

News Release

Co. Reg. No. 193500026Z

ASEAN FinTech funding grew more than 10-fold in past decade, GenAI and Quantum Computing to power new era: FinTech in ASEAN 2024 report

Optimism in ASEAN's FinTech scene as Singapore and Thailand draw top funding this year.

Singapore, 6 November 2024 – Funding for Financial Technology (FinTech) in ASEAN has surged more than 10 times since 2015¹, growing at an exponential rate compared to global FinTech funding. This fuelled growth in sectors such as payments and alternative lending, and is poised to advance further with the increasing prevalence of Generative Artificial Intelligence (GenAI) and quantum computing. Jointly launched by UOB, PwC Singapore and the Singapore FinTech Association (SFA) today, the roundup edition of *FinTech in ASEAN 2024 report: A decade of innovation* report recaps the evolution of FinTech in the region from 2015 to 2024.

Weathering through the funding winter in recent years on the back of uncertain macroeconomic climate, FinTech investments in the six biggest ASEAN economies² are finally seeing some light at the end of the tunnel. ASEAN FinTech funding totalled US\$1.41 billion in the first three quarters of this year (9M24), constituting four per cent of global FinTech funding, a one percentage point growth year-on-year (yoy). Though the region's total funding was down by less than one per cent yoy, it was a significant recovery from the 71 per cent fall seen in 9M23 against 9M22.

Ms Janet Young, Managing Director and Group Head, Channels & Digitalisation and Strategic Communications & Brand, UOB, said, "FinTechs have evolved from a disruptive force to an essential component of financial ecosystems over the past decade. ASEAN's FinTech sector continues to show promise, supported by improving macroenvironment and emergence of advanced technologies. UOB has been a long-term supporter of FinTechs and will continue to look for opportunities for collaboration to bring innovation and better solutions to our customers and stakeholders across ASEAN."

The latest report showed regional FinTechs garnering more than US\$20 billion in investments over the last decade, with close to 1,500 deals. FinTechs in payment and alternative lending sectors were the most sought, making up more than half of ASEAN's total funding at US\$6.5 billion and US\$4.1 billion respectively.

Ms Wong Wanyi, FinTech Leader, PwC Singapore, said, "ASEAN's FinTech sector is progressively making waves in global waters, demonstrating resilience and adaptability amidst macroeconomic uncertainties. Despite being in the game with larger economies, ASEAN's FinTechs have steadily gained long-term investor

¹ 9M15 vs 9M24

² Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam



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confidence over the last decade. Going forward, the growing impact of quantum computing and GenAI will continue to push new frontiers in financial services, offering faster, more secure and intelligent solutions. We are at the epicentre of a transformation, where these advancements will not only drive unprecedented growth, but also firmly establish ASEAN as a global FinTech innovation leader.”

Mr Shadab Taiyabi, President, Singapore FinTech Association, said, “It is encouraging to see that ASEAN remains as a vibrant hub for FinTech innovation, with the sector demonstrating resilience and adaptability in the face of ongoing volatility. The FinTech ecosystem in Singapore continues to attract robust funding, driven by strong regulatory support and opportunities for cross-border collaboration. Looking ahead, SFA remains committed to foster the growth of the FinTech ecosystem while creating new opportunities for FinTechs to leverage emerging technologies and strategic partnerships that will further strengthen the ecosystem.”

The next decade of innovation

With the US Federal Reserve (Fed)’s recent interest rate cut in September 2024, the FinTech industry will likely receive a shot in the arm. Lower interest rates typically lead to cheaper funding, greater investor appetite from venture capital and higher valuations, ultimately improving exit opportunities. When Fed last cut interest rates in third quarter 2019 and further slashed it to a historical low during 2020 to 2021, ASEAN’s FinTech funding spiked and peaked at US\$6.36 billion in 2021, the region’s highest amount in the past decade.

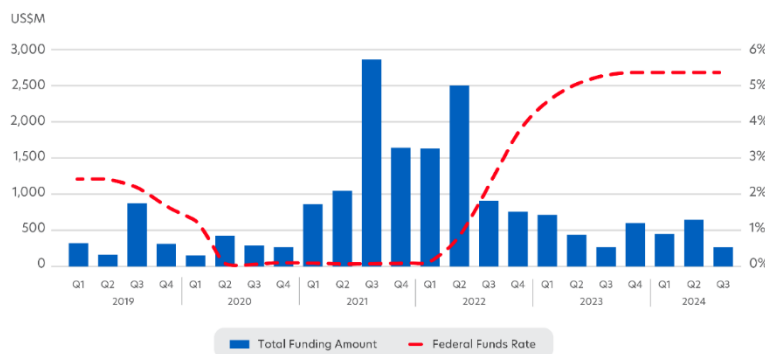


Figure 4 | ASEAN-6 quarter-on-quarter funding trends vs Federal Funds rate, 1Q 2019 - 3Q 2024

ASEAN’s FinTech funding amount against US Federal funds rates from first quarter 2019 to third quarter 2024

Beyond better macroeconomic environment, FinTechs worldwide are set to enter a new era catalysed by two advanced technologies – GenAI and quantum computing – which may potentially reshape the financial ecosystem significantly.



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In 9M24, global funding injected into the GenAI sector increased by 38 per cent yoy. GenAI can significantly enhance customer experience in the FinTech sector with innovative personalised financial advice and products, improved fraud detection and risk management.

Another promising FinTech sector is quantum computing, which enables financial institutions to develop innovation solutions beyond boundaries of classic computers. It has the potential to revolutionise the FinTech sector in areas such as optimising investment strategies and enhancing security through advanced cryptography algorithms.

Singapore and Thailand lead ASEAN FinTech investments in 2024

Singapore snared the lion's share of FinTech investments in ASEAN for the 10th consecutive year, securing more than half of the region's total funding with US\$745 million in 9M24. Singapore also topped the number of deals at 62 across nine FinTech categories. The Lion City housed the most FinTech unicorns in ASEAN since 2015, with six out of 16 unicorn firms. Notable FinTech unicorns include Advance Intelligence Group, the parent company of several AI financial service platforms including buy-now-pay-later platform Atome; and NIUM, a cross-border payments firm that has expanded globally and continued to raise a series E funding this year.

Thailand rose to second place, ahead of last year's runner up Indonesia, with US\$341 million or 24 per cent of ASEAN's Fintech funding in 9M24, backed by closing two mega deals³. Singapore and Thailand accounted for 76 per cent of total FinTech funding and close to 68 per cent of funding deals in ASEAN in 9M24, having clinched the only four mega deals in the region.

Two of the mega deals are seed- and early-stage⁴ investments of more than US\$240 million, boosting young FinTechs to make up more than 60 per cent of total funding in ASEAN. This reflects investors' willingness to bet on budding innovation, and ASEAN is still seen as a fertile ground for new FinTechs to thrive with favorable long-term growth prospects, building the region's growth in FinTech for the past decade.

The *FinTech in ASEAN 2024: A decade of innovation* report was launched at Singapore FinTech Festival today. For the full report, please visit go.uob.com/fintech2024.

- Ends -

³ Funding deals of more than US\$100 million. The two mega deals from Thailand are: Payment FinTech firm Ascend Money with US\$195 million and financial blockchain firm GuildFi with US\$140 million.

⁴ Seed investments refer to seed and angel funding; Early-stage investments refer to Series A or B funding.





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About UOB

UOB is a leading bank in Asia. Operating through its head office in Singapore and banking subsidiaries in China, Indonesia, Malaysia, Thailand and Vietnam, UOB has a global network of around 500 offices in 19 countries and territories in Asia Pacific, Europe and North America. Since its incorporation in 1935, UOB has grown organically and through a series of strategic acquisitions. Today, UOB is rated among the world's top banks: Aa1 by Moody's Investors Service and AA- by both S&P Global Ratings and Fitch Ratings.

For nearly nine decades, UOB has adopted a customer-centric approach to create long-term value by staying relevant through its enterprising spirit and doing right by its customers. UOB is focused on building the future of ASEAN – for the people and businesses within, and connecting with, ASEAN.

The Bank connects businesses to opportunities in the region with its unparalleled regional footprint and leverages data and insights to innovate and create personalised banking experiences and solutions catering to each customer's unique needs and evolving preferences. UOB is also committed to help businesses forge a sustainable future, by fostering social inclusiveness, creating positive environmental impact and pursuing economic progress. UOB believes in being a responsible financial services provider and is steadfast in its support of art, social development of children and education, doing right by its communities and stakeholders.

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