FINTECH MARKET INSIGHTS

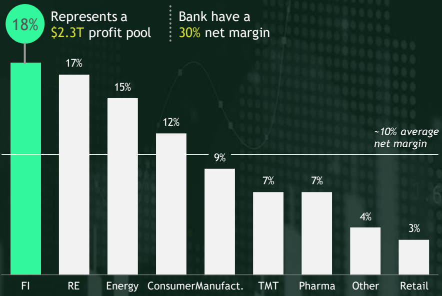
BCG

BEAMS FINTECH FUND

GLOBAL

Financial services | One of the most profitable sectors

Net margin (%) by industry, global

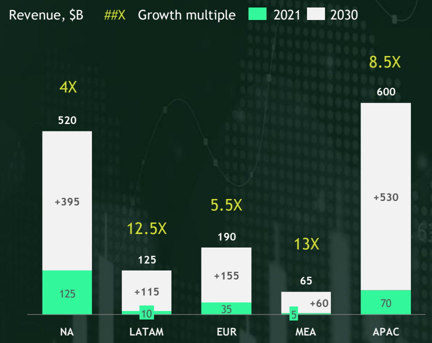


Note: Others include construction, education, hospitality, air transport
Source: NYU Damodaran, Federal Reserve Bank of St. Louis, BCG analysis

GLOBAL

Global fintech revenues

APAC will be largest fintech market by 2030



Source: Fintech Control Tower, Crunchbase, Capital IQ, BCG analysis

GLOBAL

Fintechs outpacing banks on CX

Low NPS scores for incumbent FIs

NPS score aggregates, major U.S. financial institution

U.S. Banking Average

23

U.S. Fintech Average

83

NPS scores, major Fintechs with U.S. operations

Score	Company
90	SoFi
84	OneDeck
83	Affirm
79	LeadingClub
77	Funding Circle

Source: Forrester - The US Net Promoter Rankings, 2022/Customer Gauge Benchmark in Financial Service 2022

Banks doing the fintech way

Large banks globally boost tech investments

IT spend in 2022 (as % of operating costs)

Fintech/tech

19% Google

14% Paypal

21% SoFi

12% JP Morgan

17% Citi

10% Bank of America

06% Goldman Sachs

07% Capital One

13% BNY Mellon

12% Royal Bank of Canada

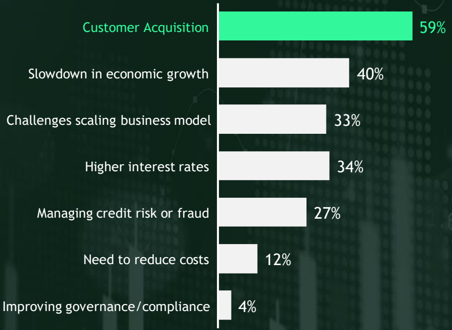
13% Soiete Generale

11% Average large bank IT spend as % of Opex

Source: 2022 company annual reports

GLOBAL

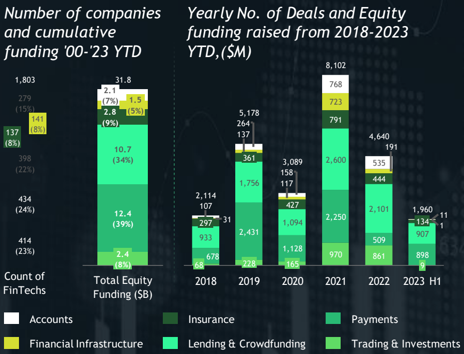
Top challenges for fintech CEOs in next 1yr
(selected by % of CEOs globally)



Source: BCG/QED Future of Fintech survey (N=55), conducted across fintech CEOs & C-suite leaders in February 2023, BCG Analyses

INDIA

Growth sectors in India
Payments & lending capture 70%+ funding mix



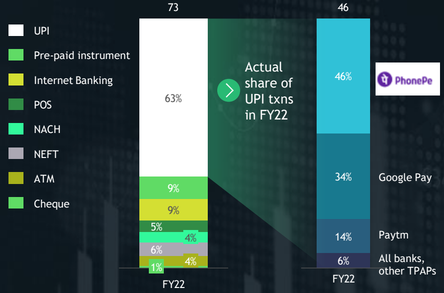
1. Data for 2022 is not completed at 100%, number of deals are estimated to be 10-15% higher than the number reported while funding may vary between 1-3%
Note: Companies with an informed HQ location. M&A and IPO funding has not been considered. Source: BCG FinTech Control Tower

India Payments Story

Fintechs have been key drivers for UPI uptake

Volume of non-cash transactions[1] (in Bn)

Share of UPI Transactions



1. Non-cash transactions do not include cash transactions at branches 2. Internet transactions include RTGS, AePS, ABPS, NETC, and IMPS financial transactions. ATM transactions include financial transactions only

Note: Total may not sum to 100 because of differences due to rounding off

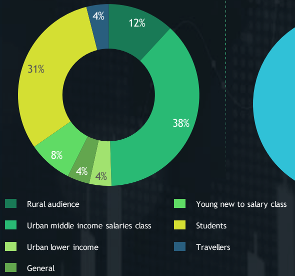
Source: RBI data, NPCI, BCG Analysis.

INDIA

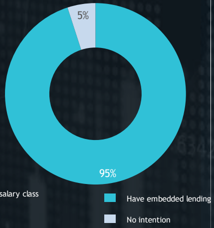
Emerging customer niches

Increased focus on unserved/underserved niches

Urban Middle Income Salaried Class and Students are the most popular niche for Fintechs



B2B Commerce stratups are also building SME niche

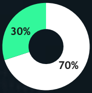


Source: Beams Analysis across fintech startups (N=102)

INDIA

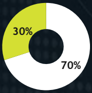
Rising pressures on compliance
Fintechs becoming more regulation-compliant

Consumer Lending



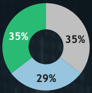
~70% of Consumer Lending Fintechs have an NBFC license, ~4 Fintechs intend to acquire a banking license via minority acquisition

B2B Lending



~100% of B2B Lending Fintechs have the intention to acquire an NBFC License

Insuretech



~70% Insuretechs have a distribution License, with ½ of them intending to acquire a manufacturing license

Wealth Tech

100% of Wealthtechs have an RIA/Online Bond Distribution/ Broking License

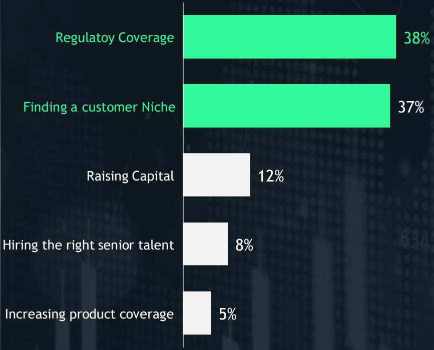
With NBFC license | Will continue as a DSA | In Application | Distribution license

Applying/will apply for manufacturing license in future | No Preference | Have RIA/Bond distribution license

Source: Beams Analysis across fintech startups (N=102)

INDIA

Top priorities for fintech CEOs in next 1yr
(selected by % of CEOs in India)



Source: Beams Analysis across fintech startups (N=102)