Euromonitor International

Disruptive Trends of Digital Banks in Asia Pacific and Australasia: How to Win the Profit Battle

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INTRODUCTION

Scope
Key findings
Why relevant for digital banks, incumbents, non-bank consumer businesses and fintechs?

TYPES OF DIGITAL BANKS

What are the differences between digital banks and traditional incumbent banks?
Four key types of digital banks for consumer banking

REASONS FOR THE RISE OF DIGITAL BANKS

Four key engines enabling digital banks to take off
Increasing smartphone penetration in emerging markets to extend reach of digital banks
Digital identification (ID) to facilitate remote onboarding and authentication
Favourable regulations introducing digital banks to promote competition and inclusion
Tapping fintechs' banking modules to accelerate time to market

KEY DRIVERS FOR PROFITABILITY

More than 30 digital banks in this region are profitable
Strategic framework of digital bank profitability
Ecosystems are critical for digital banks' acquisition and usage
Engagement: Gamification leveraging cartoon characters
Games to make banking fun
Customer engagement: personalised services to suit individual needs
Unsecured lending with alternative data reconciled with ecosystem identification (ID)
Lean operations: technology-driven cost competitiveness to challenge incumbents
Organisational transformation to drive agile operations

RECOMMENDATIONS

Advice to four different types of businesses
How to build ecosystems if founded without large ecosystem parent companies
Examples of ecosystem partnerships
How to establish partnerships if without large ecosystem parents
Tinkoff builds its own super-app ecosystem in Russia and plans to expand into Asia
Key incumbent banks' companion app strategy to defend against challengers
Banks can leverage convenience stores and supermarkets for usage and acquisition
Seven Bank's global network of proprietary ATMs
Digital banks may tap offline agents to serve unbanked populations in rural areas
Build or buy: To determine based on each bank's own priorities
Survival in potential financial crisis
Key takeaways

APPENDIX

Key Definitions
13 researched markets for consumer finance in Asia Pacific and Australasia

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