



KOREFUSION

ACG FinTech Panel

San Francisco
Panel Slides

For 4 April 2017

THE ONGOING EVOLUTION OF FINTECH

FinTech 1.0

- Rapid identification and exploitation of opportunities to leverage technology to disintermediate traditional financial services
- Primary focus on technology proof-of-concepts and undisciplined consumer acquisition models.

FinTech 2.0

- Consolidation within FinTech industry verticals, primarily driven by:
 - Startup cannibalization seeking volume growth
 - Banks buying innovation
- Global consumer technology companies entering the financial services space with mixed results
- The introduction of proprietary bank owned payment networks
- Primary focus on business model development and rationalizing consumer acquisition costs

FinTech 3.0



FINTECH 1.0: FINTECH COMPANIES UNBUNDLED & DISINTERMEDIATED TRADITIONAL FINANCIAL SERVICES BY ADDRESSING REAL PAIN POINTS

ILLUSTRATIVE



Source: Venture Scanner, CB Insights, News Clippings, KoreFusion Analysis

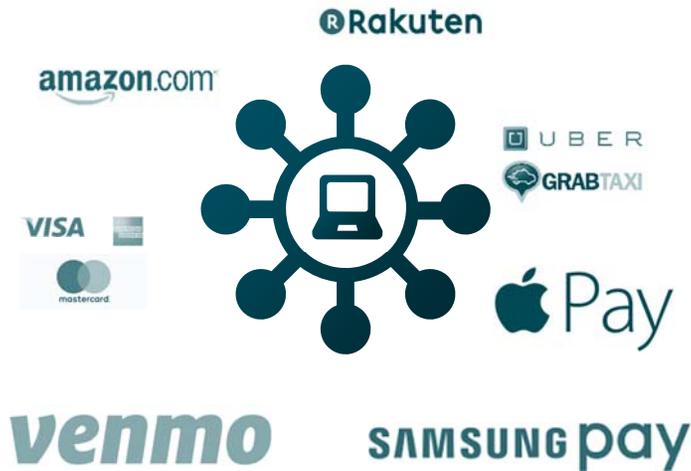
FINTECH 2.0: 1) CONSOLIDATION WITHIN FINTECH VERTICALS, 2) THE ENTRANCE OF TECHNOLOGY PLAYERS, AND 3) BANK OWNED NETWORKS

ILLUSTRATIVE



FINTECH 2.0: TECHNOLOGY & DISTRIBUTION PARTNERSHIPS ARE THE PRIMARY DRIVERS OF GROWTH AMONG MATURE PLAYERS

Technology Platform Partnerships



Distribution Network Partnerships



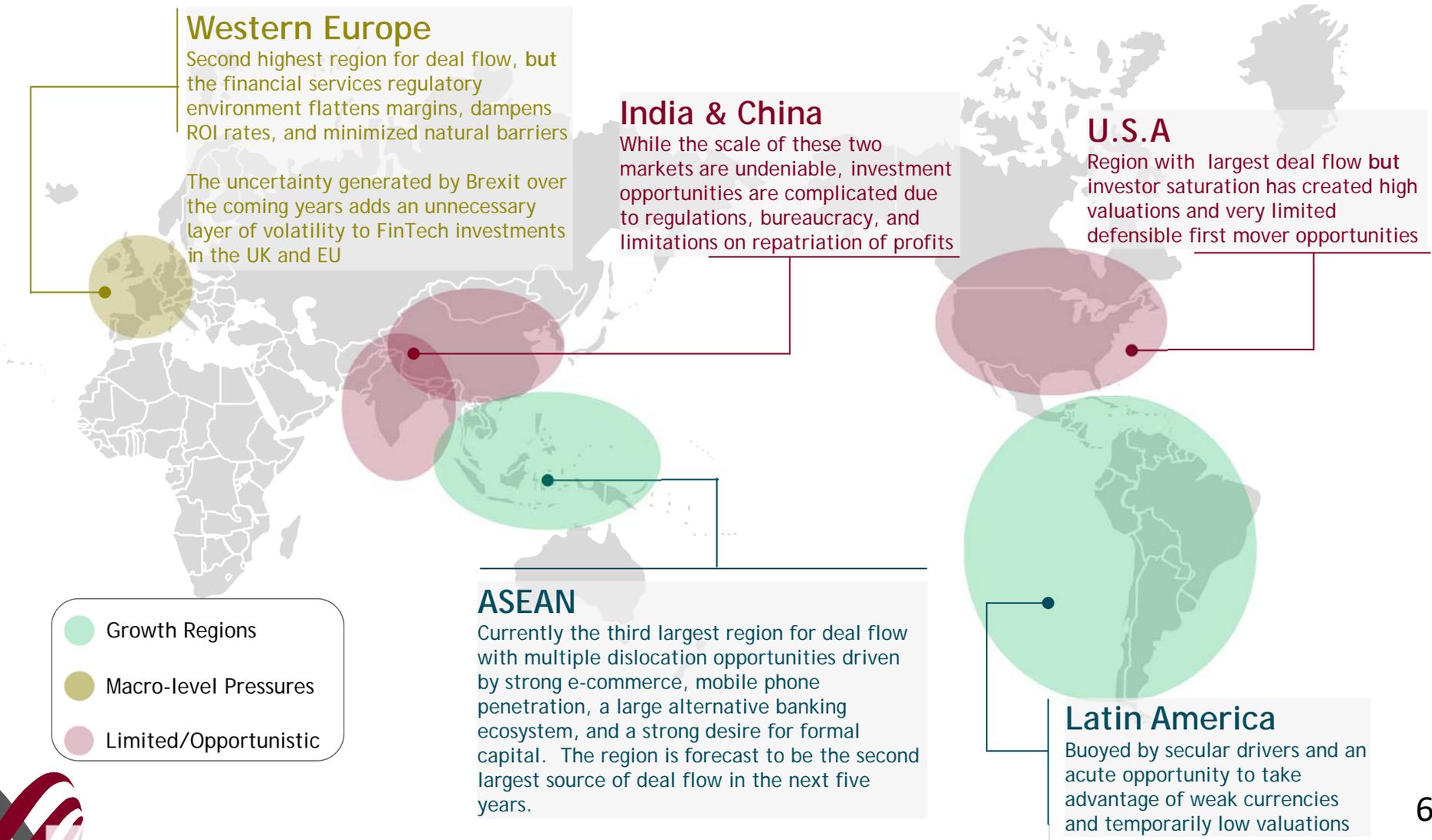
Technology companies are developing/expanding financial solutions as part of their broader technology platforms, leveraging their embedded consumer base to attract merchants and/or financial institutions to generate valuable transaction data

Established FinTech players, especially in the mobile wallet, eCommerce, and SMB financing spaces, are seeking out distribution partnerships to help them broaden their footprint and leverage new customer acquisition channels



FINTECH 3.0: LOOKING FORWARD, AN INCREASING PORTION OF FINTECH DEALS WILL BE INFLUENCED BY OVERSEAS TRENDS

U.S. and European markets are becoming increasingly saturated with FinTech solutions, whereas ASEAN and LATAM are poised for explosive growth due to strong macroeconomic drivers impacting their FinTech sectors



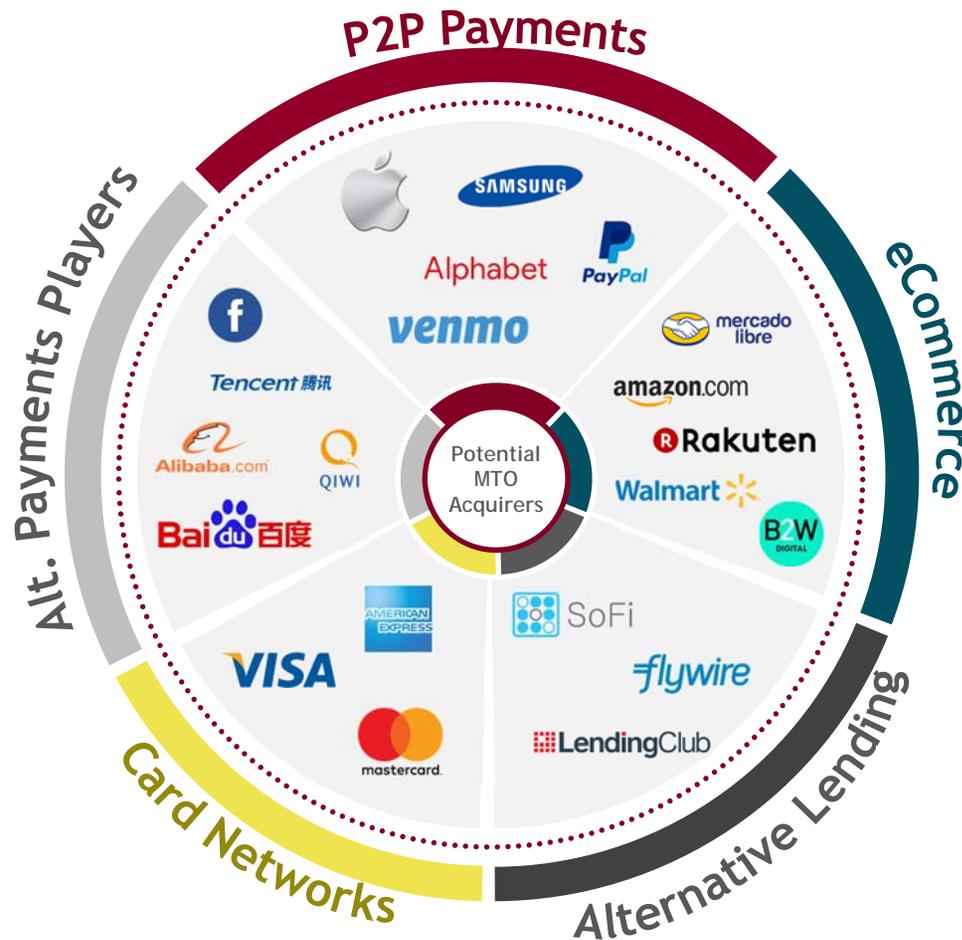
Sources: KoreFusion analysis

FINTECH 3.0: RECENT EVENTS SUPPORT A HYPOTHESIS OF INCREASED CROSS-VERTICAL STRATEGIC CONSOLIDATION

Consolidation will occur across FinTech verticals as acquisition rationale becomes increasingly driven by strategic positioning, not financial rationale; New future exit options will impact today's growth strategies

Example: An Expanded Horizon of Exit Options for a Mid-Sized Money Transfer Company

ILLUSTRATIVE



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