



funding
societies

Stronger SMEs, Stronger Societies

Brands for Good 2023 - Technology For Good

Sep 2022





**Funding
Micro & Small
Enterprises (MSMEs)
in Southeast Asia**

MSMEs in Southeast Asia

In ASEAN-5¹



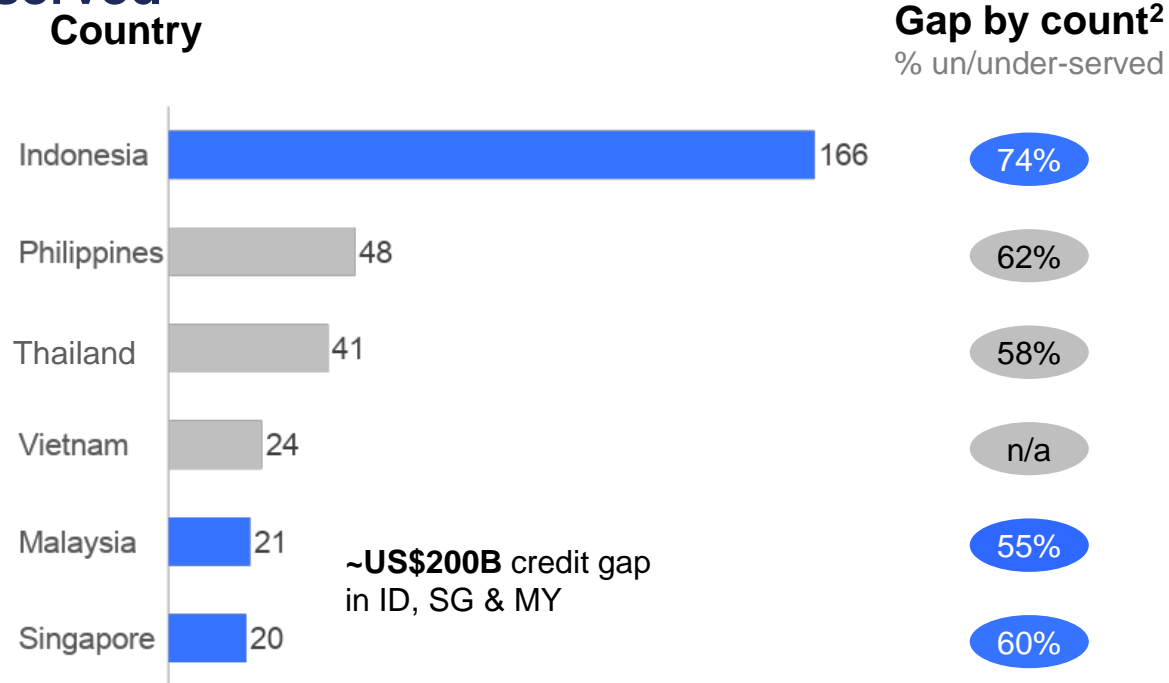
US\$1.1T
58% GDP

3 out of 4 jobs

99%
enterprises

¹ Singapore, Indonesia, Malaysia, Thailand and Philippines

Yet 60% of MSMEs are financially under-served



leading to huge gap

US\$320B

MSME financing gap¹ or
60% MSMEs

Below 1%

Served by digital financing³

¹ World Bank IFC, 2011/ 2017 "SME Finance Forum", by benchmarking economies for potential demand and subtracting supply.

² PWC, 2019 "Indonesia's FinTech Lending" and Deloitte, 2015 "Digital Banking for SMEs"

³ Based on competitors' announced volume, government reports and company estimates

Who are we?



Short-term credit to SMEs

Lends to a spectrum of firms, from micro to medium sized. Both secured & unsecured products, <12 months

Repayments



MSME Digital Financing
Platform with software³ for
SMEs

Largest in ASEAN



Short-term investment to public

80% individual | 20% institution
50% crowdfund | 50% balance-sheet

Loans

Hybrid model for MSME credit financing

Unique model allows for flexibility and faster MSME financing fulfilment

INVESTORS

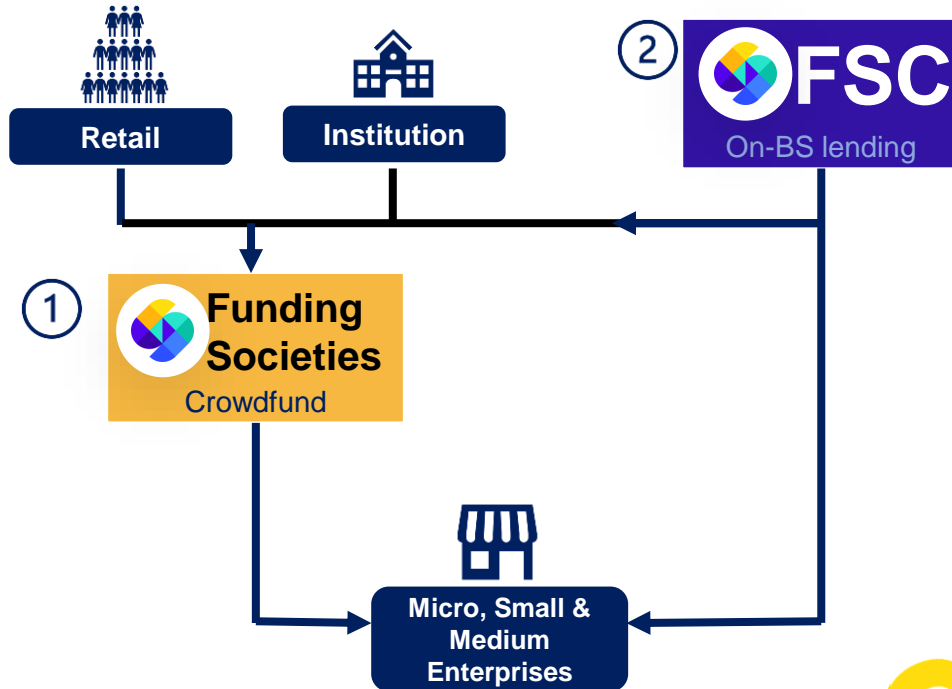
- Interest income
- Misc. fees

PLATFORM

- Origination fee (from MSMEs)
- Service fee (from investors)
- Misc. fees

BORROWERS

- Increases disbursement speed
- Improves probability of MSMEs being funded



Role of debt crowdfunding

To fill the funding gap in an enterprise's lifecycle

Micro-Enterprise
Internal/Informal
funds



Friends & family



Small/Mid Enterprise
P2B financing



Large Corporate
Bank financing



Multi-National Corp
Capital markets



Largest Platform in Southeast Asia

Licensed & Operating in



>80,000

MSMEs served in SEA

Total funded regionally

S\$3 billion+

No. of loans given out

5 million+

Strong credit & tech

1.35% defaults²

Regional team strength

500+

As of Sep 2022



Funding Societies Thailand

Securities and Exchange Commission licensed



Funding Societies Vietnam

Enterprise Registration Certificate



Funding Societies Malaysia

Securities Commission RMO



Funding Societies Singapore

MAS CMS license (retail)



Modalku¹

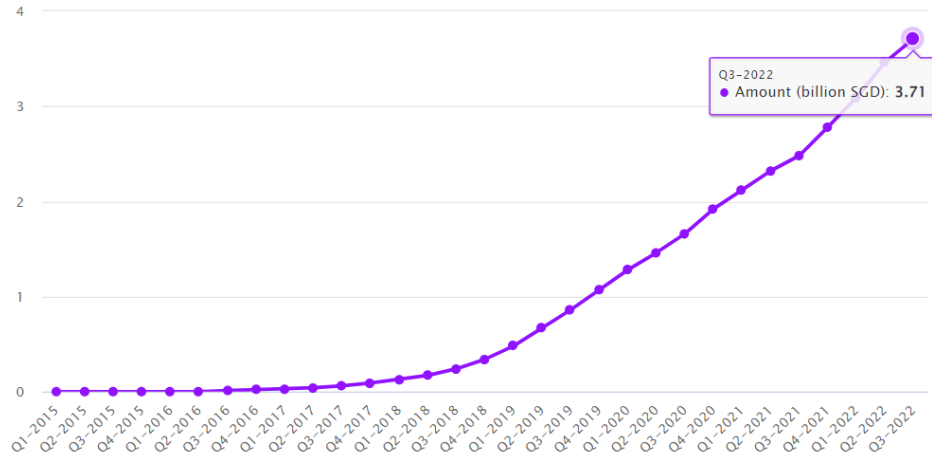
OJK licensed

¹ Local Bahasa name for localization

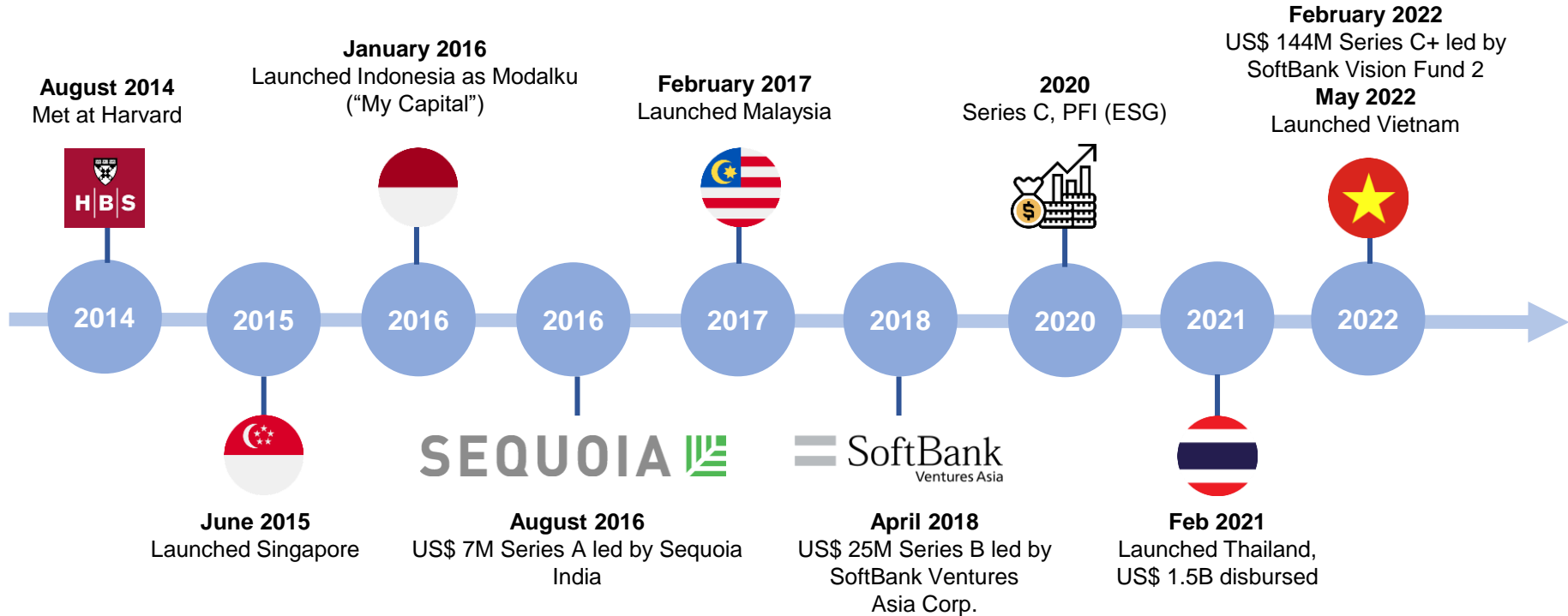
² <https://fundingsocieties.com/progress>

We pride ourselves on **steady** and **holistic** growth

Quarterly loan disbursement, SGD\$ mil



With the goal of **servicing** Southeast Asia



Meet our Founders



Kelvin Teo
Co-founder and Group CEO

- Co-Chairperson for the *Marketplace Lending Committee* of Singapore FinTech Association.
- A consulting professional at KKR, McKinsey and Accenture prior to starting Funding Societies.
- Graduated from Harvard Business School and National University of Singapore, and is a certified Chartered Accountant.



Reynold Wijaya
Co-founder

- Aims to build a better Indonesia through business impacts.
- Previously an Executive at United Family Food, one of Indonesia's largest confectionaries, where he drove expansion.
- Graduated from Harvard University and The University of Michigan.



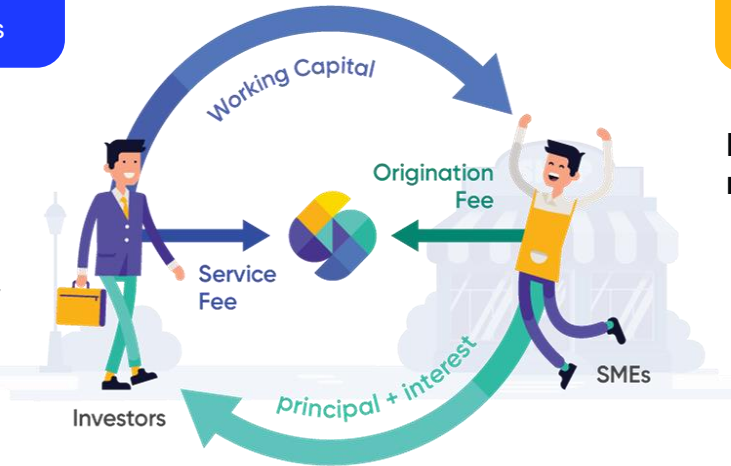
Investors support MSMEs **digitally**

Investors earn returns

Retail &
Institutional investors

Want new opportunities

- To diversify portfolio
- Start with smaller investments
- Prefer short-term investments

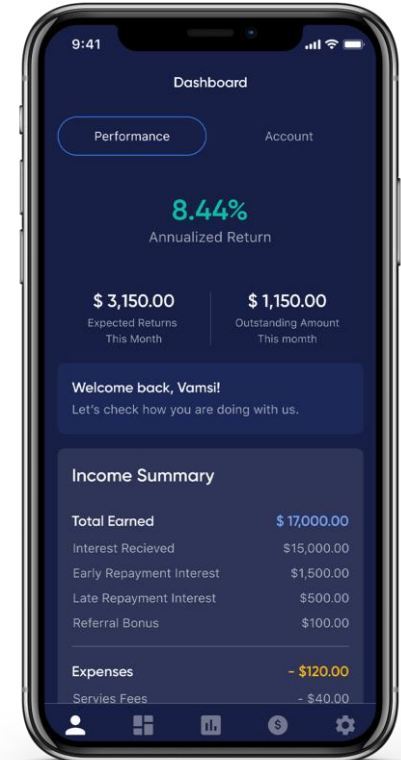


MSMEs access funds

Micro & Small listed
companies

Have financing requirement

- For expansion or working capital
- Lack track record to qualify for bank loans
- Want to top up bank loans
- Need funds fast, short-term



Awards and recognition locally & globally

Thought leader in the Fintech industry

- Global SME Finance Award 2022 (by IFC)**
Awarded Platinum for Responsible Digital Innovator of the Year
- MAS ASEAN FinTech Awards 2021**
Recognised at the Singapore FinTech Festival hosted by MAS
- ASEAN Startup Awards in 2 categories**
Recognised as Startup of the Year & Founder of the Year
- Silver Stevie® Award for Innovation in Technology**
Recognised as innovation in Technology for mobile SME loan product, FS Bolt
- Driving Figure of Fintech in Supporting the National Economic Recovery Programme - Indonesia**
Recognition by OJK at the Inclusive National Economic Reform Momentum, presented in front of President Joko Widodo
- Brands for Good Awards 2021**
Silver medal for Innovation in Technology
- Top 5 FinTechs in Singapore**
Recognised in IDC Financial Insights' FinTech Fast 101 research 2020



Coverage by mainstream media

Strong presence in local and global media

- Local – Straits Times, Business Times, Zaobao**
SME stories on crowdfunding, Industry Insights, Market Expansions, Investments/Acquisitions
- Global – Bloomberg, TechCrunch, Nikkei**
Series C+ News, C-level interviews, Investments/Acquisitions
- Technology – Tech in Asia, e27**
Investments/Acquisitions, Thought Leadership
- Banking/Finance, Fintech**
Credit Facility from Banks, Thought Leadership



THE BUSINESS TIMES

Funding Societies inks
US\$50m credit facility with
HSBC



Kelvin Teo, co-founder and group CEO of Funding Societies
PHOTO: FUNDING SOCIETIES

SME lender Funding Societies raises \$144M led by SoftBank Vision Fund 2, plus \$150M in debt lines

Catherine Shu @catterineshu · 7:11:15 AM GMT+8 · February 16, 2022

Comment



TECHNASIA
Singapore's Funding Societies acquires local payments firm CardUp

Funding Societies, a Singapore-based digital financing platform, is set to acquire local fintech firm CardUp for an undisclosed amount. The deal is pending regulatory approvals.

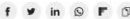


Funding Societies acquires local payments firm CardUp. Funding Societies - known as Modalis in Indonesia - will acquire CardUp's payment services, which include card payments to non-card accepting recipients, online payments acceptance, and invoice automation tools.

COMMUNITY FINTECH PRODUCTIVITY & CULTURE
How to empower the creative engineering mind to drive innovation

Many people have the misconception that the engineering mindset is logical and driven by reason, but the mindset is also a creative one

Ishan Agrawal
2 Jun 2022



FINTECH SINGAPORE
fintechnews.sg



AI LENDING

How Are Asia's Leading Lenders Leveraging Artificial Intelligence?

Who are the MSMEs we are supporting



What they're looking for

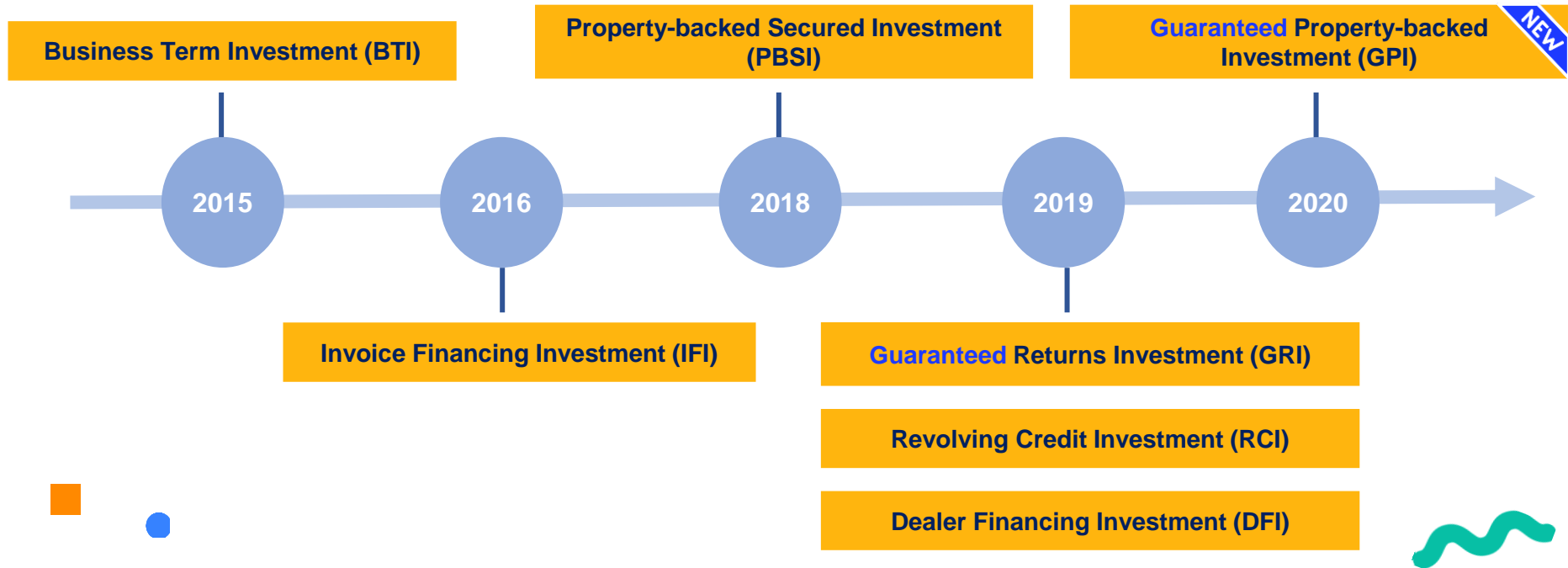
- First-time loan
- Short-term financing for bridging purposes
- Quick access of funds
- Top up existing bank loans
- Additional line of credit

Providing MSMEs with **more access to financing**



Key differences	Traditional FIs	Funding Societies
Target segment	Prime SMEs (larger SMEs with collateral)	Micro to medium SMEs (Asset-light or with collateral)
Products	Secured, Conventional	Secured and Unsecured
Duration	Long (2-5 years)	Short (up to 12 months)
Value proposition	Offline, larger and cheaper	Digital, faster and customised

Continuous **innovation** for our retail Investors



Providing MSMEs **beyond just financing**



Limit up to S\$1M

Credit Limit of up to **S\$1M** to drive your business **growth**.



Your first card?

Approval from **1 working day**.
Easy expense management.



Pay rent & payroll using your credit line

Transform the way you pay,
with **CardUp**.

Elevate is a credit line that comes with an opt-in virtual card which is enabled by a Banking-as-a-Service provider, and developed in partnership with Mastercard.

It offers small businesses rapid access to credit limits with approvals of applications given within one business day.

Features of Elevate:

- Interest free credit for up to 55 days
- Credit limit of up to S\$1 million
- Expense card with the feature of tracking and managing business spendings with a dedicated mobile app

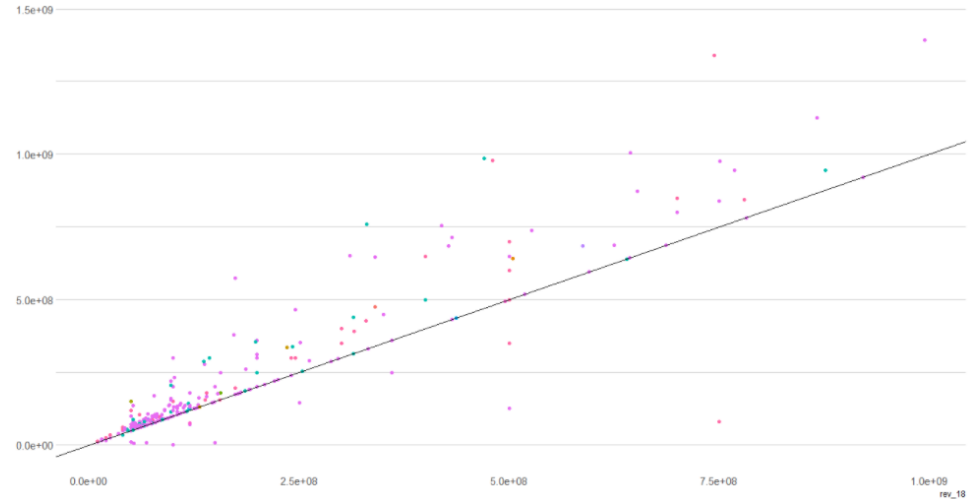
Measuring our Impact (A Study conducted with a regional development bank)

Scope

Collaboration between Funding Societies (FS) and a regional development bank to conduct a study on the economic and social impact of FS' lending in Singapore, Indonesia, and Malaysia.

Method

Using national and multi-regional input output tables, and data collected from FS' internal systems and user research, the Bank uses a hypothetical extraction method to simulate the impact to the local economies from FS-linked MSMEs in 2018 and 2019. Sector, revenue, expense, depreciation, employee numbers plus many more data points are factored into the program that creates the outputs.



Scatter plot supplied by the Bank showing revenue growth for Funding Societies backed MSMEs from 2018 and 2019.

Dots above the line show YoY revenue growth.

Measuring our Impact (The DS Innovate Study)

Scope

Working with Daily Social - Innovate to survey and study MSMEs that took funding from FS in 2018 and 2019 to give demographic, economic and social insights.

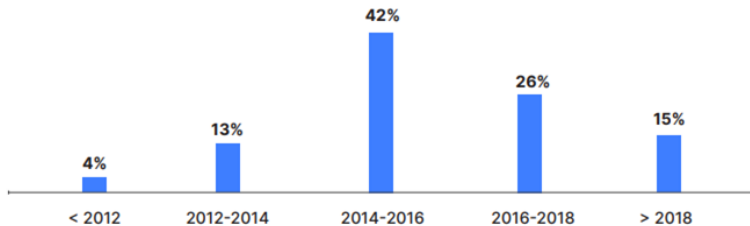
Method

Online survey and telephone discussion to collect ~35 points of data including demographic, financial, business performance, opinion.

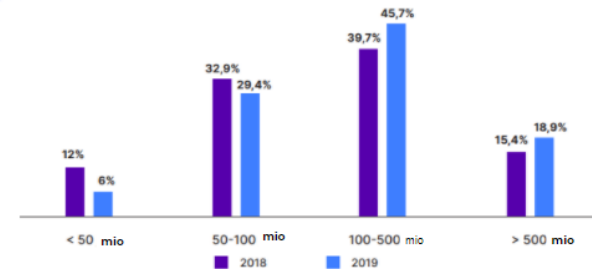
Output

This study helps us establish MSME demographic profiles and information to show us the effects from better financial inclusion.

Business establishment years

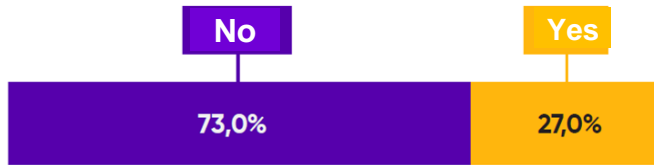


Total Operating Income per Year (2018-2019)



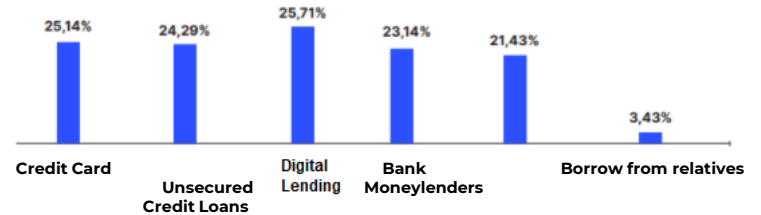
Measuring our Impact (The DS Innovate Study)

Only 27% of MSMEs have applied for loans from conventional financial institutions



Nearly 50 percent of micro businesses view business licensing as a barrier, while more than 50 percent of micro businesses view financial reporting as restrictive.

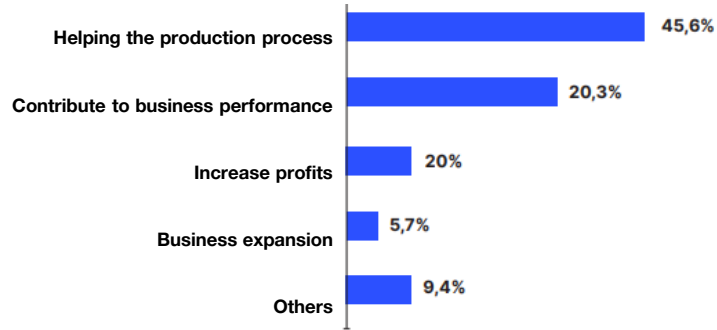
Source of respondents' business loans



25.7 percent of MSMEs said Digital Lending was their top funding source among all sources.

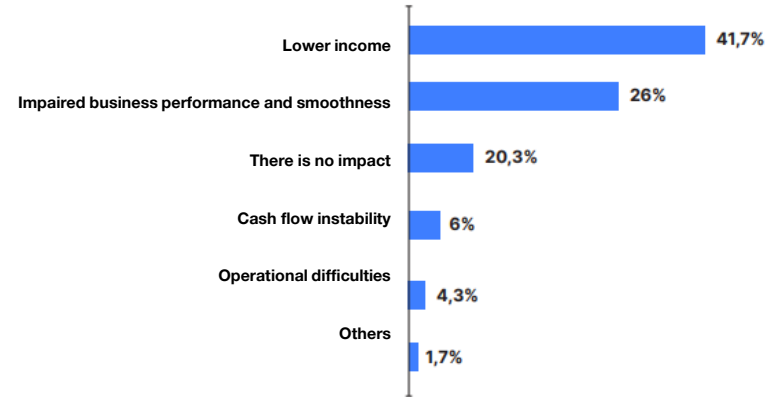
Measuring our Impact (The DS Innovate Study)

Benefits of loans received by MSMEs



Based on the survey results, as many as 20.3 percent of respondents thought that financing from Digital Lending contributed to improving their business performance, especially supporting the smooth running of their daily operations and financial constraints related to this.

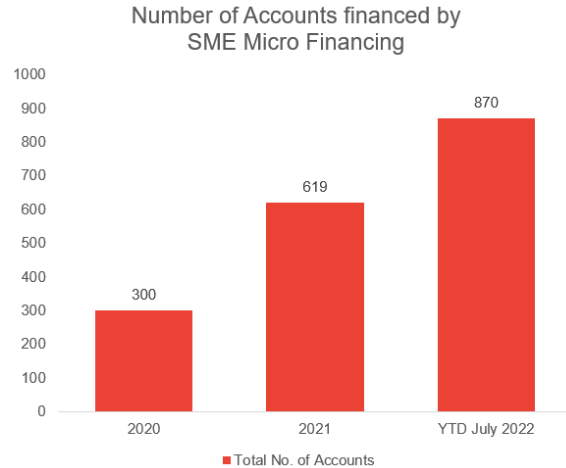
The impact of financial exclusion



As many as 41.7 percent of MSME players agree that not getting a loan from Funding Societies | Modalku has enough of an impact on the success of their business, where lower income will be the main impact of this.

Our Impact via Micro Financing (Malaysia Case Study)

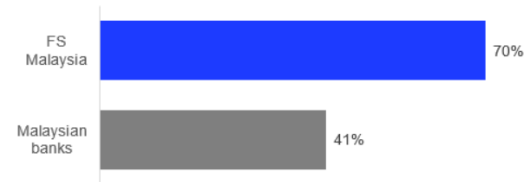
Incremental number of accounts applied by SMEs in Malaysia between 2020 and 2022 (year-to-date, July)



Between 2020 and 2022, we have supported approximately 1,800 MSMEs who have been underserved comprising those from sectors such as Wholesale and Retail; Accommodation and Food & Beverage; and Services.

Net Promoter Score (NPS) of +70% (Based on internal survey findings from approved SMEs)

We've +70 NPS for speed & user experience
FS MY NPS for approved SMEs¹



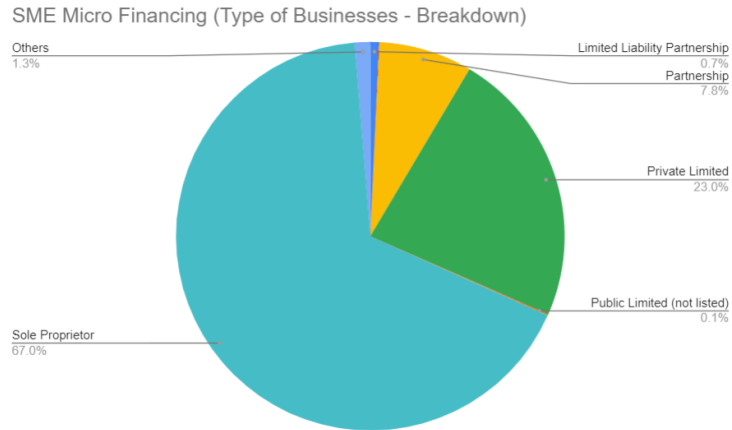
Why choose us:

- ✓ **45% ease of application**, omni channel and flexible
- ✓ **43% speed**, for time-sensitive deal and peace of mind
- ✓ **23% nice interaction**, referred by friend/ SME owners

Out of 460 of our approved borrowers between January and May 2022, we scored +70% in NPS, above the national average of 41% which comprise Malaysian banks, in terms of speed and user experience.

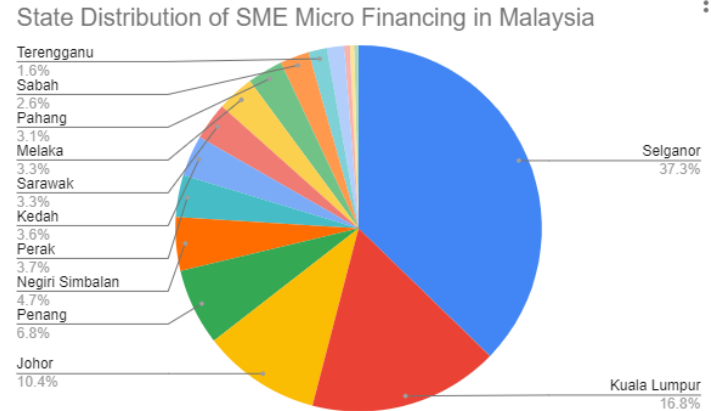
Our Impact via Micro Financing (Malaysia Case Study)

Breakdown of types of business receiving financing via Funding Societies' Micro Financing solution



Up to 70% of our borrowers who received financing from our Micro Financing solution comprised sole proprietorships and partnerships. This highlights our firm's risk assessment model to ascertain the creditworthiness of non-private limited MSMEs which affirms our mission in serving the underserved businesses in Malaysia.

State distribution in Malaysia showing scalability of Funding Societies' Micro Financing solution



Whilst the businesses receiving financing are centered in the states of Kuala Lumpur and Selangor, despite our presence situated in the capital, our distribution of our Micro Financing has expanded beyond into sub-urban and rural areas of Malaysia making us a digital financing provider able to serve at scale.

A proven team and shareholders to succeed



Kelvin Teo

Co-founder, Group CEO
Accenture, McKinsey, KKR,
HBS



Reynold Wijaya

Co-founder
United Family Group, HBS



Iwan Kurniawan

Group Chief Growth Officer
Oliver Wyman, Cornell



Wong Kah Meng

Group Chief Operating Officer
Oliver Wyman, CFA



Frank Steenaar

Chief Finance Officer
GoBear, Aegon, KPMG



Ishan Agrawal

Chief Technology Officer
Viki (Rakuten), Founder



Nihit Nirmal

Chief Product Officer
Lendingkart, PayU, Inkfruit



Pak Chatib Basri

Senior Advisor
Ex-Finance Minister, HBS

