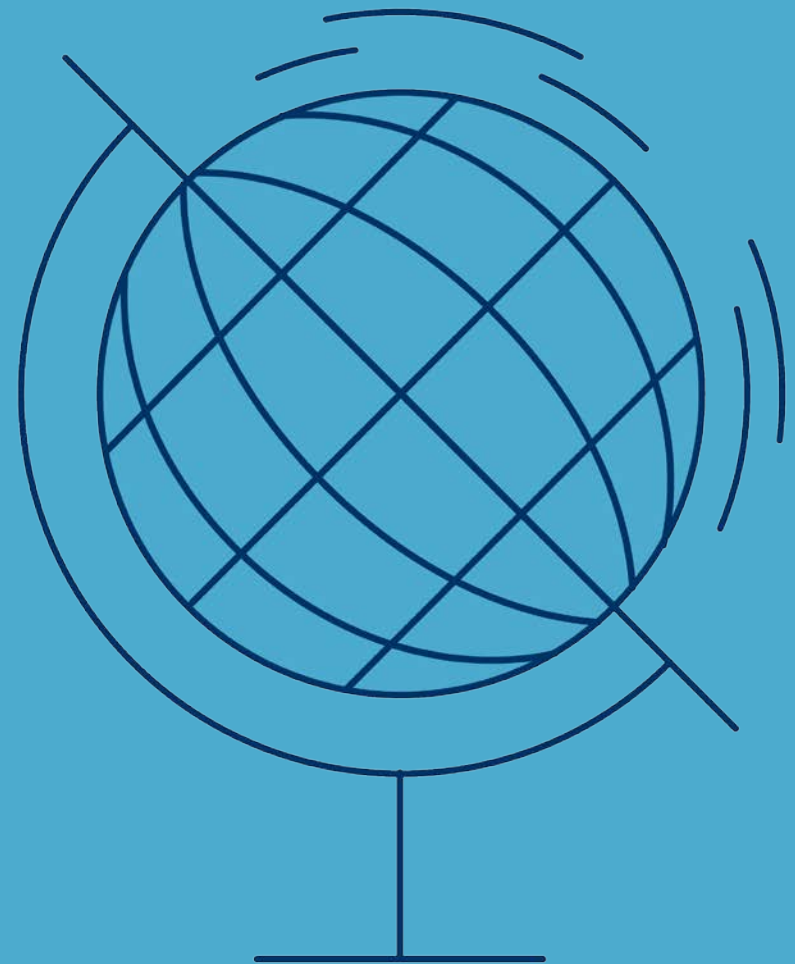
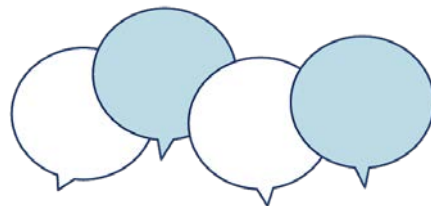


Tech giants in fintech

 CBINSIGHTS





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“We use CB Insights to find emerging trends and interesting companies that might signal a shift in technology or require us to reallocate resources.”



Beti Cung,
CORPORATE STRATEGY, MICROSOFT





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The CB Insights machine intelligence platform synthesizes, analyzes and visualizes millions of documents to deliver fact-based insights. It enables smart companies to predict trends, see competitors' strategies, explore new markets and reveal opportunities to capitalize on change.

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The two “tech threats” to financial incumbents: Startups & big tech

Why the banking industry's not afraid of Amazon

March 6, 2018 | **FORTUNE**

Bank executives are talking about Amazon more than ever, out of admiration and fear

April 30, 2018 | **QUARTZ**

How banks can compete against an army of fintech startups

April 26, 2017 | **Harvard Business Review**

Fintechs are no threat to banks – but Amazon and Alibaba are

November 3, 2017 | **bank innovation**

Fintech startups put banks under pressure

September 12, 2016 | **FINANCIAL TIMES**

Fintech
unbundlers enter
their next act



WHERE WE'RE HEADED

Fintech is now entering the **age of scale** as investment flows into companies entering their next act

Becoming a breakout consumer fintech app is getting harder

All 21 of the VC-backed fintech startups that rank in the top 100 US 'Finance' App Store rankings were also ranked in the top 100 in 2017.

SAVINGS & INVESTING



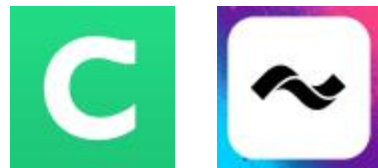
ADVANCES



CRYPTO



MOBILE BANKING



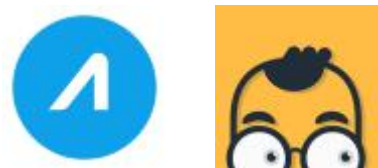
PERSONAL FINANCE MANAGEMENT



CREDIT SCORES



RETAIL SAVINGS & CREDIT



AUTO



FOOD STAMP



PAYMENTS



“The evolution of financial services over the coming decade will be driven by **new, beautifully designed products** with **new revenue models**, offering more for less, and ultimately **free to the end user**. The push towards free will dramatically improve transparency, and ultimately open up existing and previously inaccessible financial products to a much wider pool of customers.”

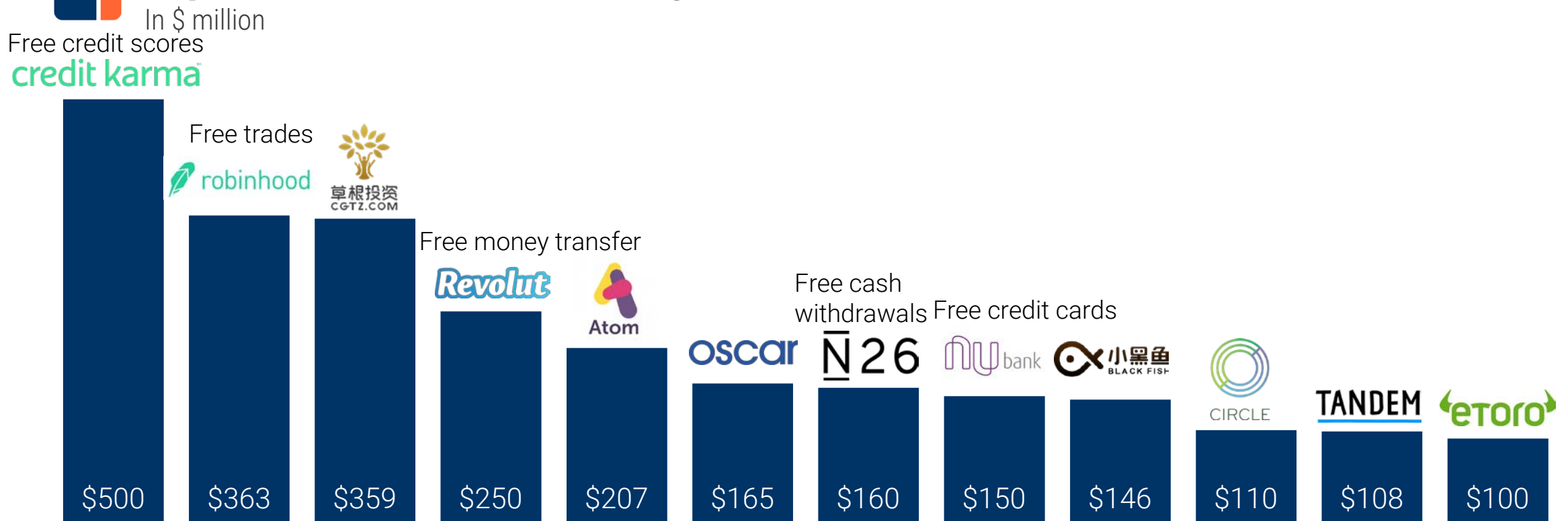


 Index
Ventures

Jan Hammer
General Partner

Consumer fintech investment has seen a big shift toward mega-rounds into perceived winners

Top VC-backed fintech financings rounds in 2018 YTD



RAPID EXECUTION

Revolut

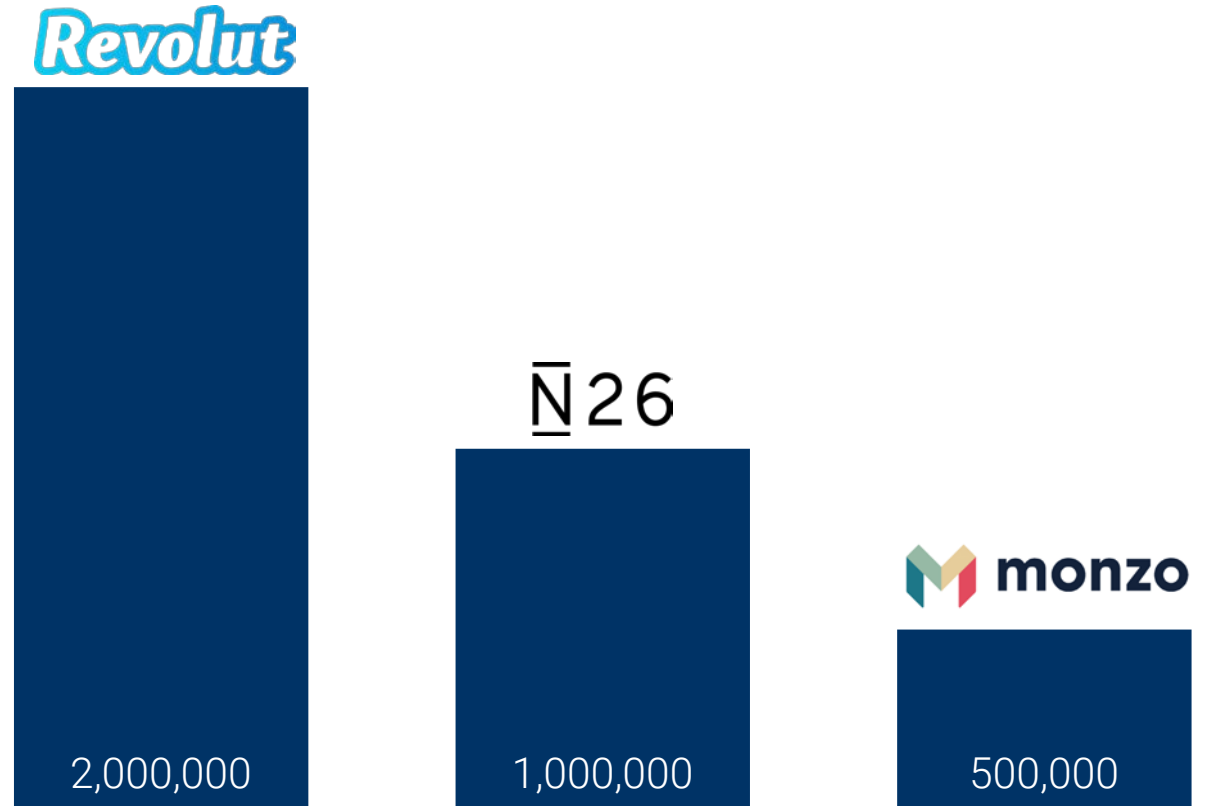
Funding
\$335M

Valuation
\$1.7B

Launched in 2015, Revolut's mobile banking app and card offers free international money transfers, fee-free global spending, and the ability to spend in more than 90 currencies at the interbank exchange rate.

The fast-growing UK startup has since launched a crypto platform and plans to launch commission-free stock trading.

 **Revolut has added more customers than its challenger bank peers**



MOVING BEYOND AN AGGREGATOR


credit karma

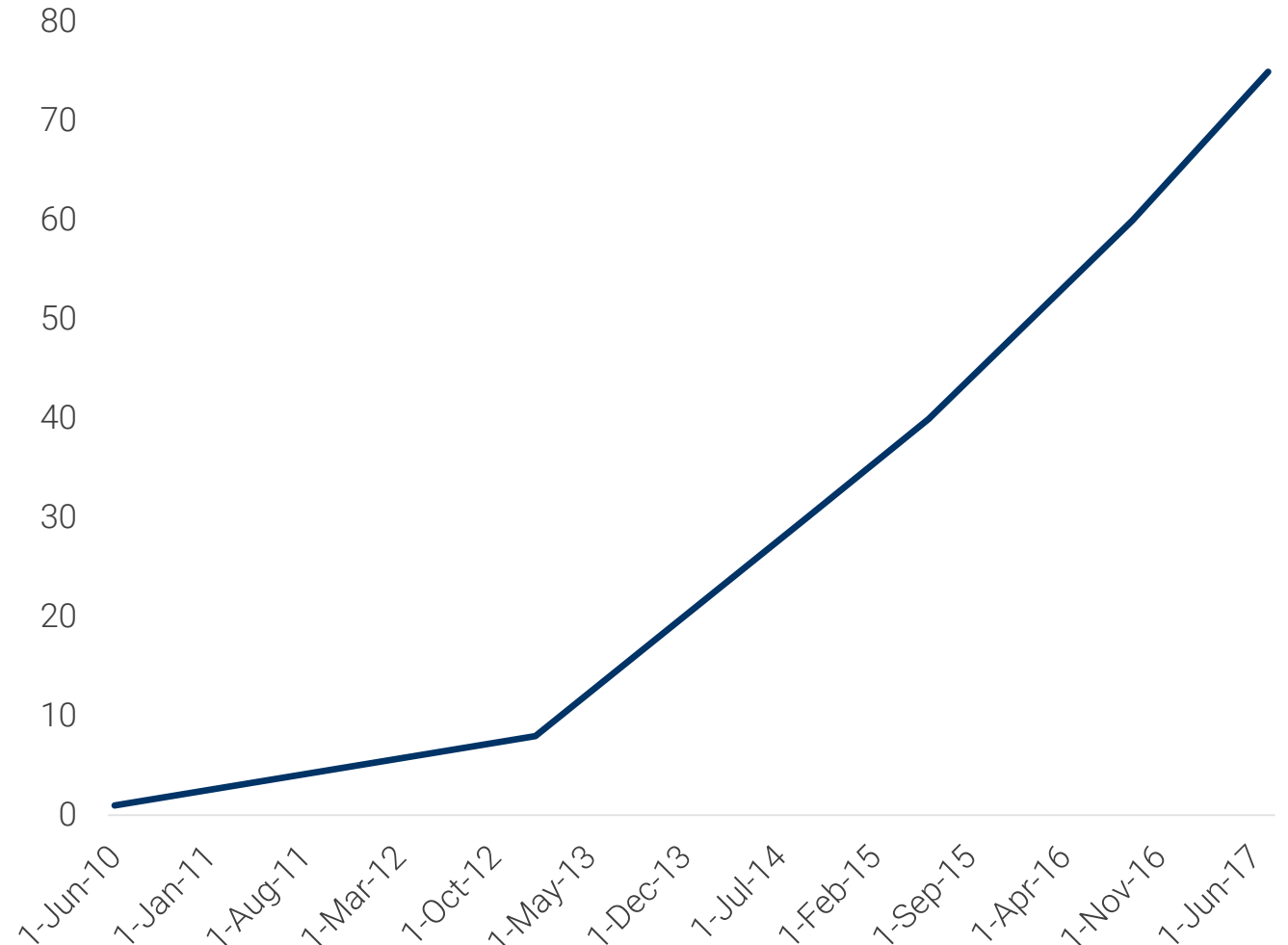
Funding
\$368M

Valuation
\$4B

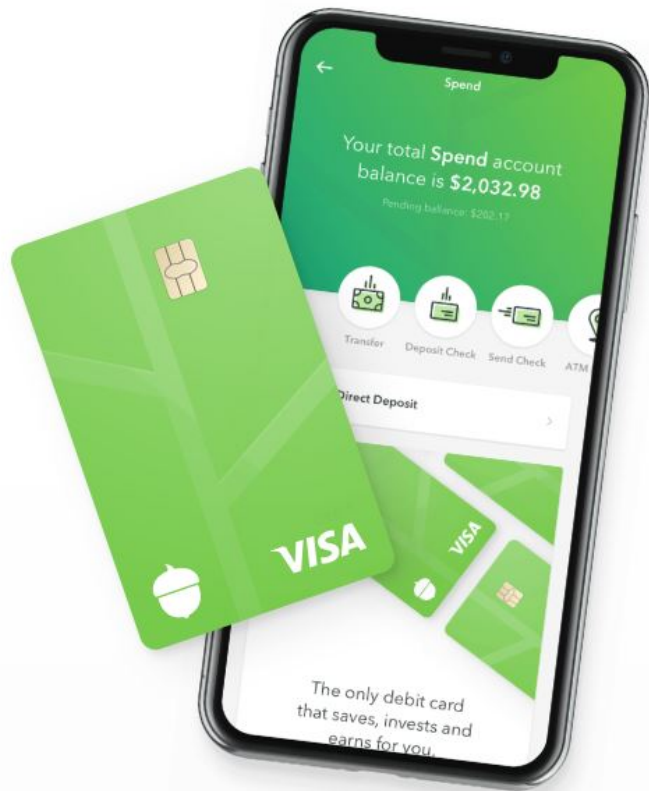
80M Americans use Credit Karma to access a suite of free services including credit scores, advice, alerts and new account openings. Lenders pay Credit Karma \$100 to \$300 for credit card and loan referrals. In 2017, Credit Karma recorded \$682M in revenue.

In 2016, Credit Karma launched a free online tax preparation service and filed 1M tax returns in its first season.

 **Credit Karma uses free services as a hook to distribute financial services to 80M+ members**



Lines are blurring as banking products become the new battleground



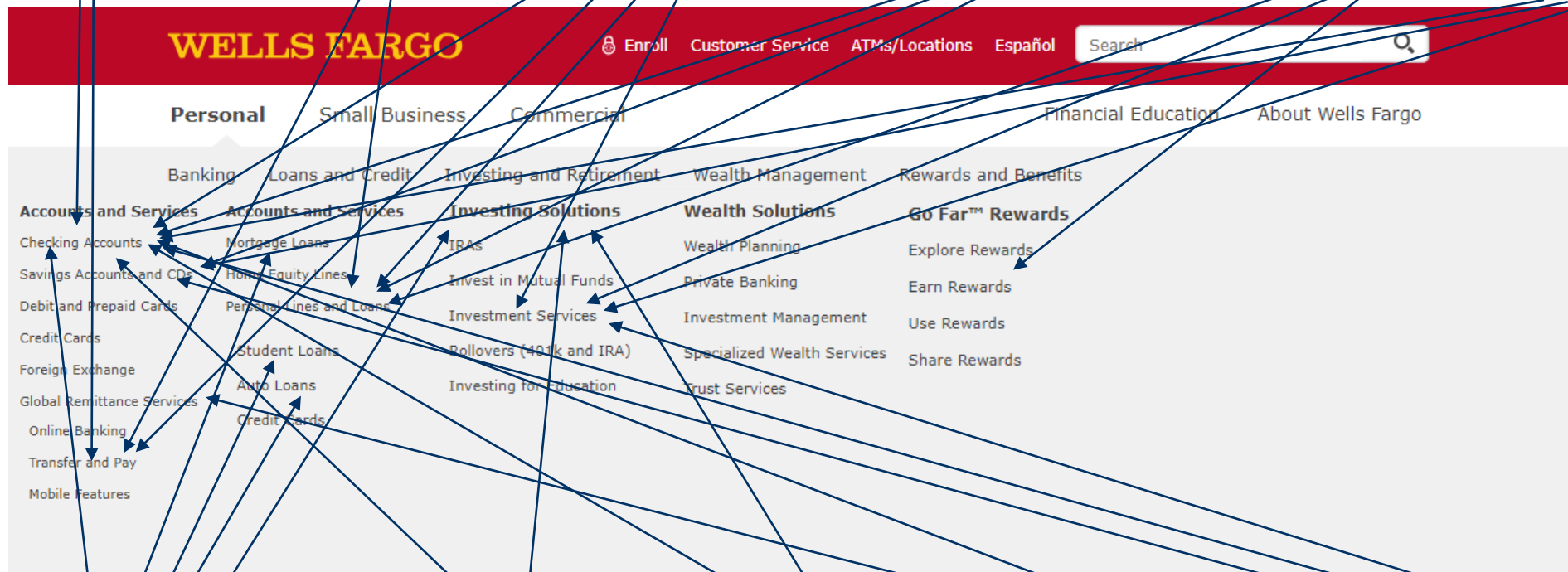
The unbundling of a bank

In May 2015, we highlighted how banks are being unbundled by startups and made our first “unbundling the bank” graphic.

Emerging companies generally don't attack incumbent players head-on, but rather focus on tackling specific verticals (hence the term “unbundling”).



We are entering the early phase of rebundling



Demystifying Amazon



There's no shortage of rumors of what Amazon **might do** in financial services

Amazon is getting into mortgages

March 2018 |  **HOUSINGWIRE**

Amazon reportedly had discussions about offering home insurance

June 2018 |  **The Information**

Amazon could soon offer checking accounts

March 2018 |  **CNBC**

Amazon is getting into health insurance

January 2018 | **engadget**

Amazon looking to buy Capital One

February 2017 | **banking technology**

“Amazon is the most formidable. If Amazon can get you lower-debt payments or give you a bank account, you’ll buy more stuff on Amazon.”










ANDRESSEN
HOROWITZ

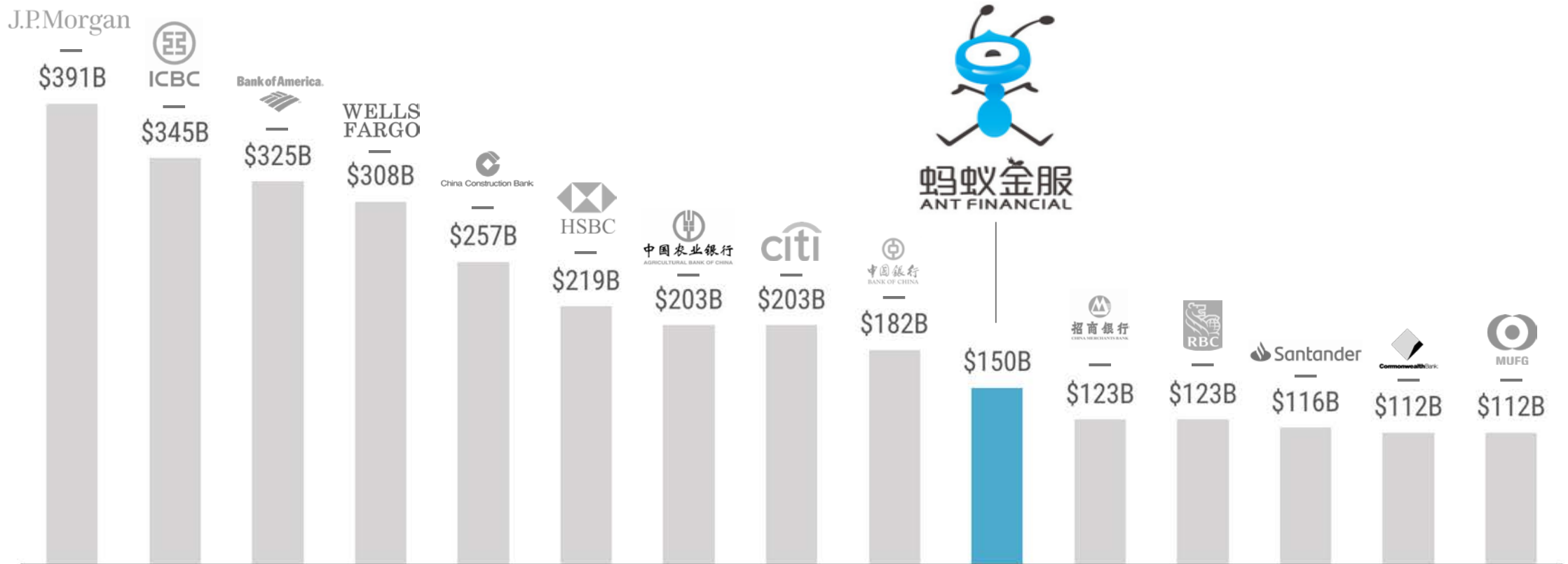
Alex Rampell

General Partner

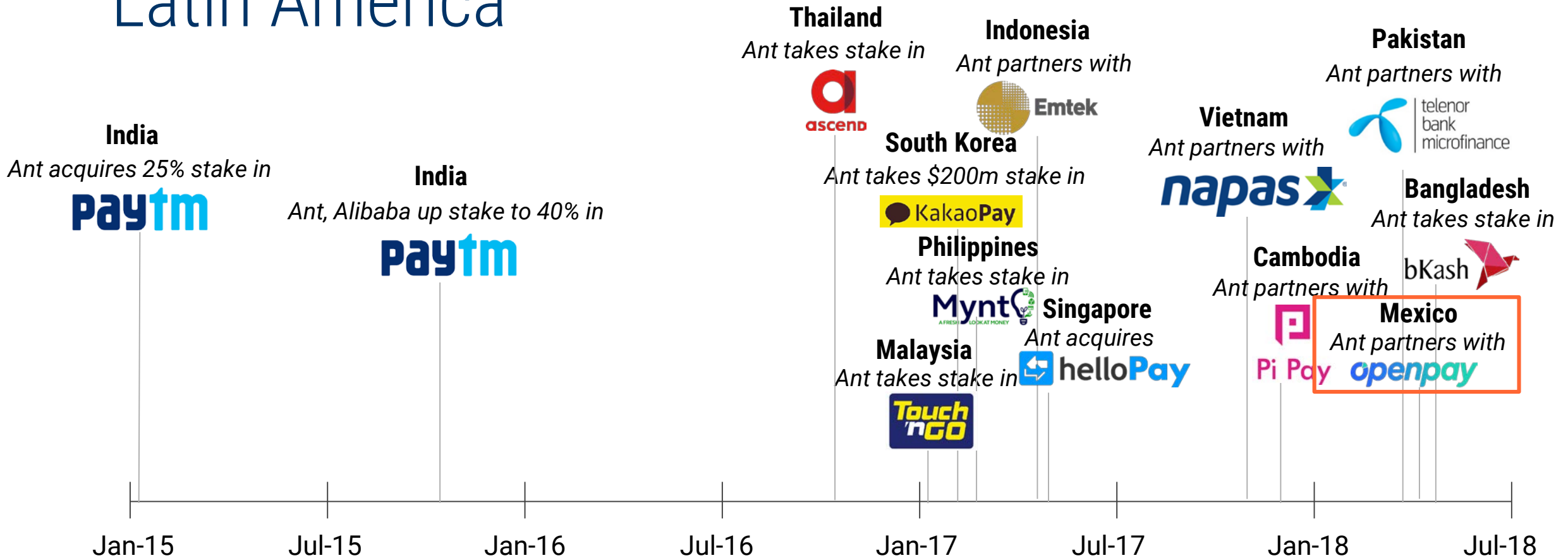
In China, Alipay is now the modern gateway to an ecosystem of financial services

PAYMENTS		The crown jewel, Alipay, is now a mobile wallet that has 520M+ users , and 110M+ partners across 15 countries .
WEALTH MANAGEMENT		Yu'e Bao is a money market fund that invests spare change from Alipay wallets. The money market fund is the largest in the world , managing \$233B at the end of 2017.
		Ant Fortune is a marketplace for other Ant Financial and third-party financial products. At the end of 2017, Ant Fortune had 330M users .
INSURANCE		Ant Insurance Service has nearly 400M users and is seeing premium growth of 43% YoY. Ant Financial's marketplace has 80+ insurance companies selling thousands of products.
CREDIT SCORES		Zhima Credit creates a credit score based on social networks and payments history – among other factors. At the end of Q1'17, it had about 260M users .
CONSUMER LENDING		Ant's consumer credit offering, Ant Credit Pay, has 100M active users . In total, Ant Financial has lent \$95B to consumers through Q1'17.
		Ant Cash Now allows Alipay users to borrow funds quickly, based on user risk profiles.

Ant Financial's valuation now tops the market cap of leading global banks



Ant's global expansion moves from Asia to Latin America



Date

Amazon has tweaked financial products to suit merchants and customers



Amazon's strategy in financial services follows core strategic goals



ENABLE CUSTOMERS

Increase the number of merchants on Amazon, and enable each merchant to sell more



ENABLE MERCHANTS

Increase the number of customers on Amazon, and enable each customer to spend more



REDUCE BUY/SELL FRICTION

Amazon has built and launched tools aimed at making its marketplace easier to transact on for existing customers and merchants

Let's walk through Amazon's efforts in:

Payments

Cash

Lending

Insurance

Let's walk through Amazon's efforts in:

Payments

Cash

Lending

Insurance

“What people never realize or truly understand about Amazon is that part of the recipe for success is **daring to try things you have no idea whether will succeed or not.**”



amazon pay

Patrick Gauthier

VP/GM

Pay with Amazon

Amazon Flexible Payments Service (Amazon FPS) - Limited Beta

Posted On: Aug 2, 2007

Amazon Web Services has opened a limited beta of [Amazon Flexible Payments Service \(Amazon FPS\)](#). Amazon FPS is the first payments service designed from the ground up specifically for developers. The set of web services APIs allows the movement of money between any two entities, humans or computers. It is built on top of Amazon's reliable and scalable payment infrastructure. "Learn more about this new service"/fps.

TextPayMe acquisition relaunches as Amazon WebPay



To use the request payment feature

Commands: '**req** <dollar amount> <phone number>'

Text 'req 10 2065553421 4251113421' to request \$10 each from two users at once (those with the phone numbers listed). You can request money from up to 3 phone numbers in a single "request" command.



amazonpayments™

David E. Galloway, Welcome to your Amazon Payments account

Your Account Send Money Personal PayPhrase Business Developers Help

Overview Deposit Withdraw Your PayPhrases Edit My Account Settings

Balance: Aug 27, 2011

Account Balance: [What's this?](#) \$0.02

Auto-Deposit: Off [Change](#)

New! [Use your balance to shop at Amazon.com and across the web](#)

Notifications

[Enable Amazon Payments](#)

Enhance your account

[Add a bank account](#)

[Add a mobile phone](#)

Account Activity

View your activity by payment type, method or specified date range, or [search for specific transactions](#).

Account Summary & History

[View your daily summary](#)

[View your monthly summary](#)

Amazon Local Register adds to pile of failed experiments



November 1, 2015
Amazon discontinues credit card reader

Market Summary > Square Inc
NYSE: SQ

+ Follow

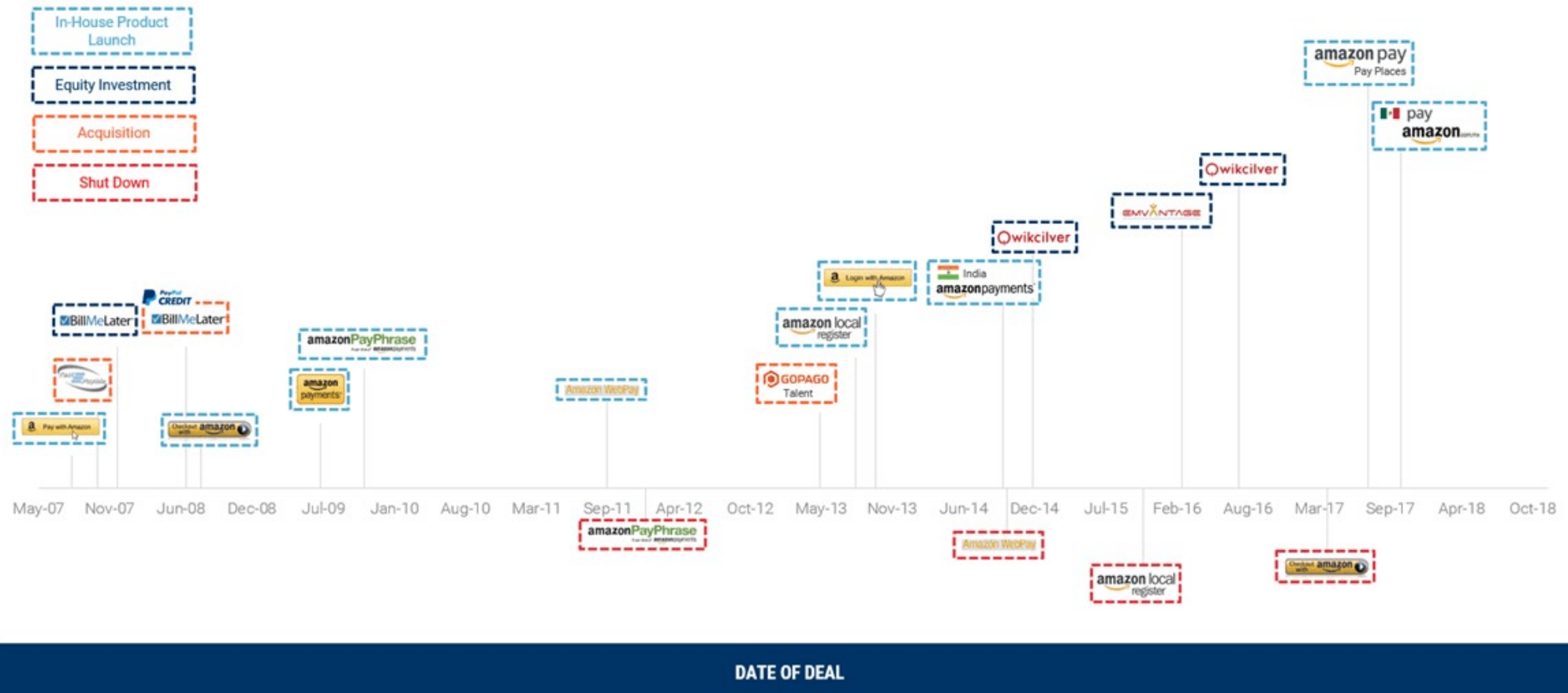
65.96 USD -0.23 (0.35%) ↓

Closed: Jun 19, 7:59 PM EDT · Disclaimer
After hours 65.96 0.00 (0.00%)

1 day 5 days 1 month 1 year 5 years Max



Amazon Pay has evolved into a digital wallet for customers and a payments network for merchants



Amazon Pay by the numbers

33M

customers



170

countries

Amazon Go is introducing new payments tech innovation

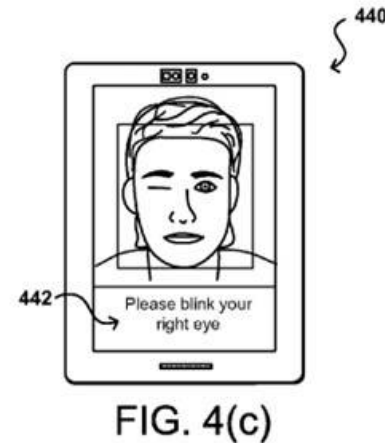
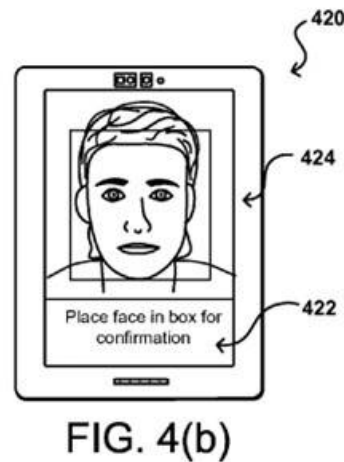
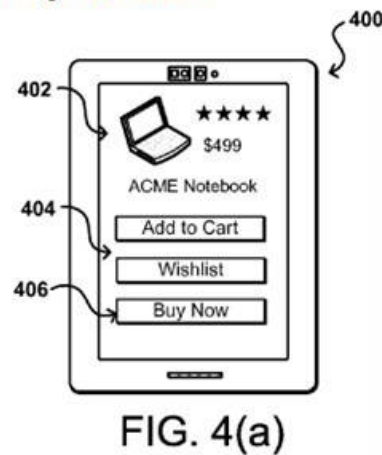
Image analysis for user authentication

Application date: 2012-01-13

Grant date: 2015-11-30

Status: Grant

Filed by: Amazon



Several patents indicate that Amazon is thinking about what the future of payments looks like. Some include using facial identity and selfies as a means of quickly paying.

Let's walk through Amazon's efforts in:

Payments

Cash

Lending

Insurance

Amazon Cash acts as a depository for cash

amazoncash

The fast, no fee way to use cash to shop on Amazon

Get your barcode



Amazon Gift Cards In Stores

Buy Amazon.com Gift Cards in denominations from \$15-\$500 at participating grocery, drug, and convenience stores throughout the U.S.



Coinstar Claim Codes

Turn cash or coins into an Amazon.com Gift Card with Coinstar at over 17,800 locations nationwide.

moving money for better



Western Union Claim Codes

Purchase an Amazon.com Gift Card claim code with cash in any amount from \$25 - \$2,000 at 47,000 Western Union Agent locations across the US.




MoneyGram.
money transfer

MoneyGram

Visit participating MoneyGram agent locations to purchase an Amazon.com Gift Card.

Amazon Allowance: A kid-friendly solution



An easy way to fund shopping on Amazon

Give a recurring or one-time allowance to easily fund shopping on Amazon. Allowances automatically add funds to your recipient's Gift Card Balance that can be used to shop for millions of products.

[Learn more about Amazon Allowances](#)

Allowance Title
Enter a title

Recipient What email address should I enter? * **From**
Enter an email address Enter your name

Amount **Frequency** **Starting**
\$ 100.00 Monthly 05/31/2018

[Sign In to Continue](#)

[Looking for an existing allowance? Manage Your Allowances](#)
[Need funds for shopping? Ask for an Allowance](#)

In mid-2015, Amazon added Allowance, which is now under the Amazon Cash umbrella. With parental consent, kids can set up their own Amazon accounts and make purchases using their Amazon Allowance. Parents can allocate recurring funds to their child's account and get the added control of overseeing what their kids purchase.

Amazon partners with CoinStar

amazon cash



Let's walk through Amazon's efforts in:

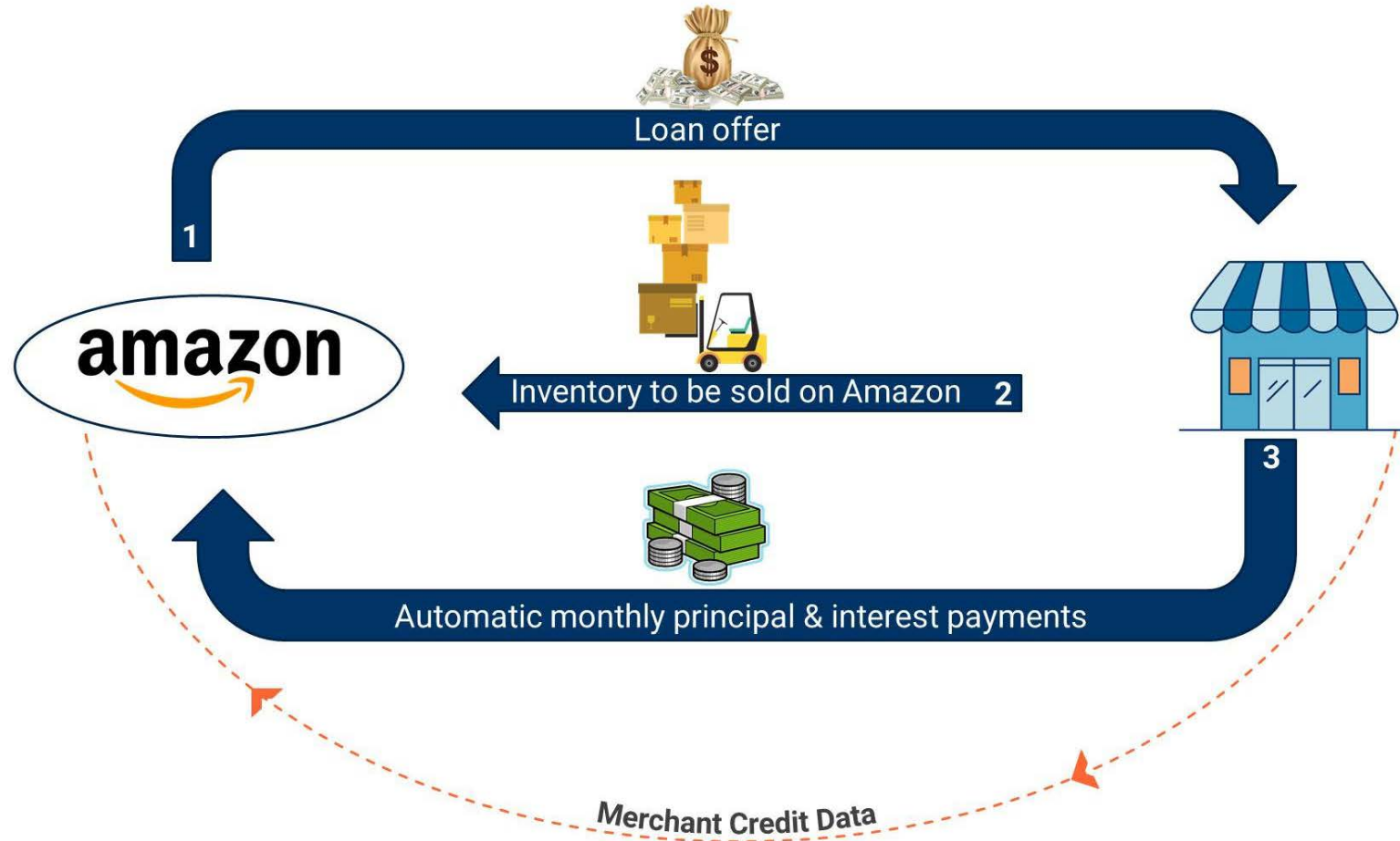
Payments

Cash

Lending






Insurance

Amazon's symbiotic lending relationship with platform merchants



Amazon in comparison with other tech platform business lending models

Platforms are collecting payments automatically, and using AI and ML to fuel underwriting models

Company	Platform	Lending biz model	Capital use-case	Repayment mechanics	Credit check?	Total Loan Volume
	E-commerce	Interest	Amazon inventory	Automatic monthly payments	✗	\$3B+
	Payment processor	Fixed fee	Working capital	% of daily sales	✗	\$3B+
	Software suite	Interest	Working capital	Automatic weekly payments	✓	N/A
	E-commerce	Merchant cash advance	Working capital	Discounted receivables	✗	N/A
	Payment processor	Fixed fee	Working capital	% of daily sales	✗	\$1.8B+

“We hope to expand Amazon Lending and **are now working on ways to partner with banks** so they can use their expertise to take and manage the bulk of the credit risk.”



Jeff Bezos

2015 Letter to Shareholders

Amazon Lending by the numbers

\$3B

SMB loans



The screenshot shows the Amazon Lending application interface. At the top, it says "amazonlending" and "Take your business to new heights with Amazon Lending". Below that, it says "Congratulations!" and "Based on your recent performance on Amazon, you are invited to register for a loan created for Marketplace Sellers. This loan invitation includes the following benefits:" followed by a list of benefits: "Low total cost", "Simple registration - complete in minutes", and "Automatic payments from your seller account". On the right side, there is a "Loan Request Amount" dropdown menu set to "\$3,000" and a "Payment Term" dropdown menu set to "6 Months". Below that is a "Loan Summary" table:

Loan Summary	
Interest (5.90% annual rate)	\$68.72
Net Loan Proceeds	\$3,000
Total of Payments	\$3,068.72
Monthly Payment	\$511.45
Total Cost (2.02%)	\$68.72

20K

Businesses in US,
Japan, and the UK

Amazon's cards expand from online to everyday



Amazon Store Card –
Offers some of the benefits as the Prime Store Card but for non-Prime customers. It does not offer the 5% cash back perk.



Amazon Prime Store Card – Launched in 2015 with partner Synchrony Bank, it was Amazon's first card exclusively for Prime customers, offering unlimited 5% cash back on Amazon purchases.



Amazon Prime Rewards Visa Signature Card –
Launched in 2017 with Visa, this card gives Prime members 5% cash back at Amazon & Whole Foods, 2% cash back at gas stations, restaurants, and drugstores, and 1% cash back on everything else.



Amazon Visa Credit Card –
Partner card with Visa for non-Prime customers that offers 3% cash back on Amazon purchases, 2% cash back at gas stations, restaurants, and drugstores, and 1% cash back on everything else.

Amazon Reload: Reloadable digital debit card for Prime members



1

Be an Amazon Prime Member

Prime members earn 2% rewards every time they reload their Gift Card Balance with their checking account.

Not a Prime member?

2

Set up 2% rewards

To set up 2% rewards, you need:

- US bank account and routing number
- Debit card number
- US driver's license number

3

Reload your Gift Card Balance

Reload your Gift Card Balance using 2% rewards payment method.

Your 2% rewards will be added to your Gift Card Balance at the same time you reload.

 CBINSIGHTS

Checking
accounts
next?

THE WALL STREET JOURNAL.

Next up for Amazon: Checking accounts

The talks with financial firms are focused on creating a product that would appeal to younger customers and those without bank accounts. Whatever its final form, the initiative wouldn't involve Amazon becoming a bank.

Offering a product that is similar to an own-branded bank account could help reduce fees Amazon pays to financial firms and provide it with valuable data on customers' income and spending habits.

Let's walk through Amazon's efforts in:

Payments

Cash

Lending

Insurance

Amazon Protect: Product insurance white label in Europe



Roll over image to zoom in

Microsoft Xbox One S 1TB - White

by [Microsoft](#)

Platform : Xbox One | Rated: [Not PEGI rated](#) ▾

★★★★☆ ▾ [22 customer reviews](#)

Price: **£200.79** & **FREE Delivery** in the UK. [Delivery Details](#)

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This item does not ship to the United States. [Learn more](#)

Sold by [Level99Games](#) and [Fulfilled by Amazon](#). Gift-wrap available.


- The only console with 4K Blu-ray, 4K video streaming, and HDR
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[15 new](#) from **£200.79** [10 used](#) from **£163.95**

Share    

- [Include Amazon Protect 2-year Breakdown & Accident Cover for £20.00](#)
- [Include Amazon Protect 3-year Breakdown & Accident Cover for £23.50](#)

Quantity: ▾

 [Add to Basket](#)

[Turn on 1-Click ordering](#)

 [Deliver to United States](#)

[Add to List](#)

AMAZON INVESTS IN ACKO

“The idea is to **find some way to collaborate** in the future. We’re a new age insurance company and [Amazon] believes it can create value.”

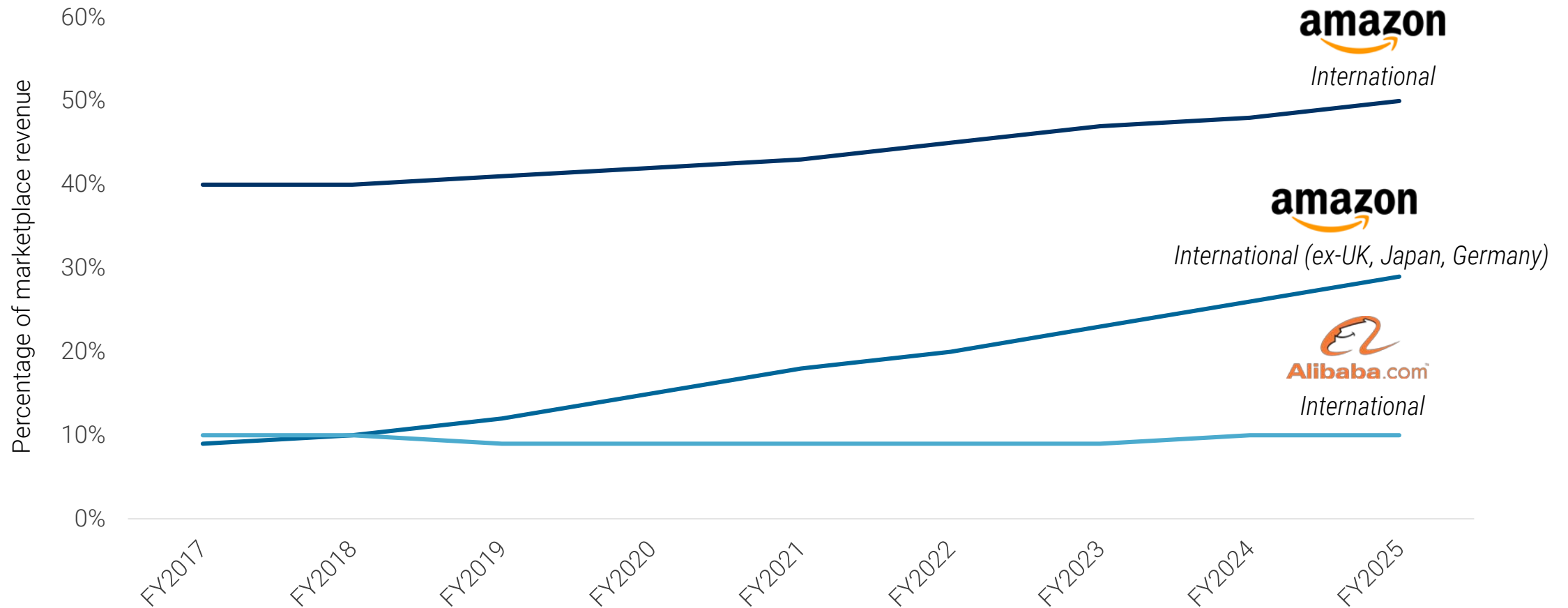


acko

Varun Dua

CEO

Amazon's long-term topline is 2-3X more dependent on emerging markets than Alibaba's



Amazon is unafraid to burn cash to grow payments in India

Revenue and expenses for Amazon Payments in India for fiscal year 2016 – 2017 (in \$ million)



Amazon focusing on high-frequency transactions in India to boost payments

FOOD DELIVERY



TICKETING



TRAVEL



Amazon 5-year anniversary sale: Jeff Bezos invites you to avail Rs 250 flat cashback

“To celebrate our five year anniversary and to say thank you for your support, we want to extend this offer: If you spend Rs 1,000 or more on Amazon.in today, using any digital method, you’ll receive Rs 250 cashback **on Amazon Pay balance**,” Jeff Bezos said in a letter to customers.

Amazon Pay rolls out Doorstep feature

How does it work?

1



Complete your customer identification by submitting your official valid ID number

2



Ask the delivery agent for cash load while paying cash for your delivery

3



Load your extra cash to use it for future orders & load change

4



Confirm the amount getting loaded on the signature screen on the delivery agent's app

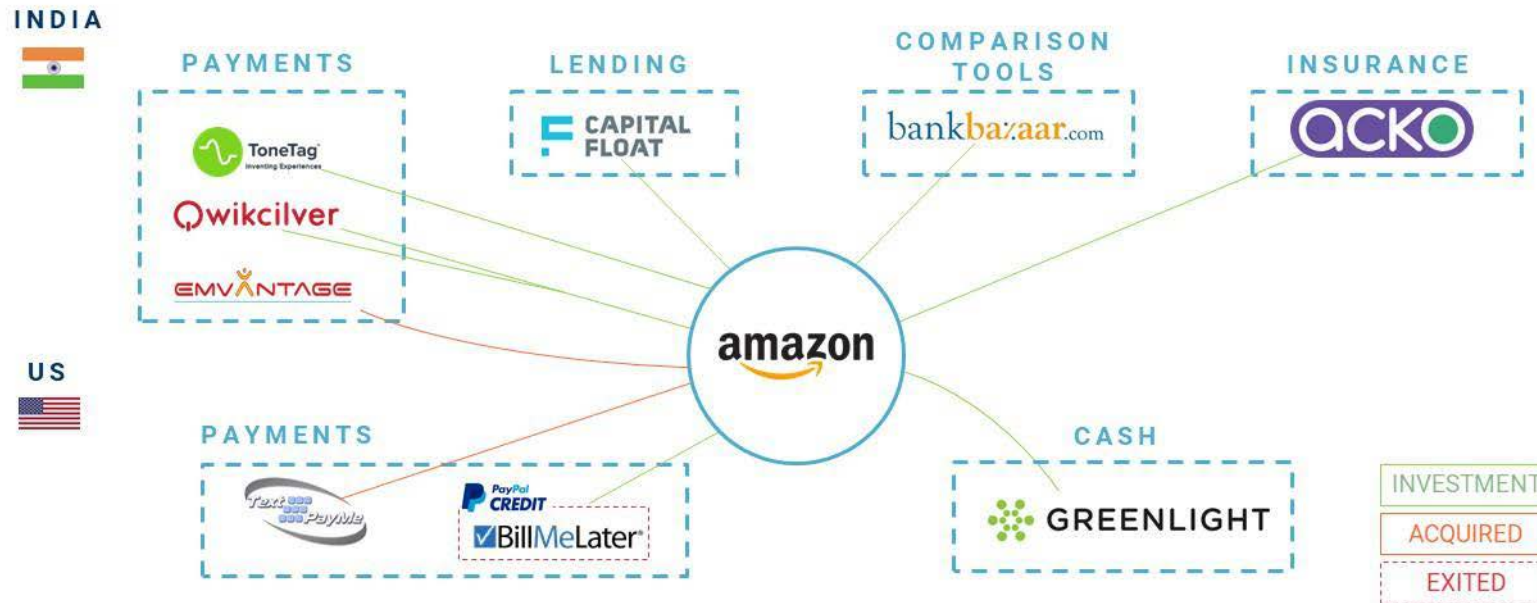
5



Receive SMS & Email confirmation once cash has been successfully added to Amazon Pay balance

The majority of Amazon's overall fintech acquisitions have been in India

 **Amazon's fintech Investments and M&A are concentrated in India**
2008 - 2018 (YTD 6/6/18)



To recap



1

Fintech is entering its next phase in which companies with scale and data will move onto their next act

2

Amazon will be more aggressive in financial services in India and emerging markets to hit growth estimates

Beyond Amazon, digital platforms globally are making their choices in financial services



@cbinsights
@mlcwong
#FutureFintech

mwong@cbinsights.com

