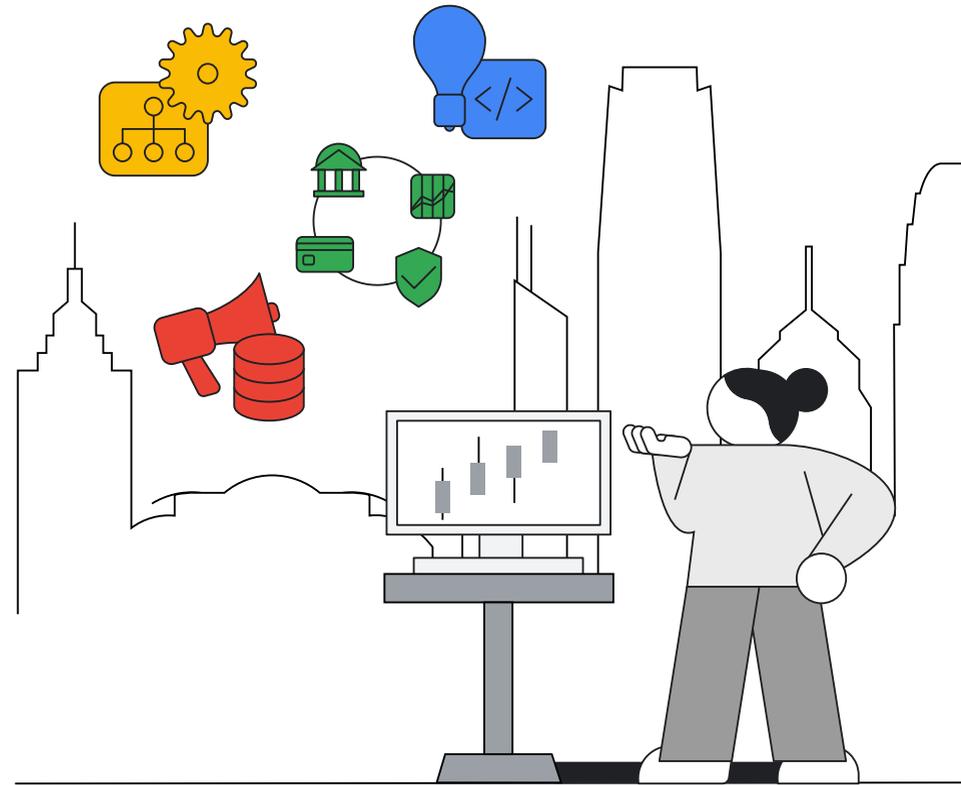


Google

Smarter Digital City

Advancing Hong Kong's
FinTech Ecosystem



QUINLAN
& ASSOCIATES

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Foreword

The prolonged pandemic has led to an unprecedented acceleration in digital transformation across industries as well as individuals. Growing customer expectations for convenience and efficiency are forcing even the most traditional business sectors to pick up the pace on digitisation to remain resilient, relevant, and competitive.

As part of Google Hong Kong's ongoing commitment to digitise Hong Kong for good, we launched the Smarter Digital City initiative in 2017 with a focus on fostering the growth of three core pillars: Economy, Ecosystem, and Education. In addition to providing educational resources and investing in talent development programs, we have been tracking the city's digitisation progress through a series of research reports. Starting this year, we want to zoom in on specific industry verticals that are critical to supporting the local economy.

Hong Kong is one of the top global financial centers¹ and its financial services industry contributes 23% of the total GDP². It has also emerged as the leading FinTech hub in APAC³, which is key to cementing Hong Kong's regional and international competitiveness in the long run. It is clear to us that technologies and cloud-based solutions can benefit FinTechs and the industry greatly throughout their growth journey. However, hurdles such as implementation difficulty and the talent gap, especially in product innovation, remain.

In February of this year, we launched the "Igniting Startups & FinTechs Program" with Cyberport. I am thrilled that the program has been well received. Participating startups and FinTechs have been leveraging our suite of products including Google Cloud and Google Ads to improve scalability, and creating new business opportunities in today's rapidly changing environment.

Thanks to the support of our research partner Quinlan & Associates, we hope the launch of this "Advancing Hong Kong's FinTech Ecosystem" report, as part of the Smarter Digital City report series, will enable us to take a closer look at the challenges and opportunities faced by FinTechs in Hong Kong, and serve a valuable guide to ecosystem players to propel the industry forward.

It's exciting to see the robust growth and immense potential to supercharge the financial services sector with technology and FinTechs. We look forward to engaging in conversations with the various stakeholders, and supporting the Hong Kong financial sector's digital future.



Michael Yue

General Manager, Sales & Operations
Google Hong Kong

¹ The Global Financial Centres Index 31 (GFCI 31)

² Findexable, Hong Kong Monetary Authority ('HKMA')

³ Census and Statistics Department Hong Kong, based on 2020 published figure

As one of the world's leading financial centres, Hong Kong has served as a natural home to many of the region's leading FinTech companies. Leveraging a number of distinct structural advantages, including a mature regulatory framework, expansive investor base, deep financial services talent pool, and supportive policy environment, the city has established a foothold as the number one FinTech hub¹ in Asia Pacific.

Notwithstanding its recent success, Hong Kong's FinTech industry is facing a number of notable headwinds, which are likely to challenge its dominance in years to come. To defend its position in the region and raise its standing internationally, it is critical to understand the current state of-and the outlook for-the industry as a whole. And there is no better way to achieve this than engaging in in-depth dialogue with key market participants.

To this end, Google Hong Kong and Quinlan & Associates are delighted to bring you this landmark report, looking in detail at the key priorities of-and challenges facing- FinTech companies in Hong Kong, including their perspectives on the current talent, funding, and policy environment, and their recommendations for the future.

We hope this report, which was constructed on the back of survey responses from 126 C-suite executives of Hong Kong FinTechs, along with in-depth discussions with C-suite executives of 9 late-stage FinTechs and 2 policymakers, will serve as a valuable guide to local FinTechs, policymakers, and key industry stakeholders on how to position Hong Kong's FinTech ecosystem for true global leadership in years to come.



Benjamin Quinlan
CEO & Managing Partner
Quinlan & Associates

¹ Findexable, Hong Kong Monetary Authority ('HKMA')

Executive Summary

Hong Kong is the leading FinTech hub in APAC¹

Product innovation is the most important growth driver for local FinTechs

Local FinTechs view Sales & Marketing as their most challenging business pillar

Management & Operations is key for ensuring business continuity

- With growing consumer and institutional adoption, backed by soaring investments from banks and venture capitalists ('VCs'), FinTech carries immense potential to supercharge the biggest sector of Hong Kong's economy: financial services ('FS') which contributes to a quarter of the city's gross domestic product ('GDP').
- Establishing product market fit is the most important yet most challenging factor facing FinTechs. Early-stage companies also struggle with market insights, product launches, and deployment & integration of their solutions.
- To achieve optimal product market fit, more mature FinTechs are making informed decisions in safe testing environments, enabled via regulatory sandboxes, A/B testing, mockups / wireframing tools, and focus groups.
- **Technology plays a crucial role in scaling product innovation efforts, with at least 50% of FinTechs find application programming interfaces ('APIs'), data analytics and visualisation, and artificial intelligence ('AI') / machine learning ('ML') tools to be important.** These solutions are also helping FinTechs enhance product features, shorten the time-to-market, and boost revenues.
- Customer acquisition, brand awareness, and sales conversion are the most essential focus areas for Hong Kong FinTechs, with early-stage FinTechs in need of sharpening their focus on customer identification much earlier on.
- **Over 75% of FinTechs express digital marketing has been critical for their sales and marketing efforts, particularly search engine optimisation ('SEO') for late-stage companies and influencer marketing for early-stage companies.**
- Beyond brand building, many mature FinTechs, particularly those in the B2B space, are also utilising customer relationship management ('CRM') software to generate and convert leads, adding discipline to their sales process.
- Information technology ('IT') is seen as both a very important and challenging factor for FinTechs in Hong Kong, with human resources ('HR') representing one of their biggest obstacles, especially for late-stage companies.
- The use of collaboration tools and workflow automation / robotic process automation ('RPA') has yielded enhanced productivity for **more than half of the firms**, in addition to better data management for early-stage firms. In addition, cybersecurity is emerging as an area of growing importance.

¹ APAC = Asia-Pacific

Talent & funding remain pressing issues for local FinTechs

- Given the intense competition for talent, many FinTechs are facing a talent crunch, which has been further exacerbated by the COVID-19 pandemic, especially in the field of product innovation **where 64% of FinTechs are facing a severe talent gap.**
- **75% of FinTechs find the lack of suitable professionals in the market as a key reason behind this talent crunch**, as well as rising compensation costs, with expertise in sales and product design being the most sought after skill sets by local FinTechs.
- **To address their talent needs, over 60% of FinTechs are turning to talent networks and more than 40% using talent search services.** Early-stage FinTechs are also seeking third-party support in the form of wage subsidies / grants, in an effort to offer more competitive remuneration packages to prospective employees.
- Many local FinTechs also face a notable funding gap, **57% of FinTechs express their lack of access to suitable investors as the primary issue**, which has prompted FinTechs to leverage investor networking opportunities, often facilitated as part of quasi-public agencies' support programmes.

Regulatory hurdles are dampening Hong Kong's relative competitiveness

- FinTechs have expressed their desire to see greater policy support, including wage subsidies to alleviate the ongoing talent crunch, as well as financial subsidies and funding grants to narrow the funding gap.
- These concerns are well-aligned with the Hong Kong Monetary Authority's ("HKMA's") FinTech 2025 Strategy, **with more than 70% of FinTechs view "Nurturing the ecosystem with funding and policies" and "Expanding the FinTech-savvy workforce" as critical to their immediate interests.**
- However, FinTechs see opportunities for improvement in Hong Kong's regulatory landscape, as many find it costly, complex, and time-consuming.
- **60% of FinTechs share their concern over Hong Kong's international competitiveness as a FinTech hub, making it imperative for further policy reforms to be introduced in the coming years.**

OUTLOOK ON HONG KONG'S FINTECH ECOSYSTEM

“ We are committed to supporting the local FinTech ecosystem through various initiatives, including offering a new round of Proof-of-Concept (PoC) Subsidy Scheme, partaking in open Application Programming Interface (API) initiatives, and conducting regular engagements with industry associations, etc. Given Hong Kong's position as a leading international financial centre, we remain open to not only strengthening our existing initiatives, but creating new ones, to supercharge the local FinTech industry. ”



Joseph H. L. Chan, JP
Under Secretary for Financial Services
and the Treasury

“ As a leading FinTech hub, Hong Kong has one of the richest fintech ecosystems in Asia. It is important for us to leverage our robust ecosystem and the concerted efforts from policymakers, regulators, financial institutions, fintechs, investors, and the diverse talent pool to drive wider fintech adoption, with a view to propelling the fintech industry to new heights. As Hong Kong's central banking institution, the HKMA will continue to act as a major catalyst for enhanced interconnectivity in the fintech ecosystem, allowing Hong Kong's financial sector to not only thrive on home soil, but internationally as well. ”



Nelson Chow
Chief FinTech Officer
Hong Kong Monetary Authority

Source: Google-commissioned in-depth interviews amongst key opinion formers

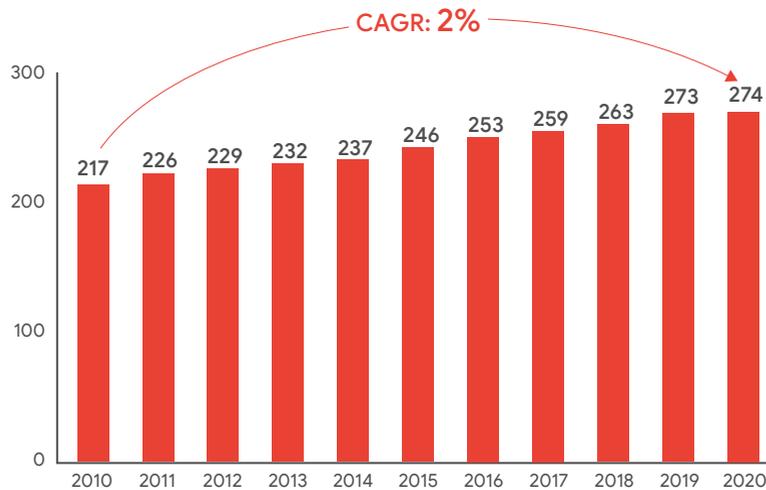
Hong Kong FinTech Market Overview



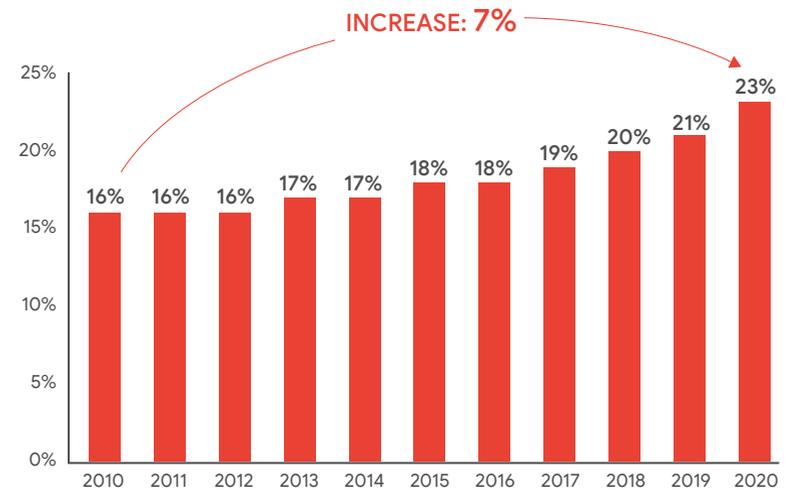
With growing consumer and institutional adoption, backed by soaring investments from banks and VCs, FinTech carries immense potential to supercharge the biggest sector of Hong Kong's economy: Financial Services.

The FS sector plays a crucial role in the Hong Kong economy, contributing one-tenth of its total employment and almost a quarter of the city's gross domestic product ('GDP'), up significantly from 16% in 2012.

EMPLOYMENT IN THE FINANCIAL SERVICES INDUSTRY (# 000)



GDP SHARE OF THE FINANCIAL SERVICES INDUSTRY (%)



Source: Census and Statistics Department Hong Kong

Underpinned by its position as a Top 3 global financial centre, Hong Kong has emerged as the leading FinTech hub in APAC, positioning itself as the go-to business centre in the region for FinTechs to nest themselves in.

APAC FINTECH HUB RANKING

2021 Ranking		Change from 2020
1	Hong Kong	+3
2	Singapore	-1
3	Sydney	+2
4	New Delhi	+2
5	Beijing	+3
6	Tokyo	+1
7	Bangalore	-6
8	Mumbai	-5
9	Hangzhou	+11
10	Melbourne	+1

Note: Ranking is based on the "Global FinTech Index" scores each location for: (1) the quantity of privately-owned FinTech companies (2) the quality of those companies (3) the local business environment
 Source: Findexable, Hong Kong Monetary Authority ('HKMA')

Supported by robust consumer and bank FinTech adoption at 67% and 86% respectively, along with the 40% expected growth in FinTech investment by banks between 2022-2025, the sector has a robust demand potential.

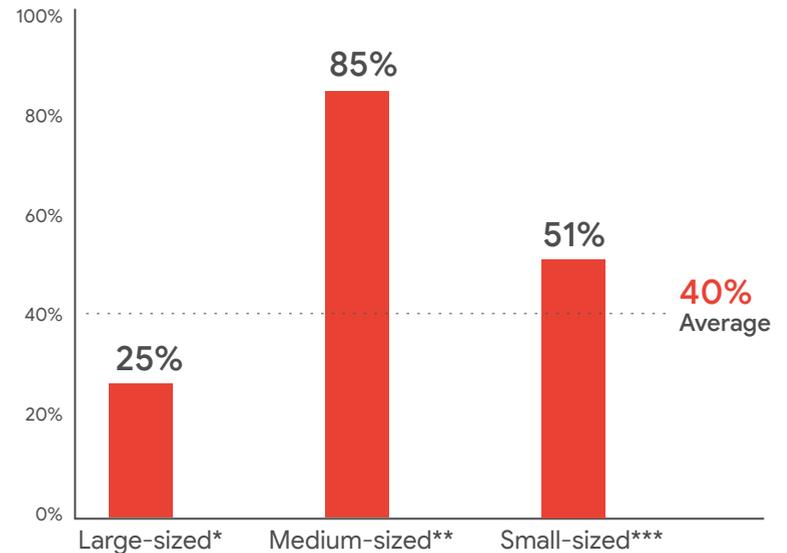
CONSUMER FINTECH ADOPTION (%)



INCUMBENT BANKS FINTECH ADOPTION (%)



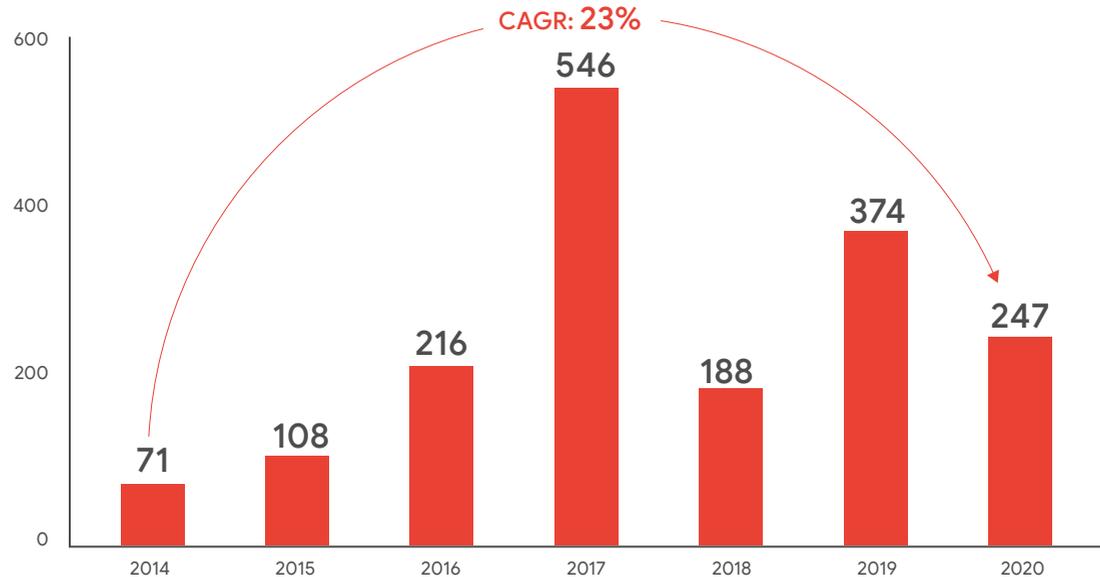
GROWTH IN FINTECH INVESTMENT BY BANKS (2022-2025 vs. 2018-2021,%)



*Asset Size > HKD 500 billion, **HKD 100 billion < Asset Size < HKD 500 billion, ***Asset Size < HKD 100 billion
Source: InvestHK, FintechHK, HKMA

Hong Kong's FinTechs have enjoyed robust funding support, particularly from VCs. Cumulative VC investments into FinTechs totalled USD 1.75 billion from 2014-20, growing at a CAGR of 23% over the period.

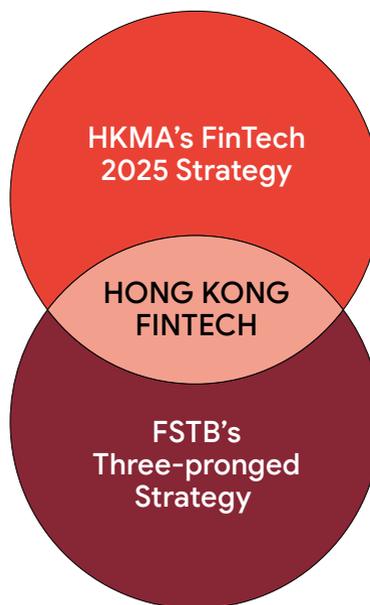
VC INVESTMENTS INTO FINTECHS (USD million)



Source: InvestHK

Given the critical role that FinTech companies play in driving Hong Kong's economy, FinTech remains a key strategic priority, with the HKMA developing a FinTech 2025 strategy and the FSTB earmarking FinTech as a core strategic priority for the city.

STRATEGIC PRIORITIES



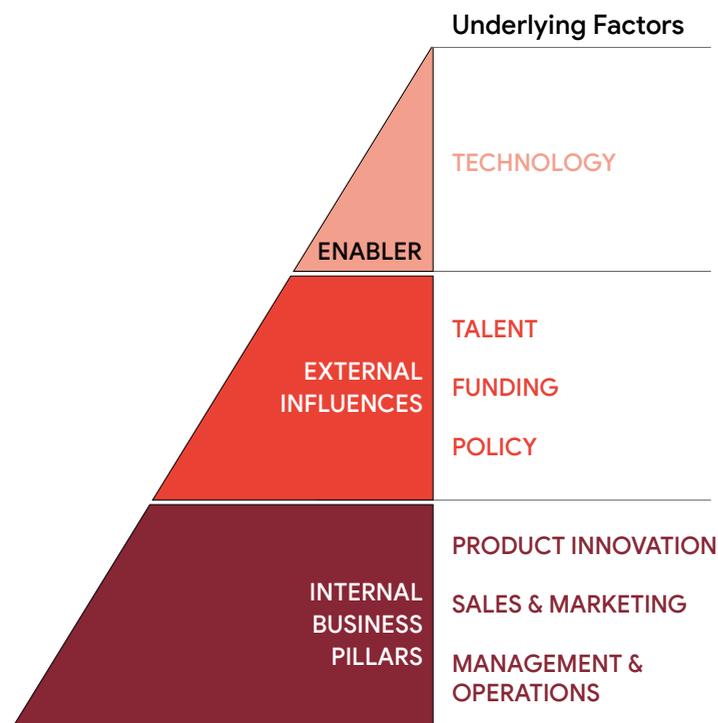
- 1 **ALL BANKS GO FINTECH**
Encourage banks to fully digitalise their operations by facilitating the uptake of FinTech solutions
- 2 **FUTURE-PROOFING HONG KONG FOR CBDC¹**
Expand use cases of CBDCs, by which FinTechs could help facilitate certain use cases
- 3 **CREATING THE NEXT-GENERATION DATA INFRASTRUCTURE**
Facilitate the sharing of data through the CDI² in order for FinTechs to better serve banks
- 4 **EXPANDING THE FINTECH-SAVVY WORKFORCE**
Upskill the current talent pool through its FinTech talent development programme
- 5 **NURTURING THE ECOSYSTEM WITH FUNDING AND POLICIES**
Offer funding support for product innovation and hiring efforts, along with other relevant policies

- 1 **OPENING UP OF DATA**
By sharing government data in the Companies Register to the CDI with the use of APIs, reliable information can be instantly obtained by FinTechs to offer better solutions (e.g. credit scoring)
- 2 **POLICY CO-ORDINATION**
In order to review and supervise the development of FinTechs more holistically, the FSTB has introduced a coordination group on the implementation of FinTech initiatives ('CGFin')
- 3 **SKILL ENHANCEMENT**
By commissioning Cyberport to launch the Financial Practitioners FinTech Training Programme, it aims to upskill and educate experienced professionals in the FinTech industry

¹ CBDC = Central Bank Digital Currencies, ² CDI = Commercial Data Interchange
Source: HKMA, FSTB

126 Hong Kong FinTech C-suite executives participated in our survey, supplemented by interviews with 9 late-stage FinTechs and 2 policymakers, focusing on core business pillars (i.e. internal factors), the use of technology (i.e. a key enabler), and the impact of external influences.

FOCUS AREAS



RESEARCH METHODOLOGY

Google Hong Kong commissioned Quinlan & Associates to conduct online surveys from April 11, 2022 to May 2, 2022 and interviews with C-suite executives of late-stage FinTechs from May 5, 2022 to May 25, 2022. We have selected companies that leverage technology to deliver financial services to B2C and B2B customers as FinTechs.

Online Survey (n=126)

Gain insights into the business priorities and challenges of FinTechs across 3 core areas, along with top used technologies and opinions surrounding the local talent, funding, and policy landscape



n=82
Early-stage FinTechs*



n=44
Late-stage FinTechs**

In-depth Interviews (n=11)

Understanding the growth journey of late-stage FinTechs, including key lessons learnt, and their perspectives on local policy development to promote the advancement of Hong Kong's FinTech industry



n=2
Policymakers
Hong Kong Monetary Authority & Financial Services and the Treasury Bureau ('FSTB')



n=9
Late-stage FinTechs**

*Early-stage: Hong Kong pre-seed and seed stage FinTech companies, as well as bootstrapped companies, with the exception of the ones that fulfil the criteria below

**Late-stage: Hong Kong series A+ stage FinTech companies and bootstrapped companies with: (1) more than 100 employees, (2) more than 3 years of operations, and (3) revenue generating / profitable

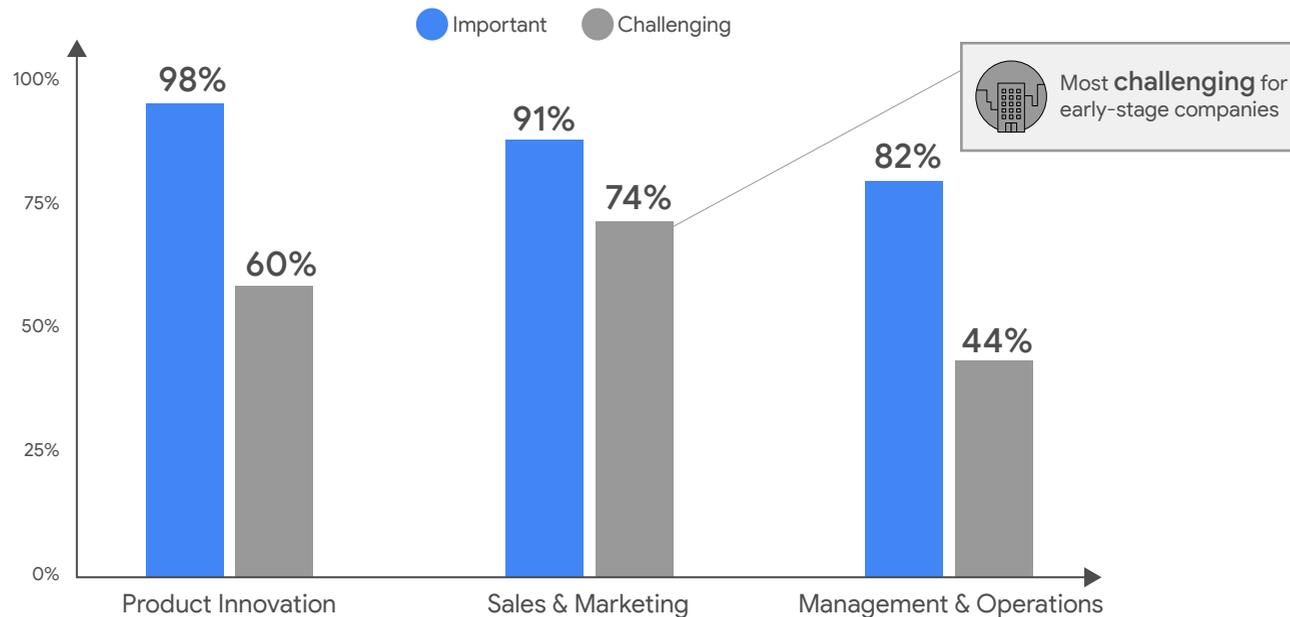
Core Business Pillars



While product innovation is the most important business pillar for FinTechs, sales & marketing remains the most challenging. Although local FinTechs are adopting various technologies to optimise their business operations, many struggle with implementation challenges and costly setup / integration.

Sales & marketing is the most challenging business priority for FinTechs in Hong Kong, especially among early-stage companies. Product innovation stands out as the key business priority, though notable challenges still remain for the majority of players in the local ecosystem.

MOST IMPORTANT AND CHALLENGING BUSINESS PILLARS



Question: How would you rate the importance of <core pillar> to your company?; How challenging does your company find <core pillar>?
Base: n=126 Hong Kong FinTech companies (82 early-stage, 44 late-stage)
Figures: The percentage figures represent the proportion of respondents who rate the factors as 4 (high) and 5 (extremely high)

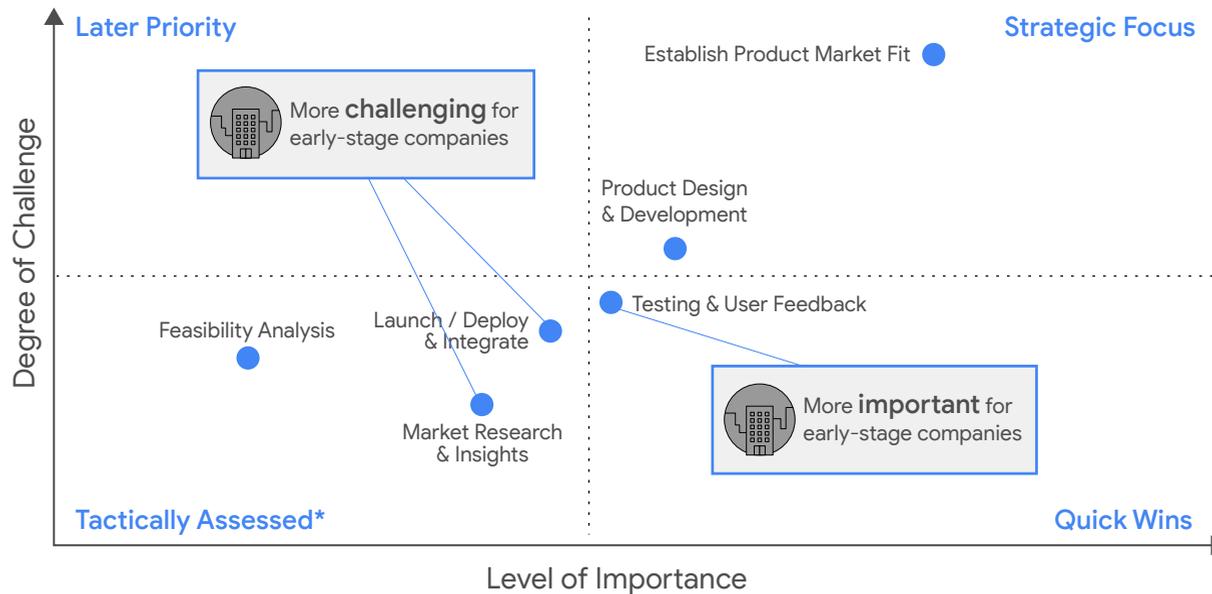
1 Product Innovation



With product market fit being the most important yet most challenging factors facing local FinTechs, many firms are actively leveraging APIs and data analytics and visualisation tools to shorten their time-to-market and enhance product scalability, with leading firms adopting a “fail fast” approach.

Most FinTechs consider establishing product market fit and product design & development to be very important as well as challenging at the same time, with early-stage companies requiring considerably more support with respect to product launch, deployment & integration, and gaining market insights.

PRODUCT INNOVATION FACTORS



* Assessed on a case-by-case basis based on current business priorities and goals

Question: How important does your company find the following with respect to Product Innovation? How challenging does your company find the following with respect to Product Innovation?

Base: n=126 Hong Kong FinTech companies (82 early-stage, 44 late-stage)

Figures: The percentage figures represent the proportion of respondents who rate the factors as 4 (high) and 5 (extremely high)

Given the challenges associated with establishing product market fit, many late-stage FinTechs plan well ahead for likely product iterations down the line, rather than exhausting significant time and resources in trying to perfect a product prior to launch.

ESTABLISH PRODUCT MARKET FIT

“ It is impossible to go to market with a perfect product, which makes it important to recognise that a product can and will be changed down the line. A systematic plan on potential improvements of core functionalities should be established early on. ”

Alessio Quaglini
Chief Executive Officer
Hex Trust

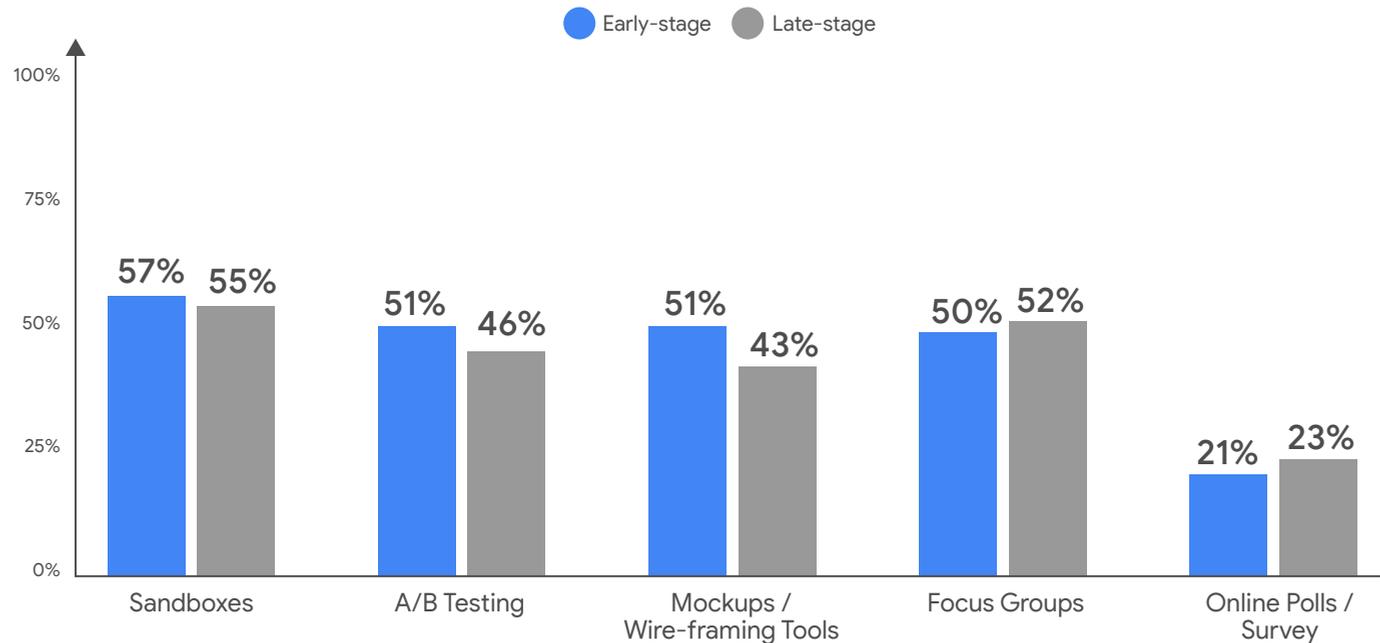
PRODUCT DESIGN & DEVELOPMENT

“ Developing a standardised product similar to existing market offerings is relatively easy. The real challenge lies in building a solution that is tailored to our target customers, solving specific challenges faced by each and every one of our clients. ”

Julian Schillinger
Co-Founder & Chief Executive Officer
Privé Technologies

Most FinTechs, across both early-as well as-late-stage, find sandboxes, A/B testing, mockups / wire-framing tools, and focus groups to be the most beneficial forms of support for their product innovation efforts, allowing them to gain a sound understanding of customer needs.

IMPORTANT SUPPORT FOR PRODUCT INNOVATION (%)



Question: Which of the below forms of support are most important with respect to Product Innovation? (select up to 5 of the most relevant options)
Base: n=126 Hong Kong FinTech companies (82 early-stage, 44 late-stage)
Figures: The percentage figures represent the proportion of respondents who selected the factor as one of their top 5 relevant options

Many late-stage FinTechs actively leverage focus groups and participate in sandboxes to obtain direct customer feedback, while also conducting A/B testing. The rich datasets obtained through such initiatives has allowed them to optimise their products to specific customer needs and preferences.

SANDBOXES

“Sandboxes offer a safe environment for us to try and test our products before launching them to the market. We also hold a pilot programme with the clients that serve(s) much like a mix of a sandbox with focus groups.”

Chris Shum

Founder & Chief Financial Officer
Asiabots

A/B TESTING

“A/B Testing is very important for livi to obtain data from our customers, and is useful for telling us how to best bring innovative new products to market. A/B testing is particularly valuable when customers do not really know exactly what they want.”

Carol Hung

Chief Product Officer
livi bank

FOCUS GROUPS

“We use focus group when working on our pre-launch analysis, getting as close as possible to the target market. As feasibility analysis is a “hit or miss”, hearing the customers’ opinion becomes key.”

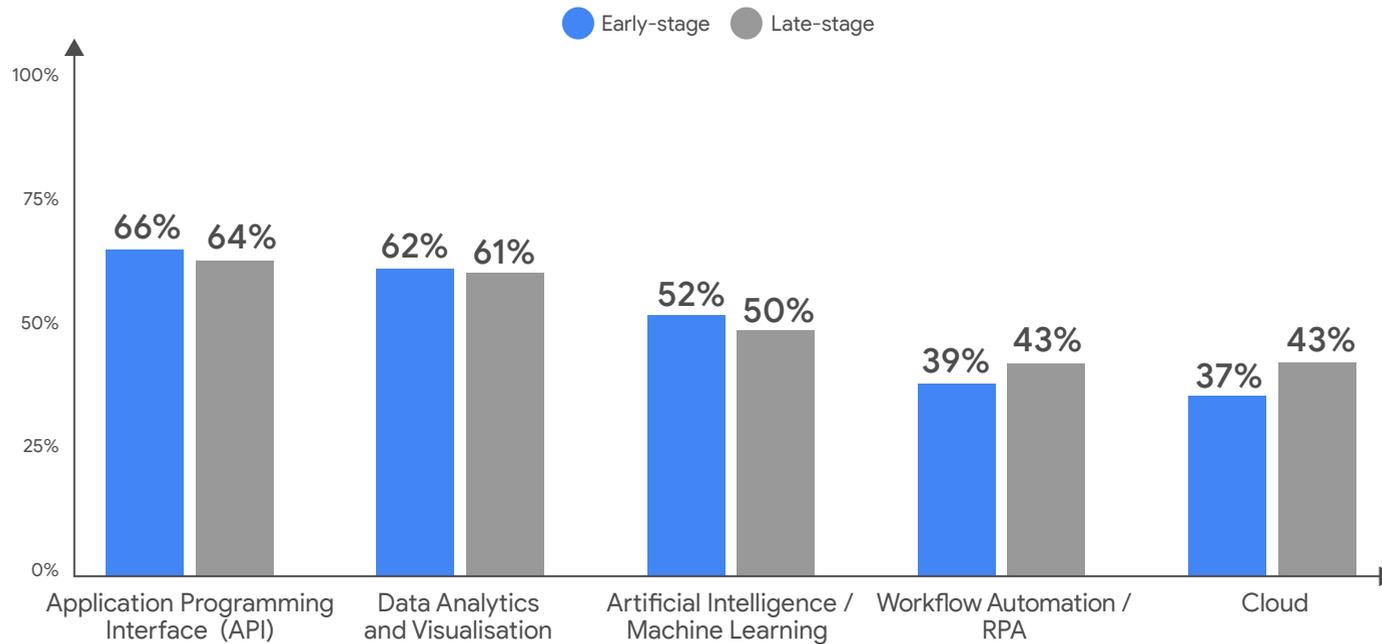
Alvin Kwock

Co-Founder
OneDegree Group

Source: Google-commissioned in-depth interviews amongst FinTechs

From a technological perspective, APIs, data analytics and visualisation, and AI / ML stand out as the most important solutions for both early- and late-stage FinTechs in support of their product innovation efforts.

IMPORTANT TECHNOLOGIES FOR PRODUCT INNOVATION (%)



Question: Which of these technologies are most important with respect to your current Product Innovation efforts? (select up to 5 of the most relevant options)
Base: n=126 Hong Kong FinTech companies (82 early-stage, 44 late-stage)
Figures: The percentage figures represent the proportion of respondents who selected the factor as one of their top 5 relevant options

Data analytics and visualisation tools have helped several late-stage FinTechs to better understand pain points—and potential solutions—across customer journey, while cloud has enabled enhanced scalability, particularly for firms with a global client base.

DATA ANALYTICS & VISUALISATION

“Data analytics allow us to predict customers’ needs, allowing us to offer products that they need but do not necessarily tell us about. We focus on making the customer journey extremely user-friendly, which is enabled, at its core, by data. Data is a key differentiator for livi.”

Carol Hung

Chief Product Officer
livi bank

CLOUD

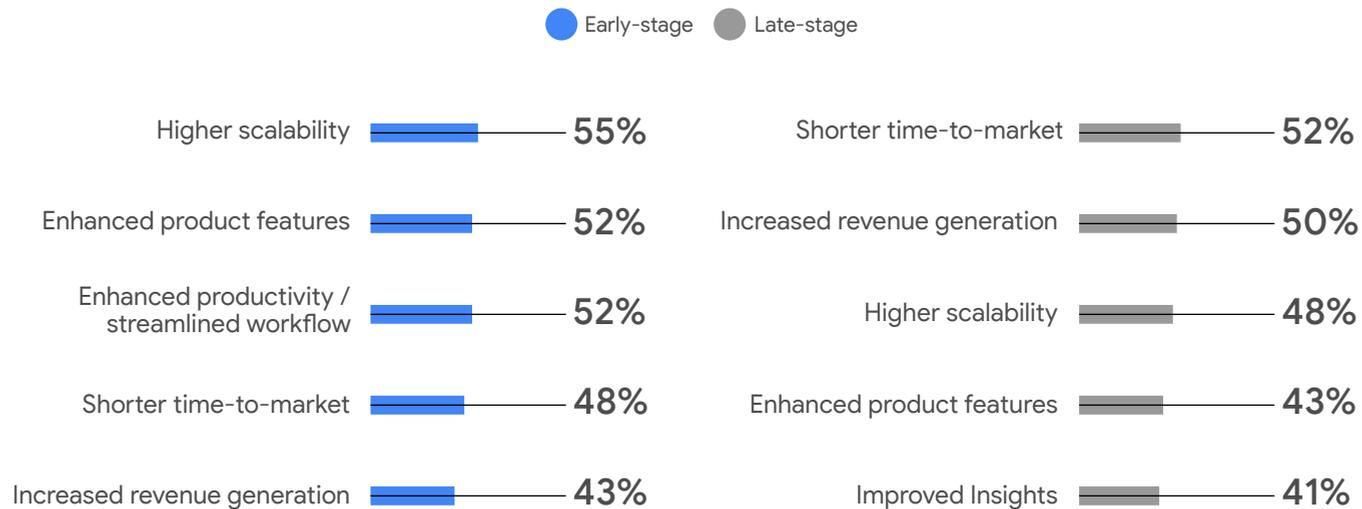
“Everything is deployed on the cloud, as we have a number of offshore clients who like to have our solutions available on their private cloud. The cloud makes it much easier to facilitate our international projects, providing greater effectiveness with respect to maintenance, enhancement, adding features, and fine-tuning our AI chatbot solutions.”

Chris Shum

Founder & Chief Financial Officer
Asiabots

Early-stage companies value technology adoption to improve scalability, enhance product features, and drive productivity. As FinTechs mature, the focus of technology use shifts towards achieving a shorter time-to-market and increased revenue generation.

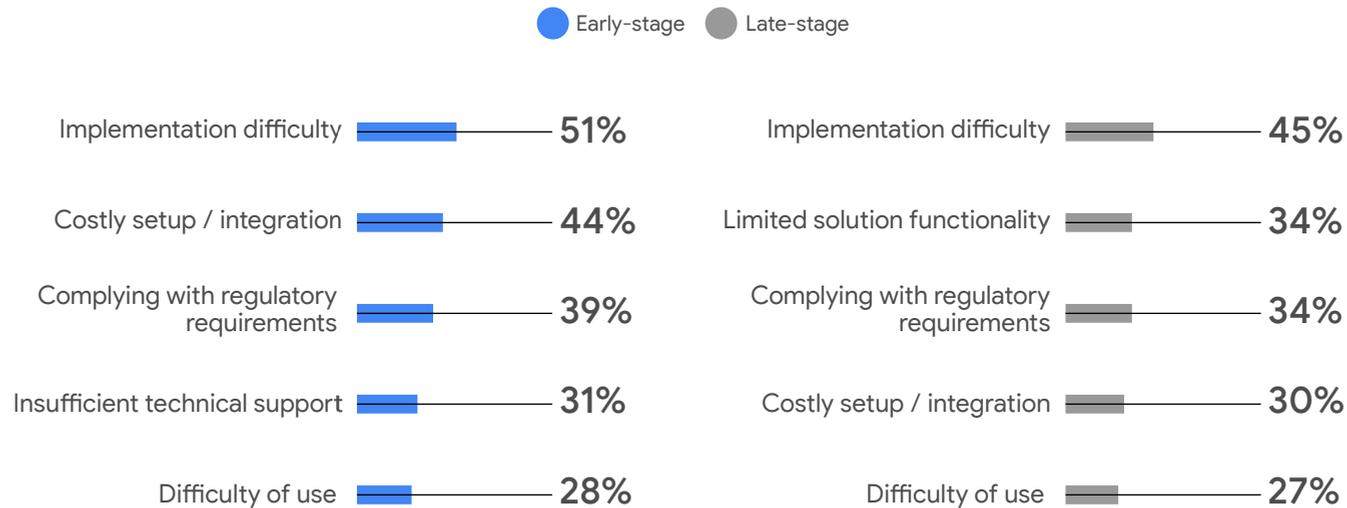
TOP BENEFITS OF TECHNOLOGIES ADOPTION



Question: Which of the following benefits have you experienced from adopting technology with respect to Product Innovation? (select up to 5 of the most relevant options)
 Base: n=126 Hong Kong FinTech companies (82 early-stage, 44 late-stage)
 Figures: The percentage figures represent the proportion of respondents who selected the factor as one of their top 5 relevant options

Despite the clear benefits for FinTechs from leveraging technology, implementation remains a key challenge for technology adoption. Cost poses another major hurdle for early-stage FinTechs, in particular, while late-stage FinTechs tend to struggle more with limited solution functionality.

TECHNOLOGY ADOPTION HURDLES (%)



Question: Which of the following hurdles have your company faced when adopting technology to support your Product Innovation efforts? (select up to 5 of the most relevant options)
Base: n=126 Hong Kong FinTech companies (82 early-stage, 44 late-stage)
Figures: The percentage figures represent the proportion of respondents who selected the factor as one of their top 5 relevant options

As a leading software-as-a-service provider in the WealthTech space, Privé Technologies has focused on building more personalised solutions with a shorter time-to-market through automating its testing procedures and leveraging various digital tools.



Founded in 2011, Privé Technologies is an HK-based Software as a Service ('SaaS') provider, offering end-to-end WealthTech solutions to more than 60 financial institutions in 8 different countries.

CHALLENGE	<p>NEED FOR PERSONALISATION</p> <p>Clients demand a more personalised WealthTech solution, tailored to their target markets and products, which are mostly structured products, adding an additional layer of complexity in creating / refining functionalities</p>	<p>INTERNAL KNOWLEDGE-BUILDING</p> <p>Significant time and effort is spent on training people to impart the requisite domain and product know-how, given that there are many nuances related to the WealthTech space that must be reflected in product functionalities</p>
IMPACT	<p>STAGNANT SALES</p> <p>Given that WealthTech solutions were standardised and did not stand out from other solutions powered by leading global institutions, significant difficulties were faced in generating sales</p>	<p>LOW USAGE OF FUNCTIONALITIES</p> <p>While clients purchased a lot of functionalities, most of them would only use a small subset of those functions, ultimately leading to a bifurcated effort, as the remaining functions were left idle and did not bring much value-add</p>
SOLUTION	<p>EXTENSIVE PROTOTYPING</p> <p>Revamped their whole model, transitioning from simply developing and launching a standard solution to building and refining prototypes, based on user feedback from focus groups before full-fledged development</p>	<p>LEVERAGE DATA INTELLIGENCE</p> <p>Utilise data analytics tools to track drop off rates, understand the usage of certain functions, and how to best optimise in order to offer clients a well-rounded WealthTech solution</p>
OUTCOME	<p>GREATER CUSTOMER SATISFACTION</p> <p>Although switching to a new model has slowed down processes, it is less of a drawback, as Privé is not aiming to scale to higher volumes, but rather to achieve greater accuracy in delivering solutions that solve clients' problems</p>	<p>GREATER CUSTOMER LOYALTY</p> <p>Clients can use the entire suite of WealthTech solutions instead of relying on other providers to satisfy different functions, leading to greater utilisation and customer loyalty</p>

Source: Google-commissioned in-depth interview with Privé Technologies

Virtual insurer OneDegree maximises its chances of achieving product market fit by truly listening to their customers' perspectives from analysing direct feedback; and automating internal processes, both of which significantly streamline the firm's product innovation efforts.



OneDegree is a leading HK virtual insurer with the largest number of paid customers, offering multi-line digital insurance products across Asia and Europe, including pet and medical insurance for individuals, and digital asset insurance and SaaS solutions for businesses, with a global team of 200 employees

CHALLENGE	LACK OF PRODUCT MARKET FIT Significant time, effort, and money are spent on innovating new products or enhancing existing products, which may neither satisfy customer demand nor generate significant revenue	LENGTHY TESTING PERIOD Multiple rounds of testing involving focus groups and surveys are conducted, which leads to a delay in developing, launching, and ultimately, monetising the product
IMPACT	HIGH ONGOING COST Ongoing Customer Acquisition Cost for promoting a “missed” product that does not satisfy customer demand can grow up to fivefold the initial cost, which does not make the product economically viable to be launched and marketed	MISSED MARKET OPPORTUNITY Given the long time taken up by the product innovation phase, the target opportunity may pass by, as customers no longer have a demand for the concerned product or the demand has been satisfied by competitors
SOLUTION	LISTEN TO THE CUSTOMER Better understand customer preferences and opinions regarding a product through social listening, including closely monitoring customers' reactions on social media and launching a survey with tools such as Google Forms	AUTOMATE PROCESSES Adopt workflow automation / RPA by first addressing “if-then” statements, which will help develop the logic for the system to perform a series of tasks that can help automate testing
OUTCOME	TARGETED PRODUCT DEVELOPMENT Direct survey insights, as well as implicit insights retrieved from social listening, offer a comprehensive picture of what customers really think, which can be digested through data analytics and visualisation tools	STREAMLINE PRODUCT TESTING Speedier time-to-market facilitates the adoption of a “fail fast and pivot” approach, due to enhanced productivity across business functions and departments

Source: Google-commissioned in-depth interview with OneDegree

A pioneer in AI solutions and voice technologies, Asiabots leverages various forms of technology, such as cloud and natural language processing, in a close collaboration model with clients to develop its solutions.

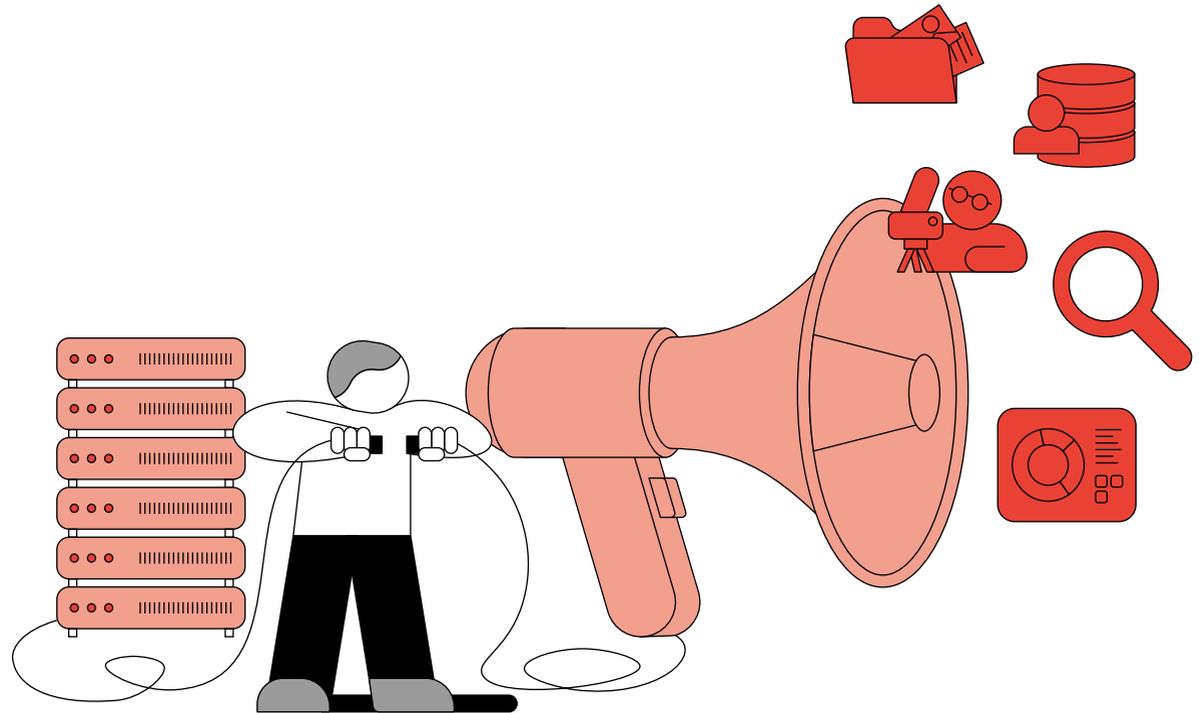


Headquartered in Hong Kong, Asiabots offers Natural Language processing ('NLP'), Natural human-like voice text-to-speech ('TTS'), chatbot on mobile / phone calls, and voice technology for financial institutions.

CHALLENGE	<p>ON-GROUND DEPLOYMENT</p> <p>For clients located overseas, a local team had to be placed in each market to successfully deploy the AI technology, which has become increasingly complex since Asiabots' inaugural launch of a simple chatbot</p>	<p>EXPECTATIONS MANAGEMENT</p> <p>Projects run for a few years and often exceed the initial timeline, given that the AI solutions and voice technologies involve many iterations to accommodate burgeoning requests being put forth by clients</p>
IMPACT	<p>EXPANSION ROADBLOCKS</p> <p>Given that the team started out small with limited resources to deploy in each region, it was difficult to scale the business overseas, which became a growth constraint for Asiabots</p>	<p>LIMITED CLIENT ACCOUNTS</p> <p>With significant hold-ups in projects and a limited capacity to accommodate several iterations at once, Asiabots was constrained from taking up multiple client accounts in tandem, fearing under-delivery</p>
SOLUTION	<p>LEVERAGE CLOUD SOLUTIONS</p> <p>Deploying solutions via cloud does not require an on-ground team, while still allowing Asiabots to maintain a high quality of service for its clients, who themselves also prefer to host the AI technology on their private cloud</p>	<p>HOLD PILOT PROGRAMMES</p> <p>Conduct pilot programmes to establish two-way communication and organise demos following each and every iteration, to help better manage expectations regarding potential improvements to AI solutions</p>
OUTCOME	<p>CAPTURE EXPANSION OPPORTUNITIES</p> <p>With everything deployed on the cloud, Asiabots can maintain communication with clients from anywhere in the world, being able to focus its efforts on improving its solution (e.g. making chatbot responses more human-like)</p>	<p>EXPAND CLIENT BASE</p> <p>By managing clear expectations around the overall project timeline and each iteration, Asiabots is able to cater to its current client base better and faster, while also freeing up capacity to serve more clients</p>

Source: Google-commissioned in-depth interview with Asiabots

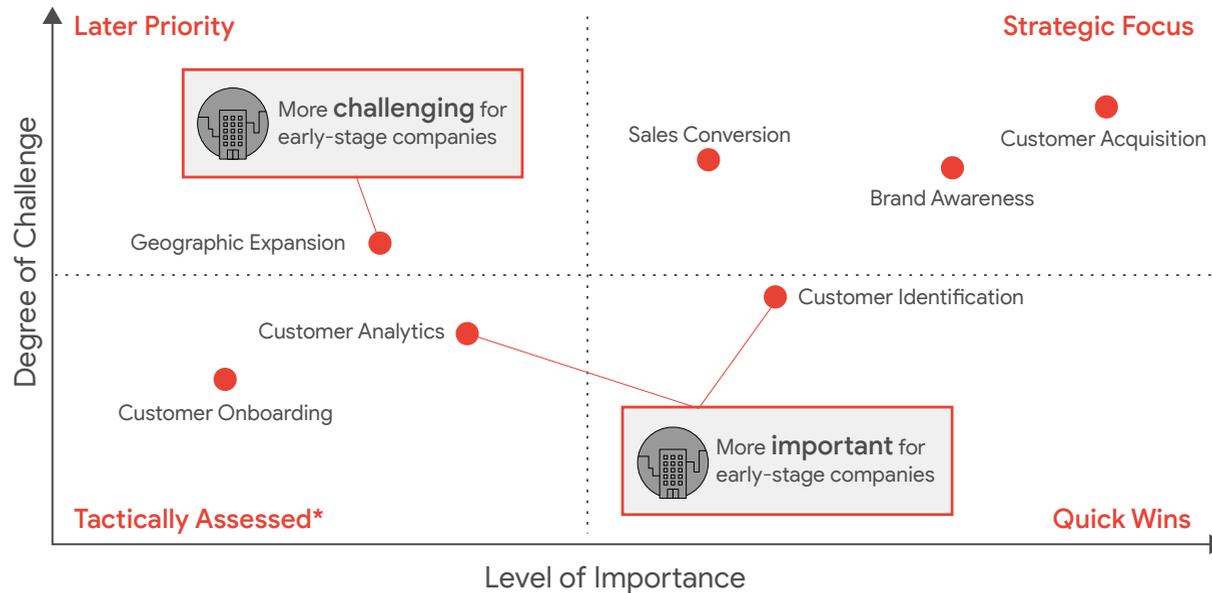
2 Sales & Marketing



Customer acquisition, brand awareness, and sales conversion remain top-of-mind. As such, FinTechs are interested in learning more about content marketing, SEO, and social media marketing. CRM technology is also being leveraged to deliver a more disciplined sales process.

Customer acquisition, brand awareness, and sales conversion are the top factors requiring the immediate attention of local FinTechs, with customer identification, geographic expansion, and customer analytics warranting stronger attention from early-stage FinTechs, in particular.

SALES & MARKETING FACTORS



* Assessed on a case-by-case basis based on current business priorities and goals

Question: How important does your company find the following with respect to Sales & Marketing? How challenging does your company find the following with respect to Sales & Marketing?

Base: n=126 Hong Kong FinTech companies (82 early-stage, 44 late-stage)

Figures: The percentage figures represent the proportion of respondents who rate the factors as 4 (high) and 5 (extremely high)

With brand awareness and customer acquisition being major challenges for FinTechs, B2B players are turning to content-led marketing efforts, while B2C FinTechs are leveraging more widespread digital marketing campaigns to attract customers and drive sales.

BRAND AWARENESS

“Brand awareness is a major challenge for many B2B companies, most of which have a solid client base that can't be openly disclosed. To promote our products to target customers, we actively create relevant content, including thought leadership publications, which we share when reaching out to prospects.”

Julian Schillinger

Co-Founder & Chief Executive Officer
Privé Technologies

CUSTOMER ACQUISITION

“Changing customer behaviour is difficult. This is even more difficult for insurance that is often confusing and misunderstood.

We have built a robust, systematic way to learn, test and optimise the customer purchase funnel. I believe we have proved our product-market fit, so the next focus is to keep investing in products and services to deliver compound growth.”

Fred Ngan

Co-Founder
Bowtie

SALES CONVERSION

“Given the fragmented market on key opinion leaders ('KOLs'), doing proper research on their set of followers, and tracking footprints when engaging them, ensures that we are not hitting the same set of customers, helping to streamline our CAC and improve sales conversion.”

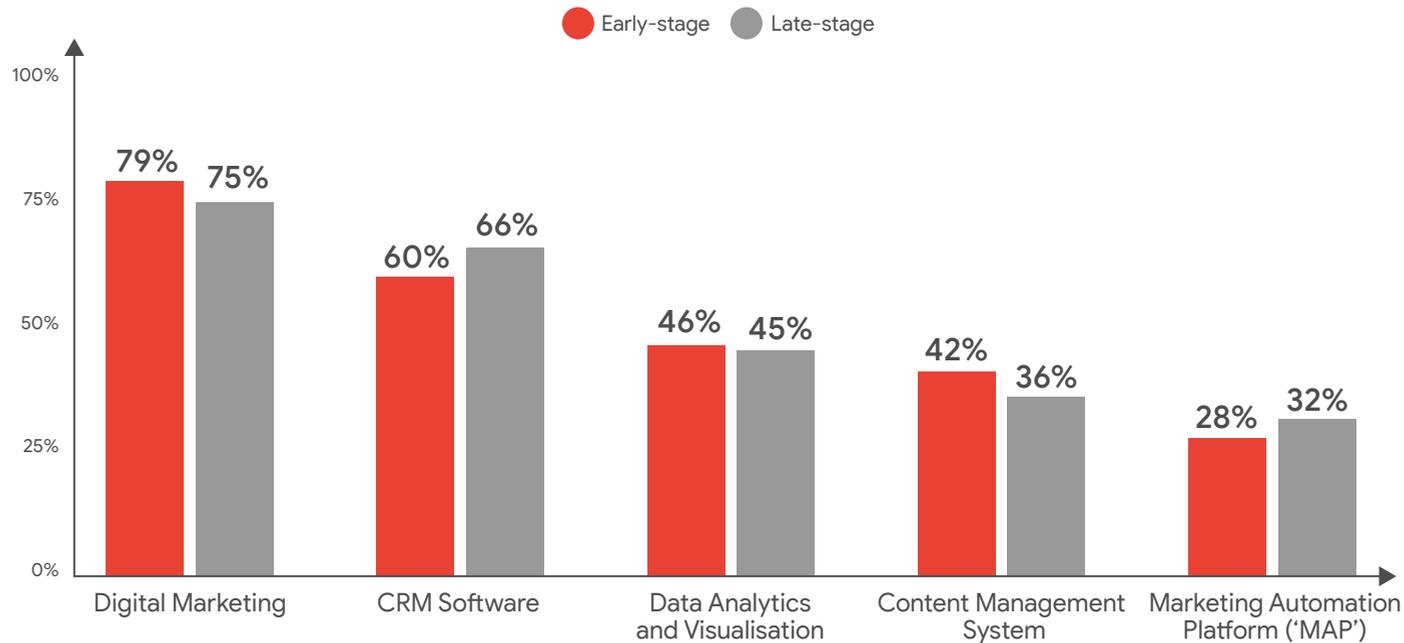
Alvin Kwock

Co-Founder
OneDegree Group

Source: Google-commissioned in-depth interviews amongst FinTechs

Digital marketing stands out as the “go-to” technology for FinTech companies’ sales and marketing efforts in Hong Kong, with CRM software being an increasingly important solution as FinTechs mature.

IMPORTANT TECHNOLOGIES FOR SALES & MARKETING (%)



Question: Which of these technologies are most important with respect to your current Sales & Marketing efforts? (select up to 5 of the most relevant options)
Base: n=126 Hong Kong FinTech companies (82 early-stage, 44 late-stage)
Figures: The percentage figures represent the proportion of respondents who selected the factor as one of their top 5 relevant options

A number of late-stage FinTechs have benefited greatly from digital marketing by generating significant impressions with their target customers. CRM software has also helped B2B FinTechs oversee their client relationships via delivering a more disciplined business development process.

DIGITAL MARKETING

“With Google Trends, we were able to identify keywords that generate high and positive impressions. For our B2B marketing efforts, we engage many Finfluencers.”

Alvin Kwock
Co-Founder
OneDegree Group

CRM SOFTWARE

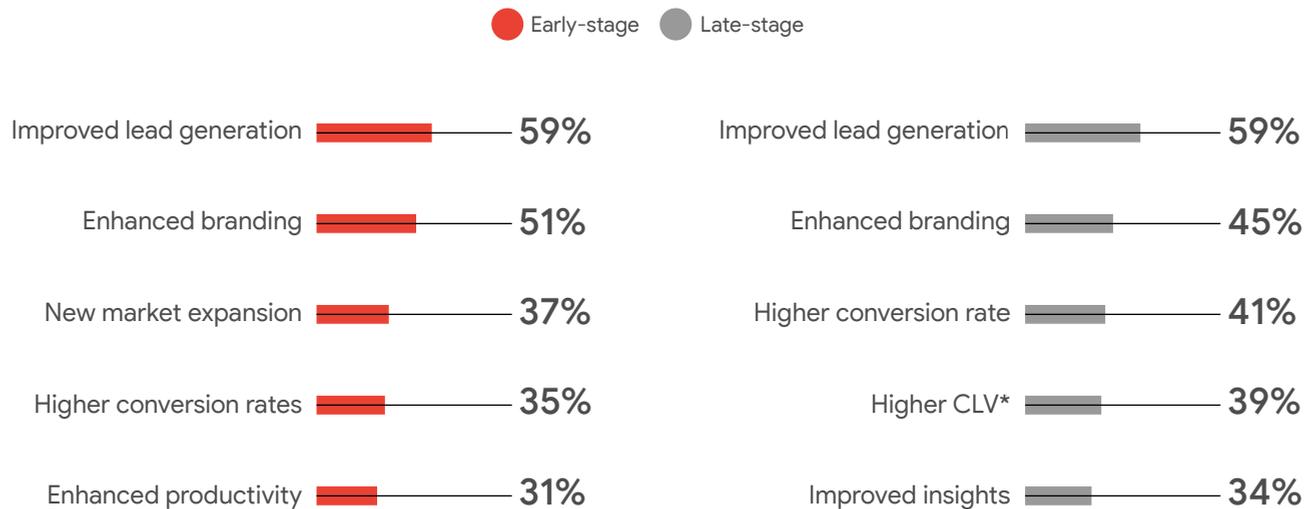
“CRM has been an amazing tool for our sales efforts; it tracks all of our client communications, enables easy scheduling of meetings / calls, and ensures continuity of information flow. Overall, it has allowed us to better structure our sales and marketing efforts over the years, providing us with a more disciplined business development process.”

Alessio Quaglini
Chief Executive Officer
Hex Trust

Source: Google-commissioned in-depth interviews amongst FinTechs

Technology has been instrumental in improving lead generation and enhanced branding for both early- and late-stage FinTechs. Late-stage FinTechs have also benefited from higher customer lifetime value (‘CLV’) and comparatively better insights from the use of technology.

TOP BENEFITS OF TECHNOLOGICAL ADOPTION (%)



*Customer lifetime value

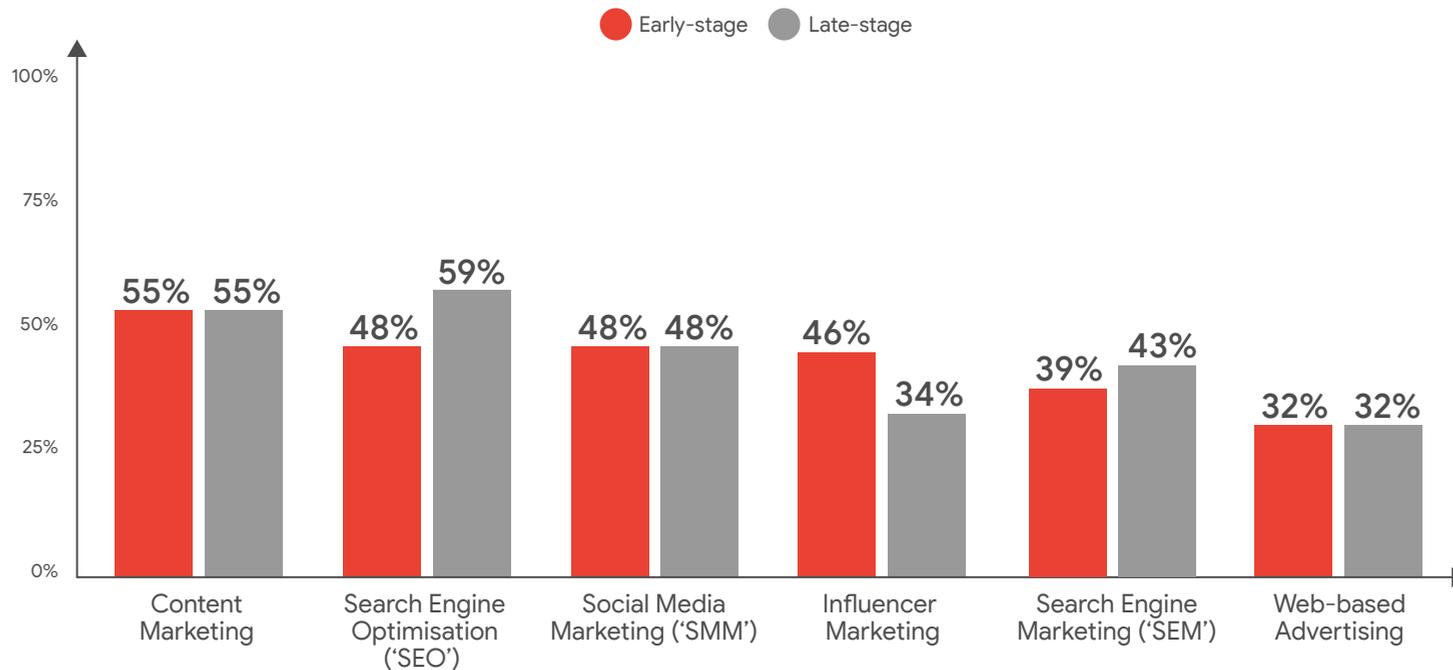
Question: Which of the following benefits have you experienced from adopting technology with respect to Sales & Marketing? (select up to 5 of the most relevant options)

Base: n=126 Hong Kong FinTech companies (82 early-stage, 44 late-stage)

Figures: The percentage figures represent the proportion of respondents who selected the factor as one of their top 5 relevant options

Content marketing, SEO, and social media marketing stand out as the key areas of interest to local FinTechs. SEO is comparatively more popular amongst late-stage companies in terms of interest levels, while more early-stage FinTechs are keen to better understand influencer marketing.

DIGITAL MARKETING AVENUES INTERESTED TO LEARN MORE (%)



Question: Which of the below digital marketing avenues would you be most interested in learning more about? (select up to 5 of the most relevant options)
Base: n=126 Hong Kong FinTech companies (82 early-stage, 44 late-stage)
Figures: The percentage figures represent the proportion of respondents who selected the factor as one of their top 5 relevant options

A number of late-stage FinTechs have successfully adopted SEO and influencer marketing strategies to support their sales efforts, which has generated greater visibility with-and uptake of its products / services by-end customers.

SEO

“ We have seen dramatic changes in visibility and the partnerships that we are creating by focusing on a digital-first approach. From a customer targeting perspective, performance marketing comes in handy. As we just re-launched a new website, we have taken advantage of the SEO that we can do and later on, as well as SEM. ”

Ross Milward

Co-Founder & Chief Technology Officer
Quantifeed

INFLUENCER MARKETING

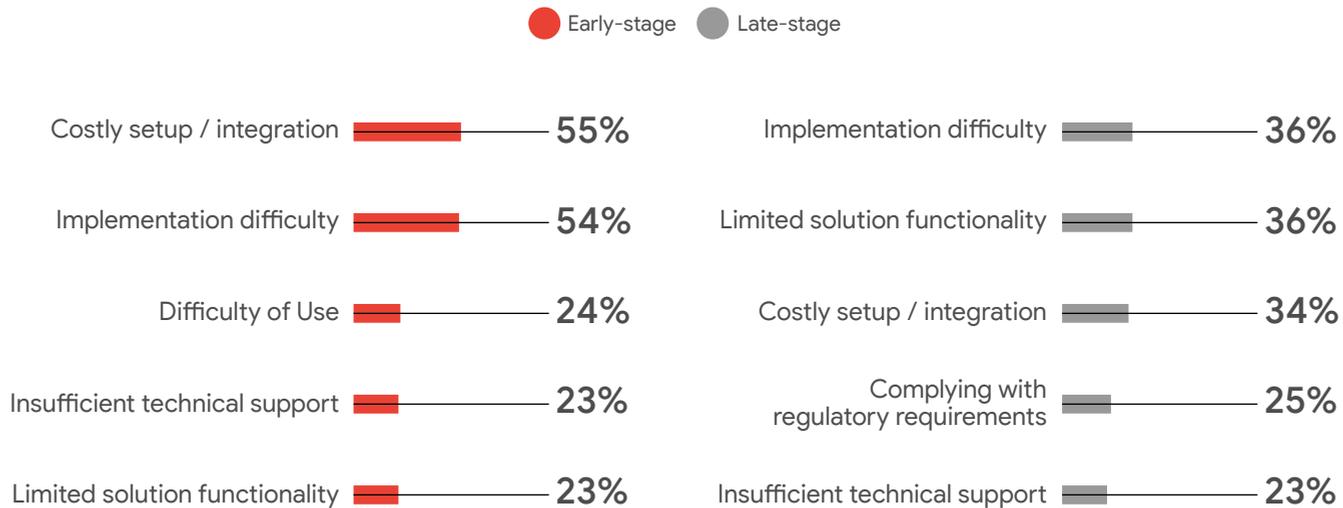
“ Influencer marketing is something that we have been doing more (of). Each KOL plays different roles for different target customers and products. With sophisticated products or services, such as our credit offerings, we use financial KOLs, as more expertise is needed. When it comes to lifestyle products, social KOLs are a good fit. ”

Carol Hung

Chief Product Officer
livi bank

Despite the benefits of technology use, implementation difficulties and costly setup / integration remain key challenges for both early-as well as late-stage FinTechs. However, a much higher proportion of early-stage companies suffer from these hurdles.

TECHNOLOGY ADOPTION HURDLES (%)

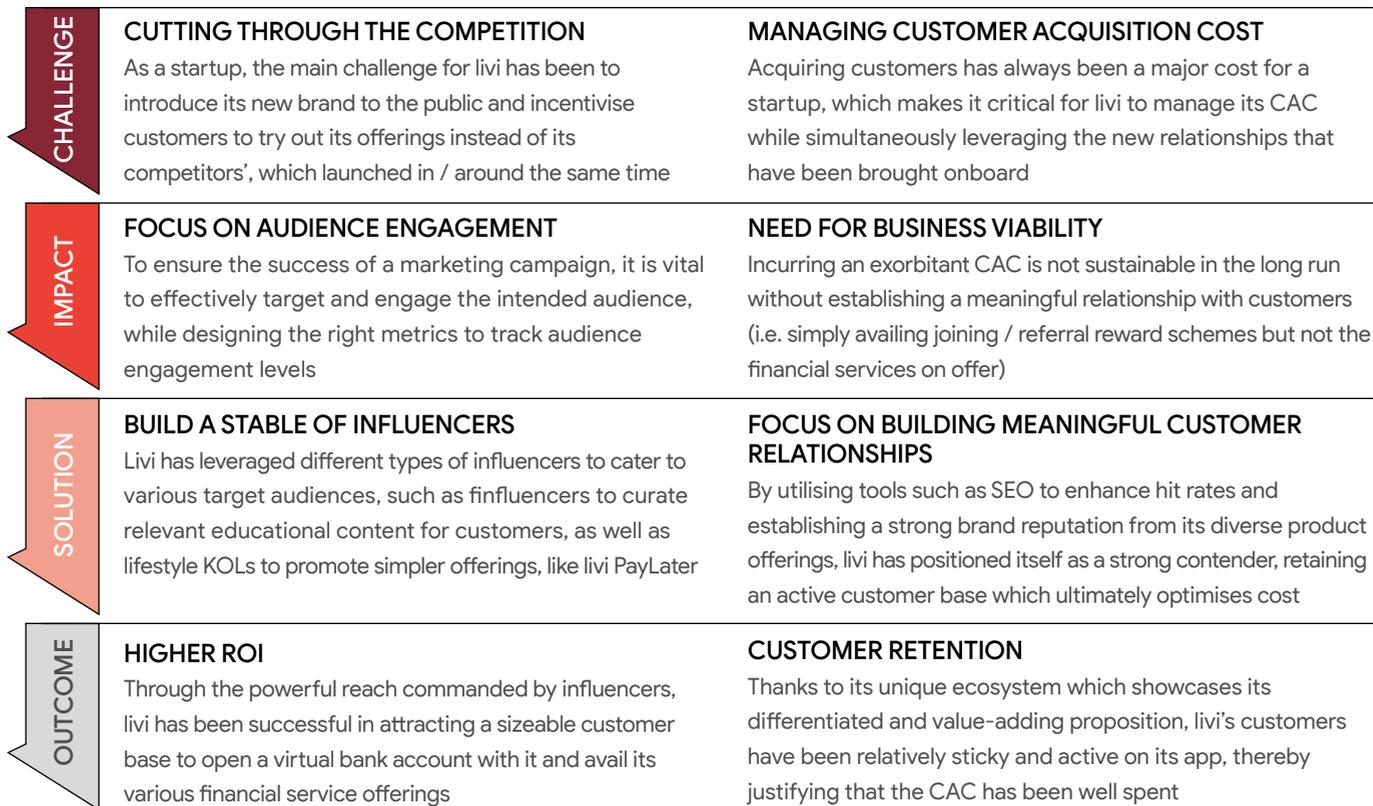


Question: Which of the following hurdles have your company faced when adopting technology to support your Sales & Marketing efforts? (select up to 5 of the most relevant answers)
 Base: n=126 Hong Kong FinTech companies (82 early-stage, 44 late-stage)
 Figures: The percentage figures represent the proportion of respondents who selected the factor as one of their top 5 relevant options

As one of the most prominent virtual banks in Hong Kong, livi bank has achieved tremendous success in its sales and marketing efforts, which has helped the firm amass a robust customer base in just two years of operations.



Founded in 2019 under a joint venture ('JV'), livi bank is one of the 8 virtual banks in Hong Kong. As of December 2021, total customers have reached a whopping 200,000, doubling the figure six months before.



Source: Google-commissioned in-depth interview with livi bank

Given its global presence, Oriente has dedicated its sales & marketing efforts towards establishing a digital-first proposition that is tailored to each of its target markets, delivered by way of carefully crafted local marketing campaigns.



Founded in 2017, Oriente is a leading FinTech company that aims to facilitate financial and digital inclusion via a variety of solutions such as consumer finance and digital lending.

CHALLENGE	<p>LACK OF BRAND ALIGNMENT</p> <p>With its business development, marketing, and sales teams located in different markets, marketing strategies may at times not align with the broader company vision, which consequently affects branding</p>	<p>NON-TARGETED MARKETING</p> <p>Although a one-size-fits-all marketing strategy facilitates a quick cast of a wide net of prospective clients, it can be extremely costly and, more importantly, yield low conversion rates</p>
IMPACT	<p>LOW CONVERSION VALUE</p> <p>Marketing campaigns were hit and miss at converting the audience into purchasing customers. Moreover, the effectiveness of each campaign was not assessed well enough, leaving value on the table</p>	<p>LACK OF IMPRESSIONS</p> <p>Mass marketing campaigns do not take into account the differences in customer demographics and interests, meaning a campaign may be successful in one region but customers in other regions may not respond positively to it</p>
SOLUTION	<p>KEY PERFORMANCE INDICATORS ('KPI') PRIORITISATION AND TRACKING</p> <p>By integrating a system that allows it to create and track customer KPIs, Oriente has focused on securing app downloads in earlier stages while driving CLV in later stages</p>	<p>MERCHANT-BASED ACQUISITION</p> <p>By leveraging merchants in each region as go-to-market partners, a more tailored approach was adopted by Oriente, to better understand, reach out, and sell to customers in each of its respective markets</p>
OUTCOME	<p>HIGHER CONVERSION</p> <p>With relevant standardised metrics for each of team to focus on, Oriente could better assess the effectiveness of each campaign, learn from them, and curate better campaigns to drive higher conversion rates</p>	<p>EFFECTIVE CLIENT REACH</p> <p>Oriente could scale much more effectively in its sales and marketing efforts, attracting a wider audience, while simultaneously catering to their specific interests, needs, and wants, by way of liaising with merchants</p>

Source: Google-commissioned in-depth interview with Oriente

Bowtie has emerged as one of the top digital insurers by fundamentally redesigning the customer journey to enable direct and instant access to health insurance, through advanced technology and data.



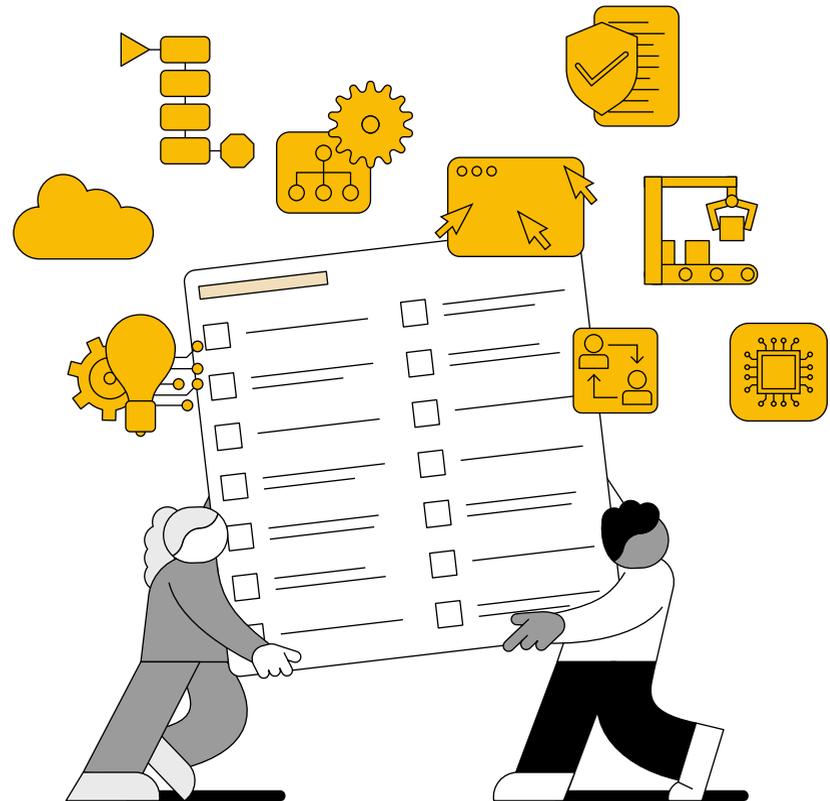
Founded in 2018, Bowtie is an authorised life insurance company and Hong Kong's first approved virtual insurer. They provide a fully digital insurance experience, offering a wide range of medical insurance plans to individuals, families, and businesses, providing HKD 40 billion in coverage thus far.

CHALLENGE	<p>NEED FOR EDUCATION</p> <p>Given the complexity of insurance products, along with the norm of purchasing insurance in person in Hong Kong via agents, end consumers need to be educated and encouraged, in order to convert them into paying customers</p>	<p>TRUST DEFICIT</p> <p>As a new insurance brand competing against other insurance incumbents with over a hundred years of history, the journey towards building trust is much more difficult and expensive</p>
IMPACT	<p>HIGH COST FOR CUSTOMER ACQUISITION</p> <p>Customer acquisition is a challenge for all FinTech startups and was especially so for Bowtie during its earlier stages, given the low digital adoption for purchasing insurance online and long consideration time</p>	<p>STAGNANT SALES</p> <p>Since digital insurance was new to the market, the public lacked an understanding of the online proposition and positioning, as well as how to file claims if and when hospitalised. As a result, sales did not pick up as quickly as expected</p>
SOLUTION	<p>ESTABLISH BRAND PROWESS</p> <p>With a strategic focus on health, Bowtie built an ecosystem around its medical insurance products by opening a new clinic, creating a hospital co-branded product and tapping its investor Mitsui's large private health services network</p>	<p>INVEST IN CONTENT MARKETING</p> <p>Bowtie publishes original, free of cost health-related content on its website, and has also leveraged SEO, in order to drive millions of organic traffic and improve sales conversion</p>
OUTCOME	<p>WINNING MINDSHARE</p> <p>By committing its efforts towards gaining stronger brand recognition, Bowtie benefitted from a surge in branded search for Voluntary Health Insurance Scheme ('VHIS'), ultimately leading to a higher conversion rate and lower CAC</p>	<p>FIRST IN DIRECT CHANNEL</p> <p>Bowtie successfully converted traffic into paid customers, many of whom were first-time medical insureds, with 1/3rd aged below 30</p>

Source: Google-commissioned in-depth interview with Bowtie

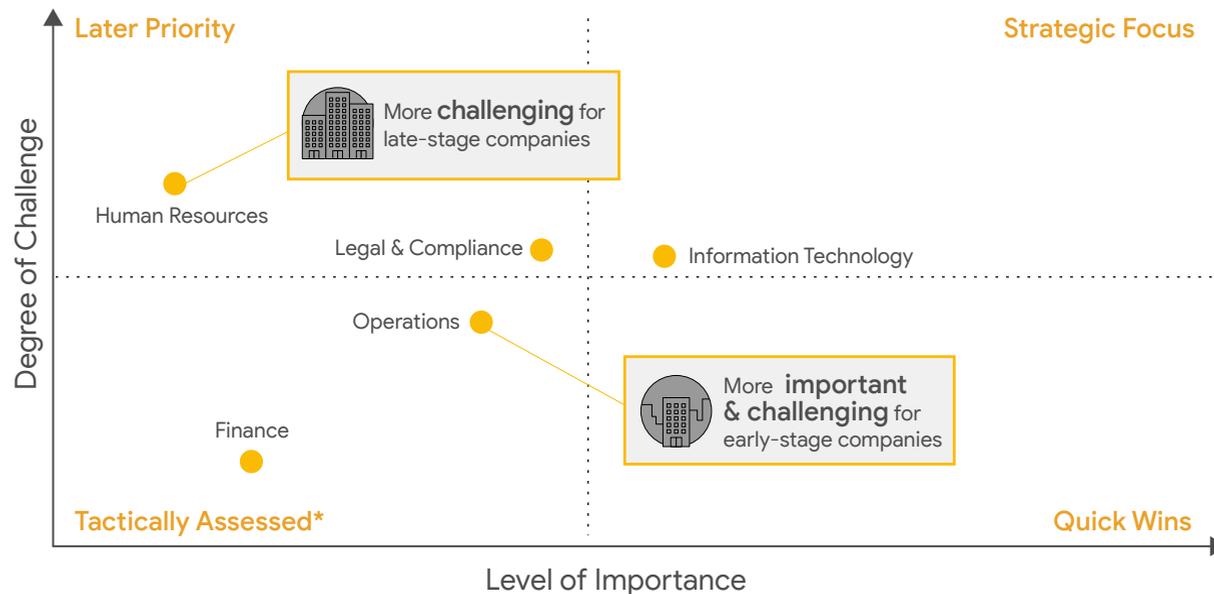
3 Management & Operations

With IT, HR, and legal & compliance posing significant challenges for local FinTechs, many have benefited from utilising collaboration tools, automating workflows through Robotic Process Automation (RPA), but low emphasise of cybersecurity efforts may suggest future risks. Such measures have helped firms enhance productivity and improve data management.



IT is regarded as a very important yet challenging factor for most FinTechs, making it stand out as a strategic priority. While early-stage FinTechs tend to require more support with their internal operations, later-stage FinTechs struggle more with human resources issues in competing for talent.

MANAGEMENT & OPERATIONS FACTORS



* Assessed on a case-by-case basis based on current business priorities and goals

Question: How important does your company find the following with respect to Management & Operations? How challenging does your company find the following with respect to Management & Operations?

Base: n=126 Hong Kong FinTech companies (82 early-stage, 44 late-stage)

Figures: The percentage figures represent the proportion of respondents who rate the factors as 4 (high) and 5 (extremely high)

Management & operations becomes increasingly important as FinTechs scale, especially with respect to cybersecurity. Many late-stage FinTechs have made considerable investments in cybersecurity to not only ensure the resiliency of their systems, but also the protection of their customer data.

INFORMATION TECHNOLOGY

“For startups, while front-end customer interaction is important, back-end processes are in fact equally important as the business scales. Therefore, effective management & operation becomes increasingly critical. As a virtual bank, it is vital for us to ensure the resiliency of our IT system to provide safe and reliable services.”

Carol Hung

Chief Product Officer
livi bank

CYBERSECURITY SOLUTIONS

“We have strict cybersecurity protocols. As our company grows, we encounter more phishing and junk emails. As such, we have adopted various measures such as using a system to filter emails and track impersonating websites. We have also run cybersecurity tests more frequently.”

Ross Milward

Co-Founder & Chief Technology Officer
Quantifeed

CYBERSECURITY INFRASTRUCTURE

“Cybersecurity is one of our key priorities. With the HKMA and HKPC, we aim to facilitate a more robust cybersecurity infrastructure and framework for Hong Kong.”

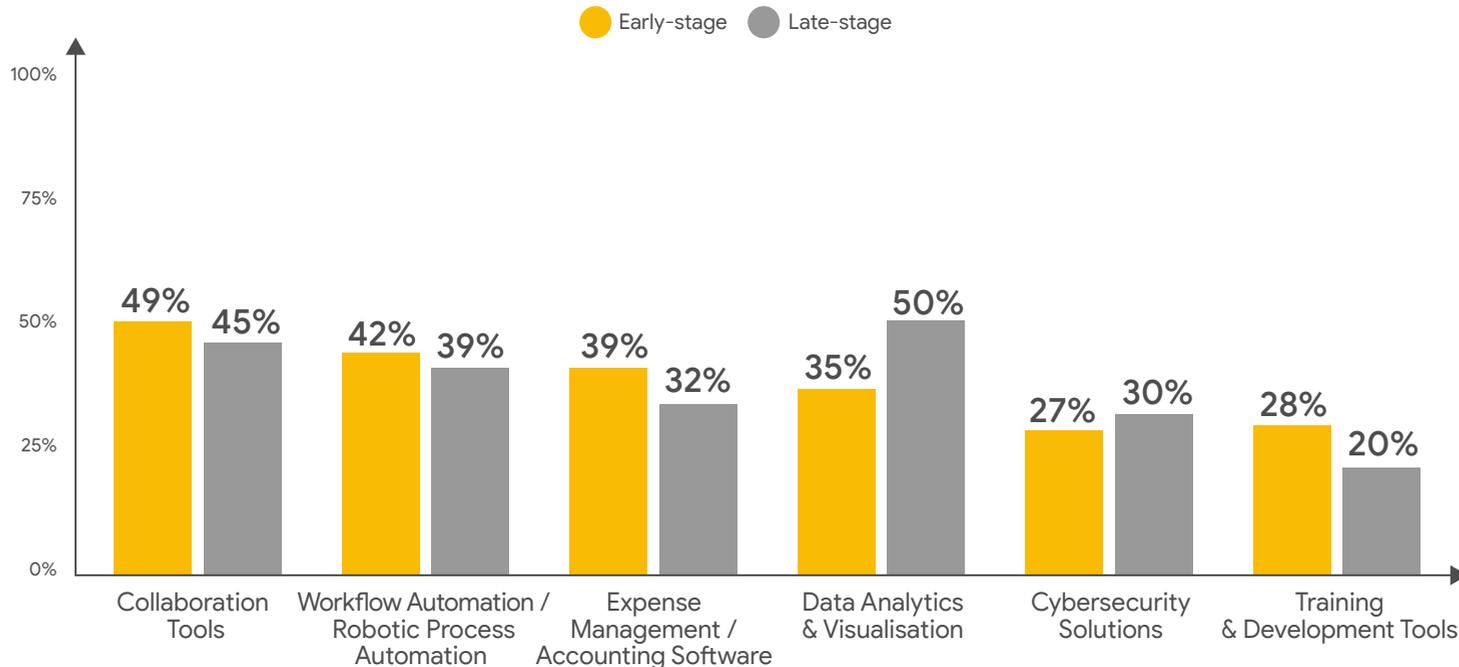
Joseph H. L. Chan, JP

Under Secretary
Financial Services and the Treasury Bureau

Source: Google-commissioned in-depth interviews amongst key opinion formers and FinTechs

Collaboration tools and workflow automation / RPA solutions are the top used technologies by FinTechs, with a notable increase in uptake of data analytics & visualisation as they mature. Despite its importance, the lower prioritisation of cybersecurity may suggest future risks are on the cards.

IMPORTANT TECHNOLOGIES FOR MANAGEMENT & OPERATIONS (%)



Question: Which of these technologies are most important with respect to your current Management & Operations efforts? (select up to 5 of the most relevant options)
 Base: n=126 Hong Kong FinTech companies (82 early-stage, 44 late-stage)
 Figures: The percentage figures represent the proportion of respondents who selected the factor as one of their top 5 relevant options

With the pandemic forcing many Hong Kong FinTechs to adopt remote working practices, collaboration tools have been crucial in facilitating remote workplace productivity. Some late-stage firms have also successfully leveraged RPA to streamline their data management processes.

COLLABORATION TOOLS

“ Collaboration tools are extremely important in allowing our employees to work together in a single environment in real time, which was especially valuable when launching our business during the onset of the COVID-19 pandemic. ”

Carol Hung

Chief Product Officer
livi bank

ROBOTIC PROCESSAUTOMATION('RPA')

“ Robotic Process Automation has shortened the time spent on collecting and sorting data, while also allowing us to fine-tune our AI technologies that require new sets of data. ”

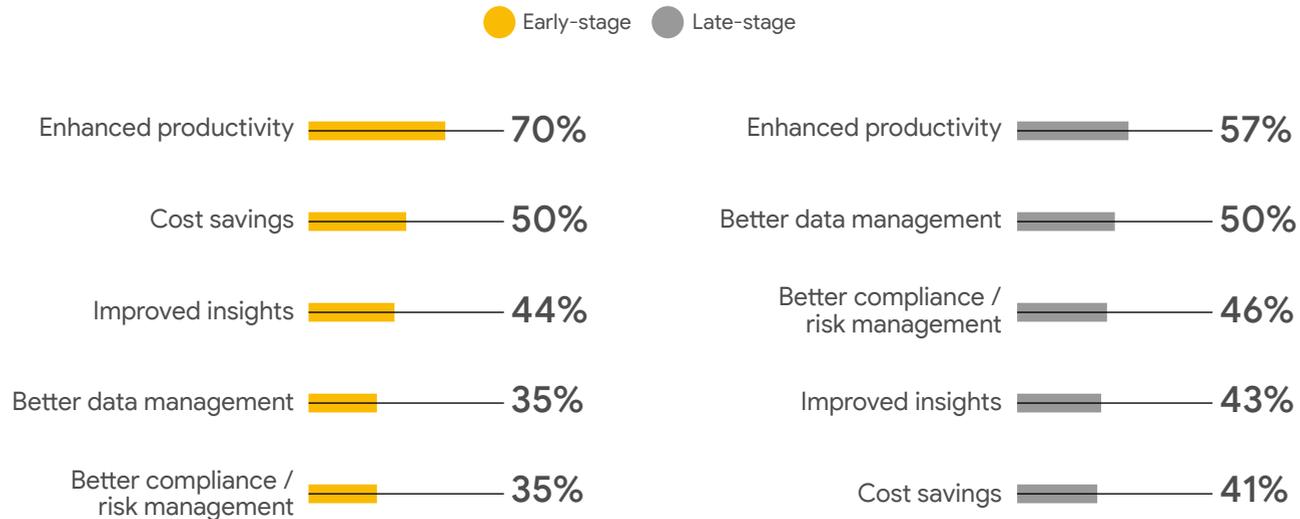
Chris Shum

Founder & Chief Financial Officer
Asiabots

Source: Google-commissioned in-depth interview amongst FinTechs

Technology has been instrumental in enhancing productivity, particularly for early-stage companies, who have also benefited from cost savings and improved insights. For late-stage FinTechs, technology adoption has focused more on better data management & compliance / risk management.

TOP BENEFITS OF TECHNOLOGICAL ADOPTION (%)

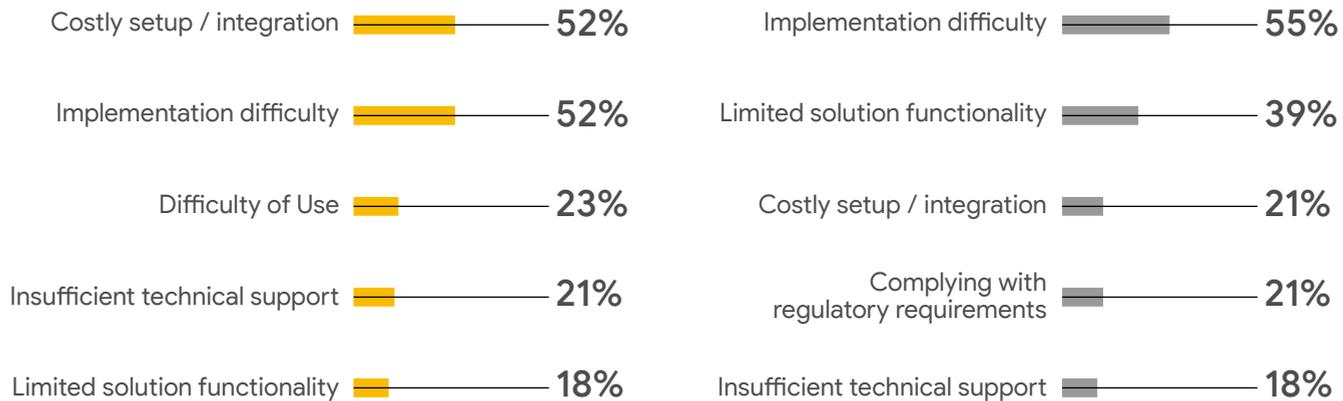


Question: Which of the following benefits have you experienced from adopting technology with respect to Management & Operations? (select up to 5 of the most relevant options)
 Base: n=126 Hong Kong FinTech companies (82 early-stage, 44 late-stage)
 Figures: The percentage figures represent the proportion of respondents who selected the factor as one of their top 5 relevant options

Implementation difficulties remain the greatest barrier for FinTechs looking to adopt technology for their management & operations, though challenges associated with costly setup / integration become less significant as FinTechs mature.

TECHNOLOGY ADOPTION HURDLES (%)

● Early-stage ● Late-stage



Question: Which of the following hurdles have your company faced when adopting technology to support your Management & Operations efforts? (select up to 5 of the most relevant options)
 Base: n=126 Hong Kong FinTech companies (82 early-stage, 44 late-stage)
 Figures: The percentage figures represent the proportion of respondents who selected the factor as one of their top 5 relevant options

Strict controls over cybersecurity remain a priority for Quantifeed, as they hired an in-house team to ensure all ongoing operations are monitored closely and run smoothly to strengthen site integrity and reduce risks.

● QUANTIFEED

Founded in 2013, Quantifeed offers digital wealth management solutions to financial institutions such as banks, insurers, and brokers in Hong Kong, Singapore, Japan, Australia, Taiwan, and India.

CHALLENGE	<p>OVER-RELIANCE ON EXTERNAL SUPPORT</p> <p>Quantifeed relied heavily on external support to ensure legal / regulatory compliance, as well as ongoing reporting, especially with respect to client engagement and fundraising</p>	<p>BURGEONING CYBERATTACKS</p> <p>Exacerbated by COVID-19 and remote working arrangements, Quantifeed has experienced an increase in the number of cyberattacks (e.g. phishing / junk emails) over the past few years</p>
IMPACT	<p>QUANTIFICATION CHALLENGES</p> <p>Marred by challenges in quantifying the contributions being made by third-parties it had hired for external engagements, Quantifeed was unsure of whether the exorbitant outlay was money well spent or not</p>	<p>EXPOSURE TO SECURITY RISKS</p> <p>With an increasing number of cyberattacks taking place in the ecosystem, Quantifeed was exposed to security risks which may potentially lead to reputational risks</p>
SOLUTION	<p>INTERNAL TEAM CREATION</p> <p>Quantifeed built an internal compliance team with significant expertise in regulatory reporting, including an experienced COO and other C-suite executives to oversee its regulatory obligations</p>	<p>STRICTER CONTROLS</p> <p>Quantifeed introduced stricter cybersecurity controls, by enabling a filter system that tracks down phishing / junk emails, and also increased the frequency of cybersecurity and IT resilience tests</p>
OUTCOME	<p>SIGNIFICANT COST REDUCTION AND IMPROVED MONITORING</p> <p>By cutting back on spending on third-party support, Quantifeed has experienced significant cost reduction, along with enhanced insight into tracking its internal team's level of output</p>	<p>ROBUST RISK MANAGEMENT</p> <p>Backed by a strong IT team and third-party support, Quantifeed is able to confidently keep cyberattacks in check, ensuring the safety of its customers while maintaining a robust reputation in the market</p>

Source: Google-commissioned in-depth interview with Quantifeed

To supercharge its recruitment and ongoing management efforts, Hex Trust invested heavily in its HR and IT efforts, offering lucrative referral incentives and putting in place an automated monitoring system, respectively.



Founded in 2018, Hex Trust is a digital asset custodian with locations across Asia, offering custody, DeFi, brokerage, and financing solutions for financial institutions, digital asset organisations, corporate, and private clients alike.

CHALLENGE	<p>RELIANCE ON EXTERNAL RECRUITERS</p> <p>Hex Trust leveraged the help of external recruiters to identify suitable candidates, shortlist them, and facilitate a seamless hiring experience for both itself as well as applicants</p>	<p>UNFORGIVING NATURE</p> <p>The digital asset space is considered to be highly unforgiving, with players frequently being forced completely out of the game after committing just one mistake</p>
IMPACT	<p>COSTLY RECRUITING</p> <p>Hex Trust's over-reliance on external recruiters, aggravated by excessive advertisements on various channels (e.g. LinkedIn), led to exorbitant recruiting costs, with little impact on addressing talent gaps</p>	<p>SECURITY AS A TOP PRIORITY</p> <p>With its reputation on the line, it is vital for Hex Trust to ensure a robust IT system in order to stay relevant in the market, let alone maintain its position as a leading digital asset custody</p>
SOLUTION	<p>REFERRAL INCENTIVES</p> <p>Hex Trust encouraged employees to refer talented individuals from their existing network (e.g. friends and former colleagues), by providing them with lucrative monetary incentives</p>	<p>AUTOMATED MONITORING SYSTEM</p> <p>Hex Trust put in place an automated monitoring system to remain cognisant of who is accessing which system, along with facilitating supervision of various other actionable events</p>
OUTCOME	<p>SIGNIFICANT COST REDUCTION</p> <p>With the costs associated with referral incentives being substantially lower than those of hiring external recruiters, Hex Trust was able to significantly reduce its recruitment costs</p>	<p>EFFECTIVE SECURITY CONTROL</p> <p>Supported by a strong emphasis on IT, Hex Trust is able to facilitate effective security control, while also ensuring agility at the same time, thanks to its robust in-house cybersecurity department</p>

Source: Google-commissioned in-depth interview with Hex Trust

To safeguard its customers, while also delivering a seamless customer experience in Hong Kong, Airwallex places a strong emphasis on establishing robust compliance policies and implementation, as well as streamlining operations, to support its fast business growth.



Established in 2015, Airwallex is a leading global FinTech providing a full suite of integration solutions for cross-border payments, collections, FX & other value-add solutions for SMEs including card issuance, online payments & expense management, as well as an API for large businesses requiring customisation.

CHALLENGE	INDUSTRY-WIDE FINANCIAL CRIME Due to the high prevalence of financial crimes in the ecosystem, the global economy suffers from tremendous economic loss, pegged at USD 800 billion to USD 2 trillion per annum ('p.a.'), amounting to 5% of the world's GDP	COMPLEX OPERATIONAL PROCESSES As a platform that empowers businesses to trade, transact, and operate without borders, Airwallex has to contend with a series of complex back-end processes, in order to successfully deliver its value proposition
IMPACT	TACKLING SKEPTICISM Being a cross-border payments firm, the onus is on Airwallex to ensure that the movement of money through its platform(s) is transparent, safe, and efficient, in order to win / maintain the trust of its customers	STYMIED GROWTH With skyrocketing customer expectations, Airwallex realised that it needed to streamline operations in order to be able to keep up with growing demand, lest it experience capacity constraints
SOLUTION	HOLISTIC COMPLIANCE FRAMEWORK To safeguard its customers, Airwallex put in place a holistic compliance framework, comprising of five key pillars, including monitoring, detection, investigation, prevention, and advisory	THE POWER OF DATA Airwallex leveraged various data analytics and visualisation tools, alongside growing its product and technology stack, such as expense management software, in order to improve the efficiency of its operational processes
OUTCOME	ROBUST REPUTATION Further supported by a robust legal and financial crime & regulatory team, Airwallex is able to provide agile and innovative solutions to its customers, while at the same time ensuring their safety and winning their trust	SEAMLESS CUSTOMER EXPERIENCE By leveraging the power of data, Airwallex is able to seamlessly carry out its back-end operations, facilitating a hassle-free cross-border payments experience to its customers on the front-end

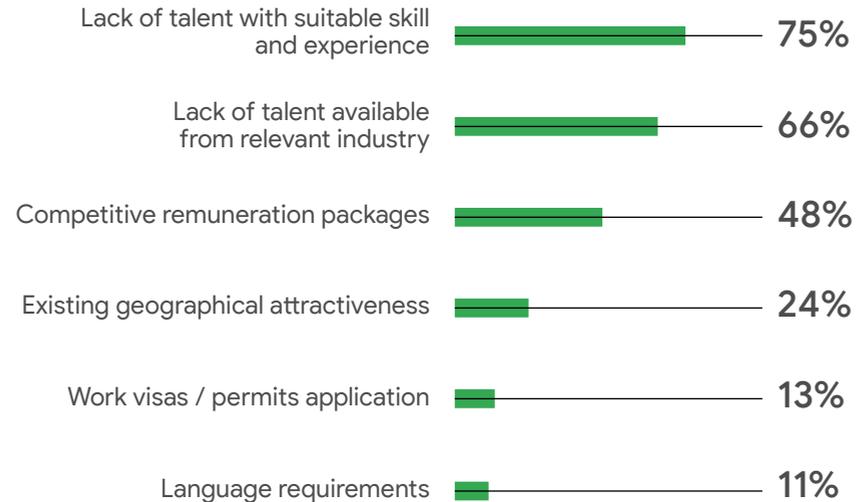
¹ SME = Small and Medium-sized Enterprise
 Source: Google-commissioned in-depth interview with Airwallex

Marred by lacklustre talent suitability, talent availability, and uncompetitive remuneration packages, the majority of Hong Kong FinTechs are facing a severe talent gap, particularly with respect to recruiting product innovation and sales & marketing professionals.

FINTECHS ARE FACING A TALENT GAP IN...



REASONS BEHIND THE TALENT GAP



Question: Q1 - How severe is the talent gap that your company is facing in.....? (extremely low to extremely high); Q2 - What are the key reasons behind your current talent gaps? (select up to 3 of the most relevant options)
 Base: Q1 - n=126 Hong Kong FinTech companies (82 early-stage, 44 late-stage); Q2 - n=126 Hong Kong FinTech companies (82 early-stage, 44 late-stage)
 Figures: percentage - the rating of severity in talent gap (1=extremely low to 5=extremely high); chart - the proportion of respondents who selected the factor as one of their most relevant options

Beyond the intense ongoing competition for talent amongst FinTechs, attracting and hiring the right talent is a whole other playing field that requires a more creative recruitment approach.

INDUSTRY-WIDE TALENT GAP

“ *The talent gap is an industry-wide issue; FinTechs are competing for talent not only with other startups, but also established financial institutions, both regionally and globally.* ”

Ross Milward

Co-Founder & Chief Technology Officer
Quantifeed

FOCUS ON THE ROI

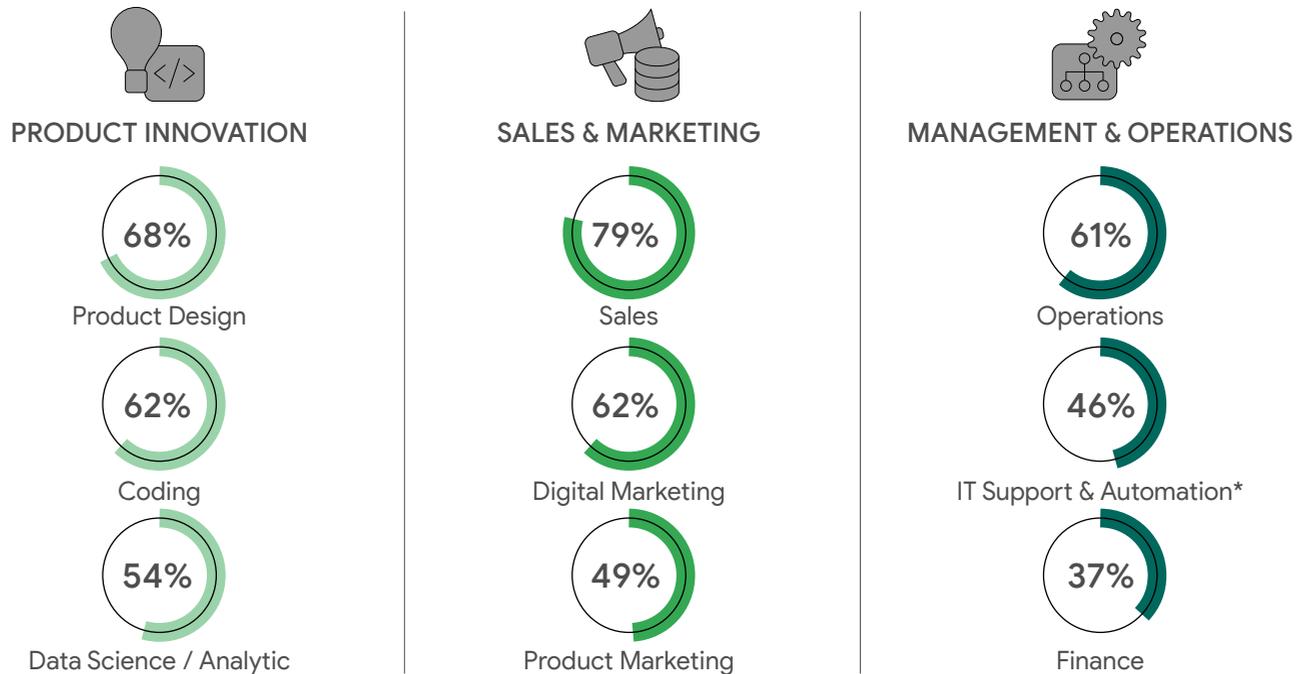
“ *Recruiting is almost like another form of marketing-it is not only about running an HR department, but it's thinking about the ROI of a campaign and branding considerations to attract people with the right DNA to your organisation.* ”

Alvin Kwock

Co-Founder
OneDegree Group

While the talent gap is most severe in product innovation, the vast majority of FinTechs are placing a higher priority on hiring talent to drive their sales in the next 1-2 years, given the importance of commercial traction in driving engagement with investors.

TOP 3 PRIORITY SKILL SETS FINTECHS ARE LOOKING TO HIRE IN THE NEXT 1-2 YEARS



*Automation in Administration

Question: What are the priority skill sets that your company will look for when hiring <core pillar> talent in the next 1-2 years? (select up to 3 of the most relevant options)

Note: A summary of priority skill sets selected by FinTechs across 3 core pillars, namely product innovation, sales & marketing, and management & operations

Base: n=126 Hong Kong FinTech companies (82 early-stage, 44 late-stage)

In an effort to address the talent gap, many late-stage FinTechs have focused more time and effort on devising their own talent strategies, curating a people proposition and developing a talent culture designed to attract individuals with the same values and the right motivations.

CREATE AN EMPLOYER BRAND

“*Building our employer brand has been a key priority. We have seen a strong network effect from our employees, who have been instrumental in referring new talent to our company who know both what they want and what to expect. As a result, we have seen a marked uptick in the success rate of hiring strong talent who are the right fit for us.*”

Jack Zhang
Founder & Chief Executive Officer
Airwallex

BUILD A POSITIVE CULTURE

“*We spend a lot of time and effort (towards) building a positive culture with the right purpose and values. We can't win unless all of us act genuinely towards the mission.*”

We're looking for talent that gets excited by challenges and never gives up without even trying. Resilience is important, because this is how we push through challenges and become stronger and stronger.”

Fred Ngan
Co-Founder
Bowtie

To complement their own efforts, many FinTechs are turning to talent networks and talent search services. Early-stage FinTechs, in particular, also remain keen to seek out wage subsidies / grants and mentorship opportunities. The fact is, it's hard for many FinTechs to address the talent gap alone.

TOP THIRD-PARTY SUPPORT

	 TALENT NETWORK*	 WAGE SUBSIDIES / GRANTS	 TALENT SEARCH SERVICES	 MENTORSHIP OPPORTUNITIES	 CORPORATE TRAINING	 EDUCATIONAL SCHOLARSHIPS	 PROFESSIONAL CERTIFICATE
EARLY-STAGE FINTECHS	65%	57%	44%	21%	18%	13%	12%
LATE-STAGE FINTECHS	77%	27%	61%	14%	20%	5%	20%

*refers to a two-sided marketplace for employees and employers to connect with each other (e.g. WHub)

Question: Which of the following forms of third-party support are most important to your company when it comes to overcoming talent gaps?

Base: n=126 Hong Kong FinTech companies (82 early-stage, 44 late-stage)

Figures: The percentage figures represent the proportion of respondents who selected the factor as one of their most relevant options

Extensive efforts are being made by regulators to expand and upskill the talent pool in Hong Kong, including via internship opportunities and mentorship programmes.

SUPPORT FROM POLICYMAKERS

“ *The challenge that all major fintech hubs around the globe face is the shortage of talent. On this front, we have been ramping up efforts to inject new blood into the financial industry. Two of our major initiatives in nurturing young fintech talent are: (1) the Fintech Career Accelerator Scheme (FCAS), providing gap-year internship opportunities to nearly 1,000 students since its launch; and (2) the Industry Project Masters Network (IPMN) scheme, offering opportunities for postgraduate students to work on real-life fintech projects with their industry mentors and gain hands-on experience and skills.* ”

Nelson Chow

Chief FinTech Officer
Hong Kong Monetary Authority

Source: Google-commissioned in-depth interviews amongst key opinion formers

In their quest to attain funding, it is clear that most FinTechs are struggling to gain access to suitable investors to pitch to. As such, many are keen to capitalise on investor networking opportunities, in particular, as a means to bridge this gap.

Top 3 Challenges for Funding



Top 3 Beneficial Funding Initiatives



*Access to financial advisors, accelerators / incubation programmes

Question: Which of the following areas does your company find most challenging when fundraising?; Which of the following would benefit your company the most when fundraising? (select up to 3 of the most relevant options)

Base: n=126 Hong Kong FinTech companies (82 early-stage, 44 late-stage)

Figures: The percentage figures represent the proportion of respondents who selected the initiative as one of their top 3 relevant options

Quasi-public agencies have supported FinTechs with their fundraising effort through various means, including acting as a channel to connect FinTechs with potential investors, building trust among the public, and generating brand visibility to attract investors.

INVESTOR NETWORKING OPPORTUNITIES

“Local organisations like Cyberport play an active role in facilitating investor discussions and networking opportunities for FinTech founders to raise funds.”

Joseph H. L. Chan, JP
Under Secretary
Financial Services and the Treasury Bureau

COMMUNITY

“In the early days, we had a very good experience participating in the Cyberport Incubation Programme, with the opportunity to learn from other FinTechs and be surrounded by fellow entrepreneurs with big dreams. It’s a great community for startups in early stages when they don’t know what they don’t know. We learn from each other and some of the members become our partners and customers.”

Fred Ngan
Co-Founder
Bowtie

BRAND VISIBILITY

“Being a member of the Cyberport community facilitated new networking opportunities, allowing us to develop many connections with financial institutions. It is suitable for FinTechs that have grown and are looking to raise visibility.”

Chris Shum
Founder & Chief Financial Officer
Asiabots

Source: Google-commissioned in-depth interviews amongst key opinion formers and FinTechs

Leveraging support from VCs is critical for Hong Kong's FinTech community, providing them with the opportunity to not only connect with a broader pool of investors, but also with potential clients and partners.

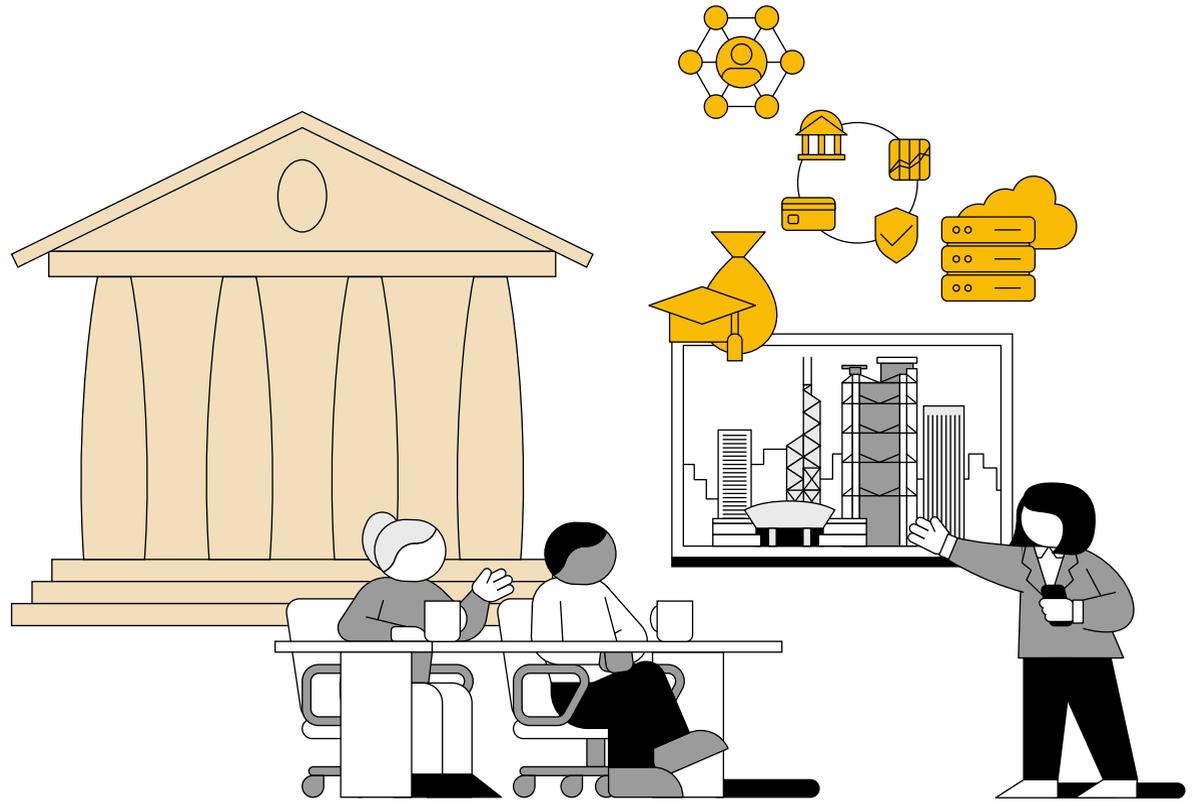
IMPORTANCE OF VCS

“ Having a strong VC to back us up is important, as they will not only challenge and support FinTechs, but also connect to potential clients and other investors. Fundraising is less about analytics, and more about leveraging networking opportunities. ”

Lawrence Chu

Co-Founder
Oriente

Source: Google-commissioned in-depth interview with Oriente

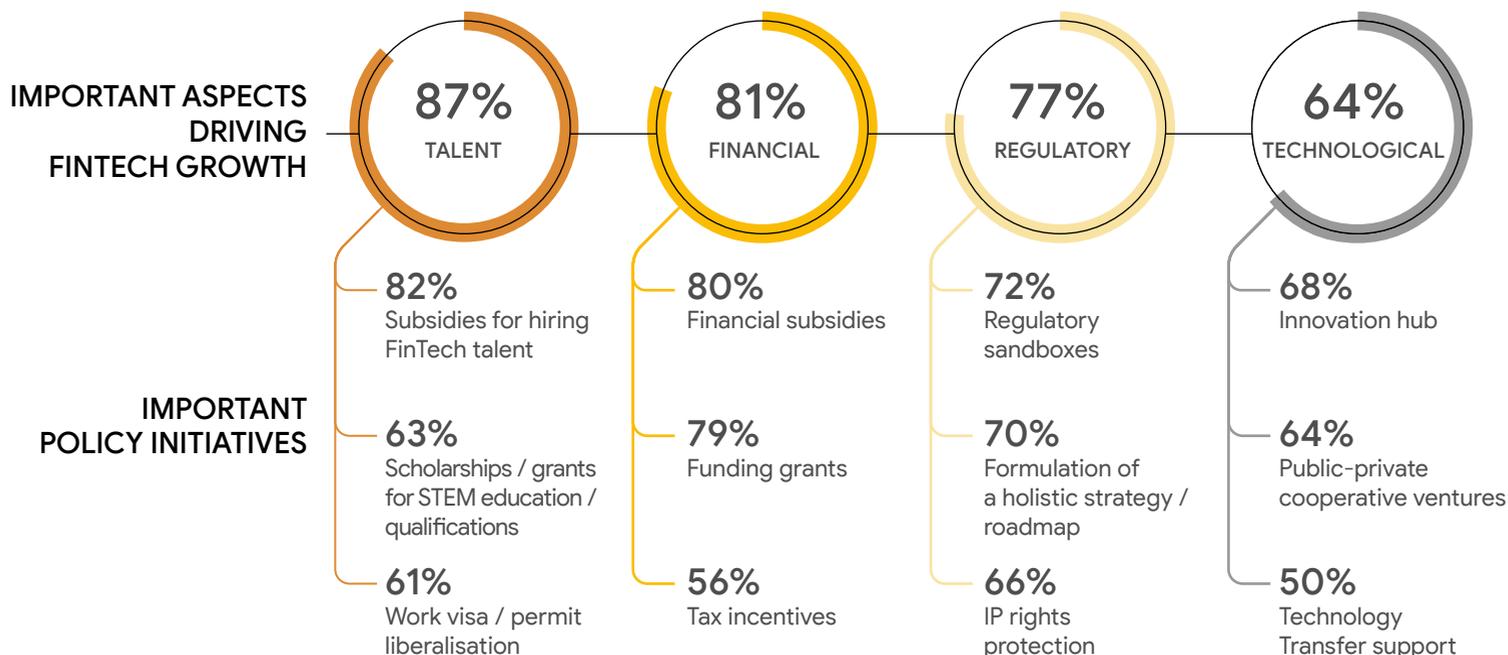


5 Policy

When it comes to FinTech policy development, talent stands out as the key priority, with many firms looking for further wage subsidies, among various other financial subsidies and funding grants. However, at present, they view Hong Kong as being relatively uncompetitive when compared to other FinTech hubs.

Addressing the talent gap remains top of mind for local FinTechs, with most viewing hiring subsidies, financial aid, and grants as particularly beneficial to the industry’s growth. Regulatory and technological support are also important, with many firms citing the need for a holistic Hong Kong FinTech roadmap.

TOP THIRD-PARTY SUPPORT



Question: How important are the following aspects in driving FinTech growth in Hong Kong? : Please rate the importance of the following policy initiatives related to Financial, Technological, Regulatory, and Talent aspects
 Base: n=126 Hong Kong FinTech companies (82 early-stage, 44 late-stage)
 Figures: The policies are ranked based on the proportion of respondents who rated each policies as 4 = high and 5 = extremely high in importance

To help narrow the FinTech talent gap in Hong Kong, the HKMA has focused on upskilling the current workforce, helping to facilitate the development of local FinTechs and incumbent financial institutions undergoing digital transformation.

SUPPORT FROM POLICYMAKERS

“*The HKMA has been adopting a dual-pronged approach to build FinTech capacity in the financial sector. Apart from upskilling existing banking practitioners to enhance their FinTech competencies, we also strive to nurture the younger FinTech talents by reaching out to university students, aiming to nurture their interest in joining the FinTech industry as their future career path.*”

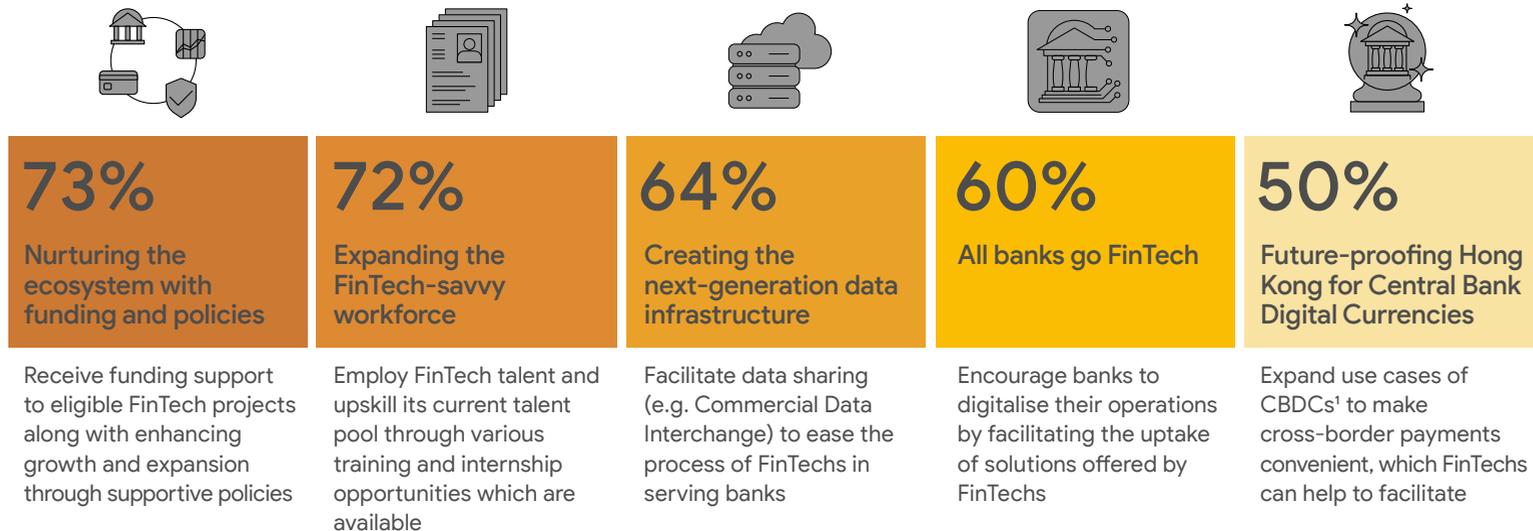
Nelson Chow

Chief FinTech Officer
Hong Kong Monetary Authority

Source: Google-commissioned in-depth interviews amongst key opinion formers

All five pillars of the HKMA’s FinTech 2025 Strategy are seen as important by the majority of Hong Kong FinTechs; however, funding and policy support, as well as expanding the FinTech-savvy workforce (i.e. talent), once again remain top priorities.

FINTECH 2025 STRATEGIC PILLAR DRIVING GROWTH



¹ CBDC = Central Bank Digital Currencies

Question: How important is each of the following HKMA’s “Fintech 2025” strategic pillars to your company’s growth?

Base: n=126 Hong Kong FinTech companies (82 early-stage, 44 late-stage)

Figures: The strategic pillars are ranked based the proportion of respondents who rated each pillar as 4 = high and 5 = extremely high in importance

To drive FinTech product innovation in Hong Kong, policymakers have put in place various initiatives to promote ongoing innovation efforts (e.g. sandboxes), as well as several measures to support the adoption of FinTech products and services (e.g. FinTech PoC Subsidy Scheme).

KEY FINTECH INITIATIVES – PRODUCT INNOVATION

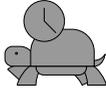
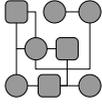
● Intellectual Property ('IP')
 ● Sandbox
 ● FinTech Adoption
 ● Financing
 ● Miscellaneous Support

Free IP Consultation Service	SFC ³ Regulatory Sandbox	SME Financing Guarantee Scheme	ITVF ⁷
IP Manager Scheme	InsurTech Sandbox	Cyberport Macro Fund	Technology Voucher Programme
Patent Application Grant	FinTech Supervisory Sandbox	HKSTP ⁴ Corporate Venture Fund	Cyberport Creative Micro Fund
FinTech PoC ¹ Subsidy Scheme	Distributed Ledger Technology ('DLT')	HKSTP Incubation Programme	Partnership Research Programme
Banking Made Easy Initiative	Commercial Data Interchange	CUPP ⁵	Cyberport Incubation Programme
Faster Payment System ('FPS')	Open Banking API	HKMA-ASTRI ⁶ Incubation Programme	HKSTP Accelerator Programme
MDSS ²	Technopreneur Partnership Programme	Enterprise Support Scheme	Cyberport Accelerator Programme

¹ PoC = Proof of Concept, ² MDSS = Overseas / Mainland Market Development Support Scheme, ³ SFC = Securities and Futures Commission, ⁴ HKSTP= Hong Kong Science and Technology Parks Corporation, ⁵ CUPP = Cyberport University Partnership Programme, ⁶ ASTRI = Hong Kong Applied Science and Technology Research Institute, ⁷ ITVF = Innovation and Technology Venture Fund
 Source: HKMA, FSTB, Cyberport, HKSTP, StartmeupHK, InvestHK

Hong Kong’s regulatory landscape poses challenges, especially for early-stage FinTechs, particularly with respect to its overall competitiveness vis-a-vis other FinTech hubs in the region and offshore who are actively seeking to build their local FinTech ecosystems.

CHALLENGES WITH HONG KONG’S CURRENT REGULATORY SET-UP

	 Lacklustre Competitiveness 60%	 Significant Costs 59%	 Complexity of Processes 58%	 Long Turnaround Time 56%	 Lack of Clarity in Requirements 49%
EARLY-STAGE FINTECHS	68%	67%	66%	61%	57%
LATE-STAGE FINTECHS	46%	43%	43%	46%	34%

Question: Please rate how challenging the below aspects of the current regulatory set-up for FinTechs are in Hong Kong

Base: n=126 Hong Kong FinTech companies (82 early-stage, 44 late-stage)

Figures: The challenges are ranked based the proportion of respondents who rated each challenge as 4 = high and 5 = extremely high in importance

In addition, local policymakers have rolled out a number of programmes designed to support FinTechs companies' sales & marketing and management & operations efforts, either directly (e.g. FAST) or indirectly (e.g. BUD Fund).

KEY FINTECH INITIATIVES – SALES & MARKETING



General Support Programme

A sponsorship programme for activities that do not fall under product innovation, such as holding exhibitions, conferences, and organising promotional activities



BUD Fund¹

A dedicated fund for non-listed companies to embark on a project to develop their brand and promote sales in the region and overseas, which must be completed within 2 years



SME Export Marketing Fund ('EMF')

A form of funding support for export promotional activities, such as trade exhibitions and digital advertisements, encouraging HK-based SMEs to expand to other markets

KEY FINTECH INITIATIVES – MANAGEMENT & OPERATIONS



Financial Practitioners FinTech Training Programme

Commissioned by the FSTB and launched by Cyberport, the programme serves to train senior executives on FinTech innovations



FinTech Career Accelerator Scheme ('FCAS')

A talent development scheme launched by the HKMA with various programmes (e.g. gap year placement, fresh graduate programme)



FinTech Anti-Epidemic Scheme for Talent ('FAST')

A job creation scheme administered by Cyberport that offers salary subsidies lasting up to a year for FinTechs to create job positions



Talent List

Visa support for international talent, including FinTech professionals that fall under the list of professions eligible for the QMAS



Technology Talent Admission Scheme ('TechTas')

A fast track arrangement for firms to admit overseas technology talent with the purpose of undertaking product innovation work



Evolving Licensing Regime

New licensing frameworks have been crafted to promote FinTech verticals, like the licensing of stored value facilities and virtual banks

¹ BUD Fund = Dedicated Fund on Branding, Upgrading and Domestic Sales
Source: HKMA, FSTB, Cyberport, HKSTP, StartmeupHK, InvestHK

Key Takeaways & Recommendations



Our Takeaways

PRODUCT INNOVATION

Establishing product market fit is of utmost importance to the success of any FinTech. However, it is far from easy to achieve for most firms.

Successful product innovation must centre around addressing specific customer pain points, which only happens when FinTechs truly listen to their customers. The use of focus groups, sandboxes, and A/B testing have proven critical in this regard.

To shorten their time-to-market and drive scalability, technologies such as APIs, AI/ML as well as data analytics and visualisation tools, are also critical, as is a mindset of rapid prototyping and “failing / pivoting fast”, given no amount of preparatory work prior to product launch can replace real customer feedback post-launch.

SALES & MARKETING

Customer acquisition, brand awareness, and sales conversion are critical for any business, and FinTechs are no exception.

In today’s online world, digital marketing is increasingly being used as the “go-to” choice for FinTechs looking to build their brand and acquire customers, particularly content marketing, search engine optimization (‘SEO’) and social media marketing (‘SMM’). In short, early- and late-stage FinTechs alike are battling it out for the lion’s share of customer screentime.

While most FinTechs focus on driving impressions and generating leads through digital marketing, effective sales & marketing is not just about “making a lot of noise”; a carefully crafted messaging strategy, coupled with sales discipline (enabled via CRM), is needed.

MANAGEMENT & OPERATIONS

With IT, HR, and legal & compliance posing significant challenges for many FinTechs, effective solutions are needed.

Given the considerable bandwidth that management & operations takes up for many FinTechs, technology helps streamline manual processes. For many successful firms, this includes the use of collaboration tools and automating workflows through the use of Robotic Process Automation (‘RPA’). The lower prioritisation of cybersecurity may suggest future risks.

Many of these technologies have been instrumental in enhancing workplace productivity, driving cost savings, and improving data management. However, implementation challenges and costs related to setup / integration continue to hamper adoption for many firms.

Our Takeaways

TALENT

Hong Kong FinTechs are experiencing a significant talent gap, especially with respect to sourcing product innovation and sales & marketing professionals. Skills such as sales and product design are in high demand.

For most firms, this is a symptom of lacklustre talent suitability, talent availability, and uncompetitive remuneration packages, with FinTechs and incumbents alike now battling it out for the same pool of limited talent.

Against this backdrop, the need for FinTechs to craft a bespoke talent strategy is more important; not just to win the battle for talent, but to also curate their own people proposition and develop a talent culture designed to attract individuals with shared values and aspirations. Support like talent networks and search services are critical to help address their human capital needs.

FUNDING

For up-and-coming FinTechs, especially nascent ones, gaining access to funding is akin to being handed a lifeline.

While it can be challenging for some FinTechs to prepare a fit-for-purpose fundraising strategy and negotiate with prospective investors, many firms simply struggle to get in front of suitable investors.

While FinTechs find third-party professional support services and public funding schemes beneficial, it is evident that most FinTechs are keen on addressing their funding needs through investor networking opportunities, such as those being provided by quasi-public organisations like Cyberport. Such a coordinated effort in investor networking helps create more opportunities for FinTechs to connect with investors, hence surface opportunities to pitch, secure interest, and funding to help bridge the funding gap.

POLICY

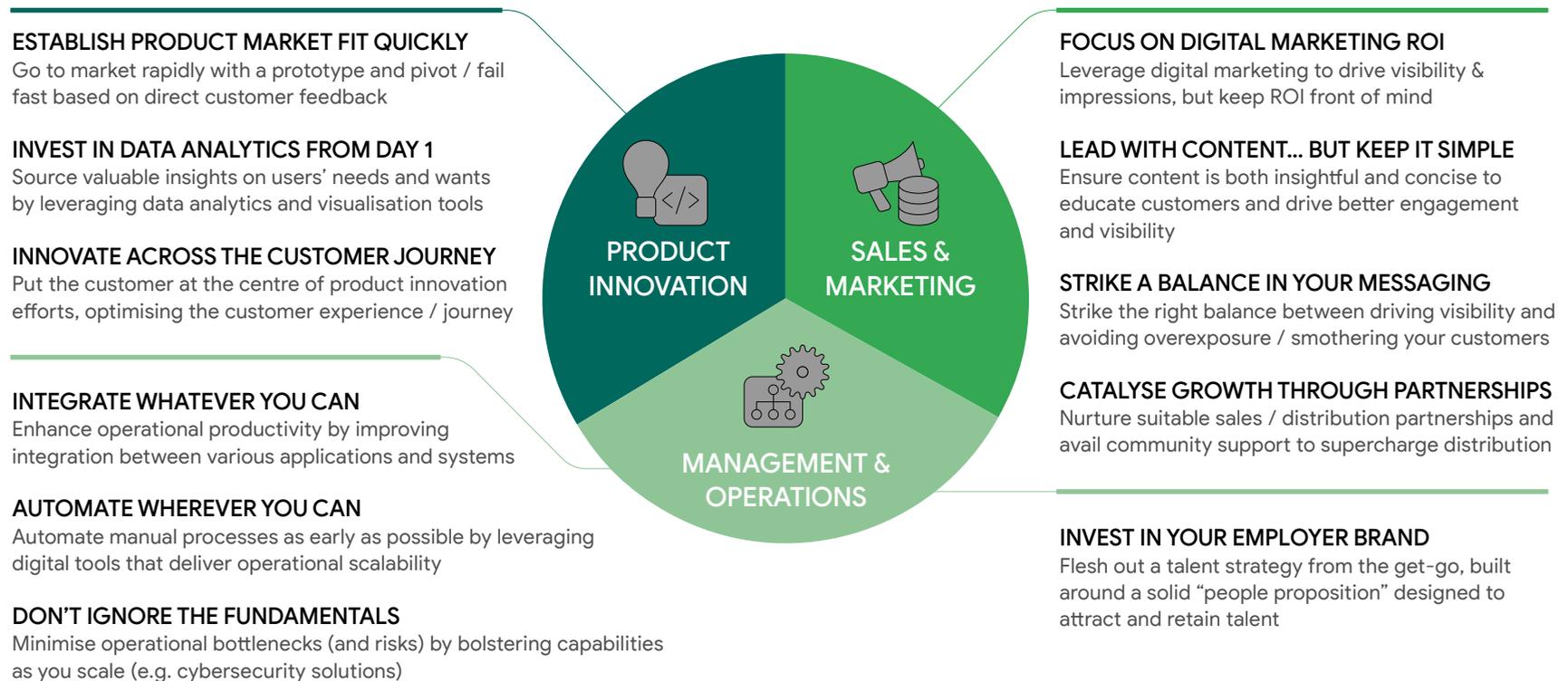
When it comes to policy, talent and financial support remain key priorities for many local FinTech companies. FinTechs are looking for further hiring subsidies, various financial subsidies and funding grants.

As such, it comes as no surprise that “nurturing the ecosystem with funding and policies” as well as “expanding the FinTech-savvy workforce” are viewed as the most important pillars of the HKMA’s FinTech 2025 Strategy.

While there are various policies in place supporting local FinTechs, the current regulatory set-up is viewed as complex, time-consuming, and costly. Many of the FinTechs share their concern over Hong Kong’s international competitiveness as a FinTech hub, making it imperative for further policy reforms to be introduced in the coming years.

There are a number of key considerations FinTechs should bear in mind along their growth journey, including establishing rapid product market fit, developing highly targeted digital marketing strategies, and leveraging digital tools to support their core management & operations.

RECOMMENDATIONS FOR FINTECHS



Building on the success of existing policy measures in recent years, ongoing support from policymakers across talent, financial, and technological pillars, can help to further nurture the FinTech ecosystem in Hong Kong.

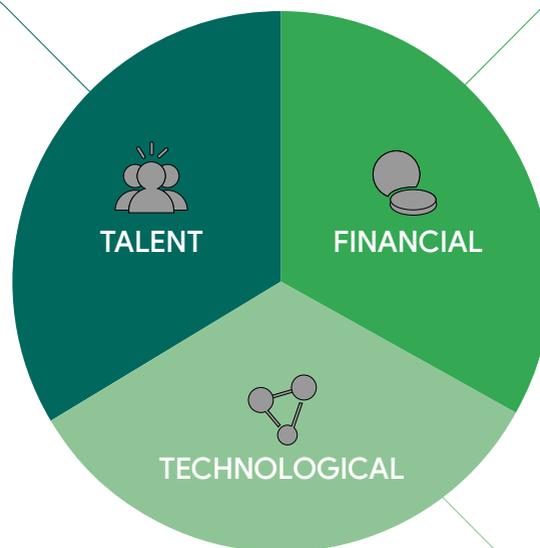
RECOMMENDATIONS FOR POLICYMAKERS

FINTECH JOB PORTAL

Create a FinTech job portal to better explain talent requirements and connect FinTechs with prospective and experienced candidates

EMBEDDED WORK PLACEMENTS

Extend work placement programmes, such as the Fintech Career Accelerator Scheme, to include non-bank FinTechs; co-op FinTech education can also be encouraged



CENTRALISED PRIVATE INVESTMENT MARKET

Create a centralised platform for FinTechs and private market investors to discover and engage with each other

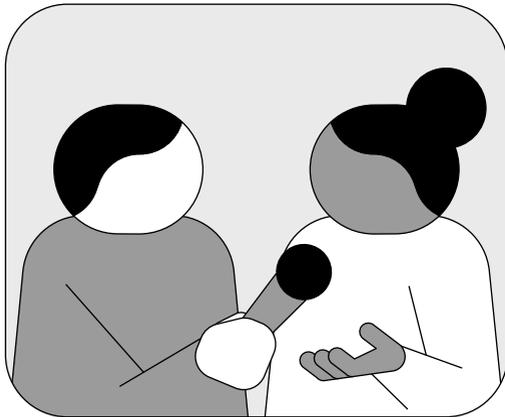
VENDOR DATABASE

Create a centralised database of pre-approved FinTechs to streamline vendor onboarding and even the playing field

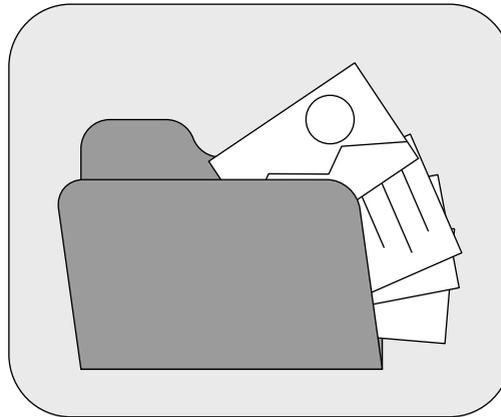
TECHNOLOGY TRANSFER

Establish more “FinTech Bridges” and enter technology transfer agreements with a wider set of markets

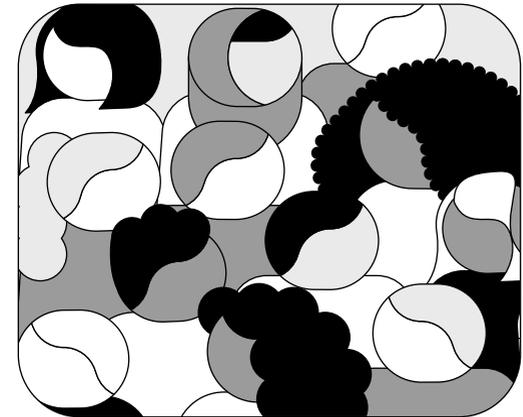
Case Studies & References



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Case Studies



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Appendix



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Acknowledgements



Established in 2015, Airwallex is a leading global FinTech providing a full suite of integration solutions for cross-border payments, collections, FX & other value-add solutions for SMEs including card issuance, online payments & expense management, as well as an API for large businesses requiring customisation.

BUILD A BETTER SOLUTION TO ADDRESS BUSINESSES' PAIN POINTS

Moving money across borders is a complex process, fraught with a multitude of pain points for businesses. Airwallex's co-founders, Jack Zhang and Max Li, experienced this issue firsthand when running their own cafe in Australia.

In particular, the high FX fees and banking costs associated with making cross-border payments squeezed their profit margins, making it difficult for SMEs to remain viable and continue to serve their customers in the long run.

Inspired by its founders' experience, Airwallex built its own proprietary infrastructure from the ground-up, creating a one-stop-shop for customers.

This differentiated proposition not only reduces the cost burden for its customers, but allows Airwallex to offer various product lines and respond with alacrity to any pain points.

HOLISTIC MARKETING STRATEGY TO SCALE-UP CUSTOMER ACQUISITION

Given that FinTech was still at a nascent stage of development a few years ago, the general understanding of the sector was poor.

As such, it took a considerable amount of time for businesses to understand what FinTech even meant and the core proposition of Airwallex.

In order to facilitate customer acquisition, Airwallex engaged in various marketing campaigns. For example, Airwallex launched short / bite-sized video content that highlighted the pain points facing SMEs in Hong Kong and how Airwallex can address them. Airwallex also rolled out out-of-home ('OOH') advertisements (e.g. billboards) and forged strategic partnerships with established brands (e.g. Google).

On the back of these outreach efforts, Airwallex has been able to acquire customers at a high velocity and build a significant presence in Hong Kong.

ESTABLISH A ROBUST COMPLIANCE PROTOCOL TO SAFEGUARD TRUST

Every year, the global economy loses an estimated USD 800 billion–USD 2 trillion to financial crime, equivalent to 5% of global GDP. The cross-border payments industry, which Airwallex is native to, is susceptible to cases of fraud.

Against this backdrop, Airwallex needed to build considerable trust from scratch. However, establishing a solid compliance team and protocols carries significant cost and time.

Adopting a streamlined approach, Airwallex created five key areas of responsibility: monitoring, detection, investigation, prevention, and advisory, to optimise efficiency. Airwallex also established a risk and financial security program which all employees must undergo each year to ensure an appropriate level of awareness and knowledge.

Through its robust security and compliance measures, Airwallex is upholding customer confidence to the highest standard.



Headquartered in Hong Kong, Asiabots offers Natural Language processing ('NLP'), Natural human-like voice text-to-speech ('TTS'), chatbot on mobile / phone calls, and voice technology for financial institutions.

DELIVER SCALABILITY VIA THE CLOUD

Asiabots' solutions have attracted various clients from overseas, requiring the company to establish local teams for deployment.

However, this constrained Asiabots' capacity to meet the needs of offshore clients, especially given that multiple iterations were often required before arriving at a final solution, impeding growth.

To remove the need for an on-ground team, Asiabots began to deploy its solutions via cloud.

By leveraging cloud solutions, Asiabots maintains a high quality of service while being able to expand its capacity and redirect its focus towards improving upon its AI solutions.

GAIN CLIENT ACCESS VIA EXTERNAL SUPPORT

One of Asiabots' target industries is financial institutions, with the aim of turning them into long-term clients. However, it has faced high barriers to entry, further exacerbated by a lack of brand recognition.

This made it very difficult for Asiabots to establish a robust market presence in the space.

Becoming a member of the Cyberport and HKSTP community has helped Asiabots develop trust and open doors to financial institutions. Asiabots has also created a commission structure for sales partners to drive introductions.

On the back of this external support, Asiabots has been able to develop a robust client base with many of the world's leading financial institutions.

OUTSOURCE COMPLEX FUNCTIONS

Most financial institutions have extensive vendor onboarding processes, with significant due diligence requirements for potential technology providers.

This onboarding process is complex, costly, and lengthy (5-6 months). For instance, the due diligence exercise involves many questions that may not be applicable and consist of a wide range of criteria that need to be satisfied by Asiabots.

To handle such legal and compliance aspects efficiently, Asiabots has leveraged external advisors.

Outsourcing has helped streamline the onboarding process, while also freeing up internal teams to focus on more value-add tasks.

RECEIVE GUIDANCE ON FUNDING FROM ADVISORS

Fundraising is an art, involving various goals and a need to onboard the right investors at each funding stage. However, Asiabots has faced difficulties in accessing venture capital ('VC') firms, corporate investors, and high net worth individuals ('HNWIs').

This constrained its capacity to rapidly expand internationally, given the significant resources required to tap into new markets.

To tackle this, Asiabots sought advisors and mentors with extensive experience in fundraising. For example, Asiabots learned that targeting the right investors trumps reaching out to all possible investors.

Securing the right kind of investors has helped to accelerate the growth of Asiabots, allowing it to promptly capture expansion opportunities both locally and offshore.



Founded in 2018, Bowtie provides a fully digital insurance experience, offering a wide range of medical insurance plans to individuals, families, and businesses, providing HKD 40 billion in coverage thus far.

REINVENT THE CUSTOMER JOURNEY THROUGH UX¹ & ANALYTICS

Given the novel nature of digital insurance, customer uptake has been relatively slow, given a trust deficit.

In fact, many customers have relied heavily on agents to obtain insurance products and recommendations under a high touch model.

To tackle longstanding perceptions and ultimately encourage people to embrace digital insurance, Bowtie has focused on reinventing the customer journey by providing full transparency on product information, as well as enabling customers to apply and claim anywhere, anytime on their smartphones.

This was made possible by having a deep understanding of customer behaviour and utilising data analytics to better understand and resolve - customer pain points. This improved marketing effectiveness and reduced cost of customer acquisition, creating a positive feedback loop.

BUILD A BRAND CENTRED AROUND YOUR CORE STRATEGIC FOCUS

Emerging as the first approved virtual insurer, unlike traditional insurers, Bowtie did not have agency, broker and bancassurance channels to distribute products. This posed a daunting roadblock in Bowtie's quest to gain the public's trust, especially with its novel proposition.

Initial reluctance in purchase behaviour and the need to educate the public led to a slow digital adoption in the market.

To address this, Bowtie established health as its core strategic focus, building an ecosystem around its medical insurance products. It opened a new clinic, launched its first hospital co-branded product, and leveraged its Series B investor Mitsui's private healthcare services network.

This helped Bowtie differentiate its service proposition from competing insurers' and gain solid brand recognition to attract and convert the public into paying customers at a low CAC.

ATTRACT THE RIGHT TALENT BY BUILDING THE COMPANY CULTURE

Bowtie faced a talent gap, particularly in areas such as engineering and other technology-related functions.

In attracting the right talent, Bowtie pays high attention to their values and right motivations to join. This is important for purpose-driven companies like Bowtie that dream of big changes and making a social impact.

Consequently, Bowtie built a culture that encourages talent to act genuinely towards the mission and promotes growth and a resilient mindset to stay positive through challenges.

This has led to not only a greater quantity of applicants, but very strong quality candidates coming through the door. Today, Bowtie receives a much larger number of inbound applications and referrals, a majority of whom are well aware of the company's vision and longer-term mission.

¹UX = User Experience



Founded in 2018, Hex Trust is a digital asset custodian with locations across Asia, offering custody, DeFi, brokerage, and financing solutions for financial institutions, digital asset organisations, corporate, and private clients alike.

CHANGE OR PIVOT BASED ON USER FEEDBACK

In an effort to establish a unique proposition in the market, Hex Trust spends significant time and effort in ensuring the efficacy of its products / services before launching them.

However, conducting market research can be challenging, as Hex Trust found it extremely difficult to acquire relevant market insights, especially who the custodians are.

To shorten its time-to-market, Hex Trust revamped its strategy, building its products with a view that they can be changed down the line, based on direct user feedback.

In addition, Hex Trust also established a deterministic and systematic plan on what core functionalities could be improved over a period of few years.

ESTABLISH A ROBUST PARTNERSHIP STRATEGY

Many of Hex Trust's early channel partners lacked a natural entry point into their target customers and also lacked true service differentiation.

As a result, while they looked good on paper, most of Hex Trust's channel partnerships failed to deliver commercial traction for the firm.

In response, rather than relying on channel partners with a notable brand presence, but commoditised propositions, Hex Trust began approaching early-stage firms that were developing proprietary blockchain protocols and infrastructure for their target clients.

By supporting these up-and-coming firms right from the start, Hex Trust could ride on the momentum of existing projects, slotting in as a natural partner custodian of choice.

AUTOMATE MONITORING TO IMPROVE SECURITY

With the digital asset space being highly unforgiving, players are frequently forced out of the game after committing just one mistake.

With its reputation on the line, it was vital for Hex Trust to develop a robust IT system in order to maintain its position as a pioneer in the digital assets custody arena.

In order to enhance its risk management processes, Hex Trust utilised an automated monitoring system to gain complete control of who is accessing which system.

Further supported by a capable in-house cybersecurity department, Hex Trust is able to facilitate effective security controls, while also ensuring agility at the same time, helping it preserve the industry's trust in its offerings.

PRIORITISE TALENT TO AVOID BOTTLENECKS

Hong Kong FinTechs are experiencing a significant talent gap, especially in terms of engineers, and Hex Trust is no exception.

While the firm poured significant investments towards hiring external recruiters, the talent gap remained a significant issue for the company. This was further aggravated by exorbitant salary hikes in the market.

To address this talent gap, Hex Trust encouraged employees to refer talented individuals from their existing network by providing them with lucrative financial incentives.

By incentivising referrals, Hex Trust not only enjoyed a substantial improvement in both the quality and quantity of applicants, but it was able to rationalise its recruitment costs.



Founded in 2019 under a joint venture ('JV'), livi bank is one of the eight virtual banks in Hong Kong. As of Dec 2021, total customers have reached a whopping 200,000, doubling the figure six months before.

EARLY CONVERGENCE FOR SPEED TO MARKET

It is crucial to establish internal alignment on strategic business priorities and the subsequent development of innovative offerings from the outset.

As such, understanding customers' needs and developing an agile business model is pivotal.

Through idea validation, internal teams can quickly obtain critical feedback from customers to create a more tailored offering, which is how livi created its hero product-livi PayLater.

By adhering to a customer-centric approach in its product innovation efforts, livi has successfully achieved internal convergence and a quicker time-to-market to speedily capture opportunities, thereby introducing innovative offerings with significant uptake.

BUILD A STABLE OF INFLUENCERS

The introduction of a new brand with a differentiated proposition is a prerequisite to customer acquisition and a notable challenge in itself.

To maximise the marketing ROI, it is important to have precise, relevant, and targeted communications for its financial offerings, whether it is for savings, payment, or lending products.

livi has leveraged different types of influencers targeting various customer segments. For instance, it has turned to finfluencers to make it relevant to customers, while using lifestyle KOLs to promote simpler offerings, like its PayLater solution.

By building a stable of influencers, livi has been successful in attracting a sizeable and active customer base.

FORM A ROBUST IN-HOUSE RISK MANAGEMENT TEAM

Due to a misperception held by many that things are more vulnerable in the virtual world, livi has made cybersecurity a key priority in order to provide a safe and reliable banking experience.

To safeguard its customers, developing cybersecurity resilience is of paramount importance. This is especially true for newly-formed virtual banks like livi, where winning over customer trust is crucial.

Since its launch, livi has built a top notch in-house risk management team possessing strong technical expertise, while also leveraging various cybersecurity solutions.

livi's robust approach to risk management has seen it steer clear of any cybersecurity breach thus far.

HIRE A DIVERSE WORKFORCE

Recruiting and retaining talent is becoming increasingly competitive in Hong Kong, with demand clearly outstripping supply.

Boasting a tech-savvy workforce, livi is seldom short of innovative ideas. However, it understood the need to translate these ideas into tangible commercial outcomes.

To this end, livi has amassed a mix of banking, commercial, and technology professionals, nurturing a workforce that combined technical know-how with business acumen.

With the help of such a diverse workforce, livi has delivered strong customer growth and launched innovative product offerings which are disrupting the industry.



Established in 2016, OneDegree is a leading HK virtual insurer with the largest number of paid customers, offering multi-line digital insurance products across Asia and Europe, including pet and medical insurance for individuals, and digital asset insurance and SaaS solutions for businesses, with a global team of 200 employees.

ENABLE “FAIL FAST AND PIVOT” THROUGH AUTOMATION

Innovating new products and enhancing existing ones involves not just a monetary cost, but time, effort, and other resources too.

Despite this, some of OneDegree’s products failed to show strong market fit when they were launched, driving up CAC, on top of the sizeable upfront investments made during its product innovation efforts.

To tackle this issue, OneDegree adopted workflow automation / RPA to streamline the testing and product development phase, allowing it to capture market opportunities in a timely manner. The company follows the philosophy of “fail / pivot fast,” conducting rapid product iterations based on direct user feedback.

By moving fast and actively listening to its customers, OneDegree has been able to introduce products with significant market uptake and sound unit economics.

DRIVE SALES CONVERSION VIA TAILORED MARKETING

With consumer preferences rapidly evolving in a market of fragmented KOLs, OneDegree has engaged multiple KOLs and influencers with an overlapping follower base.

Reaching out to the same set of followers who have viewed multiple campaigns from OneDegree led to concerns around potential over-exposure, leading to lower sales conversion and an unsustainable CAC.

To overcome this problem, OneDegree conducted extensive research on various KOLs, closely tracking its footprint to avoid duplication, ensuring that outreach campaigns were not only reaching the desired target audience, but at the right frequency as well.

By tailoring campaigns to the KOL with the intended audience (e.g. pet insurance by a petfluencer), sales conversion not only increased, but did so at a significantly reduced CAC for the company.

ADOPT GAMIFICATION TO ATTRACT YOUNG TALENT

Against the backdrop of COVID-19, Hong Kong is facing a major talent gap, with a lack of fresh graduates possessing a suitable mix of both business and technology acumen.

Recruitment became a considerable bottleneck for OneDegree, which they have responded to by adopting various unconventional measures, such as hiring part-time and freelance employees.

To better attract top notch young talent, OneDegree focused on revamping its candidate assessment methods to appeal to younger employees. By partnering with third-parties, it adopted gamification as a way to engage with (and gauge) these candidates.

This measure has proved to be a worthy one, driving not only the volume of applications (>400 for a single role), but providing OneDegree with valuable alternative datasets, helping the company deliver more informed recruitment decisions.



Founded in 2017, Oriente is a leading FinTech company that aims to facilitate financial and digital inclusion via a variety of solutions such as consumer finance and digital lending.

GREATER PERSONALISATION WITH OFFSHORE TEAMS

With a global presence, complex offering, and heterogenous target market, leveraging a one-size-fits-all approach is not feasible for Oriente.

For example, clients in emerging Asia seek simple financial solutions (e.g. digital lending platform, point-of-sale system), which may differ from the demands of clients in more developed markets.

To tailor its product proposition in each of its target markets, Oriente deployed offshore technical specialist teams to empower its on-ground organisations to better cater to local customer preferences.

By being able to directly gauge its diverse clients' needs, wants, and pain points through an on-ground presence, Oriente is able to offer more personalised solutions which are highly demanded by clients (e.g. a digital lending platform specific to Indonesia, serving a vast underserved borrower segment).

PRIORITISE SELECT KPIs FOR HIGHER CONVERSION

Oriente has business development, marketing, and sales teams located in different markets (e.g. Taiwan, Philippines, and Hong Kong), which can result in marketing strategies that do not align well with the broader company vision, especially due to a lack of convergence.

As such, marketing campaigns tended to be hit or miss at converting target audiences into paying customers. Moreover, the effectiveness of each outreach campaign was not assessed thoroughly.

To create more effective marketing campaigns, Oriente integrated a system that allowed it to create and track customer KPIs. Furthermore, it prioritised securing app downloads in its earlier stages and driving higher CLV in later stages.

This has enabled Oriente to curate better campaigns with higher sales conversion.

SOURCE THE BEST TALENT FROM ALL AROUND THE WORLD

With traditional financial institutions and FinTechs engaged in an all-out war for talent, sourcing the best employees can be extremely challenging. This has been further aggravated by the onset of COVID-19, which has catalysed a remote working culture.

Due to a shortage of suitable candidates, Oriente struggled to acquire the right talent.

To address this, Oriente embraced remote working solutions from the start. For instance, it built an Indonesia-based risk team, a Shanghai-based data team, and a Taiwan-based development team, alongside recruiting engineers from all over the world.

By sourcing talent from around the globe, Oriente is able to effectively alleviate its talent shortage, as well as facilitate the creation of a highly diverse but cohesive workplace.



Founded in 2011, Privé Technologies is an HK-based Software as a Service ('SaaS') provider, offering end-to-end WealthTech solutions to more than 60 financial institutions in 8 different countries.

OPTIMISE FUNCTIONS TO INCREASE UPTAKE

With various complex nuances in the WealthTech space, such as investor profiling and facilitating complex structured products, WealthTech solutions need to be able to support sophisticated functionalities.

However, despite offering a wide range of functionalities, Privé found that many were being underutilised by its clients.

To optimise each of its functionalities and deliver a more well-rounded (and integrated) WealthTech solution, Privé utilised data analytics tools to track drop-off rates and better comprehend usage. This also allowed Privé to tailor its solutions to clients' target markets and intended product offerings.

This measure has enabled Privé to enhance customer stickiness, with clients now leveraging its broader suite of WealthTech solutions.

DEVELOP BRAND AWARENESS THROUGH ACTIVE REACH-OUTS

Brand awareness is a significant challenge facing many B2B companies, including Privé. Despite having a solid client base, made up of primarily blue-chip companies, Privé's inability to disclose client names presented significant hurdles in promoting its brand.

While many established institutions have their own marketing department and distribution teams, Privé did not enjoy the same luxury.

To overcome this problem, Privé has actively engaged in various initiatives, especially lead generation and active prospecting of European companies that have exhibited a strong interest in wealth solutions.

Through active, content-led outreach, Privé has opened its doors to many new clients, including those operating offshore, with its cloud-first SaaS solution.

PRIORITISE TALENT TO AVOID BOTTLENECKS

Operating in multiple regions caused Privé's talent needs to fragment, leading to sizeable recruitment headaches, especially with respect to hiring for technology-related roles.

Much like other FinTechs, Privé struggled to source talent due to the lack of availability in Hong Kong. Not having an HR team or related digital tools further exacerbated this pain point.

To better attract and retain the best talent, Privé has built its HR department from the ground-up by hiring specialised recruiters for technology-related roles, introducing an applicant tracking system, and creating an alumni network to build its future talent pipeline.

Through these initiatives, recruitment has become a much more seamless process, with Privé now using a strong mix of technologies, platforms, and people to address its HR needs.



Founded in 2013, Quantifeed offers digital wealth management solutions to financial institutions such as banks, insurers, and brokers in Hong Kong, Singapore, Japan, Australia, Taiwan, and India.

SPEED UP PRODUCT INNOVATION THROUGH AUTOMATION

Given the rapidly evolving nature of the digital wealth management industry, establishing product market fit is of utmost importance.

The process, however, can be extremely challenging, especially when the customer is an established financial institution. As such, significant time and effort is invested in ensuring that the product / service offering is well-aligned with customer demands.

In order to enhance scalability and quality control, Quantifeed leverages various technologies to automate its workflow, such as APIs and data analytics and visualisation tools.

By doing so, Quantifeed has been able to effectively verify if there is a sufficient demand for its products / services and accelerate its time-to-market.

DEVELOP A DIGITAL-FIRST APPROACH TO MARKETING

Supported by a strong team with deep roots in Asia, Quantifeed found establishing the beginning of the sales pipeline (e.g. prospecting) to be relatively straightforward. However, completing the customer acquisition process can be long and challenging.

A large part of this problem reflected the time involved to educate customers about its cutting-edge WealthTech solution.

To generate a robust sales pipeline, Quantifeed adopted a digital-first approach designed to create a strong brand image. For instance, including a revamp of its website to highlight its emphasis on digital transformation.

While repositioning a company's brand image can be time-consuming, Quantifeed has already achieved tremendous success in its journey, establishing itself as a leading player in the digital wealth management space in Asia.

STRENGTHEN SECURITY CONTROLS TO MITIGATE CYBER ATTACKS

Marred by COVID-19 and remote working arrangements, Quantifeed has experienced an increasing number of cyberattacks.

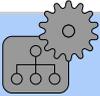
In particular, there has been a sharp increase in number of phishing emails, leading to heightened security risks and possibly, reputational risks.

To mitigate this risk, Quantifeed has implemented strict cybersecurity controls. For example, it introduced a filtering system to screen out suspicious emails and has also increased the frequency of security tests.

By imposing stricter security controls, Quantifeed has been able to keep cyberattacks in check, thereby ensuring the safety of its customer data and reinforcing trust in its brand with financial institutions.

Appendix

Used Technologies Surveyed by Alphabetical Order

	 PRODUCT INNOVATION	 SALES & MARKETING	 MANAGEMENT & OPERATIONS
Selected Options	<ul style="list-style-type: none">● AI / ML● Application Programming Interface ('API')● Application development (e.g. firebase / CI / CD)● Blockchain● Cloud (e.g. data lake / warehouse)● Collaboration tools (e.g. video conference, shared workspace)● Data analytics and visualisation● Natural Language Processing ('NLP')● Workflow automation / RPA	<ul style="list-style-type: none">● AI / ML● Cloud (e.g. data lake / warehouse)● Content Management System ('CMS')● Customer Relationship Management ('CRM') Software● Data analytics and visualisation● Digital Marketing● Marketing Automation Platform ('MAP')	<ul style="list-style-type: none">● AI / ML● Cloud (e.g. data lake / warehouse)● Collaboration tools (e.g. video conference, shared workspace)● Cybersecurity solutions (e.g. firewall, anti-virus software)● Data analytics and visualisation● Document review and e-discovery tools● Expense management / accounting software● Payroll management system● Training and development tools● Workflow automation / RPA
Other Mentions	<ul style="list-style-type: none">● Open banking● Security / cryptography	<ul style="list-style-type: none">● Communication technology (e.g. video-conferencing)	<ul style="list-style-type: none">● KYC automation

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