



**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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