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Headline: AMTD aims to bring connectivity to FinTech community by expanding in Singapore

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Singapore's aspiration to become a financial technology (FinTech) hub has been in the making for the past several years. Among its concerted efforts are the annual hosting of the Singapore FinTech Festival, and the provision of grants and other incentives to budding FinTech startups. But achieving a thriving FinTech ecosystem will take more than just that. Establishing connectivity to the broader region and globally is crucial too.

This is where AMTD Group, a Hong Kong-headquartered financial services company, reckons it can play a pivotal role. The company believes that it can facilitate opportunities between the city-state, Southeast Asia, the Guangdong-Hong Kong-Macau Greater Bay Area and the rest of China. This is through the expansion of its presence in Singapore.

This year, there has been a flurry of activities in Singapore involving AMTD. Over the last two months, it has acquired several controlling stakes in FinTech companies. These include insurance technology company PolicyPal, private market and digital assets exchange CapBridge Financial, and one-stop QR code and digital payment solution provider in Southeast Asia, FOMO Pay.

The company has also partnered several academic institutions and industry associations to nurture FinTech talents. For instance, it launched the AMTD-Xiaomi-SMU-ISS Digital Finance Leadership Programme in collaboration with Xiaomi Finance, Singapore Management University (SMU) and the Institute of Systems Science at the National University of Singapore. It also established the AMTD-SFA Global FinTech Fellowship Programme with the Singapore FinTech Association (SFA), to provide in-depth digital business transformation and finance training for senior leaders.

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These local collaborations are not the only ones. In Hong Kong, the company founded the AMTD FinTech Centre of PolyU Faculty of Business with the Hong Kong Polytechnic University. It also tied up with the University of Waterloo in Canada to establish the AMTD Innovation Hub and the AMTD Waterloo Global Talent Postdoctoral Fellowship.

AMTD also intends to provide financial support to FinTech start-ups in Singapore and the region. The company launched the MAS-SFA-AMTD Solidarity Grant together with the Monetary Authority of Singapore and SFA. It also established the AMTD Asean Solidarity Fund together with the Asean Financial Innovation Network.

Now, AMTD has its sights on a much bigger goal — one that might just make these other ventures and partnerships look like a series of appetisers. Late last year, AMTD put in its bid for one of the five coveted licences to operate a digital bank in Singapore. The company is doing so through a consortium comprising smartphone manufacturer Xiaomi Corp, utilities company SP Group and peer-to-peer lending platform provider Funding Societies. With the licence, the company aims to launch Singa Bank. The outcome of the application is expected to be announced by the MAS by year-end.

Ahead of the bid, AMTD has been making its presence felt, literally physically. In September 2019, AMTD and Hong Kong-based property and hospitality company, Far East Consortium (FEC), paid \$289 million for the hotel and serviced residence component of the OUE Downtown project. The property, located along Shenton Way in the core CBD, is just a stone's throw from the MAS Building. AMTD holds 51% of the venture, while FEC holds the smaller share of 49%.

Notably, AMTD has also completed a secondary listing of its US-listed subsidiary, AMTD International, under a dual-class share structure on the Singapore Exchange (SGX) earlier this year — the first to do so. About 23.9 million Class-A ordinary shares of the company were listed on the mainboard. Shares of AMTD International are up about 2.5% since their listing on April 8.

All these efforts will strengthen the company's capabilities in four verticals — namely, capital market, digital finance, talent support and assets — says Calvin Choi, chairman and CEO of AMTD Group. "We want to be comprehensive," he told The Edge Singapore in a recent interview. "We have invested in Singapore for several years, and built AMTD Group's regional headquarters and AMTD Digital's headquarters there. We hope to leverage Singapore as the hub to expand into the broader Southeast Asian market. We see AMTD as a super connector between Southeast Asia and the Greater Bay Area."

So, how exactly does AMTD intend to connect Singapore's FinTech aspirations to the region and beyond?

Financial expertise

AMTD Group was formerly known as Allday Enterprises. It was founded in 2003 by Asian tycoon Li Ka-shing's CK Hutchison Holdings. AMTD is involved in investment banking, asset management and strategic investments. Under Choi, a former UBS banker, AMTD has built up a strong niche helping companies from Greater China list in the US.

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AMTD recently led the IPO of BlueCity Holdings, a Chinese LGBTQ dating app, on Nasdaq. The company was the lead underwriter and bookrunner on the latter's IPO. The company also served as a joint bookrunner and joint lead manager of Chinese property developer Radiance Group's issuance of US\$250 million (\$344 million) senior bond.

Other recent US IPOs handled by AMTD included the June 26 Nasdaq listing of Ebang International Holding, described as China's leading ASIC (application-specific integrated circuit) chip design company and leading manufacturer of high-performance Bitcoin mining machines. AMTD helped raise US\$100 million for this deal.

AMTD has a finger on non-tech companies as well. On March 13, it helped Ye Xing Group Holdings, a China-based property management service provider, list on the mainboard of the Hong Kong Stock Exchange. Some US\$20 million worth of shares were sold.

The company is actively doing deals for SGX companies too. On the same day Ebang was listed, AMTD helped SGX-listed Daisin Retail Trust place out US\$94 million worth of shares as the joint bookrunner.

Beefing up tech capabilities

While AMTD's financial services capabilities are certainly evident, the company is aware of the need to shore up its FinTech capabilities. Choi says the recent acquisitions are geared towards that and provide digital offerings to its community of stakeholders known as the SpiderNet ecosystem. The latter comprises the company's clients, shareholders, business partners, industry associations, academic institutions and investee companies across the world.

For example, PolicyPal uses predictive modelling and algorithmic underwriting skills to provide risk analysis and customised financial planning solutions for clients. It is also building towards using open APIs to access clients' assets and liabilities in order to analyse client needs and provide products customised to each client, says Choi. The open APIs ingest data, assign pricing algorithms and drive targeted re-engagement and dynamic discounts. PolicyPal can also expedite the process and inception of the insurance policy as it directly performs know-your-client procedures and anti-money laundering checks on its platform for certain products, he explains.

On the other hand, CapBridge uses analytics to seek and match growth companies with private capital. It provides portfolio tracking and performance-based process mapping to optimise fundraising for private companies.

Finally, FOMO Pay leverages big data and artificial intelligence in its transaction monitoring system, and continuously enhances its risk management and anti-fraud security system. FOMO Pay is further exploring collaborations with banks and financial institutions on loan facilitation and digital insurance by improving their assessment of underwriting creditworthiness.

"We always intend to be more than financial services, not just an investment bank," says Choi. "We bring them into an inter-connected network that creates value for all stakeholders, enabling resource exchanges, cooperation and win-win collaboration, as well as enhancing their technology utilisation."

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Digital bank

Meanwhile, launching Singa Bank would be the cherry on the cake if AMTD successfully clinches a Singapore digital bank licence. Singa Bank would be the company's second digital bank — after Airstar Bank in Hong Kong. The latter is a joint venture between the company and Xiaomi, and was the second virtual bank to be approved by the Hong Kong Monetary Authority for launch.

Choi says the company will leverage Xiaomi's richer and deeper digital banking experience. Prior to Airstar Bank, Xiaomi had successfully built XW Bank, a digital bank in China. Choi notes that XW Bank connects all ecosystem partners, including financial institutions and other business partners, to its innovative platform to provide banking services.

Choi says the company will also explore the possibility of enhancing Singa Bank's offerings by leveraging Xiaomi's expertise in Internet of Things (IoT). He points out that Xiaomi is one of the largest IoT companies in the world. Its open IoT platform had 235 million connected devices last year, he notes. This provides countless data points, which can be leveraged to make lending decisions, such as supply chain finance.

To that end, Singa Bank may be able to facilitate the approval of loans usually rejected by traditional financial institutions, says Choi. This is because an SME's operating performance can be monitored more accurately using IoT by tracking the movement of its merchandise, which provides a more timely and effective risk management.