SUCCESS VIRTUALLY ASSURED?

Why Hong Kong’s New Virtual Banks Have Cause for Optimism
SUMMARY

Hong Kong’s virtual banks

Hong Kong’s eight newly licensed virtual banks (VBs) will benefit from lower operational costs than incumbents, some question whether they can achieve sufficient scale to turn a profit in a relatively small market that is already heavily banked and known for its slow adoption of mobile payments.

Good signs

There are good signs that Hong Kong’s sceptical banking consumers can be won over, and they in turn will reap the rewards of greater innovation, customer experience and financial inclusion that VBs will bring.

Competition heats up

Competition among incumbents has been heating up even before the first VBs start operations. Differentiation will prove increasingly critical, and longevity for both VBs and incumbents will depend on product innovation, building ecosystem partnerships and developing and maintaining lean operations.

Neobanks in developed markets

If the experience of neobanks in the developed markets of Europe is any guide for Hong Kong’s VBs, they can expect to see a slow pace of customer acquisition at first, but should eventually see a rapid ramp up in growth after a year or two. Their longer-term success will rely on their ability to scale, which could well depend on their ability to use Hong Kong as the testing ground and launch pad for digital-only offerings serving the rest of the region and beyond.
Between March and May 2019, the Hong Kong Monetary Authority (HKMA) awarded eight virtual banking licences, with the first of the new entities expected to start operations in a matter of weeks.

The new virtual banks (VBs) face the same capital, compliance and other supervisory requirements as their brick-and-mortar counterparts, with the obvious difference that they do not have to maintain physical branches. It’s hoped the resultant cost savings along with freedom from legacy infrastructure will allow Hong Kong’s new VBs to innovate at speed, providing cheaper, faster, and more convenient and personalised services, just as VBs across China and Europe have been doing for the past four years or so.

Europe’s VBs, known as neobanks, were launched in mature and saturated markets, just as their Hong Kong counterparts will be, yet they’ve made significant headway. If Europe’s experience can serve as a guide, we can expect Hong Kong’s VBs to face a year or two of only gradual customer acquisition, followed by a steep acceleration in growth. The largest European VB, Revolut, now has 5 million customers and is targeting 100 million by 2022. That would necessitate a compound annual growth rate of 150 percent over the next three years, which is in line with the current trajectory.

Still, neobank account balances remain low. Monzo in the UK, for example, which went after the specific demographic of millennial travellers, has an average account balance of GBP350, compared with UK incumbent banks’ average balance of GBP9,300. This is a reflection of Monzo’s customer base and its use as a secondary or even temporary account. Attracting larger balances is a challenge neobanks like Monzo are currently focused on, and lessons from their experience could offer valuable guidance for Hong Kong’s VBs.
Of course, there are also critical differences between the neobanks and Hong Kong’s VBs, chief among which is the deep pockets and broad purview of their shareholders, not to mention the fact that several have extensive financial technology experience. Thus, not only could Hong Kong’s VBs pose more of a competitive threat to Hong Kong’s incumbents from day one, but it’s also quite possible that their ramp up could prove more rapid.

Attracting larger balances is a challenge neobanks like Monzo are currently focused on, and lessons from their experience could offer valuable guidance for Hong Kong’s VBs.
It’s worth noting that the HKMA had actually issued its first guidance on the authorisation of virtual banks in 2000, but no applications were forthcoming until it released revised guidelines in 2018.

Perhaps the most significant of the revisions was doing away with the requirement that VBs be majority owned by a well-established bank or other supervised financial institutions, paving the way for more diverse applicants, including technology companies.

Mainland Chinese technology and fintech players jumped at the opportunity, securing five of the eight virtual banking licences. They are a who’s who of China’s technology sector, and boast considerable expertise in creating value through digital ecosystems.

Hong Kong’s eight licensed virtual banks

<table>
<thead>
<tr>
<th>Livi VB</th>
<th>SCB Digital Solutions</th>
<th>Zhong An Virtual Finance</th>
<th>WeLab Digital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Livi VB</td>
<td>SCB Digital Solutions</td>
<td>Zhong An Virtual Finance</td>
<td>WeLab Digital</td>
</tr>
<tr>
<td>Livi VB</td>
<td>SCB Digital Solutions</td>
<td>Zhong An Virtual Finance</td>
<td>WeLab Digital</td>
</tr>
<tr>
<td>Livi VB</td>
<td>SCB Digital Solutions</td>
<td>Zhong An Virtual Finance</td>
<td>WeLab Digital</td>
</tr>
<tr>
<td>Livi VB</td>
<td>SCB Digital Solutions</td>
<td>Zhong An Virtual Finance</td>
<td>WeLab Digital</td>
</tr>
<tr>
<td>Livi VB</td>
<td>SCB Digital Solutions</td>
<td>Zhong An Virtual Finance</td>
<td>WeLab Digital</td>
</tr>
<tr>
<td>Livi VB</td>
<td>SCB Digital Solutions</td>
<td>Zhong An Virtual Finance</td>
<td>WeLab Digital</td>
</tr>
<tr>
<td>Livi VB</td>
<td>SCB Digital Solutions</td>
<td>Zhong An Virtual Finance</td>
<td>WeLab Digital</td>
</tr>
</tbody>
</table>
China is also home to the world’s largest VB, Tencent-backed WeBank, with more than 100 million customers as of the end of 2018. Its spectacular customer growth was fed by the more than one billion daily active users of Tencent’s WeChat. Asia’s second largest digital bank, South Korea’s KakaoBank, with over 10 million customers, also owes its following to the messaging-based ecosystem it emerged from. While LINE plans to replicate that model in Japan in partnership with Mizuho Financial Group, none of Hong Kong’s VBs benefit from an association with a messaging or social media platform with widespread adoption in the city. That’s why the growth paths of Europe’s VBs are likely to offer a better indication of where Hong Kong’s are headed.

Tencent is also behind Fusion Bank, one of the five Hong Kong VBs backed by Mainland Chinese players. Ant Financial, an affiliate of e-commerce behemoth Alibaba Group, is backing another, Ant SME. Then there’s Zhong An Virtual Finance, backed by Chinese online-only insurance company Zhong An, jointly founded by Alibaba and Tencent along with the country’s second-largest insurer, Ping An. And Insight Fintech is a JV between leading consumer electronics manufacturer Xiaomi and Hong Kong-based comprehensive financial institution, AMTD Group.

The two VBs headed by Hong Kong banking incumbents, Livi and SC Digital, feature ecosystem partners as part of their shareholder mix. Livi is a partnership between Bank of China Hong Kong, JD Digits, a unit of Chinese e-commerce giant JD.com, and Jardines, a regional conglomerate with a varied lifestyle portfolio spanning supermarkets to high-end hotels. SC Digital’s three partners are Standard Chartered Bank, Hong Kong telecommunications company HKT along with its parent company PCCW, and China’s largest online travel agency, Ctrip.

Even WeLab, the only “homegrown” Hong Kong startup to be granted a VB licence, is hardly a niche player. It is one of seven Hong Kong unicorn startups, with total fundraising of US$425 million to date, operating online lending platforms in Hong Kong and China and claiming over 32 million users.

China is also home to the world’s largest VB, Tencent-backed WeBank, with more than 100 million customers as of the end of 2018.
Assessing the impact: improving innovation, customer experience and inclusion

The HKMA had three stated aims in issuing virtual banking licences: spurring the development of financial technology and innovation, improving customer experience and promoting financial inclusion.7

Regarding the first aim, there’s little doubting the credentials of the Mainland Chinese technology companies, who helped create the products and services that allowed the country to overcome its underdeveloped payments infrastructure and attain the world’s highest adoption of mobile payments. There’s a good chance they could similarly shake up Hong Kong’s banking market with a raft of innovations. Indeed, their decision to enter Hong Kong appears driven at least in part by the chance to innovate in a developed, international market.

As for the second aim, there are clear areas where customer experience could be improved in the Hong Kong banking market, especially when compared to the UK and Europe. Fintechs globally have won customers by providing an improved customer experience, and the VBs will certainly seek to do the same, making it easier for customers to engage with them and reduce the impediments to accessing financial services. Even ahead of the arrival of VBs, fintechs such as TNG FinTech Group (TNG) and Neat have made inroads in Hong Kong by making their platforms transparent and easy to navigate. One specific customer pain point in the city is the difficulty of opening bank accounts, which can be a slow and complicated process. Neobanks point to a better way forward. There’s N26, for example, which uses online KYC and biometric technology to allow customers to open accounts in less than 8 minutes.8

Hong Kong’s banking customers also stand to benefit from lower fees and new experiences. The impending arrival of VBs has already led to Hong Kong’s eight largest incumbents abolishing charges on low balances9 (the HKMA mandates VBs not to impose minimum balance requirements or low-balance fees). And given the varied backgrounds of the VB shareholders, new customer experiences are almost guaranteed.

The HKMA’s third aim in issuing virtual banking licences, promoting financial inclusion, is more difficult to envisage in a city where only a tiny sliver of the population remains unbanked. But there are clear opportunities in addressing the underbanked.

Startups and small- and medium-sized enterprises (SMEs) in particular would benefit greatly from expedited account opening and lending,10 which is the focus of both Ping An OneConnect11 and Ant SME. And Hong Kong’s mass-market retail customers would no doubt appreciate access to a greater range of financial products and services. WeLab has stated one of its main goals is to provide a more convenient and diversified retail banking offer.12
**Are incumbents at risk?**

To be sure, VBs are a threat to incumbents in a banking market characterised by conservatism and outsized profits (see graph). As mentioned, the impending arrival of the VBs has already led to Hong Kong’s largest slashing fees and revamping online services. It seems that incumbents such as HSBC and DBS have decided the appropriate response is not to join the fray directly, choosing instead to upgrade their digital offer through peer-to-peer mobile wallets that are building separate ecosystems, arguably inspired by AliPay and WeChat. Indeed, HSBC claims it is already a digital bank, with over 80 percent of its Hong Kong retail banking transactions occurring over digital channels such as mobile, online banking, as well as its peer-to-peer PayMe mobile payments service.

Given the experience of Europe’s neobanks, it is more likely that, initially at least, the VBs will build their customer bases through segments not well served by the incumbents, such as millennials. As a result, the neobanks’ growth has not yet prompted a significant shift of deposits away from the incumbents.

As we discussed in a survey of the Asia-Pacific fintech landscape, banks are not yet feeling the pain of losses to digital upstarts. But it would be prudent for incumbents to pre-emptively adopt an innovation and ecosystem mindset to avoid being caught out by those newcomers who attain scale.

It remains to be seen which VBs will fare best in Hong Kong and how the incumbents will be affected. The only thing that’s already clear is that, as with disruption in just about any industry, consumers stand to be the winners.

---

**Banking in Hong Kong is highly profitable**

![Graph showing profit per employee vs. revenue per employee for various countries including Hong Kong, Singapore, Australia, China, Switzerland, UK/Ireland, India, and Germany.](https://www.ft.com/content/188d4480-8cb4-11e9-a1c1-51bf8f899972)
Will Hong Kong’s VBs succeed? The shareholders are betting that they can, backing each venture with an average HK$1.9 billion in initial investment, several times the stipulated HK$300 million in paid-up capital.

Much of the apprehension about the viability of digital-only banking in Hong Kong stems from the city’s slow take-up of mobile payments, leading to the perception that Hong Kongers are wary of innovation. That view is an oversimplification and partially due to the early and mass adoption of the Octopus pre-paid wallet. The tide is turning, driven by the city’s open banking initiatives, as well as inspiration and approaching competition from Mainland China’s fintech superstars.

Obviously, the Mainland Chinese entrants are already well-established or have established fintech affiliates back home. Tencent’s WeBank and Ant Financial’s MyBank were among the first five privately owned banks to receive a licence from the China Banking Regulatory Commission in 2015 and are now two of the most well-known VBs anywhere. Their technology allows them to approve loans in mere seconds, with default rates around just 1 percent.
How easily can Hong Kong consumers be won over? The recently published 2019 Accenture Global Financial Services Consumer Study provides some helpful insights.21

The study concludes that consumers surveyed across various global markets can be segmented into four broad personas based on how they perceive and engage with banks and insurers:

<table>
<thead>
<tr>
<th>Pioneers</th>
<th>Pragmatists</th>
<th>Sceptics</th>
<th>Traditionalists</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk takers, tech-savvy and hungry for innovation</td>
<td>Ubiquitous, trusting and channel agnostic</td>
<td>Tech-wary, dissatisfied and alienated</td>
<td>Value human touch, tech-avoiders and losing trust</td>
</tr>
<tr>
<td>• Tech-savvy and keen to engage with financial providers using mobile devices</td>
<td>• Pragmatists see technology as a means to an end rather than as a lifelong passion</td>
<td>• Their dissatisfaction with financial providers means they are a challenging persona to engage</td>
<td>• Generally older (55+) than the other personas</td>
</tr>
<tr>
<td>• Pioneers are hungry for innovation in services and channels</td>
<td>• They are satisfied with the service levels they receive and they expect good value from providers</td>
<td>• More than a third are under 35, making them a long-term opportunity for providers if they can be targeted</td>
<td>• Traditionalists show low levels of engagement and satisfaction with their financial services providers.</td>
</tr>
</tbody>
</table>

Compared to Mainland China, which is very much an outlier thanks to its unique and transformational experience with fintech, Hong Kong lags in terms of the percentage of consumers classified as pioneers and pragmatists. But it does not lag far behind other developed markets with strong fintech adoption, including the UK and Germany. Where Hong Kong does stand out is in its hefty share of sceptics, at 59 percent. Unlike traditionalists, who are unlikely to ever embrace digital banking, the sceptics can be won over, although doing so requires clearly demonstrating value. Trust is paramount, and data, security and privacy issues must be handled with utmost care. In fact, ensuring full transparency with customers about data security and privacy will be critical to the success of both VBs and incumbents’ digital endeavours.

The good news is Accenture’s survey on the readiness for Open Banking services in Hong Kong, conducted at the end of last year, found 51 percent of locals were willing to share their data with third-party providers for customised offers such as better mortgage or higher deposit rates. Only 31 percent said they were unwilling to share data, compared to 66 percent and 69 percent in Australia and the UK, respectively.22
Notably, Hong Kong’s population also appears marginally more willing to try digital-only banks than the populations of mature economies such as the UK and Germany, indicating Hong Kong’s VBs could fare as well as those countries’ digital-only banks, including the likes of Monzo, Revolut and N26. What’s more, Hong Kongers show a steady increase in willingness to try digital-only banking as their household income rises, suggesting there will be ample opportunity to boost margins by serving the wealthy along with the underbanked.

**Share of each persona by country**

<table>
<thead>
<tr>
<th></th>
<th>Pioneers</th>
<th>Pragmatists</th>
<th>Sceptics</th>
<th>Traditionalists</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>16%</td>
<td>24%</td>
<td>23%</td>
<td>37%</td>
</tr>
<tr>
<td>Germany</td>
<td>5%</td>
<td>23%</td>
<td>20%</td>
<td>52%</td>
</tr>
<tr>
<td>China</td>
<td>48%</td>
<td>14%</td>
<td>35%</td>
<td>2%</td>
</tr>
<tr>
<td>Singapore</td>
<td>19%</td>
<td>19%</td>
<td>52%</td>
<td>9%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>18%</td>
<td>12%</td>
<td>59%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Source: Accenture

**Willingness to try virtual banking**

<table>
<thead>
<tr>
<th>Annual Income (USD)</th>
<th>Emerging affluent</th>
<th>Mass affluent</th>
<th>High net worth</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5,000 - $50,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United Kingdom</td>
<td>32.3%</td>
<td>28.7%</td>
<td>35.9%</td>
<td>28.3%</td>
</tr>
<tr>
<td>Germany</td>
<td>28.8%</td>
<td>37.7%</td>
<td>34.5%</td>
<td>30.6%</td>
</tr>
<tr>
<td>China</td>
<td>53.2%</td>
<td>64.5%</td>
<td>67.3%</td>
<td>56.2%</td>
</tr>
<tr>
<td>Singapore</td>
<td>34.4%</td>
<td>42.1%</td>
<td>49.7%</td>
<td>38%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>34.2%</td>
<td>38%</td>
<td>44.7%</td>
<td>34.6%</td>
</tr>
</tbody>
</table>

Source: Global Data
VBs have several significant advantages over traditional banks. They are unhindered by legacy, can serve customers at lower cost (especially in Hong Kong where physical branches are particularly expensive) and are driven by a culture of innovation.

All this should lead to a better customer proposition, with cheaper, faster, more convenient and personalised service.

The three pillars supporting value creation by VBs are product and services innovation; ecosystem and opening banking; and designed-for-zero operations. All three are supported by new technology, including: artificial intelligence, machine learning, big data, analytics, cloud computing, and Application Programming Interfaces (APIs).

Even though Hong Kong’s VBs have significant fintech and digital banking experience of their own, they also can look to a wealth of international examples in determining the best way forward.

On the product and service innovation front, Revolut, Marcus by Goldman Sachs and N26 are eyeing potentially lucrative but underserved or inefficient segments including cryptocurrency, wealth management and cross-border services.

The urgency for both VBs and incumbents to form ecosystem partnerships with financial and non-financial companies through open APIs is now a given: a report by the World Economic Forum in collaboration with Accenture estimated that ecosystems enabled by digital platforms could unlock a staggering US$100 trillion of value for all businesses and wider society over the coming decade, with finance highlighted as one of the main beneficiaries.
The neobanks have already embraced the ecosystem mindset, partnering with both established financial institutions and fintechs to cover more of their customers’ needs. N26, for example, connects its customers to foreign exchange offerings from TransferWise, savings products by Raisin, insurance services from both Clark and Allianz, and the peer-to-peer loan marketplace of auxmoney.25 Meanwhile, Starling Bank’s Starling Marketplace, described as providing an “app store” experience for financial services, features affiliations with 11 service providers, covering: personal finance, business banking, loyalty and receipts.26 The ecosystem partnership strategies of both N26 and Starling are credited with allowing them to focus on developing their core products while keeping their customers anchored to their platforms.

There are several lessons to be gleaned from digital banks’ use of technology to attain lean operations, improve compliance, and increase customer engagement. Take WeBank’s intelligent virtual assistant, which reportedly can handle 98 percent of customer queries.27 Also Monzo’s machine learning system’s ability to flag potentially fraudulent transactions, reducing pre-paid card fraud to 0.1 percent and the false positive rate to 25 percent.28

The neobanks compete through their dramatically lower cost to serve: an estimated GBP20 per customer, according to Accenture market research, compared to GBP170 for the average traditional bank. There’s a lot more to achieving such reductions than merely doing away with physical branches and automating processes. As Hong Kong’s banking environment becomes increasingly competitive, it’s imperative that both VBs and incumbents make use of new cloud based technology and agile implementation to optimise their platforms. To give an indication of just how far the savings could go, Tencent has said WeBank’s cost to serve could be brought down to as little as RMB3.6 (around USD0.5) per account using its cloud based technology.30

In addition, for VBs developing new platforms and incumbents transforming their legacy systems, scalability is paramount, and the ability to quickly develop and roll out new products and services will be crucial to maintaining and growing business.
### How virtual banks compete

Underlying metrics point to future advantage

<table>
<thead>
<tr>
<th>Average NeoBank</th>
<th>Average Traditional Bank¹</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>c. US$25</strong></td>
<td><strong>c. US$208</strong></td>
</tr>
<tr>
<td><strong>c. 3000</strong></td>
<td><strong>c. 750</strong></td>
</tr>
<tr>
<td><strong>150%</strong></td>
<td><strong>&lt;2%</strong></td>
</tr>
<tr>
<td><strong>62</strong></td>
<td><strong>19</strong></td>
</tr>
</tbody>
</table>

1. Includes 18 largest UK banks by assets

Source: Accenture market research, all data reflects the latest publicly available at 14 June 2019
It should be pointed out that Hong Kong’s thriving local fintech scene now consists of over 500 startups who will continue innovating without virtual banking licences.

Neat Hong Kong, for example, targets small businesses, offering them current accounts and debit cards, as well as services for payroll, expense management and receiving global payment. Neat was vocal about choosing not to apply for a VB licence, saying the high capital requirement would hinder its path to profitability.30

Thus, the VB licences will ultimately serve five main functions. They will indeed support the HKMA’s three goals of improved innovation, customer experience and inclusion. And they will achieve two more important things. For the two entities backed by Hong Kong incumbents, they provide vehicles for the incumbents to unleash their creativity and bring innovation to their customers at the pace of a fintech. And for the five VBs backed by Mainland Chinese companies, the licences pave the way for the rapid scaling of services in Hong Kong, enabling the testing of their offerings in a mature market and the development of a base in a highly regarded financial jurisdiction from which to pursue overseas expansion.

Therein lies Hong Kong’s true potential for both VBs and other fintechs. It’s a natural base for companies with regional ambitions, whereas fintechs emerging in neighbouring jurisdictions tend to focus more on their local markets. In fact, without wider ambitions, it’s likely none of the VBs would have gone after licences in the first place. Despite its relatively profitable banking sector, Hong Kong simply lacks sufficient scale for eight digital-only upstarts to generate sizeable profits. But in the borderless world of fintech, its population of 7.4 million could lead fairly seamlessly to Asia’s 4.6 billion. And with Asia’s middle class population projected to balloon from around 1.8 billion now to 3.5 billion by 2030, at which point Asia will be home to two-thirds of the world’s middle class,31 it’s clearly a continent of fintech opportunity.
References

1 Guidelines on Authorisation of Virtual Banks, 2000

2 “Tencent’s Fintech-related Revenues Surged in 2018”, China Banking News, 26th March, 2019


4 Jung Min-kyung, “Kakao Bank accounts top 10 million”, 12th July, 2019


7 Hong Kong Monetary Authority, Authorisation of Virtual Banks

8 “Here’s how we’re building the most reliable customer service in the world”, N26, 17th June, 2019

9 Enoch Yiu, “Hongkongers are reaping the benefits of a revolution in banking services, even before the first virtual bank kicks off”, South China Morning Post, 3rd August, 2019

10 Arthur Yuen, “Why is it so difficult for small businesses to open an account at some banks in Hong Kong?”, South China Morning Post, 16th June, 2016

11 Enoch Yiu, “Ping An’s Hong Kong virtual bank to showcase tech prowess as it harbours ambition to go global”, South China Morning Post, 18th August, 2019

12 Gary Poon, “Welab wins virtual bank license”, The Standard, April 11th, 2019

13 David Crow and Mercedes Ruehl, “New digital banks challenge HSBC’s Hong Kong dominance”, Financial Times, June 25, 2019

14 Enoch Yiu, “Hongkongers are reaping the benefits of a revolution in banking services, even before the first virtual bank kicks off”, South China Morning Post, 3rd August, 2019

15 “Virtual bank licenses: enter the dragons”, DigFin, January 15th, 2019

16 Enoch Yiu, “Hongkongers are reaping the benefits of a revolution in banking services, even before the first virtual bank kicks off”, South China Morning Post, 3rd August, 2019

17 Accenture, “The Win-Win Proposition: Why APAC’s fintech momentum is driven by partnerships”, March 2019

18 Enoch Yiu, “Hongkongers are reaping the benefits of a revolution in banking services, even before the first virtual bank kicks off”, South China Morning Post, 3rd August, 2019
19 Zoe Law, “Hongkongers still not convinced by smart payment technology, but officials optimistic digital future lies ahead”, South China Morning Post, 5th July, 2018

20 Yusho Cho and Yusuke Hinata, “China’s mobile banks offer 1-second loan decisions in farmland”, Nikkei Asian Review, August 9th, 2019

21 2019 Accenture Global Financial Services Consumer Study

22 Accenture, “The Time is Now”, January 2019

23 Kevin Wack, “Goldman Sachs plans wealth product aimed at mass affluent”, American Banker, April 15th, 2019


25 “Allianz X co-leads European mobile bank N26’s Series C round”, Allianz SE, 20th March, 2018

26 Andrew Fawthrop, “Starling’s Marketplace delivers an ‘app store’ experience for financial services”, 27th February, 2019

27 Eustance Huang, “China’s first web-only bank hopes A.I. and robots can improve customer service”, 28th November, 2018

28 “Monzo decreased pre-paid card fraud to 0.1% and false positive rate to 25% using machine learning”, Best Practice AI

29 Jill Shen, “Tencent partners with two banks in cloud business push”, Technode, 4th April, 2019

30 “Neat Snubs Virtual Banking License and Picks Up The Money Lender License Instead”, Fintech News, April 1st, 2019

31 Brian Wang, “World population is now half middle class or richer”, Next Big Future, September 13th, 2018
About the Authors

Fergus Gordon
Financial Services
Banking Practice Lead, AAPAC

Johnny Leung
Managing Director of
Financial Services, Hong Kong

About Accenture

Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business functions—underpinned by the world's largest delivery network—Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders. With more than 482,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives. Its home page is www.accenture.com