



**Building a world with no financial
borders where everyone can prosper**

Laurent Le Moal | CEO PayU

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The 2019 Payments Boom

FINANCIAL TIMES

Worldpay \$43bn deal piles pressure on rivals for more tie-ups

Analysts and investors say competition from new digital entrants is driving mergers



© FT montage / Bloomberg

The Economist

E-rupification

Indians are switching to digital payments in droves

Payment fintechs are better integrated with banks in India than elsewhere



Apple, Goldman Sachs to jointly launch credit card paired with iPhone - WSJ

2 MIN READ



(Reuters) - Goldman Sachs Group Inc has teamed up with Apple Inc to issue credit cards that will be paired with iPhones and will help users manage their money, the Wall Street Journal reported on Thursday, citing people familiar with the matter.



Forbes

What Does Facebook's Libra Mean For The Future Of Commerce And Currency?



John E. Girouard Contributor
Intelligent Investing Contributor Group
Investing



(Photo credit: Ulrich Baumgarten via Getty Images) GETTY

We connect consumers and merchants across high-growth markets



20 high growth countries



>US\$38bn processed payment volume¹
53% contributed by India

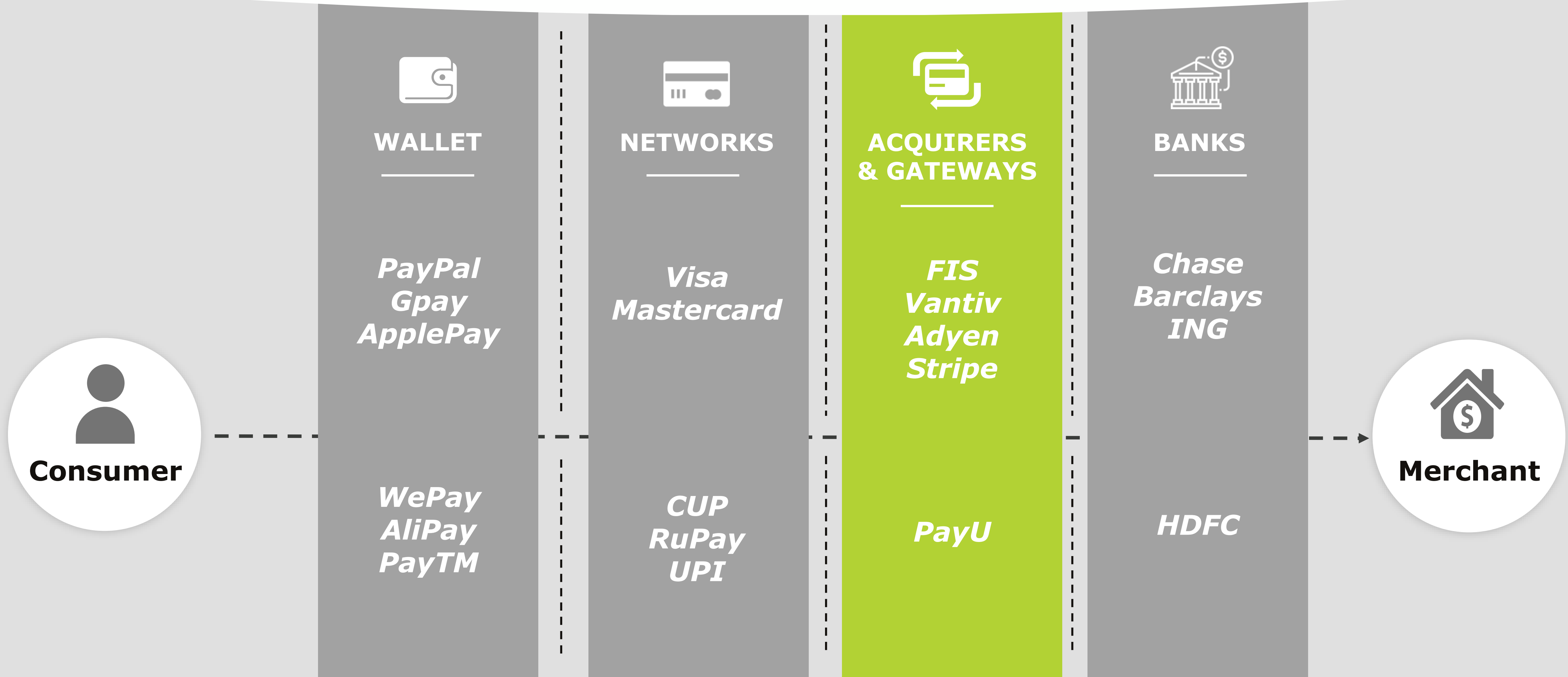


US\$360m² FY2019 revenue



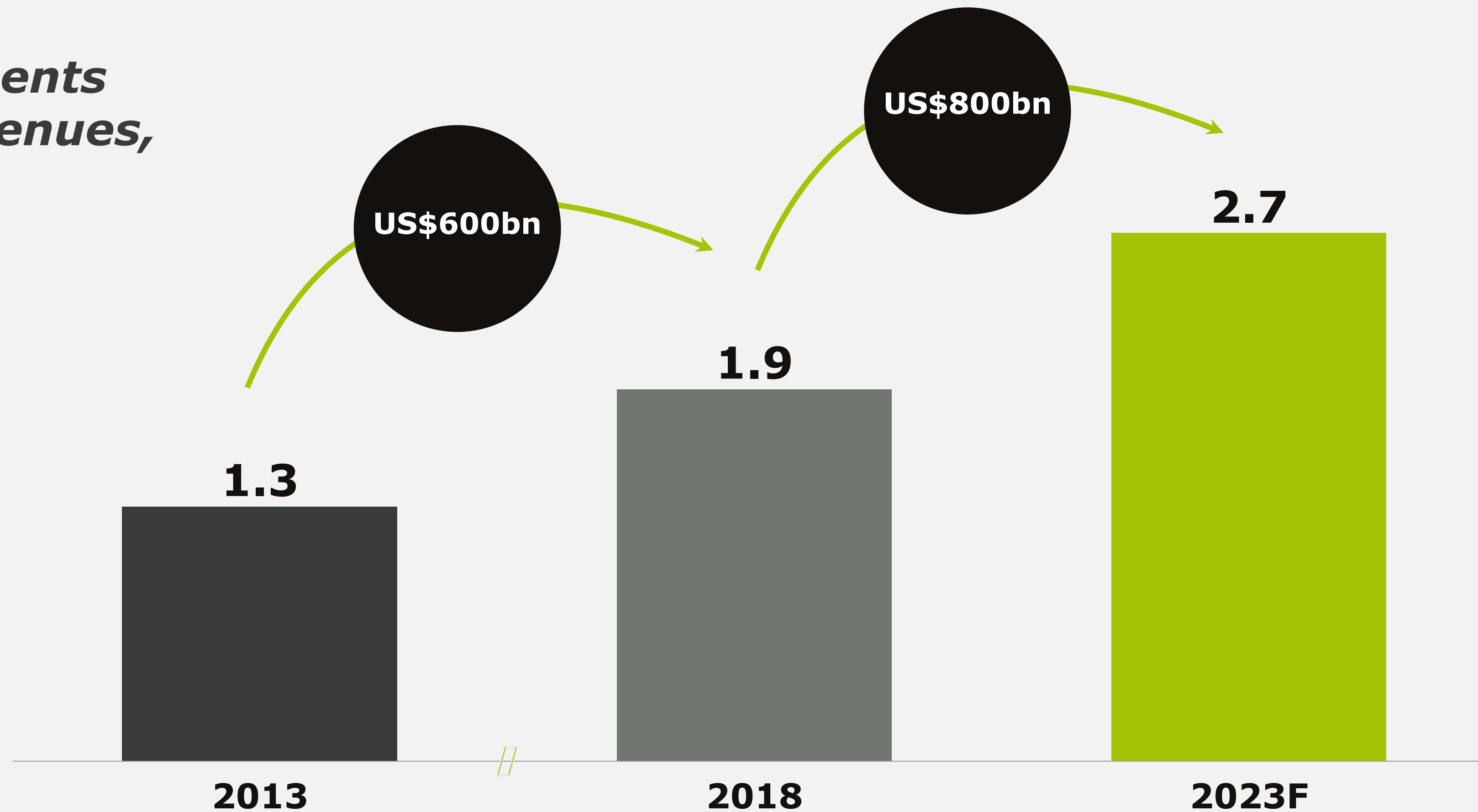
300+ payment options

Where do we play?



How big is the opportunity?

*Global payments
industry revenues,
US\$T*

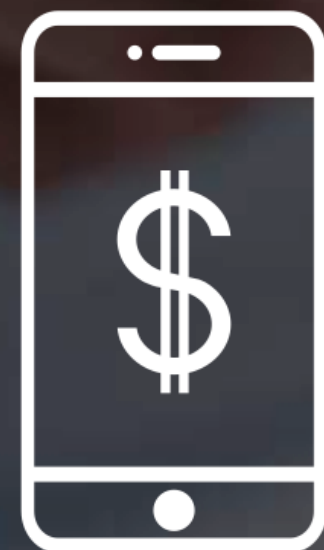


Key Trends in Payments

The shift from cash to digital money



The increasing share of Alternative Payment Methods (APM)



The growth in cross-border payments



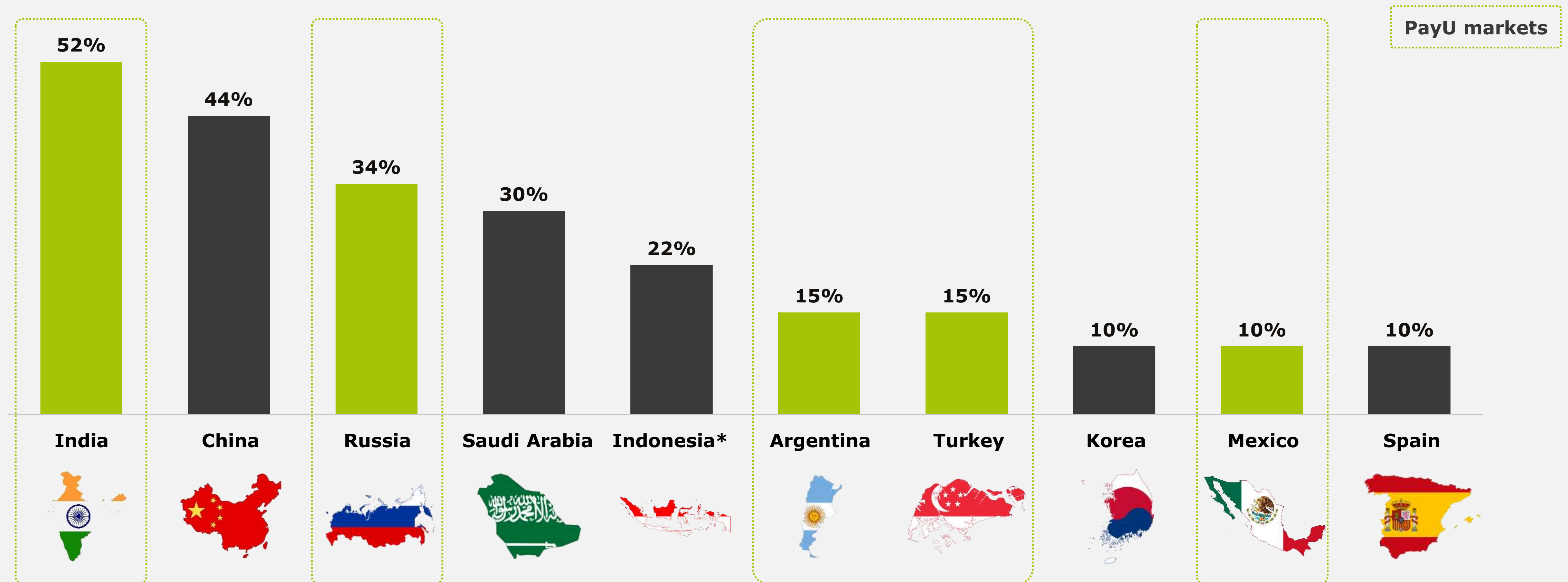
Data enabling new services



Where is the Growth coming from?

PayU in 5 of the top 10 fastest-growing markets

Growth of # of digital payment transactions (CAGR 2015-2018)



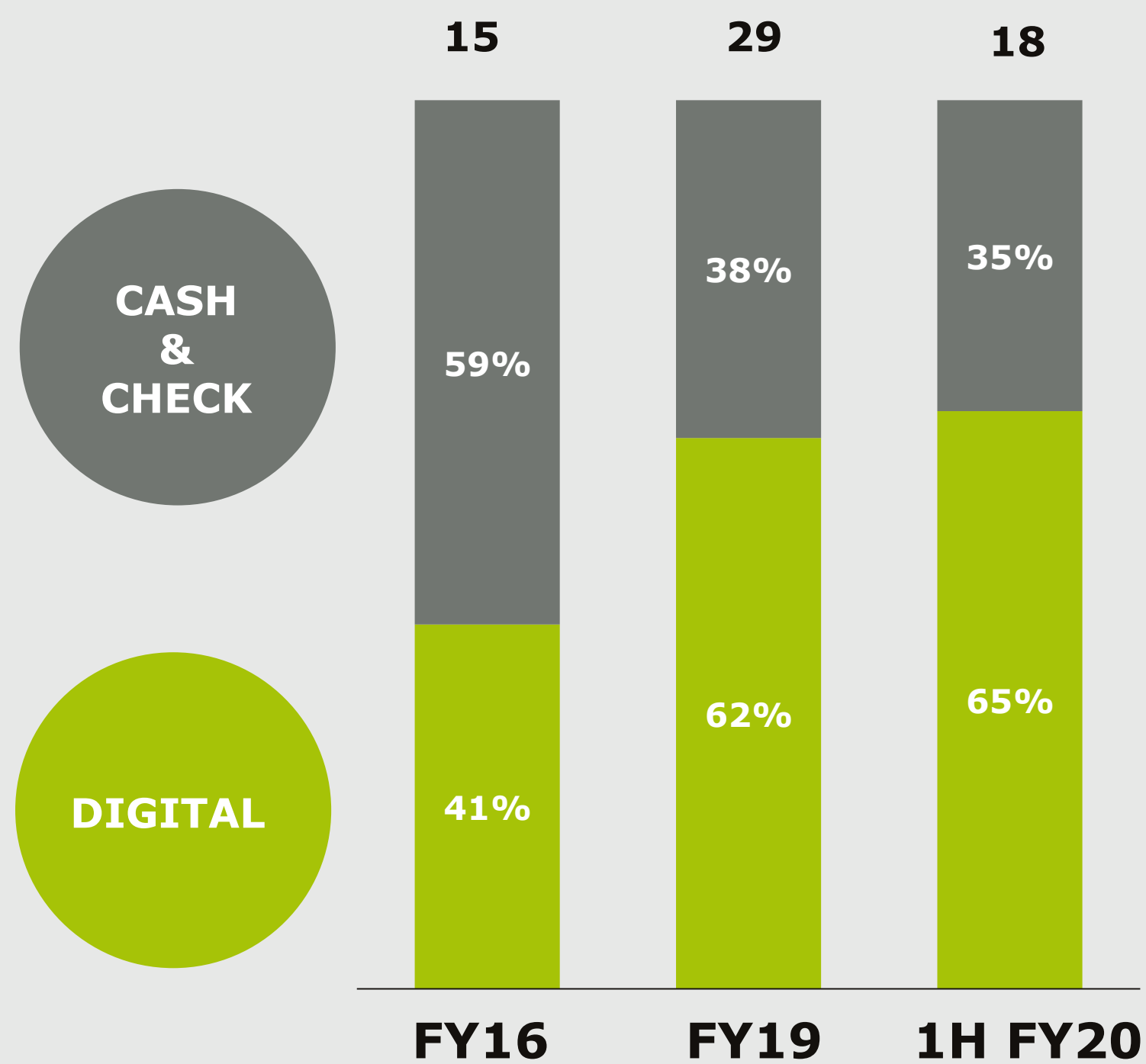
* Red Dot Payment (a PayU company) has small processing operations in Indonesia
Source: Bank of International Settlements (BIS), # of cashless transactions

The shift to digital payments

The India success story

Shift to digital is accelerating

Consumer payments transactions¹, billion

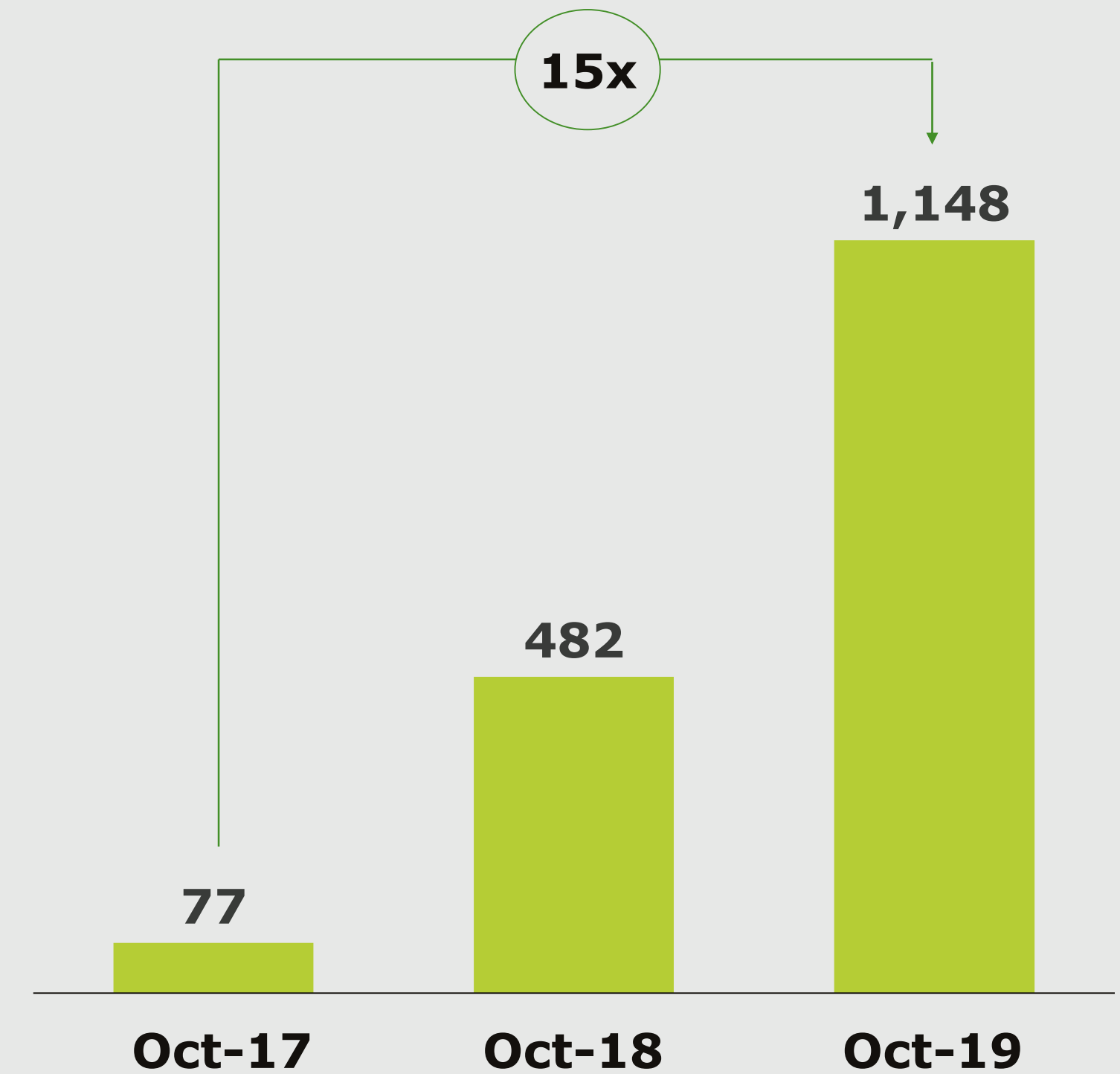


Thanks to government initiatives



With a real consumer impact

Total transactions on UPI² rails, million



¹ These are total # transactions. Cash & Check transactions include ATM withdrawals and checks. Digital transactions include electronic credit transfers, Direct Debits, Cards, RTGS (consumer initiated), Mobile banking and Prepaid Paid Instruments.

1H FY20 includes April to Sep data ² UPI is Unified Payments Interface – an instant real-time payment system developed by National Payments Corporation of India facilitating inter-bank transactions

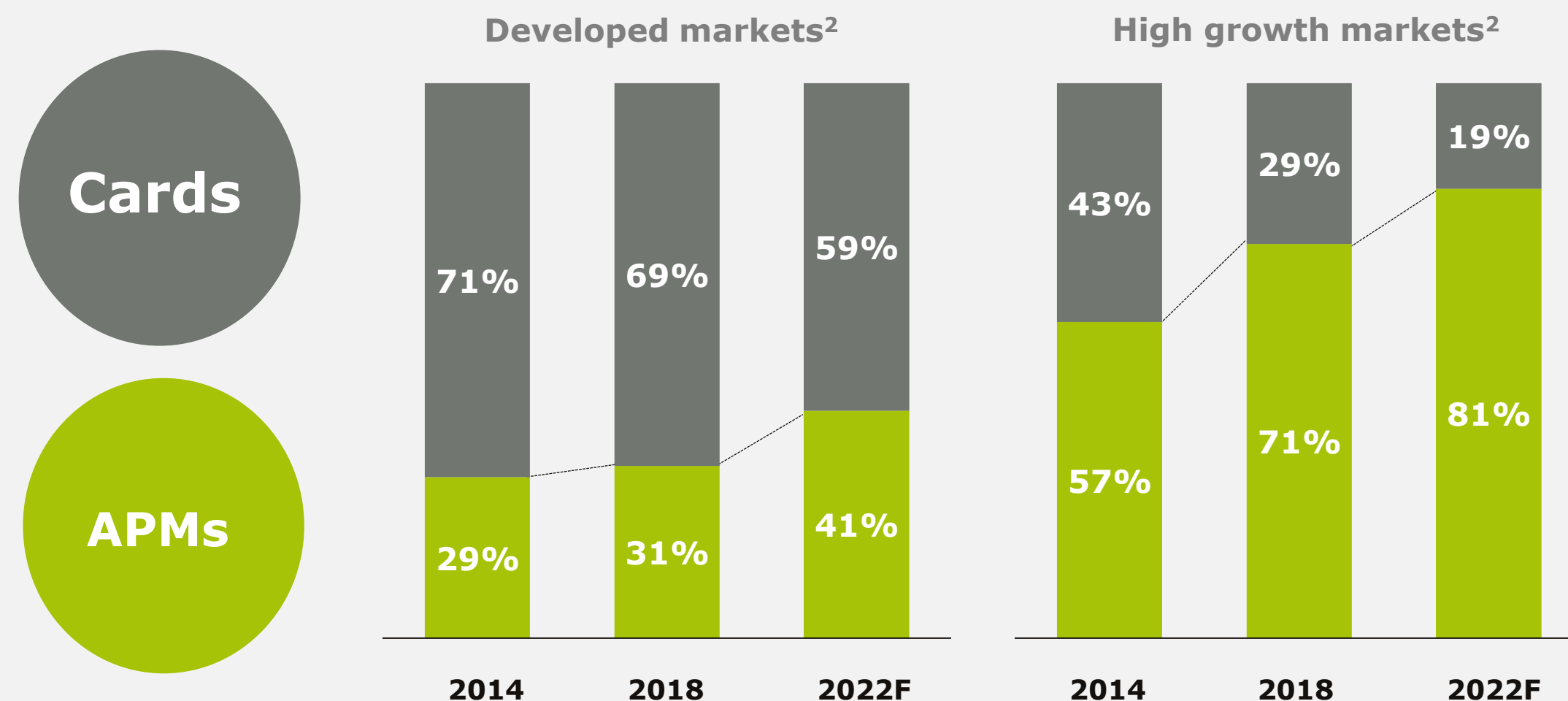
Source: Reserve Bank of India

The *Not-so-Alternative* Payment Methods



**Increasing share of APMs,
especially across PayU regions¹**

eCommerce payment methods share



APM dominance more pronounced in PayU markets

**300+ different payment
methods in target markets**

Cards



VISA

RuPay



**Diners Club
INTERNATIONAL**

**Bank
Transfers**



Banco de Bogotá



blik

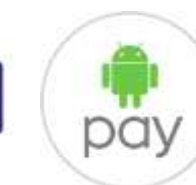
**Cash
payments**



rapipago



Others



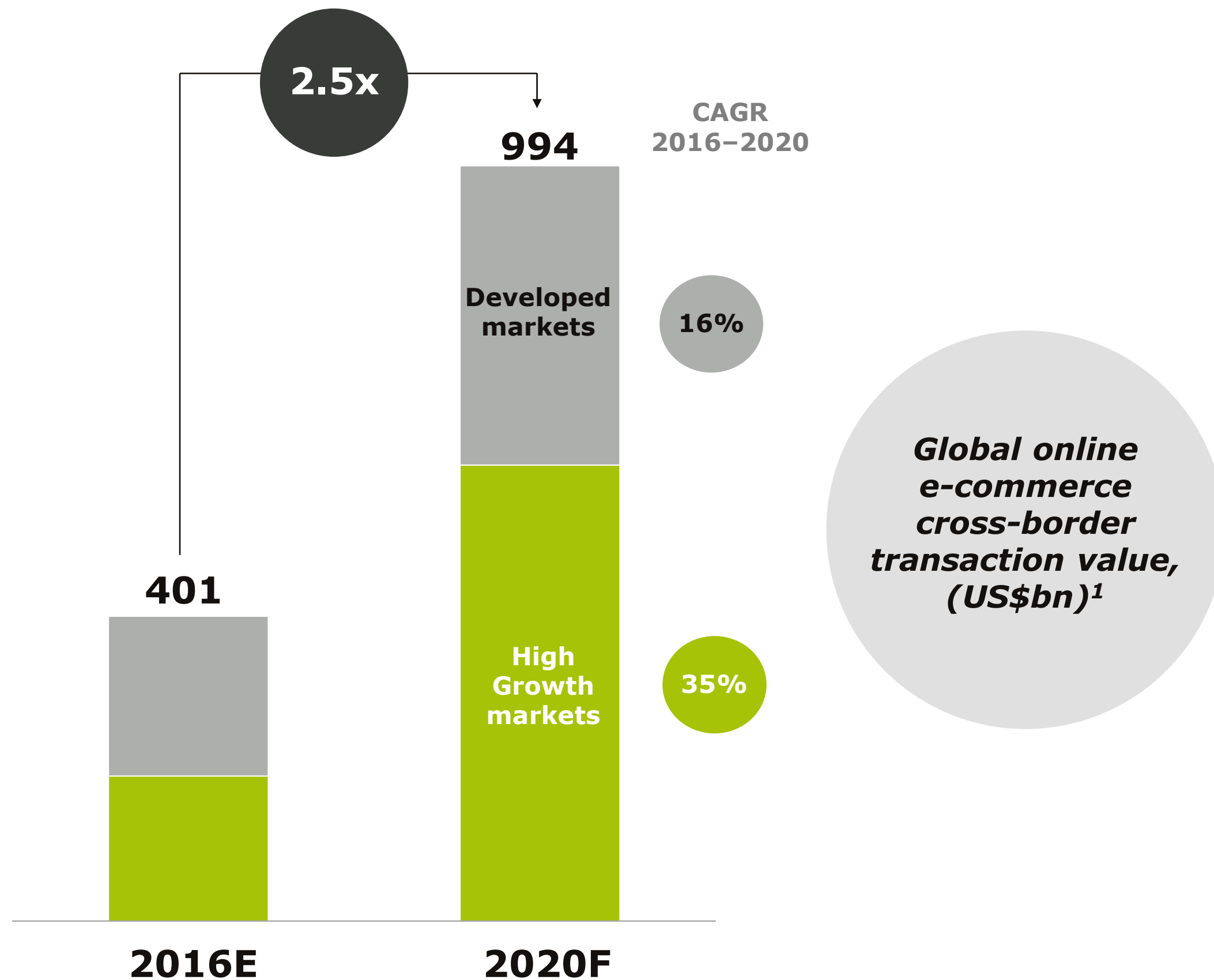
Google Pay



PayU with deep integration across all APMs

Accelerating cross-border payments...

Rapidly growing business...



...with strong economics



Yielding **2-3x** better economics than local payments



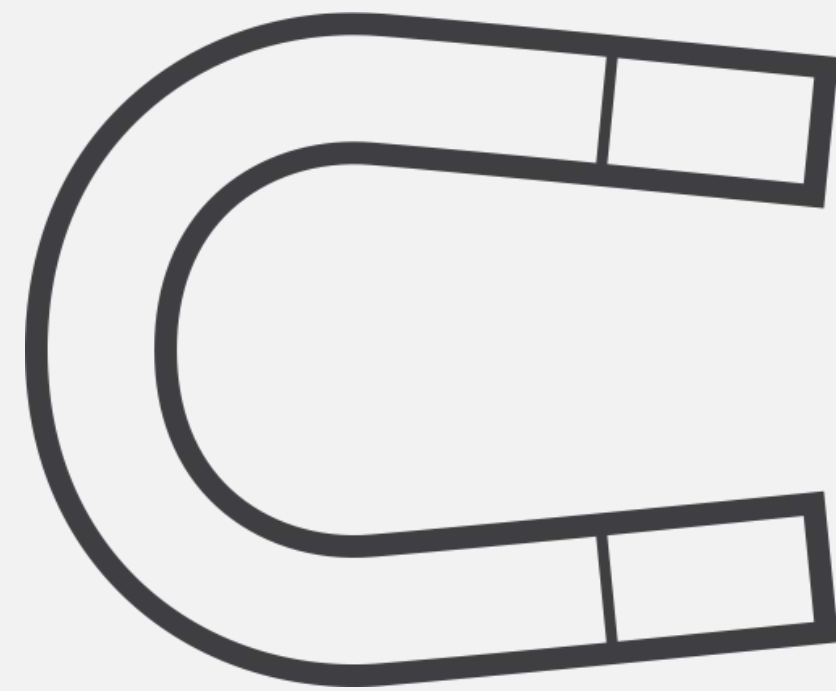
11x growth² in PayU transactions payments volume from cross-border since 2016

...driven by global brands



PayU solution

PayUhub



Global Merchants

 **airbnb**  **AliExpress™**

 **Booking.com**  **Google**

 **NETFLIX** 

Global PSPs

 **adyen**

What's our solution? The PayU HUB

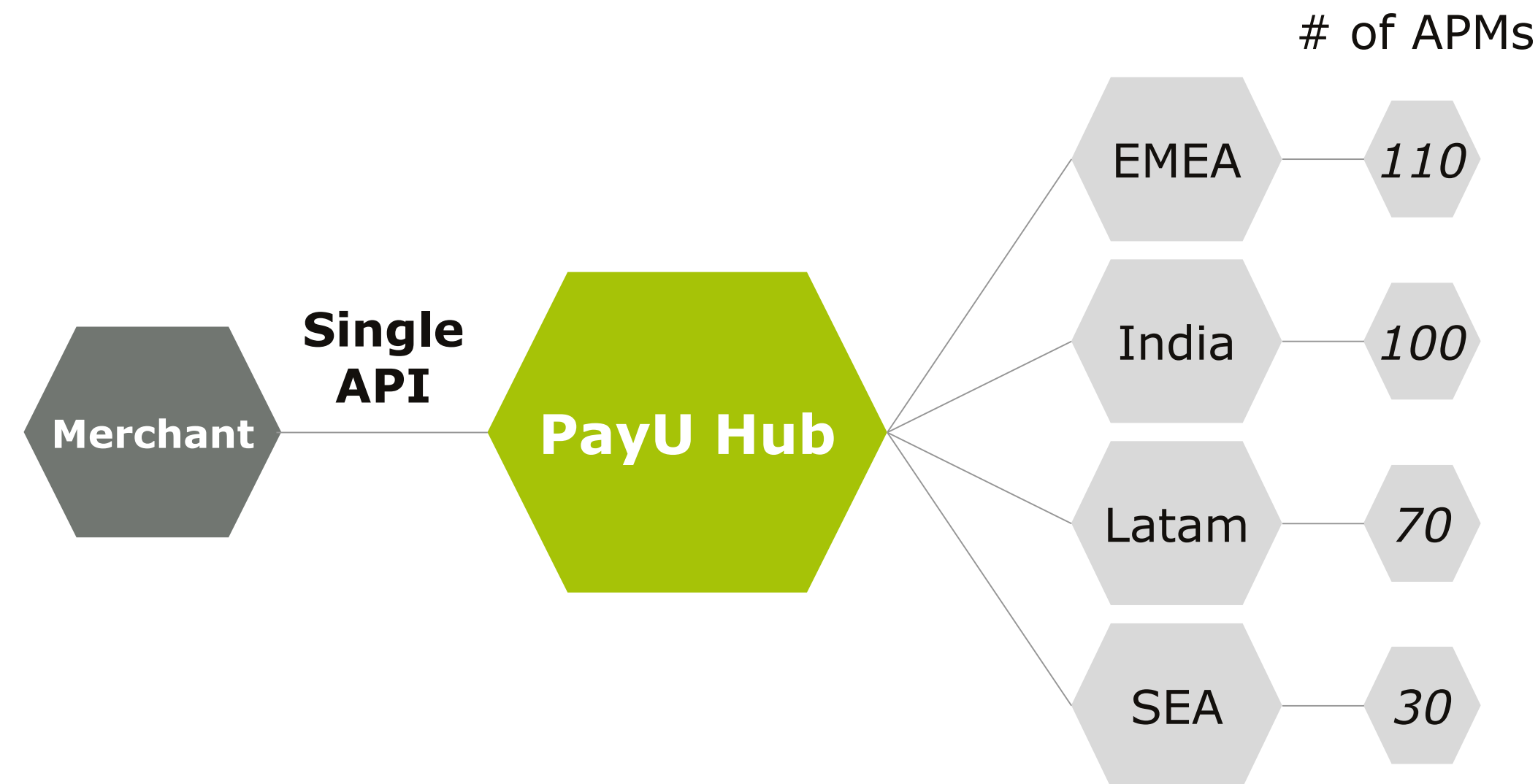
One API to access local payments, worldwide



Merchant pain points

- ✗ Multiple integrations
- ✗ Limited APM coverage
- ✗ Low transaction success rates
- ✗ High fraud rates
- ✗ Complex reporting

PayU value proposition



PayU hub benefits

- ✓ Single API integration
- ✓ 300+ payment methods across 20 high growth markets
- ✓ Industry-leading transaction success rates
- ✓ Single dashboard and data analytics

Consumer touchpoints create opportunity for big data play

Payments is the core fabric of financial services



PayU has a large base of data



US\$38bn annual processing volume



>10bn data fields captured



>3bn transactions



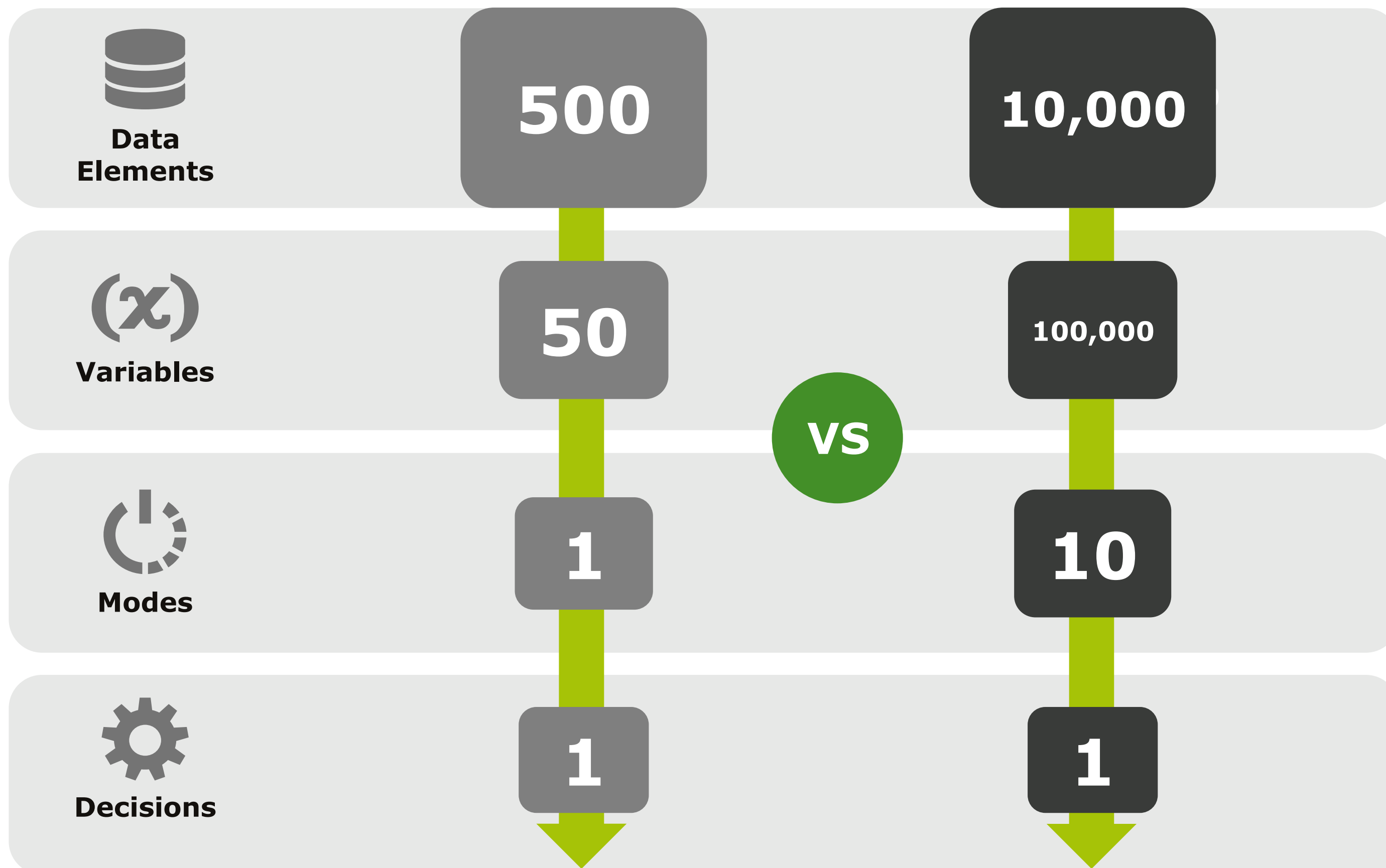
>10m loan transactions

How to leverage data to build new services?

Reinventing Consumer Credit


Classic banking
model


Alternative lender
using big data



A unique credit product using the
alternative scoring model:  **LAZYPAY**
Powered by PayU

PayU

 wibmo

Data
partnerships

~600m
transactions

+

+1bn annual
transactions

+

Check-out data / Bureau /
Social Media / Telco Data



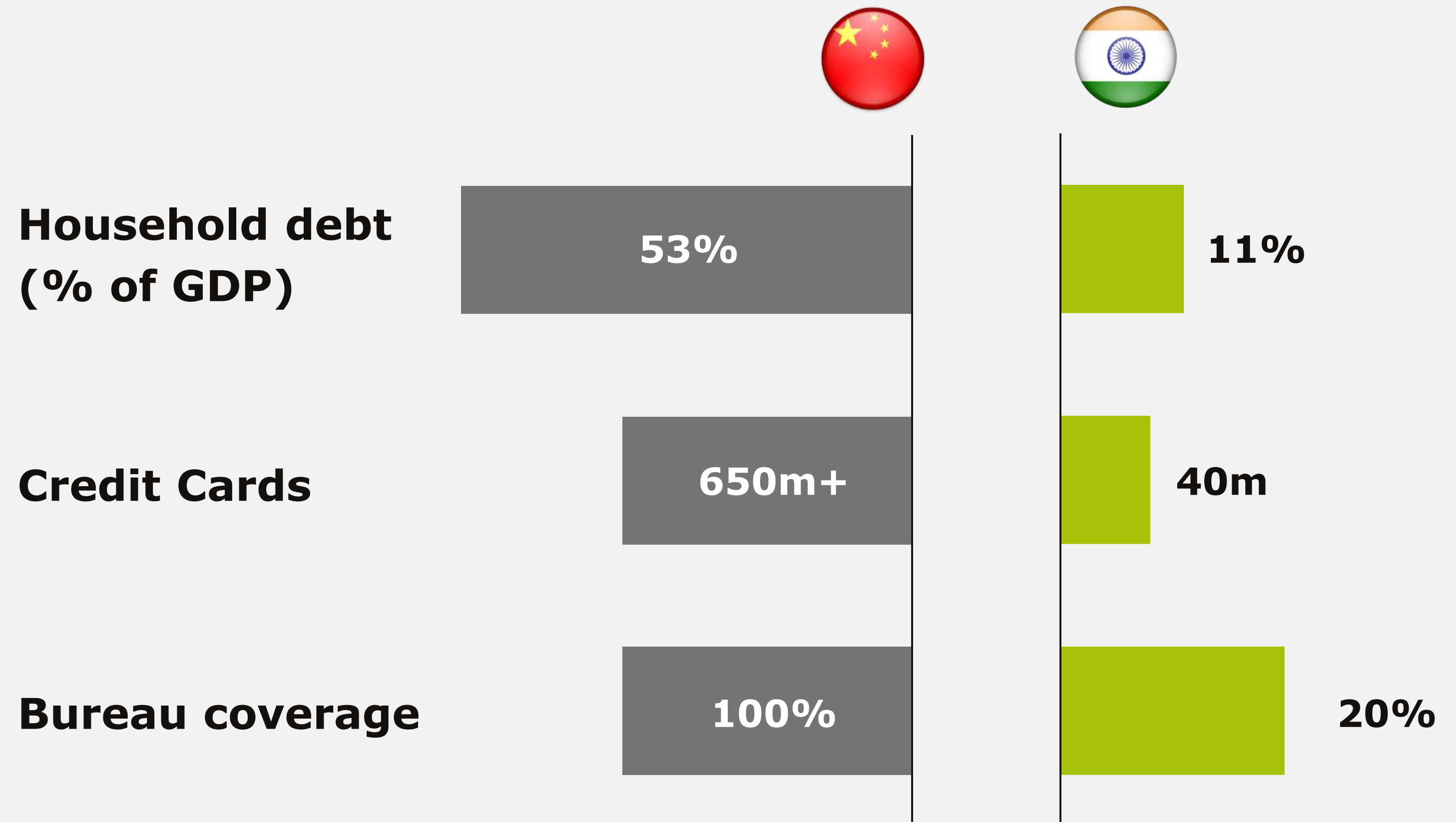
More than 1M customers and 95%
repeat rate

The opportunity for Alternative Lending

Learnings from China



Comparison on credit availability in China and India

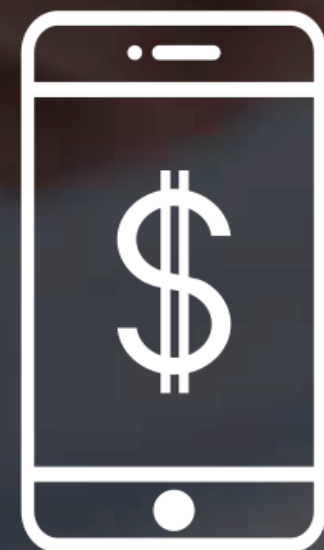


Key Trends in Payments

The shift from cash to digital money



The increasing share of Alternative Payment Methods (APM)



The growth in cross-border payments



Data enabling new services



What have we delivered over the past two years?



1

Scale & efficiency in core Payment business

Over **3x¹** growth in transaction
payments volume since 2016

A profitable payments business

2

Launch consumer credit

Over **12m** loans
disbursed in first-half FY20

3

Play & invest across relevant fintech verticals

Invested **c.US\$750m**
over the past three years

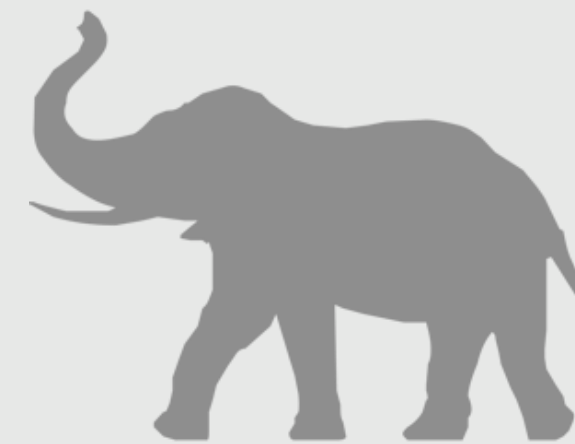
¹ FY20 run-rate of US\$38bn

Our priorities

Stay the course but double down on India



**Build Financial
Ecosystem in
India**



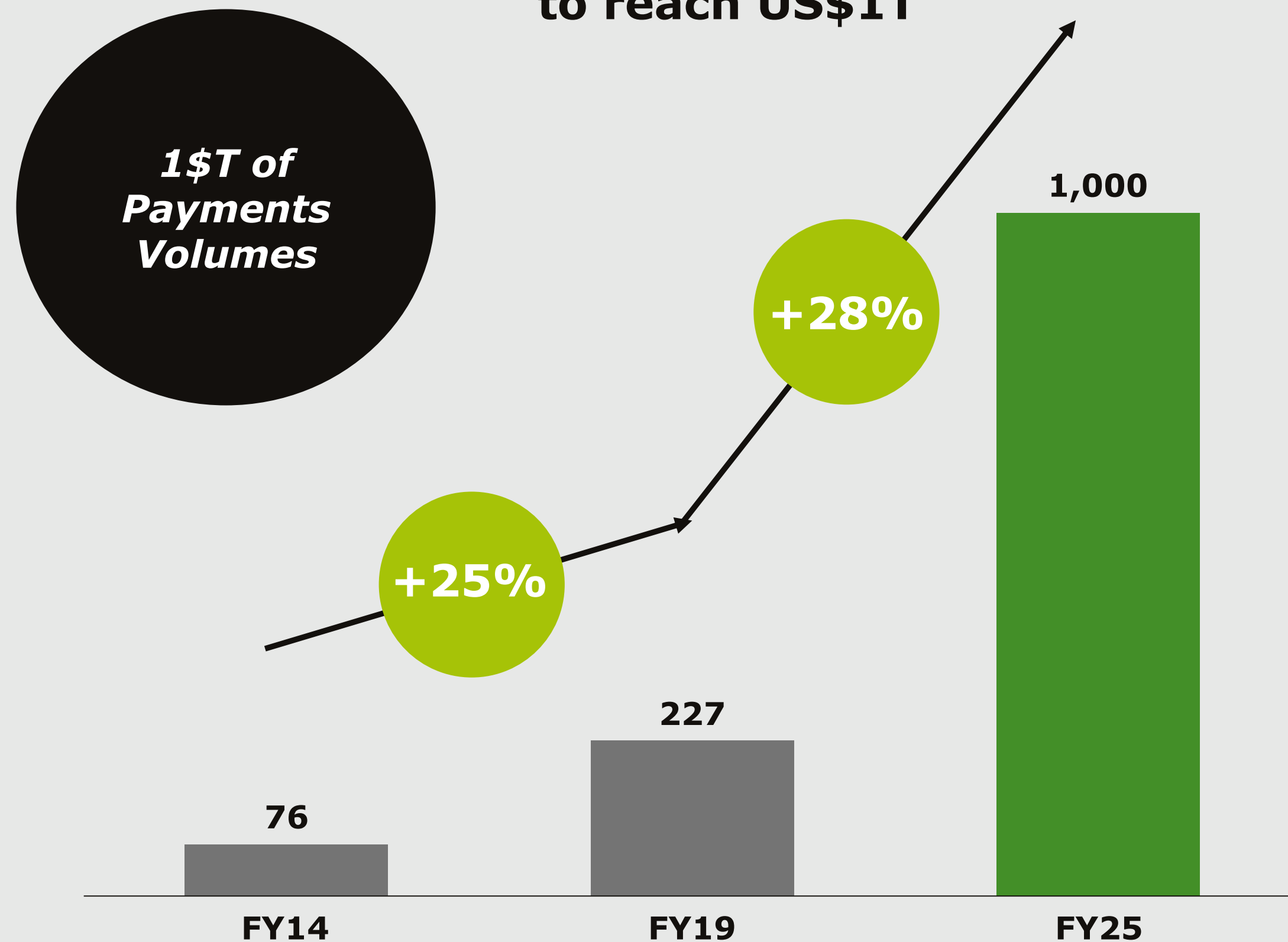
**#1 Payments player
for growth markets**



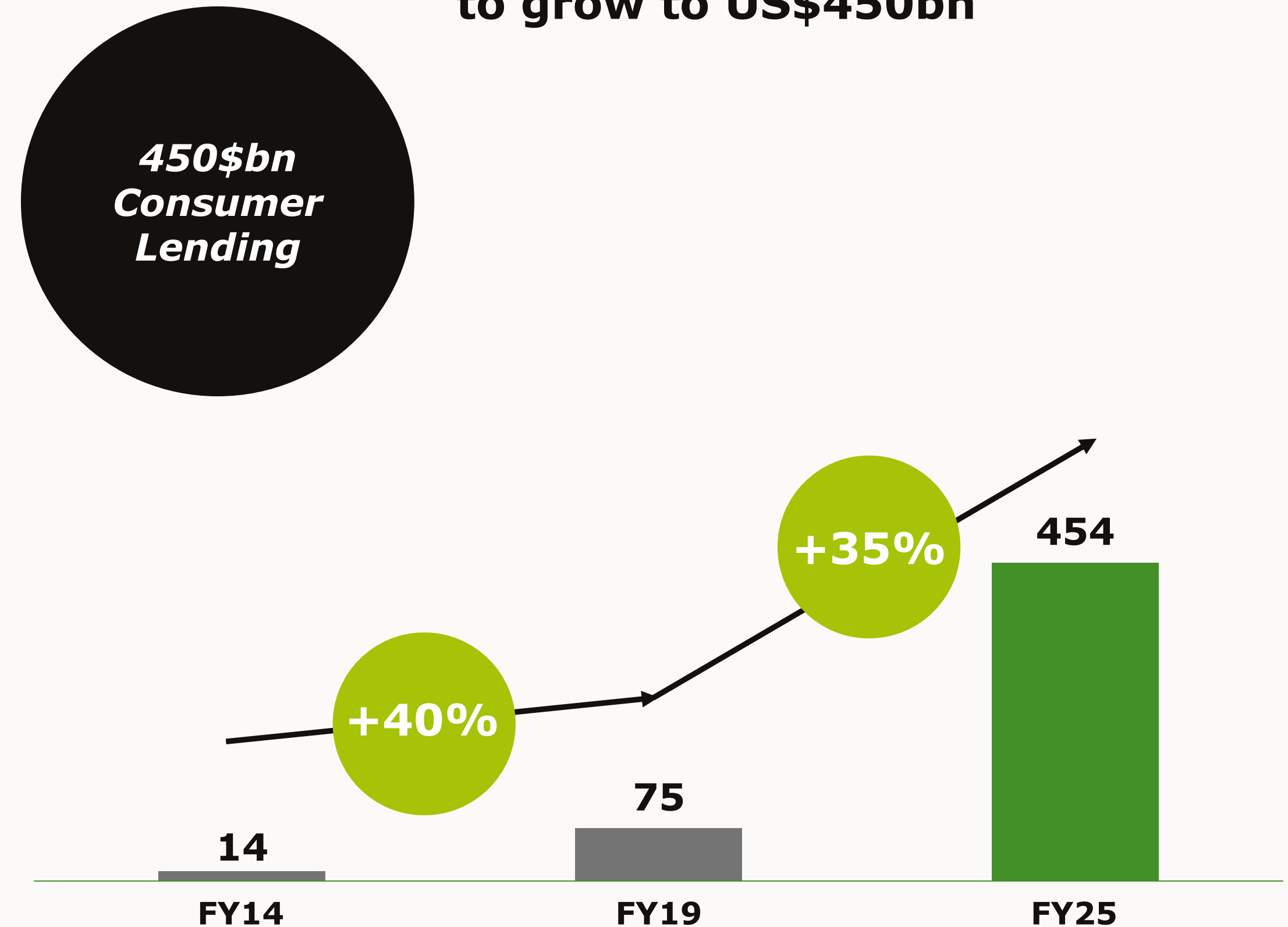
**Invest in AI and
Fintech segments**

India offers a large opportunity in Payments And Credit

India digital payments expected to reach US\$1T



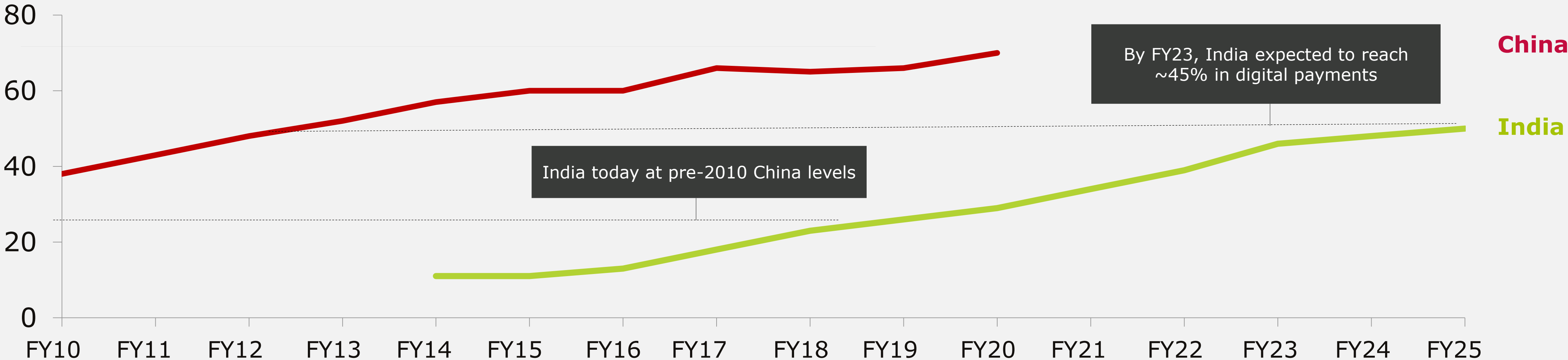
...and India digital lending to grow to US\$450bn



And it's still in the early days

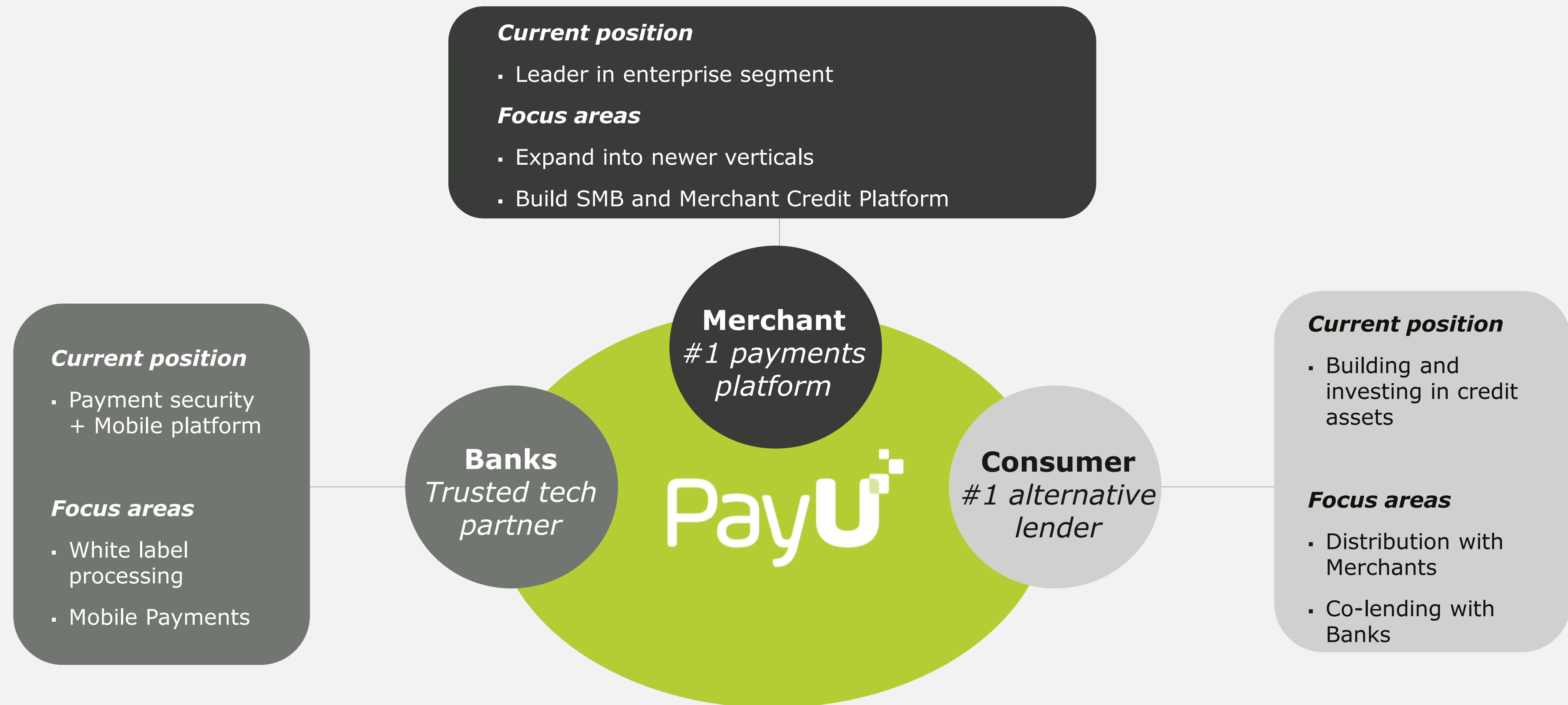


Percentage of Consumer to Merchants digital payments



Note: ¹ Payments include in-store digital payments as well
Source: Bain research

Building an ecosystem across *Merchants, Consumers and Banks*





**Build Financial
Ecosystem in
India**



**#1 Payments player
for growth markets**



**Invest in AI and
Fintech segments**

Building #1 payments player in growth markets



Local Consolidation

Strengthen position
in key markets
through M&A

The iyzico logo, with "iyzico" in a blue, lowercase, sans-serif font.

June 2019

Market Expansion

Entered South East Asia to
cover all high-growth
payments markets

The red dot payment logo, with "red dot" in black and "payment" in red, both in a lowercase, sans-serif font.

July 2019

Cross Border

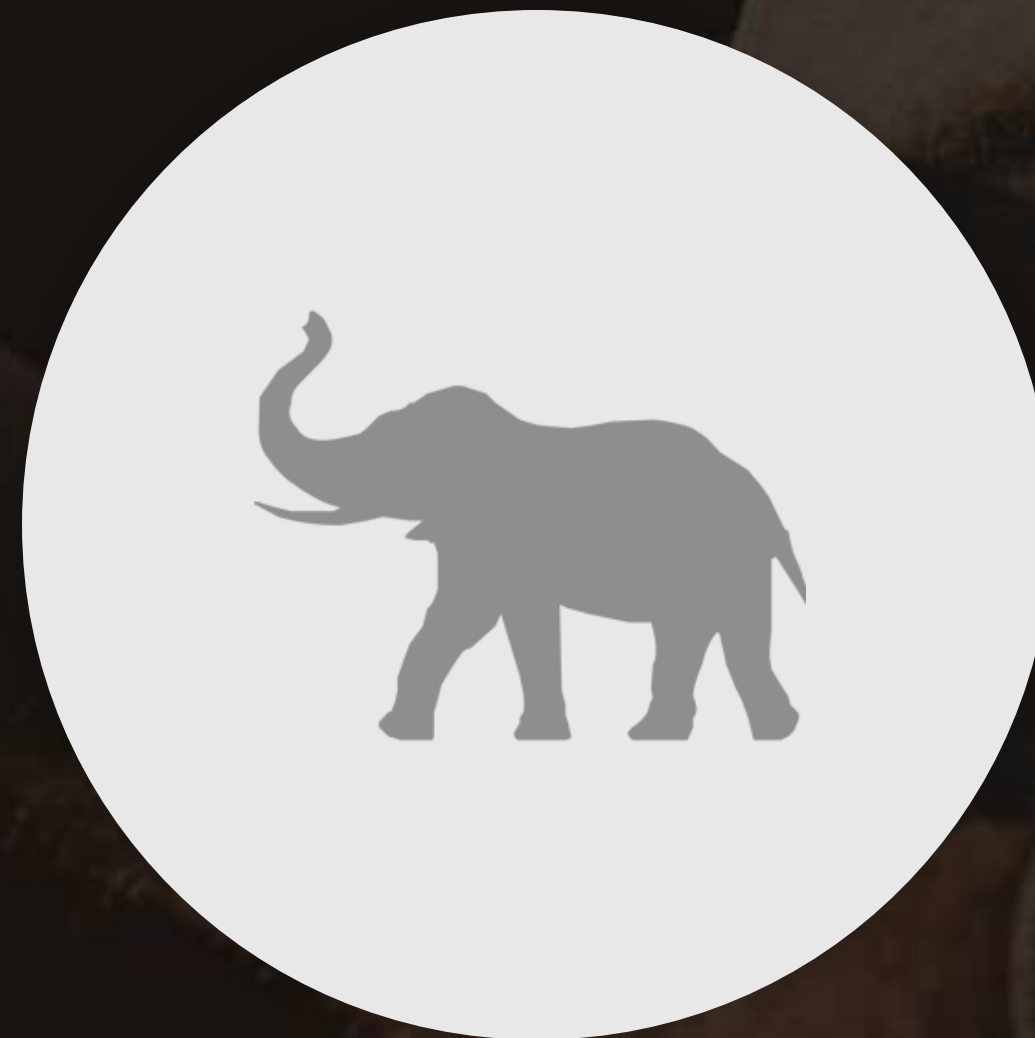
PayU Hub to serve
global merchants

The ZOOZ logo, with "ZOOZ" in a large, bold, black, sans-serif font, and "A PayU Company" in a smaller, black, sans-serif font below it.

July 2018



**Build Financial
Ecosystem in
India**

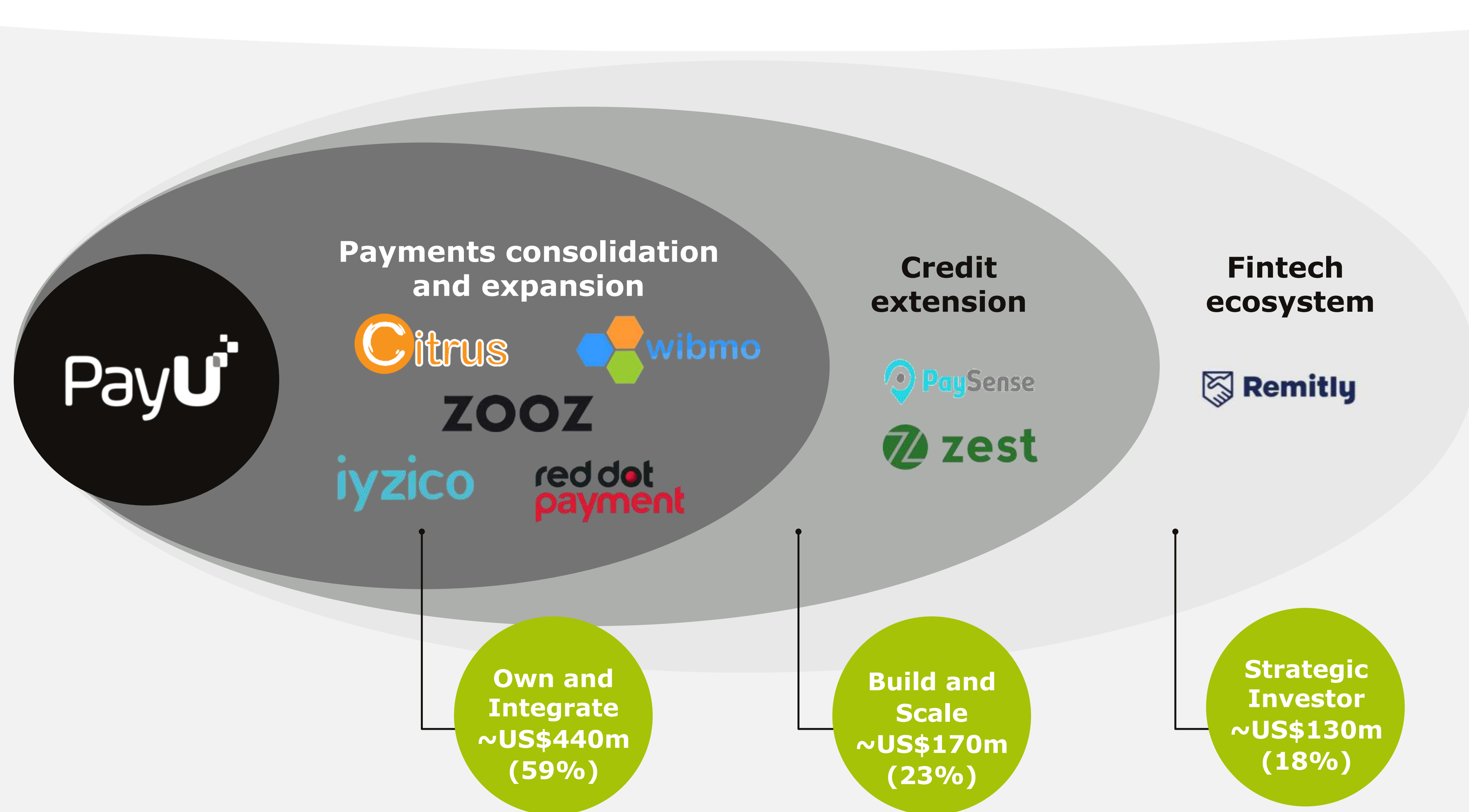


**#1 Payments player
for growth markets**



**Invest in AI and
Fintech segments**

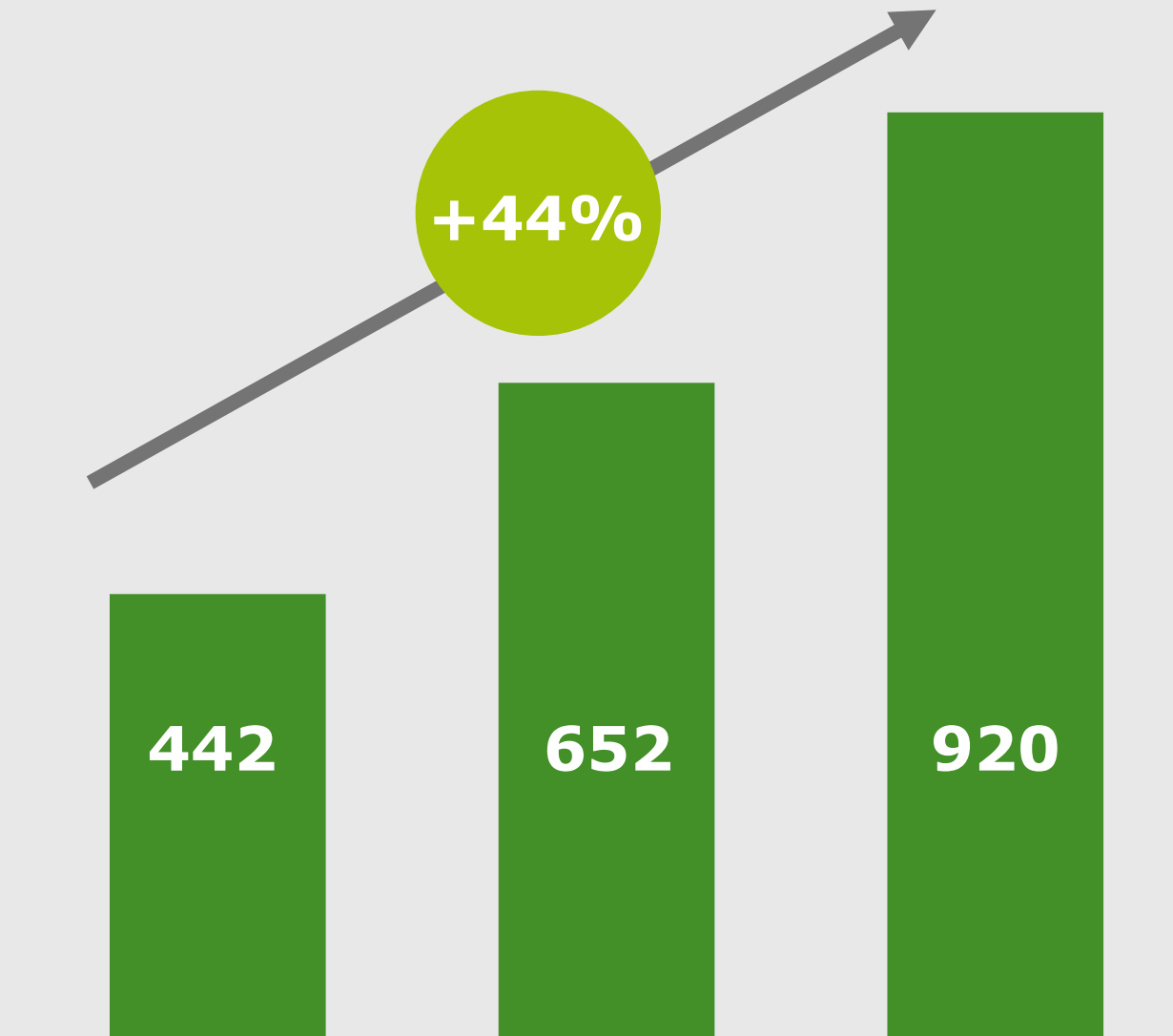
80% of our investments go into our core business



Solid top line growth in our payments business

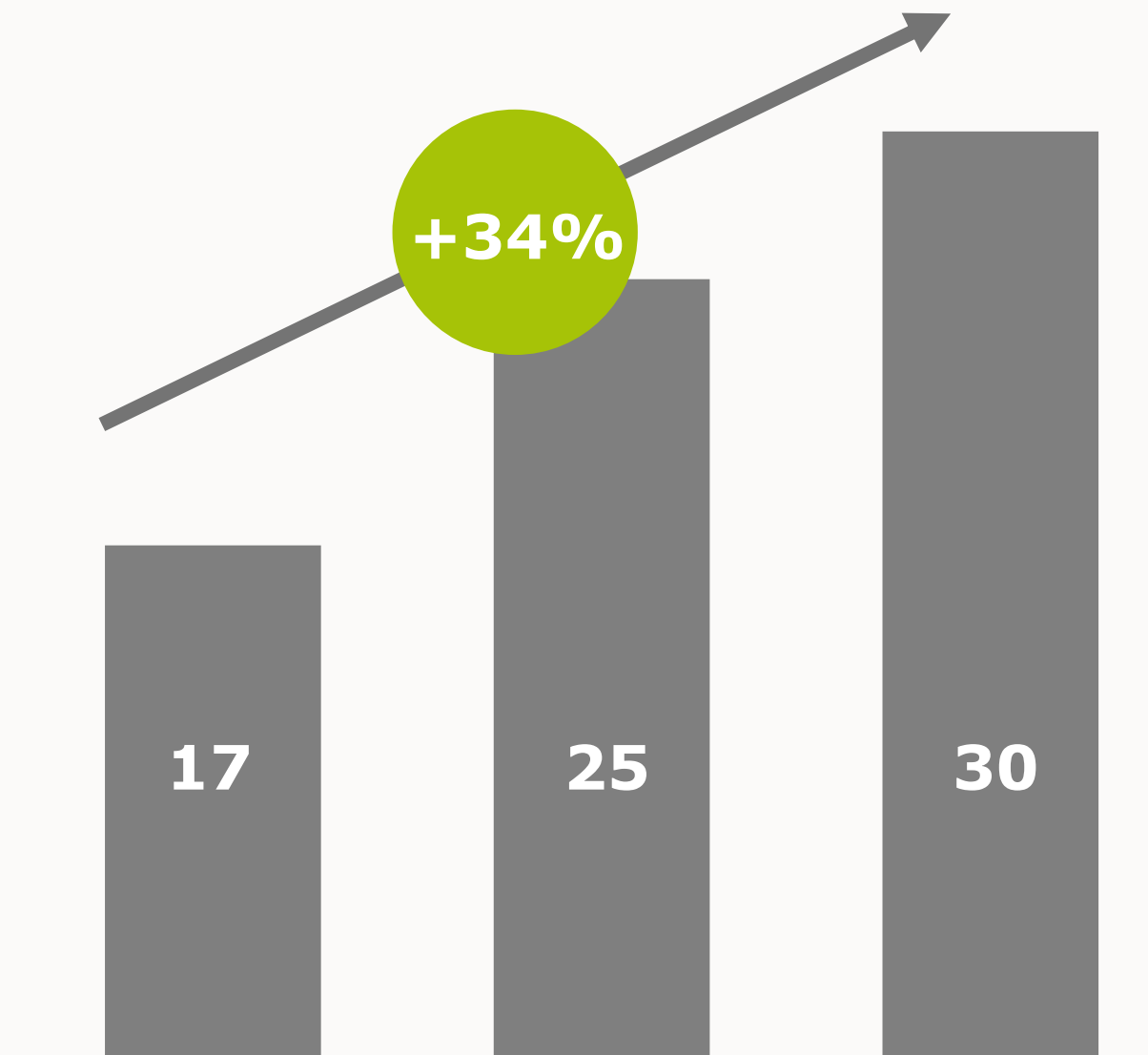


Total Payment Transactions (#m)



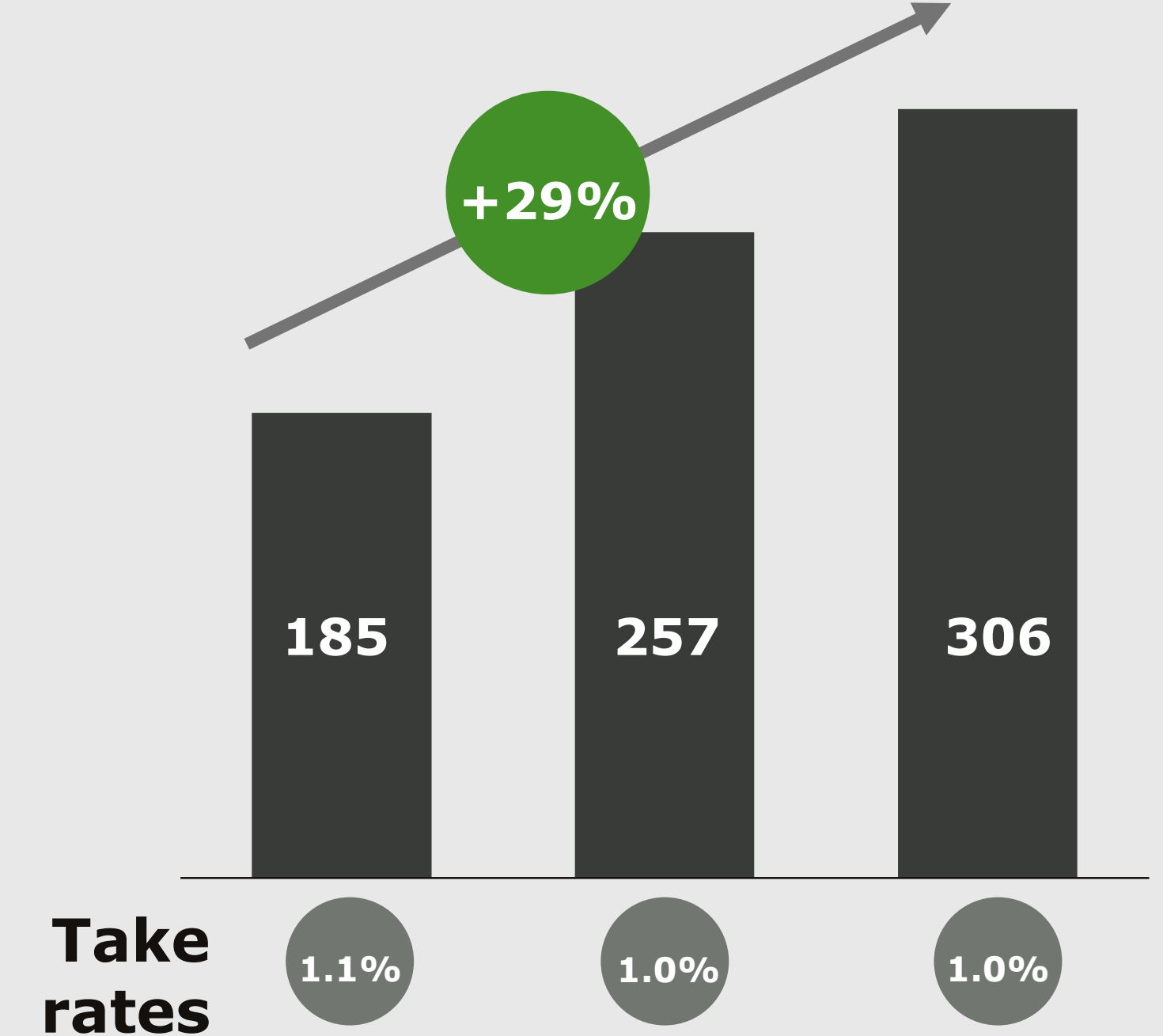
FY17 FY18 FY19

Total Payments Volume (US\$bn)



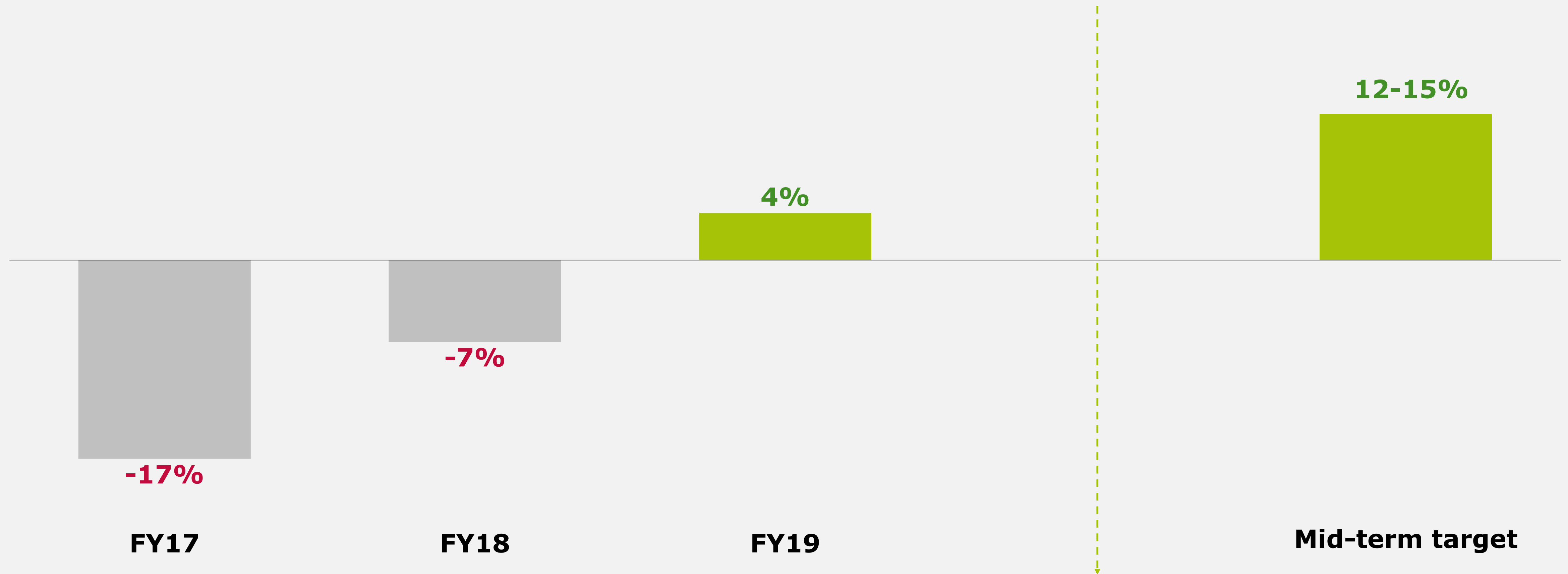
FY17 FY18 FY19

Total Payments Revenue (US\$m)



FY17 FY18 FY19

Reached profitability through scale and efficiency gains



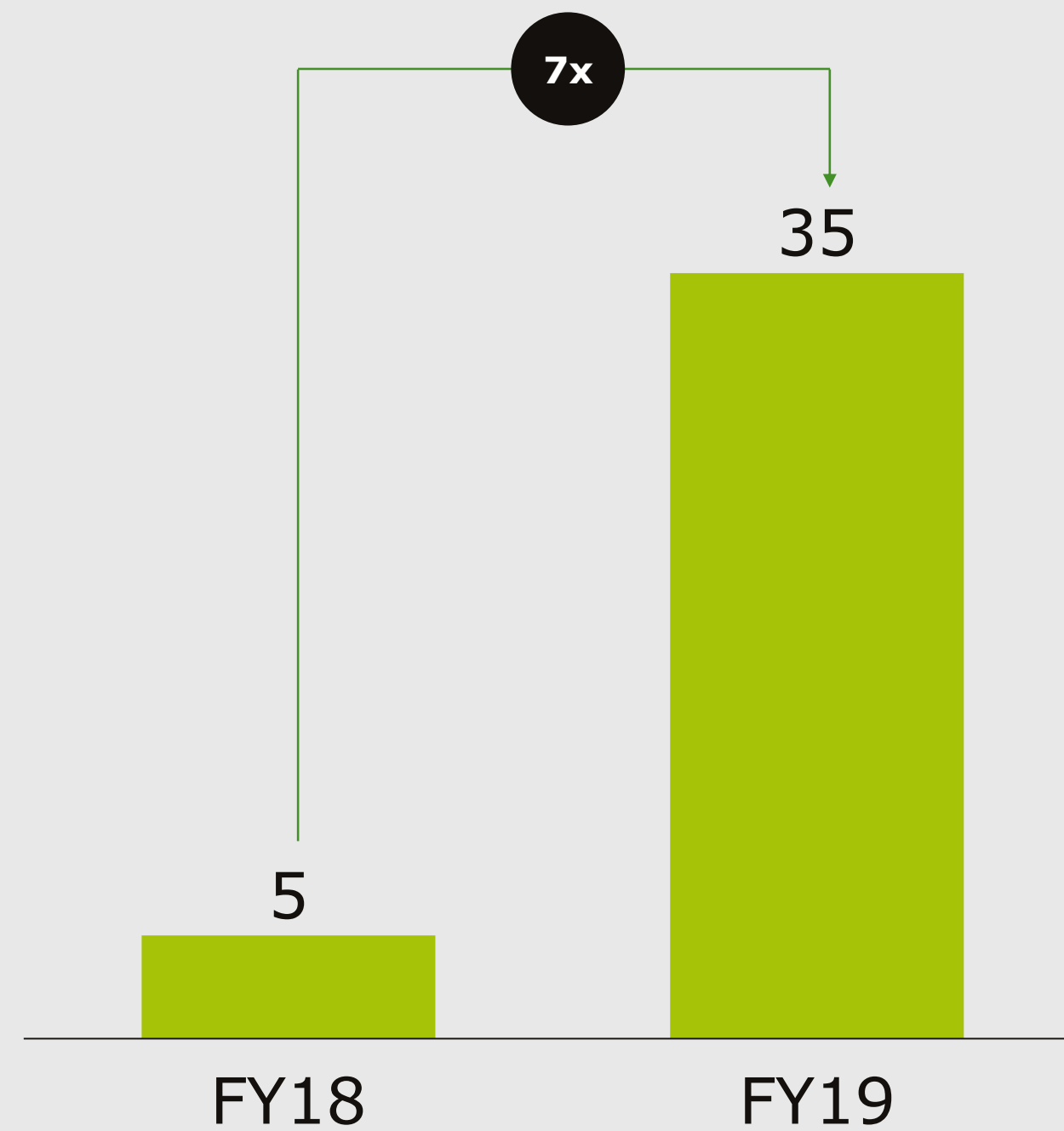
Source: Company information. Results reported on an economic-interest basis, i.e. equity-accounted investments are proportionately consolidated. Excluding associates and credit

And we continue to invest to build our credit business in India



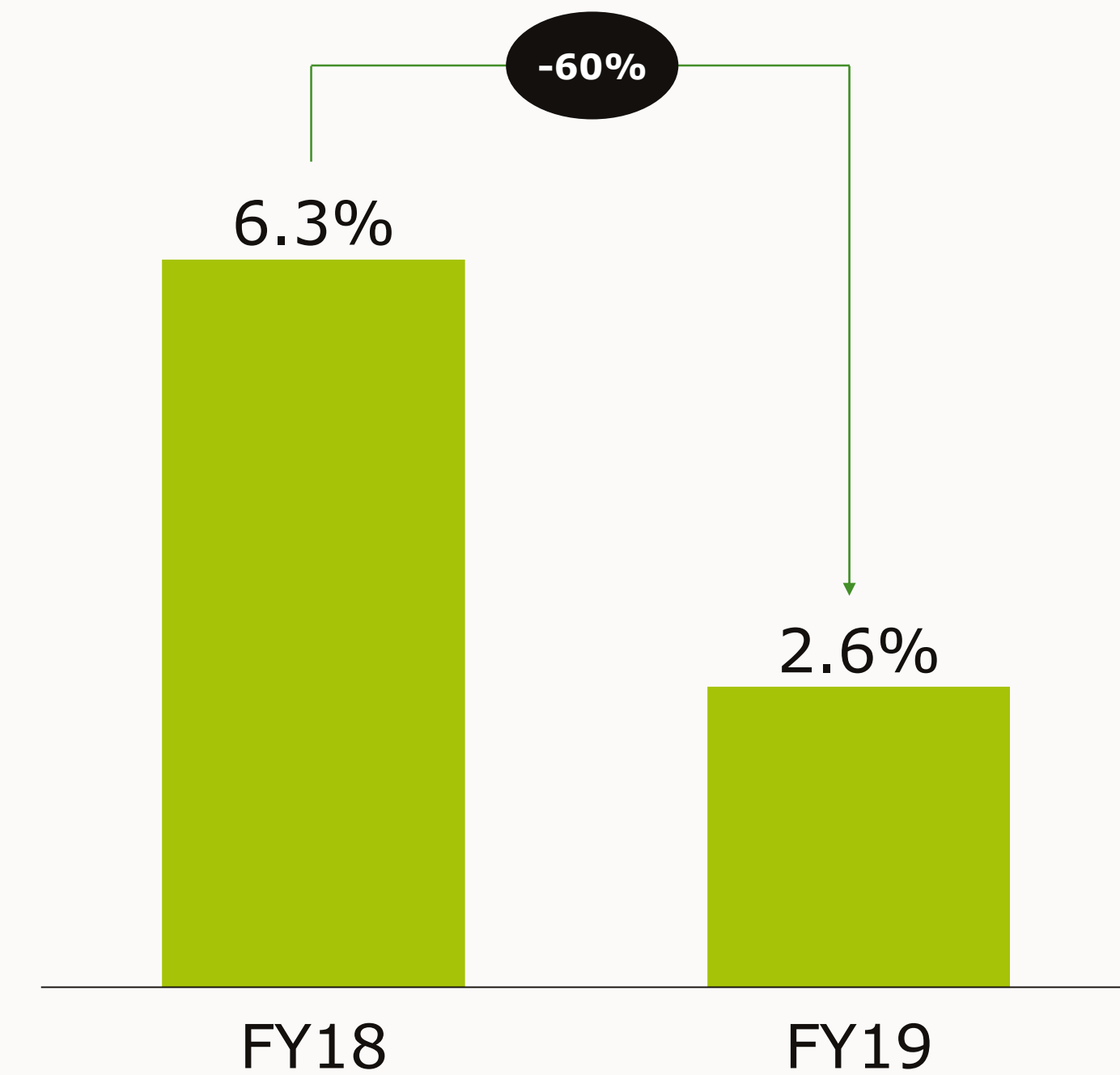
Steadily growing our volumes of Loan Issuance¹

Issuance volume (US\$m)



While improving loss rates¹

Loss rates (% of loan issued)

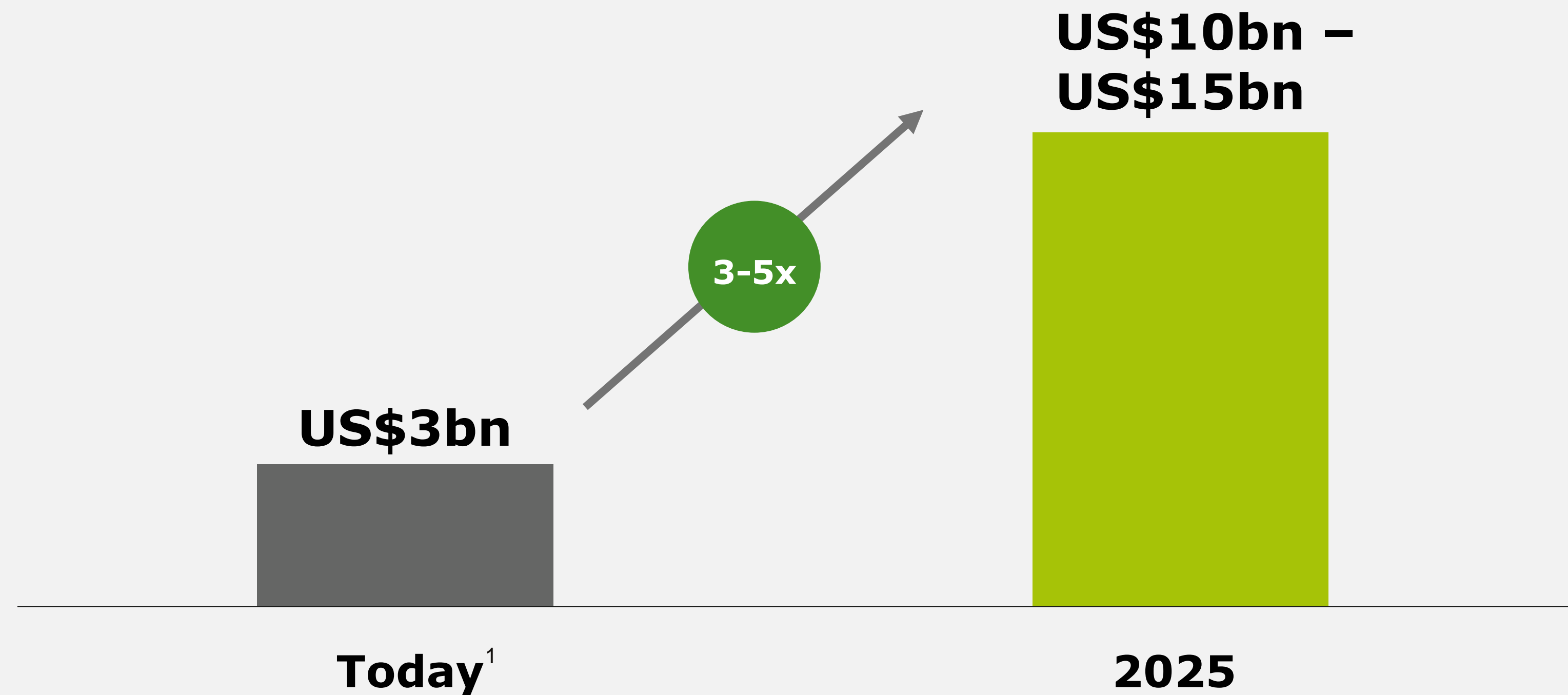


¹ Issuance volumes and loss-rates of LazyPay (Buy Now Pay Later product)

Our ambition for the next 5 years

How to get there?

- India
- Credit
- Local Consolidation



A woman with blonde hair, wearing a bright green long-sleeved shirt, is holding a black smartphone in her right hand and a white credit card in her left hand. She is looking down at the phone. The background is blurred, showing what appears to be a cafe or a similar indoor setting with warm lighting and some indistinct shapes. The PayU logo is overlaid in the center of the image, with the word 'PayU' in a white sans-serif font and a small icon of three squares to the right of the 'U'.

PayU