

DIGITAL

Banking in Philippines Growing Fast



Unbanked population in Philippines



** Source: Bangko Sentral ng Pilipinas (BSP) latest Financial Inclusion Survey published in July 2018

Pain points of the underbanked in the Philippines

Unable to pay for financial services

Brick-and-mortar banks often charge high fees for their services to cover overheads

Digital banking is more cost efficient and the savings can be passed on to consumers in the form of favourable rates and fees

Unable to access bank branches

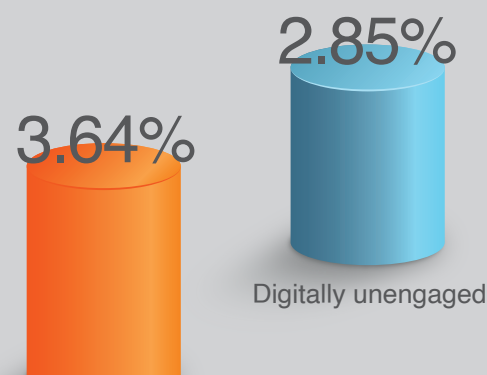
Bank branches are located in major cities and are too far away for consumers who live in geographically inaccessible areas

Digital platforms can be accessed anywhere, anytime, and present additional opportunities for cross-selling

The digitally engaged customer holds more unique banking products on average than one who is digitally unengaged

Average number of unique banking products held in the Philippines

By level of digital engagement with main bank



** Source: <https://www.rfi.com/group.com/rfi-group/news/philippines-how-digital-play-can-reach-out-underbanked>

Filipino consumers are digital natives

In **2020**, IoT spending to hit **USD 766.8million**

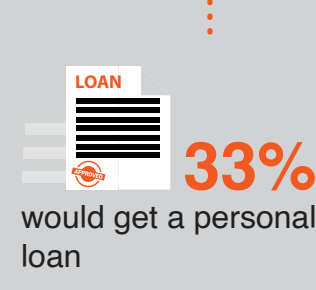
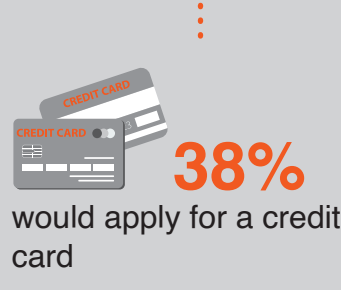
58% of Filipinos have a smartphone in **2019**



Filipinos are among the top 10 mobile internet users globally and spend an average of **4.58** hours a day on their phones

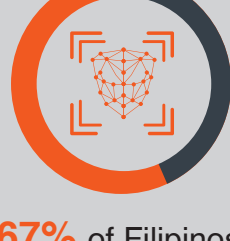
** Sources: Frost & Sullivan report "Asia-Pacific Internet of Things Market Smartphone penetration as share of population Philippines 2017-2025" <https://www.temasek.com.sg/en/news-and-views/stories/future/southeast-asia-internet-economy-2019>

Digital account opening the norm in the Philippines

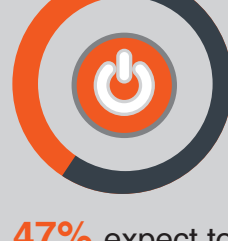


** Source: FICO's Consumer Digital Banking Survey 2020

Filipinos expect account opening to be fully digital



67% of Filipinos think they should be able to prove their identity by scanning documents or providing a selfie



47% expect to prove where they live without going offline



45% say they should be able to set up biometric authentication such as a fingerprint scan when they open an account



26% of Filipinos prefer to open a bank account on their phone compared to 18% in the US and 25% in the UK

** Source: FICO's Consumer Digital Banking Survey 2020

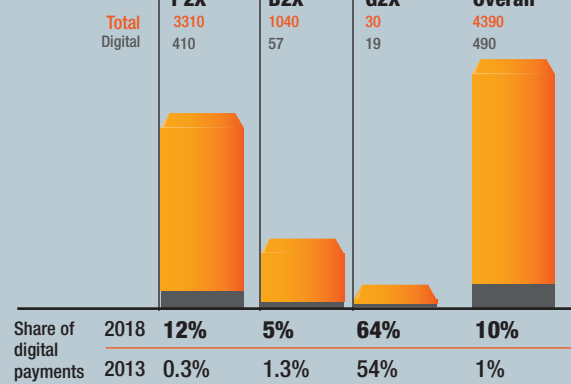
Philippines customers embrace online services

There's a shift away from physical banking services during the Covid-19 pandemic, according to the central bank- Bangko Sentral ng Pilipinas (BSP).

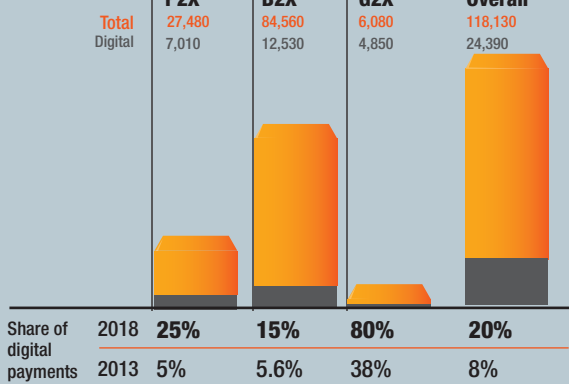
• E-payment transactions¹ in the Philippines grew from **1% in 2013 to 10% in 2018**.

• Value of these e-payments also rose from **8% to 20%** over the same period.

• Growth of digital payments from 2013 to 2019:



Note: Aggressive estimates. All numbers have been rounded to nearest 10. Source: Dalberg estimates, The Better Than Cash Alliance Country Diagnostic Philippines (2015)



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Rizal Commercial Banking Corporation (RCBC) reported the usage of its bank's mobile app had increased by 10% between mid-March and mid-May 2020.

** Source:
1. Better than Cash Alliance at <https://www.betterthancash.org/tools-research/case-studies/country-diagnostic-the-philippines-2019-edition>
2. Source: <http://www.bsp.gov.ph/publications/media.asp?id=5368>
3. The State of Digital Payments in the Philippines- December 2019 (https://btca-prod.s3.amazonaws.com/documents/435/english_attachments/The_State_of_Digital_Payments_in_the_Philippines_ExecSummary.pdf ?1577119411)
4. Source: <https://oxfordbusinessgroup.com/news/covid-19-philippines-end-branch-banking>

Digital banking grew sharply during enhanced community quarantine

UnionBank

- 160 % rise in daily sign-ups via its online and mobile banking portals
- Enabled more than 500,000 credit card transactions
- Consumers made over one million InstaPay and PesoNet fund transfer transactions for free
- Surge in new accounts opened through the UnionBank Online platform
- 2,700 times higher than compared to a year ago.

** Source: <https://www.philstar.com/business/2020/04/17/2007762/digital-banking-grows-sharply-during-lockdown>

BPI

- 25 % jump in its retail digital transactions including money transfers to other BPI accounts, interbank transfers, transactions with e-commerce partners, bills payments
- More than 1.5 million transactions worth about P8 billion as well as 4.5 million ATM cash transactions amounting to P21 billion through its retail digital platforms.
- 100,000 customers sign-ups for their online and mobile banking portals in just one month, bringing the total retail digital customer base to almost 4 million users.

Digital banking is the new normal

The Covid-19 pandemic has brought about a greater acceptance of online services. As more people realise they can access financial services from the comfort of their homes, digital banking will no longer be an option, but the new normal.

With digital banking, banks can:

- 01 enhance financial literacy among the underbanked population and cross-sell products and services
- 02 make it easier and less intimidating for the unbanked to sign up for banking services
- 03 reach populations in more rural areas without the need to invest in physical branches

How can OneConnect can help you digitalise:



Comprehensive features and fast, seamless, secure integration

OneConnect Digital-Bank-In-A-Box offers a suite of comprehensive features to help your financial institution digitalise.



The right ecosystem for your needs

Through OneConnect's local partners within the financial ecosystem, you can access to a wide array of compliance services and infrastructure to capture new revenue streams and grow your customer base.



In-depth fintech expertise and vast experience

OneConnect is backed by Ping An Group, a Fortune 500 company with more than 30 years of experience in financial services and technology. To-date, OneConnect has provided fintech solutions to more than 600 banks and over 80 insurance companies worldwide and was awarded a virtual banking licence by the Hong Kong Monetary Authority in 2019.

To kickstart your digital banking journey with OneConnect, visit

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