



TNB*Aura*

Perspectives: Is EWA the answer to financial inclusion in Southeast Asia?

Earned Wage Access
Edition

Is EWA the answer to financial inclusion in Southeast Asia?

And why is Vietnam a great market to seize this opportunity

The Investment Case For EWA in Southeast Asia

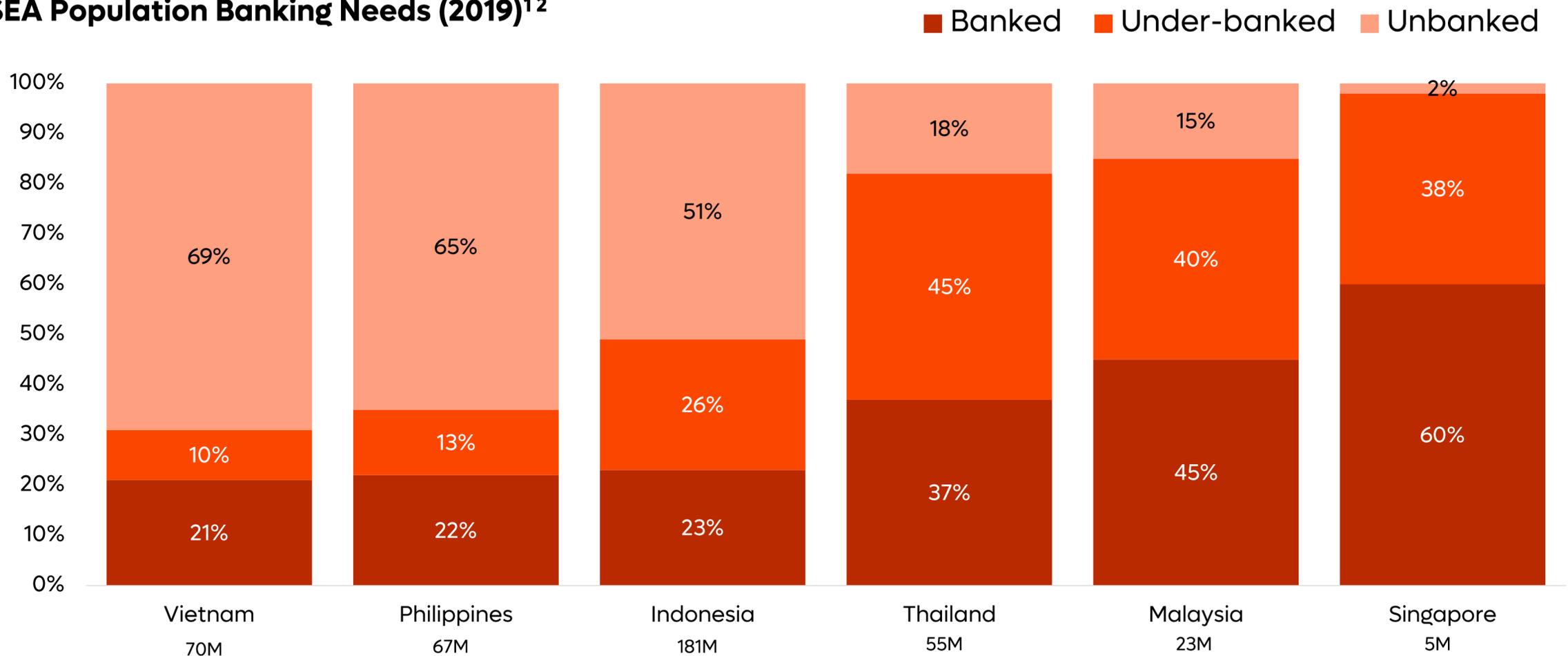
Within this edition, we focus on the topic of EWA, and ask ourselves the following questions:

- I. Is EWA the answer to financial inclusion in Southeast Asia?
- II. Why Vietnam, and why now?
- III. What will it take for a Southeast Asia champion to emerge



In Southeast Asia, more than 70% of the population is underbanked/unbanked

SEA Population Banking Needs (2019)¹²



Drawback of existing solutions

Bank loans

Inaccessible to those whom are unbanked

Credit cards

Inaccessible to those without banking relationships or with credit scores

Loan sharks

Though accessible, loan sharks charge extremely high interest rates and can create a vicious cycle of borrowing

Staff loans

Some low-income workers turn to their employers for loans but this is not widely provided across companies and is not easy to obtain approval. It is often the last option due to the social stigma and embarrassment

Did you know?

- in Southeast Asia, the unbanked and underbanked population amounts to ~200M and ~100M respectively
- **Vietnam, Philippines and Indonesia** contribute almost 94% of the unbanked and 67% of the underbanked, signalling the huge **untapped potential** of these 3 markets

The market opportunity for EWA in Southeast Asia stands at US\$13B¹

Ideal EWA user

- 1** **Blue-collar worker**
Need access to credit
- 2** **Digitally savvy**
Ease of access
- 3** **Stable employer (i.e. FDIs)**
Lower credit risk

Did you know?

	 Indonesia	EWA readiness	 Vietnam	EWA Readiness	 Philippines	EWA readiness
Population	276M		98M		114M	
Unemployment rate	4.4%		2.2%		2.4%	
Exported goods	US \$246B		US \$340B		US \$88B	
Internet users	53%		70%		49%	
FDI ³	US \$11B		US \$20B		US \$0.63B	

...with Vietnam offering a unique market opportunity for EWA due to its unique positioning as a global manufacturer and export hub

EWA is a foot in the door to other offerings, and a unique “low risk” means to help blue-collar workers with broader financial services

- Financial services
- Human resource services

Global precedent

Synergies with EWA



Read our next #Perspectives soon...

Key Success Factors of EWA in Vietnam

Financial services focused preferred over HRM

- EWA and other financial services provide access to the previously underserved
- Large employers and FDIs mostly have existing HRMs, thus competing in a **red ocean**



B2B2C VS. B2C

- B2B2C model trumps the B2C model as it allows EWA players to take on more **enterprise credit risk rather than consumer risk** - which is hard to assess, especially for blue-collar workers



Single-country focused

- EWA players should focus on **gaining market share in one country first** and go through the trials and nuances of the market to **develop a playbook** for expanding to other countries
- Trying to target many countries at a go may lead to hitting similar speedbumps on all countries at the same time



Access to lower cost of capital

- Having access to a lower cost of capital such as securing a **debt facility** will allow loan disbursements to grow in a scalable manner without the use of equity financing which is expensive



Team Capabilities

- Having a **strong team with the local expertise** and relevant experience is important for execution in this space
- This includes having a risk team, account management/customer success team, government relations and tech team