



IOUpay Limited (ASX:IOU)

Digital Payments in SEA
March 2021



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The SEA Opportunity



Just over a decade ago, 80% of people living in **South East Asia (SEA)** had limited access to the Internet. Today, there are **360 million Internet users** in the region and 90% of them connect to the Internet **primarily through their mobile phones**.



The adoption of **Digital Payments in SEA** has finally reached the inflection point and is **expected to cross US\$1 trillion by 2025**, accounting for almost one in every two dollars spent in the region. Credit cards and ATM's are on a sharp decline **as e-money surges to more than 50% of all payment volumes**.

Internet penetration and adoption in SEA is driving unprecedented changes in consumer behaviour. **“In 2019, SEA’s Internet economy hit US\$100 billion** - more than tripling in size over the previous four years. **By 2025, the Internet economy is expected to triple again and hit US\$300 billion.**

Almost **300 million of the adult population in SEA** are **underbanked or unbanked** with **limited options for credit**.

Sources:
Quotes and statistics referenced to - “Google & Temasek / Bain, e-Conomy SEA 2019”.
Bank Negara Malaysia 2020 Report

Who We Are

IOUpay Limited (ASX:IOU) provides fintech and digital commerce software and services in South East Asia (SEA) to enable its institutional customers to securely authenticate end-user customers and process banking, purchase and payment transactions.

The Company's core technology platform enables large customer communities to extend their information technology applications to any mobile device and integrate mobile technology throughout their existing business.

The Company services 20 of Malaysia's leading banks, insurers and telco's in Malaysia and other large Corporates in Malaysia & Indonesia.



Corporate Overview

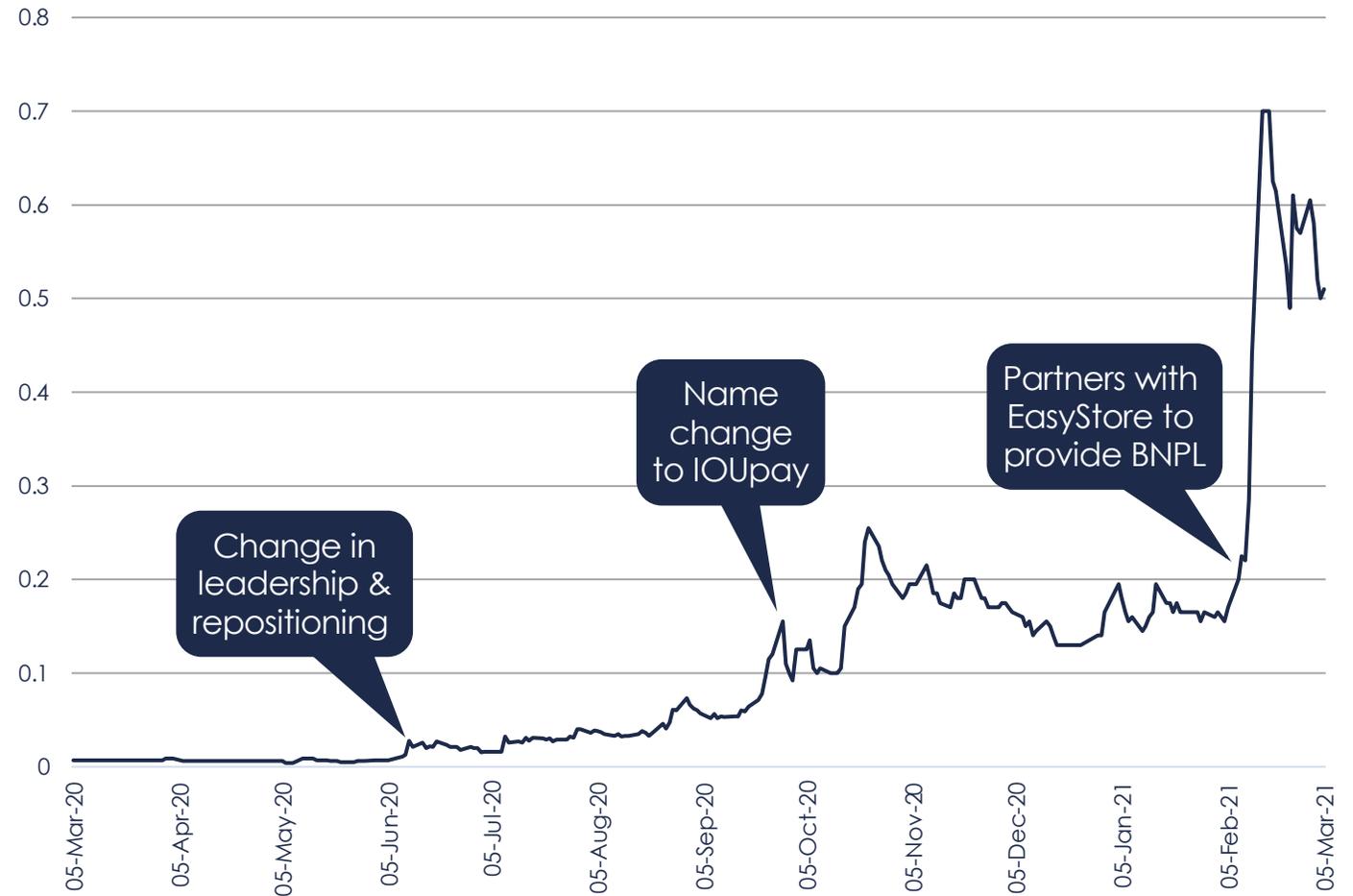


Capital Structure

Shares on issue	551,412,065
Share price	\$0.51
Market cap	\$281,220,153
Cash at bank	~\$55 million
Debt	Nil

Above figures based on market close Friday 5 March 2021

IOUpay Ltd 12-month chart



Source: ASX website

Our Objective



“Our goal is to be one of the leading digital transaction processors in the booming cashless economies of South East Asia.”

Our tactical plan is to continue expanding from transaction processing into higher value add services such as;



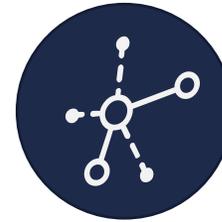
Smart short term revolving BNPL instalment offerings



Bill payments



Mobile banking transactions



Digital commerce for big brands and their merchant distribution networks

We already have the customers and the technical capability with large scale upside by doing more for them



Investment Highlights



One of the largest mobile banking and payment service providers in Malaysia



Currently processing more than 20m transactions per month in Malaysia

Strong operation with top tier customers



Citibank, Standard Chartered, Telekom Malaysia, Telkomsel, Petronas, Panasonic, Heineken, Mazda, AXA, Bank Islam, MBSB Bank, Sun Life Financial...

Proprietary fintech platform with several new product initiatives to drive growth



New products to drive growth

- BNPL portfolios, Malaysia
- Participating in Digital Bill Payment portfolios in collaboration with telco's, payment gateways and customer communities in Indonesia & Philippines
- Merchant growth services, Malaysia, Indonesia & Philippines

Strong Executive & Management team in place



Extensive experience, proven track records in online payments and banking sector in key target markets

Rapid growth in E-commerce



More than 200% growth in E-commerce in SEA since 2015 and expected to triple in value by 2025
Large opportunities in Indonesia

Huge growth opportunities across SEA in markets with limited credit options for consumers



Almost 200 million people in SEA currently have no banking facilities and close to 300 million people are underbanked

Our Business Divisions



Mobile Banking

Banking & Transaction Processing, Authentication, Secure e-KYC, One Time Passwords (OTP's), account enquiry, transfers and other

Data driven digital marketing initiatives and campaign management to originate new customers and target existing customers via mobile applications

Digital Payments

Bill Payments (airtime, data, electricity...)

E-Commerce & In-store Products

Instalments

Buy Now Pay Later (BNPL) processing

Consumer loan payment processing

New added features

Digital Services

Data analytics supports mobile banking and digital payments – proprietary algorithms and data analytics enables highly effective targeted marketing & distribution of popular product offerings to customer communities

IOU Pay Platform Capabilities



6 Account debiting

Merchants & consumers
Current & savings accounts
Credit & debit cards
E-money payments

5 BNPL transaction processing

For goods & services
Offered through E-commerce & in-store merchant networks
Merchant & Consumer Apps

4 Bill payments

(Purchase & resale of inventories including prepaid airtime & internet data, electricity, water, parking, insurances)

1 Secure communication to existing customers

Originate new customers
Data driven product offers & marketing campaigns
Secure & scalable

2 Credit scoring & anti-fraud * (e-kyc, verification & multiple independent data point analysis)

Pre-approved limits & individual payment approvals

3 Customer onboarding

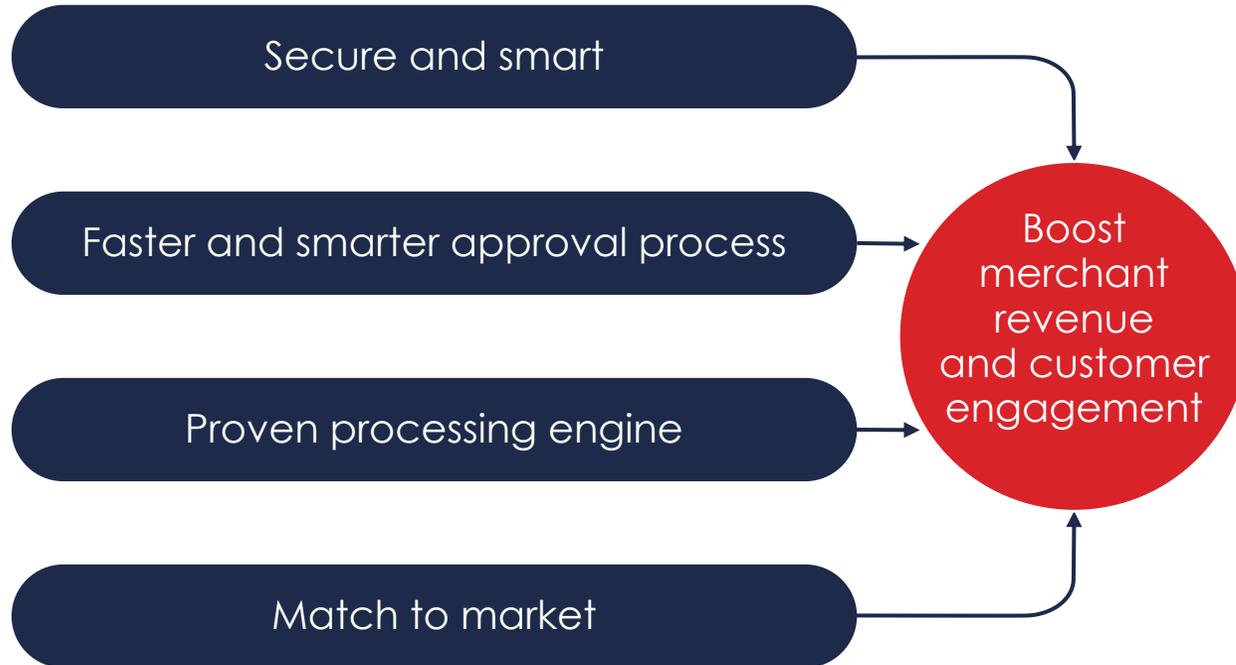
Existing customer engagement; & New customer acquisition

* The Company's credit scoring & anti-fraud capabilities are provided from a combination of third party services and technologies, the Company's proprietary technologies, processes and internal fraud monitoring resources. Third parties include CTOS Data Systems Sdn Bhd, Bank Negara Malaysia's Central Credit Reference Information (CCRIS), the National Registration Department of Malaysia & Companies Commission Malaysia

Benefits for Merchants and Customers



Compelling Benefits



For consumers

- Easy access via web or app
- Also available to the underbanked and unbanked subject to strength of data and credit score
- Speed & Cost Benefit - Current non-bank alternative lenders take on average 2 weeks to approve and are 100% paper based often originating through agents earning fees up to 10% payable by consumers



For big brands & merchants

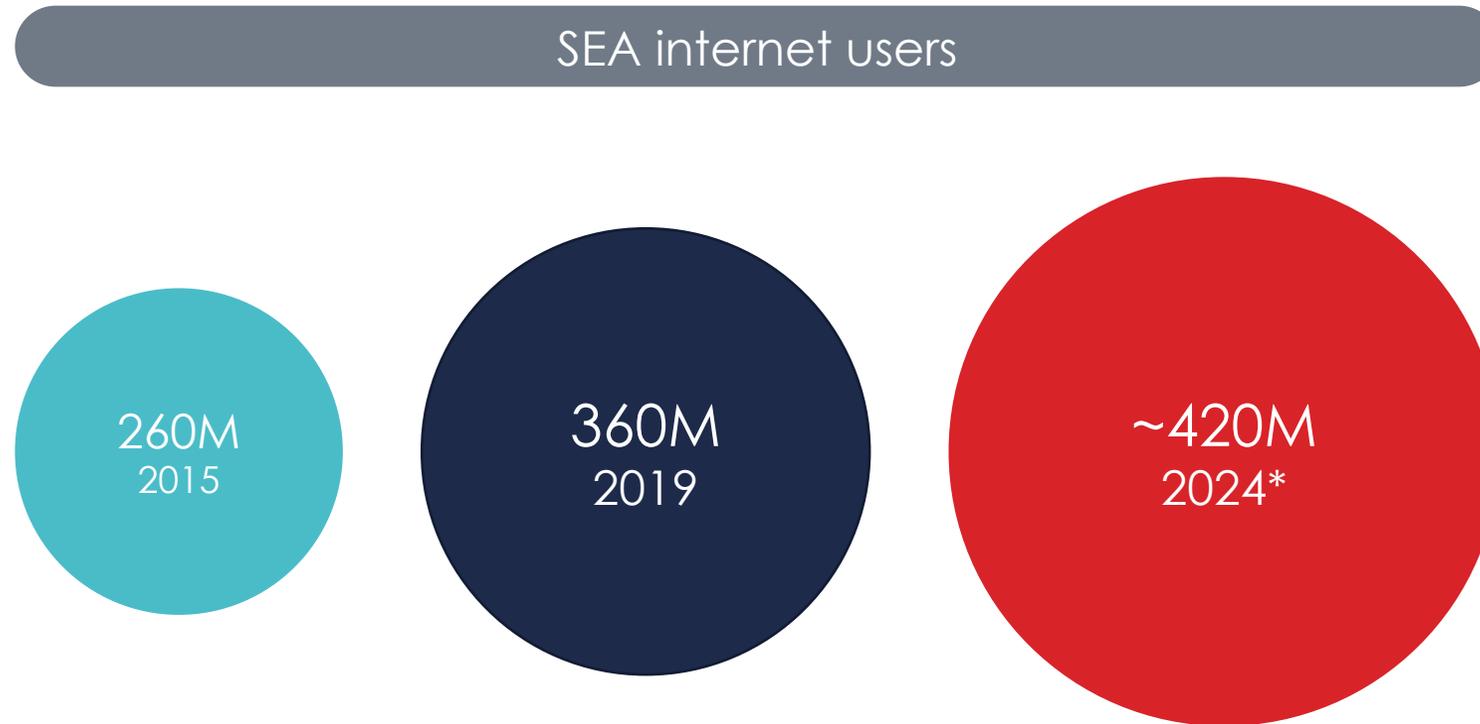
- Integration is seamless, low cost and secure
- IOUpay Platform has capability to e-KYC, credit score & approve in advance or at the point of sale
- IOUpay Platform has much deeper credit data than standard credit bureau and single point bank data
- IOUpay platform has specialized anti-fraud monitoring embedded
- IOUpay BNPL offering can represent an opportunity for 10% - 35% merchant sales growth (based on estimates provided by merchants and merchant network stakeholders)



SEA Market Trends



Increasing internet penetration in SEA combined with Government support for cashless economies is creating a huge opportunity for specialist non-bank financial platforms to service credit starved consumers



* Statista.com, eCommerce Internet penetration in Southeast Asia
Source: Quotes and statistics referenced to - "Google & Temasek / Bain, e-Conomy SEA 2019".

SEA Market Trends



655 million

Population of SEA



150 million

E-commerce active users



206%



since 2015

Internet economy worth

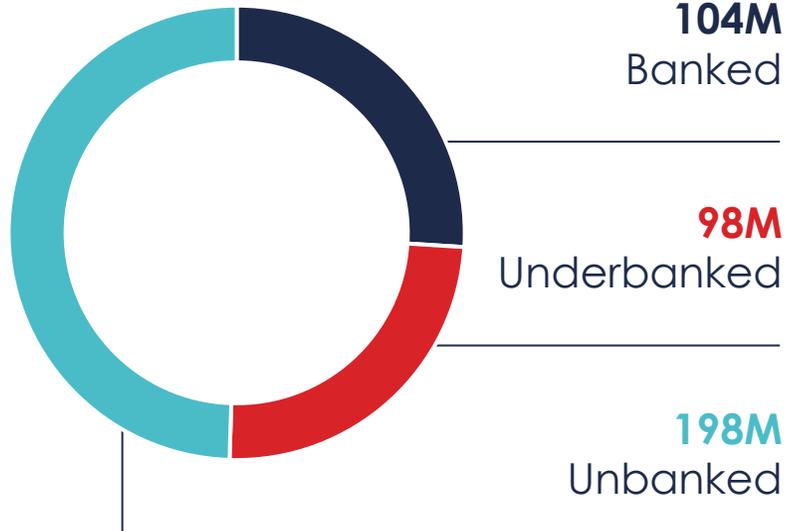
\$100B

in 2019...



...and is on track to reach \$300B by 2025 (GMV)

SEA adult population



- ✓ Bank accounts
- ✓ Credit
- ✓ Investment
- ✓ Insurance
- ✓ Bank accounts
- ✗ Credit
- ✗ Investment
- ✗ Insurance
- ✗ Bank account
- ✗ Credit
- ✗ Savings
- ✗ Insurance

Internet economy GMV as % of GDP



Source: Quotes and statistics referenced to - "Google & Temasek / Bain, e-Conomy SEA 2019".

Digital Payments – Transaction Economics



Advance purchase of inventory at wholesale discount Resells to distribution channel charging MDR*
 Repeats cycles weekly or fortnightly depending on product generating **2 to 4 % margin per month**

Inventory sale risk (low - sells out each week)



Payment for product inventory at wholesale discount
 For example: payment of \$9.70 for a \$10 unit of prepaid airtime



Upfront payment for product inventory
 For example: sale price of \$9.80 for a \$10 unit of prepaid airtime generating \$0.10 margin MDR*



Sale, payment and delivery of inventory
 For example: sells a \$10 unit of prepaid airtime for \$10 generating \$0.20 margin



* MDR = Merchant Discount Rate

** Please note there are currently no other fees payable by end-user customers

SEA BNPL opportunity



” The “Sweet Spot” for BNPL is larger in SEA due to the lack of consumer credit and underbanked populations overlaid with mobile penetration levels and the ever increasing growth in e-payments which facilitate BNPL offerings and adoption rates.

” Peak Credit Cards has passed – Digital adoption has taken over.

” Based on BNM data* for 2019, the total transaction value for e-commerce & retail in Malaysia is up to RM1,432 billion (AU\$477bil) 15% e-commerce & 85% in-store retail.

Assuming a BNPL adoption of 10% of market:

- **10% x RM1,432 billion**
 - = RM143.2 billion (AUD47.73b)**
-



• Source: Based on Bank Negara Malaysia (Central Bank Malaysia) https://www.bnm.gov.my/documents/20124/57659/02_epayment.pdf
• The above example of BNPL adoption is for illustrative purposes only and is intended only to demonstrate what the size of a target BNPL market may look like if 10% of the e-commerce and retail market in Malaysia were to adopt BNPL solutions

BNPL Payments – Transaction Economics



Agreed wholesale discount for goods & services (MDR*)
 Upon credit approval, IOUpay pays merchant upfront at 4% discount (MDR*)
 Collects payment from customer including 4% margin
 No inventory risk, minimal credit risk



Big Brand Vendor

Master Merchant Agreement for purchase & supply of goods & services at discounted price
 For example: 4% wholesale discount (MDR*)



Distribution Channel
 Online or Instore

Upfront payment to merchant for sale of product or service to approved customers at 4% discount (MDR*)
 For example: IOU pays dentist \$96 for \$100 dental bill



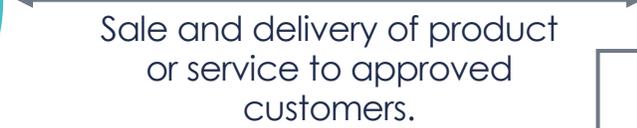
IOUpay

BNPL payments from customer to IOUpay (1,2 or 3 payments)
 For example: \$36 paid upfront followed by 2 x \$32 monthly installments



End Users Consumers & SME's

Example shows:
 Total Transaction Value (TTV): \$100
 Term: 2 months
 Deposit: \$36
 Gross MDR Margin: 4% or 2% monthly
 TTV annual turnover: \$100 x 6 = \$600
 Gross Margin Revenue: \$24
 Capital Outlay: \$100 - \$36 = \$64
 ROCE: \$24/\$64 = 37.50%



* MDR = Merchant Discount Rate
 * 4% is the average MDR sought by the Company for a 2 month plan
 * Please note there are currently no other fees payable by end-user customers

Strategic Partners



Trusted by leading Banks, Telco's, Financial Institutions and the largest payment gateways

Mobile Banking



Standard Chartered



RHB Bank



BANK ISLAM



Panasonic



FOUR POINTS
BY SHERATON



Our Competitive Advantage



Existing market leader – system ready

A market leader for secure transaction and payment process operations - currently processes more than 18m transactions per month in Malaysia and Indonesia.

Huge existing captive customer base

Data analytics providing easy leverage for rapid customer acquisition for new services such as BNPL

First mover advantage

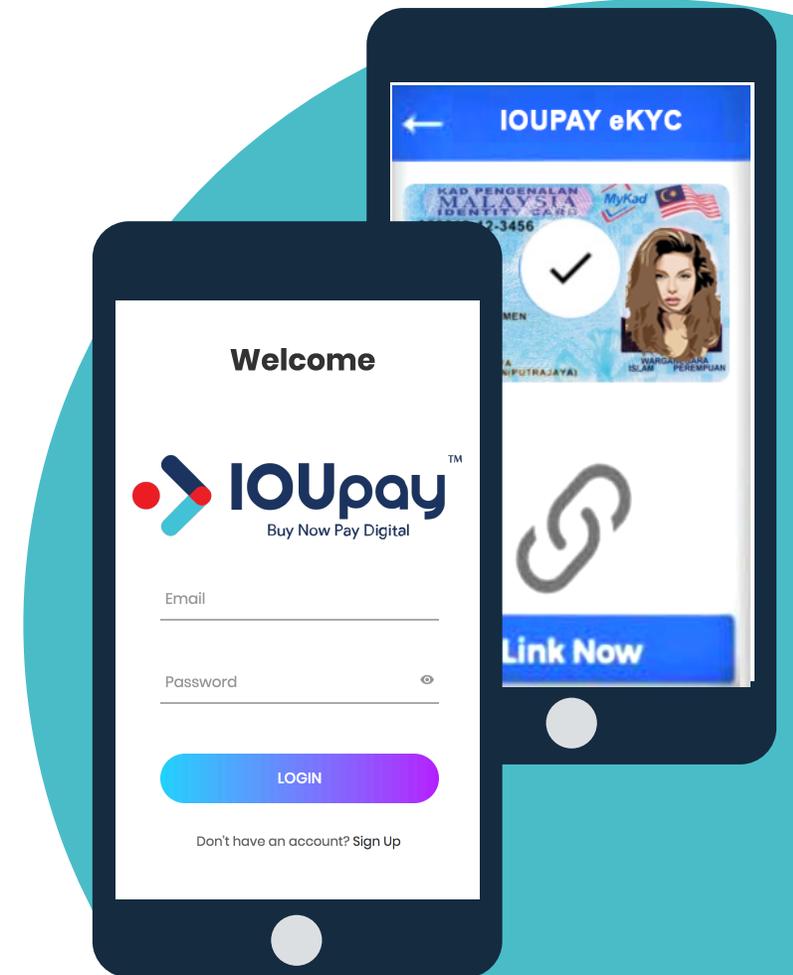
Large market opportunity for specific verticals such as e-commerce, in-store merchants & strategic partnerships with banks, finance companies and telcos

Chronic lack of consumer credit

A huge gap in the market for short-term credit providers

Experienced management team

With strong relationships with the biggest merchant networks in key industry verticals



Growth Strategy



We are focused on expanding our IOU Pay platform to position the Company to be a fully integrated financial service provider for big brand merchants and their customers in Malaysia and Indonesia.

We have a proprietary best-in-class BNPL platform and have upgraded our digital payments offering to increase our competitive advantage, grow recurring revenue, reduce costs and secure large and valuable strategic partnerships.

Influencer, digital marketing partnerships and merchant referral programs to drive adoption



Mobile Banking

Grow payment processing & secure banking transactions for consumers through partnership expansion targeting SEA

Implement digital cash partnership plan to focus on growth through some of the largest e-wallet, e-money and digital banking operators



Digital Payments

BNPL; Instalment payment packaging and processing

Integrating digital cash and credit with digital commerce and in-store purchases

Bill Payments; Continue Expansion into Indonesian market with the largest Indonesian banks, telco's and specific target customer communities



Digital Services

Invest further in data analytics, algorithm development & 3rd-party API integration

Our Roadmap



Commercial

- Soft launch BNPL Malaysia
- Expand Digital Payment Indonesia
- Signing Strategic Merchant Network Partners
- Official launch BNPL Malaysia
- Cross marketing with merchants to drive further revenue growth
- Preparation for SEA Territory expansion
- Launch IOU Rewards Malaysia
- SEA Territory 2 Launch **
- SEA Territory 3 Launch**

Q1 2021	Q2 2021	Q3 2021	Q4 2021
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Platform

- | | | | |
|--|---|---|--|
| <ul style="list-style-type: none"> • Consumer & merchant Apps • BNPL website ready • CTOS + CCRIS with Central Bank compliance * • Malaysian Lending License | <ul style="list-style-type: none"> • Cross Selling in Consumer App • Develop IOU Rewards System | <ul style="list-style-type: none"> • SEA Territory 2 License** • SEA Territory 3 License** • SEA Bank acquirer + e-KYC (T2 & T3)** | |
|--|---|---|--|

Corporate

- | | | |
|---|---|---|
| <ul style="list-style-type: none"> • IOU Point Of Sales Materials (POSM) ready • Capital Raise (A\$50m) to support platform expansion | <ul style="list-style-type: none"> • Consumer referral program | <ul style="list-style-type: none"> • SEA wholesale funding program |
|---|---|---|

* CTOS & CCRIS: CTOS Data Systems Sdn Bhd & Bank Negara Malaysia's Central Credit Reference Information

** Subject to local regulatory approvals and local bank acquirer approvals

Leadership Team



Lee Chin Wee (Aaron) Chairman

Aaron is a founding shareholder and director of IOUPay's original Malaysian business iSentric Sdn Bhd.

Prior to iSentric, Aaron worked at Accenture as a Senior Business Consultant focusing on telecommunications billing systems, product development and revenue assurance where he developed payment processing and data security expertise and progressed to building iSentric's initial Mobile Banking platform.

Aaron holds a First Class BEng (Hon) degree in Electrical & Electronic Engineering from University College London, United Kingdom and a Master of Business Administration (MBA) from University of Malaya.

Khong Kok Loong (KL) CEO

KL brings 30 years of experience and relationships in the South East Asian technology sectors as a board and senior executive with a wide range of large technology based corporates covering internet and mobile banking, online share trading and settlement systems and e-commerce.

More recently as Technical Director of Malaysian national payment gateway operator IPay88 (2011 – 2019) KL has a wealth of expertise and a proven track record in driving recurring revenues from connecting merchant point-of-sale technologies with consumers and their preferred bank and non-bank payment methods.

KL holds a Bachelor of Arts, Computer Science (1985) from Southern Illinois University at Carbondale Illinois (SIUC) (Deans List 1982 & 1983).

Kenneth Kuan CFO

Kenneth brings 20 years of commercial and corporate law, finance industry management and regulatory compliance experience across South East Asia.

Kenneth also brings a depth of experience in Malaysian debt capital markets, legislative and regulatory issues to assist companies achieve funding and regulatory compliance requirements including roles with Ernst & Young, Malaysia and as Head of Credit and Receivables with the largest Malaysian publicly listed non-bank finance company AEON Credit Berhad (formerly known as ACS Credit Sdn Bhd).

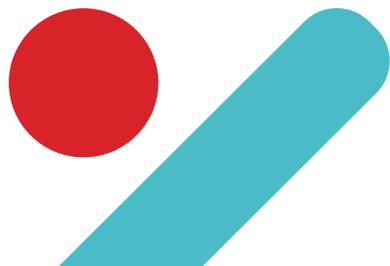
Kenneth holds a Bachelor of Law (LLB) Hons (1997) from the University of South Wales, United Kingdom specialising in Corporate Law.

Lau Teck Huat CTO

Lau brings 22 years of system integration with network management and complex problem solving to IOUPay. After 16 years of integrating and managing front and back end systems in the stockbroking industry including 6 years as CTO for leading international financial data and terminal provider DZH International, Lau was appointed CTO of iPay88 - Malaysia's largest payment gateway and financial solution provider where he worked with IOUPay's CEO KL Kong for 6 years.

Lau brings detailed knowledge and relationships to IOUPay having worked closely with all the major e-wallet and digital cash providers in SEA including Grabpay, Alipay and WeChat and has managed system integration and operations with all the major merchant point-of-sale platforms in SEA including VisaCheckout and Master Card's MasterPass.

Lau holds a Higher Diploma in Computer Studies (1995) and a Bachelor of Business Administration (Hons) (2019) from North Borneo University College, Malaysia



Leadership Team – continued



Eddie Lee Chief Commercial Officer

Eddie brings 20 years of business development and corporate customer relationships in the online payments, publishing and advertising industries across the South East Asia region where he has a proven track record of territory expansion and successfully building revenues by developing big brand corporate relationships and merchant distribution channels.

Eddie has deep connections with many of IOUpay's target customers across SEA and served a four year term as President of iPay88 Philippines where he grew the online payments business to service over 5,000 merchants across 20 industry verticals.

Eddie holds a Master of e-Business from the University of Southern Queensland (2004).

Calvin Yeap Chief Marketing Officer

Calvin is a digital marketing and corporate communications expert with 15 years experience in leveraging online technology and digital media platforms to build revenues and engage government agencies, corporate and consumer stakeholders.

With previous roles as Malaysia's Head of Operations & Marketing for global travel technology leader Amadeus, and concurrent roles as Head of Marketing for iPay88 and Head of Corporate Marketing for iPay88's parent company NTT Data Corporation with responsibility for Malaysia, Thailand, Singapore, Hong Kong & China, Calvin led iPay88 to be a household name in Malaysia and successfully launched the company in Cambodia, Thailand and Bangladesh.

Calvin holds a Bachelor of Science (Hons) in Computer Science from Coventry University (UK) (2001).

Ratha (Lydia) Krishnan Senior Credit Manager

Lydia brings 15 years experience of credit management to IOUpay beginning her career as a credit analyst at Malaysia's Bank Muamalat, progressing on to a Senior Executive, Credit Operations at Ambank Malaysia Berhad where she oversaw credit policy fulfilment and management as well as other credit portfolio functions including compliance with central bank Bank Negara Malaysia's regulatory requirements and non-performing loan mitigation.

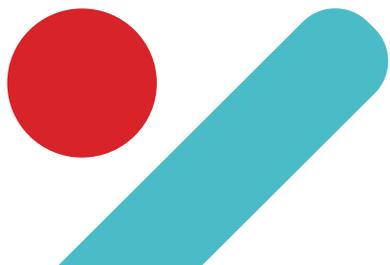
Lydia holds a Bachelor of Business Management from University of Ballarat (2004).

Wayne Wang Senior Collections Manager

Wayne brings more than 20 years of experience in debtors management and recovery, internal audit, collections policy management and debt enforcement to IOUpay.

He has held senior executive roles with Ernst & Young, Malaysia Building Society, Leong Group of Companies and Biotek Environmental Science Ltd in Malaysia, Singapore and Taiwan with operational responsibility across South east Asian territories.

Wayne is a Certified Practising Accountant, CPA Australia (2000) with a Bachelor of Commerce, Accounting from Curtin University of Technology, Perth (1996) and a Master of Business Administration (MBA) from University of New England, Armidale NSW (2005).



Investment Summary



SEA represents a huge market opportunity with significant growth in digital payments



Established market leader with strong revenue generation and growth delivered



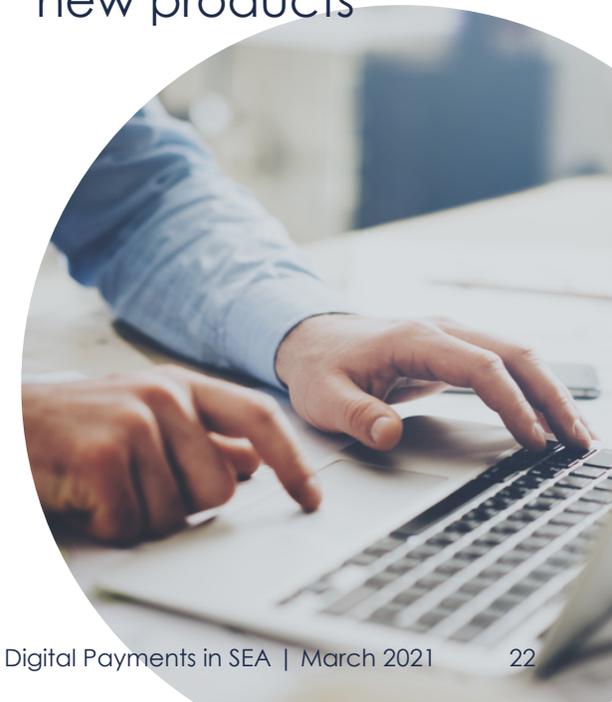
Large existing customer base of consumers, merchants and other financial institutions to leverage into new products



Proprietary platform developed - highly scalable for new products and markets



Large number of consumers are underbanked or unbanked with limited options for credit



Appendix: Case study Malaysia



SEA's March to the Cashless Economy – the Malaysian Example



BASIC PAYMENTS INDICATOR - MALAYSIA	2015	2016	2017	2018	2019	
Population (million)	31.2	31.6	32.1	32.4	32.7	
GDP (RM million)	1,158,513	1,231,021	1,353,381	1,429,842	1,510,349	
Cash in circulation (CIC) (RM million)	76,687.4	85,479.6	92,387.6	94,307.2	100,559.2	
Transaction Volume Per Capita (unit):						
Cheque ¹	4.7	4.2	3.7	3.1	2.6	
E-payments:						
• Credit card	11.5	12.1	12.7	13.8	15.6	10.44%
• Charge card	0.1	0.1	0.1	0.2	0.2	0.13%
• Debit card	2.9	3.4	5.1	7.6	11.4	7.60%
• E-money	44.4	52.6	58.1	59.3	64.0	42.79%
• Other cashless instruments ²	1.1	1.6	0.9	0.2	0.2	0.12%
• Interbank GIRO	4.8	5.5	6.1	6.4	6.2	4.15%
• Instant Transfer ³	1.5	2.6	4.1	7.4	13.6	9.09%
• Interbank direct debit	0.1	0.1	0.1	0.1	0.1	0.09%
• ATM ⁴	1.5	1.4	1.3	1.1	1.0	0.66%
• Internet banking ⁵	10.7	13.2	15.9	19.0	23.0	15.39%
• Mobile banking ⁵	0.9	1.5	2.7	5.9	10.1	6.73%
• Mobile payment ⁶	-	-	0.01	0.04	0.2	0.12%
• RENTAS - Third party transactions ⁷	0.1	0.1	0.1	0.1	0.1	0.08%
• Intrabank direct debit and standing instructions	3.1	3.2	3.4	3.6	3.9	2.61%
Transaction Value Per Capita (RM):						
Cash	2,459.0	2,702.1	2,882.6	2,912.1	3,077.1	
Cheque ¹	57,555.8	52,645.9	50,324.9	44,215.1	38,781.3	
E-payments:	549,657.8	550,702.9	613,675.8	668,785.3	668,785.3	

Credit cards sharp decline... down 25%

Debit cards doubled

e-money is dominant

Instant transfers 5x growth

ATM's sharp decline...down 66%

Mobile banking 5x growth

Mobile banking 5x growth
Digital Payments are now >90% of market

Source: Bank Negara Malaysia 2020 Report

Case Study: Malaysia



” 2020 – From an adult population of 24m, 10m don't use online banking and 2m are unbanked making Digital Payments absolutely essential for economic growth and inclusion of the underbanked and unbanked populations in the national plan for a cashless economy.

” The COVID-19 pandemic has accelerated the rapid adoption of e-commerce and digital payments especially contactless. Based on the Visa COVID-19 study (2020), more than **70% of Malaysians now prefer using digital payments.**

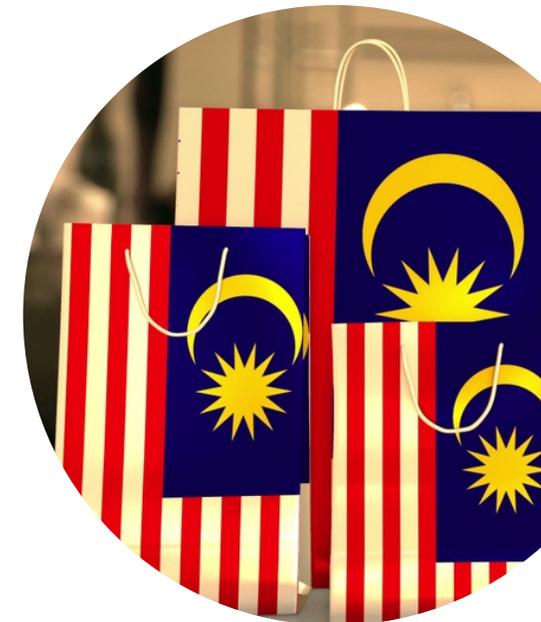
*The Malaysian Reserve**

” **Payment Services are the bread and butter of banking and the lubricant for the economy. It is at the heart of all economic activities.**

– Central Bank Governor
Muhammad bin Ibrahim FCB 11.4.18

” **The innovation in electronic payments could contribute to annual cost savings of up to 1% in GDP for Malaysia.**

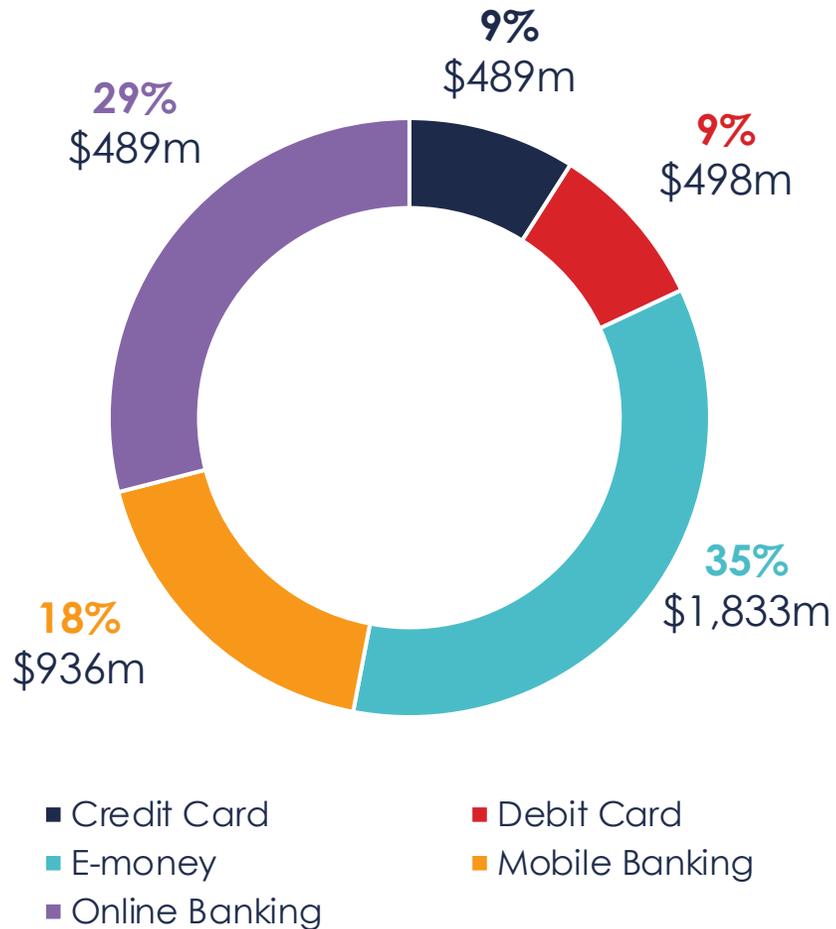
– According to Bank
*Negara Malaysia (BNM),
June 2020*



Malaysian Example



Transaction Volume 2020*



Despite rapid growth, e-commerce still only represents approximately 15% of the payments market in Malaysia with in-store retail accounting for 85%

Referencing Bank Negara Malaysia statistics, **e-payment transactions per capita in 2019 grew 81% to 149.5** from 82.6 in 2015.*

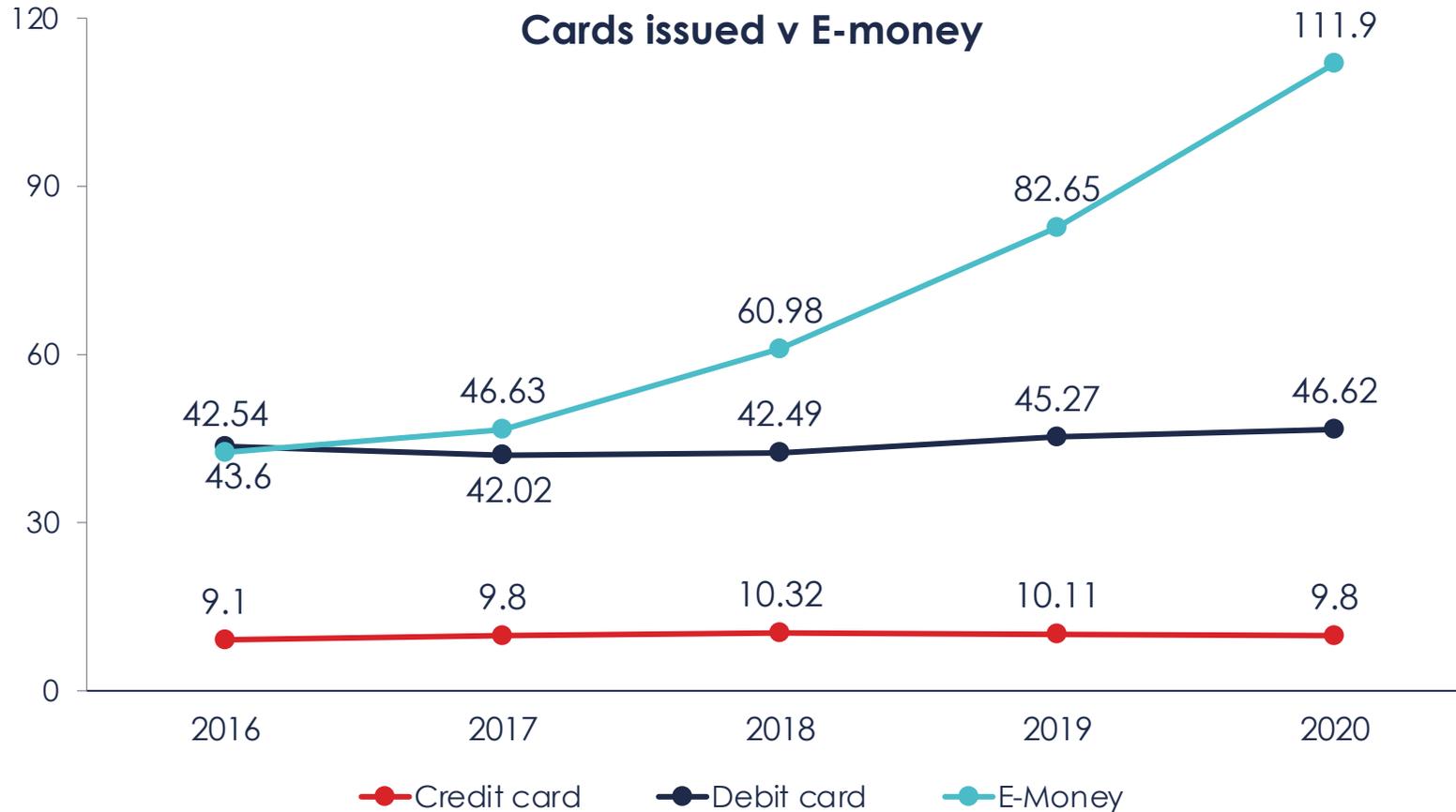


* Source: Central Bank Malaysia; Volume and Value of Transaction 2020 – www.bnm.gov.my/documents/20124/57659/02_epayment.pdf.

“Peak Credit Cards” has passed – Digital adoption has taken over



Cards/Users (Millions)*



Source: Bank Negara Malaysia

* https://www.bnm.gov.my/documents/20124/57659/03_cards.pdf - Card Payment Trends, Nov 2020



Thank You

