FinTech & Financial Inclusion

How do FinTech firms assist clients in obtaining loans?

White Paper | July 2020

Georgetown University
McDonough School of Business
CENTER FOR FINANCIAL MARKETS AND POLICY

Table of Contents

Acknowledgments

Professor Reena Aggarwal (Director, Center for Financial Markets and Policy, Georgetown University) supervised the study on: "***FinTech and Financial Inclusion: How do FinTech firms assist clients in obtaining loans?***". The research team was led by *Fernando Tovar*, who co-authored this White Paper with *Peian Wang* and *Baldev Chopra* (All three are pursuing a Master's Degree in Business Administration (MBA) from Georgetown University's McDonough School of Business.

To complete this work, we relied on the help and guidance of several people and institutions who supported our research. We would like to thank:

- ***Raj Khosla***, Founder & Managing Director | MyMoneyMantra
- ***Aparna Sharma***, Digital Head & Director | MyMoneyMantra
- ***Amerish Kesar***, Chief Technology Officer | MyMoneyMantra
- ***Melissa Frakman***, Founder and Managing Partner | EMVC
- ***Ashwini Joshi***, Investment Analyst | EMVC
- ***Mike Singh***, Chief Lending Officer | GoBear
- ***Adhil Shetty***, CEO | BankBazaar

Executive Summary

The world of Financial Technology (FinTech) encompasses the intersection of financial services and technology. FinTech has made inroads with dozens of applications and has changed the way consumers access their finances. The term "FinTech" describes new technologies that seek to improve and automate the delivery and use of financial services. At its core, FinTech helps companies, business owners, and consumers to better manage their financial operations, processes, and lives by utilizing specialized software and algorithms. Loan aggregators and marketplaces are segments within FinTech, and they are creating innovative approaches to grant people and businesses new ways to access credit and financial services.

Our study focuses on how FinTech has played a role in accelerating financial inclusion by providing more access to information, assistance, rate and cost comparison, and contributing to people's financial education. Within the FinTech industry, loan aggregators and marketplaces have facilitated financial inclusion in developed and emerging nations.

Financial inclusion refers to the delivery of affordable and usable financial access for unbanked and underbanked people. The World Bank estimates that there are more than 2 billion individuals who lack financial access and an additional 1.7 billion individuals who are underserved by the financial service industry.[i] Credit access and financing options are necessary for achieving sustainable growth in the economy. Small and Medium Enterprises (SMEs) account for most businesses worldwide and are essential contributors to job creation and global economic development. The International Finance Corporation (IFC) estimates that about half of formal SMEs don't have access to formal credit. Then micro and informal enterprises are taken into account; the financing gap is more significant. [i]

The rapid growth in personal loans in recent years has coincided with a FinTech explosion of apps and websites that have made obtaining these loans a natural process that can be performed from anywhere. In the U.S., FinTech companies account for nearly 40 percent of personal loan balances, up from just 5 percent in 2013. P2P FinTech companies and marketplaces provide customers with both personal wealth investment products and online loan applications. They are also open to institutional investors purchasing whole loans.

Loan aggregators compare lending and credit card products from their vendor list. These firms then use data to match and direct qualified borrowers to suitable products. These simple consumer referral services help financial institutions find new borrowers and access new markets. According to Gartner's research, Loan aggregators and marketplaces use automation to speed and improve loan decisions in a changing market that includes product commoditization, increased competition, and increased convenience-driven consumers.

The study aims to identify key insights and best practices with loan aggregators and marketplaces, with an emphasis on how these firms help people and businesses gain access to financial services. The study provides a deep dive into the lending sector, case studies of loan aggregators and marketplaces, first-person interviews with relevant industry stakeholders, and extensive secondary research. We examined firms in these markets: United States, India, China, Singapore, and South Korea.

FinTech allows financial innovators to provide transparency, competition, and an easy to use interface that assists clients on every step of the application process. FinTech has empowered millions, and it has reshaped the way we manage and access financial services. Loan aggregators and marketplaces have the potential to substantially reduce the financing gap by taking advantage of existing structures and reaching new and previously untapped markets via creative solutions.

What is FinTech?

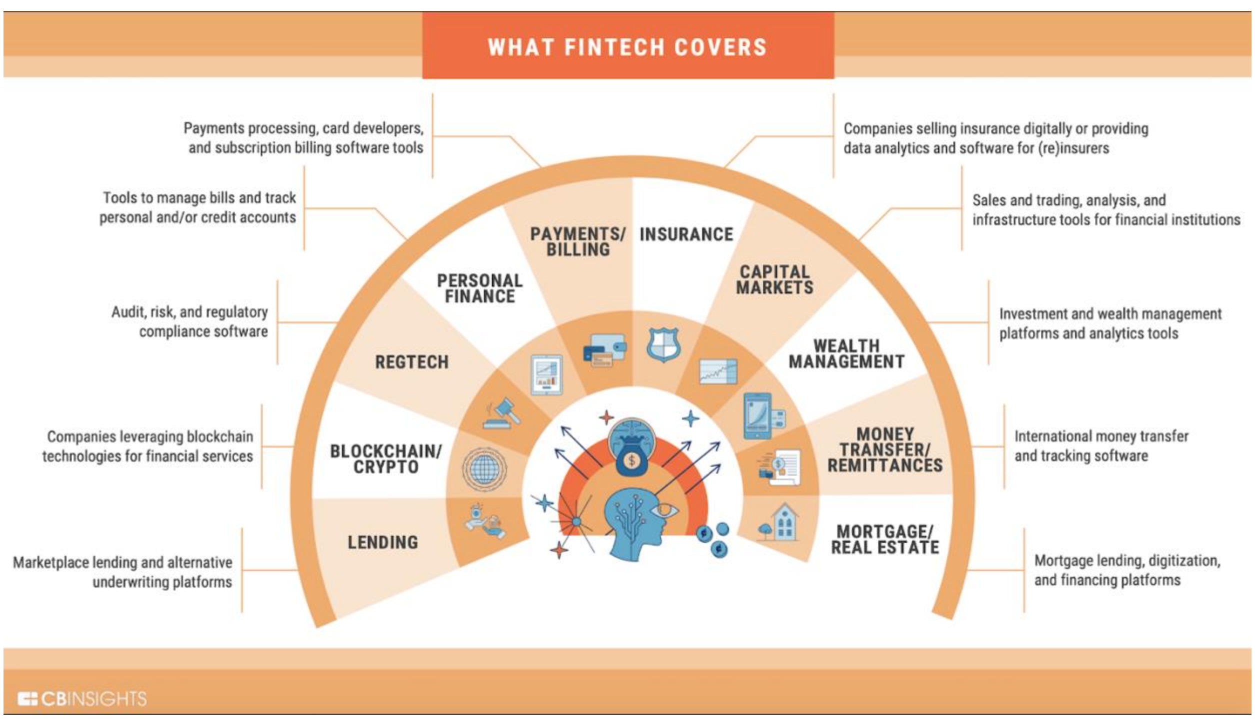
Financial technology (FinTech) describes the evolving intersection of financial services and technology. According to PWC, FinTech refers to startups, tech companies, or even legacy providers. Startups use technology to offer existing financial services at lower costs and to offer new tech-driven solutions. Incumbent financial firms look to acquire or work with startups to drive innovation. Technology companies provide payment tools. FinTech encompasses all of these. [ii]

Many FinTech products are designed to connect consumers' finances with technology to create a more easy-to-use, agile, online or mobile-centric, and transparent experiences. The term "FinTech" goes beyond business-to-customer (B2C); it's also applied to business-to-business (B2B) technologies as well.

FinTech has made inroads with dozens of applications and has changed the way consumers think about and interact with financial services. From mobile payment apps to insurance and investment companies, FinTech has disrupted traditional financial and banking industries. Traditional banks and financial institutions are quickly realizing that they need to adapt to remain competitive against this new trend in the market.

According to the news and financial literacy website TheStreet.com, initially, FinTech referred to technology that was applied to the back-end systems of banks or other financial institutions. [iii] That being said, FinTech has grown to encompass a plethora of other applications that are more consumer-focused. The tools provided by FinTech are changing the way many consumers track, manage, and facilitate their finances. In fact, according to data from 2016, people use between one and three apps to manage their finances. In 2020, these innovations have made it possible for users to manage funds, trade stocks, pay for food, or manage insurance from the comfort of their devices.

For the estimated 2 billion people worldwide without bank accounts, FinTech can provide innovative opportunities to gain access to financial services without the need for in-person contact or physical locations.



iv "Report: The State Of Fintech," CBInsights, Accessed on Jun 20, 2020, https://www.cbinsights.com/research/report/fintech-trends-q4-2019/

FinTech Serves both B2B and B2C segments

B2B (Business to Business)

Before FinTech firms, companies would go to banks to obtain loans and financing. But with the advent of FinTech, companies can quickly access credit, financing, and other financial services through mobile technology. Additionally, cloud-based platforms and even customer-relationship management services like Salesforce (CRM) provides B2B services that allow companies to interact with data to help improve their services.

B2C (Business to Client)

Of course, FinTech has many B2C applications. Cash apps like PayPal, Venmo, and Apple Pay all allow clients or customers to transfer money via the internet or mobile technology, and budgeting apps like Mint enable customers to manage their finances and expenses. Much of the banking industry's first forays into FinTech focused on B2C applications like lending and payment services.

CB Insights FinTech Market & Funding data:

The FinTech market is actively growing with increasing interest from both private and public investors.

- Q4'19 saw approximately $9.4B invested across 452 deals. The funding saw a boost from mega-rounds ($100M+), including a $1.7B investment to India-based One97, the top deal in Q4'19.
- Fintech startups are maturing beyond the early stages. As a percentage of deals, Series B+ rounds topped 5-year highs. In 2019 there were 83 mega-rounds, an 81% jump from 2018.
- 2019 saw FinTech deals and funding spread to emerging and frontier markets. South America, Africa, Australia, and Southeast Asia (SEA) all saw funding top annual highs.
- There are 67 VC-backed FinTech unicorns worth a combined $252.6B (Figure I). 2019 saw a record of 24 unicorn births, 8 of which occurred in Q4'19.

Coronavirus has affected investments in FinTech (Figure II-III). Q1'20 only saw three new unicorns in the FinTech space.[iv]

Rise of Challenger Banks

Despite ongoing innovation and regulatory turmoil in financial services since the tech bubble and global financial crisis, traditional banks have primarily preserved their role in the business ecosystem. Today, there are still thousands of branch-based banks and credit unions in the U.S., and competition from new, online-focused firms has been limited. Recently, a new generation of well-funded firms has emerged in the form of "challenger banks." According to research by FT Partners, the challenger bank trend first appeared in Europe and is gaining traction in the U.S. as well as other regions of the world. Some of these firms are experiencing significant growth and investor appetite. Even though it is still a nascent segment within financial services, fund flows towards these upstarts are growing and increasingly popular among venture capital firms and private equity funds.

Rise of Challenger Banks (Cont.)

Firms like the UK based Revolut and Atom Bank provide more efficient platforms that offer lower transaction and service costs. Revolut operates in over 30 countries in Europe and Singapore, and its planning to expand to the US (with a new partnership deal with Mastercard). The US also has a large number of new challenger banks. Most notably, MoneyLion, Aspiration, SoFi, BankMobile, and SIMPLE.

BigPay is another challenger bank focused on working with Southeast Asia's underbanked population. It is the fastest growing and largest pure challenger bank in the region. Firms like KaKao bank in South Korea, WeBank in China, Nubank in Brazil, and Albo in Mexico are also trying to change the way people approach banking services and capture the underbanked.

Many investors believe that challenger banks will gain significant market share and become the primary financial institutions not only for the next generation but also for many mainstream consumers that view traditional banks unfavorably. In an age when consumers are becoming increasingly accustomed to easy-to-use, consumer-friendly apps, and when many consumers may no longer need to pick the bank physically closest to them, traditional banks are perceived as vulnerable to disruption.v

Traditional Banks Launching FinTech Brands

Some traditional financial institutions are responding by creating in-house FinTech brands in response to challenger banks. This is not a new phenomenon; in the late 1990s, ING launched its branchless ING Direct brand, and Bank One launched WingSpan Bank amidst competition from the first online banks, NetBank and Telebanc. In 2009, the firm GMAC transformed its banking subsidiary as the online-only Ally Bank, becoming one of the new generation of challenger banks. Most recently, Goldman Sachs launched Marcus as a separate brand offering online loans and savings accounts. In 2013, SunTrust began offering loans through its online consumer lending division, LightStream. Traditional financial institutions are likely to turn to technology to protect their market shares and reach new customers.vi

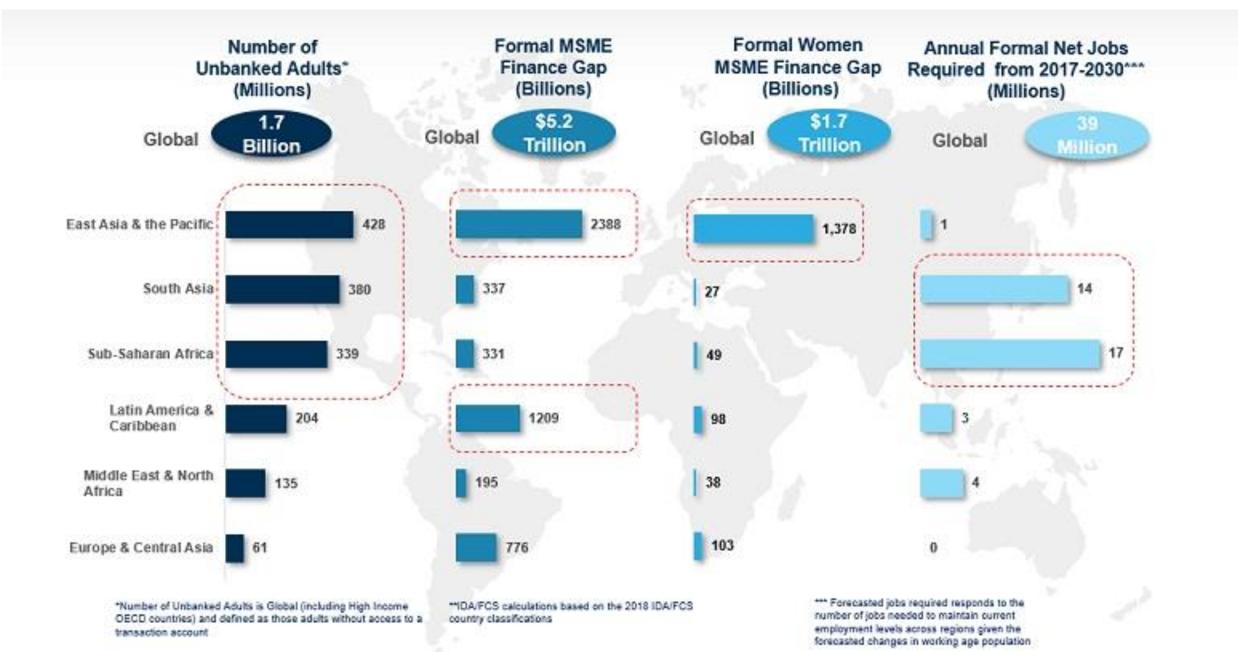
iv "Report: The State Of FinTech," CBInsights, Accessed on Jun 20, 2020, https://www.cbinsights.com/research/report/fintech-trends-q4-2019/

The Finance Gap

Credit access and financing options are necessary for achieving sustainable growth in the economy. The World Bank estimates that there are more than 2 billion individuals who lack financial access and an additional 1.7 billion individuals who are underserved by the financial service industry.[vii] Small and Medium Enterprises (SMEs) account for most businesses worldwide and are essential contributors to job creation and global economic development. According to data from The World Bank, they represent about 90% of companies and more than 50% of employment worldwide. Formal SMEs contribute up to 40% of national income (GDP) in emerging economies.[vii]

The International Finance Corporation (IFC) estimates that 65 million firms, or 40% of formal micro, small and medium enterprises (MSMEs) in developing countries, have an unmet financing need of $5.2 trillion every year, which is equivalent to 1.4 times the current level of the global MSME lending. East Asia and the Pacific accounts for the largest share (46%) of the total global finance gap and is followed by Latin America and the Caribbean (23%) and Europe and Central Asia (15%). The gap volume varies considerably from region to region. Latin America and the Caribbean and the Middle East and North Africa regions, in particular, have the highest proportion of the finance gap compared to potential demand, measured at 87% and 88%, respectively. About half of formal SMEs don't have access to formal credit. The financing gap is even more significant when micro and informal enterprises are taken into account.[vii]

According to data collected by the World Bank, access to credit is a critical constraint to reducing the poverty gap. Muhammad Yunus' pioneering works on microlending and microfinancing won him a Nobel Peace Prize. His seemingly simple idea of granting access to credit to those who would otherwise not qualify for traditional financing has helped millions out of poverty.



[viii] "World Bank infographics," *WorldBank*, Accessed on Jun 25, 2020, https://www.worldbank.org/content/dam/infographics/780xany/2019/oct/sme-unbanked-graph-780.jpg

Loan Marketplaces & Aggregators

Our study's primary goal is to identify key insights and best practices with loan aggregators and marketplaces. We wish to emphasize how these FinTech firms help people and businesses gain access to financial services and reduce the finance gap.

Description

According to an article published by the Washington Post in 2019 [ix], the rapid growth in personal loans in recent years has coincided with a FinTech explosion of apps and websites. These firms have created natural processes to obtain these loans that can be done from the comfort of one's living room. FinTech companies account for nearly 40 percent of personal loan balances, up from just 5 percent in 2013 in the U.S. In the consumer financing sector, there are two types of FinTech players, the p2p companies and loan aggregators. P2P companies provide customers with both personal wealth investment products and online loan applications. They are also open to institutional investors purchasing whole loans. Loan aggregators mostly compare personal loan and credit card products from their vendor list and later match and direct qualified borrowers to their partners, which are simple consumer referral services for finding lenders.

These companies provide mobile and online intuitive content tailored to their consumers. Their tools are easy to use and help consumers choose which option is most beneficial to them. They also help clients navigate the application process. By providing transparency, comparative rates, payment schedules, and loan calculators, consumers can apply for more suitable products with the lowest financing costs. These companies monetize their services by charging advertising fees to lenders and by charging referral or commission fees from successful applications sourced through their platforms. Both P2P companies and loan aggregators usually require borrowers to share some personal information, such as phone numbers, addresses, SSNs, etc. to recommend financial products and to check the borrowers' creditworthiness.

Traditional banks partner with Fintech companies to reach new markets and unbanked or underbanked, bring down costs, and enhance their service offerings. For FinTech companies, they are expanding services and products and retaining customers. For example, aggregators are providing insurance product comparison and utility payment and money transfers, etc. Some are building their AI and significant data capabilities to deliver technology services to banks and institutions. More real-time financial news and content is created and published aimed to retain users and increase user interaction and activity.

Generally speaking, this sector is mostly unregulated, but it seems unlikely to remain this way. Regulators will eventually issue new regulations to protect customers.

How do Loan Aggregators work?

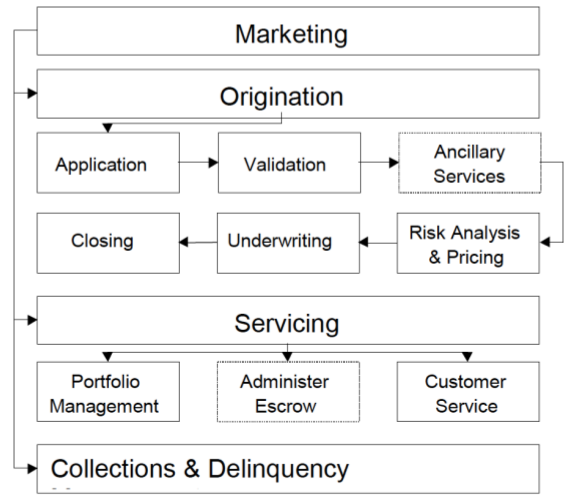
Loan aggregators and marketplaces use automation to speed and improve loan decisions in a changing market that includes product commoditization, increased competition, and increased convenience-driven consumers. The automation movement requires investments in loan origination technologies such as credit scoring and credit decision engines.

Gartner's research defines loan origination as the process of gathering and analyzing the appropriate client data to reach the loan decision. Of the stages in the life of a loan, the most critical point is the loan origination, as this is where lenders acquire the business. Lending-specific technology components such as credit scoring, decision-making, and underwriting tools can help clients navigate this stage. While lenders have automated pieces of the entire loan origination process, many are still depending on manual processes and time-consuming tasks. Furthermore, Gartner's research states that technologies such as information management technologies, communications technologies, and customer touchpoints are crucial to the full automation of the lending process.

Consumer Lending Overview

Across the financial services industry, competition for customer relationships is increasing. At the same time, consumer expectation for speed and convenience continues to drive the marketplace. As a result, financial services institutions rely on technology to acquire customers, improve their operations, and manage their customer relationships. While automation of routine financial transactions, such as withdrawing cash, has been a common and accepted activity within financial services, there are several complex business processes, such as loan origination, that have been more difficult to automate. Loan origination is not a simple function. Instead, it is a series of processes involving several different players.

According to Gartner's research, the life of the loan goes through three primary stages: 1) marketing, 2) origination, and 3) servicing. While technology has made it possible to automate much of the life of the loan, there are still several disconnects and manual processes required as the loan moves from marketing to the final payment stage.



Source: Gartner

Of the four stages, the most critical automation point is the loan origination, as this is where lenders acquire the business. Aside from the different processes within the loan origination cycle, there are various organizations and departments involved in the decision-making. Loan aggregators and marketplaces are becoming an essential part of the origination process

Regulatory Environment

				
Regulatory Body for Loan Marketplaces	Unregulated	Unregulated	Unregulated	Unregulated
Regulatory Body for Insurance Marketplaces	IRDAI	The National Association of Insurance Commissioners (NAIC)	China Banking and Insurance Regulatory Commission	Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA)
Cross Border Provision	Data localization requirements act as a barrier to foreign entities	Criticized for lagging behind other jurisdictions (UK, Singapore, Australia)	Foreign FinTech companies cannot set up operations without the appropriate business presence or approval from the Chinese regulator	Allows 'Passporting rights' consistent with the concept of a single EU-wide financial market
FinTech Innovation and Invention Protection	Limited Protection	Offers extensive intellectual property protection. Sets out a two-step test for patent eligibility	Computer software and programs are copyright protected	Provides copyright, database rights, and patents according to the business model
Regulatory Barriers to partnerships with traditional financial services providers	No	No	No	No
Data Protection	GDPR Laws	Gramm-Leach-Billey Act provides borrowers with privacy acts	GOPHD requires loan marketplaces to implement record filing procedures and coordinate with Chinese telecoms	Loan marketplaces in the UK are subject to data protection laws, including the UK's Data Protection Act 1988

Citations [x, xi, xii, xiii]

Co-operation Agreements

Regulators are establishing agreements with other jurisdictions. Since May 2016, 63 international bilateral co-operation agreements have been signed. These enable regulators to efficiently share information about financial services and innovative practices in their respective markets.

Most of these agreements enable native FinTech firms to scale internationally to other markets. Moreover, by creating a channel between the two parties, these agreements can help attract investors and human capital to their respective countries. As the FinTech sector evolves, new ways to foster innovation and growth emerge (Figure IV).

Case Studies

FinTech Aggregators *Comparative Analysis*

Current Funding

BankBazaar: $110 M (Amazon, Experian)
Rong 360: $225 M (SAIF Partners, Sequoia)
Toss: $116 M (GIC, Sequoia, PayPal)
Lending Tree: IPO 2017 ($3.7 billion market cap)
GoBear: $97 M (Walvis Participates, Aegon N.V)
MyMoneyMantra: $15 M (IFSD, Vaalon Capital)

Business/Revenue Model

BankBazaar: Commission-based Business Model on successful deals, Maintenance of white-label websites for banking clients

Rong 360: Fees charged from lenders per successful loan application, Fees charged from banks per successful credit card application or activation

Toss: Charges transaction fees, earns commission

Lending Tree: Generate matching fees, charge closing fees for successful transactions, lead generation fees for loans

GoBear: Charge providers per click, commission on successful deals

MyMoneyMantra: B2C & B2B2C Model. B2C: Commission earned from the financial partner for a successful transaction. B2B2C: Powering SMEs to allow their customers to get credit for items purchased by leveraging an API connect with MMM

Product Lines

BankBazaar: Personal Loan, Home Loan, Car Loan, Education Loan, Credit Cards, Mutual Funds

Rong360: Loans, Credit Cards, Wealth Management Services

Toss: P2P Money Transfer, Credit Score, Debit Card, Customized Loan & Insurance Recommendation

Lending Tree: Mortgage Loans, Reverse Mortgage, Insurance, Personal Loans, Credit Cards

GoBear: Insurance, Credit Cards, Loans, Savings Accounts, Fixed Deposit, P2P Lending

MyMoneyMantra: Personal Loans, Home Loans, Loans Against Property, Business Loans, Credit Cards, Insurance

Global Presence

BankBazaar: India, Singapore, Malaysia
Rong 360: China
Toss: Korea
Lending Tree: USA
GoBear: Hong Kong SAR, Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam
MyMoneyMantra: India

Competitive Advantage

BankBazaar: 7min Bank approval process

Rong360: Open Platform "jinrong" to connect with third parties

Toss: Top-level Security FinTech, aggregated multiple financial products in one app

Lending Tree: Established player and publicly traded firm with sustained daily active user growth

GoBear: Unbiased Search Engine, Presence in 7 countries

MyMoneyMantra: Scale and geographic presence ($1 billion of credit originated across 60 cities with 100 financial partners last year), delivering a "Phygital" journey to customers with a focus on probability of loan disbursement via data analytics

Strategies

BankBazaar: Paperless Banking, Greater Transparency, Ease of Verification

Rong360: Financial data service, Industry deep reports, Sentiment Monitoring, Corporations Risk Alerting

Toss: Seamless User Experience, Top-level Security FinTech

Lending Tree: Empowers borrowers by making lenders apply to them, Educate customers

GoBear: Unbiased Meta Search Engine, Users Review feature, "EasyApply" for Sentiment Monitoring

MyMoneyMantra: Transparency, Provide scale in a highly fragmented market via a roll-up strategy and predictive analytics to solve for positive client outcomes

Challenges

BankBazaar: Large Unbanked Population in India, International Expansion & Regulatory Hurdles, Targeting Unique Customers

Rong 360: Decreased Traffic and Financial Products, Intense Domestic Competition, Rising Operation Costs

Toss: Educating Unbanked population in Korea

Lending Tree: Privacy Issues

GoBear: Intense Global Competition, Smaller Sales Volume in Unbanked Countries

MyMoneyMantra: Regulatory Hurdles, Penetrating the unbanked population

Case Study: LendingTree

Overview

LendingTree Inc is a United States-based company that is principally engaged in operating an online loan marketplace. The marketplace functions as an online lending exchange, providing a marketplace that connects consumers with multiple lenders that compete for their business. LendingTree provides access to lenders offering mortgages and refinances loans, home equity loans/lines of credit, auto loans, personal loans, and credit cards. The company provides online tools and resources that help consumers find loans or other credit-based offerings tailored to their needs. These include mortgage loans, reverse mortgage, home equity, personal loans, auto loans, credit cards, student loans, small business loans, and other related offerings. The company offers consumers direct access to a broad range of lenders. The company generates match fees by matching consumers with lenders and closing fees from lenders on loans when a transaction is closed.

Launched in 1998 with headquarters in Charlotte, N.C., LendingTree also owns and operates LendingTree Loans sm, GetSmart.com, and HomeLoanCenter.com. The creation of LendingTree was a win-win solution for borrowers and lenders. “When we launched the site in 1998, we were able to empower consumers with choice and value,” Doug Lebda (Founder & CEO) says. “And lenders could target consumers whose needs they were best prepared to meet.”

In 2003, LendingTree, LLC, caught the eye of media mogul Barry Diller and was acquired by his company IAC/InterActiveCorp that May. As a result, LendingTree, LLC joined several great businesses also recognized as leaders in their industries, including Ticketmaster, Ask.com, Home Shopping Network (HSN), and Match.com.

After a few years, LendingTree spun-off from IAC in 2008 to join newly established Tree.com, Inc., which included a portfolio of various financial matchmaking services the company could offer consumers (NASDAQ: TREE). In 2014, Tree.com rebranded itself back under its LendingTree flagship name with its multi-product loan matching services under the LendingTree brand.

Business Model

LendingTree figured out how to make the process less cumbersome for consumers. LendingTree uses Web-based technology to link networks of mortgage providers to give consumers more choices and improve the competitiveness of offers. It sends requests to its network of lenders, who return bids. Consumers can also use the service to choose from a list of mortgages, credit cards, home-equity, auto, and personal loans. LendingTree’s model empowers borrowers by making lenders apply to them, rather than making the borrowers apply.

Participating lenders pay transaction fees to LendingTree. Consumers do not pay a service fee. From 1998 through 2001, LendingTree processed more than five million credit requests and generated $10 billion in transaction volume. This model allows LendingTree to charge referral fees and signup fees to make the service free for clients. LendingTree does not charge markups nor fees from clients. Processing fees, closing costs, and other fees are not included as part of LendingTree’s services.

Financials

2019 Consolidated Results:

- Consolidated revenue of $255.2 million; up 26% over 4Q 2018
- GAAP net income from continuing operations of $1.5 million or $0.10 per diluted share
- Variable marketing margin of $93.8 million; up 19% over 4Q 2018
- Adjusted EBITDA of $45.9 million; up 17% over 4Q 2018
- Adjusted net income per share of $1.12 [xiv]

Fourth Quarter 2019 Business Highlights:

- Insurance revenue of $70.9 million grew 37% over the fourth quarter 2018 on a pro forma basis and translated into an insurance segment profit of $28.0 million.
- Home segment profit of $26.9 million grew 25% over the fourth quarter of 2018.
- Within home mortgage product revenue grew 16% over the prior-year period.
- Consumer segment revenue of $113.4 million grew 15% over the fourth quarter of 2018, driven by strong revenue growth in credit card and small business.
- Within consumer, credit card revenue of $45.9 million grew 20% year-over-year.
- Personal loan revenue of $35.2 million grew 5% year-over-year.
- Small business revenue grew 61% year-over-year.
- More than 14.3 million consumers have now signed up for My LendingTree. Revenue contribution from My LendingTree of $20.1 million was up 29% year-over-year. The average monthly active users grew 27% over the fourth quarter of 2018.[xv]

Strategy

A lead-generation organization, or "metamediary," of which LendingTree is an example, has two customer groups:

- *Buyers looking for a service*
- *Sellers or agents are willing to provide that service.*

Further, the lead-generation business model has two key attributes:

- *Buyers receive the service (not just content) for free.*
- *Sellers pay only for leads that can be measured and valued.*

A lead-generation organization simply facilitates communications between buyers and sellers—creates a marketplace—by providing free information and ancillary services without becoming involved in the actual transactions that transpire between the parties. Inherent in that model is the collection of valuable consumer data. And there's money to be made selling that personal information—mainly when consumers give it to you willingly and for free.

LendingTree receives referral fees for each closed loan on LendingTree.com and a percentage of the agent commission from each completed home purchase or sale generated on the RealEstate.com site. LendingTree also receives a small lead-generation fee from its lender partners each time the lenders receive a loan application generated by the LendingTree.com site. The real-estate professionals do not pay for leads, per se.

LendingTree has facilitated nearly $87.7 billion in closed loans and real estate transactions for some 100+ million consumers; the site receives more than 70,000 completed qualification forms per month. About one percent of all U.S. mortgages in 2004 was arranged through their platform. LendingTree's lender network has over 312 members.[xvi]

Product Lines:

Type of Loan	Loan Amount	Loan Term	Collateral Required
Personal Loans	$1,000 to $50,000	1 to 10 years	No
Auto Loans	Varies by lender	12 to 72 months	Yes
Small Business Loans	Varies by lender	Varies by lender	Depends on the loan
Student Loans	Varies by lender	Varies by lender	No
Credit Cards	Varies	Ongoing	Depends on the card
Home Mortgages & Refinancing	Up to $424,100	15 or 30 years	Yes

Educating and Serving the Client

More and more loans are sourced from the Internet, LendingTree (and companies that followed its lead) has, if nothing else, removed much of the mystery from the financing and refinancing exercise and, to a great extent, given consumers power in those transactions. In tune with the philosophy of clothing store discounter Sy Syms—who used to say, "An educated consumer is our best consumer!"—the tools and services available on LendingTree have paved the way for consumers to become much more educated about interest rates, loan options, credit, and managing finances in general.

Beyond the educational aspect, though, LendingTree has tailored the loan-finding process to the individual's requirements and created competition for their business. Based on the details—about themselves and what they're looking for—that consumers include on their applications, they get offers from multiple lenders, within hours or even minutes, with specific rates that reflect their needs.

As both a consumer advocate and a client service, LendingTree engages in many electronic communication activities, such as email reminders of uncompleted applications or transactions, email notifications when new listings come on the market (HouseWatchsm), phone contacts, online and offline communications.

LendingTree also has a 150-seat Customer Care Center at its Charlotte, N.C., campus. Each month, the call center—a single point of contact for both LendingTree and RealEstate.com—handles 60,000 inbound calls, 22,000 emails, and 5,500 chats to answer questions and track progress with consumers and partners alike. All of those efforts combine high-tech with high-touch service delivery to fulfill the customer's needs, extend the relationship between borrower and lender, and, in turn, advance LendingTree's user base and brand recognition.

Challenges

The U.S. market is incredibly competitive, and more FinTech firms enter the market every day. If LendingTree wishes to remain competitive and cement its status as a market leader, it must continuously invest in new technologies, develop better user experiences, and provide innovative services. LendingTree has a clear advantage because they manage terabytes of data collected over decades, and they've fostered strong relationships with partners. But it must continue these practices to remain relevant and up-to-date to its customers.

Additionally, privacy issues, of course, must be top of mind in any financial transaction. LendingTree exchanges consumer personal information only with the lenders that need that information to make loan offers. Links appear on every webpage and at every decision point, ensuring that the consumer is aware of what data is collected and how that information is used and stored.

Case Study: MyMoneyMantra

Overview

MyMoneyMantra (MMM) is a personal finance marketplace. MMM originates retail financial products like credit cards, personal loans, home loans, loans against property, lease rental discounting, SME/MSME Loans, etc. Founded in 1989 by Raj Khosla, MMM collaborates with financial institutions to originate various products, such as secured and unsecured loans, credit cards, and mortgages, through its online and physical distribution network.

MyMoneyMantra began its journey in 1989 as a financial services provider with just one employee on board and one product, i.e., Two-Wheeler Finance. In the year 1991, they began originating Mortgage Loans (Home Loan and Loan Against Property), and in 1993, Credit Cards came into the picture. Currently, they are one of India’s largest financial services distributors and offer financial products of leading banks and NBFCs (Non-Banking Financial Companies).

The business began operating exclusively with just one banking partner, Citibank. By 2008, they adapted to an open architecture, and today they have 100+ leading banks and NBFCs as their partners. In 2009, they reached 1,000 crores ($219mm – I used the average USD INR FX rate from March-2008 to March-2009 of 45.7) of annual loan disbursal. In 2016, MyMoneyMantra launched its online lending platform www.mymoneymantra.com. Now, customers conveniently apply for Credit Cards, secured and unsecured loans, and many other financial products online. By 2018, they grew disbursals by a factor of five, to 5,000 crores ($776mm – I used the average USD INR FX rate from March-2017 to March-2018 of 64.4).

MyMoneyMantra already has a team of 2,000+ employees and has facilitated successful disbursals for over 4 million customers across 50+ cities, working with more than 100 banks and non-bank lenders to help customers secure loans and credit card deals. They provide doorstep service, a full understanding of their partner’s products, and a wide choice to their customers. They have many financial experts who are available round the clock to assist customers with documentation and other formalities concerning the entire application process. However, the final credit approval process is managed directly by financial institutions.[xvii]

Latest Funding Round & Valuation

In 2019, MyMoneyMantra announced that it had raised $15 million (INR 106 crore) in funding from Dutch-based IFSD and private equity firm Vaalon Capital. The company said it would use the funding to enhance its “phygital” distribution capabilities.

“This investment is a fantastic endorsement from an international partner and comes at an opportune time, as we are eager to capture an even larger share of the fast-growing and huge Indian consumer market,” said Founder and Managing Director Raj Khosla in a statement. “Partnering with an experienced investor will help drive our “phygital” (physical and digital presence) delivery capabilities, connecting with our customers and financial partners on their terms.”

In the financial year that ended in March 2019, the company reported that it had made $19.6 million in revenue. TechCrunch reported that a source revealed this round of funding valued MyMoneyMantra at $50 million.[xviii] Representatives at MMM disclosed to our research team that the full year 2020 revenues would be approximately $24 million, with around 22% growth from 2019.

“We will use the funding to strengthen our data analytics team, migrate our data to Amazon Web Services, develop our website and strengthen our digital marketing team,” he added. “It would also be used to further our pan-India reach and deepen existing financial partner relationships with banks, NBFCs, and insurance companies.” [xix]

Business Model

MyMoneyMantra operates as a financial services marketplace facilitating fast and easy Loans and Credit Cards to consumers. They self-describe as a: *"family of more than 40 Lakhs happy customers, 100+ RBI recognized banks, NBFCs & financial institutions, and 2500+ relationship managers."* [xx]

The core business model is delivering a successful outcome for the customer (i.e., disbursal of loan, issuance of credit card, etc.). Engagement with the customer is performed on the customer's terms; some might want an end-to-end service ("High Touch), while others may require a straight-through digital experience ("Low Touch"). MMM relies on strong domain knowledge and a robust database to recommend the best options to the customers. The firm has strong relationships with traditional banks (due to 30 years in existence). MMM has different revenue streams, a B2C model where they receive a commission on every loan disbursed, and a B2B2C model, tying up with several SMEs to provide credit to the end consumer for the purchase. MMM negotiates individually with all vendors and providers on their site; percentages and access to the marketplace depend on the size and volume of the service provider.

Most Popular Products

Personal Loans: for a wedding, home improvement, travel, emergency, salaried, and self-employed individuals. (The list is indicative. Personal loans are all-purpose loans; you can borrow for all legal reasons.)
Home Loans: for purchase and construction of a residential plot or property, including the flat/ apartment.
Loan Against Property**:** for business activities, equipment financing, education, or other.

Credit Cards: for Rewards, Shopping, Travel, Corporate, etc.
Business Loans: for a startup, business expansion, infusing working capital or inventory, equipment financing. [xxi]

Strategy

MyMoneyMantra believes in transparency and online listing of all products, requirements. The firm utilizes various tools to capture clients and promote its services. All-in-all, the firm employs a client acquisition engine, database-driven calling teams, and a sales and relationship management team.

The firm also utilizes a connector strategy. Meaning they develop relationships with referral partners, wealth managers, e-commerce platforms, brokers, etc., to serve individual client needs. Additionally, the firm invests in traditional and online marketing (50 basis point conversion rate on online marketing). They also boast that organic online traffic is stable. Online conversion rates are, on average, 4-22% (depending on the product lines).

MyMoneyMantra utilizes an assisted sales model. First, the client is guided through all the steps of the process. During these steps, the assisted form-filling process captures the client's information and identifies the primary need. After the client's need is identified, and the proper data is analyzed, the client is either given a straight-through digital journey or matched with a relationship advisor, depending on the client's preference.

Given the volume originated by MMM, they get to see a continuous feedback loop on what banks are approving. The strength of the recommendation engine is core to its strategy. Product experts can help customers compare various product options to ensure the clients achieve their goals/objectives. MyMoneyMantra is renowned for its ethical practices and timely payments to vendors. Timeliness and strong work ethics are crucial in markers such as India. Finally, MyMoneyMantra emphasizes that getting to the desired outcome of the customer is the main reason behind their success.

Regulatory Hurdles

Even though online lender marketplaces (credit-related products on the asset side) are unregulated in India, MyMoneyMantra has had to obtain other licenses to operate outside credit-related products.

NBFC non-banking side license: A Non-Banking Financial Company (NBFC) is a company registered under the Companies Act that is engaged in loans and advances, receiving deposits (some NBFCs only), acquisition of stocks or shares, leasing, hire-purchase, insurance business, chit business. Therefore, NBFCs lend, and some take deposits similar to banks; however, there are a few differences: NBFC cannot accept demand deposits, NBFCs cannot issue cheques drawn on itself, and depositors are not covered by the Deposit Insurance and Credit Guarantee Corporation.

Competitive landscape

According to a 2019 joint report by ICICI Bank and Crisil, the total size of retail loan books of Indian lenders is expected to double to ₹96 trillion (US$ 1.28 trillion) over the next five years. The overall size of retail loan books stood at ₹22 trillion (US$ 364 billion) in FY14 and ₹48 trillion in FY19 (US$ 687 billion) – all fx rates used are the average for that respective financial year, 60.4 and 69.8 for FY 14 and FY 19 respectively. [xxii]

The gross premium collected by life insurance companies in India increased from Rs 2.56 trillion (US$ 39.7 billion) in FY12 to Rs 7.31 trillion (US$ 94.7 billion) in FY20. During FY12–FY20, life insurance premiums from new business in India increased at a CAGR of 15 percent to reach Rs 2.13 trillion (US$ 37 billion) in FY20. Overall, insurance penetration (premiums as a percent of GDP) in India reached 3.69 percent in 2017 from 2.71 percent in 2001.

The market share of private sector companies in the non-life insurance market rose from 15 percent in FY04 to 56 percent in FY21 (until April 2020). In the life insurance segment, private players had a market share of 31.3 percent in new business in FY20.[xxiii]

MyMoneyMantra has two types of competitors:

- Online marketplaces and loan distribution sites such as BankBazaar, Paisabazaar (PolicyBazar), plus an additional 160 Indian firms in this space.
- The second type of competitor involves traditional banking sales teams of banks and direct sales agents (DSA), such as Andromeda Loans.

Challenges

MyMoneyMantra has several immediate goals it wants to achieve. First, the firm intends to strengthen its presence in tier 2-4 cities: Tier 1 cities (New Delhi, Mumbai, etc.) have a saturated and almost commoditized online loan comparison market. MyMoneyMantra is investing in underbanked towns since there is a much larger TAM (total addressable market) compared to tier 1 cities. The primary purpose of this is to be able to originate contracts instead of relying on external partners.

MyMoneyMantra has to scale this interaction with minimal human intervention but keeping in mind that some people require personal assistance. The firm takes all this into account during its product development cycle. They aim to meet every possible desired outcome for all customers.

Challenges (Cont.)

The company is currently working on several projects to help achieve its long-term goals

- MMM is investing in strengthening its Recommendation Engine to assist customers in selecting the right product/lender.
- Data analysis projects geared toward streamlining product matching and CRM.
- Salesforce automation and mobile CRM.
- Data security and remote work access (tech-enabled).
- Foster partnerships with other vendors such as e-commerce sites, travel agencies, and retailers, powering their sales with convenient EMI solutions.

Covid-19 impact

- Banks and FIs were forced to digitize their processes and platforms. Traditional banks have developed APIs and are actively sharing them with firms such as MyMoneyMantra.
- Current risk uncertainty has impacted more unsecured lending than secured products.
- Downsizing has affected fresh business originations.
- Insurance cross-selling has been positive
- Technology helps vendors manage the crisis, insurance companies and banks have acknowledged the need for more automation. But this requires time, capital investments, and regulatory bodies to amend existing policies.

Best Practices

Financial literacy is extremely important for a nation's growth. Keeping its ESG goals in mind, MyMoneyMantra has developed free online financial tools for credit consumers.

Form-Filling Assistance and Assisted Sales: As soon as a customer begins the online process, they are directed to a customer sales representative. Currently, MyMoneyMantra is investing in strengthening its recommendation engine to tell customers which products have the highest probability of approval (based on the client's information.)

EMI Calculator: Before applying for the loan, a customer can instantly evaluate their potential EMI liability by filling in the prospective loan amount, interest rate, and tenure in MyMoneyMantra EMI Calculator. The feature will share Loan EMI, Total Interest Payable, and Total Repayment Amount.

Balance Transfer Calculator: With MyMoneyMantra Balance Transfer Calculator, it takes just one click to analyze the balance transfer offer by the new lender.

Pre-payment Amount Calculator: The MyMoneyMantra Prepayment Calculator conveniently calculates the benefits and implications of prepaying a loan. It estimates the loan balance, pre-payment penalty, and pre-payment to be made.

How soon can I pay off my loan: To ease your repayment decisions, MyMoneyMantra has developed this unique tool. It advises you to make loan paydown decisions.

Sales team follow-up: Text/email option for incomplete applications.

Smart Partnership Agreements and focus on under-banked cities [xxiv]

Case Study: BankBazaar

Overview

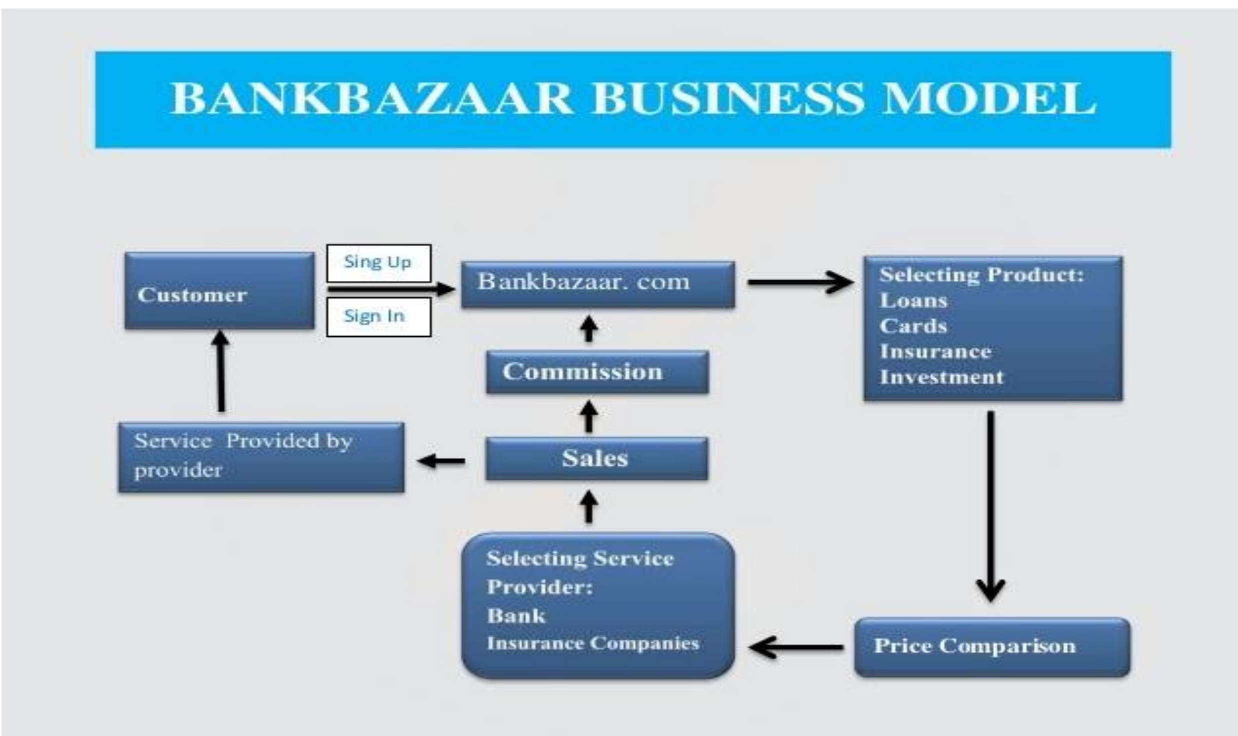
BankBazaar.com is the No. 1 marketplace in India for financial products. It gives consumers access to customized rate quotes on loans, credit cards, or personal products such as insurance policies, bank loans, and credit card offers. They offer their services through web and mobile platforms. Consumers can search for offers, compare, and customize products to suit their needs. With multiple product offerings from numerous banks, customers can compare offers and check their eligibility within minutes. BankBazaar's revenue comes from applications-based commission from banks. They do not charge commissions to customers.

BankBazaar was founded by Adhil Shetty, Arjun Shetty, and Rati Shetty, and it entered the market in 2008 in the city of Chennai.

BankBazaar raised approximately 110 million dollars in four different rounds of funding from 5 different investors. In 2015, BankBazaar raised 60 million dollars from existing investors and some new investors like Amazon, Eight Roads Ventures, Mousse Partners, Walden International, and Sequoia Capital in Series C Funding. In 2017, BankBazaar raised 30 million dollars from Experian in Series D Funding.

Business Model

BankBazaar provides a free service for its users. It made the whole process of applying for loans hassle-free. Customers just have to choose a financial product, apply for a financial product, and get approval. This process takes 7 minutes instead of days. BankBazaar's revenue model is to get the commission from banks against the lead generation through their platforms. xxv



xxii Kabir, Md. Reajul. "Presentation on Bankbazaar," November 1, 2016. https://www.slideshare.net/reajulkabir7/presentation-on-bankbazaar.

Revenue Streams

BankBazaar reported approximately $11 million in annual revenue.[xxvi] It operates under a commission-based business model, primarily generating revenue through commissions paid by its lending partners on every product sale. The company's home and personal loan products are its most significant revenue generators. BankBazaar does not charge fees to its customers and does not monetize customer information, a typical revenue stream for online financial intermediaries.

BankBazaar also generates revenue through the maintenance of white-label websites for banking clients, the operation of the online platform (under the customer's branding) selling personal financial products. It is unclear whether this remains a significant revenue stream, considering the expansion of the company's core business operations.[xxvii]

Strategies

Paperless Banking

Paperless Banking makes banking transactions easier for people and reduces costs and transaction times. Paperwork used to be critical to most banking services, and it was both cumbersome, error-prone, and time-consuming. Paperless applications prevent fraud and increase efficiency. Going paperless promotes transparency and simplifies processes. [xxviii]

Greater Transparency

BankBazaar ensures seamless interaction between lenders and borrowers. It provides a feasible alternative to those who would otherwise seek financing from local moneylenders (loan sharks) with interest rates as high as 36 percent per annum, along with unfair or unethical terms and conditions. BankBazaar ensures customer protection, fair products, and competitive rates.

Ease of Verification

The paperless initiative spearheaded by BankBazaar promises banking partners a smooth loan approval process with the added benefit of document verification and suitability screening. The document verification process authenticates sources via a centralized repository, such as Aadhaar. [xxix]

Marketing Strategies

BankBazaar relies more on its online presence, rather than traditional print ads. Thus, the company mainly advertises on social media platforms, such as Facebook, directly targeting customers while providing engaging content. Currently, BankBazaar's Facebook page has more than 6.3 lakh fans, while its Twitter profile has 11.8K followers. Additionally, BankBazaar's LinkedIn page has 17.8K followers. [xxvii]

Key Partnerships

BankBazaar's key partners are banking institutions, personal finance providers, and lenders across India. The company promotes on its website that it has more than 50 partners across the country, including SBI, India's largest bank, IndusInd Bank, HDFC Bank, Standard Chartered, and CitiBank.

The company most recently added YES Bank as a new banking partner to its network. In addition to traditional banking partners, BankBazaar also agreed to tie-ups with insurance providers in India, such as Bajaj Allianz, Aegon Religare, L&T, Bharti Axa, Apollo Munich, and Iffco Tokio.

Challenges

Unbanked population

Poor infrastructure, limited internet connectivity, and low literacy levels are some of the main barriers to accessing financial services. This is why such a vast segment Indian population (48 percent) does not have bank accounts. Having a bank account is one of the basic requirements for conducting online applications and transactions. Even if people have bank accounts, they still face several other barriers that make the application process hard. This is why people tend to prefer cash transactions rather than going online. Financial literacy is another crucial problem that requires attention and prompt creative solutions. [xxviii]

International Expansion

As BankBazaar expands into new regions, it needs to manage the unique characteristics and regulatory requirements of each market. BankBazaar will also face harsher terms; it may experience reduced margins when negotiating with partners abroad, plus increased competition due to local players. [xxix]

Targeting unique customers

Having established a strong user base in Tier 1 cities of India, BankBazaar will face new challenges when it tries to gain market share in Tier 2, Tier 3, and Tier 4. Since BankBazaar relies entirely on online marketing to acquire and educate a new customer, people in these cities might not have the infrastructure or sufficient knowledge to access these platforms. BankBazaar's biggest competitor MyMoneyMantra uses both organic and in-organic modes of marketing to acquire unique customers. Additionally, MyMoneyMantra utilizes various referral partners throughout India to generate new leads.

Case Study: GoBear

Overview

GoBear is Asia's leading financial services platform. The firm's mission is to improve its customers' financial health. It empowers consumers with the know-how, tools, and competitive financial products that meet their needs. GoBear's financial services platform is comprised of an online financial supermarket, digital insurance brokerage, and digital lending. To date, they have served over 55 million users with over 2,000 personal financial products on offer.

Founded in Singapore in early 2015, GoBear now operates in 7 markets: Hong Kong SAR, Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam. As a FinTech leader, GoBear brings innovative solutions that address crucial local needs. Their data collection practice and data analytics (which include consumer behavior and digital footprints) gives them critical insights. With this information, they can better assess the clients' suitability, risk profiles, identify market gaps, and cements partner relationships, which result in the joint development of better financial products.

During the last three months, its digital insurance brokerage segment saw a 52 percent increase in average transaction value. The company also launched "Go Travel," a white-label travel insurance product, developed with Chubb and "Travel Buddy" in partnership with Allianz. GoBear reinforced its digital lending business with the acquisition of AsiaKredit, a leading end-to-end digital consumer lender, and has registered a 50% year-on-year revenue growth from loan products.[xxxiii]

Business Model

GoBear is a meta-search engine for consumer financial products such as travel insurance, car insurance, and credit cards. GoBear offers unbiased and transparent insight helping the user choose the product that fits their needs. After users select a suitable product, they are directed to the provider's buy page. GoBear provides the user with search functionality and recommends the best alternative to serve the clients' immediate needs. GoBear is free for its users and charges a per-click fee to its partners and services providers.

GoBear's business model has proven to be resilient despite hurdles like the COVID-19 pandemic. Its financial services platform has maintained positive margins since the end of 2019. Its insurance and lending verticals have also shown positive growth.

Latest Funding Round & Valuation

In 2020, GoBear announced that it had raised a $17 million Series C from returning investors Walvis Participaties, a Dutch venture capital firm, and Aegon N.V., a life insurance and asset management provider. The funding brings GoBear's total funding so far to $97 million. It will use the funds to expand its consumer financial services platform, available in seven Asian markets: Hong Kong, Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam.

GoBear states that this latest funding round will foster new partnerships with banks and other financial institutions. The fresh injection of funds would accelerate the firm's transformation into a "full-fledged" financial services platform. Also, a significant portion of the firm's digital business transformation was completed last year.[xxxiv]

Strategies

Unbiased Friend for Customers

GoBear's unique proposition is its unbiased platform. GoBear's user-oriented user interface neither aggregates nor pushes products. GoBear simply offers consumers a free and transparent comparison process based on their financial needs. This comparison is not influenced by service providers nor advertising. GoBear does not accept rebates or kickbacks or other incentives from partners or vendors, which results in a user-friendly and transparent experience that saves consumers time and money. [xxxv]

User Reviews Feature

GoBear uses its data analytics tools to co-develop products with their providers according to the needs of the market. It lets users publish reviews, and these can drive changes in the way that banks and insurers market and develop products and services. [xxxvi]

AsiaKredit's Acquisition to Serve the Unbanked and Underbanked

GoBear has announced the acquisition of end-to-end digital consumer lender AsiaKredit to expand its business and regional reach. AsiaKredit provides consumer finance products to underserved consumers in the Philippines. Through its flagship mobile app pera247, the company has processed over one million loan applications via fast and convenient lines of credit not provided by traditional banks. With robust risk management and automation, credit assessment decisions take place in a matter of minutes and time to cash disbursements in hours, bringing AsiaKredit more than 100 times growth in loans disbursed in the last two years.[xxxvii]

The acquisition will see GoBear improve financial inclusion by introducing lending as a service to its network of more than 100 partners. AsiaKredit also educates the customers on responsible financial management – bringing them into the formal banking sector and economy and thus improving their standard of living.[xxxviii]

Challenges

GoBear has not been able to match Asia's biggest competitor PolicyBazaar in size. PolicyBazaar is an Indian company focused on domestic insurance policies: it has over six 6 million customers and annual revenues of $61 million, compared to $1.2 million for GoBear.

The two biggest markets are Hong Kong and Singapore: wealthy cities with small populations. In these markets, consumers may be already tied to traditional brick-and-mortar in-person relationships. The companies operate in five other countries, but their activities in emerging markets are focused on education and awareness. They eventually aim to penetrate these underbanked populations with a first-mover advantage. [xxxix]

Case Study: Rong360

Overview & Strategy

Rong360 was established in 2011. The firm finished a Series D funding round before its IPO listing on the New York Stock Exchange in 2017. Its founders are all experienced commercial bankers from Shanghai.

The company is a provider of a financial service and recommendation platform designed to provide users with a simple loan experience. The company's platform connects users and financial service providers, enabling users to search and compare loan products from various banks and lending agencies. The firm also has a matching and recommendation service for financial products. It also created a financial education course with interactive and comprehensive content. Rong360 also publishes industry reports and provides vendors and partners with risk management solutions during the application process. The firm's primary revenue streams are fees from loan and credit card applications, and fees from advertising and marketing services.

Rong360 utilizes big data analysis, artificial intelligence, and machine learning to service, support, and develop its products and services. Rong 360 allows users to make direct contact with bank business personnel while building a comprehensive direct selling platform for financing and loan products. [xl]

Business Model

Rong360 charges lenders and banks a fee per successful loan or credit card application. Online traffic volume is critical to Rong360's revenue generation process, given that recommendation revenue for loans and credit cards take up more than 80% of its total revenue. Rong360 disclosed that most of its platform traffic is from third parties or channels. Its high sales and marketing expense confirm that. Rong360 is actively trying to increase its conversion rate by investing in seamless user interfaces and recommendation engines powered by machine learning, thus reducing customer acquisition costs.

Rong360 also provides four primary services to its institutional clients. First, financial data analytics. Rong360 analyses mortgage rates, bank deposit data, certificates of deposit (CD), and P2P data. Institutions can subscribe to the databank search and analytics service. The firm also provides APIs (application program interfaces) to the data. Second, Rong360 publishes industry reports. These reports can be standard or customized, depending on the client's needs.

Additionally, Rong360 offers a service called "sentiment monitoring." By collecting and analyzing massive amounts of data online, the company can perform more accurate risk assessments and alert services. Finally, Rong360 offers a service called "company risk alerts." This service mainly focuses on providing risk assessment to the client's loan book and credit customers.

Using a revenue break down, we can identify that the core business revolves around loan and credit card products. The loan business was launched online in 2012, followed by credit cards in 2013. In 2015, Rong360 began offering services geared towards institutions. This data-heavy approach to services and product development requires the accumulation of massive amounts of data and a reliable IT infrastructure. Rong360 has developed this after years of R&D investments. [xli]

Partnerships

Rong360's online traffic heavily relies on third parties or channels. That being said, it is building an open platform, called "jinrong," which allows developers, firms, and We media to connect and participate in it. For example, Rong360 can distribute mortgage-related loan products to real estate related websites to capture potential mortgage loan applicants.

In 2015, Rong360 partnered with eight Chinese commercial credit bureaus, including Ant and Tencent's credit bureaus.[xxxix] They've accumulated data from users and created comprehensive virtual profiles by analyzing data points like online purchase activities. These partnerships increased the conversion rate of loan or credit card application and built its risk management capabilities.

Rong360 has built relationships with more than 2000 partners, mostly lenders or financial product providers (including traditional banks, customers financial firms, and P2P). Rong360 lists hundreds of thousands of financial products cleverly match them with client needs.

Challenges

Dramatically decreased traffic and financial products available

After March 2019, Chinese regulators rolled out tighter regulations. Some of these include specific permits to operate as a P2P and new, more stringent requirements for third-party partners working with banks. After the new rules were announced, firms had reported a reduced number of available financial products and applicants. Rong360 reported a 30% drop in revenues on its latest financial report.

Intense competition

In China, the market for loan aggregators and marketplaces is saturated. There are thousands of companies operating in this sector, with new firms entering the market every month. Most P2P companies offer similar services to those that Rong360 offers. This is Rong360's primary challenge to maintain its position as a market leader.

Rising operational costs and reduced margins

Two critical components driving low margins are the costs associated with acquiring customers and investments in R&D. Competition for online traffic in China is intense and continuously increasing. Rong360 has reported a continuous rise in both marketing and sales-related costs. The average salary for engineers has risen over the last five years, which also adds pressure to the firm's margins. [xlii]

Case Study: Toss

Overview

Toss offers a revolutionary peer-to-peer money transfer app in South Korea. This application simplified the cumbersome process behind money transfers. Koreans, on average, have more than five bank accounts, and they carry more than three credit cards; having a platform like Toss simplifies managing all these accounts. "Toss's mission is to resolve the inconveniences in Korean finance. We design services that are simple, logical, and intuitive to use, without compromising security," [xliii]

Toss's founder, Seung-gun Lee, had been a practicing dentist before becoming an entrepreneur. Lee worked on eight different startup ideas, all mobile services companies that unfortunately did not succeed.[xlii] Lee founded Toss in 2013, and in 2015 it launched its transfer app. Toss later became South Korea's first FinTech unicorn, reaching a $1 billion valuation in 2018. Toss's institutional investors include Altos Ventures, PayPal, Sequoia China fund, and Singapore's foreign wealth fund GIC. In August 2019, Toss reached a $2.2 billion valuation.

Toss is an industry leader, with over a third of Koreans actively using the platform and over 8 million registered users in 2018. Recently, Toss has expanded its services to bank account management, online payments, credit management (including a credit score dashboard), loan aggregator, credit card comparisons, savings accounts, and real estate investments.[xliv]

In April 2020, Toss broke even for the first time since its inception. April sales reached 11.4 million dollars. Toss processed about 9% of South Korea's online money transfers in 2019.

Strategy & Business Model

The company offers peer-to-peer money transfers, manage credit scores and bank accounts, access loans, and insurance plans, a split bill option, QR payments, and other similar services. The app enables users to access a wide variety of financial services quickly and securely. Toss's strategy initially focused on serving the Korean market. Over 40 percent of Toss's current users are in their 20s. The platform shows growing popularity among the tech-savvy younger demographic.

In 2019, Toss launched a "Toss Card" for both offline and online users. The card connects to users to their respective Toss accounts and traditional bank accounts in the Toss platform. The card eliminates the need to carry multiple cards. It also offers free cash withdrawals from ATMs at Korea's convenience stores.

In February of 2020, Toss raised another $200 million in a later stage VC Series F round to expand in online banking and brokerage services. After its latest funding rounds, Toss has rolled out a plan for international expansion. Toss has also hinted that they intend to go public over the next two to three years. Toss is planning to IPO with listings in South Korea, Hong Kong, the U.S.

Toss's long-term plan is to aggregate most FinTech services under a single platform. This "super app" would include similar products and services offered by FinTech companies such as PayPal, Affirm, Robinhood, and Credit Karma. This plan includes new brokerage services and direct loans to small businesses and consumers with competitive rates (between 5% and 15%).

In 2019 the Korean government adopted an open banking system that effectively reduced commission payments to banks by 1/3. To take advantage of this opportunity, Toss is developing a fully online bank with an expected launch date of July 2021. South Korean regulators have pre-approved Toss's application and permits.

International Expansion

Toss began its international expansion with plans to enter the more significant Southeast Asian market. Toss intends to position itself to capture a large portion of the 650 million consumers in this market.

Initially, Toss will launch its platform in Vietnam, since half of its 92 million residents are between 18 and 40 years old and are tech-savvy. Also, the Vietnamese market does not have a dominant FinTech firm.

To cement itself in these new markets and capture a more massive userbase, Toss is planning to integrate horizontally. They are actively planning to acquire local competitors in different industries, such as insurtech.[xlv]

Partnerships and Regulations

When Toss began operating in 2013, regulators did not understand the firm's P2P money transfer platform, and they revoked the company's license. Lee and his small team went through a prolonged period of negotiations with the regulators. In the end, Toss reached an agreement with regulators and partnered with Korea's 19 banks and integrate them into a new FinTech platform. Toss created and led a consortium, emulating a "European-style challenger bank." Toss prioritized customer experience and fostered innovation through a startup culture with creative product planning. Toss continues to manage its consortium and has added more partners to the mix.

Current partnerships include e-commerce platform Cafe24, online fashion store Musinsa, real estate app Zigbang. Only Shinhan Financial Group, a prominent traditional banking group in South Korea, dropped out of the internet-only bank consortium last year. [xlvi]

Last December, regulators accepted the consortium's application for a new online banking license after adjusting the ownership structure and fundraising plans.[xlvii] With this critical approval, the online Toss Bank will offer a suite of banking services. In South Korea, there are only two online banks in the space, but neither offers such a broad suite of services as Toss intends to do.

Competitive Advantages

Even though Toss operates over several verticals, we included the firm as part of our research because we feel that their business model goes beyond aggregators and marketplaces for loans and credit. Toss offers these services, but it's a subsegment of their overall business activities. Additionally, Toss manages a robust database collected from its users, which it uses to streamline its processes, make product or service recommendations, and develop new products and services for its platform.

Key findings, trends, and best practices

After examining and assessing loan aggregators and marketplaces, we would like to summarize our significant findings and best practices from our case studies:

Financial Education

Firms are investing in creative approaches to make their clients more financially literate. Financial education can foster more financial inclusion. By providing easy access to information, creating and organizing blogs, FAQs, procedures, eligibility requirements, and product comparisons, loan aggregators and marketplaces simplify application processes and increase transparency for customers. Clients can substantially reduce their financing costs if they are aware of all the tools, services, and products across different firms at their disposal. For example, MyMoneyMantra has a full blog page dedicated to the financial education of their clients. MMM has consistently published content and tools that inform clients about re-structuring opportunities, how to manage loans, and how to build good credit.

Additionally, informed clients require less assistance during the loan process and have a higher probability of obtaining approval. This lowers operating costs for vendors and makes processes less time-consuming. Investing and creating more financial education tools, courses, and free content will enable clients to use these platforms to learn how to best apply to and benefit from more financial services and products. Thus, reducing their overall risk profile and even opt for lower rates.

Analyzing data for product development

Firms are actively reviewing user traffic, customer reviews, interactions, and other data collected from customers and developers to identify consumer trends and gaps in the market. Firms like Toss actively screen customer reviews and track user traffic to create databases. It can then share with their partners to develop better products and services. It can also streamline user interfaces to make the customer experience not only simpler but also more enjoyable. We recommend that FinTech firms foster and maintain strong relationships with partners. These relationships enable the co-development of products and services more akin to clients' needs.

Open platform architecture for all FinTech services

Both Rong360 and Toss are planning to aggregate most financial services and products under a unified platform. For example, Rong360 has built an open platform that connects clients with real estate related websites to educate clients and distribute mortgage associated products and services. This approach simplifies a person's ability to manage their finances. The user interface can then be tailored to suit each person's needs, which improves the overall user experience.

Creative approaches to analyze and determine creditworthiness

GoBear's partnership with CredoLab is one example of how FinTech firms are tackling the problem of suitability and credit risk. The app is powered by machine learning algorithms that analyze encrypted data collected from a user's mobile phone to develop an alternative credit scoring system. This alternative system can help the underbanked gain access to credit even if they do not pass traditional screenings and filters.

Product line expansion

Loan aggregators and marketplaces are diversifying their existing product lines away from traditional loans and credit cards. Firms are now offering insurance-related products on their platforms. InsurTech is an integral part of FinTech, and new firms in this space are reshaping the way insurance products are created, marketed, and sold to customers. Additionally, firms like Toss are also planning to offer brokerage services and eventually form an online bank tailored to their customers. MyMoneyMantra is also planning to partner with e-commerce sites to provide direct lending and financing options to consumers on these sites.

Domestic expansion

Firms in saturated markets are planning to expand to more rural areas to capture new clients and grow their revenue base. This not only helps firms grow but also substantially improves the unbanked and underbanked populations in rural areas, especially in developing nations. Firms executing these expansion plans have to take into consideration lacking infrastructure, logistical difficulties, and risks.

One of the most promising approaches to these problems involves low code, low data mobile phone user interfaces. These applications enable users to access services without the need for computers or branches.

International expansion

Since all loan aggregators and marketplaces aspire to solve common problems, international expansion is a natural part of their short to long-term growth plans. Most platforms and processes are easily scalable and could be deployed in different markets without the need for large-scale capital investments. Some firms are already pursuing these expansion plans. GoBear now operates in seven Asian markets: Hong Kong, Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam. Toss is planning to deploy its unique platform in Vietnam, and later it plans to continue this expansion to other markets. We believe that international development foments more competition, which in turn will lower financing costs, higher margins,

FinTech shaping policies and regulations

More and more, we see loan aggregators and marketplaces are entering new markets. Product lines, which will open the door to new regulations—because of this, working with local regulators should be a priority to firms in this space.

Toss cleverly instituted a consortium consisting of traditional banks, which then jointly developed products and services that, in turn, convinced regulators to relax existing regulations. [xlviii] Firms need to work together with regulators to create policies that foster financial inclusion on a national scale.

As the FinTech sector evolves, new ways to promote innovation and growth emerge. Countries and their respective governments must continue to foster and improve existing international bilateral co-operation agreements. These partnerships drive changes to policies and regulations that promote access to financial services to more segments of the population.

Challenger banks

Aggregators and marketplaces are ever-evolving firms. It is only natural to expect that some of them will eventually spin-off as challenger banks. These firms identify pain points, gaps in the market, and potential opportunities that traditional banks do not. They later launch fully online platforms that address these points and seize these opportunities. Toss was granted permission to start an entirely online bank.

Other challenger banks, such as KaKao bank in South Korea and WeBank in China, have prioritized serving unbanked customers. Through their platforms, customers can easily open accounts and apply for financial products and services without going to a physical branch. WeBank, backed by Tencent's immensely popular social media app WeChat, eschews traditional bank practices. WeBank bank has no physical branches or outlets and does not rely on property guarantees. In mid-May 2015, WeBank launched Weidilai, its "micro-loan" suite of inclusive financial loan products. [xlix]

Technology and innovation

After reviewing the space and case studies, we conclude that the future of financial services revolves around data. Data analysis has created new products and services which better serve clients' needs and expectations. Investments in new technologies that simplify processes and increase efficiency and accuracy are crucial to Loan Marketplaces & Aggregators (Figure V).

Notable examples:

- Firms like WeBank grants loans through facial recognition technology and credit ratings derived from big data analysis. [l] Similarly, GoBear analyzes data collected from the user's mobile phone to develop alternative credit scoring.
- AI and machine learning technologies are changing the way financial services operate. Loan marketplaces utilize these technologies to match customers with the best sellers based on individual customized needs.
- Digital financial advisors and robo-advisors apply data analytics and AI to develop better recommendations based on consumer behavior and the customer's financial habits.
- Chatbots and NLPs reduce the need for customer service agents and lowers operating costs.
- IoT is another promising new technology that can improve processes and has the potential to enhance decision making and risk management through data analytics collected from autonomous machines and sensors.

Conclusion

Our research has confirmed that FinTech, specifically loan aggregators and marketplaces, can play a significant role in helping accelerate financial inclusion. These firms have secured a foothold in developed markets reshaping how customers interact and manage their finances by encouraging competition and transparency. In emerging markets, these firms are giving access to credit and assisting previously underbanked and underserved people and businesses. Given the importance of financial inclusion and the 2 billion individuals who lack financial access and an additional 1.7 billion individuals underserved by the financial service industry, FinTech has provided innovative, tailored solutions within their respective markets.

We've seen how in some markets, such as China, India, and the United States, loan aggregators and marketplaces are becoming commoditized, and more and more firms are investing in new approaches and technologies to differentiate themselves from the competition.

Firms like MyMoneyMantra, have focused on improving the customer's experience balancing human interaction with data analysis. Additionally, we've seen how banks are deeply intertwined with FinTech firms to remain not only competitive but also create new opportunities and customer touchpoints. These in-depth relationships have benefited both firms and customers by reducing paperwork, increasing efficiency, and reducing transaction and customer acquisition costs.

The sector is continuously changing, and both financial services and FinTech firms must be adaptable and innovative. Razor-thin margins in saturated markets can leave some firms in financial difficulties. We recommend that firms in this segment incorporate the following strategies:

- Expand product offerings tailored to the customers' needs and capabilities and expand into previously untapped markets, both domestically and internationally. Utilize existing platforms, such as cell phones, to reach customers in rural areas.

- Cement partnerships with traditional banks and financial institutions and penetrate e-commerce and social media platforms by offering money transfers, payments, and financing solutions.

- R&D to find new ways to incorporate new technologies that enhance the user experience, accurate matching between financial products and users, risk and credit assessments, and product design. The "phygital" approach, where firms aim to meet the customer physically or digitally wherever convenient to him/her.

Our research uncovered how FinTech firms created products and services that have helped millions of people gain access to credit and capital. These firms offer more competitive offerings and more transparent processes than traditional banking institutions. FinTech has the potential to close the finance gap and serve the unbanked and underbanked populations of the world

End Notes

i. "Small and Medium Enterprises (SMEs) Finance," *WorldBank*, Accessed on Jun 20, 2020, https://www.worldbank.org/en/topic/smefinance

ii. "What is FinTech," *PwCFinTech*, Accessed on Jun 20, 2020, https://www.pwc.com/us/en/financial-services/publications/viewpoints/assets/pwc-fsi-what-is-fintech.pdf

iii. Sraders, Anne. "What Is Fintech? Uses and Examples in 2020." TheStreet.com, March 8, 2019. https://www.thestreet.com/technology/what-is-fintech-14885154

iv. "Report: The State Of Fintech," CBInsights, Accessed on Jun 20, 2020, https://www.cbinsights.com/research/report/fintech-trends-q4-2019/

v. "Report: The Rise of Challenger Banks Pg.7," *FTPartners*, Accessed on Jun 20, 2020, https://www.ftpartners.com/fintech-research/challenger-banks

vi. "Report: The Rise of Challenger Banks Pg.8," *FTPartners*, Accessed on Jun 20, 2020, https://www.ftpartners.com/fintech-research/challenger-banks

vii. "Small and Medium Enterprises (SMEs) Finance," *WorldBank*, Accessed on Jun 20, 2020, https://www.worldbank.org/en/topic/smefinance

viii. "World Bank infographics," *WorldBank*, Accessed on Jun 25, 2020, https://www.worldbank.org/content/dam/infographics/780xany/2019/oct/sme-unbanked-graph-780.jpg

ix. Long, Heather. "Personal Loans Are 'Growing like a Weed,' a Potential Warning Sign for the U.S. Economy." The Washington Post. WP Company, November 21, 2019. https://www.washingtonpost.com/business/2019/11/21/personal-loans-are-growing-like-weed-potential-warning-sign-us-economy/.

x. "Q&A: FinTech in the United States," *Thomson Reuters Practical Law*, Accessed on June 25, 2020, https://uk.practicallaw.thomsonreuters.com/w-017-4511?transitionType=Default&contextData=(sc.Default)&firstPage=true&bhcp=1

xi. "Q&A: FinTech in India," *Thomson Reuters Practical Law*, Accessed on Jun 25, 2020, https://uk.practicallaw.thomsonreuters.com/w-015-3281?transitionType=Default&contextData=(sc.Default)

xii. "Q&A: FinTech in India," *Thomson Reuters Practical Law*, Accessed on Jun 25, 2020, https://uk.practicallaw.thomsonreuters.com/w-019-4896?transitionType=Default&contextData=(sc.Default)

xiii. "Q&A: FinTech in the UK," *Thomson Reuters Practical Law*, Accessed on Jun 25, 2020, https://uk.practicallaw.thomsonreuters.com/w-019-3924?transitionType=Default&contextData=(sc.Default)

xiv. "SEC Filings," *Investors.LendingTree*, Accessed Jul 5, 2020, https://investors.lendingtree.com/node/16811/html

xv. "SEC Filings," *Investors.LendingTree*, Accessed Jul 5, 2020, https://investors.lendingtree.com/node/16811/html

xvi. Zarem Jane. “LendingTree Lead Generation Website Case Study,” *Mequoda,* Sept 13, 2006, https://www.mequoda.com/reviews-and-studies/publishing-case-studies/lending-tree-lead-generation-website-case-study/

xvii. “MyMoneyMantra - Crunchbase Company Profile & Funding.” *Crunchbase*, 2020. https://www.crunchbase.com/organization/mymoney-mantra.

xviii. Singh, Manish. “India's 30-Year-Old MyMoneyMantra Raises $15M to Scale Its Financial Services Marketplace.” TechCrunch. TechCrunch, July 17, 2019. https://techcrunch.com/2019/07/17/indias-30-year-old-mymoneymantra-raises-15m-to-scale-its-financial-services-marketplace/.

xix. “MyMoneyMantra Raises Rs. 104 Cr from Dutch-based Vaalon Capital,” *MyMoneyMantra*, Jul 17, 2019, https://www.mymoneymantra.com/blog/mymoneymantra-raises-rs-104-cr-from-dutch-based-vaalon-capital/

xx. MyMoneyMantra. “MyMoneyMantra-About Us.” *Get All Details About MyMoneyMantra*, 2020. https://www.mymoneymantra.com/about-us.html.

xxi. MyMoneyMantra. “MyMoneyMantra-About Us.” *Get All Details About MyMoneyMantra*, 2020. https://www.mymoneymantra.com/about-us.html.

xxii. Ghosh Shayan, “Indian lenders’ retail loan book size to double in 5 years to ₹96 trillion,” *Livemint*, Dec 17, 2019, https://www.livemint.com/companies/news/indian-lenders-retail-loan-book-to-double-in-5-years-to-rs-96-trillion-report-11576582742175.html

xxiii. IBEF. “Brand India.” *IBEF*, 2020. https://www.ibef.org/industry/insurance-sector-india.aspx.

xxiv. Panthangi Saivihar. “Case Study on BankBazaar,” *Whizsky*, Sept 22, 2017, https://www.whizsky.com/2017/09/case-study-bankbaazar-funding-founders-business-model/

xxv. Kabir, Md. Reajul. “Presentation on Bankbazaar,” November 1, 2016. https://www.slideshare.net/reajulkabir7/presentation-on-bankbazaar.

xxvi. Tyagi Gaurav & Mittal Aarzoo. “BankBazaar receives capital from Amazon; FY20 revenue hit,” *ENTRACKR*, July 17, 2020, https://entrackr.com/2020/07/bankbazaar-receives-capital-from-amazon-fy20-revenue-hit/#:~:text=As%20part%20of%20filings%2C%20BankBazaar,Rs%20109.3%20crore%20in%20FY19.

xxvii. “Careers at BankBazaar,” Cleverism, Accessed Jul 1, 2020, https://www.cleverism.com/company/bankbazaar/#:~:text=Revenue%20Streams,partners%20on%20every%20product%20sale.

xxviii. “All About Paperless Initiative,” *BankBazaar*, Oct 18, 2016, https://blog.bankbazaar.com/all-about-the-paperless-initiative/

xxix. “All About Paperless Initiative,” *BankBazaar*, Oct 18, 2016, https://blog.bankbazaar.com/all-about-the-paperless-initiative/

xxx. Panthangi Saivihar. “Case Study on BankBazaar,” *Whizsky*, Sept 22, 2017, https://www.whizsky.com/2017/09/case-study-bankbaazar-funding-founders-business-model/

xxxi. P. Krishna Priya & K. Anusha, “Report: FinTech Issues and Challenges in India,” *IJRTE*, Sep 2019, https://www.ijrte.org/wp-content/uploads/papers/v8i3/C4087098319.pdf

xxxii. Aggarwal Neeti, "Marketplaces are moving deeper into the value chain," *The Asian Banker,* Oct 4, 2017, http://www.theasianbanker.com/updates-and-articles/bankbazaars-kalra-marketplaces-are-moving-deeper-into-the-value-chain

xxxiii. "GoBear accelerates its transformation to become Asia's leading financial services platform with US$17M fundraise," *Cision PR Newswire,* May 28, 2020, https://www.prnewswire.com/news-releases/gobear-accelerates-its-transformation-to-become-asias-leading-financial-services-platform-with-us17m-fundraise-301065050.html

xxxiv. Shu Catherine. "GoBear raises $17 million to expand its customer financial services for Asian markets," *TechCrunch*, May 27, 2020, https://techcrunch.com/2020/05/26/gobear-raises-17-million-to-expand-its-consumer-financial-services-for-asian-markets/

xxxv. Angel.Co. "GoBear is Asia's first and only metasearch engine in insurance and financial products," *Angel.Co,* 2020, https://angel.co/company/gobear-hk

xxxvi. "GoBear, Unbiased Financial Services Hits Cebu," *The Lifeaholics,* Aug 31, 2016, https://thelifeaholicsph.wordpress.com/2016/08/31/gobear-unbiased-financial-service-hits-cebu/

xxxvii. "GoBear acquires AsiaKredit to expand alternate consumer lending services," *TheAsianBanker,* May 04, 2020, http://www.theasianbanker.com/press-releases/gobear-acquires-asiakredit-to-expand-alternate-consumer-lending-services

xxxviii. AsiaKredit. "AsiaKredit-About Us." *AsiaKredit,* 2020, https://asiakredit.com/about-us

xxxix. "Comparison sites trying to woo F.I.s with data," *Digfingroup*, Nov 13, 2018, https://www.digfingroup.com/comparison-sites/

xl. Rong360. "融 360 - 提供专业贷款、信用卡、理财服务，就在融 360," 2020. https://www.rong360.com/

xli. Baidu.com. "融 360." *到百科首页*, 2020. https://baike.baidu.com/item/%E8%9E%8D360/6322304. 匿名用户, and 李豪达.css-1cd9gw4{margin-left:.3em;}火币 海外机构负责人， 战略投资总监 // 用区块链保存 99%普通人的资产. "国内从事消费金融的公司有哪些？怎么看待国内消费金融的发展趋势？." *知乎*, December 7, 2016. https://www.zhihu.com/question/23964497.

xlii. Shangguan News. "P2P 现状：备案落空、转型艰难 平台退出要套路." *_凤凰网*, July 29, 2019. https://finance.ifeng.com/c/7ohSUANydVI.

xliii. Xinliu Finance. "20 家主流贷款超市玩法：有的只给 PDL 导流，有的一个点击超 20 元_详细解读_最新资讯_热点事件_36 氪." *_详细解读_最新资讯_热点事件_36 氪*, January 22, 2019. https://www.36kr.com/p/1723164098561.

xliv. Crunchbase. "Toss - Crunchbase Company Profile & Funding." *Crunchbase*, 2020. https://www.crunchbase.com/organization/toss.

xlv. Republica, Viva. "Mobile Finance As It Should Be." *Toss*, 2020. https://toss.im/en.

xlvi. Kapronasia. "South Korea's Toss Breaks Even for the First Time amid Pandemic." *Kapronasia*, May 18, 2020. https://www.kapronasia.com/asia-banking-research-category/south-korea-s-toss-records-first-ever-profit-amid-pandemic.html.

xlvii. CET News. "South Korea's Fintech Toss Aims to Raise USD 200 Mln Investment." *ThePaypers*, May 7, 2020. https://thepaypers.com/payments-general/south-koreas-fintech-toss-aims-to-raise-usd-200-mln-investment--1242216.

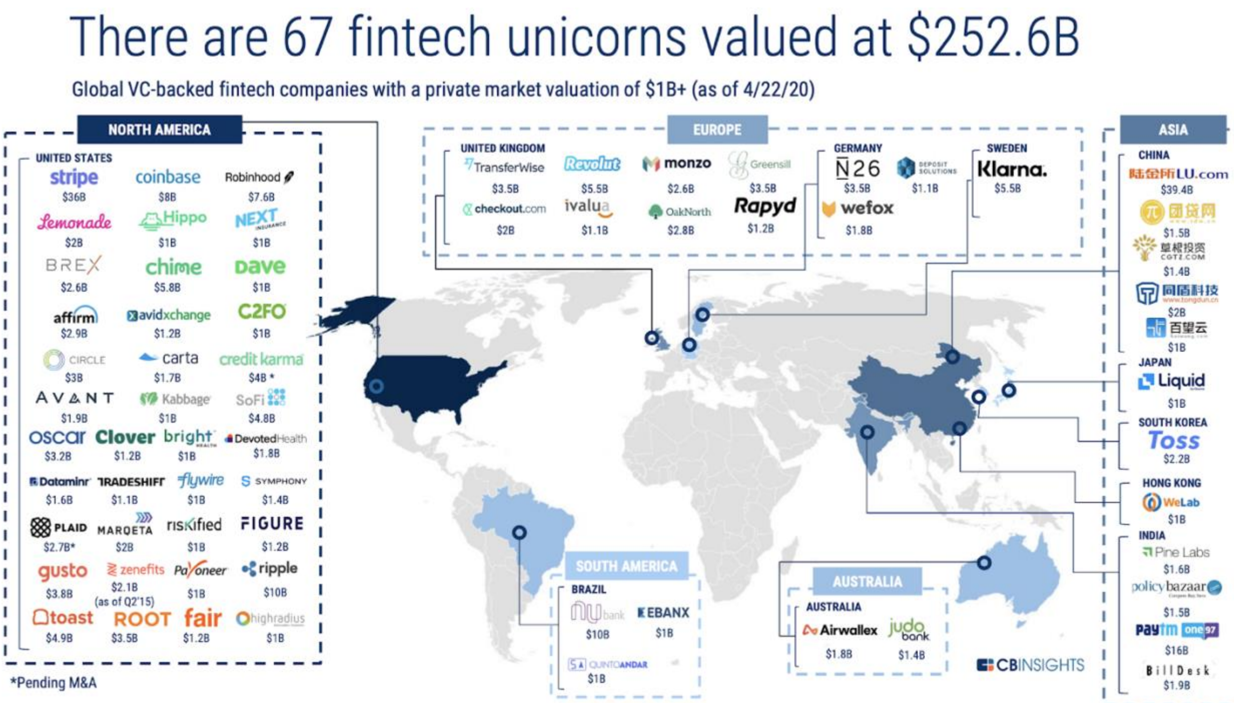
xlviii. Ji-young, Sohn. "Toss Card Launched in Korea for Online, Offline Purchases." *The Korea Herald*, Apr 4, 2019. http://www.koreaherald.com/view.php?ud=20190404000542.

xlix. Pymnts, PYMNTS. "S. Korea FinTech Gets Approval For Online Bank." *PYMNTS.com*. PYMNTS 60 60 PYMNTS.com, Dec 16, 2019. https://www.pymnts.com/news/digital-banking/2019/south-korea-fintech-gets-initial-approval-for-online-bank/.

l. WeBank. "WeBank 微众银行,," 2020. https://www.webank.com/.

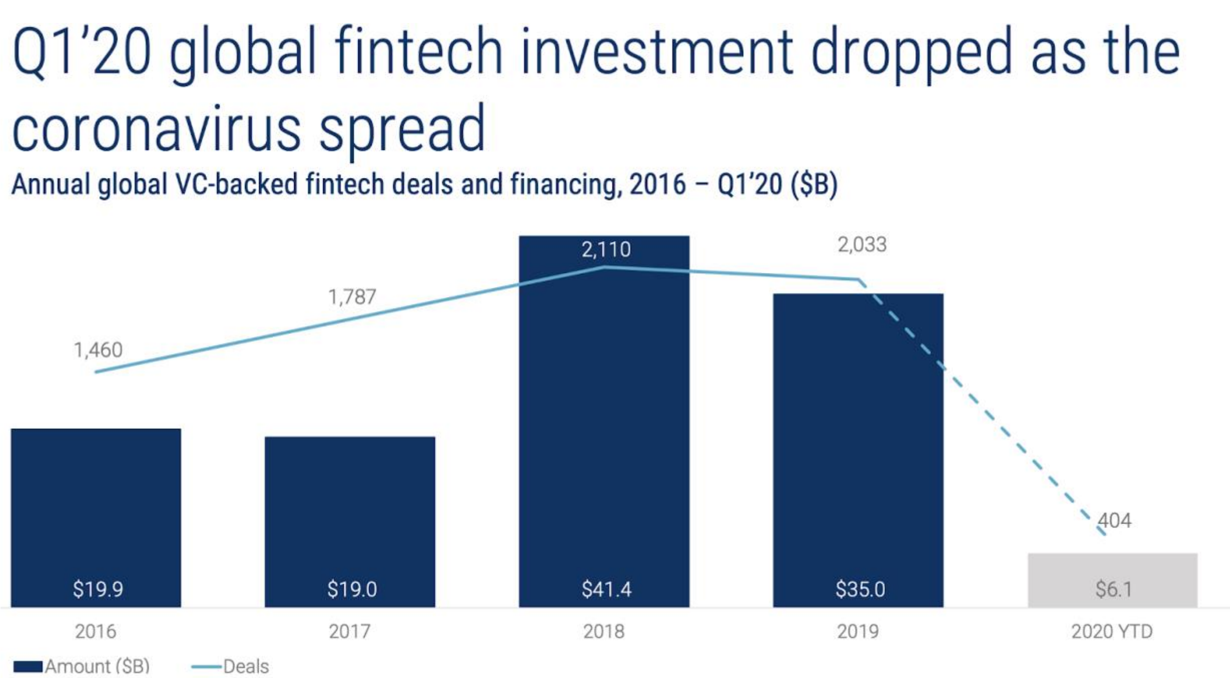
Appendix

Figure I



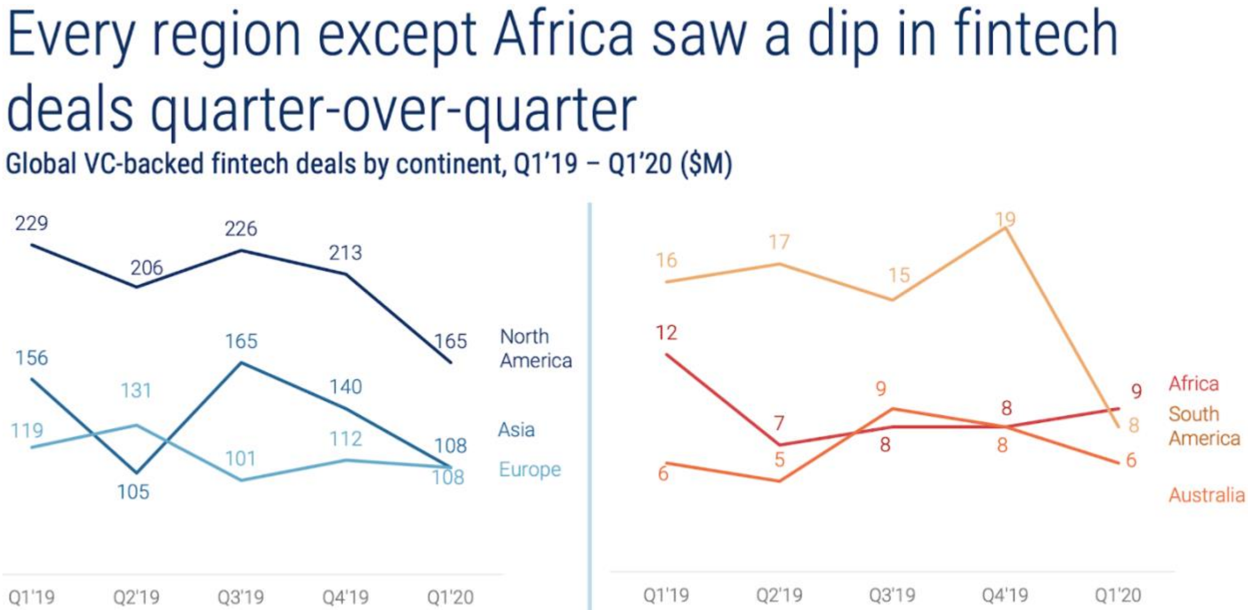
"Report: The State Of Fintech," *CBInsights,* Accessed on Jun 20, 2020, https://www.cbinsights.com/research/report/fintech-trends-q4-2019/

Figure II



"Report: The State Of Fintech," *CBInsights,* Accessed on Jun 20, 2020, https://www.cbinsights.com/research/report/fintech-trends-q4-2019/

Figure III



"Report: The State Of FinTech," *CBInsights,* Accessed on Jun 20, 2020, https://www.cbinsights.com/research/report/fintech-trends-q4-2019/

Figure IV

"FinTech Bridges Across The Globe." KAE. Accessed June 29, 2020. https://kae.com/infographic/Fintech-Bridges-Across-The-Globe/.

Figure V: New technologies behind aggregators and marketplaces

We've compiled a list of exciting emerging technologies that revolutionize digital access to financial services and products. These technologies, while in use today, have a vast potential to transform access to credit and financial services, complimenting current aggregators and marketplaces.

Newton, Alistair. "Hype Cycle for Digital Banking Transformation, 2019." Gartner Research, August 1, 2019. https://www.gartner.com/en/documents/3955840/hype-cycle-for-digital-banking-transformation-2019.

GEORGETOWN UNIVERSITY

McDonough
SCHOOL of BUSINESS

CENTER FOR FINANCIAL
MARKETS AND POLICY