

Ministry of IT & Telecom Government of Pakistan





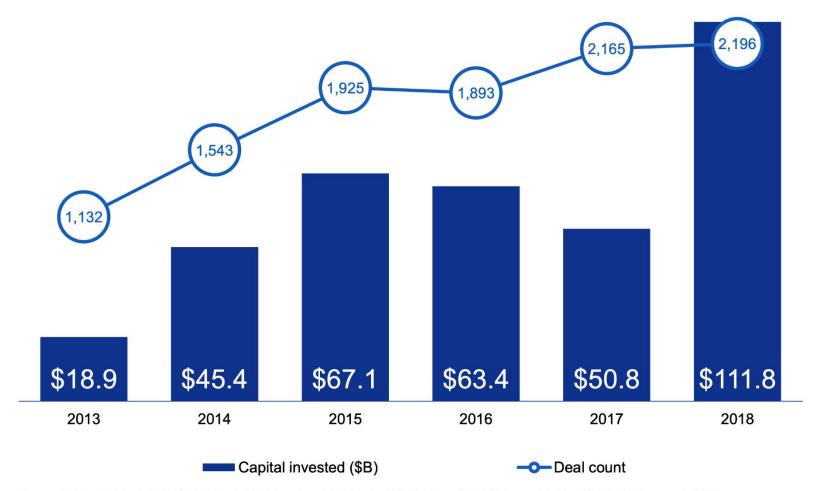
Are Fintech Innovations Challenging the Stock Markets?

Yusuf Hussain August 29, 2019



There is a significant surge in fintech investments

Total investment activity (VC, PE and M&A) in fintech 2013–2018





Source: Pulse of Fintech 2018, Global Analysis of Investment in Fintech, KPMG International (data provided by PitchBook) January 4, 2019.

Innovation is occurring across the entire CMI chain

Access to capital	Trade execution	Post-trade services	Data, analytics, and information services			
Crowdfunding platforms Start-up exchange	Decentralized trading marketplaces	Distributed ledger technology-based	Algorithmic and quant trading solutions			
venues Bond issuance platforms	Online auction-based	clearing and settlement	Artificial			
	marketplaces	Surveillance and	intelligence-powered			
for start-ups and SMEs	Cryptocurrency	analytics software	financial predictions			
Private listing platforms for SMEs	exchanges	Automated trade reconstruction	Real-time market data platforms Nontraditional data aggregation and analytics platforms			
nitial coin offering platforms		Regulatory compliance solutions (e.g., AML, KYC, compliance risk)				

Operations and technology

Open source technology for digital assets issuance End-to-end trading technology End-to-end OTC trade confirmations solutions through full process automation Robotics and natural-language processing technologies driving operations efficiency Cloud computing



Technology trends are bringing transparency and efficiency

Domain	Function	Cloud Technology	Process and Service Externalization	Robotic Process Automation	Advanced Analytics	Digital Transformation	Block chain	Smart Contracts	Artificial Intelligence	Internet of Things	
Client Servicing	Client onboarding	•	•	•		•	•			-	
	Client insight/ analytics	•		-	0						
	Research	•			0				•	•	
	Client relationship management	•			•	8			•		
	Insurance, mergers and acquisitions	•	•	•	•		•				OLOGY FUND
Trading	Pre-trade analytics	•			•	0					
	Trade execution	•	•		•				•	•	.>
	Post-trade analytics	•	•		0	•					
Business Management	Cost transparency	•			•						, ,
	Business continuity management	•	•								
Data	Market news and data	•	0		•	•					
Management	Reference data	•	•	•	۲						• •

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Cont ..1 Technology trends are bringing transparency ..

Domain	Function	Cloud Technology	Process and Service Externalization	Robotic Process Automation	Advanced Analytics	Digital Transformation	Block chain	Smart Contracts	Artificial Intelligence	Internet of Things
Post-Trade	Clearing and settlement	•	•	•			0	•		
Operations	Collateral and margin management	•	•	•			0			
	Custody and asset servicing	•	•				0			i i
	Treasury operations	•	•		٠					
	Reconciliations	•	•		•		0		•	
	Transaction Reporting	•	•	•	•				•	l.
	Fees and invoicing	•	•		٠					
	Tax operations	•	•		•		۲	•	٠	
Risk Control and Management	Credit, market and liquidity risk	•	•	•	•					
	Enterprise risk management	•			•	•			٠	
Financial Control	Capital management	•	•	•						l.
	Independent price verification	•			•					
	Product control	•		•	•					
	Financial /regulatory reporting	•		•	•					



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Cont 2 .. Technology trends are bringing transparency..

Domain	Function	Cloud Technology	Process and Service Externalization	Robotic Process Automation	Advanced Analytics	Digital Transformation	Block chain	Smart Contracts	Artificial Intelligence	Internet of Things
Compliance	Regulatory horizon scanning and compliance	•	•		•				•	
	Anti-money laundering and surveillance	•	•		•				•	
	КҮС	•	•	•	•					
	Anti-bribery and corruption	•	•		•					
	Employee surveillance, market abuse and conduct	•			•				•	
	Policy setting, monitoring and testing	•		•	•	-				
ΙΤ	Cybersecurity	•	•		•	•	0	•	•	
	Identity and access management	•	•						•	
	IT service operations	•	•						•	
Legal		•	•	•	•		۲	•	•	
HR		•	•						•	



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Pakistan online trading platforms are rife with challenges

- Low access
- \circ Difficulty in access
- \circ 7-10 days to onboard
- Between 200,000 500,000 investing in stocks and even fewer high net worth individuals

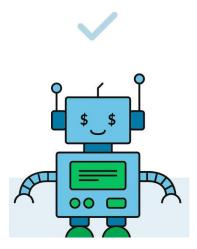


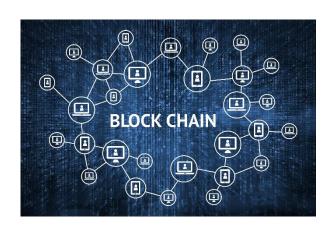




There are almost 100 online trading platforms operating in Pakistan

Robo Advisor



















Recommendations

Fintech incubators



Regulatory sandbox



Corporate Venture Capital



NATIONAL TECHNOLOGY FUND

Multiple asset classes trading



SME trading board listing





Takeaway

- Fintech innovations are complementing the stock markets and would continue to create a transparent and efficient system that would significantly help increase the number of traders and volume of trade.
- Crowdfunding platforms such as kickstarter & indiegogo and other social platforms are providing alternatives to raise capital.





Thank you!









