

BUSINESS FINTECH USAGE SURVEY - PRELIMINARY MAINLAND CHINA RESULTS

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CPA
AUSTRALIA



MAINLAND CHINESE BUSINESSES LEAD FINTECH USAGE IN REGIONAL SURVEY

Executive summary

Driven by the Government's FinTech development plan and innovation strategy, Mainland China is leading the way in business FinTech usage across the region, according to a survey of business FinTech usage by CPA Australia.

The survey found that 80 per cent of respondents from Mainland China reported that their businesses had used at least one FinTech product or service in the past twelve months, which is the highest result of the surveyed markets.

Further, Mainland Chinese businesses were the most likely to maintain or increase their usage of mobile payments/digital wallets, robo-advisory/chatbots, wealth management technology (WealthTech) and FinTech lending in the past twelve months.

84 per cent of surveyed respondents from Mainland China believe their businesses will use at least one FinTech product or service in the next 12 months, according to the survey.

The survey findings also indicate there is a clear link between the use of FinTech and business growth. It found that 74 per cent of Mainland Chinese businesses that were more profitable in 2019 either maintained or increased their usage of mobile payments or digital wallets in the past 12 months, and 54 per cent of Mainland Chinese businesses that were more profitable in 2019 either maintained or increased their usage of robo-advisory/chatbots.

However, the impact of the rapid growth of FinTech usage in Mainland Chinese businesses has also created challenges. Respondents from China were most likely to select cybersecurity concerns (41 per cent) and shortage of FinTech talent (37 per cent) as the key barriers to business FinTech adoption.

Key findings

- 80 per cent of surveyed Mainland Chinese accounting and finance professionals stated that their business have used at least one FinTech product or service in the past 12 months, the highest result of the surveyed markets.
- 84 per cent of surveyed Mainland Chinese accounting and finance professionals stated that their business will use a FinTech product or service in the next 12 months.
- Mobile payments/digital wallets, robo-advisory/chatbots and WealthTech are the top three FinTech products or services that Mainland Chinese businesses expect to use in the next 12 months.
- 74 per cent of businesses that increased their profitability in 2019 either maintained or increased usage of mobile payments/digital wallets in the past 12 months.
- In the past 12 months, mobile payments/digital wallets experienced the highest increase in usage amongst Mainland Chinese businesses.
- Improved efficiency (63 per cent), cost savings (39 per cent) and to better understand and improve the customer experience (32 per cent) where the most popular drivers of FinTech adoption in Mainland Chinese businesses.
- Cybersecurity (41 per cent), shortage of FinTech talent (37 per cent) and data privacy (32 per cent) were the most likely choices for barriers/challenges to FinTech adoption in Mainland Chinese businesses.

BUSINESS FINTECH USAGE SURVEY 2020 CHINA MARKET

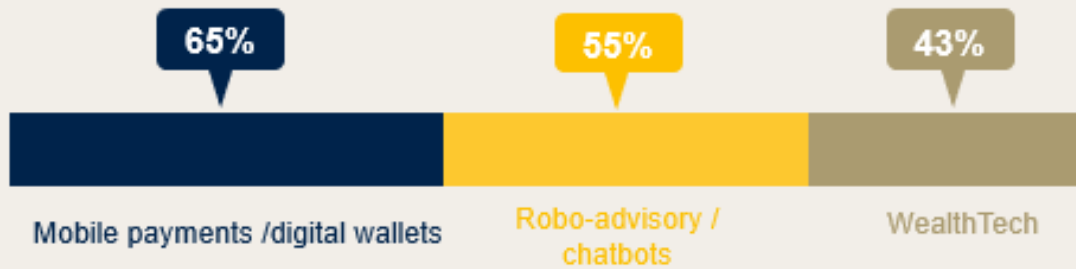


Used FinTech in the past 12 months

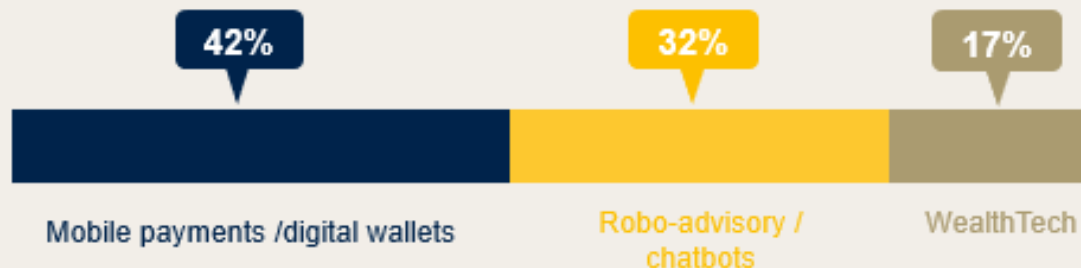


Will use FinTech in the next 12 months




TOP 3 FINTECH WITH THE HIGHEST BUSINESS USAGE IN THE PAST 12 MONTHS



TOP 3 BUSINESS FINTECH USAGE IN THE NEXT 12 MONTHS



DRIVERS

-  To improve efficiency
-  Cost saving
-  To better understand and improve the customer experience

CHALLENGES

-  Cybersecurity
-  Shortage of FinTech talent
-  Data privacy / storage

RECOMMENDATIONS FOR BUSINESSES

|  Business strategy |  Business operation |  Risk management |
|---|---|--|
| Make use of government support to implement an appropriate FinTech adoption strategy that improves efficiency and reduces cost. | Establish a board-level FinTech committee to actively stay informed of new trends and potential | Commit appropriate levels of expenditure to maintaining and upgrading IT systems to protect the business from malicious cyber-attacks. |
| Use mobile payment technology and chatbots to improve the customer experience and to meet changing consumer behaviour | Provide FinTech training programs to all employees and adopt innovative technology tools for recruitment to secure top FinTech talent | Identify your business's sensitive data and ensure that appropriate tools and solutions are in place to help protect that data. |

SIX KEY LESSONS FOR FINTECH START-UPS

FinTechs need to demonstrate the following six key features of their product or service:

-  How it improves the efficiency of a potential client
-  How it will lead to cost savings
-  How it can give the business a better understanding of their customers and improve the experience of their customers
-  How the FinTech will assist the business implement, support and enhance the technology
-  How customer and business data will be protected
-  Its cybersecurity features, and how they will assist the business protect its cybersecurity into the future



TONY CHAN FCPA

Deputy President of CPA Australia's South China Committee

The fast-growing business FinTech usage in China is boosted by the development of emerging technologies and changing consumer behaviour.

Supported by a number of favourable Government policies, including financial and tax incentives, such as the 175 per cent super deduction for eligible R&D expenditure and greater funding for AI development by local governments, Chinese businesses are more inclined to utilise FinTech compared with businesses from the other surveyed markets.

Another factor that has led to a boost in business FinTech usage in China is changing consumer behaviour. Chinese millennials, who are digital natives, are a major force in the consumer market, and this has further spurred Chinese businesses to adopt FinTech.

FinTech will be an engine for business growth and I believe China's leadership in FinTech usage amongst businesses will continue.

However, amongst the surveyed markets, I note that businesses in China were most likely to choose a shortage of FinTech talent as one of their key challenges to FinTech adoption, which is a consequence of growing business usage of FinTech in China.

To meet this challenge, I would welcome more cross-disciplinary FinTech degree programs and I suggest that businesses, research institutions and universities in China collaborate in developing new talent development plans to cultivate, recruit and retain FinTech talent.

KEY CHARTS FROM THE SURVEY

Figure 1. Comparison of reported business FinTech usage in the past 12 months vs expected business FinTech usage in the next 12 months

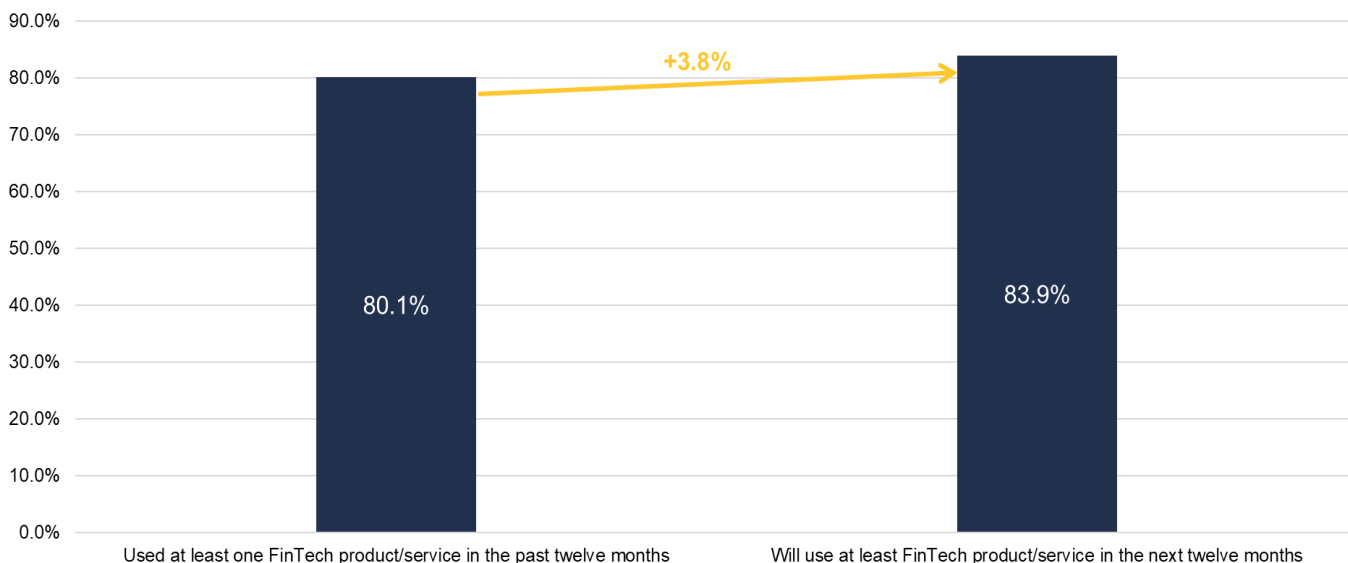


Figure 2. FinTech with the highest business usage in the past 12 months

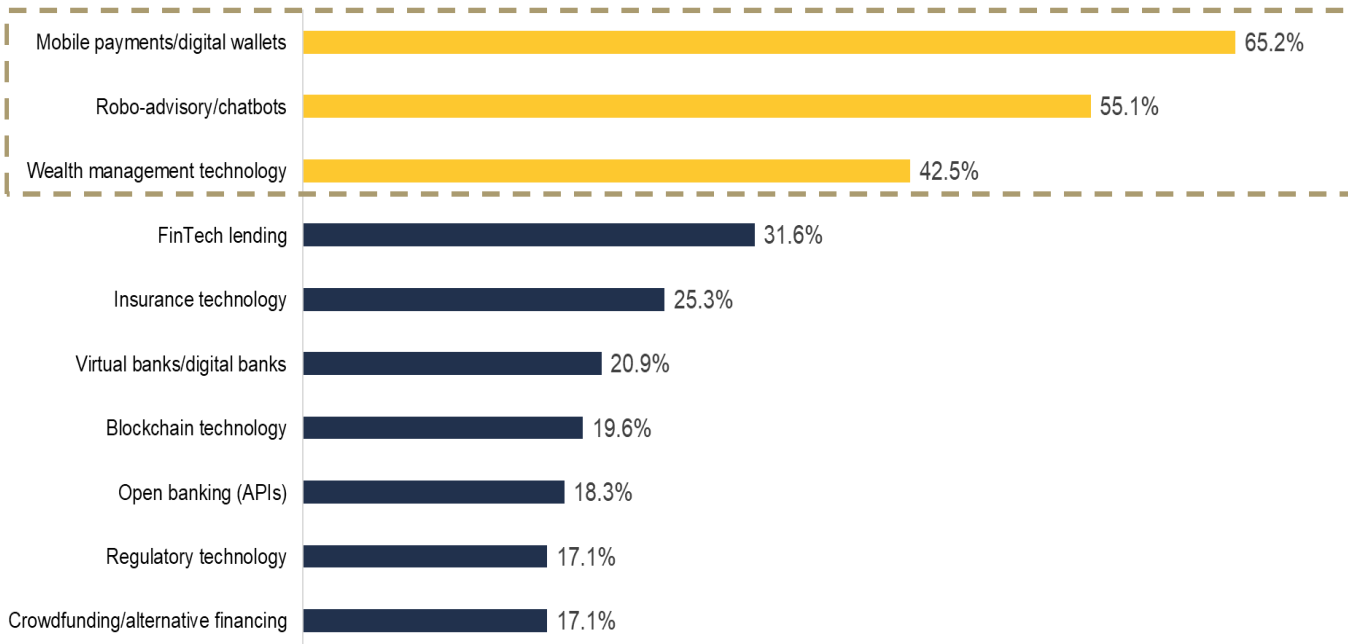


Figure 3. Percentage of businesses that have increased their profitability in 2019 and FinTech usage in the past 12 months

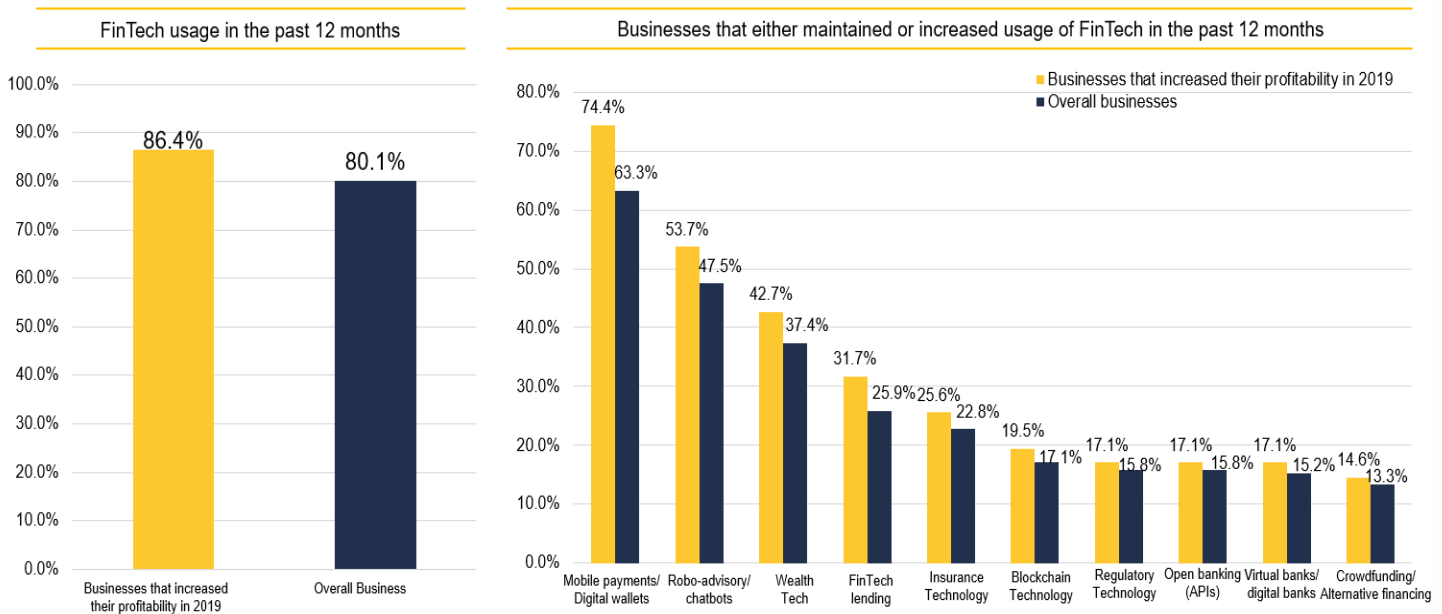


Figure 4. Expected FinTech usage in the next 12 months

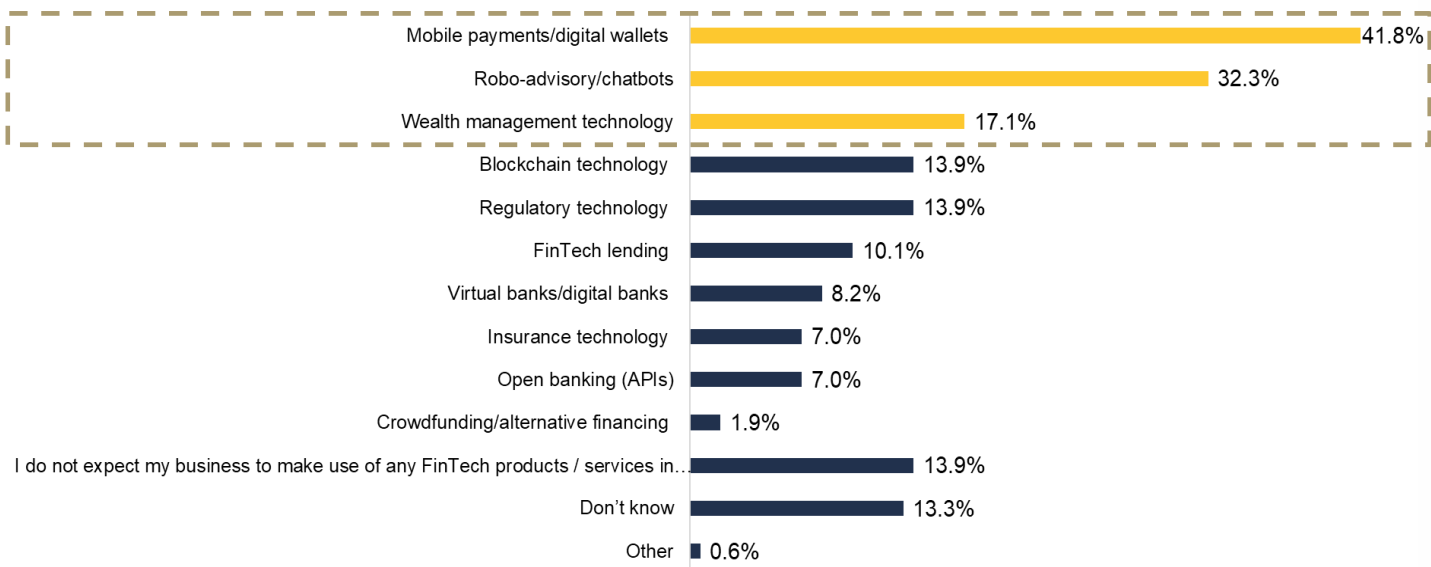


Figure 5. Key drivers to business FinTech adoption – By market

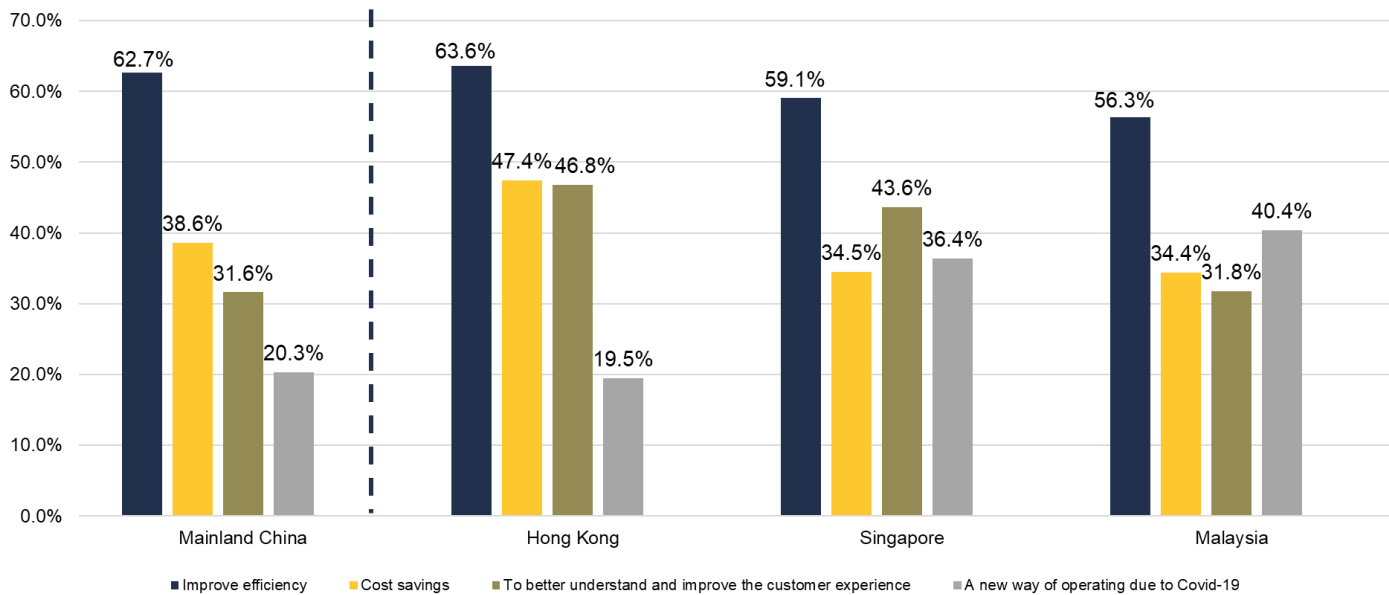
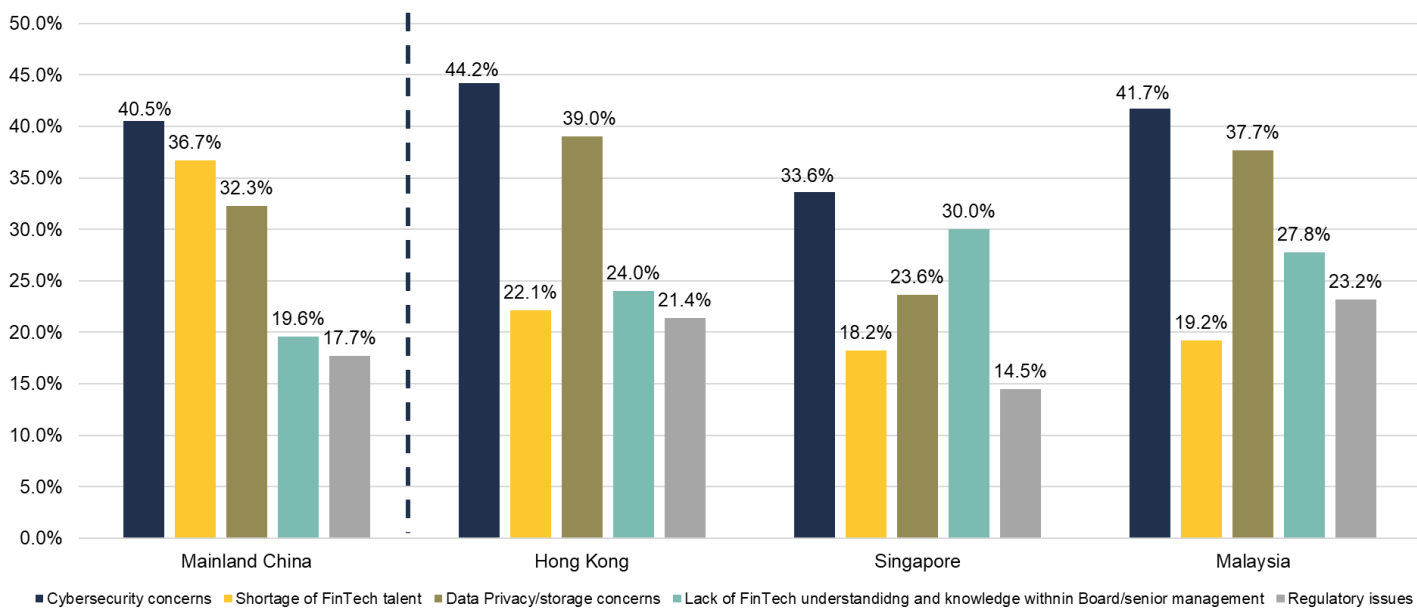


Figure 6. Key challenges to business FinTech adoption – By market



RECOMMENDATIONS FOR MAINLAND CHINESE BUSINESSES

CPA Australia suggests that businesses from Mainland China undertake a review of their FinTech adoption framework across three dimensions – business strategy level, business operational level and risk management level, when planning for the future and for sustainable growth.

CPA Australia has six tips across three dimensions:

Business strategy level:

- Make full use of government support to identify and implement an appropriate FinTech adoption strategy that improves efficiency and reduces cost.
- Further improve the customer experience through using or expanding usage of mobile payments or digital wallets and chatbots.

Business operational level:

- Consider establishing a board-level FinTech committee to actively stay informed of new trends and potential – including cybersecurity issues – to embrace new opportunities that may emerge from the digital economy and to stay ahead of competitors.
- Encourage a corporate-wide innovative culture through developing a FinTech talent pool, such as by providing FinTech training programs to all employees in the business and adopting innovative technology tools for recruitment to secure top FinTech talent.

Risk management level:

- Commit appropriate levels of expenditure to maintaining and upgrading IT systems to protect the business from malicious cyber-attacks.
- Identify the business's sensitive data and ensure that appropriate tools and solutions are in place to help protect that data.

SIX KEY LESSONS FOR FINTECH START-UPS

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- Its cybersecurity features, and how they will assist the business protect its cybersecurity into the future
- How customer and business data will be protected
- How the FinTech will assist the business implement, support and enhance the technology

ABOUT THE SURVEY

The survey was conducted by CPA Australia from 23 June to 14 July 2020. A total of 573 responses were received from accounting and finance professionals in Hong Kong, Mainland China, Malaysia, and Singapore, with 158 from Mainland China, 154 respondents from Hong Kong SAR, 151 from Malaysia and 110 from Singapore.

In Mainland China, respondents were most likely to be a professional, be a manager/supervisor or hold a c-suite position.

The size of the business the respondent worked for was most likely to be greater than 1000 employees (48 per cent) or between 100 to 499 (18 per cent).

ABOUT CPA AUSTRALIA

CPA Australia is one of the world's largest accounting bodies with more than 166,000 members working in 100 countries and regions around the world, and with more than 25,000 members working in senior leadership positions. It has established a strong membership base of more than 19,000 in the Greater China region.

ACKNOWLEDGEMENTS

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