

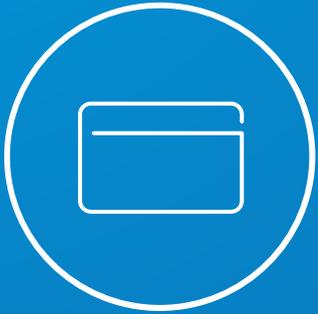


Fintech and New Financial Landscapes

Usman Ahmed, Head of Global Public Policy • 29 September 2016

THE EVOLUTION OF FINTECH

Technology has been a Transformative Force in Financial Services for Decades



1950

CREDIT CARDS
S



1970

ATMS
S



199

ONLINE PAYMENTS
Os



Toda

FINTECH
y

Modern FinTech is Affecting Several Aspects of Financial Services

\$24.7

B
INVESTMENTS IN
FINTECH STARTUPS,
2016 TOTAL (KPMG)

2,000

FINTECH STARTUPS
GLOBALLY, AS OF FEB
2016 (MCKINSEY)

24

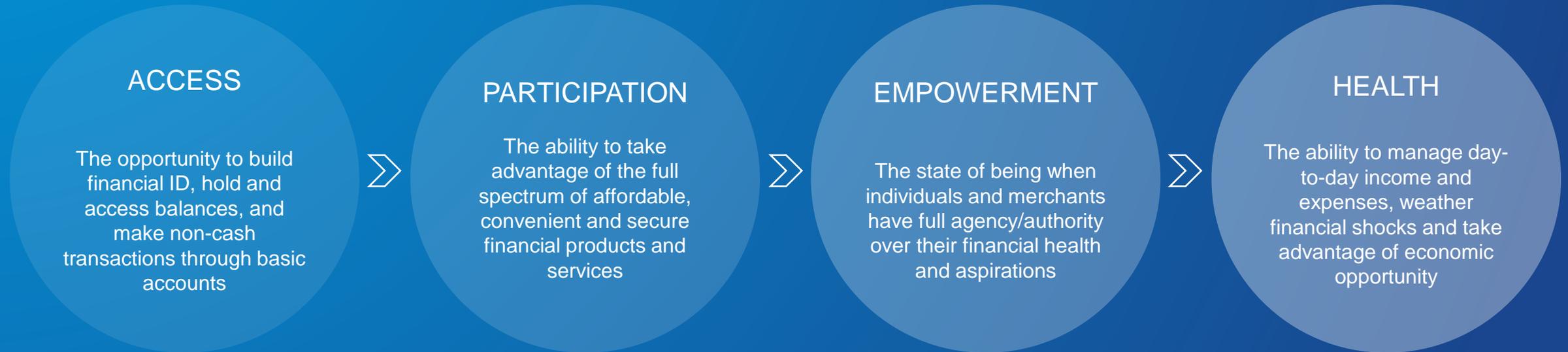
Number of Strategic
Partnerships PayPal
signed in last 18 months



WHY IT MATTERS: FINTECH & FINANCIAL HEALTH

The Vision: Democratize Financial Services

Moving beyond inclusion to empower individuals and businesses to improve their financial health

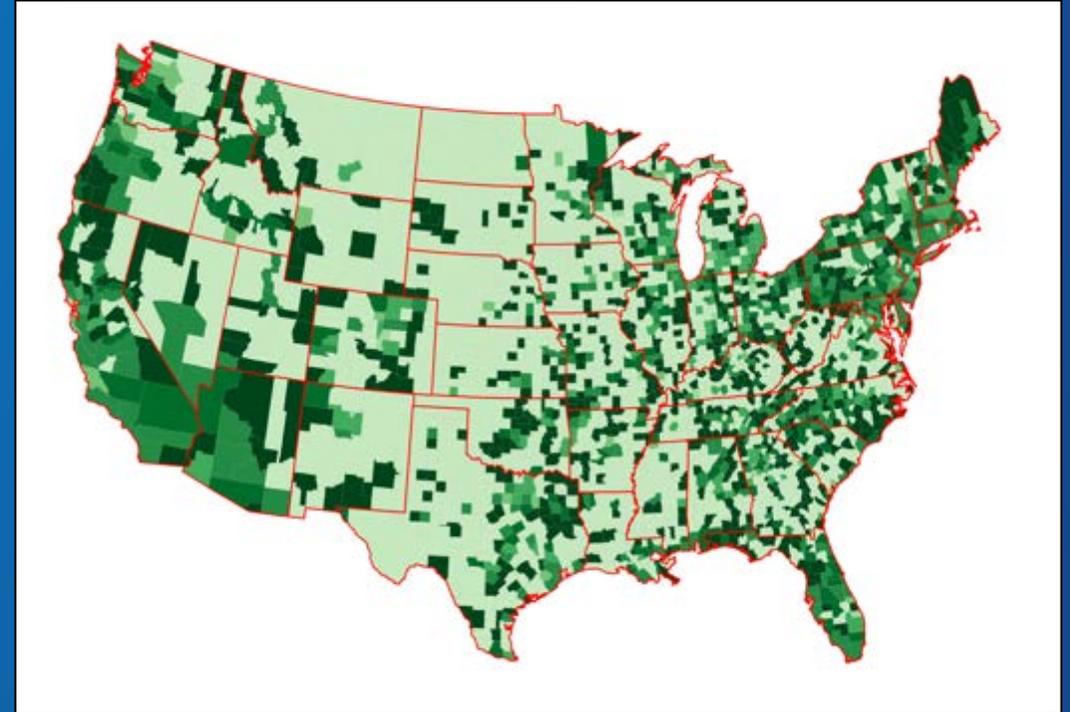


UNDERSTANDING THE SOCIO- ECONOMIC IMPACT OF FINTECH

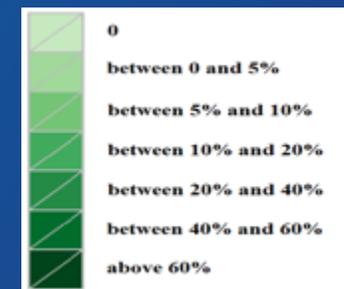
Increasing Access to Finance for Small Businesses

Thinking beyond individual consumers to SMBs and all segments of the financial system

- ✓ 25% of PayPal Working Capital (PPWC) loans in the US in 2014 were disbursed in underserved counties
- ✓ Nearly 35% of loans went to low-and-moderate income businesses.
- ✓ 61% of firms that received these loans were 5 years or younger.



Percentage of PPWC Loans to Low-
and
Moderate-Income Businesses
(By County)



Customer Choice

Being a customer champion company means giving our customers **choice and optionality** in where and how they want to pay

VISA

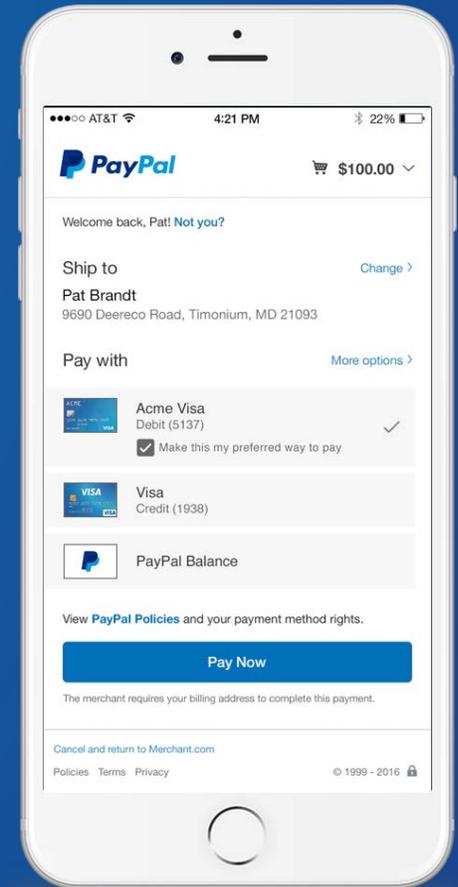
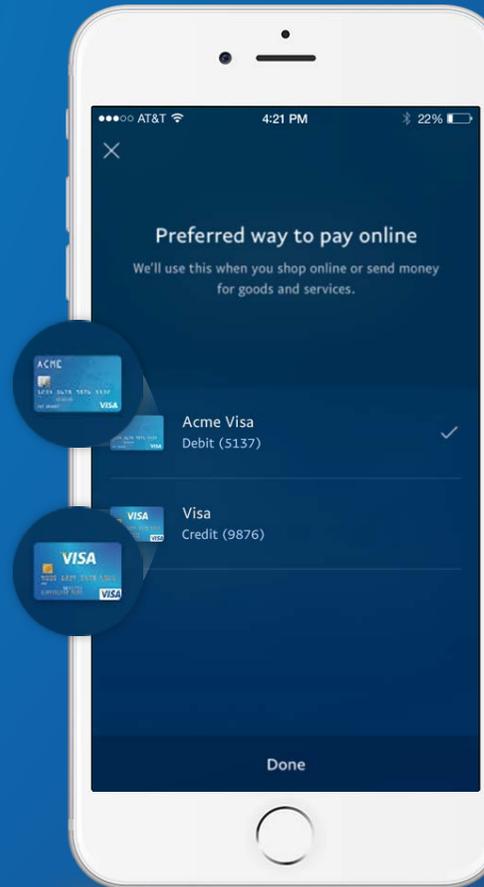


DISCOVER

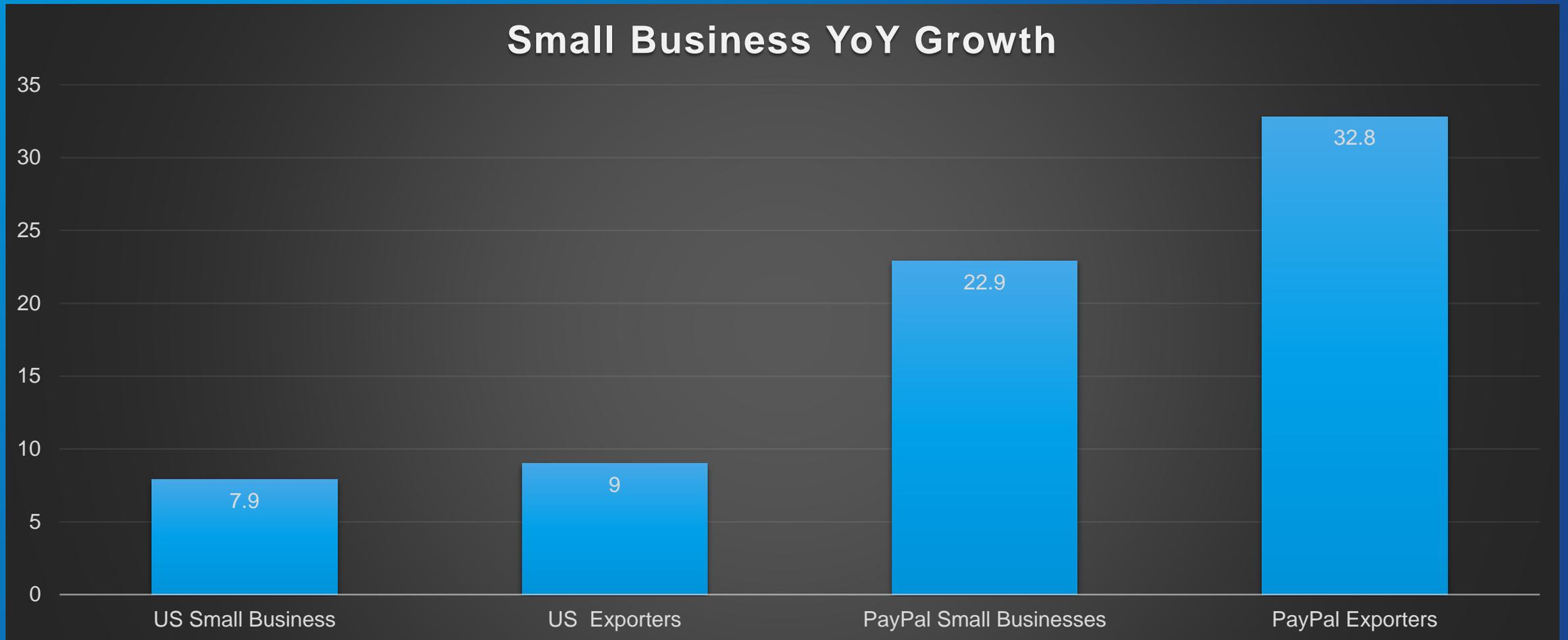
citi



WELLS FARGO



Small Business Growth and Trade



Lowering Costs for Immigrants and Their Families

FinTech is already making international money transfers more affordable, convenient and secure

Xoom Mexico ▾

Menu Sign in

We have you covered.
Send money to your family in Mexico.

Send money, pay bills, or top up in an instant.

send money fees & exchange rates how it works security center

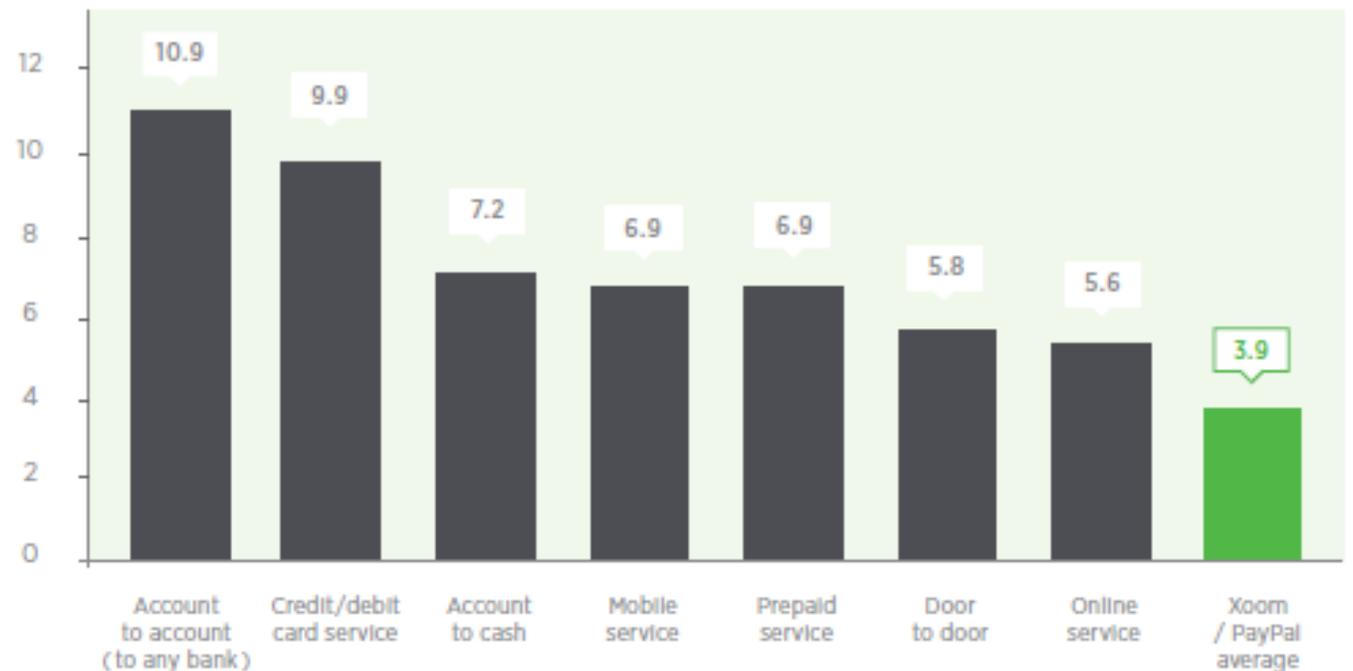
Send up to \$2,999 for only \$4.99 with a click.

Send money now

> Cash Pickup

> Bank Deposits

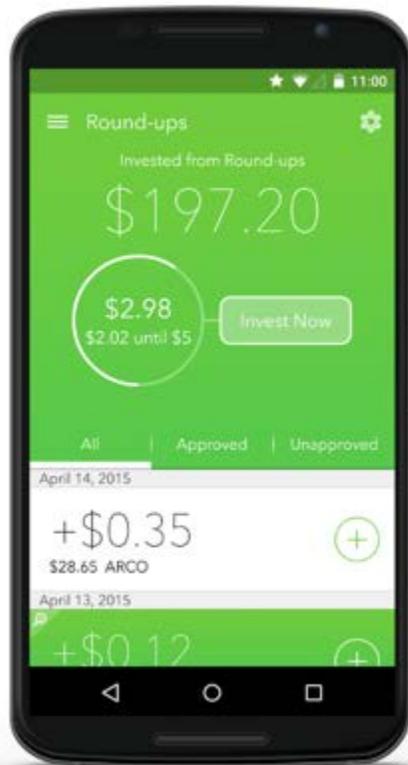
Figure 2: Average remittance prices worldwide, 2015 as % of amount sent



Source: "Remittance Prices Worldwide", Issue no. 16, Dec. 2015, World Bank ; and Xoom/PayPal data

Building Financial Health for Millennials

FinTech embraces a younger generation's philosophy about how to save for the future



- 1 Connect Your Card**
First, connect the accounts and cards you use to make everyday purchases.
- 2 Make a Purchase**
Next, spend like normal. We'll round-up your purchases to the nearest dollar.
- 3 Invest Your Change**
Then, watch your wealth grow as we automatically invest your spare change.



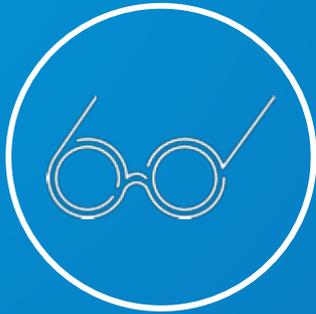
HOW WE CAN UNLOCK EVEN
GREATER IMPACT GOING FORWARD

Frequently Asked Questions about FinTech

A representative sample from our conversations

- 1 Financial Services-related questions: AML/KYC controls, understanding various business models vis-à-vis regulatory frameworks, non-bank oversight and liquidity controls for certain business models, etc.
- 2 Security & privacy-related questions: Breaches, hacking with motivation of fraud, sharing of data and privacy matters, customer security, etc.
- 3 Consumer protection and redress: Appropriate disclosures, consumer education/awareness, handling consumer queries/complaints, etc.
- 4 Regulatory disruption & fragmentation: Tension between flexibility and consistency, as well as stability and innovation/competitiveness

Opportunities & Challenges: Areas for Public-Private Collaboration



DIGITAL
FINANCIAL
EDUCATION



IDENTITY
& KYC



INTERNET
ACCESS



GOVERNMENT
PAYMENTS AND
SAVINGS



FINTECH
REGULATION



SECURITY

