The State of FinTech in Australia & Beyond

The significance for airlines & travel merchants

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Introduction

• The application of IT and technology to financial services is not new
  o “Fintech refers to the integration of technology into offerings by financial services companies in order to improve their use and delivery to consumers. It primarily works by unbundling offerings by such firms and creating new markets for them” Investopedia, June 2019
  o By that definition, banks have been into it for decades

• But the current usage of FinTech really refers to the digitisation of retail financial services
  o Including mobile wallets, payment apps, robo-advisors, online lending platforms, etc
  o Some of these FinTech services are not simple enhancements to banking services, but rather trying to replace banking services completely
The concept of FinTech taking banking by storm has captured investors.

Total investment activity (VC, PE and M&A) in fintech 2013–2018

• Total investment is even higher, as KPMG’s figures exclude myriad “small start ups”
• Governments have also acted to attract investment, and encouraged the establishment of FinTech hubs
• New technologies like Distributed Ledger, Blockchain and AI have also fueled growth and interest

But, depending on your source, FinTech investment may have shrunk in 2019.

73% decrease in Asia from 2018.
The Federal Government is concerned Australia’s lagging

• Current Senate Inquiry into FinTech & RegTech, chaired by Senator Andrew Bragg
• Identified 5 issues: tax, regulation, access to capital, access to skills and culture
• Inquiry wants to know “What are the big things that hold us back?”
• “Unless we are as good as California or Singapore, we risk being forced to take more and more solutions from big global tech”
• Initial submissions raised 3 areas
  ▪ Employment
  ▪ Consumer Choice
  ▪ How good is Australia?
The inquiry has also spruicked local success stories

- Atlassian
- WiseTech
- Afterpay
- Airwallex
- Canva
- Judo Bank
- Prospa
Despite the Government’s anxiety, there seems to be a lot happening

• The Australian FinTech association has over 650 FinTech companies listed, with –
  “Some Australian FinTech companies are improving on certain aspects of our existing financial industry while others are introducing completely new technologies”

• The local FinTech hubs seemed filled with enthusiastic start-ups and scale-ups -
  • Stone & Chalk: opened in 2015, “now houses over 680 entrepreneurs working in over 140 startups that have already collectively raised over AU$330 million in funding”
  • Tyro Fintech Hub (now YBF Ventures): also started 2015, “more than 100 businesses have taken advantage of the facility”
What does this mean for the travel industry?

• Clearly travel involves financial transactions, usually at above average transaction values

• Travel providers want a seamless experience for their customers, but with guaranteed payment and security built in

• Consumers also want a painless experience, but also may want to defer payment, get regular updates, make changes on the run, etc.

• Hopefully FinTech can help deliver the requirements of both travellers and travel providers

>> today’s session aims to undertake a rapid exploration of this
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