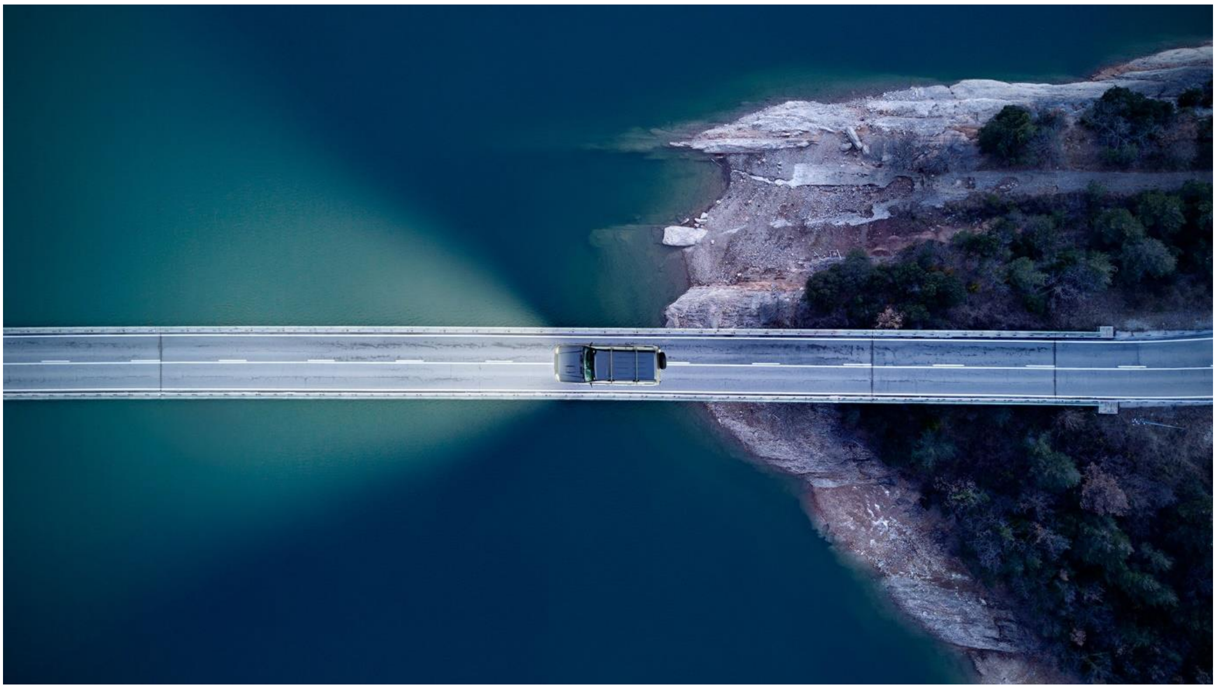

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Positioning a French FinTech in the Asian ecosystem: the shared ambition of Business France and Caarea

What opportunities does the Asian market represent for a French FinTech? To find out, Caarea embarked on a tour of the major Asian markets, alongside Business France. A "FinTech Tour Asean" which demonstrates, as Maxime de Braquilanges, International Trade Advisor at Business France explains, that French FinTechs like Caarea have a place to take alongside local unicorns.

The « FinTech Tour » covered Singapore, Malaysia and Indonesia. Markets that already have many global unicorns and FinTechs. Is there room for French ones?

Maxime de Braquilanges: Singapore is often mistakenly regarded as the sole FinTech hub in South East Asia. FinTech dynamism is more global.

More than half of the region's unicorns were born in Indonesia and the startup with the highest stock market valuation was created on the streets of Kuala Lumpur, Malaysia. So Singapore is certainly the main market, but not the only one.

The main one, because it is supported by more than 150 VCs, ready to invest in the 600 or so innovative FinTechs, but also by its two sovereign funds (GIC and Temasek), which together manage more than $320 billion in assets. In general, startups do not choose Singapore for its domestic market of just 5.5 million people, but more for its ease of doing business. As a reminder, the City-State is ranked 2nd in the world in the "Doing Business" 2020 ranking and this is illustrated by the speed in registering a company (less than 10 days on average), the low tax rate and the excellence of its banking system. A FinTech company can therefore easily develop its product in a stimulating and tax-efficient business environment, but must quickly integrate the export of its solution to neighboring countries. This strategy can be seen, for example, in the many headquarters present in Singapore.

As Singaporean market can be considered by some as saturated, Malaysia can be a real alternative for FinTech players. Only 4 hours by car from Singapore, the capital Kuala Lumpur offers many advantages: a larger domestic market (32.5 million inhabitants); an ease of doing business (12th worldwide) and a high level of banking amongst its population (92%), which also has the 2nd highest GDP/capita in the area (11,500 USD/capita in 2020). As an alternative to Singapore and a sister country to Indonesia - the majority of its population is also Muslim and the Malay dialect is close to Indonesian - Malaysia is definitely the choice of compromise.

Finally, the Indonesian giant has established itself as the leading economy in the zone. Supported by a strong domestic demand (267 million inhabitants in 2020), mainly concentrated on the island of Java (60% of Indonesian GDP), the archipelago country benefits from a recognition of its tech scene. The latter is embodied by the success of unicorns such as Gojek, Tokopedia, Bukalapak, Traveloka, OVO, or the latest J&T Express. With no less than 400 FinTech companies listed, Indonesia is benefiting from agile players, working on one of the major challenges of its time: the financial inclusion of its population. A FinTech company will therefore find its audience, as well as a local sponsor supporting its product. But it may face difficulties in developing its business, hampered by Indonesia's cumbersome bureaucracy.

With its virtual FinTech Tour Asean 2021, Business France wanted to bring to light Malaysia and Indonesia, often considered as secondary markets. It was an opportunity to inform, advise and connect French FinTech companies with their local partners. Thus, InsurTech Caarea, like Shift Technology, Ledger or Younited Credit before it, was able to showcase its technological know-how and confirm its interest in these high potential markets.

What are Caarea's strengths in these markets and how does its offer bring added value?

These three markets are different, as is Asean in general. Business is not done the same way in Indonesia as in Singapore. Caarea got it right by offering a product that adapts perfectly to the cultural specificities of the different markets approached. Its strategy was very different in

Thailand, South Korea or China. This product's adaptability is a strength and Caarea customer references in this geographical area play in its favor.

Then, Caarea benefits - particularly in Indonesia and Malaysia - from a booming market: the used car market. This trend is explained by (1) new vehicles' prices lack of attractiveness and (2) the growing use of VTC services offered by the unicorns Grab or Gojek. This market remains under-exploited by insurance players, who favor new vehicles coverage because they are more profitable. And, in addition, a number of mechanical incidents remain amicably resolved.

Finally, Caarea can rely on regulatory monitoring tools to stay informed of the automotive industry and its regulatory framework developments, particularly in the production and sale of electric vehicles. For example, Indonesian President Joko Widodo intends to take advantage of its nickel potential (21 million metric tons, the world's largest producer) to make the archipelago country the global hub for electric cars by 2030. This potential will be fully exploited if domestic demand for electric vehicles develops. This is the whole point of the strategic partnerships signed with the unicorns. For example, in January 2021, Grab Indonesia launched "GrabCar Elektrik" in partnership with Hyundai, while Gojek is working with state-owned company Pertamina to develop a pilot project in Greater Jakarta.

Thus, the adaptability of Caarea services, its ability to respond to a growing offer and its implementation of regulatory monitoring are all assets that allow it to position itself sustainably on these three markets. The agility of InsurTech Caarea is an argument to be made, especially with unicorns who may turn out to be customers, but also business intermediaries.

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