

INTERNET FINANCE

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CASE STUDY: ANT FINANCIAL

Description

- ▶ Best known for Alipay, an online payment platform. An Alibaba affiliate, founded in Hangzhou, China in 2004 and spun off from Alibaba in 2011.
- ▶ Valued at \$50B and raised \$160MM in 2015/07, valued at \$60B and raised \$4.5B on 4/26/2016. IPO planned in 2016.
- ▶ Profitable for 3+ years, \$200M pre-tax income (2015Q4).

Based on Platform (Massive User Base)

- ~50% of China's online payment market.
- \$519B total payment as of 2014/5
- 120 million transactions daily.
- Over 400M registered real-name users.
- Part of Alibaba's ecosystem play.



Business Model

Expanded from its initial core (payment) and provides payment market place services and a wide range of Internet Finance services (money market fund, micro loans, asset management products, online banking, credit services, etc.)



CASE STUDY: ANT FINANCIAL (CONTINUED)

Internet Finance Products:

Yu'e Bao, China's largest money market fund (\$108B, 186M users)

- ▶ Convenience: users to invest the money in their Alipay accounts, one click to set up accounts.
- ▶ Low barrier to enter: allow investments $\geq \$0.16$, no transaction fees, T+0, view daily earnings instantly.
- ▶ 24/7 deposit and withdraw (online and mobile).
- ▶ Higher return: higher interest rates than banks.



Online Instant Auto Loan



Internet Bank



Gold ETF



Ant Credit : Micro loan provider ($< \$150K$). Funded externally. (over \$65B over 1.6M SMEs and entrepreneurs as of 2015/03, non-performing loan ratio is 1.5%).

Zhaocai Bao: A web-based sales platform offers loans for small-and medium-sized businesses (including P2P loans), universal insurance and structured funds from third parties. Since launch in 2015/07 \$77B were invested through ZhaoCai Bao.

MyBank: All-digital bank, serving small and micro enterprises, and individual consumers, primarily under-banked urban and rural consumers and small businesses.

Sesame Credit: online credit scoring service

Others: Antdaq: Crowd funding for equity investment; Ant Check Later: charge card; Cun Jin Bao: Linked to a Gold ETF, allowing investment $\geq \$0.16$.

SWOT ANALYSIS – P2P AND INTERNET FINANCE

