



IOUpay Limited (ASX:IOU)

Digital Payments in SEA
October 2020



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The SEA Opportunity



“Just over a decade ago, 80% of people living in **South East Asia (SEA)** had limited access to the Internet. Today, there are **360 million Internet users** in the region and 90% of them connect to the Internet **primarily through their mobile phones.**”

“The adoption of **Digital Payments in SEA** has finally reached the inflection point and is **expected to cross US\$1 trillion by 2025**, accounting for almost one in every two dollars spent in the region. Credit cards and ATM's are on a sharp decline **as e-money surges to more than 50% of all payment volumes.**”

Internet penetration and adoption in SEA is driving unprecedented changes in consumer behaviour. **“In 2019, SEA’s Internet economy hit US\$100 billion** - more than tripling in size over the previous four years. **By 2025, the Internet economy is expected to triple again and hit US\$300 billion.**”

Almost **300 million of the adult population in SEA** are **underbanked or unbanked** with **limited options for credit.**

Sources:
Quotes and statistics referenced to - “Google & Temasek / Bain, e-Conomy SEA 2019”.
Bank Negara Malaysia 2020 Report

Who We Are

IOUpay Limited (ASX:IOU) provides fintech and digital commerce software and services in South East Asia (SEA) to enable its institutional customers to securely authenticate end-user customers and process banking, purchase and payment transactions.

The Company's core technology platform enables large customer communities to extend their information technology applications to any mobile device and integrate mobile technology throughout their existing business.

The Company currently services the top 20 Banks in Malaysia and large Telco's and Corporates in Malaysia & Indonesia.



Corporate Overview



Capital Structure

Shares on issue	368,566,440
Share price	\$0.255
Market cap	93.98m
Cash at bank	\$2.7m
Debt	Nil

Above figures based on market close 23 Oct 2020



Our Objective



“Our goal is to be one of the leading digital transaction processors in the booming cashless economies of South East Asia.”

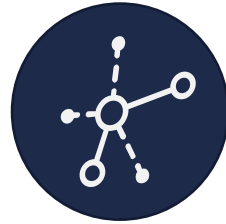
Our tactical plan is to continue expanding from transaction processing into higher value add services such as;



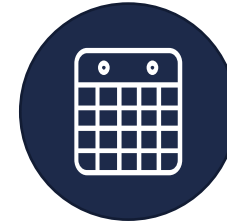
Bill payments



Mobile banking transactions



Digital commerce for big brands and their merchant distribution networks



Smart short term revolving BNPL instalment offerings

We already have the customers and the technical capability with large scale upside by doing more for them



Investment Highlights



One of the largest mobile banking and payment service providers in Malaysia

Currently processing more than 17m transactions per month in Malaysia



Strong operation with top tier customers

Citibank, Standard Chartered, Telekom Malaysia, Telkomsel, Petronas, Panasonic, Heineken, Mazda, AXA, Bank Islam, MBSB Bank, Sun Life Financial...



Proprietary fintech platform with several new product initiatives to drive growth

Key initiatives...
...big portfolios of Digital Payments in Indonesia
...merchant growth services, Malaysia
...BNPL portfolios, Malaysia



Rapid growth in E-commerce

More than 200% growth in E-commerce in SEA since 2015 and expected to triple in value by 2025
Large opportunities in Indonesia



Huge growth opportunities across SEA in markets with limited credit options for consumers

Almost 200 million people in SEA currently have no banking facilities and close to 300 million people are underbanked

Our Business Divisions



Mobile Banking

Banking & Transaction Processing, identification and One Time Passwords (OTP's), account enquiry, transfers and other

Data driven digital marketing initiatives and campaign management to originate new customers and target existing customers via mobile applications

Authentication & Secure e-KYC

Digital Payments

Bill Payments (airtime, data, electricity...)

Merchant Products & Services

E-Commerce & In-store Products

Instalments

'Buy Now Pay Later (BNPL) processing

Consumer loan payment processing

New added features

Digital Services

Data analytics supports mobile banking and digital payments – proprietary algorithms and data analytics enables highly effective targeted marketing & distribution of popular product offerings to customer communities

IOU Pay Platform Capabilities



6 Account debiting

- Merchants & consumers
- Current & savings accounts
- Credit & debit cards
- E-money payments

5 Processing purchases & payments

- for goods & services
- E-commerce & in-store products & services

4 Bill payments

- (Purchase & resale of inventories including prepaid airtime & internet data, electricity, water, parking, insurances)

1

Secure communication to existing customers

- Originate new customers
- Data driven product offers & marketing campaigns
- Secure & scalable

2

Credit scoring (e-kyc, verification & multiple independent data point analysis)

- Pre-approved limits & individual payment approvals

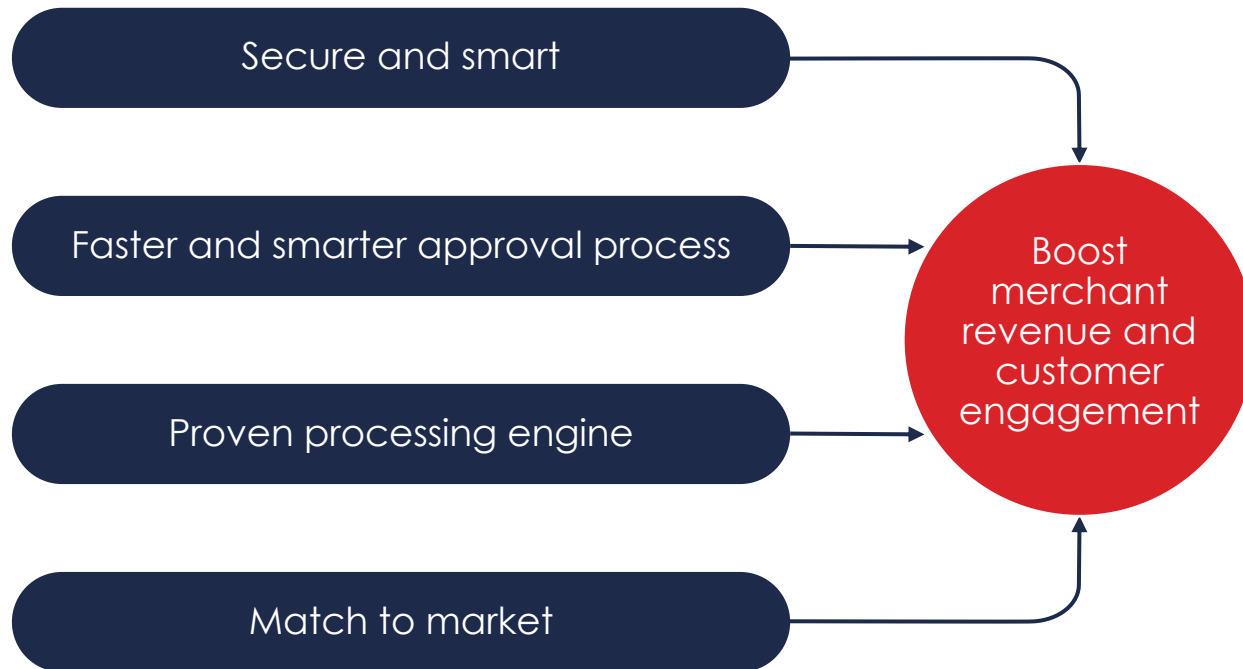
3

Customer onboarding

- Existing customer engagement; &
- New customer acquisition

Benefits for Merchants and Customers

Compelling Benefits



For Consumers

- Easy access via web or app.
- Also available to the underbanked and unbanked subject to strength of data and credit score.
- Speed & Cost Benefit - Current non-bank alternative lenders take on average 2 weeks to approve and are 100% paper based often originating through agents earning fees up to 10% payable by consumers.

For Big Brands & Merchants

- Integration is seamless, low cost and secure
- IOUPay Platform has capability to e-KYC, credit score & approve in advance or at the point of sale
- IOUPay Platform has much deeper credit data than standard credit bureau and single point bank data.
- IOUPay BNPL offering can represent an opportunity for 10% - 35% merchant sales growth



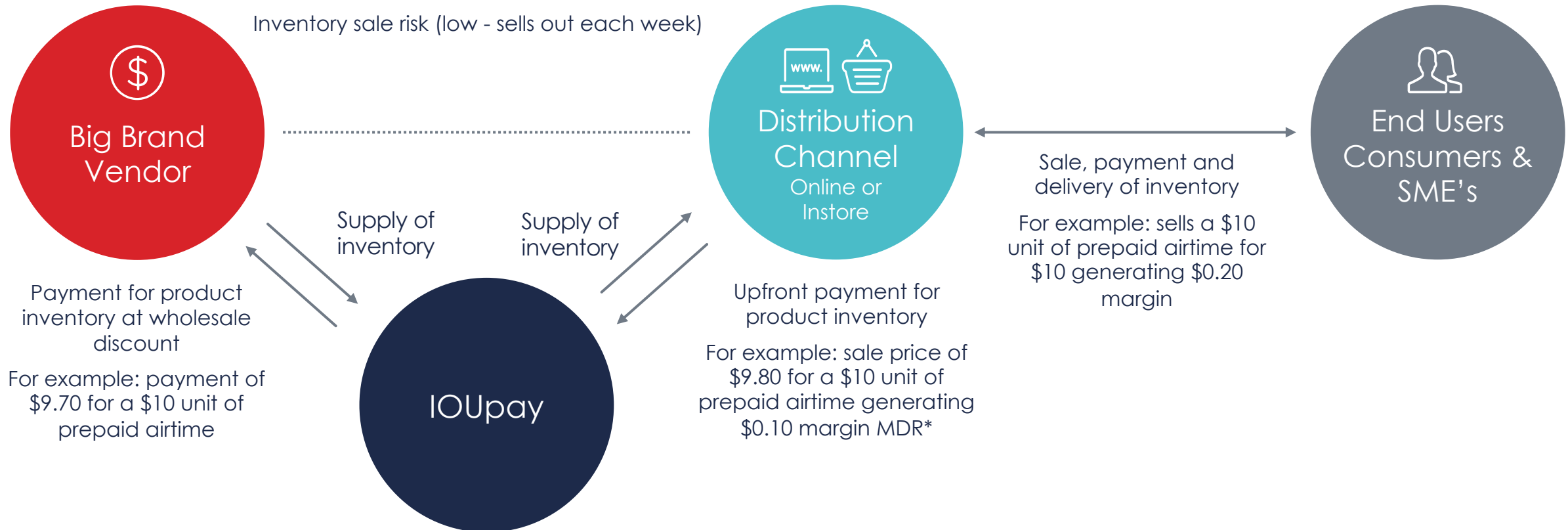
Digital Payments – Transaction Economics



Advance purchase of inventory at wholesale discount
Resells to distribution channel charging MDR*

Repeats cycles weekly or fortnightly depending on product generating **2 to 4 % margin** per month

Inventory sale risk (low - sells out each week)



* MDR = Merchant Discount Rate

Strategic Partners



Trusted by leading Banks, Telco's, Financial Institutions and the largest e-wallet operators

Mobile Banking



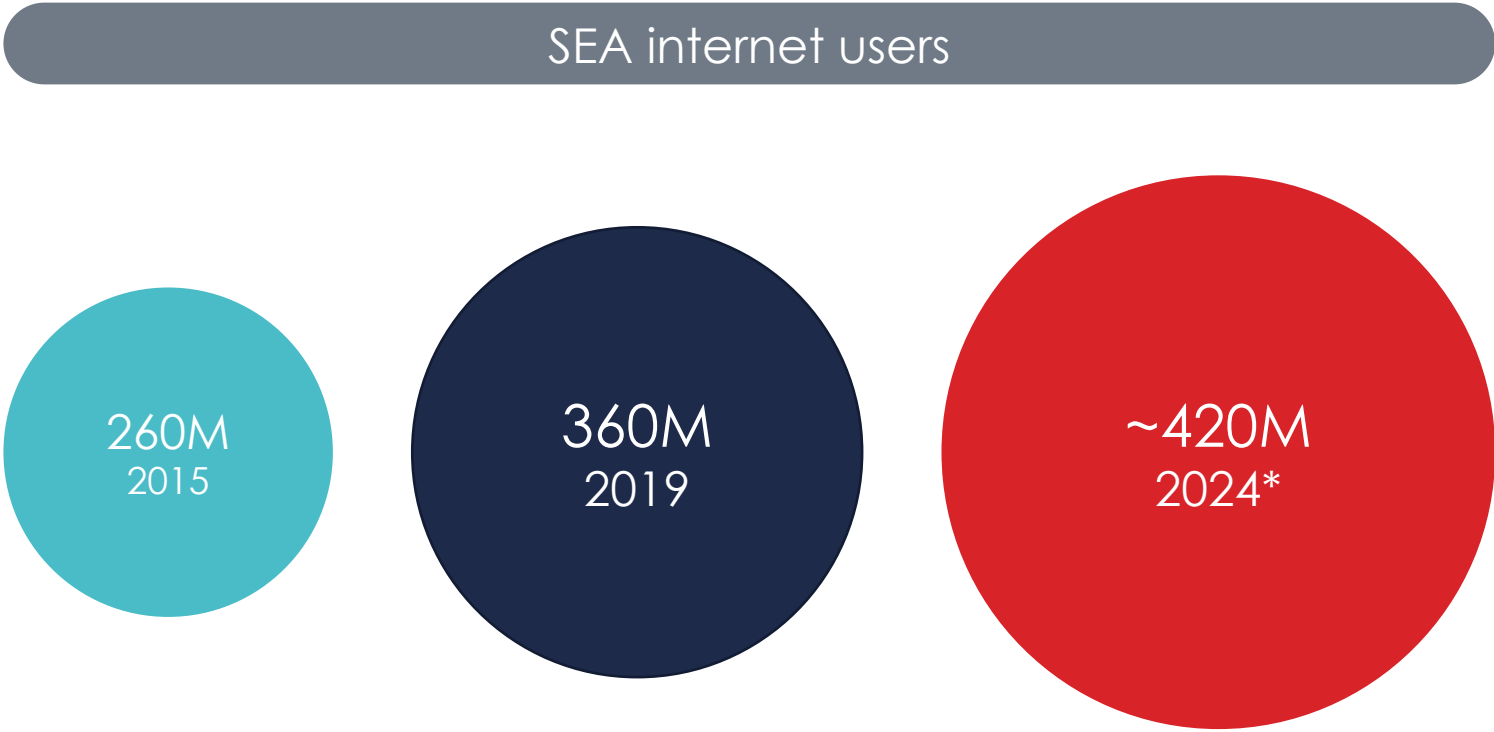
Digital Payments



SEA Market Trends



Increasing internet penetration in SEA combined with Government support for cashless economies is creating a huge opportunity for specialist non-bank financial platforms to service credit starved consumers



* Statista.com, eCommerce Internet penetration in Southeast Asia
Source: Quotes and statistics referenced to - "Google & Temasek / Bain, e-Conomy SEA 2019".

SEA Market Trends



655 million

Population of SEA



150 million

E-commerce active users



206%



since 2015

Internet economy worth

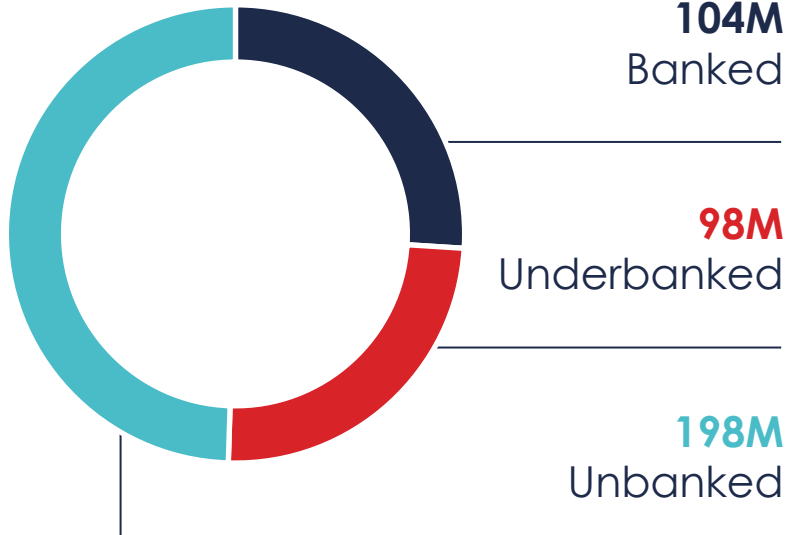
\$100B

in 2019...



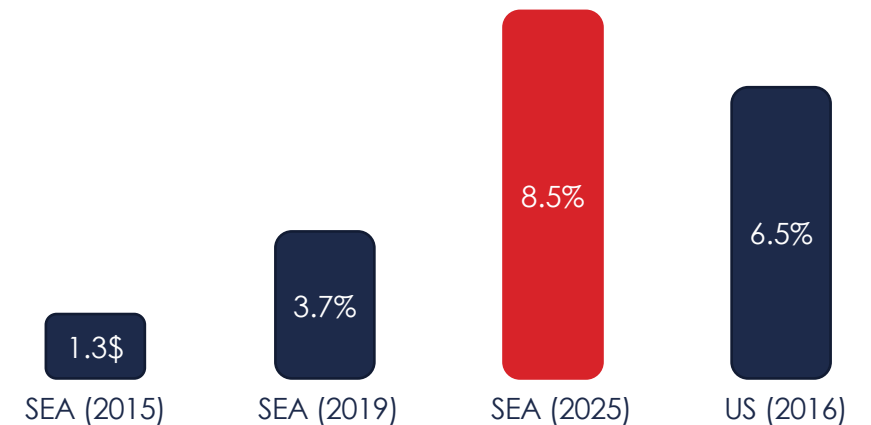
...and is on track to reach \$300B by 2025 (GMV)

SEA adult population



- ✓ Bank accounts
- ✓ Credit
- ✓ Investment
- ✓ Insurance
- ✓ Bank accounts
- ✗ Credit
- ✗ Investment
- ✗ Insurance
- ✗ Bank account
- ✗ Credit
- ✗ Savings
- ✗ Insurance

Internet economy GMV as % of GDP



Source: Quotes and statistics referenced to - "Google & Temasek / Bain, e-Conomy SEA 2019".

SEA's March to the Cashless Economy – the Malaysian Example



BASIC PAYMENTS INDICATOR - MALAYSIA	2015	2016	2017	2018	2019	
Population (million)	31.2	31.6	32.1	32.4	32.7	
GDP (RM million)	1,158,513	1,231,021	1,353,381	1,429,842	1,510,349	
Cash in circulation (CIC) (RM million)	76,687.4	85,479.6	92,387.6	94,307.2	100,559.2	
Transaction Volume Per Capita (unit):						
Cheque ¹	4.7	4.2	3.7	3.1	2.6	
E-payments:						
• Credit card	11.5	12.1	12.7	13.8	15.6	10.44%
• Charge card	0.1	0.1	0.1	0.2	0.2	0.13%
• Debit card	2.9	3.4	5.1	7.6	11.4	7.60%
• E-money	44.4	52.6	58.1	59.3	64.0	42.79%
• Other cashless instruments ²	1.1	1.6	0.9	0.2	0.2	0.12%
• Interbank GIRO	4.8	5.5	6.1	6.4	6.2	4.15%
• Instant Transfer ³	1.5	2.6	4.1	7.4	13.6	9.09%
• Interbank direct debit	0.1	0.1	0.1	0.1	0.1	0.09%
• ATM ⁴	1.5	1.4	1.3	1.1	1.0	0.66%
• Internet banking ⁵	10.7	13.2	15.9	19.0	23.0	15.39%
• Mobile banking ⁵	0.9	1.5	2.7	5.9	10.1	6.73%
• Mobile payment ⁶	-	-	0.01	0.04	0.2	0.12%
• RENTAS - Third party transactions ⁷	0.1	0.1	0.1	0.1	0.1	0.08%
• Intrabank direct debit and standing instructions	3.1	3.2	3.4	3.6	3.9	2.61%
Transaction Value Per Capita (RM):						
Cash	2,459.0	2,702.1	2,882.6	2,912.1	3,077.1	
Cheque ¹	57,555.8	52,645.9	50,324.9	44,215.1	38,781.3	
E-payments:	549,657.8	550,702.9	613,675.8	668,785.3	668,785.3	

Credit cards sharp decline... down 25%

Debit cards doubled

e-money is dominant

Instant transfers 5x growth

ATM's sharp decline...down 66%

Mobile banking 5x growth

Mobile banking 5x growth
Digital Payments are now >90% of market

Source: Bank Negara Malaysia 2020 Report

Our Competitive Advantage



Existing market leader – system ready

A market leader for secure transaction and payment process operations - currently processes more than 18m transactions per month in Malaysia and Indonesia.

Huge existing captive customer base

Data analytics providing easy leverage for rapid customer acquisition for new services such as BNPL

First mover advantage

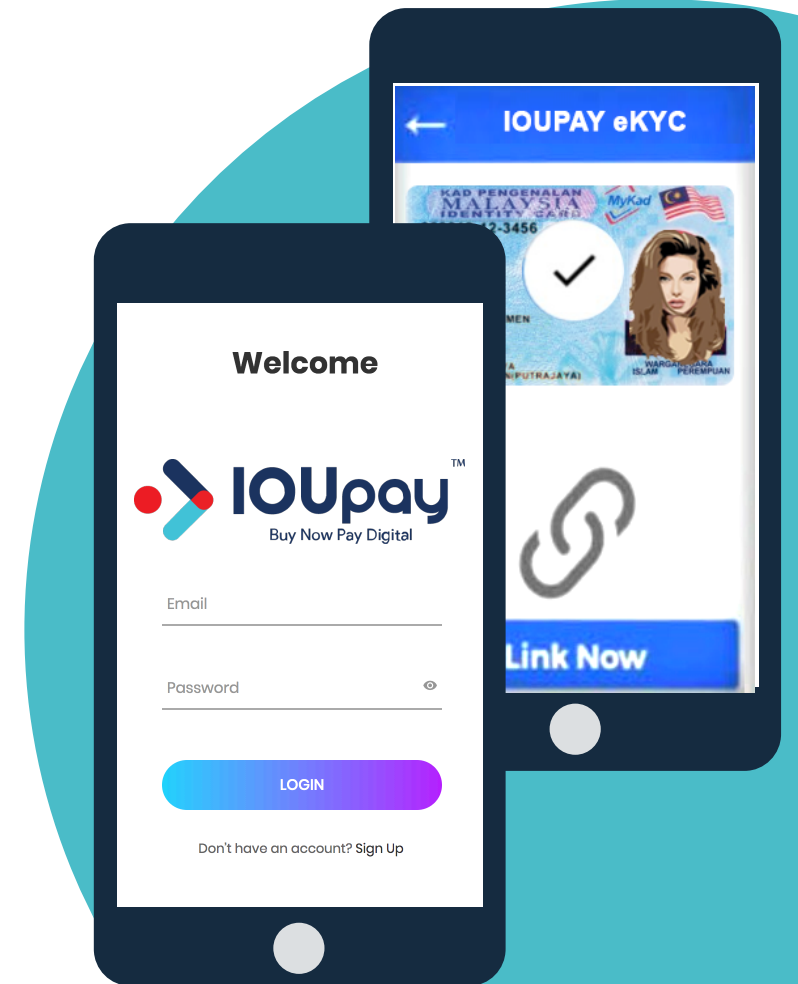
Large market opportunity for specific verticals such as e-commerce, in-store merchants & strategic partnerships with banks, finance companies and telcos

Chronic lack of consumer credit

A huge gap in the market for short-term credit providers

Experienced management team

With strong relationships with the biggest merchant networks in key industry verticals



Growth Strategy

We are focused on expanding our IOU Pay platform to position the Company to be a fully integrated financial service provider for big brand merchants and their customers in Malaysia and Indonesia.

We have a proprietary best-in-class BNPL platform and have upgraded our digital payments offering to increase our competitive advantage, grow recurring revenue, reduce costs and secure large and valuable strategic partnerships.



Mobile Banking

Grow payment processing & secure banking transactions for consumers through partnership expansion targeting SEA

Implement digital cash partnership plan to focus on growth through the largest e-wallet, e-money and digital banking operators



Digital Payments

BNPL; Instalment payment packaging and processing.
Integrating digital cash and credit with digital commerce and in-store purchases

Bill Payments; Continue Expansion into Indonesian market with the largest Indonesian banks, telco's and specific target customer communities.



Digital Services

Invest further in data analytics, algorithm development & 3rd-party API integration

Our Roadmap... Platform, Commercial & Capital



Expand Digital Payment Projects in Indonesia

Q4 '20 - Complete Global Partnership expansion & digital cash partnerships for Mobile Banking Division

Cross-market Malaysian BNPL & Bill Payment customer bases to drive further Rev growth

IOUpay Rewards Program Malaysia

Cross-market Indonesia BNPL & Bill Payment customer bases to drive further Rev growth
IOUpay Rewards Program Indonesia



Q4 2020

Q1 2021

Q2 2021

H2 2021



Merchants website & mobile Apps

Merchant smart terminal app

Consumer App

Consumer App with cross selling features & referral program



Expand big brand corp partnerships & merchant networks

Compliance approvals for Indonesia BNPL partnerships

Leadership Team



Lee Chin Wee (Aaron) Chairman

Aaron is a founding shareholder and director of IOUPay's original Malaysian business iSentric Sdn Bhd.

Prior to iSentric, Aaron worked at Accenture as a Senior Business Consultant focusing on telecommunications billing systems, product development and revenue assurance where he developed payment processing and data security expertise and progressed to building iSentric's initial Mobile Banking platform.

Aaron holds a First Class BEng (Hon) degree in Electrical & Electronic Engineering from University College London, United Kingdom and a Master of Business Administration (MBA) from University of Malaya.

Khong Kok Loong (KL) CEO

KL brings 30 years of experience and relationships in the South East Asian technology sectors as a board and senior executive with a wide range of large technology based corporates covering internet and mobile banking, online share trading and settlement systems and e-commerce.

More recently as Technical Director of Malaysian national payment gateway operator iPay88 (2011 – 2019) KL has a wealth of expertise and a proven track record in driving recurring revenues from connecting merchant point-of-sale technologies with consumers and their preferred bank and non-bank payment methods.

KL holds a Bachelor of Arts, Computer Science (1985) from Southern Illinois University at Carbondale Illinois (SIUC) (Deans List 1982 & 1983).

Kenneth Kuan CFO

Kenneth brings 20 years of commercial and corporate law, finance industry management and regulatory compliance experience across South East Asia.

Kenneth also brings a depth of experience in Malaysian debt capital markets, legislative and regulatory issues to assist companies achieve funding and regulatory compliance requirements including roles with Ernst & Young, Malaysia and as Head of Credit and Receivables with the largest Malaysian publicly listed non-bank finance company AEON Credit Berhad (formerly known as ACS Credit Sdn Bhd).

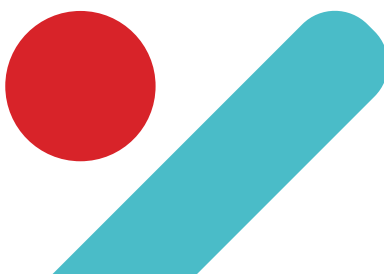
Kenneth holds a Bachelor of Law (LLB) Hons (1997) from the University of South Wales, United Kingdom specialising in Corporate Law.

Lau Teck Huat CTO

Lau brings 22 years of system integration with network management and complex problem solving to IOUPay. After 16 years of integrating and managing front and back end systems in the stockbroking industry including 6 years as CTO for leading international financial data and terminal provider DZH International, Lau was appointed CTO of iPay88 - Malaysia's largest payment gateway and financial solution provider where he worked with IOUPay's CEO KL Kong for 6 years.

Lau brings detailed knowledge and relationships to IOUPay having worked closely with all the major e-wallet and digital cash providers in SEA including Grabpay, Alipay and WeChat and has managed system integration and operations with all the major merchant point-of-sale platforms in SEA including VisaCheckout and Master Card's MasterPass.

Lau holds a Higher Diploma in Computer Studies (1995) and a Bachelor of Business Administration (Hons) (2019) from North Borneo University College, Malaysia



Investment Summary



SEA represents a huge market opportunity with significant growth in digital payments



Proprietary platform developed - highly scalable for new products and markets



Established market leader with strong revenue generation and growth delivered



Large number of consumers are underbanked or unbanked with limited options for credit



Big existing customer base of consumers, merchants and other financial institutions to leverage into new products



Thank You

