



# Building a Platinum ecosystem

Team TUBE

14th October, 2017

**TUBE** 

# Executive Summary

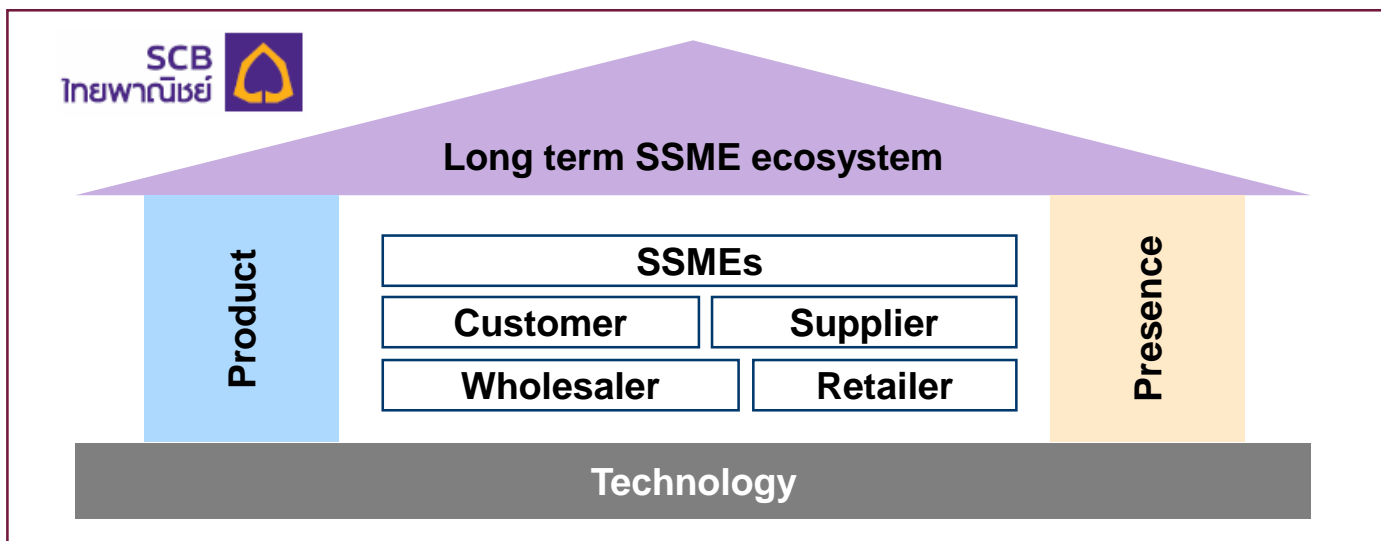
## Objective

- Penetrating Platinum Fashion Mall (“PFM”) SSME; and
- Building long term relationship using scalable strategy

## Analysis

- SSME market has potential
- SCB is underdog in market
- PFM perfect trial point for entry
- Case study of KBank

## Strategy



## Outcome

- 20%+ penetration rate in PFM SSME by 2022
- Create long term ecosystem that involves multiple parties





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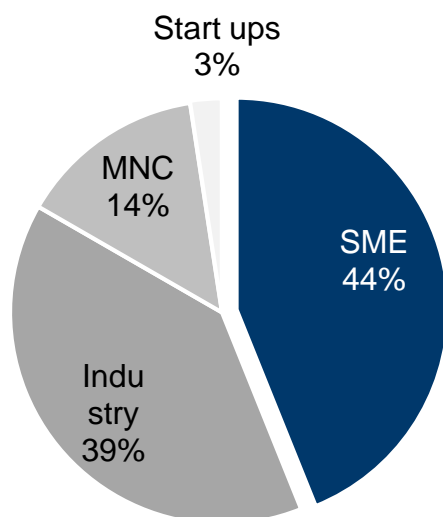
Analysis



# SSME market shows great potential

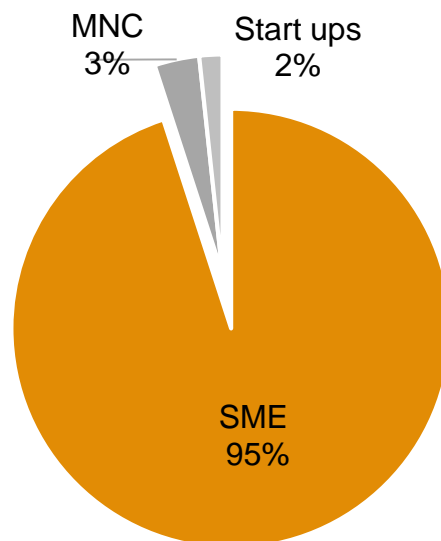
**SME accounted  
for 40% of GDP...**

2016 GDP distribution



**...comprising over  
95% of total enterprises**

Total enterprises distribution



**... And demonstrate  
great banking needs**

**Address  
personal  
finance**

- Loan borrowing
- Convenient payment method

**Deal with  
suppliers**

- Cash management
- International transfer

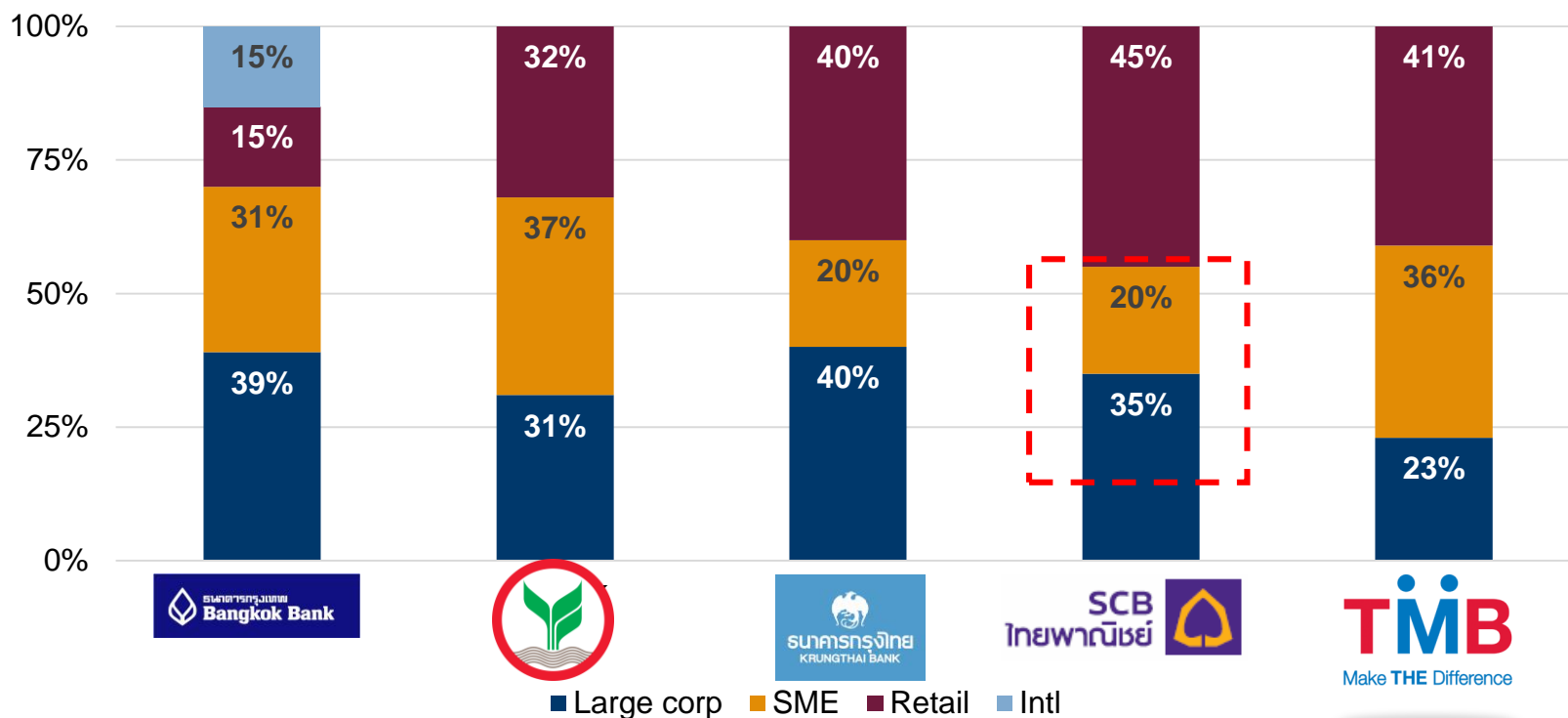
**Manage  
customer  
base**

- Simple payment solutions
- Customer analytics

**Perfect for SCB to penetrate into the market**

# SCB is currently the underdog in SME sector

Thailand Big 5 Banks Loan Breakdown



SCB is underdog in the SME Sector

# PFM is a perfect sample of SSME

## The Platinum Fashion Mall



Outdoor

Indoor

### Scale

2 buildings, 6-7 floors each,  
2,800 shops approximately

### Banking needs

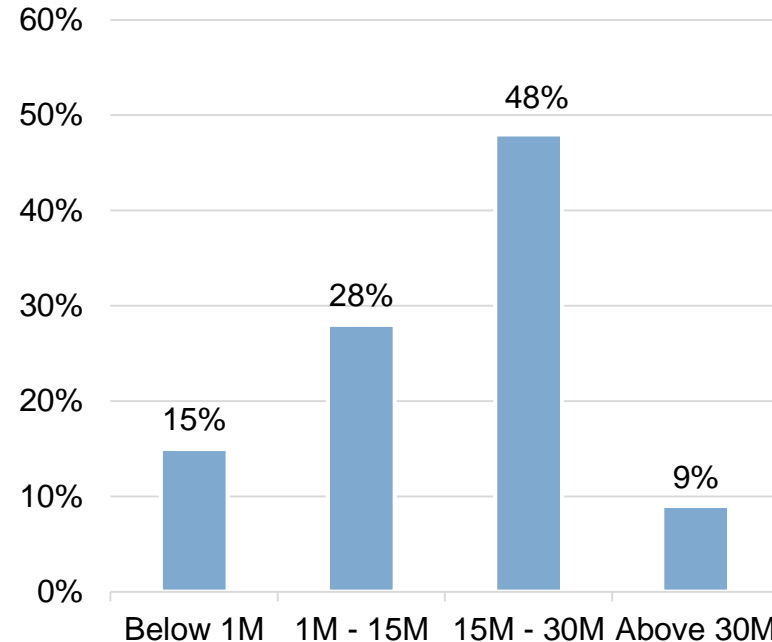
Include both transaction and  
credit demand

### Stage of digitalization

Transition stage from  
cash to digital

## Tenants' sales range

### Average Annual Revenue



Cluster spot of SSME

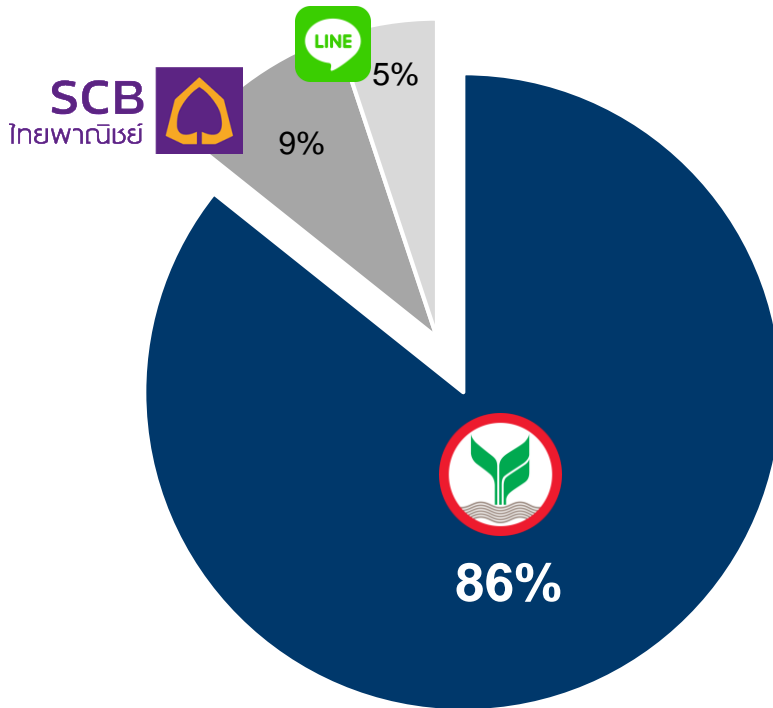
PFM representative of SSME with a large scale,  
varying banking needs and moving towards digitalization



# PFM SSME market dominated by KBank

**KBank's occupies over 80% of the market**

Usage distribution of e-payment applications



**Tenants and Customers positively rate services of KBank**

## Tenants

*"The online services provided by Kbank allows you to add **up to 25 accounts**. I really enjoy using it. Since there are **a lot of customers using Kbank** account, it also provides me with an **additional incentive** to use Kbank's services"*

**---Apparel retailer**

## Customers

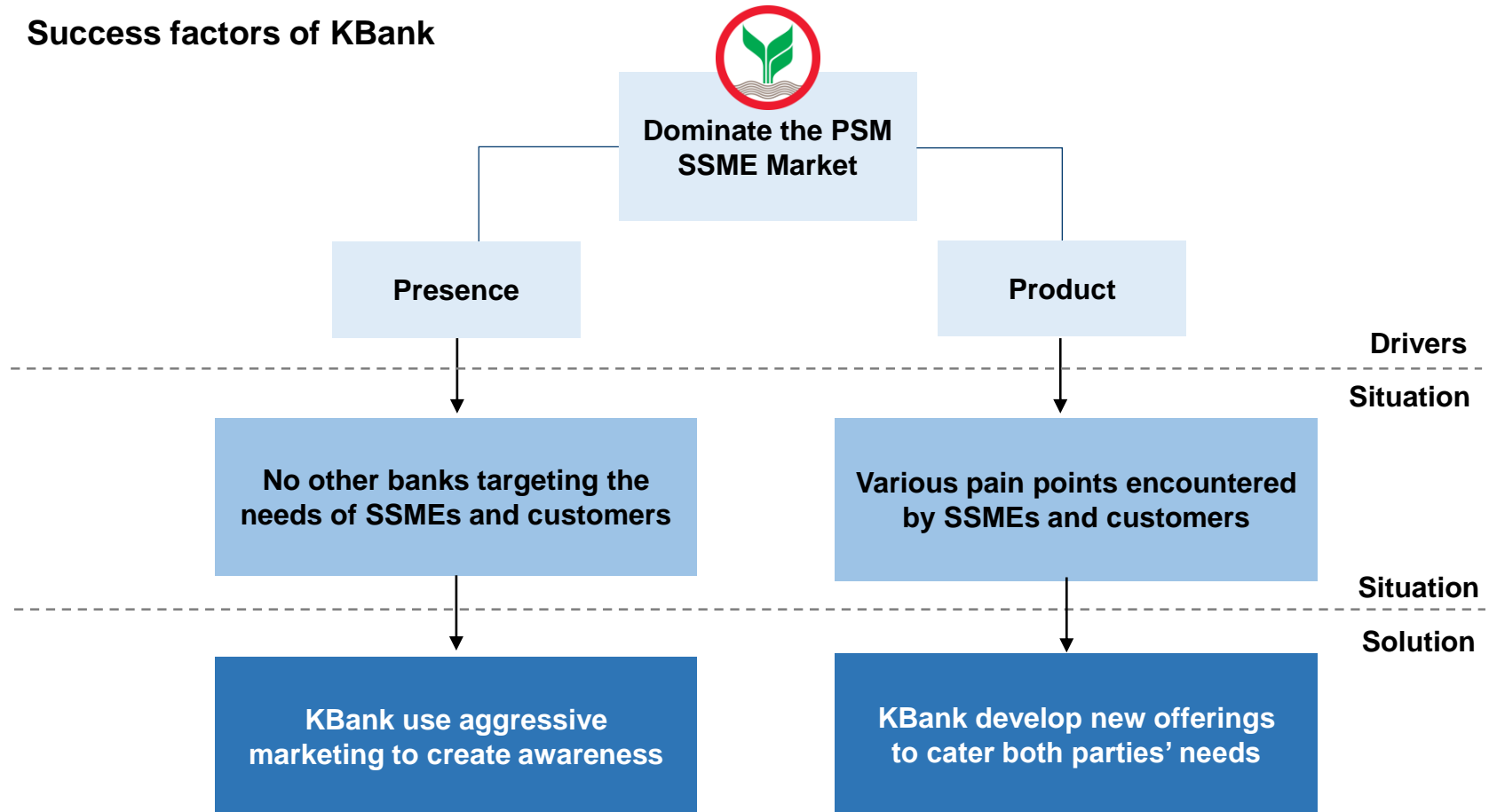
*"**All of my friends and relatives are using services from Kbank**. After trying the services, I found it extremely convenient and systematic."*

**--- Thai Customer**

**KBank is the key competitor of SCB**

# Case Study of KBank in PFM

## Success factors of KBank



KBank currently has the largest market share



# Create presence with aggressive marketing

## Set up pop-up counters



- Actual staff to answer SSME's enquiry
- Instant trial of functions of the KPlus Shop App
- Stickers of QR code provided for instant set up

## Offers cash rebates



- 1 Pay with KPlus App
- 2 Collect receipt
- 3 Submit at counter
- 4 Get cash rewards

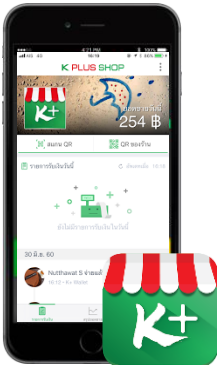

## Promote with social media



- Reach out to young and tech savvy customers
- Channels to update news of KBank and promote new products to customers
- Interactive

First mover advantage induces KBank's huge customer base

# Improve products by identifying pain points

Pain Points		How KBank address the problems	
SSMEs	Confusion between personal and business account	 <ul style="list-style-type: none"> <li>Transactions recorded on a daily and real time basis providing SSMEs a holistic view on shop's operation</li> <li>Personal and business cash flow can be viewed separately</li> </ul>	
Customers	Inconvenient collection and payment of cash	 <ul style="list-style-type: none"> <li>Easy online current account to make payment and accept payment instantly</li> <li>Transaction report generated along with sales summaries</li> </ul>	

Effective products and services drive huge demand for KBank's products



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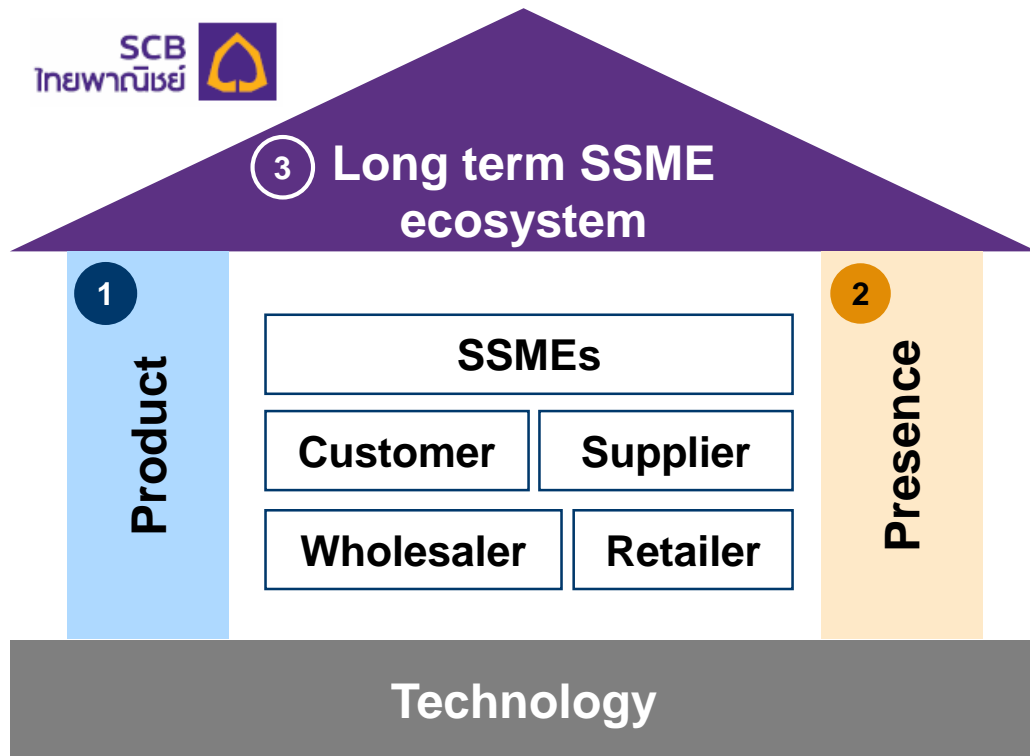
# Overview





# Building an overarching long-term ecosystem

Building a long term ecosystem that houses all parties in the value chain



## 1 Product as first pillar

- Utilize digital solutions throughout the strategy to create better user experience, lower cost, etc
- Blockchain-based payment solution, data analytics tool, etc

## 2 Presence as second pillar

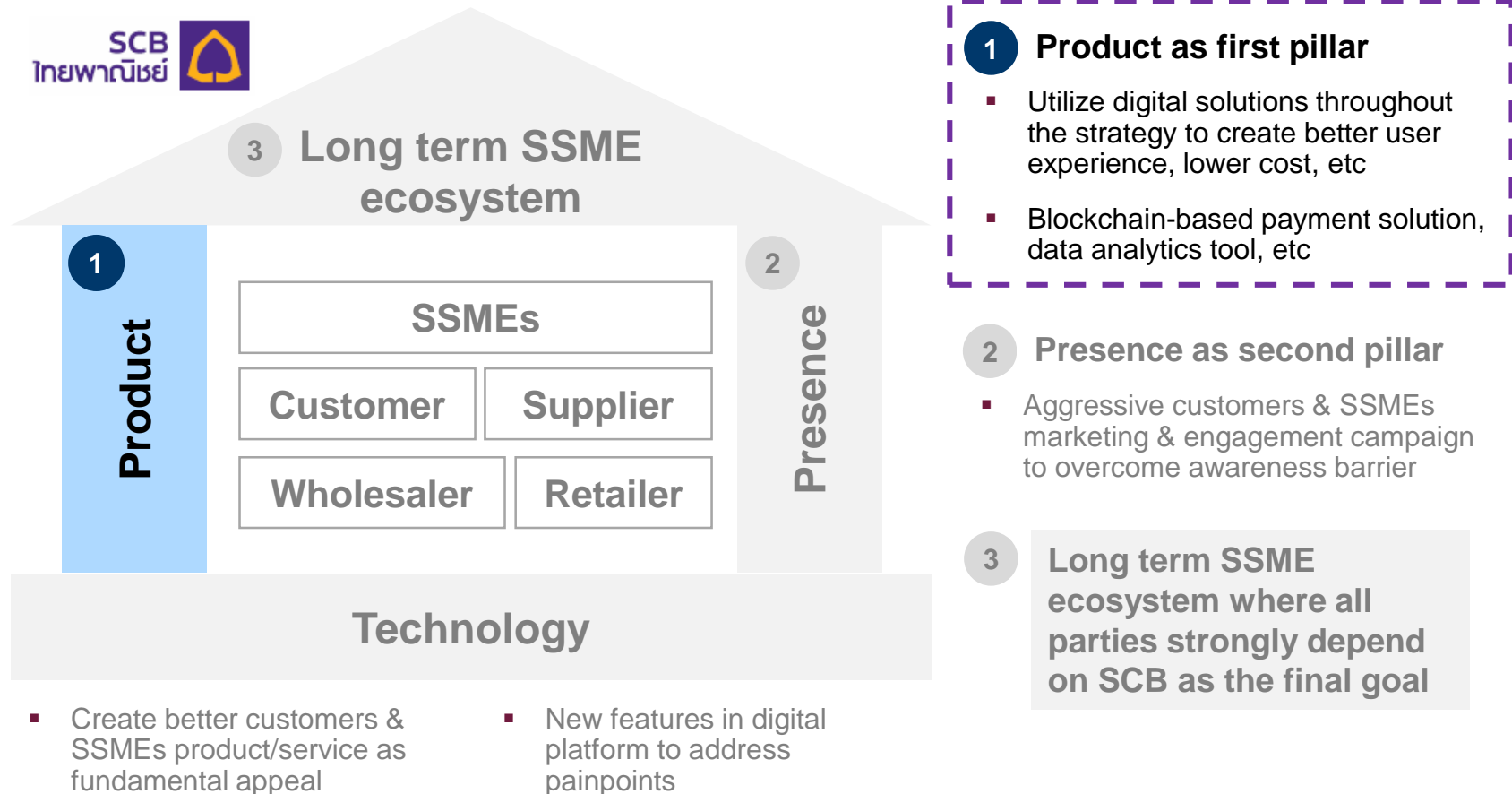
- Aggressive customers & SSMEs marketing & engagement campaign to overcome awareness barrier

## 3 Long term SSME ecosystem where all parties strongly depend on SCB as the final goal

- Create better customers & SSMEs product/service as fundamental appeal
- New features in digital platform to address painpoints



# Creating better product is the first pillar





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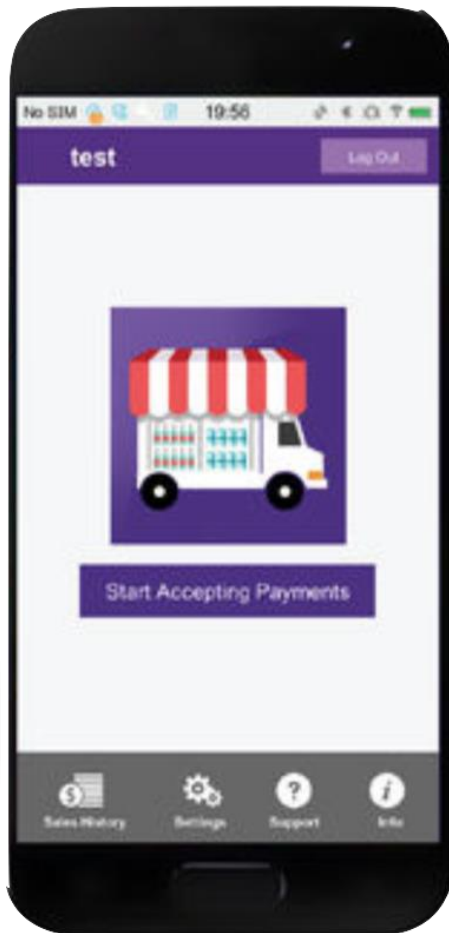


## Strategy – Product



# A 1-for-all business tool to empower SSME

## Merchant mPOS Plus



## New app features

### Financial management



- Use of data analytics in SSME financial management
- Partnered with Barclays, Deutsche Bank and ING Netherlands etc.

### Seamless overseas transactions



- Leading block-chain network solution
- SCB's success in transferring real-time remittance payments from Japan to Thailand within seconds

### Favorable credit schemes



- Dedicated SSME credit products matching their operational features, available upon certain conditions being met

# Financial management with data analytics

## Analyse centralized data

### Invoicing

Organized accounts receivable and accounts payable

### Sales performance

Identify the most profitable product segment and sales peak

### Expenses

Deduce a financial calendar showing major spending patterns

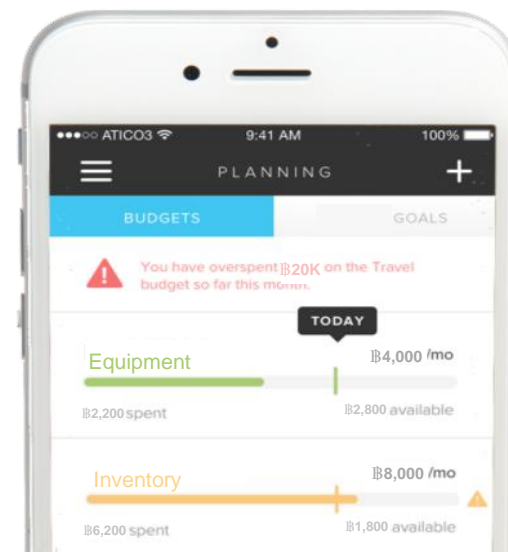
### Cash flow

Track and compare historic, actual, forecasted inflows and outflows

## Provide useful insights

- Enable SCB to handle end-to-end payment cycles for SSMEs
- Demand forecast
- Procurement
- Cost control
- Automate regular payments
- Project cash flow
- Identify potential financial risks

## Make wise decisions



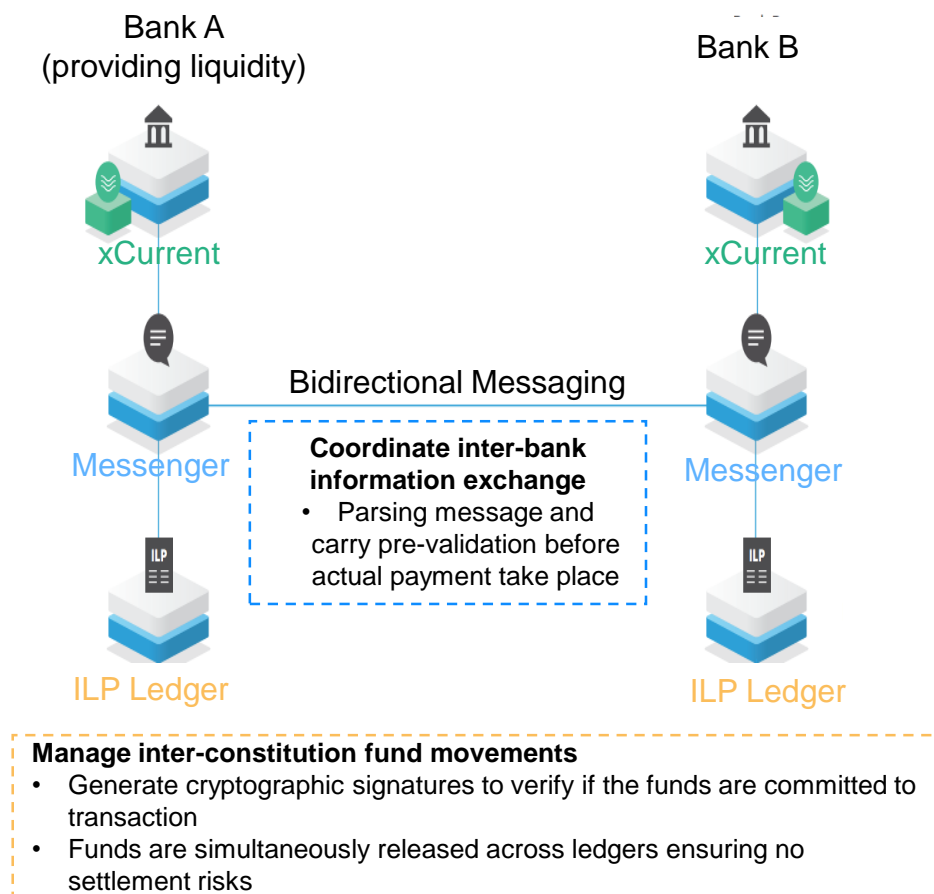
- 1 Unusual pattern alert
- 2 Reminder on payments
- 3 Advise on financing need

Insights are brought together to empower SSMEs in devising future financial strategy

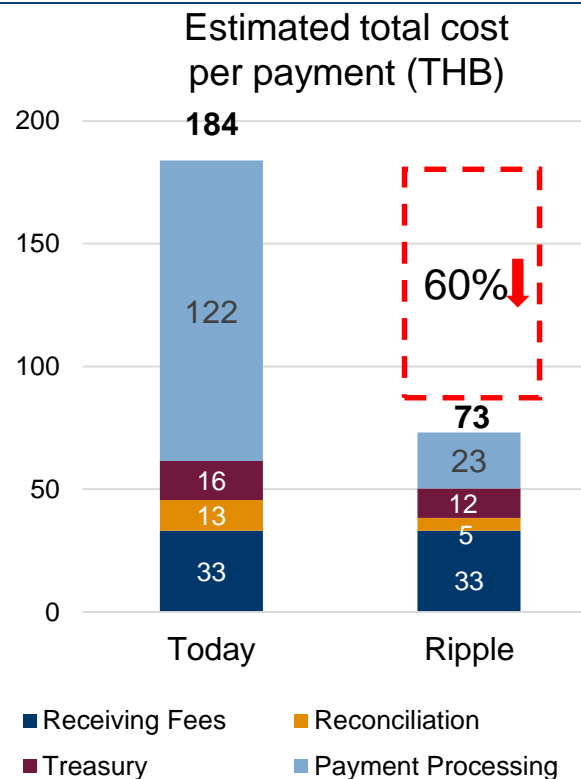


# Block-chain empowered overseas transaction

## Transaction process through block-chain



## Transaction cost is greatly reduced



1

Less transaction time

2

Enhanced security

# Credit scheme tailor-made for SSMEs

## Existing SME credit not user-friendly

### Special Credit Program

- SCB SME 3X / 30 years
- SCB SME Interest Saving
- SCB SME program for direct payment for supplier, etc

- Financial statements for the previous 3 years audited by Certified Public Accountant
- A letter of consent for Credit Bureau checking
- Copy of identity card and copy of house registration

**Terms & Documents required not user-friendly to SSMEs**

## Tailor credit products to address issues

### SSME Working Capital

### SSME Expansion Loan

### SSME Equipment Leasing

- Once SSME log sufficient transaction record on merchant app, will be eligible to apply
- Reduce document requirement, base on SSME's record with SCB
- Digital-based transfer to address common, instant need of liquidity

# Modify App to solve customers' pain points



## Pain Points

**Inconvenient split of bills in cash**

**Difficult to identify shops with high quality products**

**Hard to choose the right clothing with too many shops**

## New Features

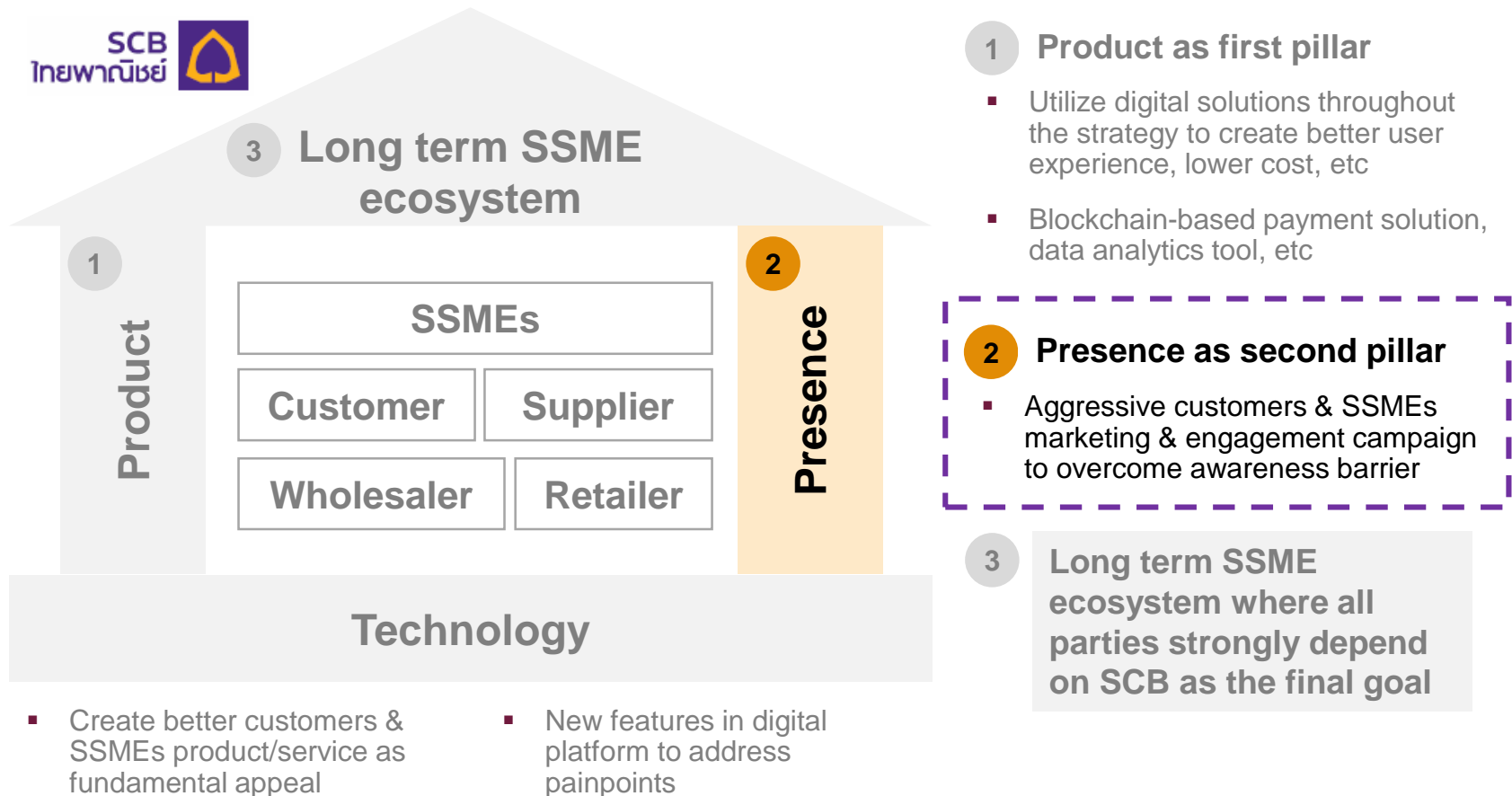
**Digital Bill Splits**  
Purchase clothes in bulk with friends and split bills with e-cash

**Instant Shop Reviews**  
Upload feedback towards the shop anywhere and anytime

**KOL Portal**  
Identify the latest fashion trends with KOL sharing their all season outfit

Customers enjoy transformed customer experience on SCB Easy Plus

# Presence is the second supporting pillar







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## Strategy – Presence



# Implement campaigns to raise SCB's presence

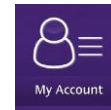
## SSMEs

1



## Customer

2



*Cash Rebate Program*

## Promotion of Campaigns

### Physical

- CRM team directly approaches SSMEs
- Pop-up counters near entrances
- Posters and leaflets distributed in the mall

### Social Media

- Hashtag campaign #Group=Cash
- Post Facebook sponsored advertisements
- Twitter retweets

# Launch UTryiTry campaign for SSMEs

**UTryiTry leverages peer influence and time sensitivity**

- 1 Download mPOS Plus
- 2 Join the limited deal
- 3 Loan rate decreases as deals increase
- 4 Coupon redeemed through app

## Illustration of actual implementation

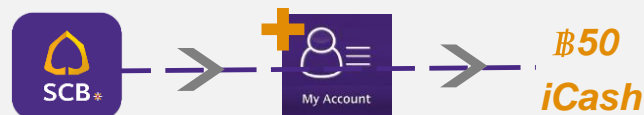
- 1 SSMEs receives preferential loan rate offer on SCB Easy
- 2 SSMEs join the deal
- 3 SSMEs ask peers to join in order to realize the preferential rate
- 4 More people open a SCB account and download SCB Easy
- 5 Use SCB Easy for transaction purpose

# Create incentive in PFM by rebate program

## Provision Reward

Add your SCB account to **SCB Easy Plus**,  
no registration needed,

**earn ฿50 instant cash (iCash)**



## Spending Reward

Pay with your SCB account  
using **SCB Easy Plus** at PFM,  
enjoy the following offer:

Accumulated  
mobile payment of **฿500 at PFM** → **Earn  
฿20 iCash  
in PFM**

Set up  
advertising  
spots near  
PFM



Raised  
Awareness



Customers

Increased  
exposure





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## Strategy – SSME Ecosystem



# A long-term ecosystem is the ultimate goal



## 1 Product as first pillar

- Utilize digital solutions throughout the strategy to create better user experience, lower cost, etc
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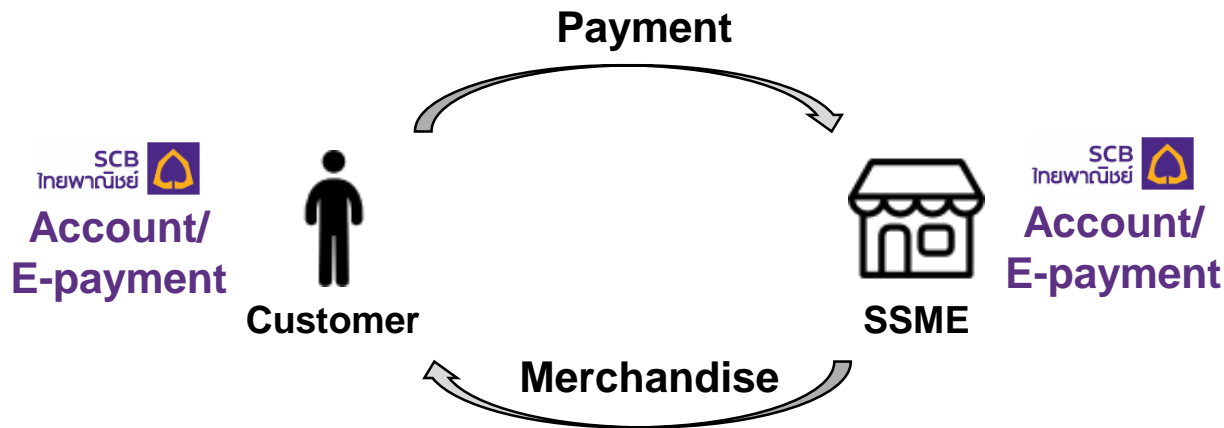
## 2 Presence as second pillar

- Aggressive customers & SSMEs marketing & engagement campaign to overcome awareness barrier

## 3 Long term SSME ecosystem where all parties strongly depend on SCB as the final goal

# Imagine a simple value chain & SCB's role...

At best case scenario, SCB can be involved in.....



## What SCB has extracted

- One-off transaction fee
- Single transaction record

VS

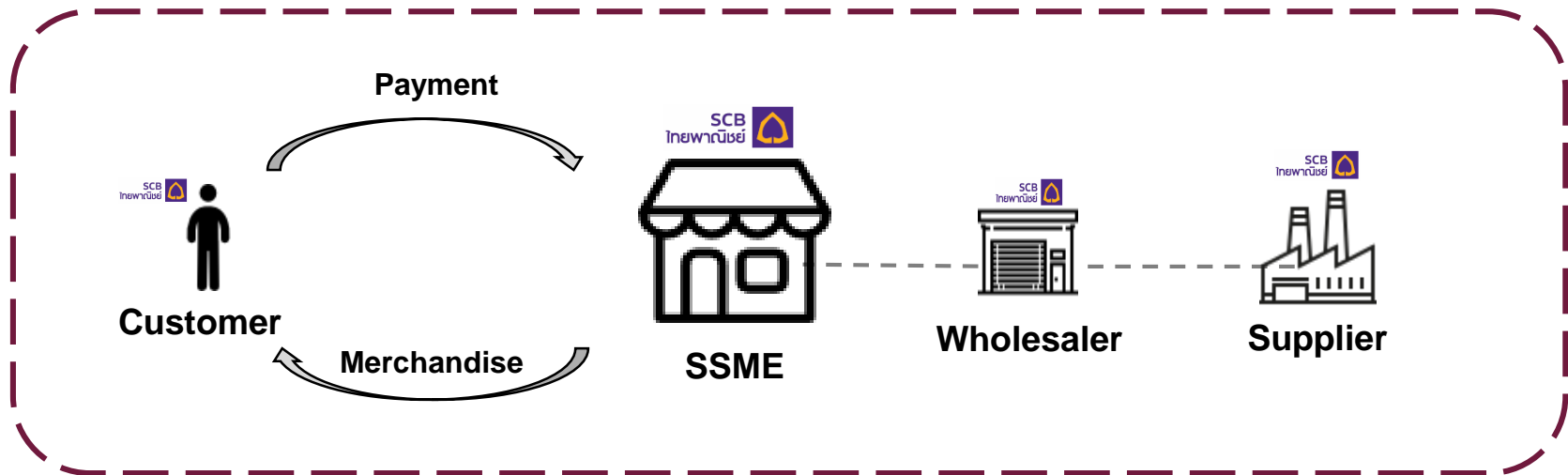
## What SCB has failed to do in this trade

- Complete transaction pattern from both SSME & Customer
- Create continued dependence on SCB services
- Implications on SSMEs/customers

The simple ecosystem where most banks (incl. Kbank) see fit is insufficient

# This is how we see as the ecosystem...

A full economic ecosystem that surrounds a typical SSME should look like this



## A simple value chain

- One-off transaction fee
- Single transaction record



## An ecosystem

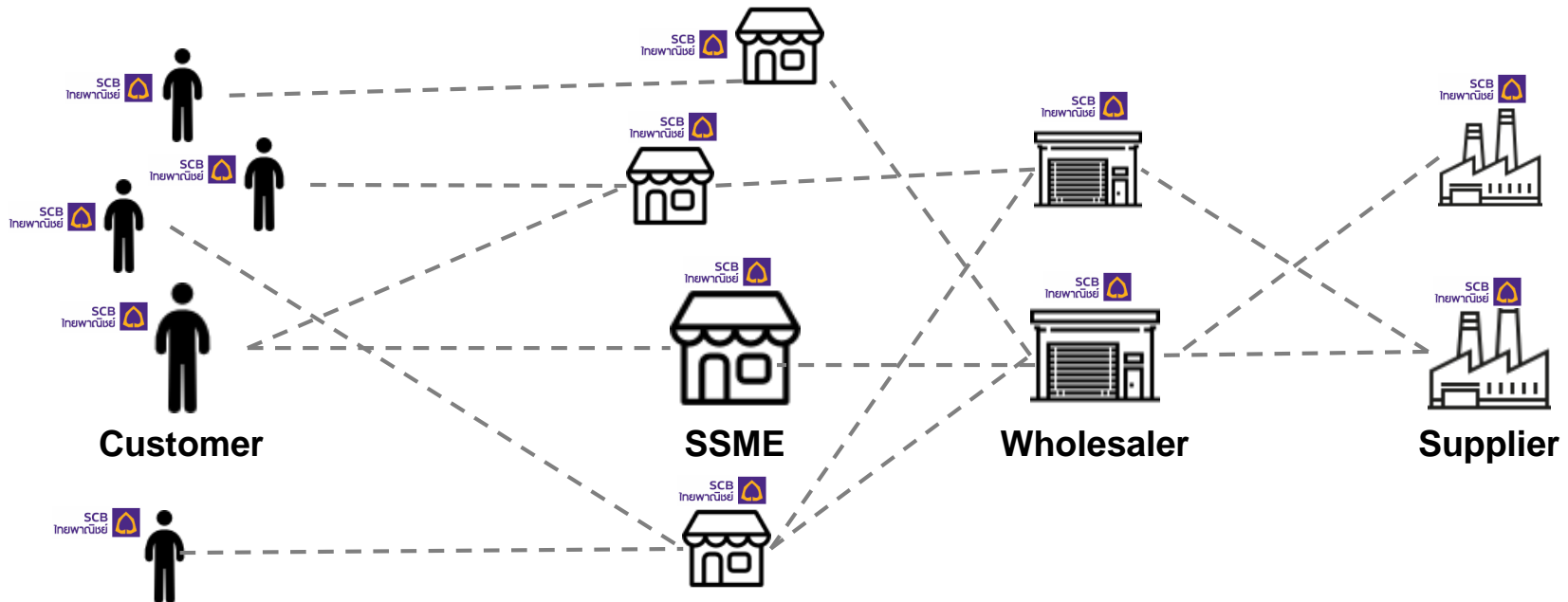
- Complete transaction pattern from both SSME & Customer
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- Implications on SSMEs/customers

**SCB should take a more holistic view to better build long relationship with SSME**



# Now think bigger...

SCB can be the medium connecting all the parties in a meaningful way



Supported by our 2 pillar strategies, we now:

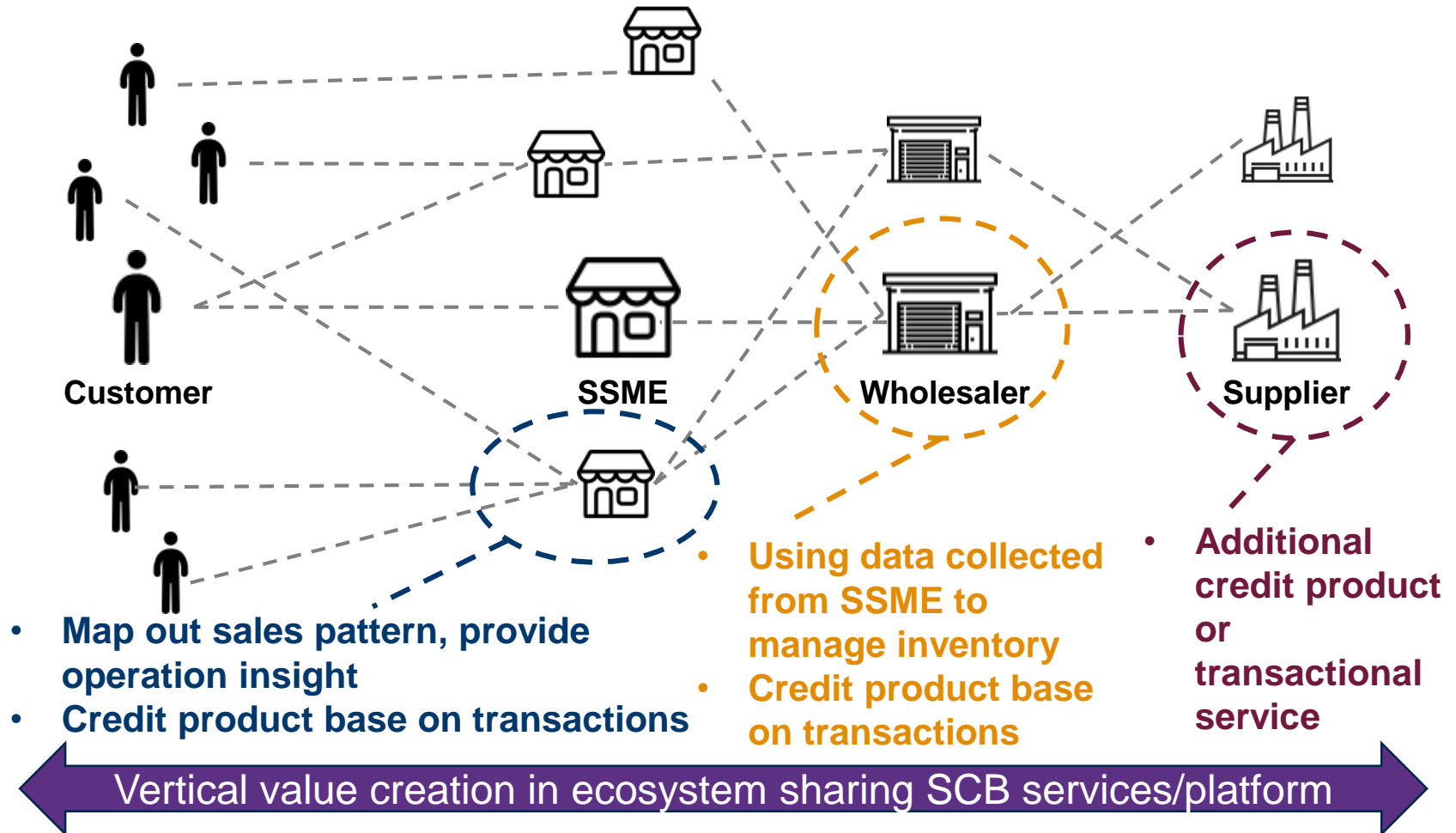
**Product**

**Presence**

- Have a more meaningful base of customers & SSME users
- Have more types of transaction being conducted on platform
- Have the ability to pool various data and utilize centrally
- Have more types of credit suitable for upstream players

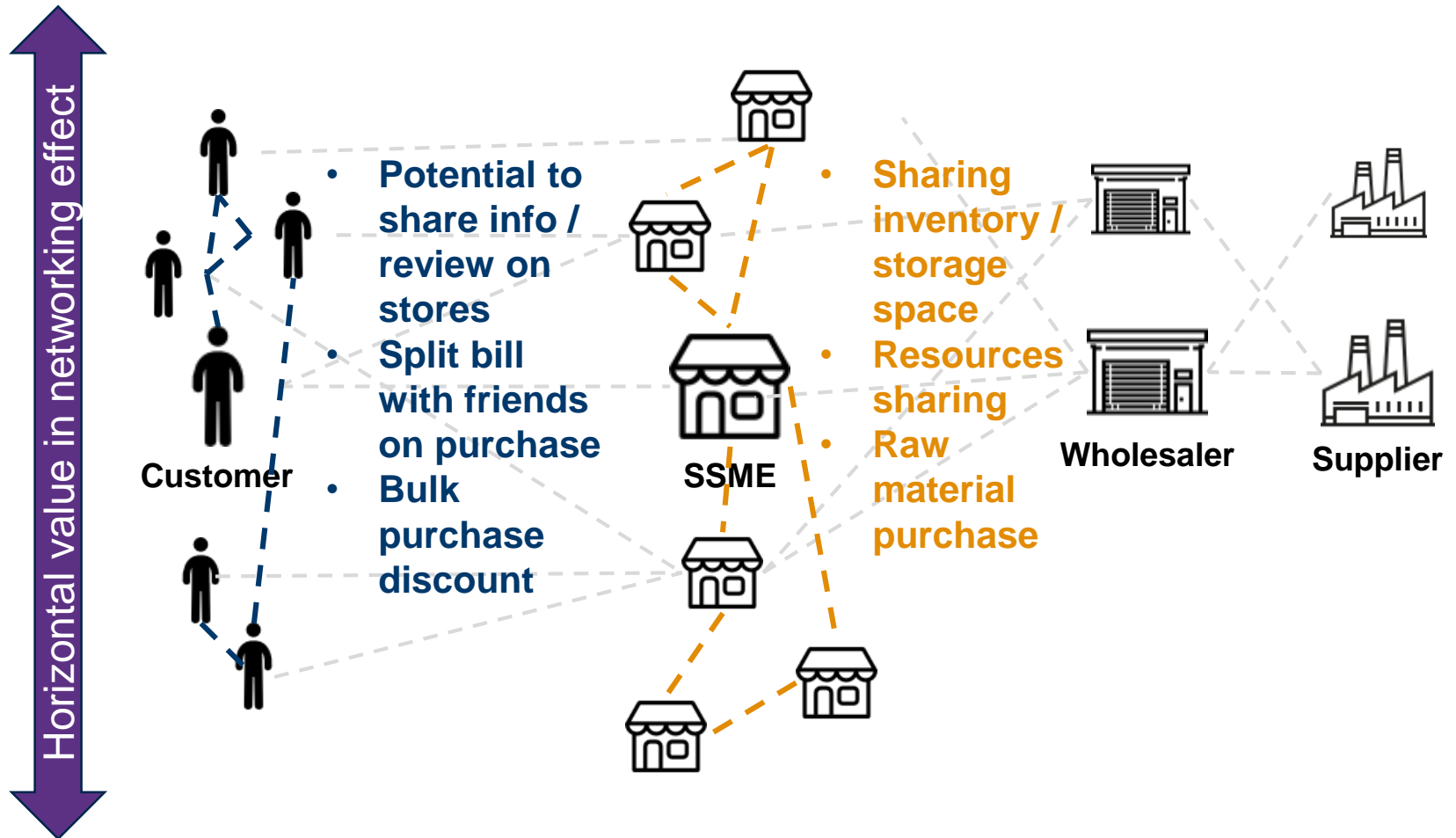
# SCB add value by vertically data sharing

The whole PFM SSME ecosystem should allow various areas for monetization



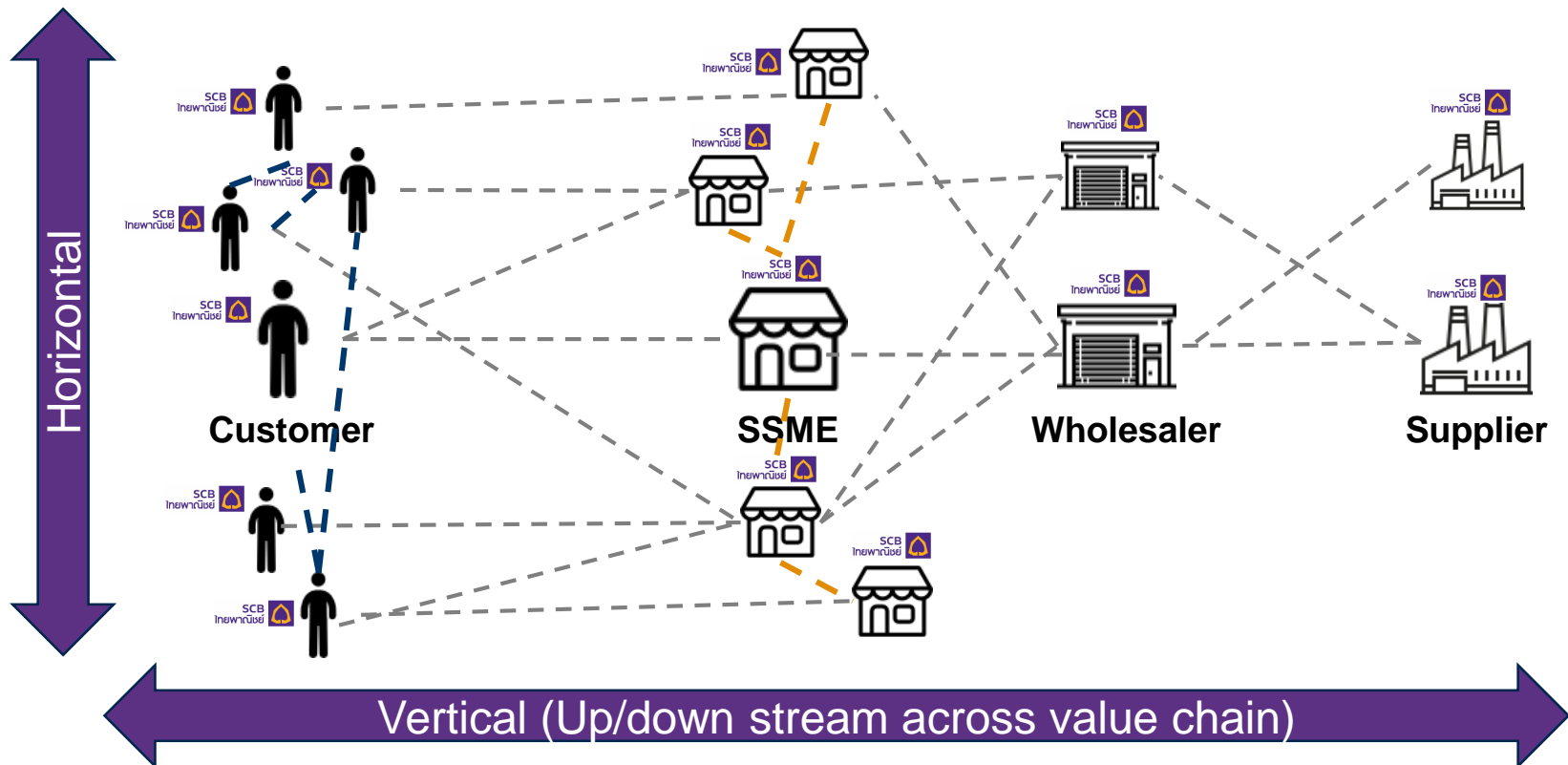
# Parties create value horizontally through SCB

The whole PFM SSME ecosystem should allow various areas for monetization



# Ecosystem that creates 'client stickiness'

Horizontal & vertical value creation greatly increases cost of quitting SCB



Key is to create stickiness of SCB platform instead of monetizing every dime, allowing long term patronage of SCB's core banking products (transaction / credit)

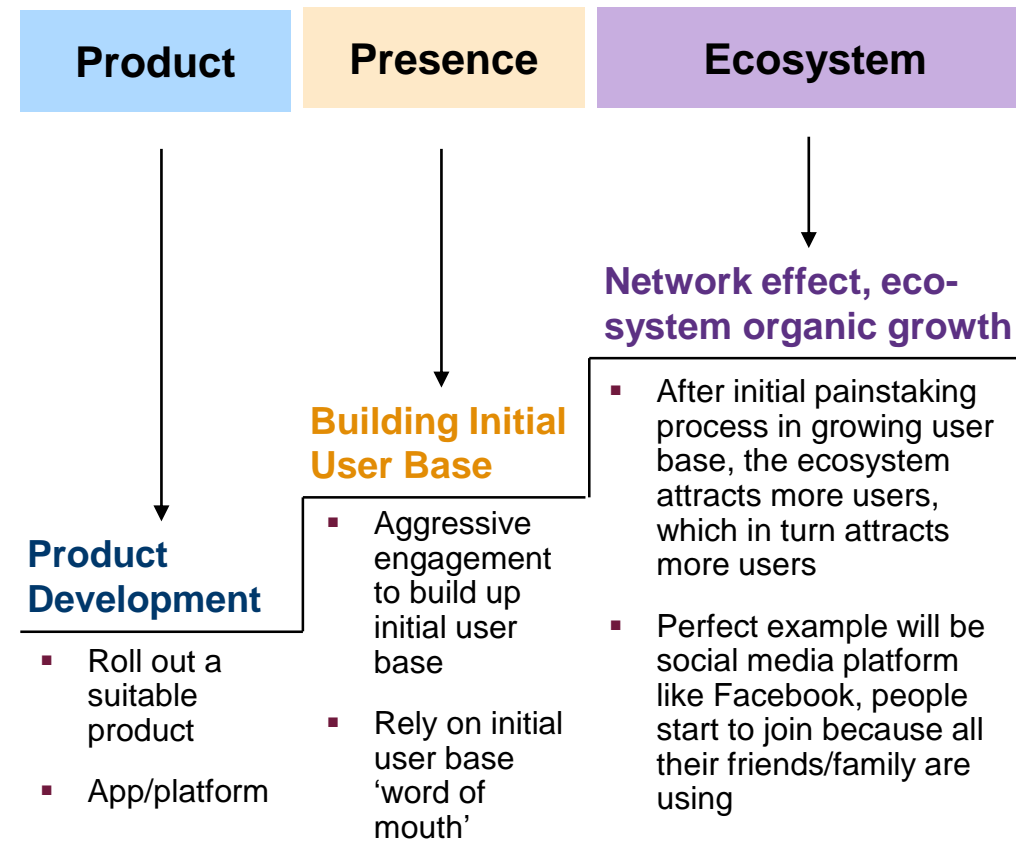


# Roadmap to a successful ecosystem

SCB has to go through 3 major stages, like all social media / sharing economy

## Roadmap

## Case Studies



### Sharing Economy



### Social Media





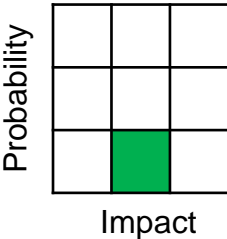
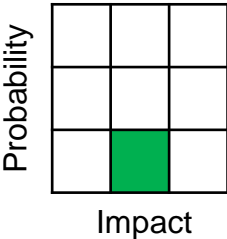
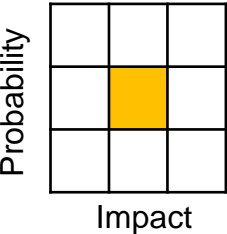
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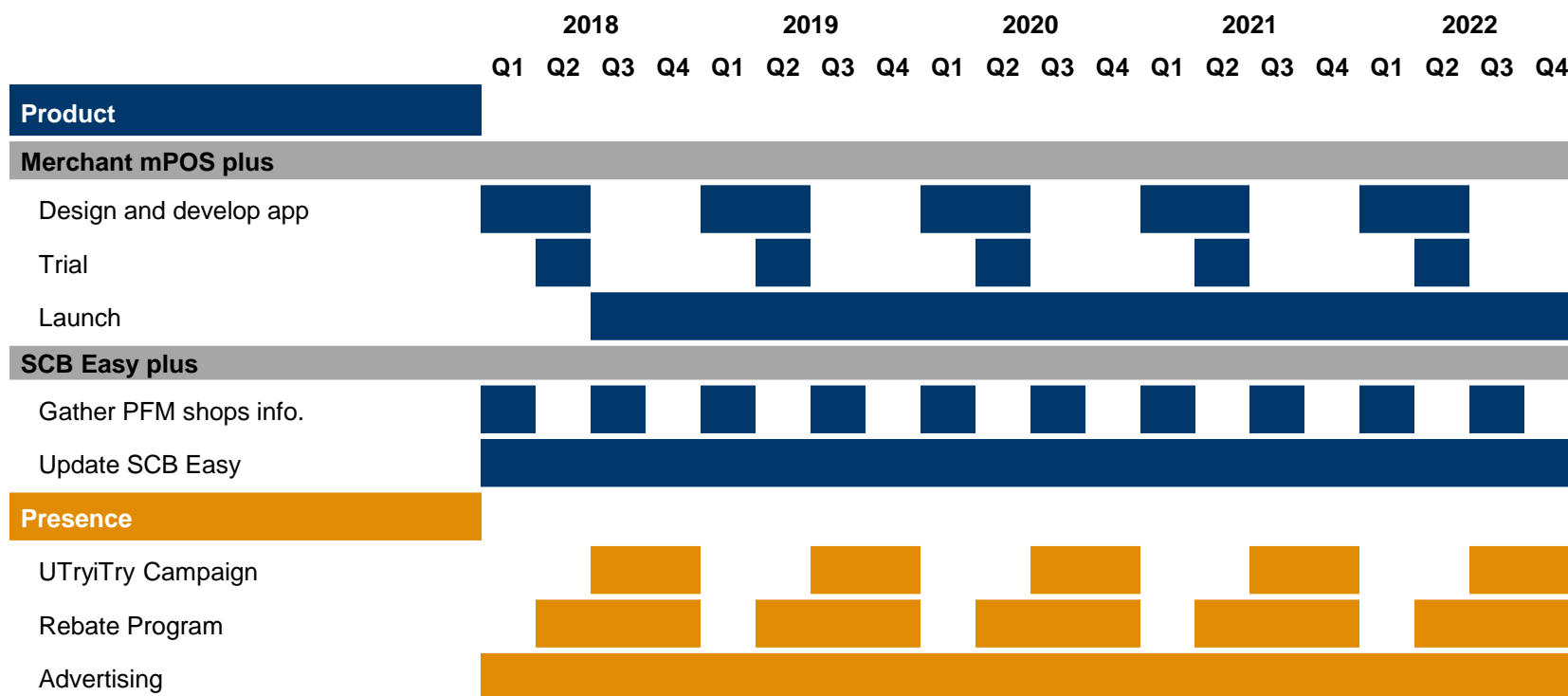
## Timeline & Risk



# Risk and Mitigation

Risk	Magnitude	Mitigation
<b>1. Technology</b>		
Whether small businesses can utilize payment technology is unknown despite pre-investment		<ul style="list-style-type: none"> <li>Regular physical store visits by SCB representatives to educate SSME owners</li> <li>Regularly seek questionnaire / feedback</li> <li>Investment amount is not very significant</li> </ul>
<b>2. Product</b>		
New credit program not suitable to SSME / suppliers / wholesaler		<ul style="list-style-type: none"> <li>Benchmarked against SME-segment major competitor (i.e. Kbank) product offerings</li> <li>Credit products have flexibility to adjust upon poor reception</li> </ul>
<b>3. Presence</b>		
High cost incurred in marketing without immediate effect		<ul style="list-style-type: none"> <li>Set up KPIs for each engagement &amp; marketing effort, to benchmark against actual impact, and evaluate subsequent moves</li> <li>Provide tangible, monetary incentive can help bring customers onboard</li> </ul>

# 5-Year Strategic Plan







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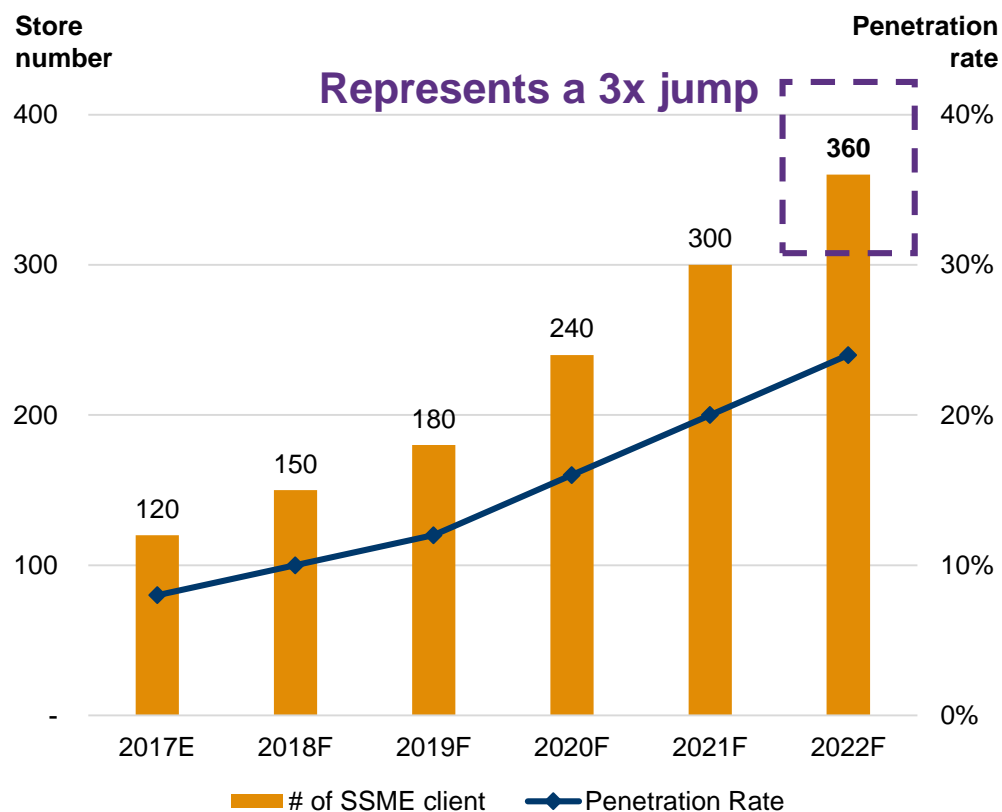


# Financials



# 5 years to achieve >20% penetration

## SCB's PFM SSME penetration projections



## Key Assumptions

### Penetration Growth

2% followed by 4% post 2019

### SSME Number

1,500 stores

### Store Rev/mo.

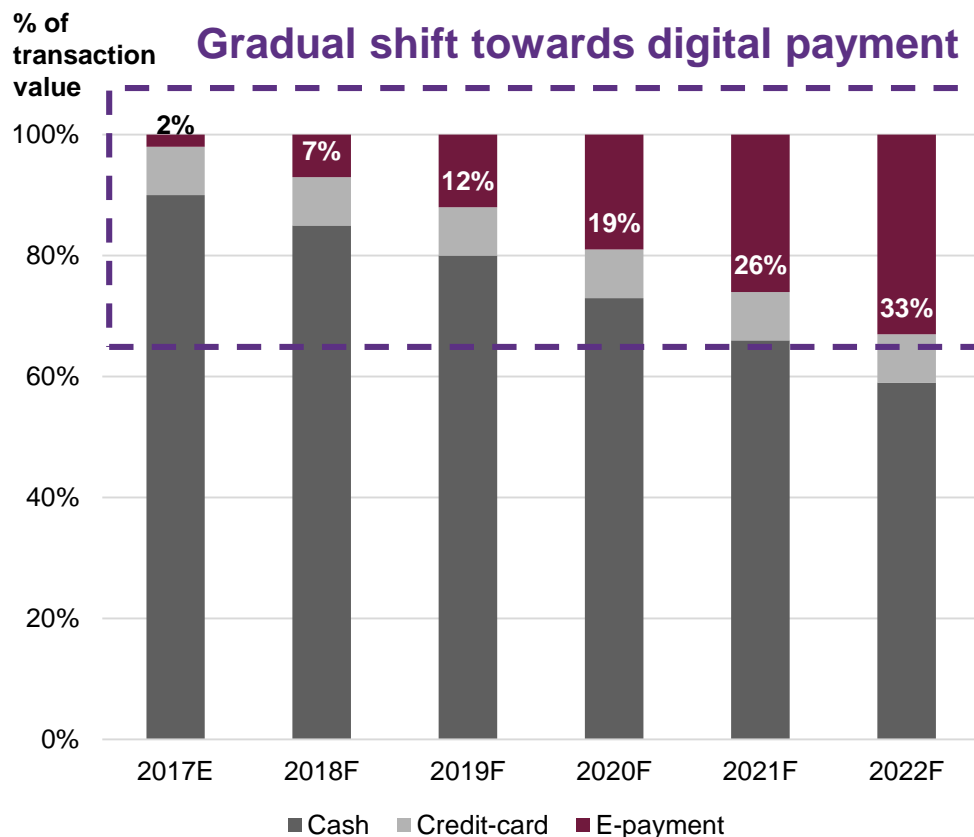
2MM THB

### Initial Payment Mix

Cash: 90%  
Credit-card: 8%  
E-pay: 2%

# Actively shifting towards digital end

## PFM transaction channel by % of total value



## Key Assumptions

**Penetration Growth**

2% followed by 4% post 2019

**SSME Number**

1,500 stores

**Store Rev/mo.**

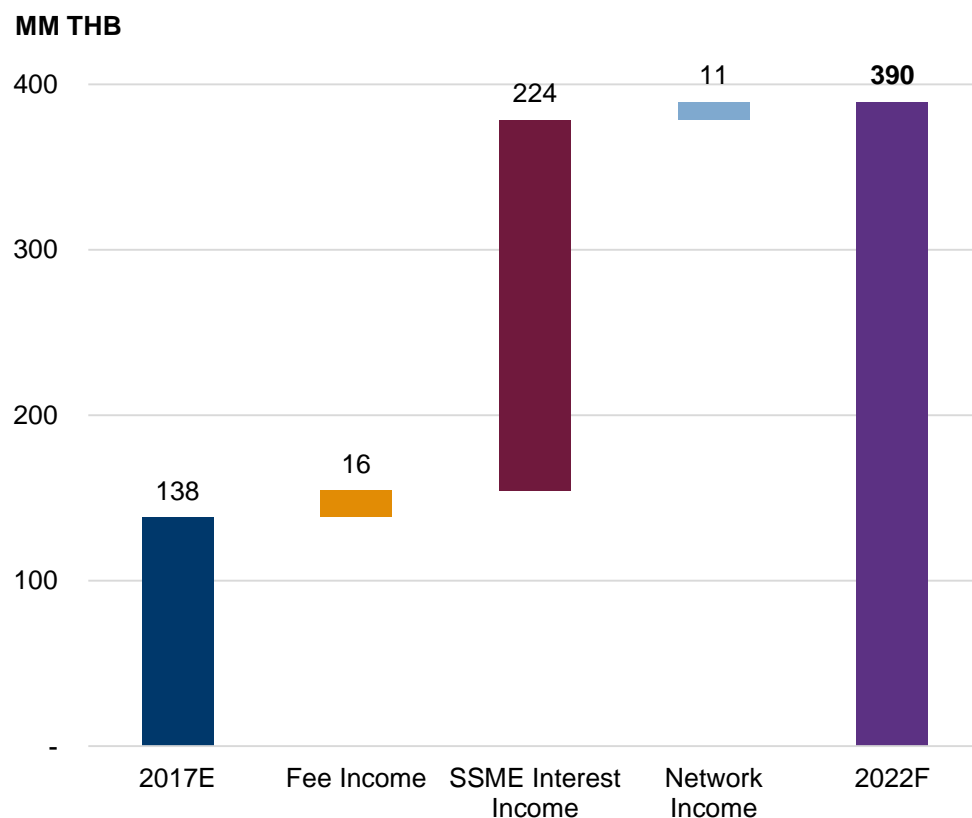
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**Initial Payment Mix**

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# Multiple revenue source from strategy

## SCB's revenue growth from PFM by source



## Key Assumptions

**Penetration Growth**

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**SSME Number**

1,500 stores

**Store Rev/mo.**

2MM THB

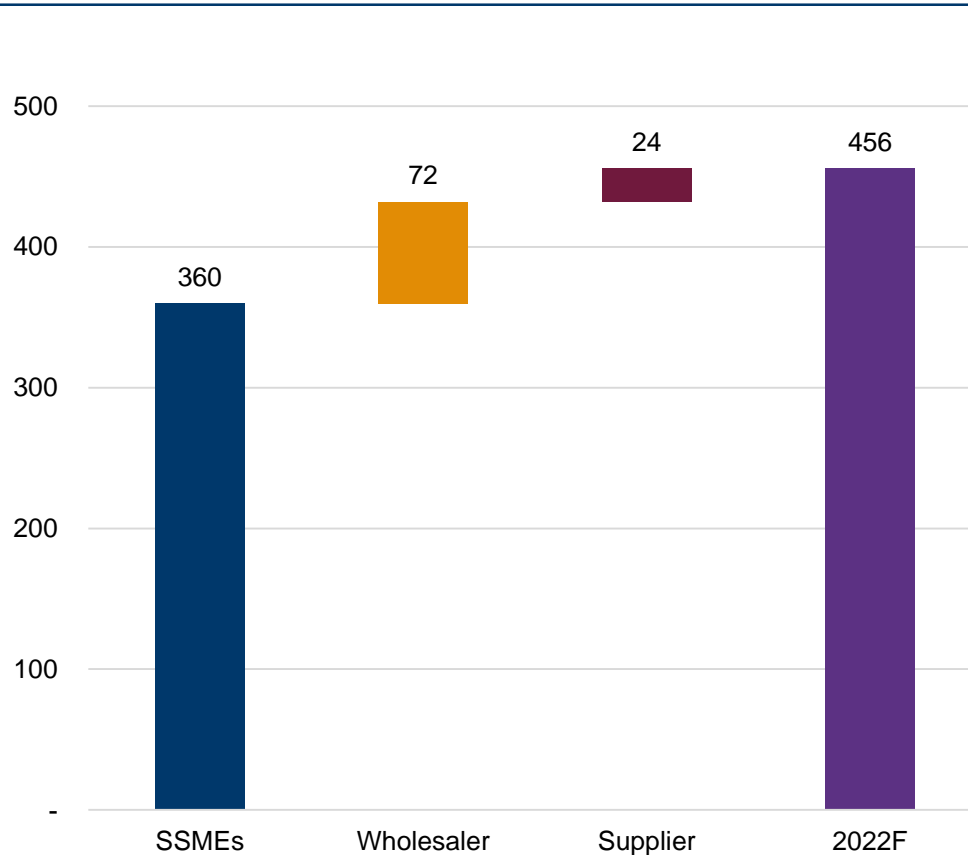
**Initial Payment Mix**

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# SCB ecosystem contain a mix of parties

Number of parties engaged by 2022



Key Assumptions

Penetration Growth	2% followed by 4% post 2019
SSME Number	1,500 stores
Store Rev/mo.	2MM THB
Initial Payment Mix	Cash: 90% Credit-card: 8% E-pay: 2%

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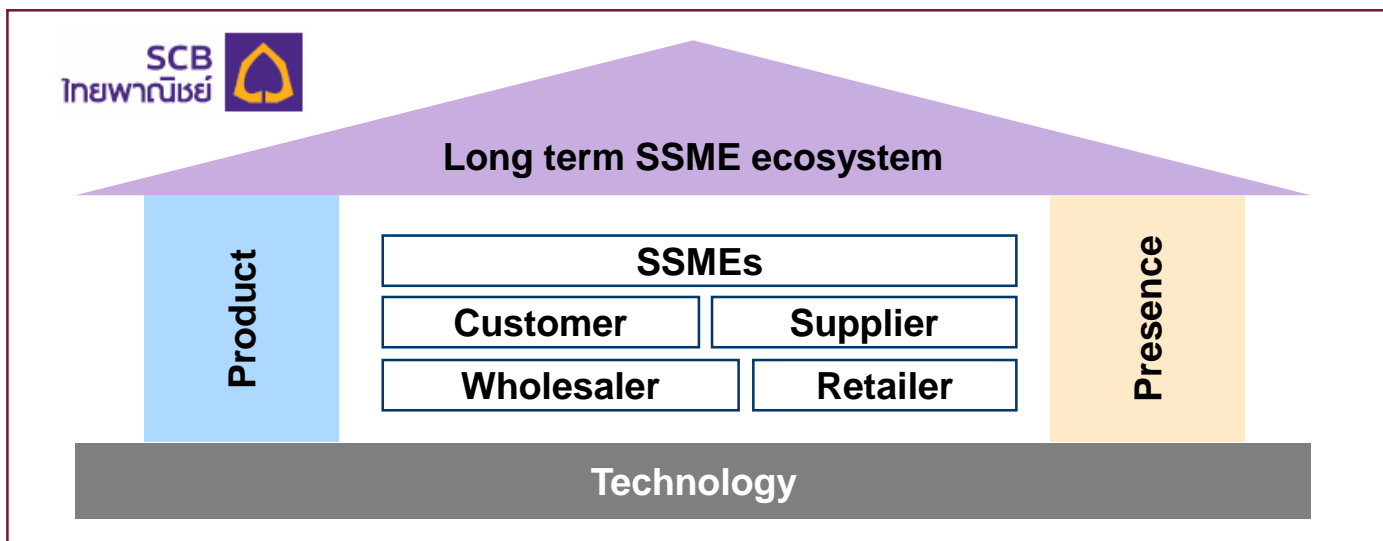
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## Strategy



## Outcome

- 20%+ penetration rate in PFM SSME by 2022
- Create long term ecosystem that involves multiple parties



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# Appendix



# Content (Main Slides)

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## Executive Summary

### Analysis

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2. [PFM is a perfect sample of SSME](#)
3. [PFM SSME market dominated by KBank](#)
4. [Case Study of KBank](#)
5. [Create presence with aggressive marketing](#)
6. [Improve products by identifying pain points](#)

### Overview

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### Strategy – Product

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2. [An 1-for-all business tool to empower SSME](#)
3. [Wealth management with data analytics](#)
4. [Block-chain empowered oversea transactions](#)
5. [Modify App to solve customers' pain points](#)
6. [Credit scheme tailor-made for SSMEs](#)

### Strategy - Presence

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2. [UTryiTry campaign increases app downloads](#)
3. [Aggressive Marketing engages customers](#)

### Strategy - SSME

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2. [Imagine a simple value chain & SCB's role...](#)
3. [This is how we see as the ecosystem...](#)
4. [Now think bigger...](#)
5. [SCB add value by vertically data sharing](#)
6. [Parties create value horizontally through SCB](#)
7. [Ecosystem that creates 'client stickiness'](#)
8. [Roadmap to a successful ecosystem](#)

### Financials

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2. [Actively shifting towards digital end](#)
3. [Multiple revenue source from strategy](#)
4. [SCB ecosystem contain a mix of parties](#)

### Implementation

1. [Risk and mitigation](#)
2. [5-Year Strategic Plan](#)

# Content (Appendices)

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## Analysis

1. [Appendix: SME Pain Points](#)
2. [Appendix: Thai banks' loan breakdown](#)
3. [Appendix: Needs of Thai SMEs](#)
4. [Appendix: Thai SMEs need loans](#)
5. [Appendix: Thai SSMEs are underserved](#)
6. [Appendix: SMEs want closer relationships](#)
7. [Appendix: SMEs favour human interactions](#)
8. [Appendix: KPlus Shop App](#)

## Case Study

1. [SSME Case Study 1: Butterfly Thai Perfume](#)
2. [SSME Case Study 2: The Guard Origin](#)
3. [SSME Case Study 3: FitMeal](#)

## Market Research (Field Trip)

1. [Appendix: Market Research \[52 responses\]](#)
2. [Appendix: Market Research \[52 responses\]](#)
3. [Appendix: Market Research \[52 responses\]](#)
4. [Appendix: Market Research \[52 responses\]](#)

## Merchant mPOS Plus App – Data analytics

1. [Appendix: Strands](#)
2. [Appendix: Ripple](#)
3. [Appendix: Strands creates a win-win situation](#)
4. [Appendix: RippleNet](#)
5. [Appendix: Ripple transferring fiat currency](#)
6. [Appendix: Ripple's past successes](#)
7. [Appendix: Presence Strategy KPIs](#)

## Strategy - Product

### Customer Relationship Management

1. [Transformation of SCB Physical Branch](#)



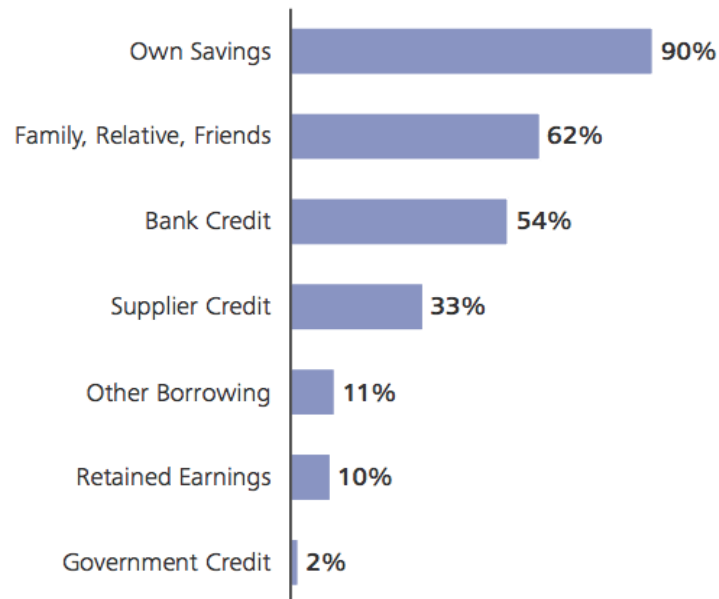
# Appendix: SME Pain Points

## IDENTIFYING SME PAIN POINTS



# Appendix: Needs of Thai SMEs

## Source of financing in 2009 (% of SMEs cited using)



70% of SMEs in Thailand are less than 10 years old, and most of them have to use their own savings or borrow from family and friends to finance investments.

## Common financial needs

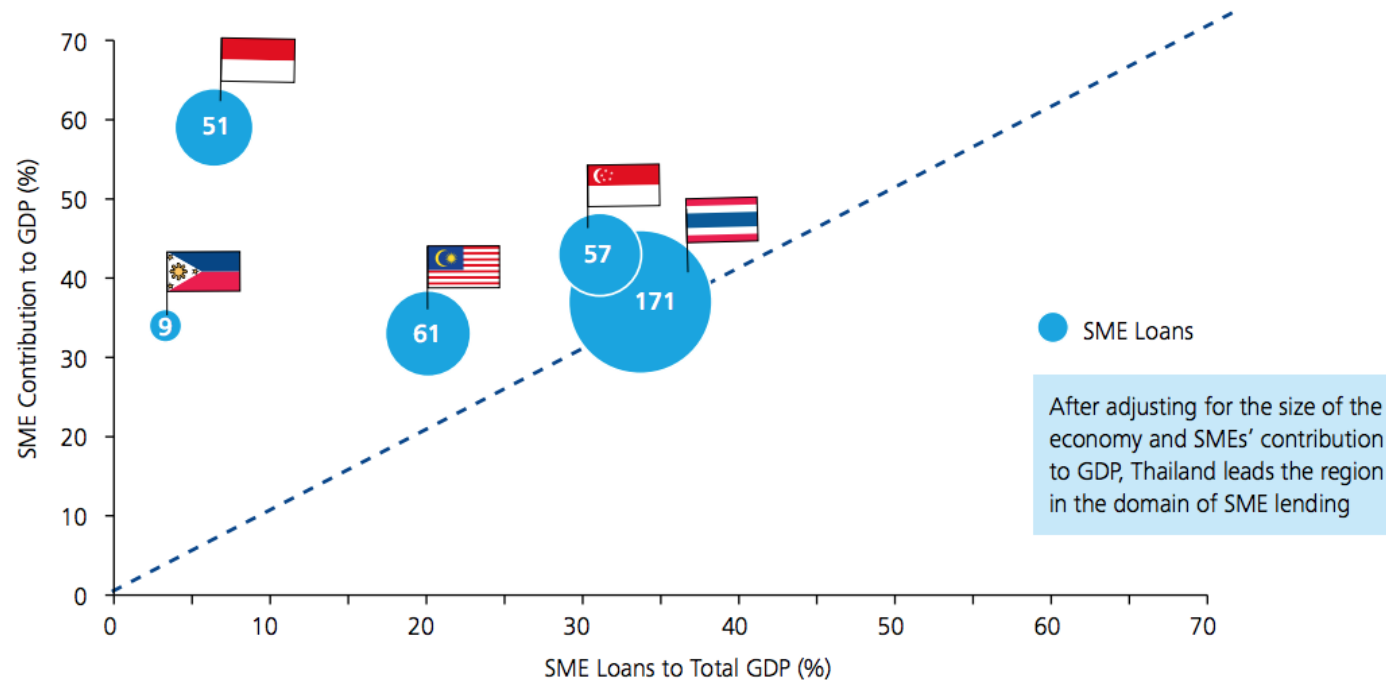
- 58% of SMEs have no access to external financing
- 49% felt that they were underserved/ unserved

## Common non-financial needs

- High production cost was cited as a key challenge
- The minimum wage in Thailand was increased while the growth in labour productivity slowed
- 85% of SMEs reported being negatively affected by the political unrest in Thailand

# Appendix: Thai SMEs need loans

**SME Loans-to-GDP vs SME Contribution to GDP (USD billion<sup>1</sup>, 2014<sup>2</sup>)**



Note: <sup>1</sup> March 08, 2015 exchange rate used: 1 USD = 3.6 MYR, 1 USD = 44.31 PHP 1 USD = 12,747 IDR, 1 USD = 33 THB, 1 USD = 1.36 SGD

<sup>2</sup> GDP figures from 2013

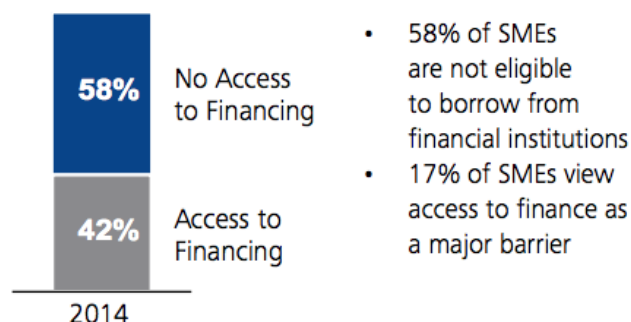
Source: Asia SME Finance Monitor 2013, Bank Negara Malaysia, SME Corporation, Securities Commission Malaysia, Bank Indonesia, Bank of Thailand, MAS, Bangko Sentral ng Philipinas, World Bank, Deloitte Analysis

# Appendix: Thai SSMEs are underserved

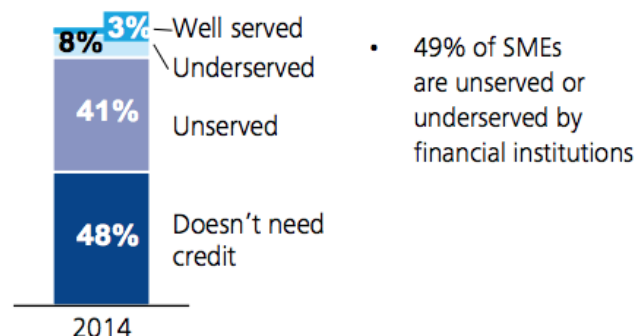
A significant proportion of SMEs have no access to financial institutions and require external financing. 58% of SMEs are not eligible to borrow from financial institutions and 17% of SMEs view access to finance as a major barrier.<sup>40</sup>

Additional financing challenges faced by SMEs include lack of information and advice from financial institutions, high degree of complexity and inconvenience related to the loan application process, inadequate qualification of SMEs, high expenses, fees and interest rate charged and lack of collateral.

## Access to Finance (% of Respondents, 2014)



## How SMEs are served by financial institutions (% of Respondents, 2014)



# Appendix: SMEs want closer relationships

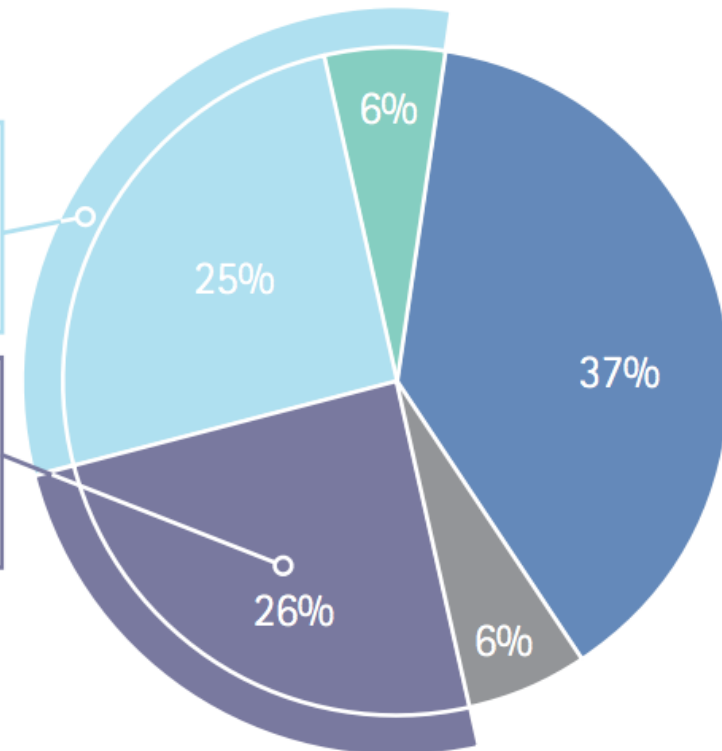
## Demand for closer engagement

Despite not selecting a bank on the basis of access to complex financial services, SMEs\* have an appetite that banks could seek to fulfil....

31% of SMEs\* are looking for close engagement with their bank, seeking proactive ideas AND non-financial assistance (e.g. value-add services) to help optimise their businesses.

26% of SMEs\* want their banks to offer more complex services on-demand, recognising their needs may not be simple. These customers could be migrated into the "help us" category.

- Help us succeed
- Leave us be
- None of these
- Help us excel
- Recognise we're different

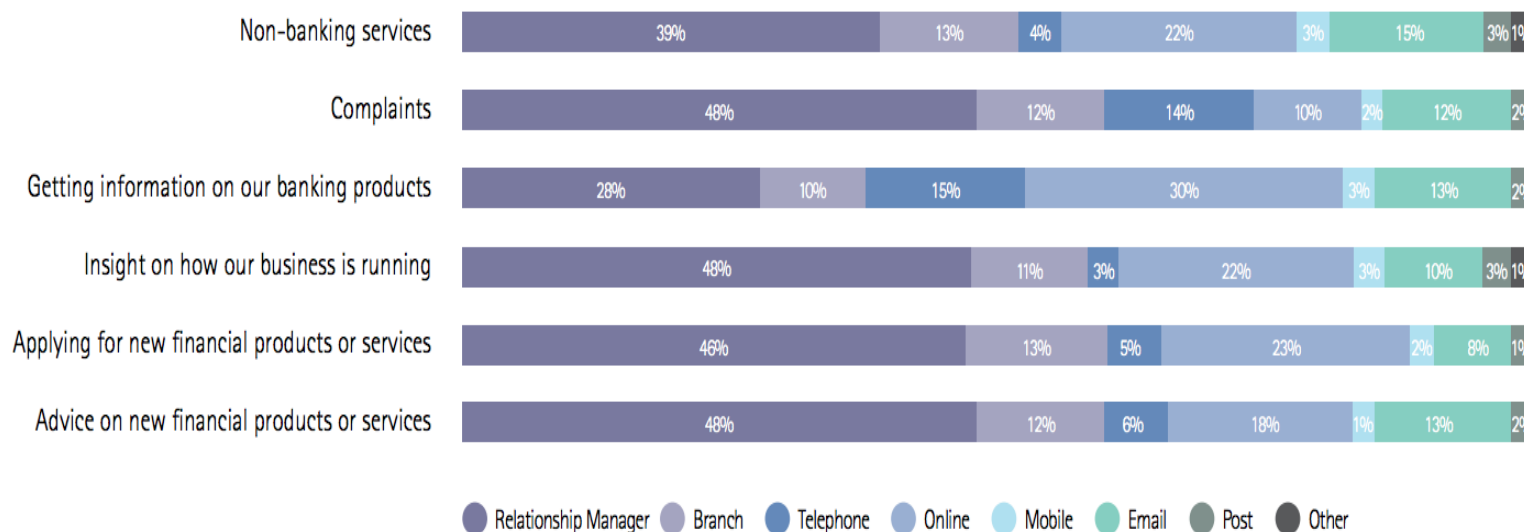


Due to rounding figures may not total 100%



# Appendix: SMEs favour human interactions

## SME preferences for interactions with their banks



Due to rounding figures may not total 100%

# Appendix: KPlus Shop App

## Features



### Digital Payment

QR code scanning for payment of cash

### Data Collection

Daily sales summary

### Fee Debit

Online bills payment

### Sales collection

Flexible time of changing sales to cash

## Areas missing



Interbank transaction fee

Analytics on the financial strength of shops

One stop and automatic solution for bills payment

Analytics on cash flow and budget projection

# SSME Case Study 1: Butterfly Thai Perfume

## Description

- Thailand-based proprietorship selling self-made perfume
- Operate both physical store and online sales platform
- Source raw materials from both local and overseas suppliers
- Estimated monthly revenue c.2MM THB, profit margin c.80%

## Banking Service

- Uses 4 banks, Bangkok Bank, TME Bank, Kbank, SCB
- For SCB uses SCB pay point, and cash transfer within digital app
- Painpoint is to do international transfer and chase back error payments

## Product Offerings



AGARWOOD & BENZOIN



SMOKED AGARWOOD



BERGAMOT & CLOVE BUD



POMELO



ORANGE BLOSSOM



ORANGE & CORIANDER

# SSME Case Study 2: The Guard Origin

## Description

- Thailand-based proprietorship selling military style menswear
- Both a wholesaler and a retailer
- Operate both physical store and online sales platform
- Source raw materials from local suppliers
- Estimated monthly revenue 1.5MM THB

## Banking Service

- Uses 3 banks, SCB, Kbank, KTB
- For SCB uses SCB pay point, and cash transfer within digital app
- Painpoint is credit issue due to high interest rate and limited knowledge about accounting

## Product Offerings



T-shirts

Cap



Trousers



# SSME Case Study 3: FitMeal

## Description

- Healthy and convenient food delivery service for people who exercise
- Operate only online sales platform
- Source raw materials from the online supplier Freshket
- Estimated monthly revenue c. 600-700,000 THB, profit margin c.40%

## Banking Service

- Uses 2 banks, KBank and SCB
- Use the 2 mentioned platforms since most customer use them
- Seldom visits the physical branches but use e-payment platforms instead

## Product Offerings



PROTEIN	FAT	CARB	CALORIES
23.96	3.72	17.37	203.48

B12 สุกี้น้ำไก่ STIR FRIED SUKIYAKI WITH CHICKEN

฿85.00



P003 หมูสับผัดแกงส้ม STIR FRIED MINCED PORK WITH HOT&SOUR PASTE

฿120.00



PROTEIN	FAT	CARB	CALORIES
41.67	17.8	12.18	378.23

B08 สเต็กไก่ CHICKEN STEAK

฿120.00



PROTEIN	FAT	CARB	CALORIES
32.06	7.92	16.50	279.86

B21 แซลมอนอบวุ้นเส้น SALMON CLAY POT STYLE

฿190.00



PROTEIN	FAT	CARB	CALORIES
34.21	6.31	63.61	444.18

B18 ข้าวยากไก่แซ่บสมุนไพร SPICY CHICKEN WITH HERBS

฿120.00



PROTEIN	FAT	CARB	CALORIES
20.53	1.78	26.45	216.98

B15 แกงส้มซอสมะขามไข่ขาว SPICY & SOUR SOUP VEGGIE

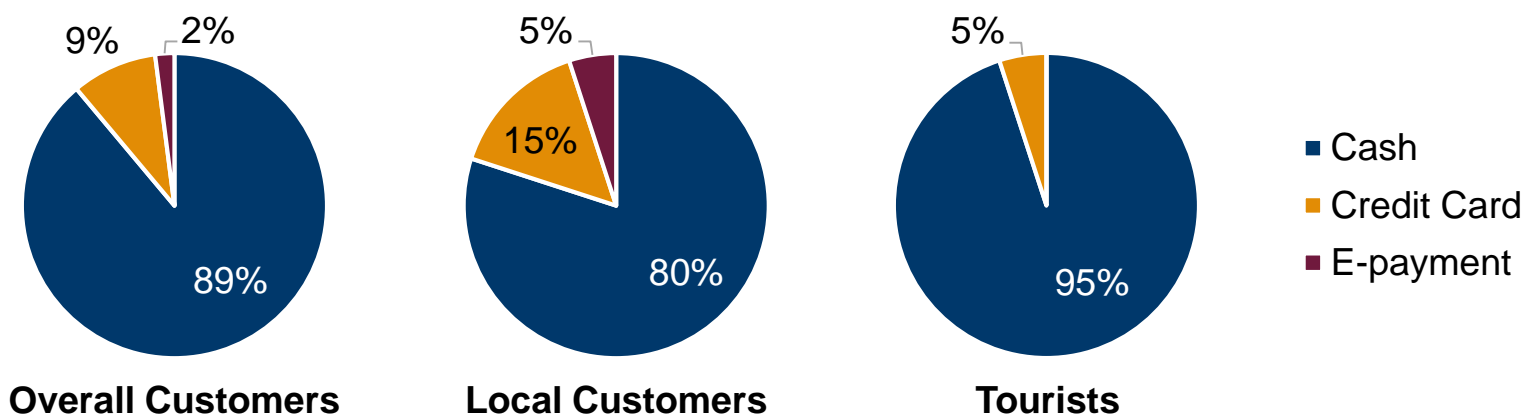
฿85.00

# Appendix: Market Research [52 responses]

## 1 What is the mix of customers? (local/tourists)



## 2 What is the payment structure for customers? (Cash, credit cards or e-payment)

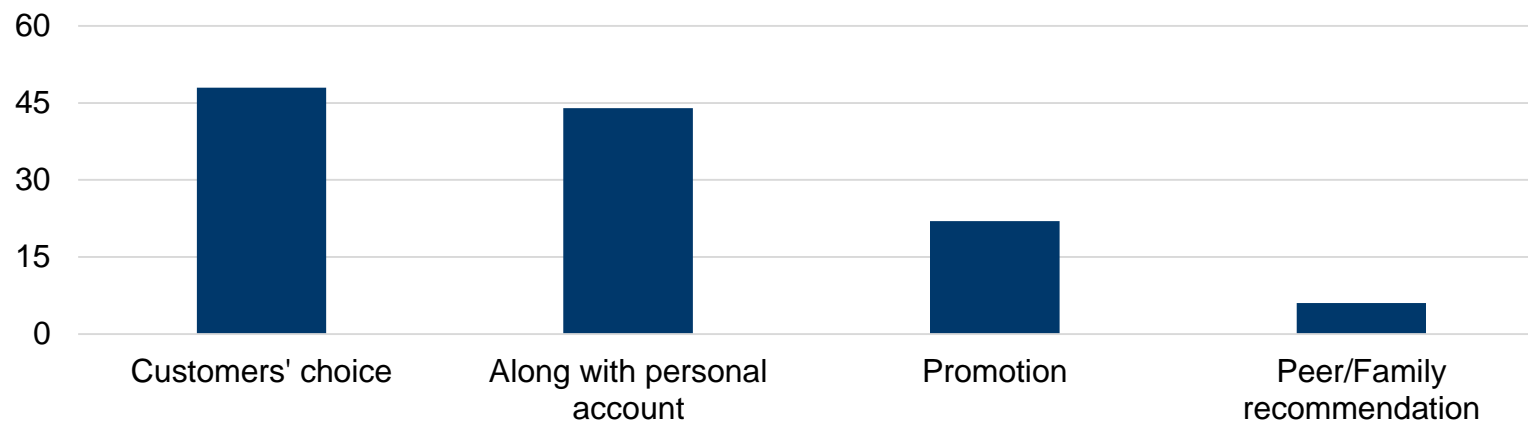


## Appendix: Market Research (cont.)

### 3.1 Which bank do you use for deposit?

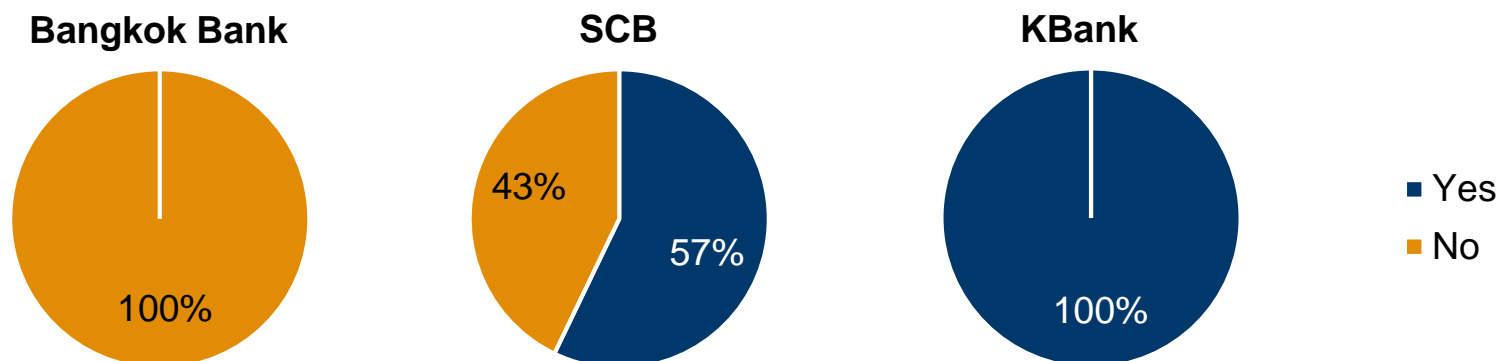


### 3.2 Why do you use this bank?

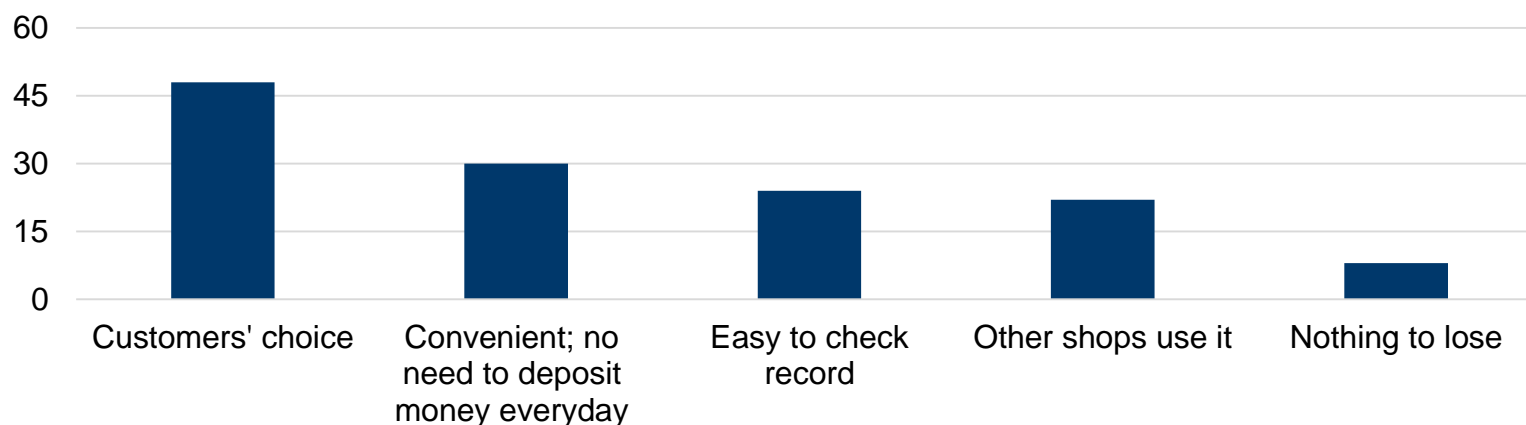


## Appendix: Market Research (cont.)

### 3.3 Have you ever received e-payment promotions from your chosen bank?



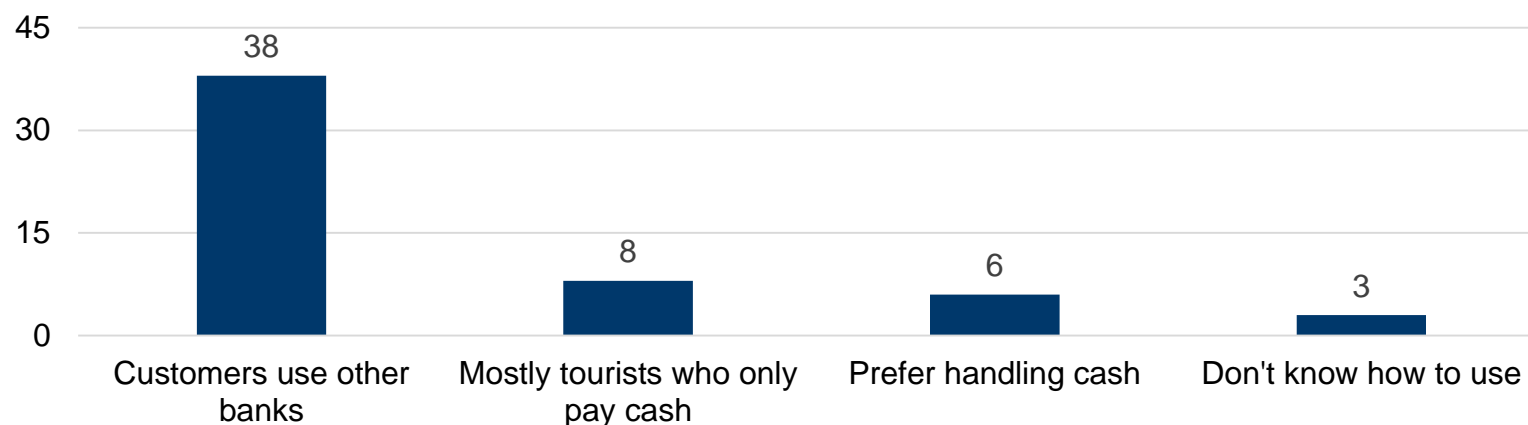
### 3.4 Why did you start accepting the bank's e-payment service?





## Appendix: Market Research (cont.)

### 3.5 Why don't you accept the bank's e-payment service?

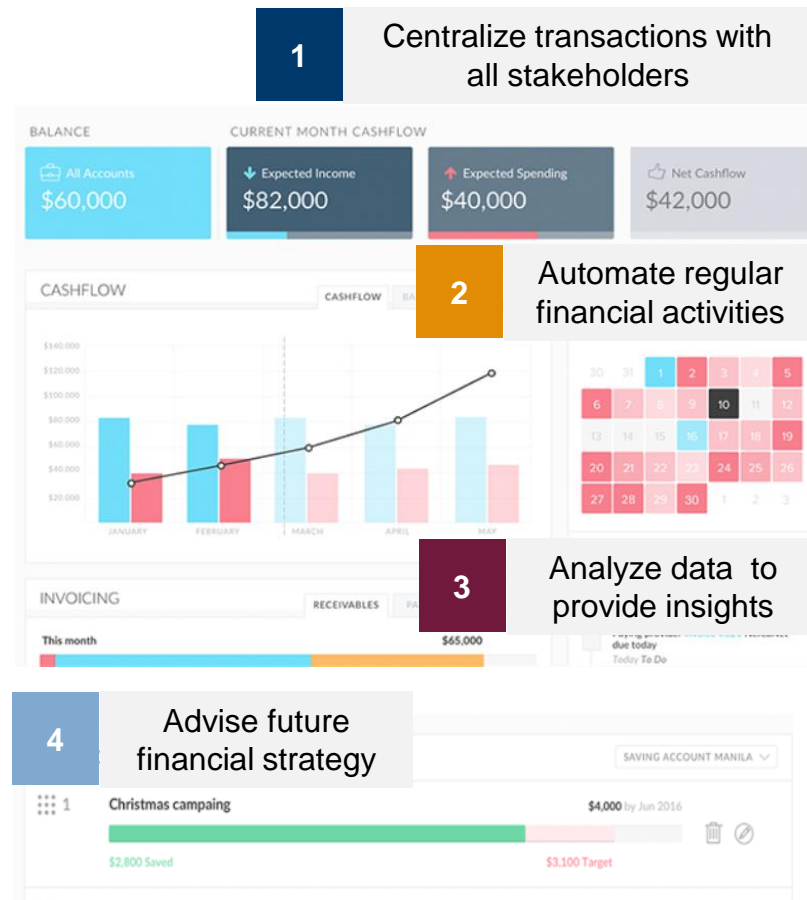


### 4 Where do you source products from, local wholesalers or foreign supplies?

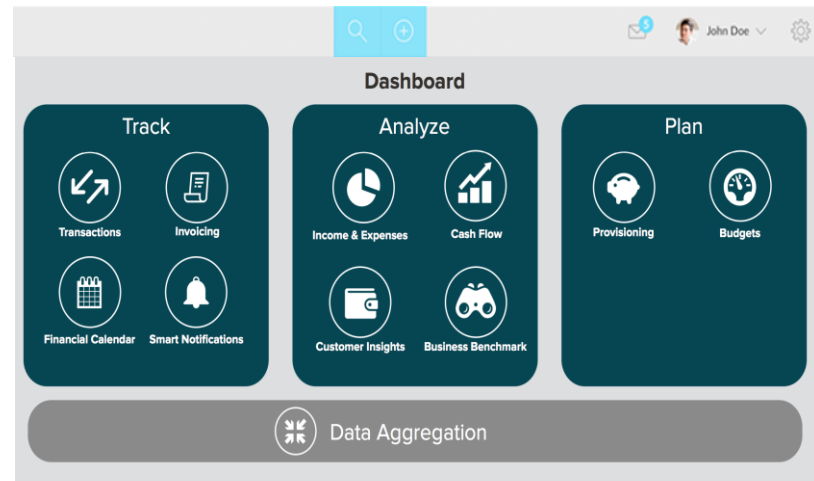


# Appendix: Strands

## Simplify financial management

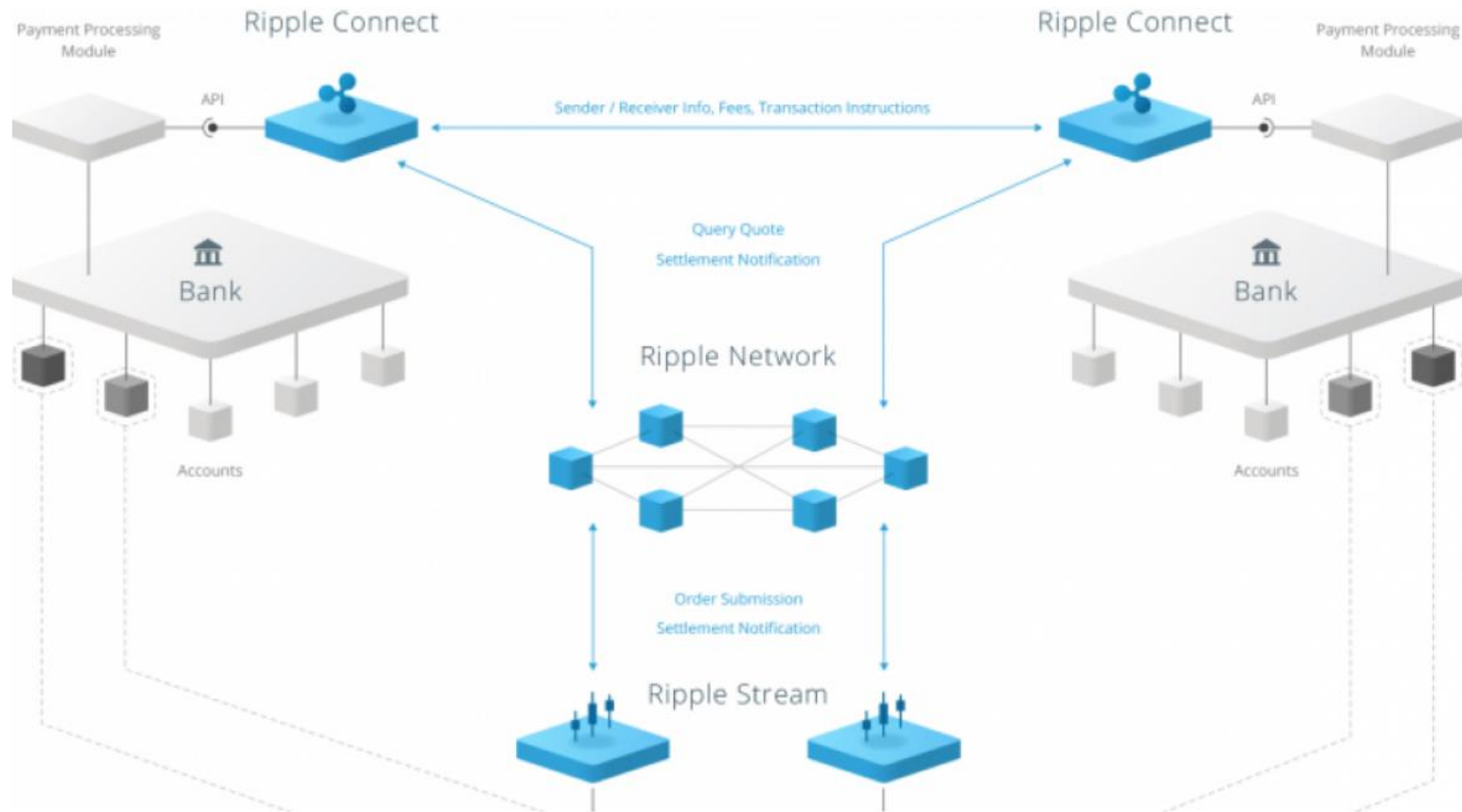


## Enhance operational efficiency



- 1** Handle AR/AP effortlessly
- 2** Forecast cash inflows & outflows
- 3** Keep business expense under control
- 4** Make wise decisions with insights

# Appendix: Ripple



# Appendix: Strands creates a win-win situation



- Track transactions and invoicing
- Analyze income & expenses and cash flow
- Plan financial calendar and budgeting

## What your business banking customers get:



**Simple, intuitive and stunning data visualizations** for an unparalleled user experience



**Flexibility for businesses at all stages**, from startups to growth-stage to established companies to better understand and manage their finances



**Real-time access to all financial accounts** powered by Strands Meta-Aggregation engine



**Smarter business decision making** based on relevant, personalized insights powered by Big Data analytics and machine learning

## How your bank benefits:



**KYSME: Know your customers'** businesses and understand their specific needs to offer relevant products & services at exactly the right time



**Empower your most lucrative segment:** SME deposits are 4x greater and balances are 15x higher than retail banking customers



**Differentiate your financial institution** by setting a precedent at the leading edge of tech innovation in banking



**Become your SME customers' trusted business partner** through heightened digital engagement and personalized financial services tailored to their business needs

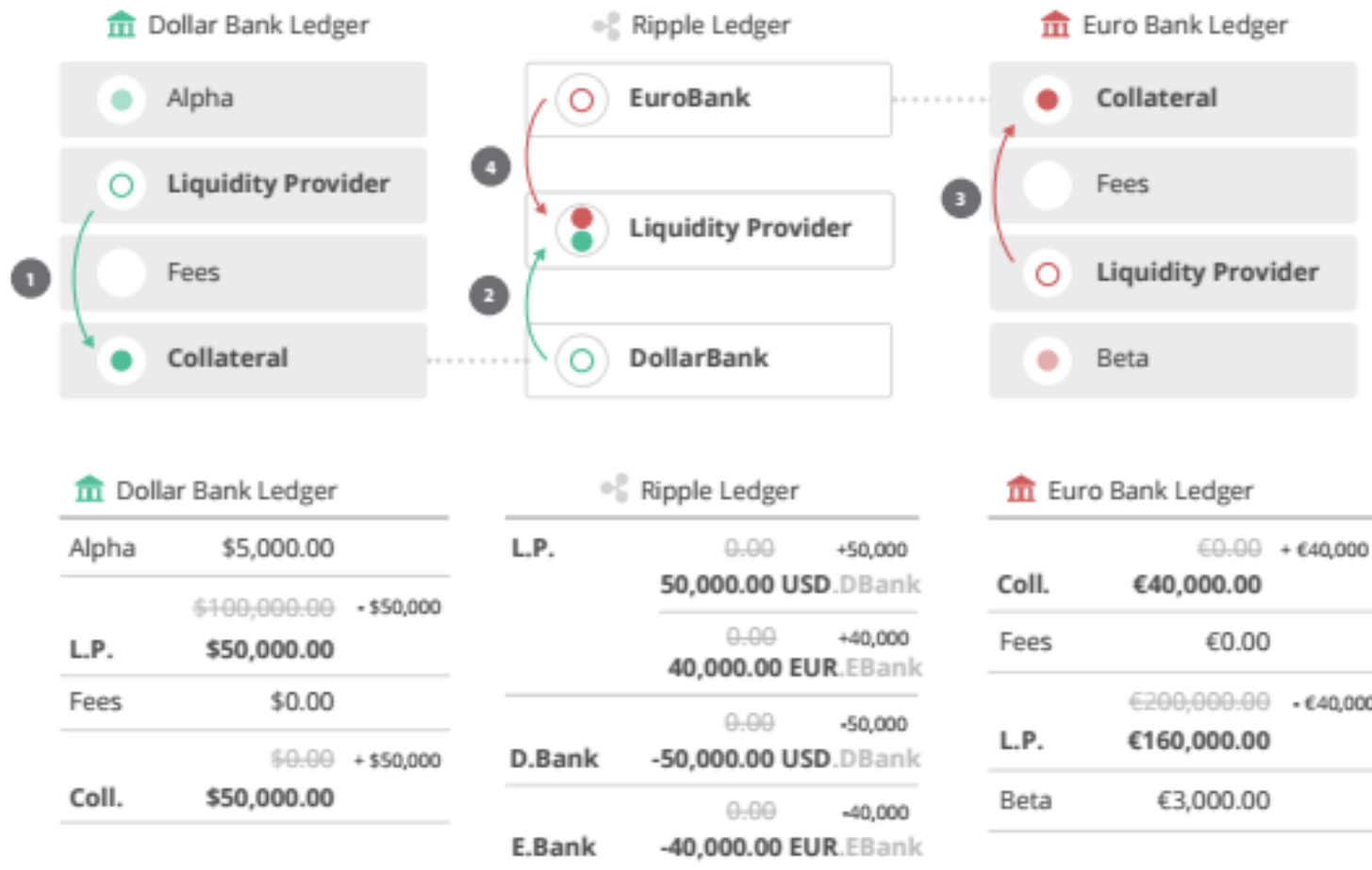
# Appendix: RippleNet



<b>Solution</b>	RippleNet
<b>Features</b>	<ul style="list-style-type: none"> <li>• Single, decentralized network with distributed financial technology</li> <li>• End-to-end visibility into payment fees, timing and delivery</li> <li>• Connects multiple networks through an open, neutral protocol -- Interledger Protocol (ILP)</li> </ul>
<b>Services</b>	<ul style="list-style-type: none"> <li>• Real-time transaction settlement</li> <li>• Data-rich messaging between parties</li> </ul>
<b>Benefits</b>	<ul style="list-style-type: none"> <li>• Ensure transaction certainty</li> <li>• Remove settlement risks</li> <li>• Increased processing speed</li> <li>• Reduced Cost</li> </ul>



# Appendix: Ripple transferring fiat currency

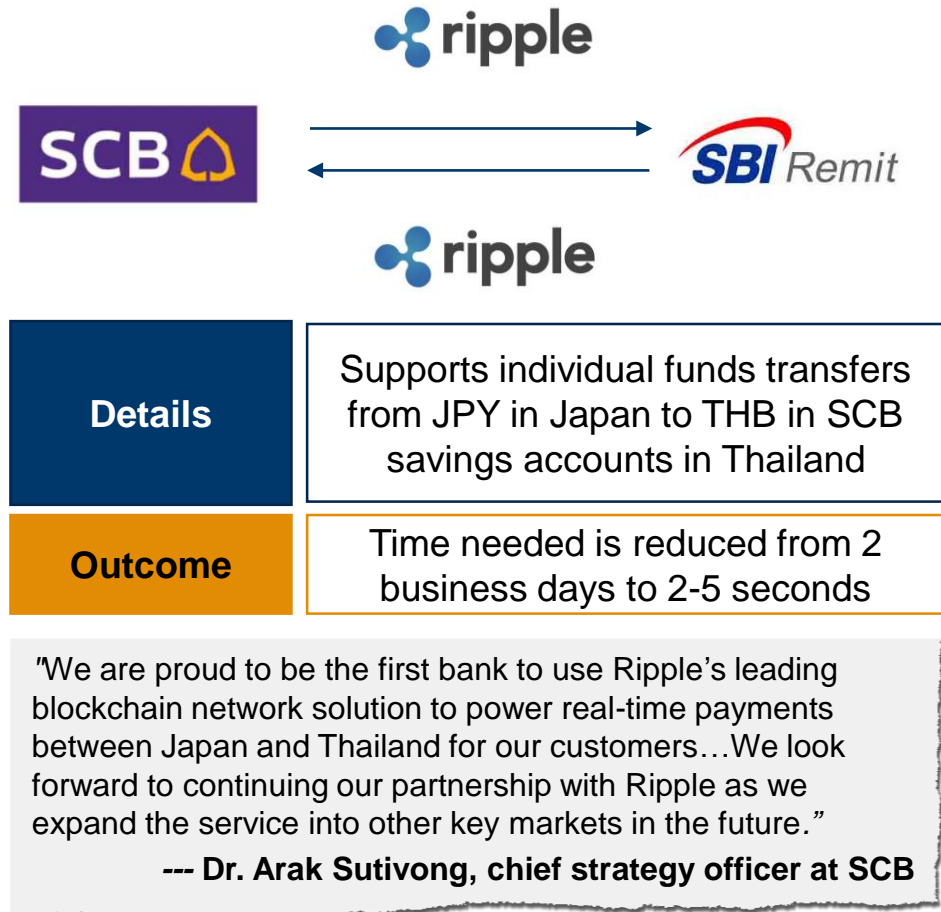


# Appendix: Ripple's past successes

## Prestigious partners in the past



## Case Study: SCB collaborated with SBI Remit



# Appendix: Presence Strategy KPIs

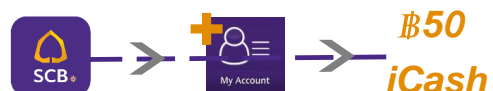
## Strategy

### 1 SSMEs



UTryiTry Campaign

### 2 Customers



Cash Rebate Program

## KPIs to measure strategy effectiveness

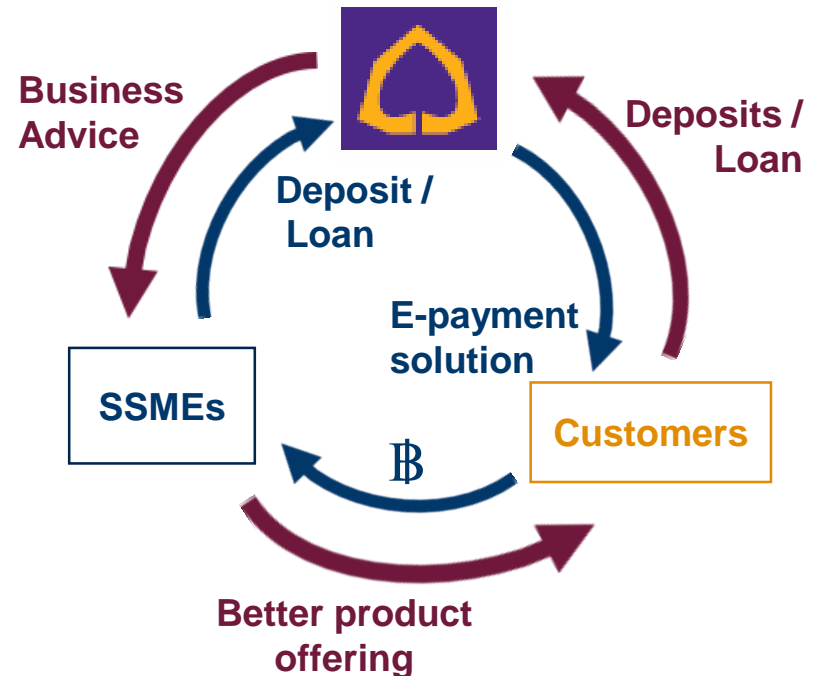
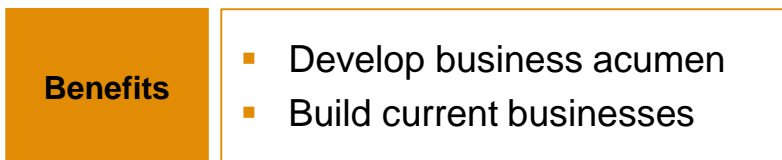
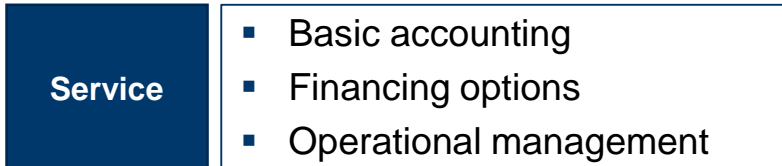
- 1.1 % of SSMEs joining limited deals
- 1.2 % of SSMEs downloading Merchant mPOS Plus
- 1.3 % of SSMEs download Merchant mPOS Plus due to others referral
- 1.4 % of SSMEs using Merchant mPOS Plus in their business
- 2.1 % of customers download SCB Easy
- 2.2 Frequency of customers getting cash rebate
- 2.3 Frequency of customers getting cash rebate

# Transformation of SCB physical branch

## Traditional branch functions



## Addition of new unit for branch in SSME Cluster



Become long term business partners with SSMEs and

# Appendix: Hang Seng Cash Dollar



## Mobile Payment Spending Wow Reward

In addition, from 1 September to 31 December 2017, starting from the registration month, spend with your registered Hang Seng Credit Card using Mobile Payment and you can enjoy the rewards below:

Monthly accumulated Mobile Payment  
spending of **HKD3,000** or above<sup>^</sup> = Earn Extra **\$100** *CASH* each month

<sup>^</sup> The transactions with net spending of any amount will be eligible for this offer.

[Details >](#)



## Hang Seng Credit Card Wow Reward Everywhere Credit Card and Mobile Payment Reward

Local Spending Wow Reward (Credit Card and Mobile Payment)

Monthly Spending of HKD8,000  
Earn **\$200** *CASH*



# Appendix: PFM Transaction value calc

Year (MM THB unless otherwise specified)	0 2017E	1 2018F	2 2019F	3 2020F	4 2021F	5 2022F	6 2023F	7 2024F	8 2025F	9 2026F
# of SSME	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Rev/month	2.0	2.0	2.1	2.1	2.2	2.2	2.3	2.3	2.3	2.4
<b>Major banking partner</b>										
SCB	8%	10%	12%	16%	20%	24%	28%	32%	36%	40%
K-Bank	87%	85%	83%	79%	75%	71%	67%	63%	59%	55%
Other	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
<b>SCB Ecosystem</b>										
SSME	120	150	180	240	300	360	420	480	540	600
Wholesaler	24	30	36	48	60	72	84	96	108	120
Supplier	8	10	12	16	20	24	28	32	36	40
Total Transaction value	36,000	36,720	37,454	38,203	38,968	39,747	40,542	41,353	42,180	43,023
Transaction value attributable to <b>SCB</b>	2,880	3,672	4,495	6,113	7,794	9,539	11,352	13,233	15,185	17,209
Cash	2,592	3,121	3,596	4,462	5,144	5,628	5,903	5,955	5,770	5,335
Credit-card	230	294	360	489	623	763	908	1,059	1,215	1,377
E-payment	58	257	539	1,161	2,026	3,148	4,541	6,219	8,200	10,498
Year (MM THB unless otherwise specified)	0 2017E	1 2018F	2 2019F	3 2020F	4 2021F	5 2022F	6 2023F	7 2024F	8 2025F	9 2026F
<b>Assumptions</b>										
# of SSME	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Rev/month	2.0	2.0	2.1	2.1	2.2	2.2	2.3	2.3	2.3	2.4
Occupancy Rate (reference)	98%	98%	98%	98%	98%	98%	98%	98%	98%	98%
<b>Penetration</b>										
SCB	8%	10%	12%	16%	20%	24%	28%	32%	36%	40%
K-Bank	87%	85%	83%	79%	75%	71%	67%	63%	59%	55%
Other	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
<b>SCB Ecosystem</b>										
Wholesaler (# of SSME per 1)	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Supplier (# of Wholesaler per 1)	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
<b>Payment / Transaction Fee Income</b>										
Payment method as % of transaction value										
Cash	90%	85%	80%	73%	66%	59%	52%	45%	38%	31%
Credit-card	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
E-payment	2%	7%	12%	19%	26%	33%	40%	47%	54%	61%

# Appendix: SCB fee income calc

Year (MM THB unless otherwise specified)	0 2017E	1 2018F	2 2019F	3 2020F	4 2021F	5 2022F	6 2023F	7 2024F	8 2025F	9 2026F
<b>Fee Income</b>										
Cash (from net interest margin)	86	103	119	147	170	186	195	197	190	176
Credit-card	7	9	11	15	19	23	27	32	36	41
E-payment	0.0	0.0	0.1	0.1	0.2	0.3	0.4	0.6	0.8	1.0
<5,000 THB	0.0	0.0	0.0	0.1	0.2	0.3	0.4	0.5	0.7	0.9
5,000-30,000 THB	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
30,000-100,000 THB	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
>100,000 THB	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>SCB Total Fee Income</b>	<b>7</b>	<b>9</b>	<b>11</b>	<b>15</b>	<b>19</b>	<b>23</b>	<b>28</b>	<b>32</b>	<b>37</b>	<b>42</b>

Year (MM THB unless otherwise specified)	0 2017E	1 2018F	2 2019F	3 2020F	4 2021F	5 2022F	6 2023F	7 2024F	8 2025F	9 2026F
<b>Assumptions</b>										
<b>Fee Structure</b>										
Cash (none)	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Credit card (% of transaction value)	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
<b>E-payment</b>										
Average Transaction Size (as % of total transaction value)										
<5,000 THB	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%
5,000-30,000 THB	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%
30,000-100,000 THB	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
>100,000 THB	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
<b>Fee / transaction (THB)</b>										
<5,000 THB	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
5,000-30,000 THB	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
30,000-100,000 THB	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
>100,000 THB	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0

# Appendix: SCB SSME interest income calc

Year (MM THB unless otherwise specified)	0 2017E	1 2018F	2 2019F	3 2020F	4 2021F	5 2022F	6 2023F	7 2024F	8 2025F	9 2026F
PFM SSME Credit Need (# of SSME)										
Working capital loan	450	450	450	450	450	450	450	450	450	450
Expansion loan	75	83	90	98	105	113	120	128	135	143
PFM SSME Credit Balance										
Working capital loan	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250
SCB	180	225	270	360	450	540	630	720	810	900
Expansion loan	3,750	4,125	4,500	4,875	5,250	5,625	6,000	6,375	6,750	7,125
SCB	300	413	540	780	1,050	1,350	1,680	2,040	2,430	2,850
Interest Income										
Working capital loan	150	150	150	150	150	150	150	150	150	150
Expansion loan	356	392	428	463	499	534	570	606	641	677
Total Interest Income	506	542	577	613	648	684	720	755	791	827
<b>SSME Interest Income attributable to SCB</b>	<b>126</b>	<b>157</b>	<b>188</b>	<b>245</b>	<b>299</b>	<b>350</b>	<b>396</b>	<b>438</b>	<b>475</b>	<b>507</b>

Year (MM THB unless otherwise specified)	0 2017E	1 2018F	2 2019F	3 2020F	4 2021F	5 2022F	6 2023F	7 2024F	8 2025F	9 2026F
<b>Assumptions</b>										
<b>Interest Income (for SSME)</b>										
Credit Need (% of SSME)										
Working capital loan	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Expansion loan	5%	6%	6%	7%	7%	8%	8%	9%	9%	10%
Average loan size (MM THB)										
Working capital loan	5	5	5	5	5	5	5	5	5	5
Expansion loan	50	50	50	50	50	50	50	50	50	50
Working capital loan	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%
Expansion loan	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Default rate	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%

# Appendix: SCB network interest income calc

Year (MM THB unless otherwise specified)	0 2017E	1 2018F	2 2019F	3 2020F	4 2021F	5 2022F	6 2023F	7 2024F	8 2025F	9 2026F
SCB Network wholesale / supplier credit need (#)										
Working capital loan	3	4	5	6	8	10	11	13	14	16
Expansion loan	-	-	-	-	-	-	-	-	-	-
SCB Network wholesale / supplier Credit Balance										
Working capital loan	96	120	144	192	240	288	336	384	432	480
Expansion loan	-	-	-	-	-	-	-	-	-	-
Interest Income										
Working capital loan	5	7	8	11	14	16	19	22	25	27
Expansion loan	-	-	-	-	-	-	-	-	-	-
Total Interest income	5	7	8	11	14	16	19	22	25	27
<b>SCB Network Wholesale / Supplier Int. Incon</b>	<b>5</b>	<b>7</b>	<b>8</b>	<b>11</b>	<b>14</b>	<b>16</b>	<b>19</b>	<b>22</b>	<b>25</b>	<b>27</b>

Year (MM THB unless otherwise specified)	0 2017E	1 2018F	2 2019F	3 2020F	4 2021F	5 2022F	6 2023F	7 2024F	8 2025F	9 2026F
<b>Assumptions</b>										
<b>Interest Income (for wholesale / supplier)</b>										
Credit Need (% of wholesale / supplier)										
Working capital loan	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Expansion loan	-	-	-	-	-	-	-	-	-	-
Average loan size (MM THB)										
Working capital loan	30	30	30	30	30	30	30	30	30	30
Expansion loan	-	-	-	-	-	-	-	-	-	-
Interest										
Working capital loan	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Expansion loan	-	-	-	-	-	-	-	-	-	-
Default rate	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%

# Appendix: Strands creates a win-win situation



- Track transactions and invoicing
- Analyze income & expenses and cash flow
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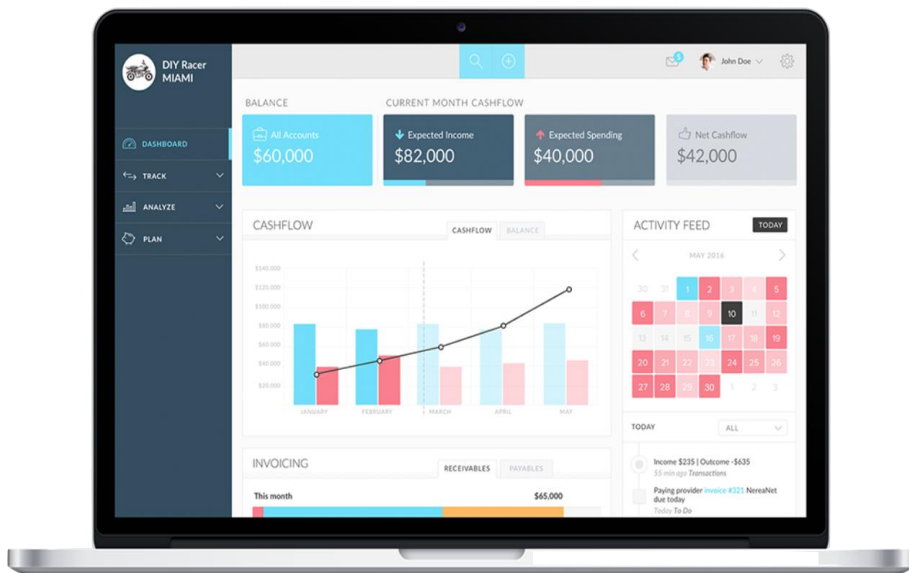


**Become your SME customers' trusted business partner** through heightened digital engagement and personalized financial services tailored to their business needs



# Appendix: Product features of Strands

## Business Financial Management (BFM)



**Transactions:** Instead of a static list, transactions become actionable through search, filter, edit and split functions



**Invoicing:** Makes AR/AP management effortless and enables banks to handle end-to-end payment cycles for SME customers



**Periodic Payments:** Payment performance is trackable and enables proactive anticipation of any repayment issues



**Dashboard:** Frictionless UI with colourful data visualizations deliver an instant snapshot of how your SME customer's business is doing



**Cash Flow Analysis:** Your SME customers can analyze and understand cashflow by tracking historic, actual and forecasted inflows & outflows



**Business Benchmark:** Users can obtain a holistic, data-driven picture of the competitive landscape with the anonymous comparison tool



**Financial Calendar:** An interactive heat map shows daily, monthly and yearly spending patterns



**Budget:** Custom thresholds allow business financial goals to be met faster and more intelligently



**Alerts:** Personalized, behaviour-based triggers deliver relevant, actionable messages in real time

# Appendix: How a block-chain works

