



2024 TRANSUNION FINTECH AND
DIGITAL BANKING BREAKFAST

HARNESSING THE POWER OF VARIABLE INSIGHTS IN FINTECH AND DIGITAL BANKING

15 MAY 2024





TU Perspective of Global FinTech Market & Key Trends

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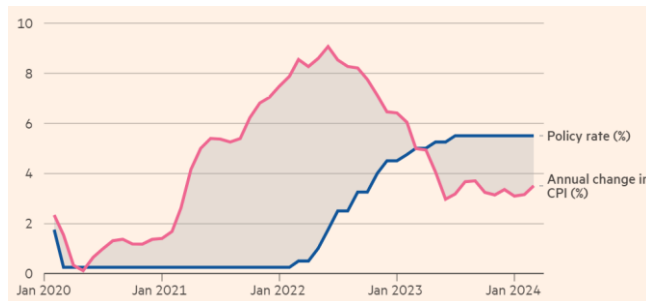
15 May 2024



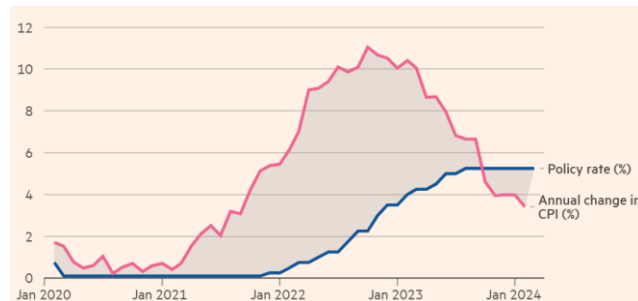
Macro context: Stable inflation in most economies; regulatory landscape continues to remain dynamic in most parts of the world

Inflation eased over past few months, but policy rates continue to remain elevated

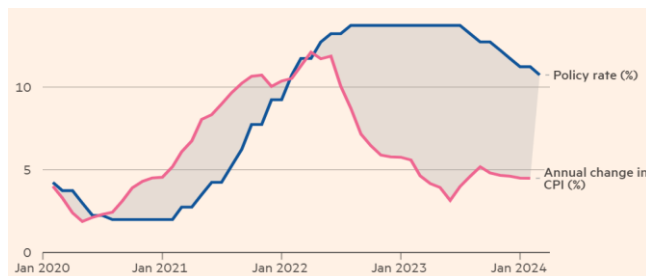
US



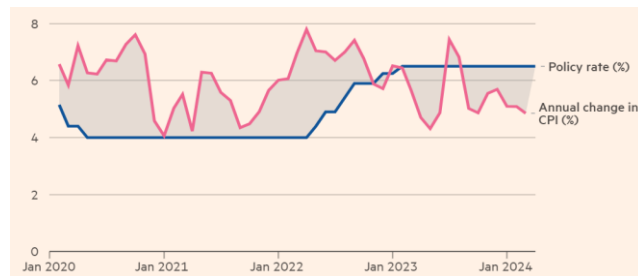
UK



Brazil



India



Source: Financial Times

Regulators across the world find it tricky to balance innovation & regulations

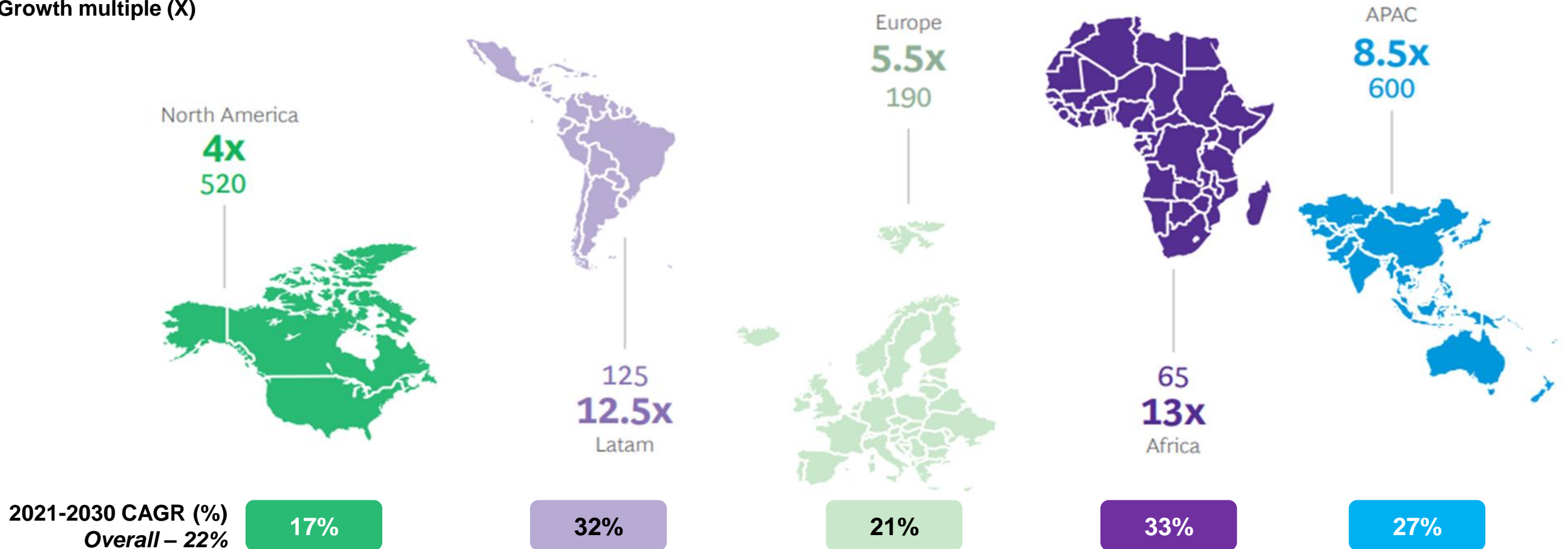
- **US:** Multiple consent orders against banks engaging in **Banking-as-a-service** impacting fintechs; These may drive how bank-fintech partnerships may evolve in the long run
- **UK:** Focus on **Consumer Duty & Vulnerability** forcing fintechs to adhere to regulatory requirements on this front; **BNPL specific regulations** delayed but expected eventually
- **India:** **Digital lending guidelines** by regulator, rules of risk-sharing between banks & fintechs and **increase in risk weights** for unsecured lending making it more expensive; Strict adherence to KYC/AML related regulations expected by regulator

Future Potential: Asia Pacific will be the largest fintech market by 2030, and Latin America and Africa will be the fastest growing regions

Global Fintech Revenue Growth by Region, 2021 to 2030

2030 revenues (\$B)

Growth multiple (X)



Sources: Capital IQ, Pitchbook, Company's investor presentations, desktop research, BCG analysis



Key Fintech themes across selected markets



Key themes in India

- Increasing profitability & share of wallet
- Steering regulatory & compliance environment
- Driving consumer engagement & loyalty



Key themes in UK

- Optimize & improve pass rates on affordability whilst meeting responsible lending obligations and optimizing for COL
- Consumer Duty & Vulnerability
- Maximize the value of customer relationships & collection optimization
- Credit education
- Reduce digital onboarding friction while being regulatorily compliant



Key themes in LATAM

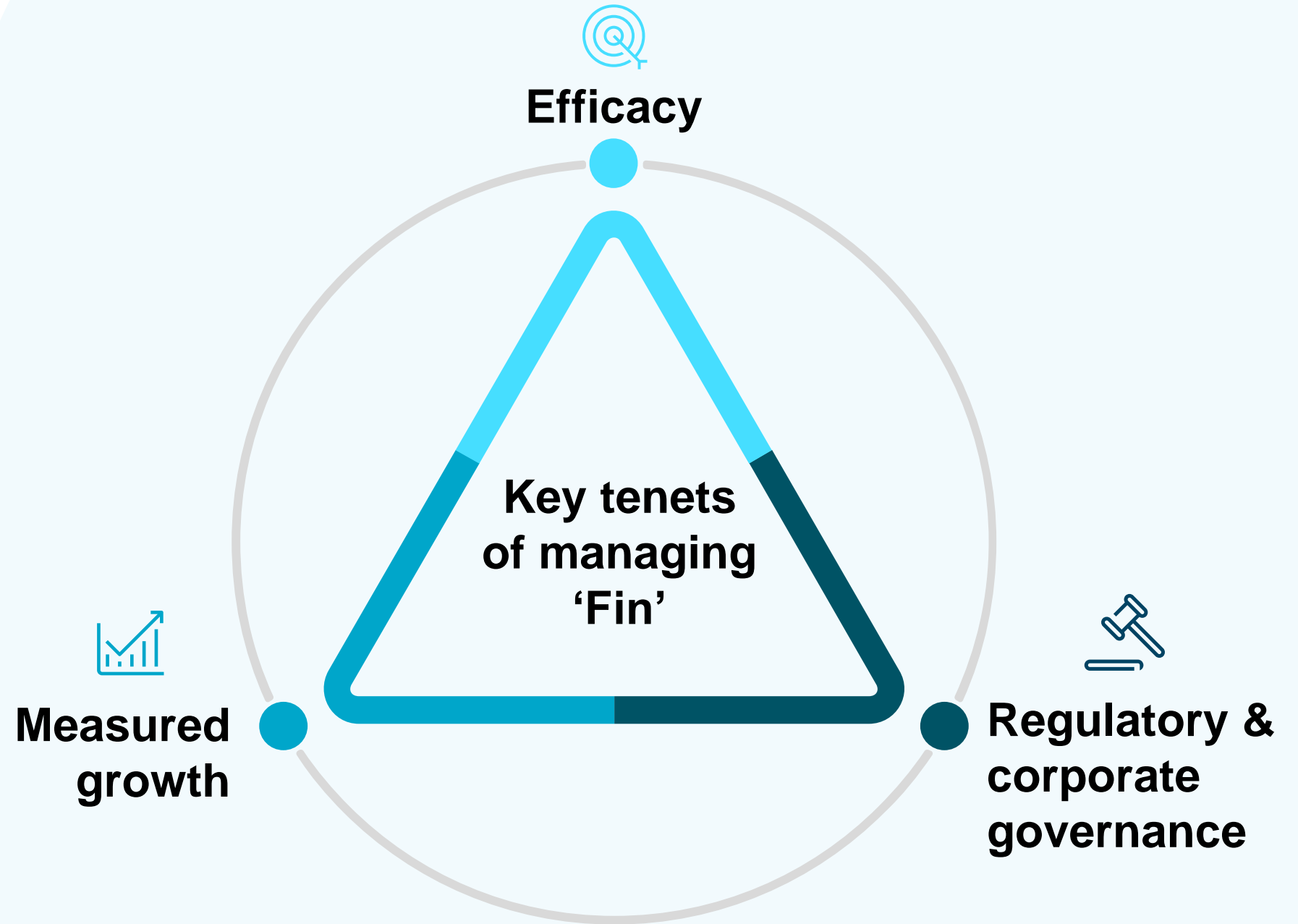
- Diversify revenue sources
- Improve overall efficiency
- Increase LTV
- Prioritization of collection strategies



Our view: What can FinTech's focus on in short-medium term



Sustainable growth requires meaningfully focusing on 'Fin' part of FinTech while continuing to optimize for 'Tech' with Data as the critical success driver





Q4 2023

Kenya Credit Industry Insights Report





Q4 2023 Highlights: TransUnion Formal Loan Data

Index	Q1 2023	Q3 2023	Q4 2023	%QOQ Change	% Q1 vs Q4 2023 change
Total Borrowers	17.51M	18.75M	18.93M	0.96%	8.09%
Total Accounts	298.3M	333.1M	301.2M	-9.57%	0.99%
Active Accounts	24.73M	27.38M	29.72M	8.57%	20.19%
No. of Non-Performing Active Accounts	3.89M	7.33M	7.65M	4.43%	96.85%
Total Outstanding Balance	4.11T	4.59T	5.03T	9.68%	22.45%
No. of Non-Performing Active Balance	507.7B	556.0B	599.1B	7.74%	18%

Highlights:

- Combination of new fiscal measures and monetary policy measures placing strain on consumers' disposable income.
- Impact to demand and supply of credit.
- CRF effect on NPL active accounts



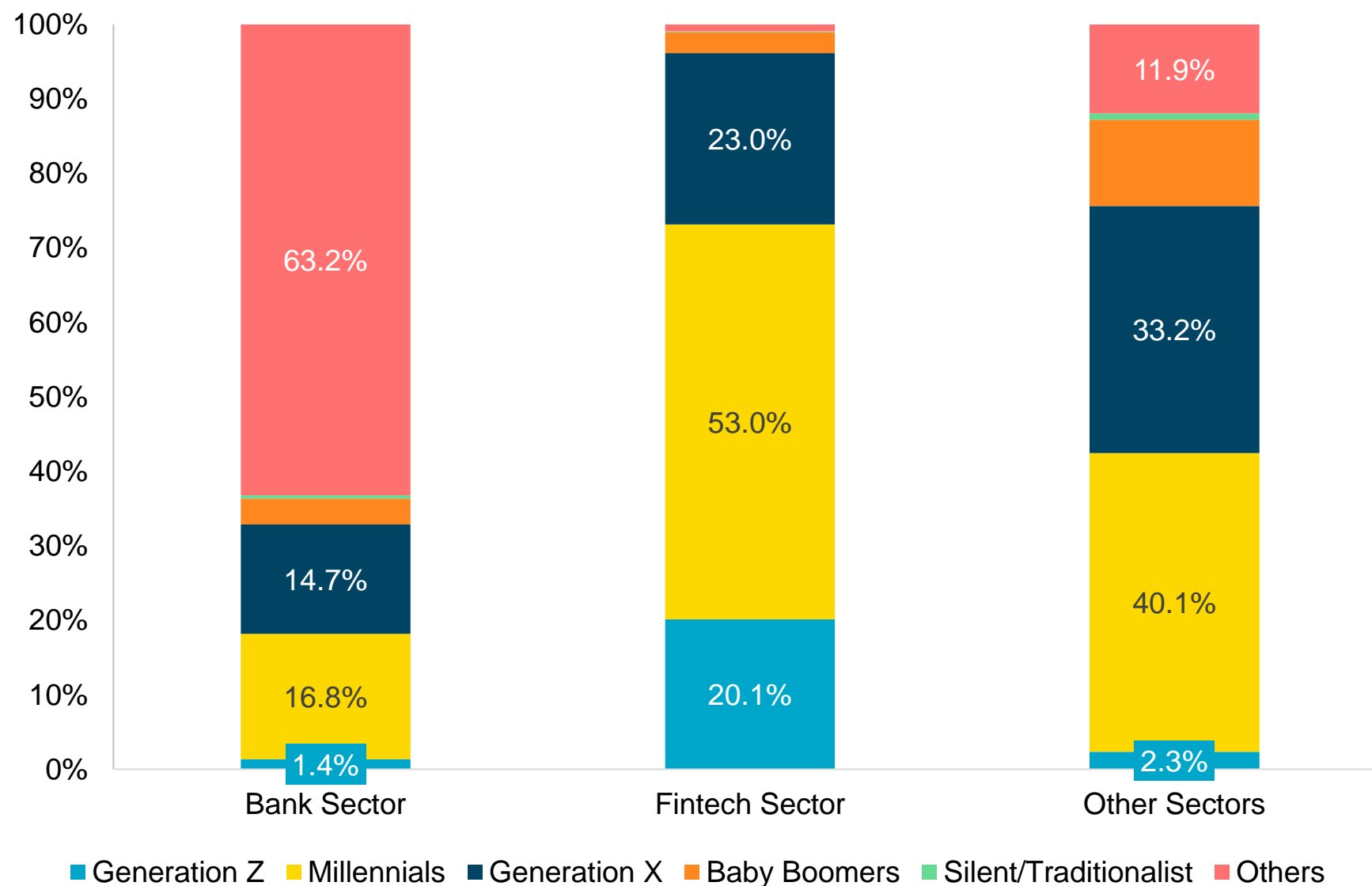
Q4 2023 Sector Distribution: Account distribution per sector

Sector	Subscribers	Active_Accounts	Loan_Balance	Perc_Balance
Bank Sector	39	27.03M	4.84T	96.16%
FinTech Sector	7	1.43M	11.21B	0.22%
Other Sectors	54	1.26M	182.08B	3.62%
Total	127	29.72M	5.03T	

Highlights:

- Banking sector dominating account distribution
- Opportunity for increased data submission from other sector – Fintech

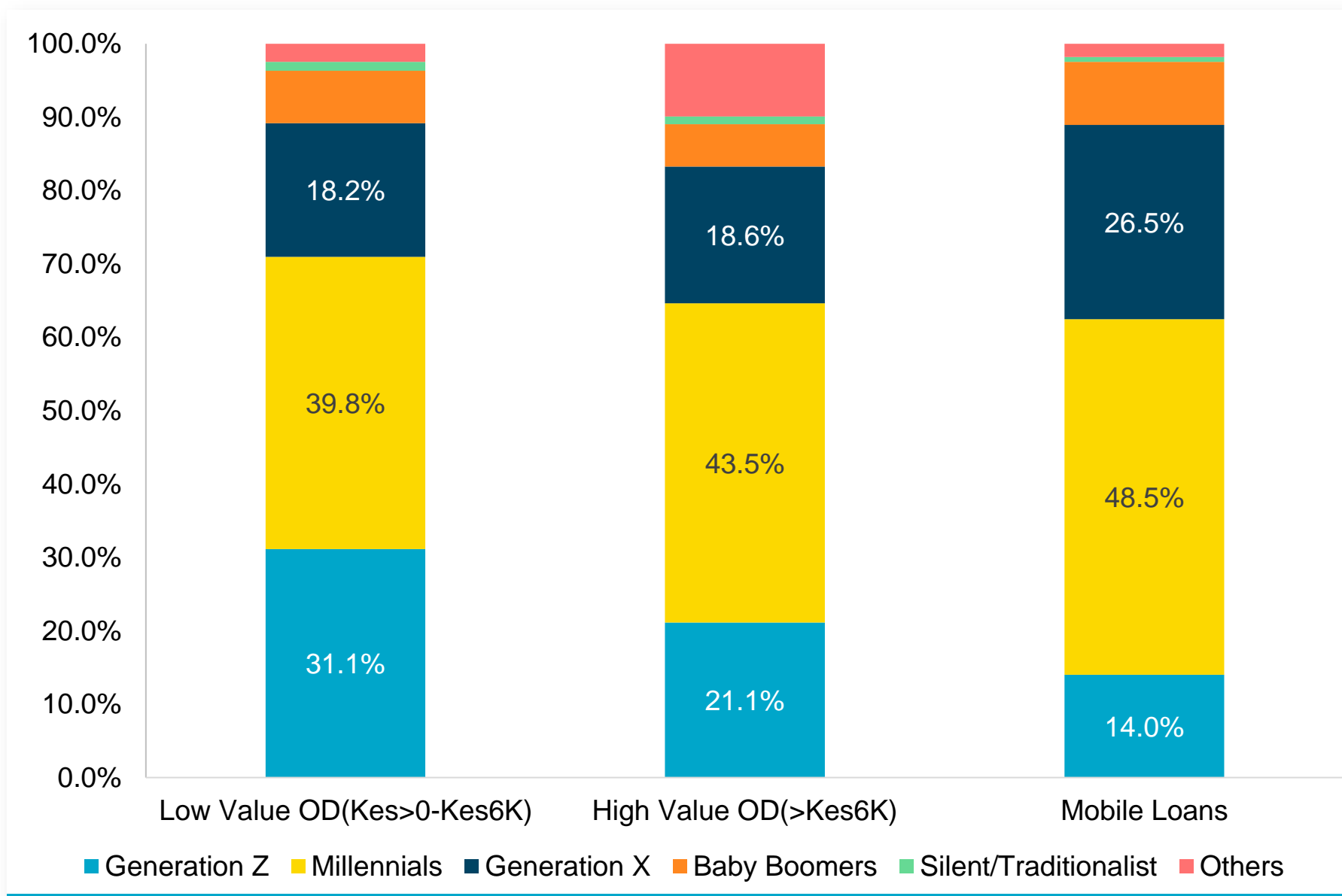
Sector Preference by generation: Demographic Insights



Sector preference by age groups

- Millennials hold leading share of outstanding balances across sectors
- Gen Zs prefer the Fintech sector holding up to 20% of the outstanding balance.

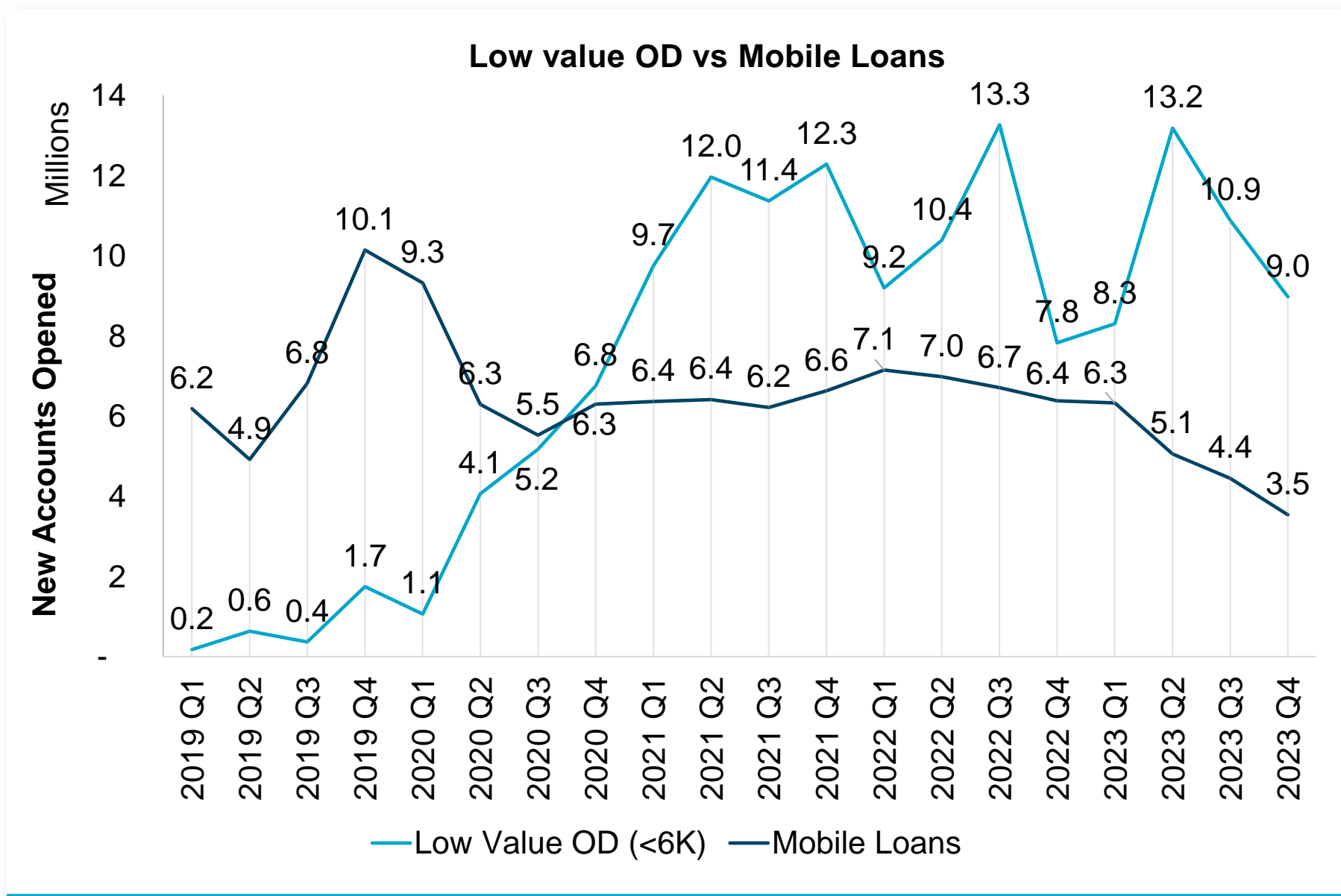
Product Preference by generation: Demographic Insights



Product preference by age groups

- Millennials had the highest number of loans across most of the products
- Gen Zs highest preference in Low Value Ods at (31.1%)

Mobile Loans vs Low Value Overdrafts (<Kes. 6K):



- Low-ticket overdrafts accessed mainly via mobile phones presenting substitute alternative to mobile loans.
- New loan originations for Low value Overdrafts surpassed Mobile loans origination in 2020 Q4 to date.
- The amount Disbursed on Mobile loans decreased from ~Kes. 79.4 B in Q4 2022 to ~Kes. 59.6B in Q4 2023 while the amount disbursed on the low value Overdrafts (<KES6K) increased from ~Kes. 6.0B to ~Kes. 6.7B in the same period.

Access to Full Report

- Download free: Kenya Credit Industry Insights Report Executive Summary Q4 2023:
- Visit: <https://www.transunionafrica.com/lp/kenya-credit-industry-insights-report-q4-2023>
- Send message to: AskTUAfrica@transunion.com for full report





Lets Connect

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Q&A

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Thank You