

Winning the future of financial services

There's only one future we're interested in, one where financial services meaningfully improve people's lives. Let's explore what this future can look like, and see the path from today to a world where our best business ideas are realized and improve the lives of people, your customers.

As a field, fintech today is a confusing mess, a crowded landscape focused almost entirely on upper income people in upper income countries. For new innovators, it's hard to differentiate and establish a foothold. Even worse, with the almost exclusive focus on the US, EU and high-income country markets, innovations are skewed towards the high end where conditions keep us stuck in a high cost, low upside situation.

High income countries dominate the fintech focus



This is not a level playing field and not a compelling future. But there is a compelling future, and The McKinsey Global Institute has measured it: **\$6 trillion** dollars of financial activity that is not being addressed by fintech or banks consisting of a consumer market of 2 billion people, 4 billion people if you count, as many do, those underserved as well as not served.

Where is this market? Why is it open and untapped? Fintech has been so busy chasing unicorns we have missed the market right in front of us.

The market is right here in the Caribbean and Latin America – where 65% of the population are potential customers.

And this market is global. More than half of the world, 53% or the adult population (according to World Bank statistics) do not use formal or semi-formal financial services, and are waiting for fintech solutions.

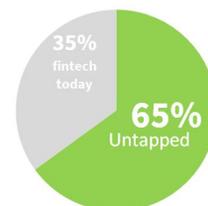


McKinsey Global Institute Report, 2016

How do we reach the wide market of unserved and underserved?

First, we need innovators with ideas that make a difference in people's lives. Study after study have shown that the unserved are

Caribbean & Latin America



sophisticated managers of their money and savvy consumers of financial services when they are made available, and they have smartphones. All the same ideas that are struggling for attention in the crowded landscape of fintech can be first movers in the unserved market.

Second, we need regulators who see the value of fin-tech. In fact, regulators around the world are embracing fin-tech innovations for their unserved markets. I just attended a meeting in Indonesia with the financial regulator – OJK – organized for the purpose of mobilizing fintech in the delivery of solutions to the 200 million Indonesians who are not well served, if served at all, by the traditional commercial banks. OJK sees fintech as the solution, not the problem. At ATECH 2017, a well-attended “Working with Regulators” workshop was held and three fintech ecosystems are launching in Aruba, Trinidad & Tobago, and Jamaica which will foster innovation and also engage regulators.

And we need wide-spread digital infrastructure that supports the delivery of financial services to 4 billion people.

Financial services can only exist and be delivered through the digital infrastructure. This is what indispensably connects innovators, regulators, and customers. Without it, nothing can happen.

To access the market for \$6 trillion in financial activity – to reach 4 billion potential customers – and to create a level playing field for fintech innovators ...

We need a platform that is :

- Massively scalable
- Built with open global standards
- Mobile first
- And purpose built for the delivery of digital financial services

This platform we need is here now. On October 19, 2017, the Apache Software Foundation voted on and officially approved the world’s first open standard for a digital financial services platform (DFSP) Fineract CN. And Kuelap turned on a platform built to that open standard, delivered as a service, Kuelap Connect. We have an open platform on a global standard that will scale to reach the customers waiting for your solutions.

It’s a new world, with new rules:

- There is a level playing field
- it is a shared fintech market for innovators and 4 billion customers



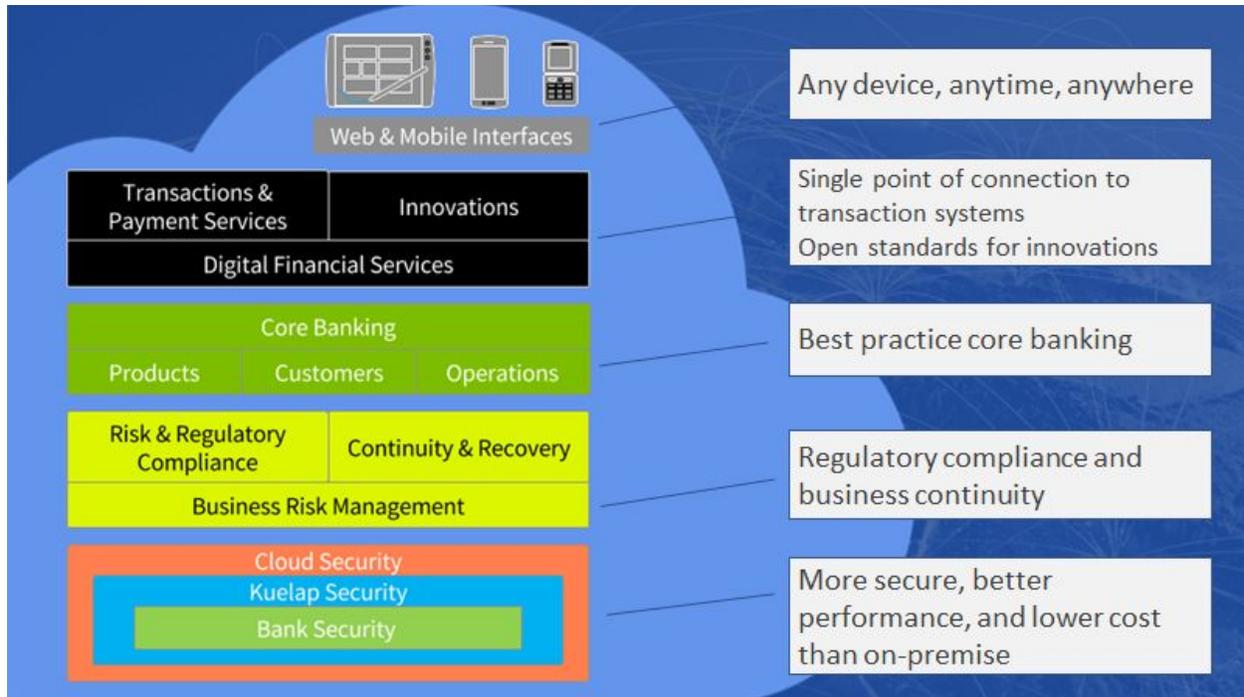
McKinsey Global Institute Report, 2016



- it is not controlled by banks
- it's a global movement

To illustrate how a digital financial services platform works, let's look at Kuelap Connect. Of course, you may decide to follow another path to digital financial services – but it will likely still be a journey through open standards, cloud native, mobile first, delivered as a service.

The Kuelap Connect Platform



Kuelap has grown out of many generations of financial services innovations

Kuelap Connect helps you win the future, because it lets you build and provide your innovations to the world.

Let's explore the platform and how to use it ...

Kuelap Connect, our Gen 3 cloud native global platform --- nine years in the making, was developed in tandem with the evolution of cloud native.

You can choose from three methods to work with Kuelap Connect --- depending on your business model and value proposition:

1. Build an app on top of the platform
2. Build an integration alongside of the platform
3. Build a plug-in for inside of the platform

Let's look at examples of innovators using these method.

DreamSave built an app on the Kuelap Connect platform. Dreamsave had a great idea: a mobile app for village savings groups in rural Africa. Village savings is a particular methodology for both loans and savings, widely used in Africa.

While the village savings methodology is not specifically modelled in Kuelap Connect, it includes all the financial services functionality they need - loans, savings, customers, transactions.



Their value add is the user experience – the work flow and user interface for village savings And their unique go-to-market strategy. Our value add is providing the platform.

By using Kuelap Connect, they stayed focused on their value add and won the Wireless Innovation Project 2017.

BTPN, is a bank in Indonesia that offer Sharia-compliant loans to women. Sharia loans comply with Islamic regulations concerning the lending of money.

Kuelap Connect does not offer Sharia compliant lending functionality on our launch but BTPN-S does not have to wait for us, they have built their own Sharia plug-in which can be done without having to touch any of the other software code.

As a plug-in the Sharia functionality runs inside the platform.

The reasons they chose the platform are:

- Speed to market --- by not having to build everything
- Leverage the value of the stack -- and stay focused on their value
- Efficient use of their capital -- by only building what they need and only paying for what they use
- Aggregation of customers and access to new customers
- Revenue and profitability



This is the future of fintech. 4 billion people await your ideas. Kuelap is currently working in the Caribbean, West Africa and Asia, and spreading to the rest of the world

We don't have to live in a world where 2 billion people lack financial services. We don't have to live in a world where underserved people spend \$15 to send \$100 to a loved one. We can create



affordable services that are reliable, fast, and low cost. Innovators can grow our customer base, revenue, and have an opportunity to make a lasting impact. We have a window of opportunity today, where we, as innovators, fintechs, and regulators can make financial services affordable and profitable --- to we reach a tipping point that ensures it remains an open and level playing field for all.

Let's work together to reach that point and make the future of financial services a better future.

Join the movement. innovators@kuelap.io