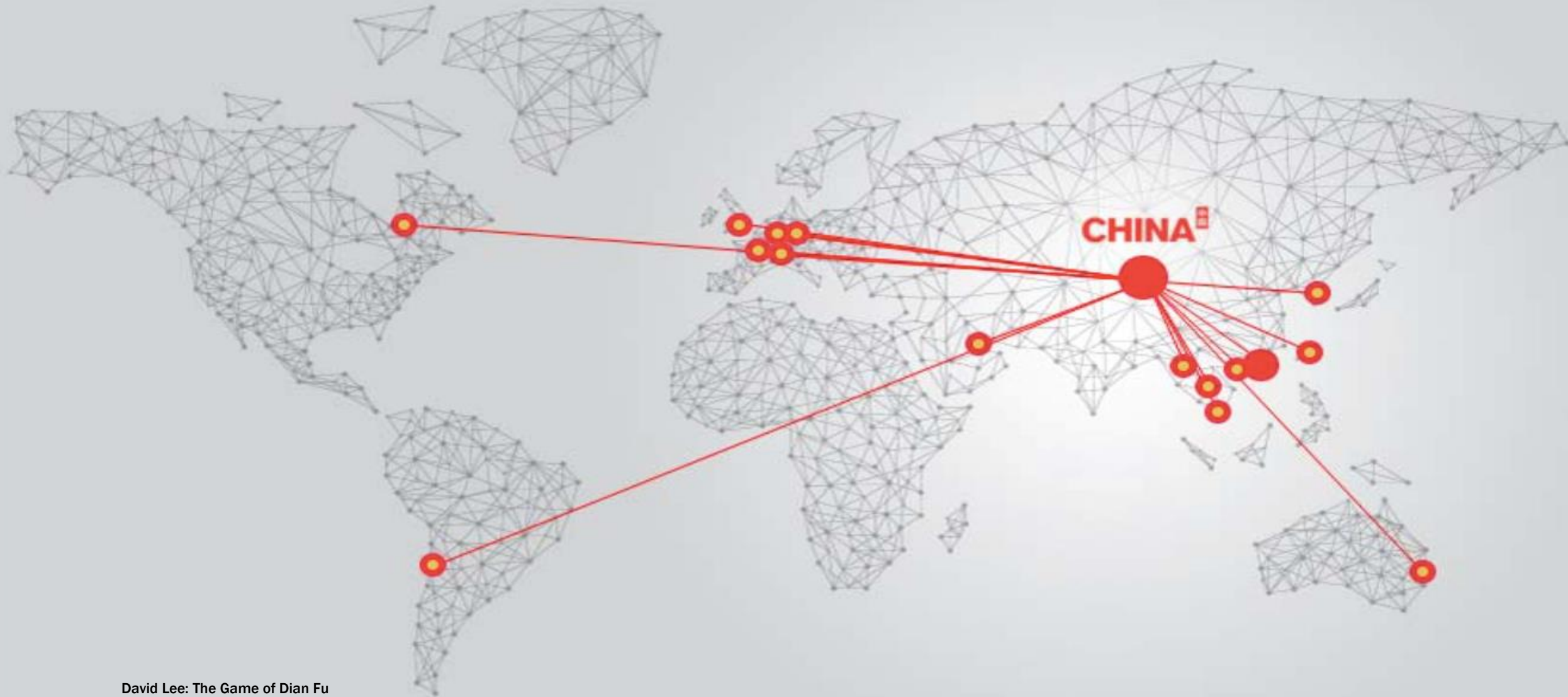
# Internationalization of RMB in ASEAN

ASEAN or  
**Dong Meng ~东盟**  
Will be the real catch  
for China!



Source: <http://www.china-aseanbusiness.org.cn/newsmore.asp?lanmu=11>

# Internationalization of RMB in the world

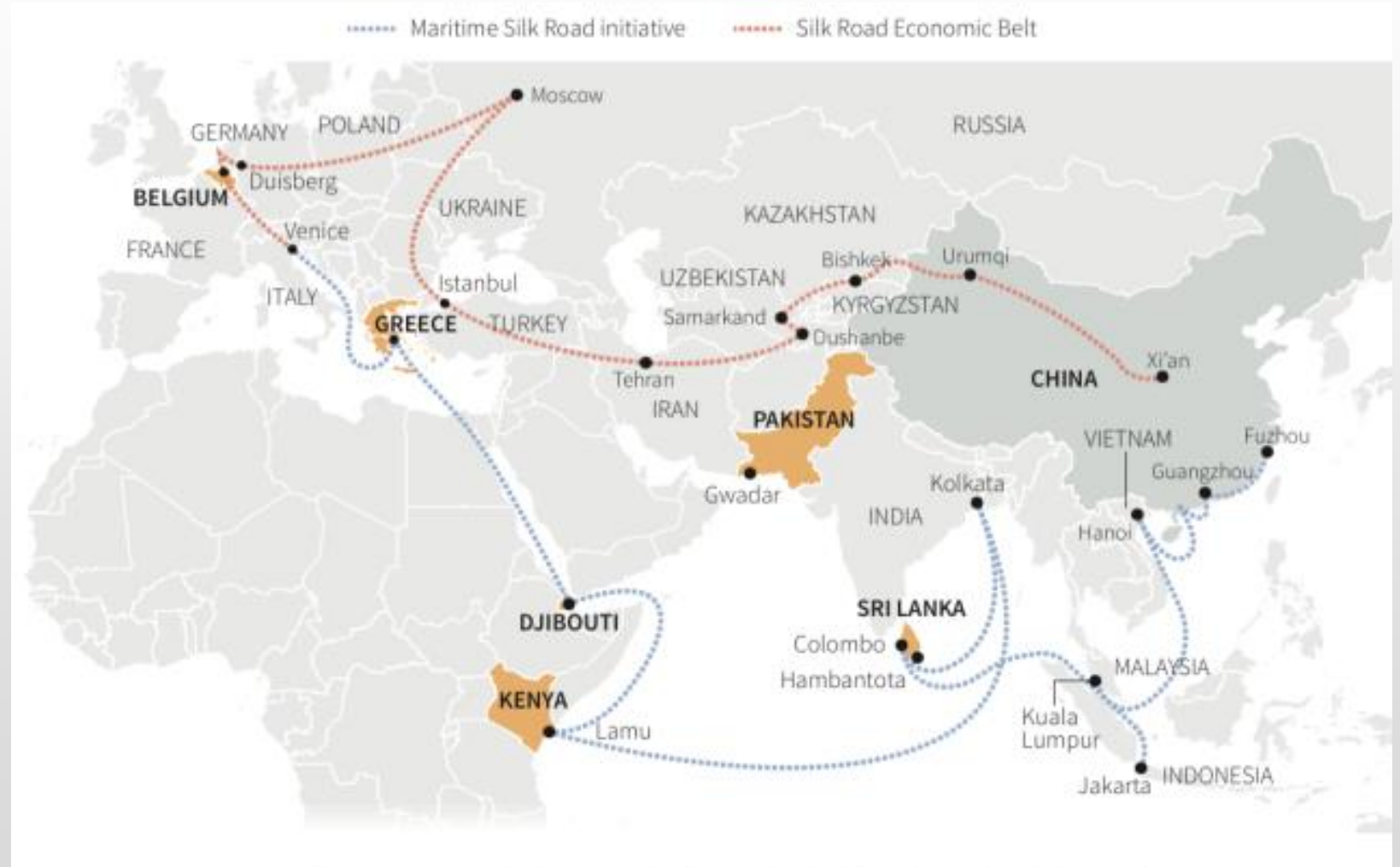


# One Belt, One Road

- Yi Dai Yi Lu ~ 一帶一路
- Video

# One Road, One Belt

- 对外贸易方面，**2015年第1季度**中国与“一带一路”沿线国家双边贸易额**2360亿美元**，占全国进出口总额**26%**。其中，中国对沿线国家出口增长**10%**，占出口总额**28%**，大幅领先于**4.9%**的整体出口增速；
- 利用外资方面，“一带一路”沿线国家对华投资增长迅速。**1季度**“一带一路”沿线国家在华设立外商投资企业**457家**，同比增长**18.4%**。蒙古、俄罗斯及中亚国家对华实际投资金额整体增长超过一倍；中东欧、西亚北非地区国家对华实际投资金额增长超过四倍。其中，对广东省投资项目**50个**，同比增长**6.4%**；对福建省投资项目**22个**，同比增长**100%**。
- 对外投资方面，**1季度**中国对“一带一路”沿线国家实现非金融类直接投资**25.6亿美元**，占同期对外直接投资总额的**9.9%**。位居前三位的国家地区分别为新加坡、印尼和老挝。

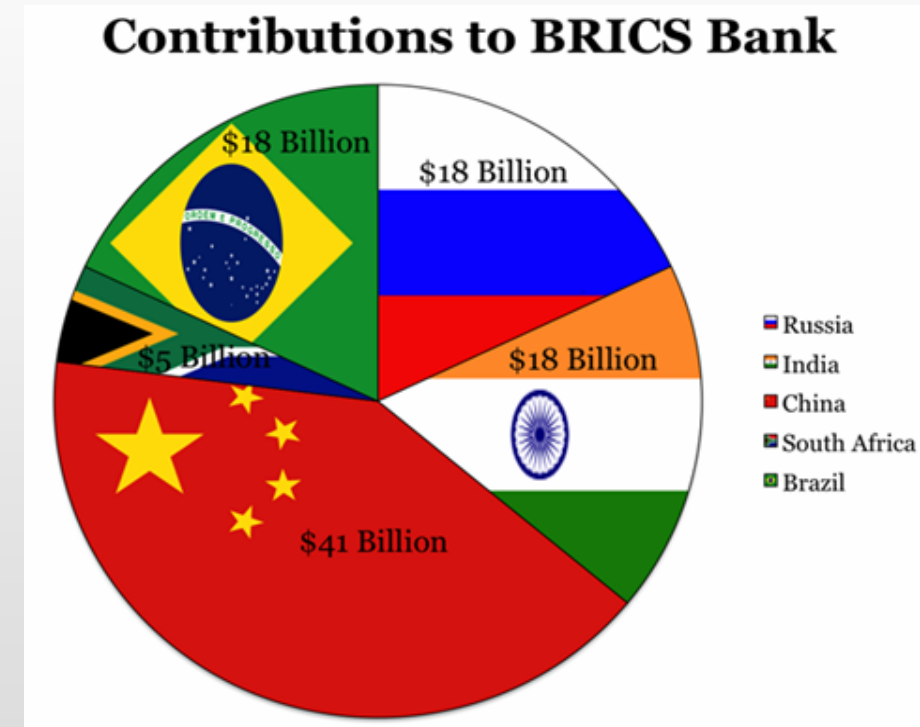
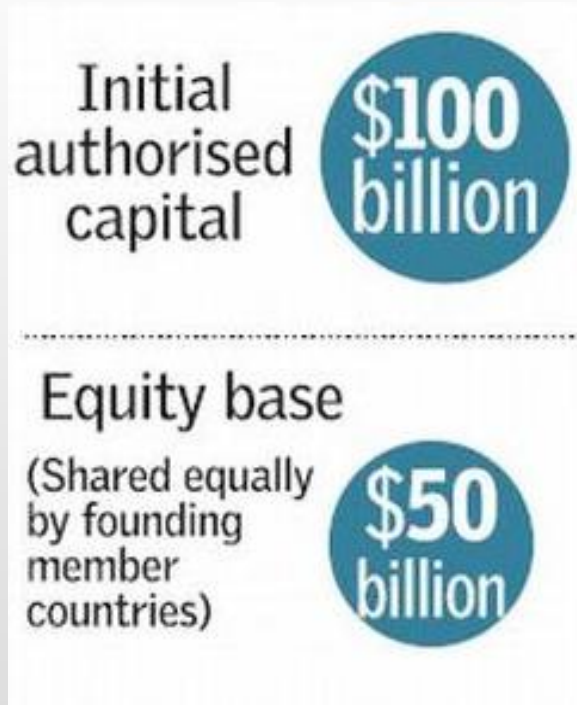


# USD 40B Silk Road Infrastructure Fund



- The US\$40bn Silk Road Infrastructure Fund is to provide funding to carry out infrastructure, resources, industrial cooperation, financial cooperation and other projects related to YDYL (One Belt One Road).
- The company that manages the fund, The Silk Road Fund Co. Ltd, is backed by China's foreign exchange reserves, China Investment Corp, Export-Import Bank of China, and China Development Bank. The fund started operation in February 2015 with US\$10bn in capital, which was 65% contributed by China's SAFE (State Administration of Foreign Exchange), which manages China's Foreign Reserve. The fund is chaired by Jin Qi, the assistant governor of PBOC.
- Jin Qi, the chief executive of the Silk Road Fund, said in March 2015 that the fund will invest in projects with reasonable mid- and long-term returns, and it is not an aid agency that does not consider returns. She added that the Silk Road Fund will not be the sole financier of projects; rather it will seek to cooperate with other financial institutions when investing in projects in the future. **Governance Structure will likely be modelled after Temasek.**

# New Development Bank



- China , Brazil , South Africa , Russia , India's infrastructure gap is huge so that need a common financial cooperation at the national financial force incompetent . BRICS Development Bank not only for the five BRICS countries , but for all developing countries. As a BRIC member countries may be given priority lending authority.
- Voting right: China39.95%, Brazil/Russia/India:18.10%, South Africa5.75% ◦

# New Development Bank

Composition and power	Name	Nationality
President	Kundapur Vaman Kamath	Indian
Chairman of the Board of Governors	Anton Siluanov	Russian
Chairman of the Board of Directors	卡内罗	Brazilian

- According to announcement of BRICS publish in July 15th 2015, headquarters located in Shanghai, China.
- Chairman of the bank will be rotating among the five countries , a five-year term



# Comparison

	<b>AIIB</b>	<b>BRICS</b>	<b>ADB</b>	<b>WB</b>	<b>IMF</b>
Leading country	China	N/A	Japan	America	America&Euro
Headquarters	Beijing, China	Shanghai, China	Metro Manila, Philippine	Washington D.C., United States	Washington D.C., United States
Formation	2014	2015	1966	1944	1945
Capital	\$100 Bn	\$100 Bn	\$175 Bn	\$223 Bn	\$238 Bn
Purpose	A proposed international financial institution that will focus on supporting infrastructure construction in the Asia-Pacific region.	To mobilize resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries.	A regional development bank to facilitate economic development in Asia.	An international financial institution that provides loans to developing countries for capital programs.	An international organization working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth around the world.
Member number	57	5 (Brazil, Russia, India, China, South	67	188	188

**Dian Fu No 10**

**YinHangDianShang~  
银行电商**

**The Final show down  
between Internet  
Banking and Internet  
Finance!**

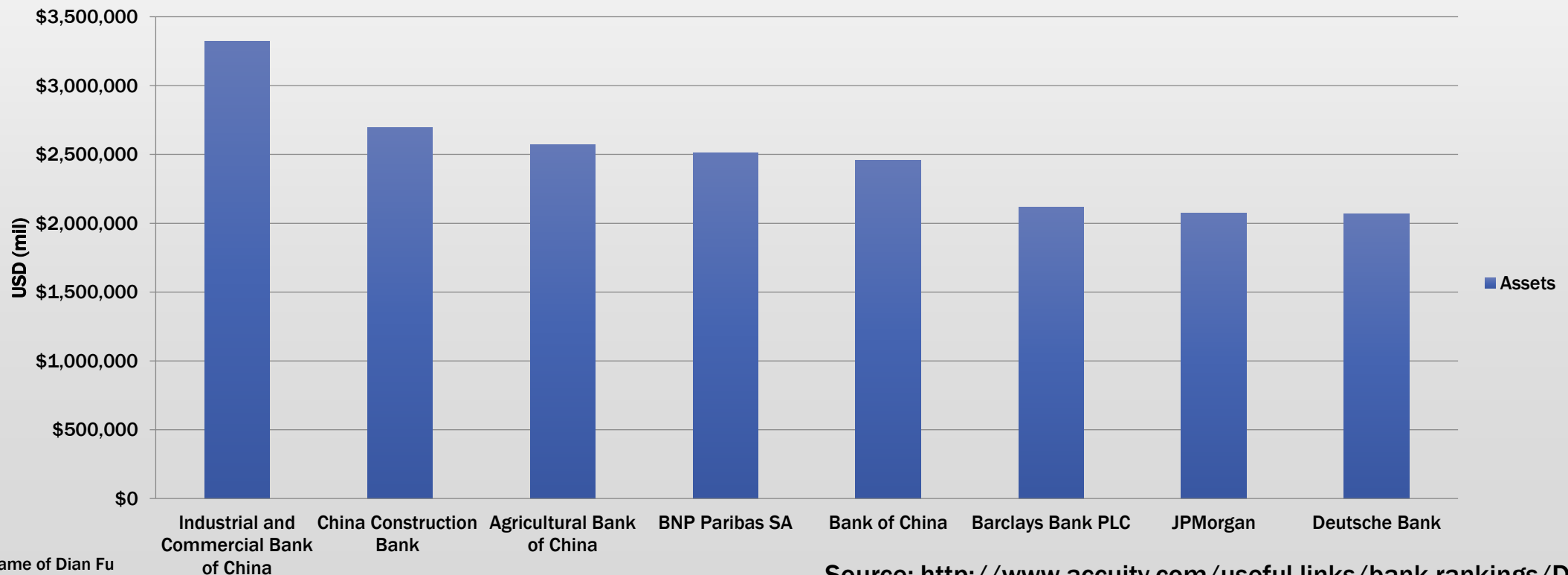
**颠覆**



# Size of ICBC

- The biggest bank in the world measured in asset size (USD3.3tri) and capital (USD62.5bil) as at June 2015

Ranking by assets scale



# ICBC Strategy

- Mr. JIANG Jianqing, Chairman of ICBC, stated, “China is the world’s largest consumer of commodities. Many Chinese corporates have become active participants in commodities trading and global capital markets.
- This, along with the liberalization of China’s interest rates and exchange rates, the internationalization of China’s capital markets, the development of offshore RMB business, and the launching of the “One Belt and One Road” (the Silk Road Economic Belt and the 21st Century Maritime Silk Road) initiative, as well as the acceleration of Chinese enterprises’ overseas investment, has stimulated huge demand for global markets business.
- The acquisition of Standard Bank Plc is of strategic importance as ICBC proactively responds to this demand.

# 融e购 ~ “Rong e Gou”

Rong Yi  
sounds like  
Rong e!



容易

Rong Yi



融e

Rong e



**EASY**

购

Gou

购

Gou



**To Buy**



**PURCHASE WITH EASE**

Singlish!

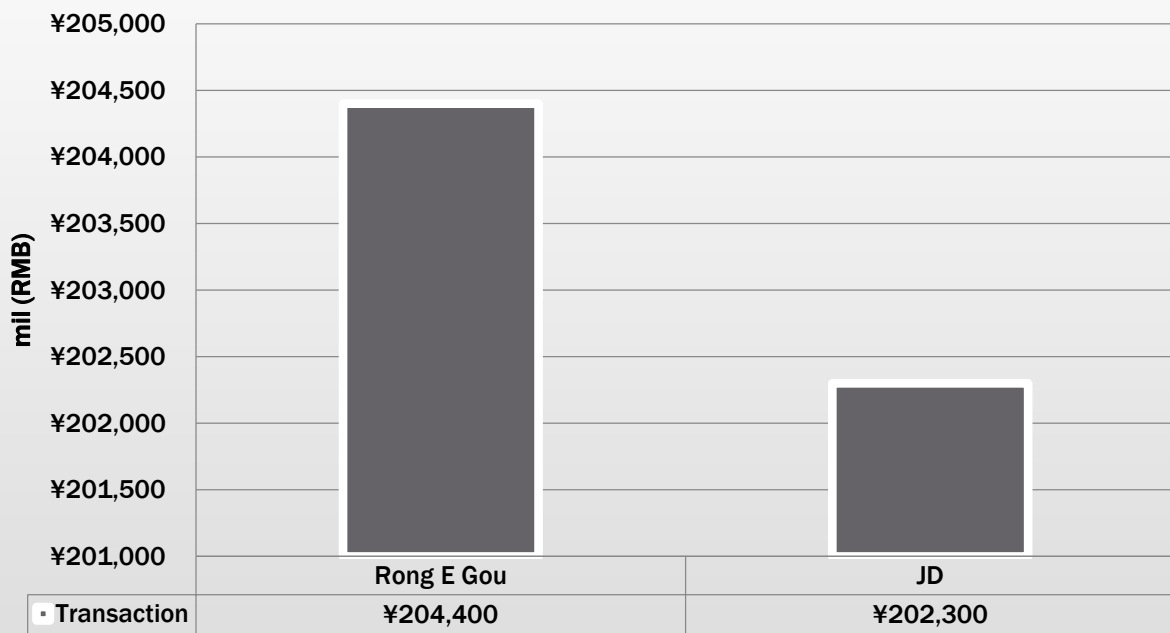
# Three Platforms

Name	Date of introduction	No. of Customers	Amount of Transactions	Remark/nature of business
Rong e Gou	Jan. 2014	more than 20 m	RMB 0.2044 t (increase 26.8 times in one year)	e-commence
Rong e Lian	Dec. 2014	1.3 m	N/A	Instant Message platform
Rong e Hang	Mar. 2015	N/A	RMB23 b	Direct Online Platform

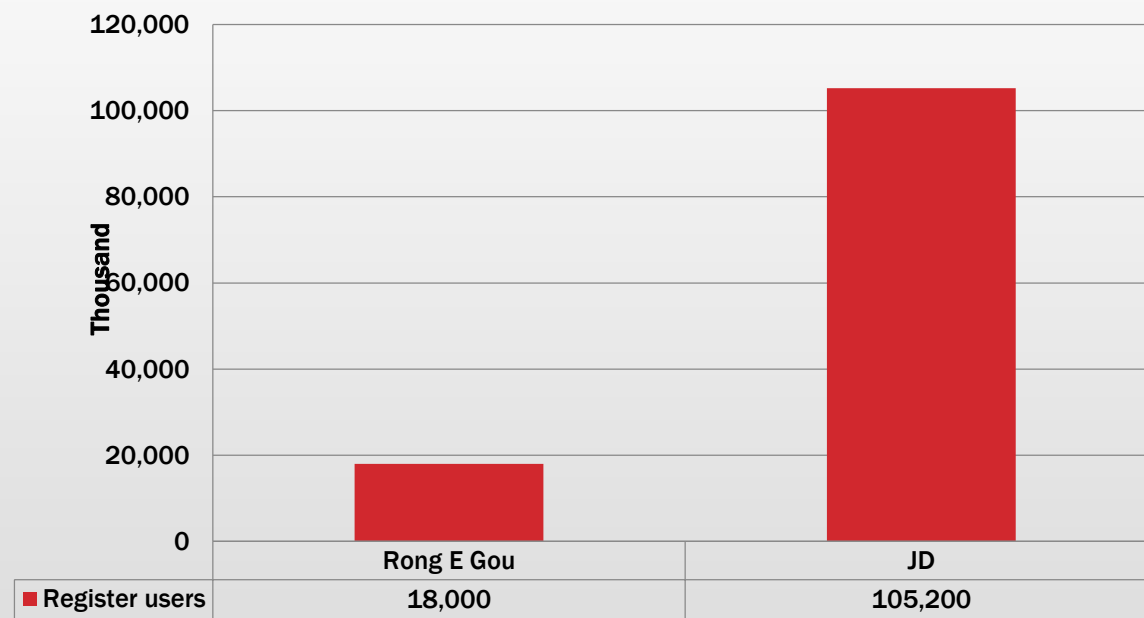
Source: <http://m.21jingji.com/article/20150807/684a78853a4bd513569aa7e79f9a74f3.html>

# 融e购 ~“Rong e Gou” Vs JD 京东 ~“Jing Dong”

### Transaction volume



### Total register users

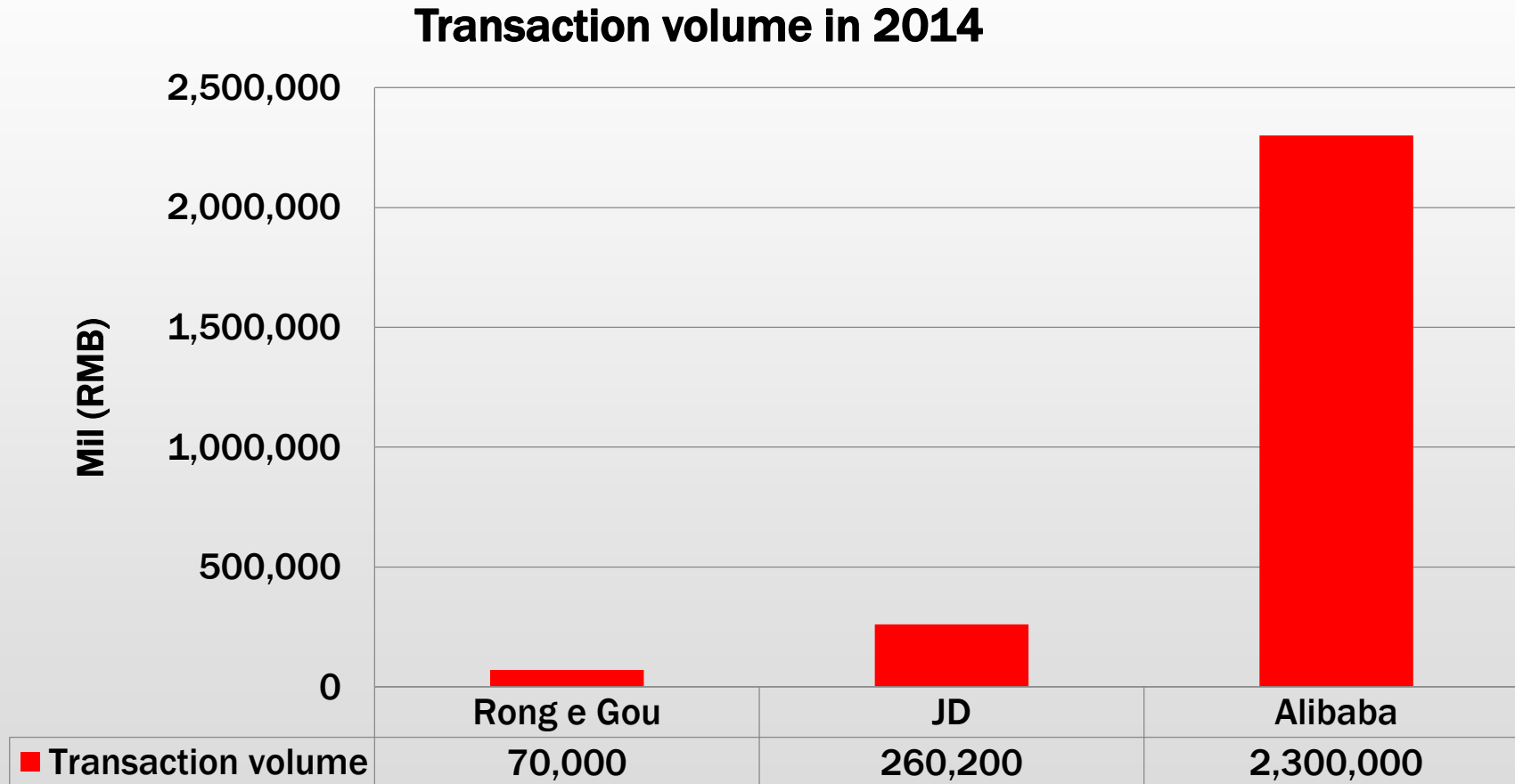


Period: Jan 2015 – Jun 2015

Source:

<http://finance.people.com.cn/bank/n/2015/0327/c202331-26757938.html>

# The Ranking of Rong e Gou is Number 3 in 2014



Sources:

Rong e gou: <http://finance.people.com.cn/money/n/2015/0112/c218900-26369498.html>

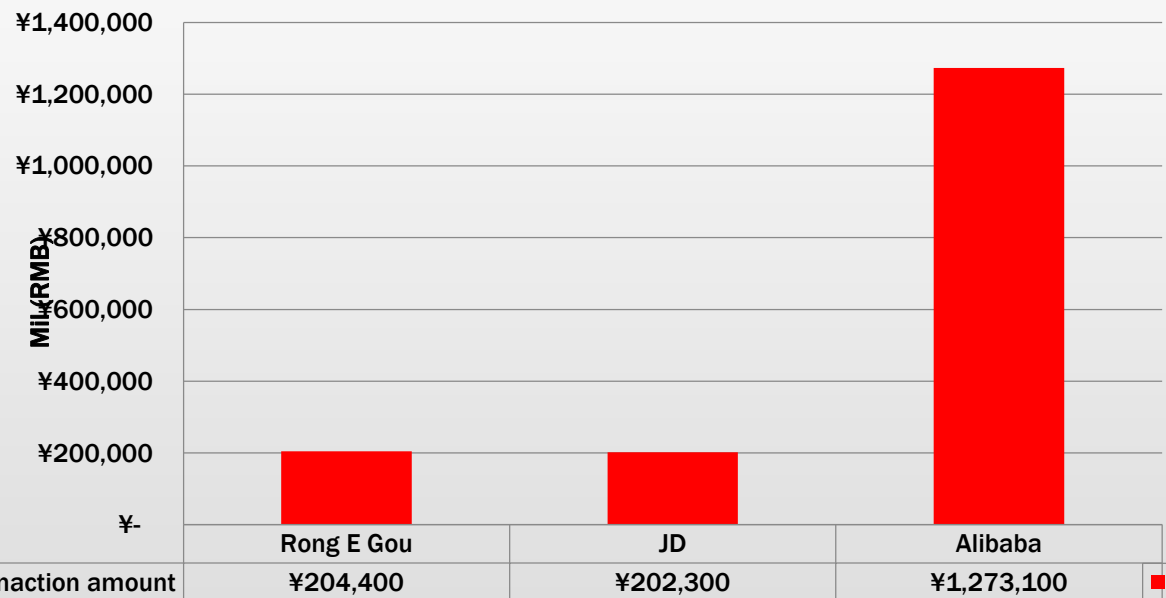
JD: [http://tech.gmw.cn/jd/2015-03/04/content\\_14993388.htm](http://tech.gmw.cn/jd/2015-03/04/content_14993388.htm)

Alibaba: [http://news.xinhuanet.com/fortune/2015-01/29/c\\_1114184822.htm](http://news.xinhuanet.com/fortune/2015-01/29/c_1114184822.htm)

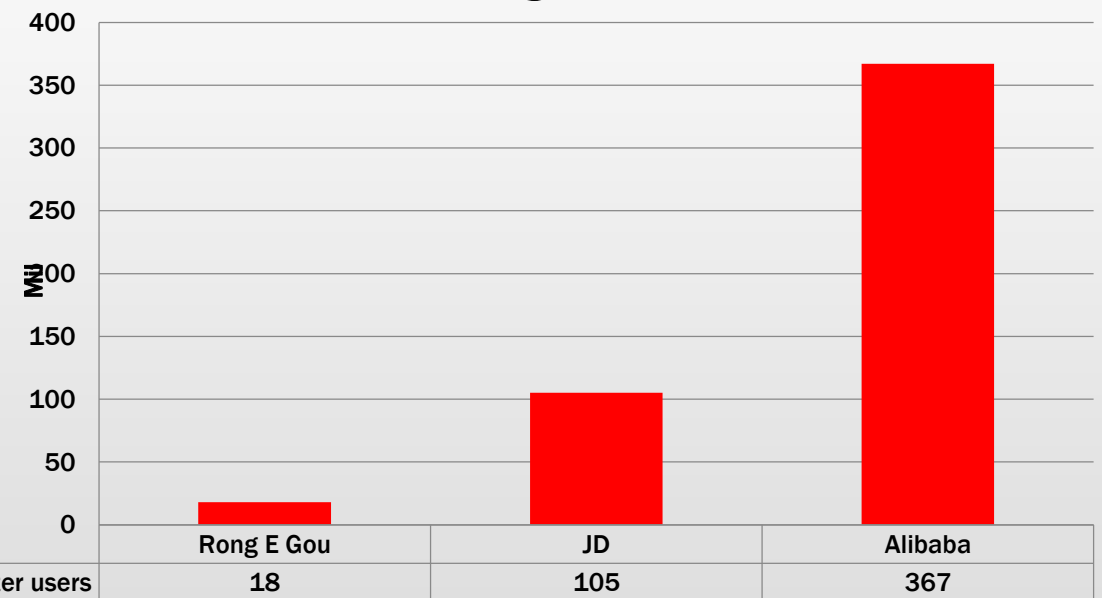


# Rong e Gou Has Overtaken JD in 2015H1

## Transaction volume in 2015 Q1-Q2



## Total register users



Period: Jan 2015 – Jun 2015 (6 months)

Sources: Alibaba交易额: <http://tech.sina.com.cn/i/2015-05-07/doc-icpkqez3326433.shtml> (为阿里巴巴2015第一季度的数据, 京东和融E购数据是上半年的)

阿里巴巴Q2: <http://www.yocajr.com/news/detail/3056>

京东交易额: 为两季财报公布交易额的加总: 878亿+1145亿

融E购交易额: [http://news.xinhuanet.com/fortune/2015-08/06/c\\_128100835.htm](http://news.xinhuanet.com/fortune/2015-08/06/c_128100835.htm)

京东活跃用户: [http://news.xinhuanet.com/tech/2015-05/08/c\\_127780088.htm](http://news.xinhuanet.com/tech/2015-05/08/c_127780088.htm)

融E购活跃用户: <http://www.ggirw.com/zixun/xinjinrong/2015-06-16/4297.html>

2014nian

Alibaba活跃用户: <http://tech.sina.com.cn/i/2015-05-07/doc-icpkqez3326433.shtml>

# Three Development Models

## A. Independent:

1. 农行 – 掌上银行 – 2014
2. 民生银行- Direct selling banking system
3. 包商银行- 小马bank
4. 工行E-ICBC
5. 交通银行- 好生意-O2O

## B. Cooperation:

1. 北京银行联合荷兰国际集团(ING)
2. 北京银行联合腾讯(Tencent) – more than 10 billion investment
3. 中国银行联合百度(Baidu)- 兴业银行联合蚂蚁金服(Ant-Financial services)
4. 华夏银行联合微众银行- “接力贷”

## C. Diversification:

平安银行联合微众银行，和邦股份，深圳光启- Logistic finance, small and micro business, Diversified financials

# Independent – On Your Own

Banks	Partner	Product	Nature of Business	Founded time
Agricultural Bank of China	N/A	掌上银行	Mobile App: E-payment, E-business, E-social	Mar-14
China Minsheng Banking	N/A	如意宝，定活宝，民生金 etc.	Direct banking	Feb-14
Baoshang Bank	N/A	XiaoMa Bank: 千里马; 马宝宝	Online Wealth management product(bond and Money market fund)	Jun-14
ICBC	N/A	e-ICBC	Internet Finance Platform	Mar-15
Bank of Communications	N/A	好生意	Small and Micro Finance "O2O"	May-15

# Cooperation: Letting the BATs and Others In

Banks	Partner	Product	Nature of Business	Founded time
Beijing Bank	ING Group	N/A	Internet + Direct Banking ( the first one)	Sep-13
Beijing Bank	Tencent	京医通	Internet + Medical, Third party payment and retail selling	Apr-15
Bank of China	Baidu	N/A	O2O, Data + risk management, clients+ costs, consumer credit services	Jun-16
Industrial and commercial bank	Ant-Financial services	N/A	strategy corporation in payment, financial services, financial inclusion	Jun-15
Huaxia Bank	Webank	"Jielidai" - 接力贷	strategy corporation in resource sharing, credit card, wealth management, interbank business etc.	Feb-15

# Diversification: Searching for the Unicorn and Disrupting Oneself!

Sources: 综合化的金融需求 · [http://finance.ifeng.com/a/20150508/13693211\\_0.shtml](http://finance.ifeng.com/a/20150508/13693211_0.shtml)  
 橙E网: <http://finance.sina.com.cn/stock/t/20150127/015421402787.shtml>  
 橙E创业易: [http://finance.ce.cn/rolling/201505/15/t20150515\\_5378452.shtml](http://finance.ce.cn/rolling/201505/15/t20150515_5378452.shtml)  
 商派: <http://finance.sina.com.cn/money/bank/20150528/010422283334.shtml>

Banks	Partner	Product	Nature of Business	Founded time
Ping An Bank	Webank	<business corporation agreement>	strategy corporation	May-15
	Shopex	"big data credit" platform	Internet funding based on Big data	May-15
	He Bang corporation	N/A	Internet + agriculture service	Jun-15
	GuangQi corporation	光子支付	A new Mobile payment technology– tap to pay, don't need card	Jun-15
	N/A	橙e创业易	support star-up companies	Jun-15
	N/A	橙子银行: "定活通", "平安盈" 等	Direct banking	Aug-14
	N/A	橙E网	E-commence	Jun-14

# Cooperation – The Whole Industry Has Been Dian Fu!

Webank  
在深圳签署《全面业务合作协议》



商派  
签署互联网金融合作协议，  
双方将建立面向小微企业的  
互联网金融服务平台，第一  
步将展开基于大数据的互联  
网金融融资服务。

和邦股份  
和邦股份宣布与平安银行成都  
分行就互联网+现代农业电子  
商务项目结成全面、紧密、深入  
的战略合作伙伴关系。



PING AN  
BANK



光启  
联合深圳光启推出新型移动  
支付方式“光子支付”。

# Banks E-Commerce

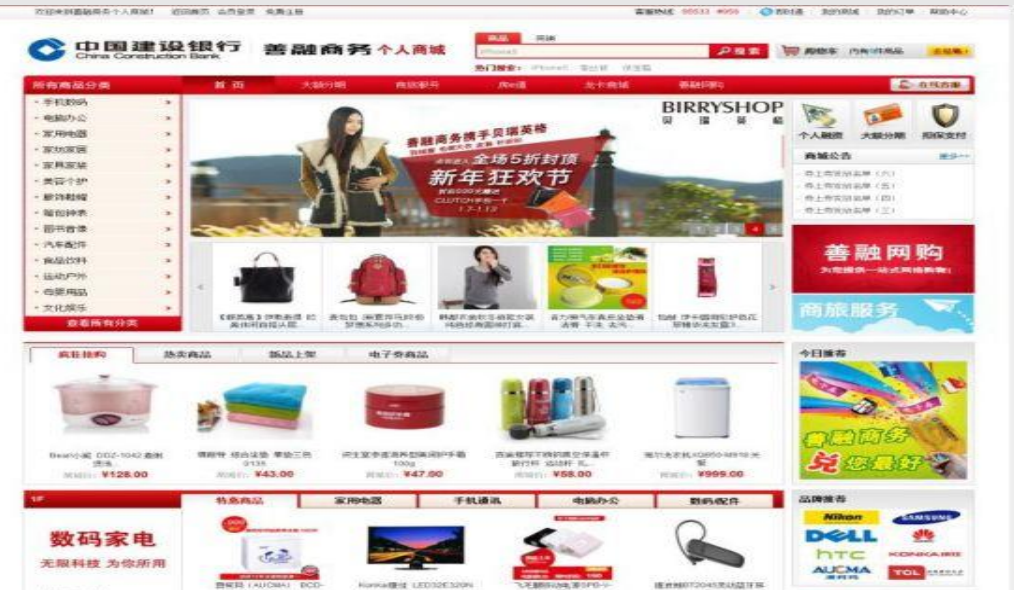
## 工行的“融E购”(Rong e Gou)



## 农行的“e商管家”(e Shang Guan Jia)



## 建行的善融商城 (Shan Rong Shang Cheng)



## 交行的“交博汇”(Jiao Bo Hui)



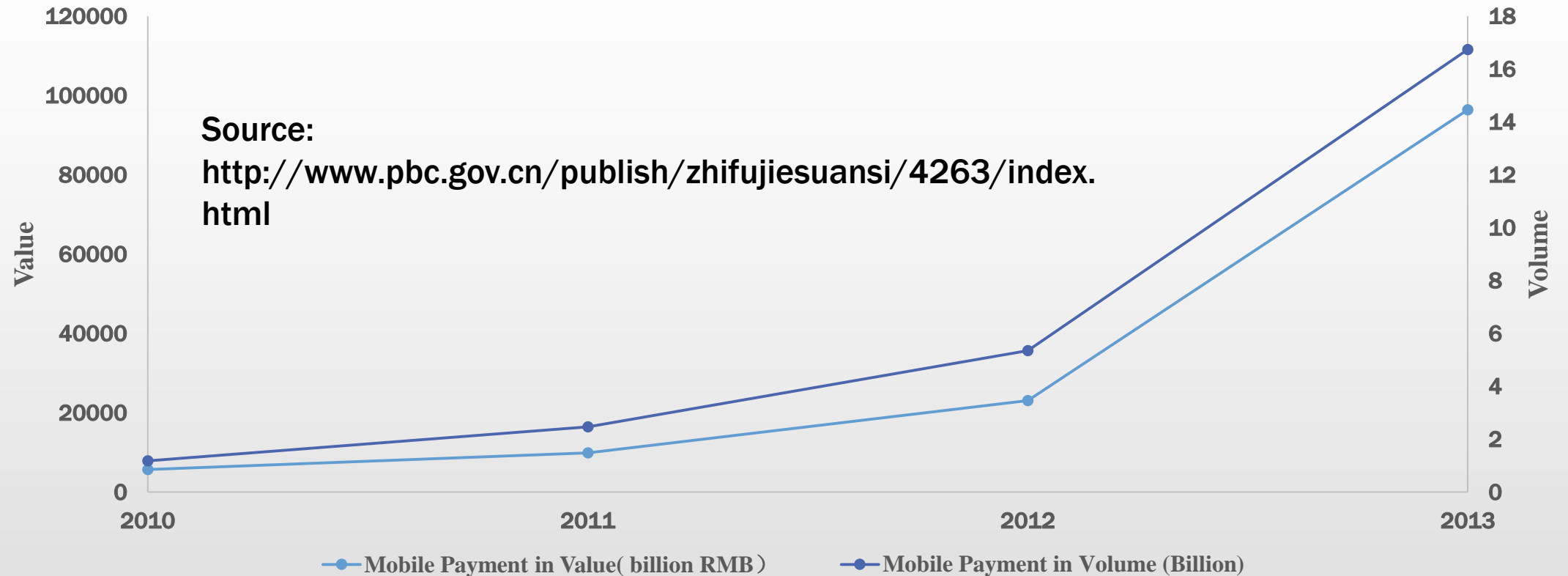
# Banks Are Driving Cloud and Technology Innovation

2015年5月底，交通銀行正式对外发布其小微金融**020**创新产品——“好生意”。据悉，该产品基于互联网云+端技术，整合软硬件平台，为小微商户提供了线上线下（**020**）一体化收单、商品管理、财务管理、理财融资等综合解决方案。



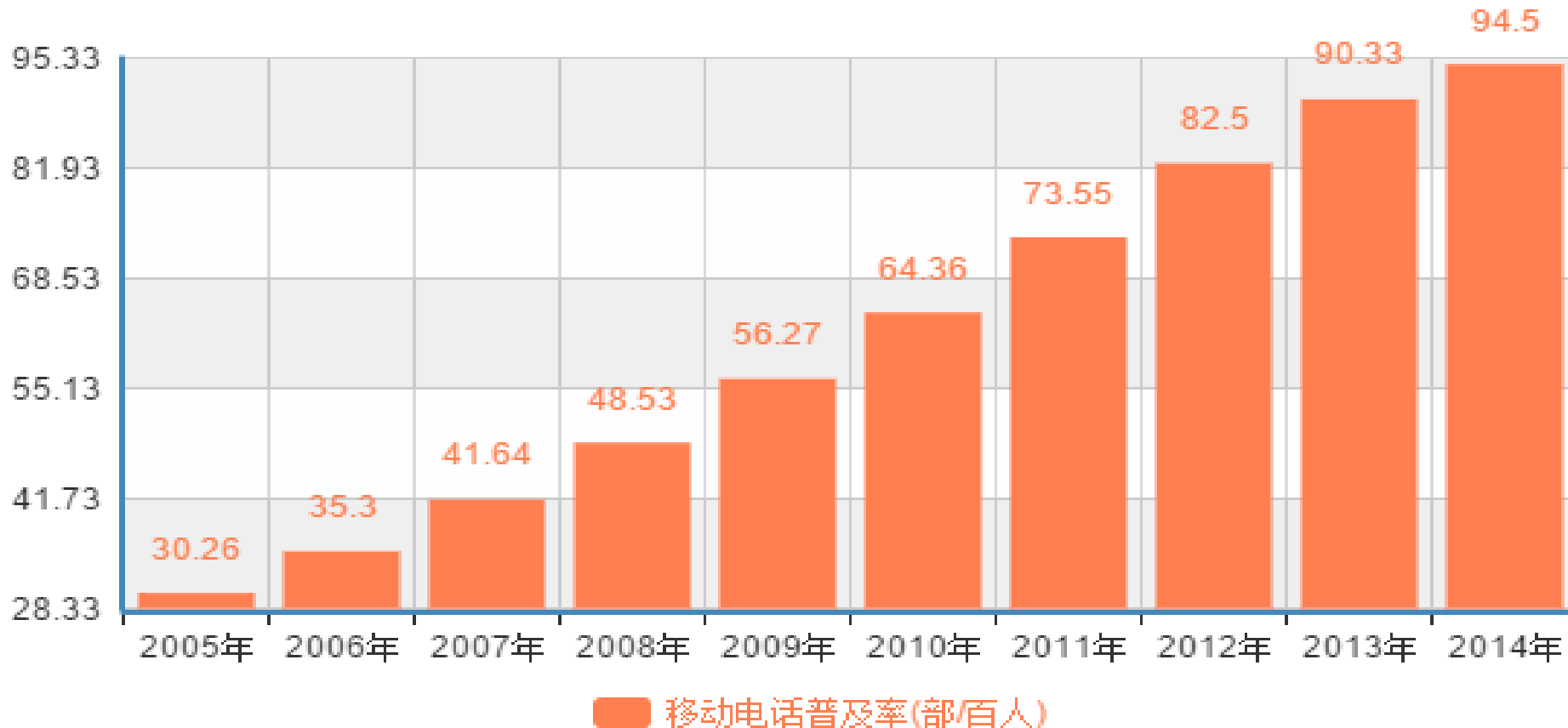


# The Growth of Mobile Payment



Year	Mobile Payment in Volume (Billion)	Growth Rate	Mobile Payment in Value( billion RMB )	Growth Rate
2010	1.18	77.08%	5700	102.01%
2011	2.47	109.32%	9900	73.68%
2012	5.35	116.46%	23100	132.39%
2013	16.74	212.86%	96400	317.56%

## Mobile Phone Penetration Rate in China

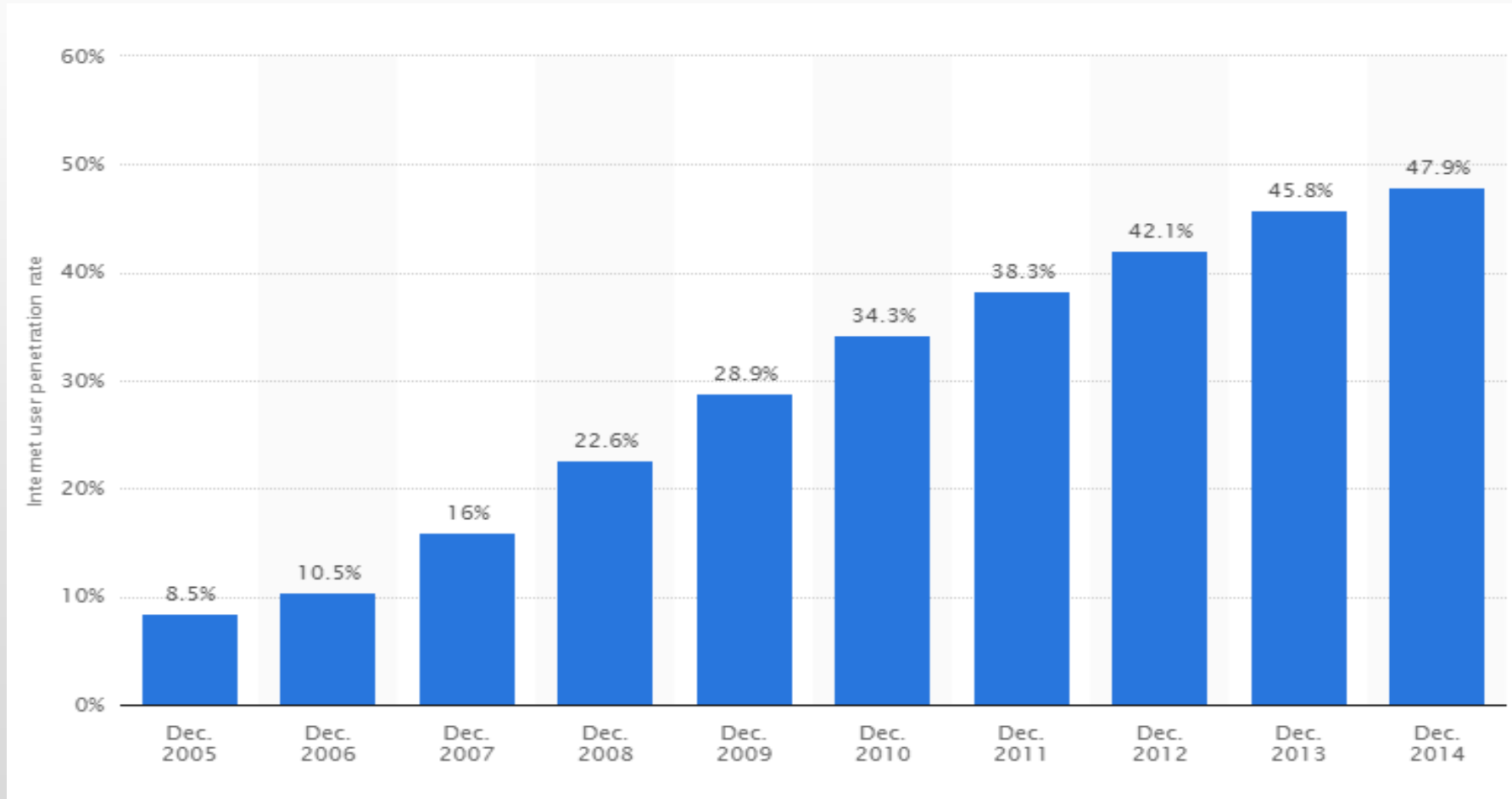


**The US  
Mobile  
Penetration  
Rate is only  
81.5%!**

Source:

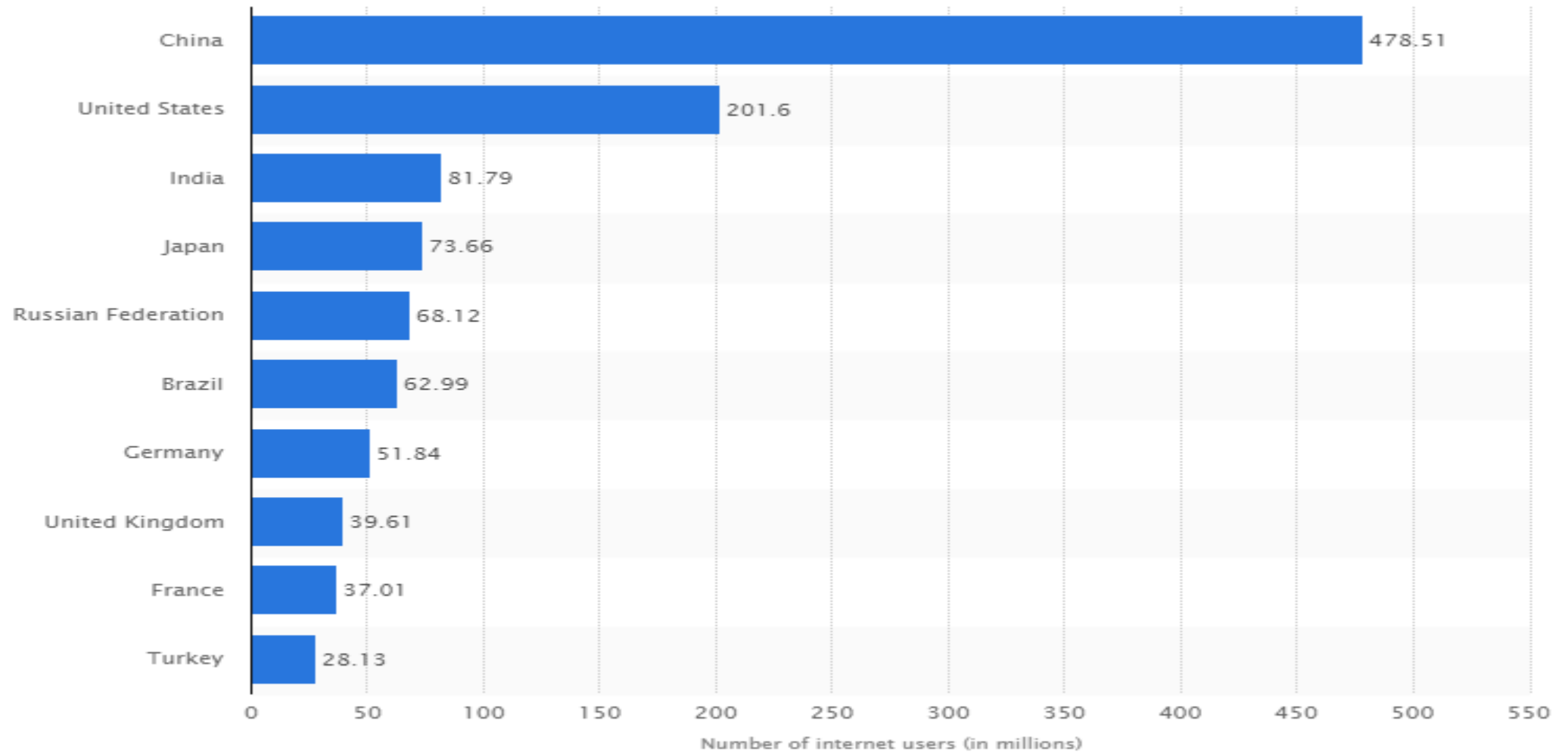
<http://data.stats.gov.cn/search.htm?s=%E7%A7%BB%E5%8A%A8%E7%94%B5%E8%AF%9D%E6%99%AE%E5%8F%8A%E7%8E%87>

## Penetration rate of internet users in China from 2005 to 2014

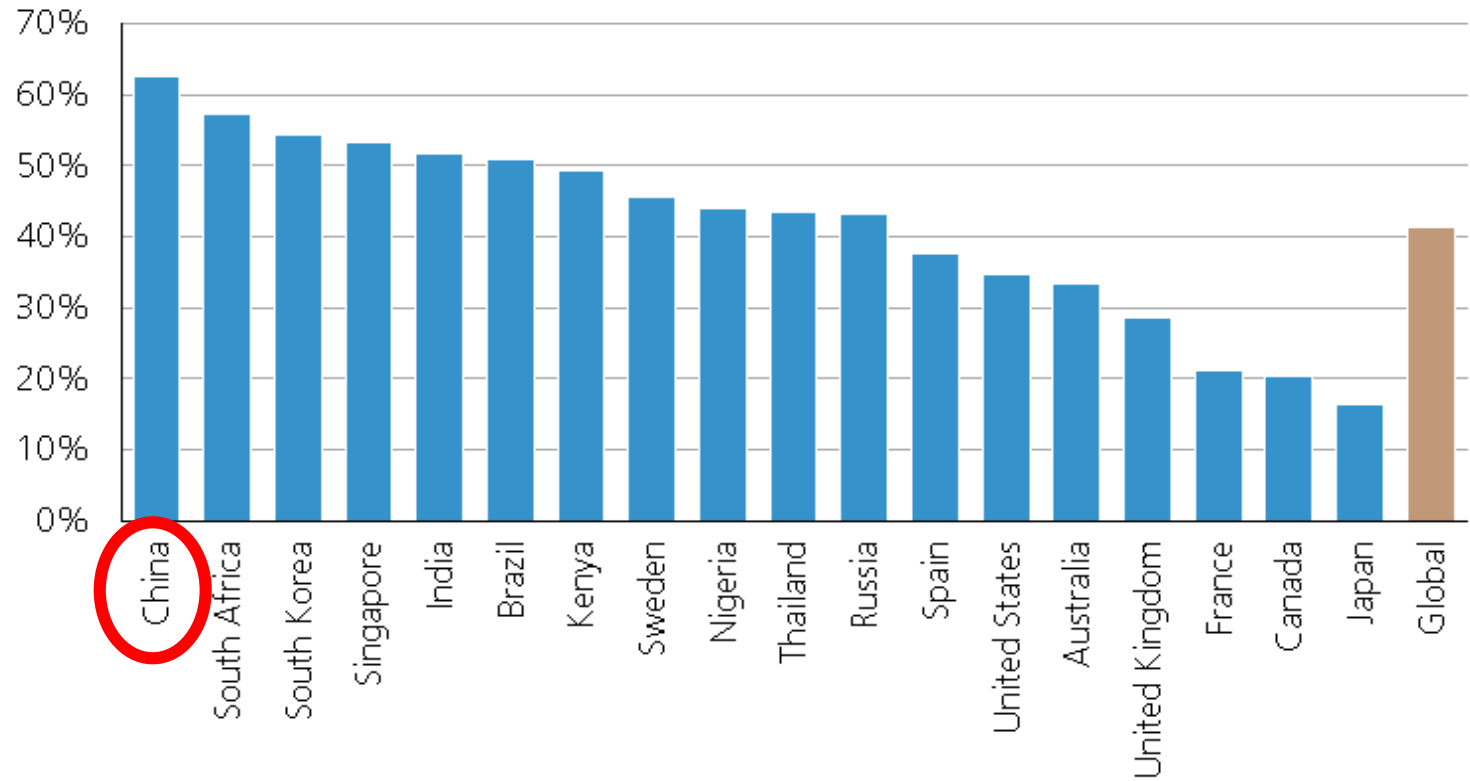


**There is more upside than the current 47.8%! US is 60% and Europe 70%!**

## Number of internet users in March 2015 (in millions)



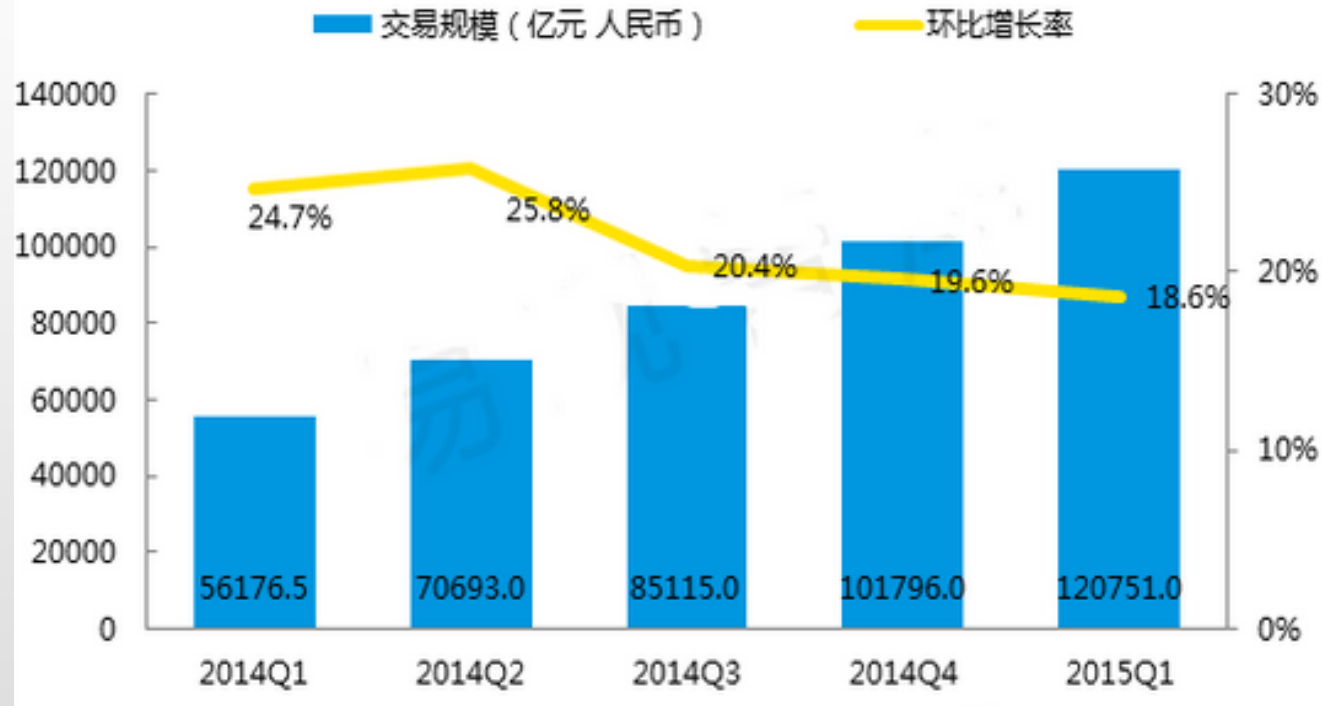
**Figure 8: Mobile banking penetration by country**



Source: UBS Evidence Lab and UBS research analysis

**China is leading the world in Mobile Banking!**

## 2014Q1-2015Q1中国手机银行客户交易规模



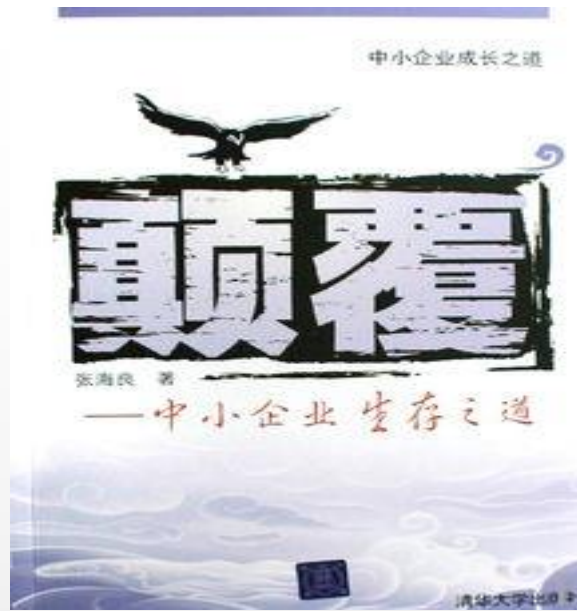
**Transaction volume for China mobile banking is still growing at 18.6%!**

**The Connectivity Inclusion Programme is World Class!**

Source: <http://www.chinabgao.com/freereport/66449.html>

# Alibaba

- **Within 9 Months: Attracted 25% of all bank deposits onto its Yu'E Bao platform as a cash deposit with good interest payments**
- **Winning the competition against eBay that had over 70% of e-commerce market in China**
- **Expanded services into Fund supermart (Zhao Cai Bao), Insurance (Zhong An), Credit Rating (Zhima), Lending (Ali Credit), Movie (YuLe Bao and moving making), medical hospitality services, tax refund, moving booking, travel services, and almost every financial services that we can think of within months of each new product.**
- **Expanding into logistic and logistic financing with OBOR.**
- **All services provided within a few seconds using an app with insurance coverage for theft and loss.**



颠覆

Dian Fu

颠覆



What is the End Game of Dian Fu



# SMART NATION IS MORE THAN INFOCOMM, TRANSPORTATION, INFRASTRUCTURE AND SERVING THE AGED!

Publication: The Business Times, p 25  
Date: 25 June 2015  
Headline: Singapore banks need to quicken response to disruptive innovations

## Singapore banks need to quicken response to disruptive innovations

They must harness digital technology and practise financial inclusion to grow their business. BY DAVID LEE

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## Singapore banks need to quicken response to disruptive innovations

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HERE have been some interesting developments in the world of finance over the past few months, which have led to a caution call for change being sent out across the banking industry. Pyush Gupta, the CEO and director of the DBS Group, sounded the warning in a keynote speech at Singapore Management University's (SMU) Sim Kee Boon Institute for Financial Economics' (SKBIE) 5th annual conference in early May. In a thought-provoking speech, he predicted that unless traditional banks adapt, innovate and harness digital technology, they would perish sooner than they could realise any threat. Indeed, the pace of change is so fast that it prompted Mr Gupta to declare that DBS' goal in the next five years was to become an "invisible" bank. Vivian Balakrishnan, minister-in-charge of the Smart Nation initiative, appeared to concur with Mr Gupta's viewpoint, and in his keynote address at the conference dinner, said: "If our banks, financial institutions and businesses are doing exactly the same thing next year as they were doing last year, we are going to be swamped, because the pace of change is not slowing down."

The inexorable rise of digital banking and digital currency is gaining momentum. The emergence of these new technologies and the financial innovations that facilitate, such as peer-to-peer lending, blockchain, crowd-funding, internet finance, cryptocurrency, and the decentralised ledger, have allowed non-bank entities to reach out and serve the bottom of the pyramid, providing direct competition and a threat to traditional banks.

A good example would be the bitcoin system and its blockchain technology which have been quietly gaining acceptance among startups over the past year or so. In fact, earlier this April, Jamie Dimon, the chairman, president and chief executive officer of JPMorgan Chase, said: "Bitcoin developers are going to try and eat our lunch." Around the same time, Blythe Masters, the former head of global commodities at JPMorgan Chase & Co, left to join a startup called Digital Assets.

Bitcoin and blockchain are now recognised as a powerful technological innovation that could save costs and improve productivity, as well as reducing the risks associated with a single point of attack by hackers. Within a year, the discussion has switched from bitcoin being an invention by libertarians and cyberpunkies, to it being an innovative idea that could irrevocably change the finance industry. The discussion on bitcoin now centres on productivity improvement that reduces business costs and making money from the hitherto unprofitable business of serving those who were traditionally unserved or underserved by financial institutions.

In May, thought leaders and industry practitioners from the 2014 Cryptocurrency Conference once again converged at SMU to discuss how the blockchain and consensus ledger (which originated from cryptocurrency) could become a productivity enhancer and game changer. One conclusion derived from the conference was that cryptocurrency is an invention waiting to be harnessed, with incredible implications for cyber security and the Smart Nation. Dr Balakrishnan's address, pointed to the immediate changes that are needed, in regulation as well as the way financial institutions function, in view of the challenges brought about by the new digital economy. New challenges are also coming from e-commerce and telecom companies.

Hence it would be useful to study the developments taking place in non-bank entities, such as the Alibaba Group and Safaricom's M-PESA, and the lessons that Singapore banks should pay attention to.

### ALIBABA GROUP

Alibaba Group Holding Ltd is not only an ecosystem with retail, wholesale, big data and financial operations, it also provides consumer and internet financial services. On Sept 19, 2014, Alibaba's IPO became the first in history



Backed by its huge cash holding and enviable fund-raising ability, Alibaba has the potential to spread its wings far and wide. PHOTO: REUTERS

to raise US\$25 billion. With US\$9.3 billion of cash already on hand and the net surplus fund of US\$8.2 billion from the IPO, the company's cash position rose to more than US\$17 billion immediately after the IPO. Two months later, it raised another US\$8 billion from a bond issue. Backed by its huge cash holding and enviable fund-raising ability, Alibaba has the potential to spread its wings far and wide through its subsidiary companies such as Taobao.com, Tmall.com and Juhuasuan.

Alibaba Microfinance grants loans to merchants dealing with Taobao or other Alibaba platforms in China. Both application and approval of unsecured loans are done online. Alibaba Microfinance has successfully capitalised on the advantages of internet finance via the use of big data from the group's e-commerce platform to provide small, fast and flexible short-term loan services to small and micro-size enterprises.

Alipay is an online payment system established in 2004 to address the issue of trust between buyers and sellers for Alibaba. Alipay provides escrow services for all who transact within the Alibaba e-commerce domain. Given Alibaba's ability to expand downstream to logistics and infrastructure, Alipay rides on the expansion, and has diversified into lending, insurance, crowd-funding, personal financial management and other financial services. In fact, its last calling service and payment system is already well accepted. Following an agreement with Universal Air Travel Plan (UATP) at the end of 2013, Alipay users can now buy services directly from US airlines, railway companies, hotels, and related services.

Yu'e Bao and other Bao In June 2013, Alibaba launched yet another new financial product Yu'e Bao. It is a money market fund that allows Alipay's account holders to invest their excess cash in the fund, with an entry level of only one yuan. Account holders are allowed to redeem their investments any time to pay for online purchases from Alibaba. The fund manager is Tian Hong Asset Management. Tian Hong became the fourth largest money market fund manager in the world within one month of the launch.

The Yu'e Bao platform provides electronic payment services for transactions on China's largest online shopping websites, Taobao Marketplace and Tmall.com. Yu'e Bao accounts can also be used to pay utility bills, buy lottery tickets, book holidays, and pay credit card bills, among other services. Account holders can carry out all transactions online through personal computers and via Alipay Wallet-enabled smartphones.

With the online and mobile platforms extending their reach beyond traditional bank outlets, the investor base has been expanded to include Generation Y with a minimum sum of one yuan. Basically, the Yu'e Bao episode has shown that the combination of internet, mobile applications and finance has driven market-based financial innovation and inclusion that regulators have not been able to achieve. In particular, the "liberalisation" of inter-

est rate, financial services and cross selling of products clearly disrupted the banking and insurance sectors. In addition, Zhaocai provides personal financial services with a variety of investment products and is a serious future challenge to the wealth management industry. Each new laser mobile product that comes onto the mobile and internet space is a challenge to the traditional institutions. Services are extending beyond simple payments to personal financial management, medical services, micro-insurance, real estate crowd-funding, and many other financial services provided by the banks.

### SAFARICOM'S M-PESA

M-PESA (peas means money in Swahili) is a mobile money transfer service launched in 2007, and has the widest coverage of all such services provided in urban and rural Kenya. The mission of Safaricom is to drive financial inclusion and transform lives by providing money transfer services, local payments and international remittance services. With 19.3 million registered customers (12.2 million of which are active), it has successfully penetrated 90 per cent of its telecom customers.

M-PESA (a paperless banking platform with loan services by M-PESA allow for deposits as low as one Kenyan shilling (KSh0.10), and borrowings as low as 100 shillings (KSh100). M-PESA users can open a bank or complete account opening forms. The account is opened and opened from the phone, and there is a free transfer between M-PESA and M-Shwari accounts. M-Shwari has 3.6 million active customers with four billion shillings in deposits and 1.2 billion shillings worth of loans issued per month. It is interesting to note that the non-performing loans stand at only 2.7 per cent. The growth of M-PESA by diversifying to other services such as micro insurance, lending and payment services is similar to Alipay. However, unlike Alipay which built up its user base from its e-commerce business, M-PESA expanded its telecom service to include financial services.

### IMPLICATIONS FOR SINGAPORE BANKS

In Singapore, traditional banks have realised that disruptive innovations and new finance business models will reduce both their profit margin and profitability in the near future. The threat posed by Alibaba Group, M-PESA and similar companies is real and time compressed. The loss of market share can happen in as short as nine to 18 months. However, Singapore banks seem to be slow to respond to these disruptive innovations. Mindsets will need to be changed to take on the challenges and opportunities in this new digital economy. At SKBIE, we predict that in the next five years, these alternative financial innovations and practices will become a part of mainstream financial services, given the potential for growth in suburban and rural areas as well as in ASEAN.

SKBIE recently fleshed out the concept of a LASIC company. The acronym stands for Low Profit Margin and Barrier of Entry, Asset Light, Scalability, Innovative and Base of Compliance. While the LASIC concept may help point to the type of companies that will grow relatively faster than those from the old economy, just being a LASIC company is not enough. To become truly sustainable, a company needs to practise financial inclusion. With the talent available in Singapore, and by effectively utilising the LASIC concept, mobile apps and the internet, as well as exploring the technology associated with the decentralised consensus ledger, banks in Singapore are well placed to ride this emerging wave of digital banking to serve a large percentage of the 60 million people in ASEAN who are currently unserved or underserved by banks. This would create a huge opportunity for our banks. Financial inclusion for those around and beyond Singapore could well be an important future growth platform for Singapore banks.

The writer is director of the Sim Kee Boon Institute for Financial Economics, Singapore.

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# 数码普惠金融的社会意义

新加坡一直是全球华人的财富中心，目前在新加坡财富管理行业中，仅私人银行业务就管理着超过1万亿美元的财富。2008年金融危机后，经由新加坡金融管理局兼顾风险控制和行业发展的创新监管模式，利用适当宽松的监管环境，有效地提升了新加坡金融业在全球的地位；加上独特的地缘政治位置，作为东西方经济、金融、文化的重要交汇点，新加坡成为了世界主要金融中心之一、第二大财富管理中心、第三大外汇交易中心，未来也会积极争取成为最大的离岸人民币结算中心。所以对于传统金融与银行业来讲，主营业务利润丰厚；因此，普惠金融（financial inclusion）方面的创新，例如小微金融保险和社会效应投资等，通常被传统金融企业认为是应当承担的社会责任，都不是其主营业务。

亚细安要实现经济一体化，建成亚细安共同体，经济和金融一体化将会是政治一体化的前提和条件。目前亚细安国家中至少还有70%的人口，没有充分享有银行和金融服务（其中40%的人口，完全得不到银行的服务）。在这个经济发展不平衡的区域，在外打工的劳工，要把钱汇回家乡，但是亚细安国家之间的汇费在5%，从其他国家汇到亚细安国家的汇费在7%左右。这简直就是一项汇款税。

对比一下，阿里巴巴旗下的支付宝，在西藏注册的手机覆盖率达到80%，远远高于上海和北京，汇费几乎忽略不计。运用最新数码科技，可以让更多偏远和经济不发达地区的人们，获得便利的银行和金融服务，这才是真正意义上的“汇通天下”。在数码银行与普惠金融领域，中国企业已经领先，中国的金融实践创新，金融商业模式创新，有很多值得新加坡金融业学习和借鉴的地方。

从亚细安经济一体化的角度看，亚细安国家的总人口约6.5亿，亚细安国家拥有一个庞大的，目前还没有真正意义上国际的竞争对手的小微金融市场；而且，已经有成功的商业模式和创新科技，可以借鉴和利用。阿里巴巴的蚂蚁金服，让数以百万计的小企业便利快捷地获得小额融资，不但给实体经济注入了活力，而且因充分有效地运用了大数据、云计算、移动互联网和数码平台的整合技术（大、云、平、移），坏账率低于1%，全球范围，没有一家跨国银行的传统业务可以做到这点。

富登金融控股（Fullerton Financial Holdings）在印度有5500名员工，服务覆盖21个邦1万5000座贫困村庄，拥有

David Lee: The Game of Dian Fu

100万个小微信贷客户，仅2012年单在印度的普惠业务，就实现了16亿新元的净利润。甚至在非洲，肯尼亚通信公司Safaricom的M-PESA移动短信汇款服务，用户超过了该国的网民总数。从事个人对个人（P2P）信贷的美国贷款俱乐部（Lending Club）去年成功上市，凸显了智慧数据和网络钱包的运用，会威胁传统银行的利润空间。这些都给传统金融行业带来了不小的冲击；与此同时，这些颠覆性的创新和实践，也产生了可观的社会效益，极大地改善了落后地区的民生状况。

新加坡传统银行业已经意识到了颠覆性金融创新，及其伴生的商业模式，将在不久的将来全面冲击他们的传统利润空间。但是，应对这些颠覆性创新，传统银行似乎举棋不定，瞻前顾后。究其主要原因，是现有银行的组织架构和关键绩效指标（KPI）的设置。传统银行现有的KPI设置，是基于现有组织职能架构下的部门绩效指标；要重组现有架构，使其适合普惠金融业务的发展，必须在新的架构中更多地引入社会效益指标。

同时，新架构要打破原有职能部门的界限，突破部门利益，甚至企业利益。按照LASIC原则来构建新的行业架构。所谓LASIC原则，即：低利润率 and 低门槛（Low Margin & Low Barrier）、轻资产（Asset Light）、上规模（Scalable）、高创新（Innovative）、易合规（Compliance easy）；以此为原则的架构，可以将原本对于企业来说是无形的社会效益，有效地转化为有形的客户群体，不但能够从中获得可观的经济利益，同时也可以构建包容型经济，企业利益与社会利益可以在更大程度上保持一致，最终实现包容型社会。

因此，数码普惠金融是向包容型经济和包容型社会发展的推动力。近几年，新加坡涌现出一大批金融科技（FinTech）企业，它们让大家更能意识到数码普惠金融，会怎么给传统金融行业带来冲击和挑战。我们预测在未来5年，这些原来被称为另类金融和另类投资的金融创新，一定会融入主流业务，新加坡金融企业会在整个亚细安国家的普惠金融发展方面有更大的建树，最终推动亚细安经济一体化进程。

李国权是新加坡管理大学沈基文金融经济研究所所长。  
闫黎是新加坡管理大学李光前商学院战略管理学高级讲师。

Chinese Article that presented arguments for using “Blockchain Technology” for Singapore to expand into ASEAN and to use the Financial Inclusion model of China and Kenya for Singapore’s neighbours.

-David Lee and Yan Li  
15<sup>th</sup> May 2015, Lian Zaobao

Publication: Lianhe Zaobao, p 15  
Date: 3 August 2015

审时度势 李国权 闫黎

## “一带一路”与“一网一融”

近日新加坡海南会馆举办了《“一带一路”：新加坡的机遇与挑战》论坛，所谓“一带一路”，就是指建设贯通欧亚大陆的“丝绸之路经济带”和“21世纪海上丝绸之路”。这个战略政策构想是由中国国家主席习近平提出的，目前已经纳入了中国的国家战略。中国主张“一带一路”是合作发展的理念和倡议，是推动区域经济共同发展的政策，是依靠中国与有关国家既有的双多边机制，借助既有的区域合作平台，开展更深入全面的经济合作与区域整合，增进各国之间的政治互信，从而实现：政策沟通、设施联通、贸易畅通、资金融通、民心相通。

但是，世界各国政府与学者对这个新的战略构想，以及中国为此推行的相关政策，有着非常不同的解读，诸如“中国版的马歇尔计划”，还有“TPPI和TTIP2的反制方案”等等。对于各国来讲，要抛开地缘政治因素，纯粹地从经济合作角度来审视“一带一路”政策是

发展严重不均衡，与中国的关系，若即若离，亦敌亦友的国家绝非少数。

最近南中国海问题持续升温，亚细安各国对于中国向南推动的“海上丝绸之路”的合作倡议，可以说是慎之又慎。与此同时，中国向西推进的“丝绸之路经济带”就顺利得多，中、俄、哈、吉、塔各国深入开展经济合作，同时在中国西部大开发、“向西走，走出去”的政策推动下，经济、政治、民生等各方面都取得了重大进步。

目前新中关系处在历史最好阶段，建国总理李光耀先生曾经提出：“新加坡要搭上中国改革开放的顺风车”，我们在看到陆上的“一带”取得的重大进展的同时，新加坡如何能够搭上“海上一路”的顺风船呢？我们认为，新加坡是海上丝绸之路的原点和重心，虽然有得天独厚的优势，但是新加坡面临的挑战是：作为亚细安主要国家，如何平衡好支持亚细安国家合理的地缘政治诉求的同时，带领

“一融”战略，即金融互联网与普惠金融。我们认为不管是否认同中国的发展方式和意识形态，中国在世界政治与经济舞台上的崛起已经是客观现实。在国际政治领域，新加坡在中国与西方国家之间扮演的传统角色正在淡化，但是在经济领域，新加坡与中国有诸多可以相互借鉴和互补的地方。新加坡的国有企业治理体系（特别是淡马锡模式）、国家与城市治理体系、金融监管体系、外汇交易和结算体系等等，都是中国迫切希望从新加坡学习的。

我们经常看到，中国企业在亚细安地区，由于受到政治因素的干扰，常常“水土不服”；作为亚细安主要国家的新加坡，能够获得双方的高度信任，对于新加坡来说，这是一个巨大的优势，中国企业可以利用新加坡这个平台，来进入亚细安市场。

尤其是在金融领域，在“一带一路”政策推动下，据亚洲发展银行估计，到2020年，基础设施建设

的投资。今年5月中国已经与巴基斯坦签署了460亿美元的基础设施投资项目。随着“一带一路”政策的推动与落实，融资和信贷的需求是巨大的。新加坡作为国际金融中心，国际第三大外汇交易结算中心，同时正在努力成为最大的离岸人民币结算中心，都让中国无法忽视新加坡在“一带一路”的推动和发展中所可能发挥的重大作用。

我们认为新加坡的金融行业，一定要积极抢占先机，提前布局。如何布局才能最有效呢？随着我国“智慧国家”战略的推动，新加坡的金融业开始逐步意识到了自身也需要转型。通过布局智慧金融互联网来实现布局亚细安，辐射亚欧大陆的战略目标。在金融互联网建设的同时，积极努力推动互联网金融建设。随着大规模基础设施建设的开展，铁路、道路、桥梁、港口等等，一定会同时带动众多偏远和不发达地区的经济开发与市场发展，当地居民的金融需求也会不断提升。

亚细安近6.5亿人口的巨大市场，在互联网金融领域，目前还没有真正意义上的国际竞争对手进入，这是新加坡金融业的巨大机会。同时，在亚细安国家，现在仍有70%人口不能充分享有，或者根本得不到银行和金融服务。因此在互联网金融领域，普惠金融与社会效应投资，将是未来最大的金融增长点。

普惠金融的发展可根据LASIC原则：低利润率（Low Margin & Low Barrier）、轻资产（Asset Light）、上规模（Scalable）、高创新（Innovative）、易合规（Compliance easy），在金融互联网的基础设施体系上，通过普惠金融和社会效应投资，来促进偏远不发达地区的经济发展，促进民生。中国大陆已经有非常成功的经验和商业模式，可以让仍然处于传统金融商业模式下的新加坡主要金融机构借鉴。这些成功的经验和商业模式，对于传统金融是颠覆性的。

近期，新加坡也涌现出了众多从事新“金融技术”发展的创新企业，研究推广全新的金融技术和商业模式。新加坡金融管理局看到了

这个趋势，7月27日宣布成立金融技术与金融创新组（FTIG），以推动并监管这一全新领域的金融技术发展与创新，特别是其商业模式模式的创新。利用中国的“一带一路”结合我国的“智慧国家”，可以促进新加坡金融业从传统金融业，转型升级，打造金融互联网，推动互联网金融。同时，通过普惠金融和社会效应投资等新金融模式，实现从传统金融的汇通天下，到新金融的“惠”通天下的转变。

通过基础设施建设，普惠金融和社会效应投资，不但改善民生，更会促进更多的经贸与社会往来。基辛格博士曾经讲过：“恐惧往往来自于无知”，随着经济发展、民生改善，国家和区域之间更多的往来和交流，相信一定能找到更有智慧和创新的办法，来解决那些地缘政治和历史遗留问题。因此，新加坡金融业承担着更大的历史任务，传统金融是要融通资本、融通经济；金融互联网和普惠金融是要融通民生、融通民心。

李国权是新加坡管理大学  
沈基金金融经济研究所所长  
闫黎是新加坡管理大学  
李光前商学院战略管理学高级讲师

# War Strategy

# 战略

# Zhan Lue

China should stop using the word

# 战略

# Policy Strategy

# 策略

# Ce Lue

In a joint commentary, SMU Sim Kee Boon Institute for Financial Economics Director Professor David Lee and SMU Lee Kong Chian School of Business Senior Lecturer in Strategic Management Yan Li commented on China's 'One Belt, One Road' initiative which aims to rejuvenate two ancient trade routes and further open up markets within and beyond the region.

They said it is not possible for China and some ASEAN countries to dispel all reservations and cooperate merely on the basis of economic gains. Trusted by both sides, Singapore can act as a platform for China to enter the ASEAN market. Furthermore, Singapore could adopt the strategy supported by "Smart Nation" policy to set up infrastructure to boost internet finance and inclusive investment, which will not only improve the quality of life in underdeveloped regions in ASEAN countries, but further sustain Singapore's leadership.

While China focuses on hardware, Singapore should focus on Smart Finance and Smart Nation initiatives.

They also commended the Monetary Authority of Singapore for setting up the new FinTech and Innovation Group to enhance efficiency and competitiveness of Singapore's financial sector, and guide the transformation of Singapore's leading traditional financial institutes.

<http://skbi.smu.edu.sg/news/2015/08/03/one-belt-one-road-and-one-connected-financial-network>

# Future growth opportunities – MPC Dian Fu Game

- **The Underserved**
- **The Polluted**
- **The Unconnected**
- **It is all about Impact Investing to serve those outside the economic and financial system**
- **It is a Marginal Propensity To Consume (MPC) Dian Fu Game**

# The most important investors driving growth

- **Asset classes: Sustainability, under-owned Asset Class with LASIC characteristics**
  - Low profit margin or low barrier of entry
  - Asset Light
  - Scalable
  - Innovative
  - Compliance Easy
- **Investors:**
  - Family Offices
  - Sovereign Wealth Fund
  - Government
  - Impact Investors

With the Silicon Valley being at the forefront of financial and smart technological innovation, it could become an ideal venue for Singapore to learn about latest technologies and their applicability to our national initiative, or the Smart Nation vision.

Prof Lee of the Sim Kee Boon Institute



By Leon Hadar

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COMMENTARY

A Silicon Valley state of mind: smart, open and disruptive

WHEN I departed Washington, DC recently and boarded a plane to San Francisco, the residents of the capital of the United States, were full of anxiety and in an angry mood.

The images of terrorist attacks in Paris have recalled the national nightmare that followed the death and destruction of Sept 11, 2001.

Once again, politicians and pundits were warning that the United States was at war with radical Islam and that every effort should be made to protect the American people. When America is at war, security concerns override constitutional rights.

Nationalism flavoured with xenophobia seemed to be winning the day. One of the front-runners in the Republican presidential primaries said that he would "absolutely" want a data base of Muslims in the US and wouldn't rule out giving them special ID cards that noted their religion, while another one compared Syrian refugees to dogs. Some of them might be rabid, so Americans should keep them all out.

In a way, the events in Paris seemed to be shifting the balance of power in Washington to the direction of politicians bashing Muslims as well as Mexicans, Chinese and other foreigners.

But America started to look quite different after my plane landed in San Francisco and I was on my way to Palo Alto, California, to attend the Smart Nation, Silicon Valley Technology conference hosted by Stanford University. The Sim Kee Boon Institute (SKBI) and the Business Families Institute (BFI) at the Singapore Management University (SMU) organised it to discuss and explore Silicon Valley technologies and their potential, and how they could be relevant and beneficial to Singapore's Smart Nation programme.

And it wasn't only the blue sky and the dry weather that greeted me in the southern part of the San Francisco Bay Area of Northern California that made a difference. Call it the Zeitgeist, or the spirit of the age, that dominates Silicon Valley, home to many of the world's largest high-tech corporations, as well as thousands of startup companies, and which employs about a quarter of a million information technology workers.

At least 200 representatives from the Silicon Valley participated in the conference at Stanford University organised by the SKBI and the BFI, including startups, accelerators, incubators and venture capitalists from Silicon Valley, glo-

bal investors and banks, as well as regulators from Singapore. The conference served as a platform for these companies and entrepreneurs to learn about the Smart Nation initiative in Singapore and to try to entice them to play a part in it.

Unlike the xenophobic state of mind I left in Washington, this island of creativity and commerce, exuded political and cultural freedom, unrestricted access to knowledge and information, as well as collaborative or cooperative management and decision-making rather than the authority of a central government that can, if it wants, close the doors of the country to immigrants from around the world.

Indeed, it would not be an exaggeration to note that the multicultural milieu of the Silicon Valley and Stanford would make Asians feel at home here. According to the San Jose Mercury News, Asian Americans occupy close to 30 per cent of professional jobs at the tech firms in the Silicon Valley (although only 14 per cent of executive jobs) and about a quarter of the incoming freshmen at Stanford.

In fact, while the anti-immigration volume has been rising to new highs, the technology industry in the Silicon Valley, led by Google and Facebook has been lobbying in support for two tech-focused bills, the Immigration Innovation Act and the Start Up Act that increase the cap on H-1B Visas from 65,000 to 115,000, eliminate per-country limits on visa petitioners and let spouses of H-1B visa holders work, and create a new visa category for foreign entrepreneurs.

DIGITAL CURRENCY

In a way, the representatives of high-tech companies and start-ups as well as heads of venture capital companies that invest in the Silicon Valley and that participated in the conference were a reflection of the demographic mosaic that is America today, including immigrants, children of immigrants and holders of dual (or more) passports. They included Muslims as well.

John Kim, a managing partner at Amasia, a cross-border venture capital firm with presence in Singapore and the Silicon Valley exemplified the multinational atmosphere in the Smart Nation conference. He is a Korean-American whose career has taken him across a diverse range of operating and investing environments from early stage startups to fortune 500 companies. He started as an entrepreneur, founding music internet and e-consulting businesses, lat-

er held senior trading and investment positions at Korean National Investments, Goldman Sachs and Mercuria Energy Group before co-founding Amasia. Mr Kim (who also founded an incorporated rock band called The Ally) spoke during the conference on one of his main preoccupations today, impact investing, socially responsible investing for the purpose of generating a measurable social and environmental impact alongside a financial return.

In that context, Mr Kim highlighted the important role that the emergence of digital currencies, like bitcoin, could play in promoting economic and social progress in South-east Asia, a home to 618 million people, where smartphone penetration has been expanding in a dramatic way.

Yet, there are major difference between the developed and developing countries in Asia, when it comes to banking. Only 4 per cent of Cambodia's population is banked, 21 per cent of Vietnam's and 27 per cent of Laos and the Philippines while Malaysia has 66 per cent and Singapore has 98 per cent of its population banked. Countries who need to address income gaps and provide opportunities for their people to store and transfer money are likely to adopt digital currencies like bitcoin as part of their strategy.

Indeed, the future of digital currency has been very much on the mind of David Lee, executive/academic director of SKBI, and professor of quantitative finance at the Lee Kong Chian School of Business. The driving force behind the conference at Stanford, Prof Lee is a world-renowned expert on the issue of the new financial technology, or FinTech, and the way it is, and will be, affecting our economic, social and political institutions. The subject has been a key research area for SKBI.

According to Prof Lee, the rise of FinTech companies has increased the awareness of the disruption and opportunities in areas such as digital banking, internet finance and blockchain. The latter refers to a distributed database that maintains a continuously growing list of data records that are hardened against tampering, such as through the public ledger of transactions for crypto-currencies originally used in bitcoin.

Prof Lee estimated that global investments in FinTech ventures, covering sectors from remittances to loans to payments, have grown three times from US\$4.05 billion in 2013 to

US\$12.21 billion in 2014. The developments in FinTech are still in their early stages; but they are expected to define and shape the future of the financial industry.

Although large amounts of funds are entering the market, Prof Lee is predicting that not all FinTech ventures will be successful, and stressed that various factors, both internal and external, are crucial.

Working with Ernie Teo from SKBI, Prof Lee has identified some of these factors, which he terms LASIC (Low margin, Asset light, Scalable, Innovative, and Compliance easy), that give an advantage to FinTech businesses.

FINTECH OPPORTUNITIES

Focusing on successful financial firms like Alibaba and M-PESA, the research conducted by Prof Lee and Prof Teo, concluded that the application of FinTech will result in lower business costs and profit margins and that in order to remain sustainable and profitable, companies will need to expand their business by embracing so-called financial inclusion, the delivery of financial services at affordable costs to sections of disadvantaged and low-income segments of society.

They estimate that 38 per cent of the world population has no formal bank accounts and that another 40 per cent that is underserved by banks, providing a huge potential market for financial institutions.

The current expectation is that FinTech startups will draw billion of dollars in investment in the coming years and that they will shake up finance the way that Uber or Airbnb have shaken up the taxi and hotel industries. At the same time, traditional retail banking companies are also adapting to the changes by tapping FinTech and in some cases by cooperating with some of the startups.

Because it's such a visible and trusted financial hub of the world, Singapore which absorbs about half of all the foreign direct investment in South-east Asia, is uniquely placed to take advantage of some of the new opportunities provided by the rise of FinTech.

And with the Silco Valley being at the forefront of financial and smart technological innovation and creation, it could become, as Prof Lee puts it, "an ideal venue for Singapore to learn about the latest technologies and their applicability to our national initiative," or the Smart Nation vision.

# Appreciation to Members of the SKBI **Dian Fu** Research Team



**Zhang Han**



**Chang Su**



**Chi YingYing**



**Lin JingXian**



Talk delivered by

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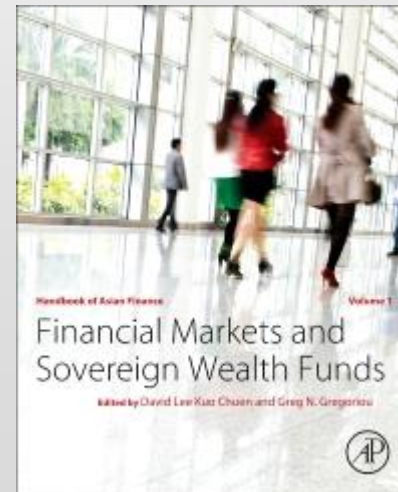
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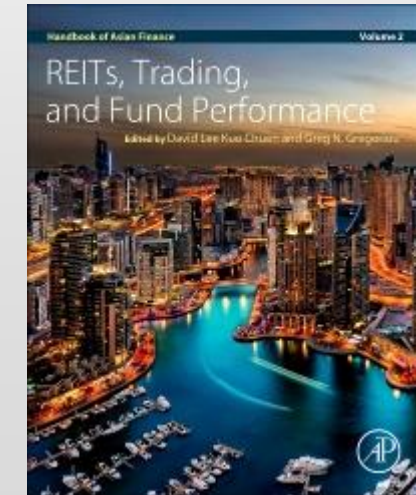
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