

MONIX Strategy Day

27 October 2022, 9:00-10:00

MC: Hi, Sawasdee. Good morning to our executives and distinguished guests. Welcome to SCBX conference once again, and this is the fourth session of our strategy series. We hope that you have enjoyed and gained useful information from our executives.

Today, is MONIX Strategy Day 2022. MONIX is one of the digital lending portfolio companies of SCBX, a very interesting company with a very special business model. Today, we have the top executive of MONIX with us to answer all the questions that you might have.

So let me introduce you to our executive: Khun Thiranun Arunwattanakul, Chief Operating Officer, MONIX.

Thiranun: Good morning, everyone.

MC: Before we go to the Q&A session, let me show you all a video presentation, which will be about seven minutes long.

[Video Presentation, 7 minutes, not transcribed]

MC: All right, that is the very exciting story of MONIX. And now I would like to inform all participants that we have two ways of asking questions. You can ask a live question by yourself, just press the "raise hand" button. And once I call your name, you can turn on your camera and ask questions by yourself. Or you can also ask question via the chat box by just typing your question into the chat box, and I will read out the question on your behalf.

Let's now go to the Q&A session and start with the first question:

"Can you help introduce your company background? We have seen from other disclosures that SCBX holds around 60% in MONIX. Who owns the rest?"

Thiranun: Okay. First, we are a joint venture between SCBX — 60%, as you mentioned — and another 40% is all from our partner, Abakus Group, which is a data and AI startup unicorn from China.

They are focused on the retail lending business in China, so they have lots of experience with the lower-mass and mass population in China, which is similar to the Thai population. So that is the reason why we bring the strengths together of the biggest local bank, SCB, with Abakus, a technology group, and that is why we both together established MONIX, around early 2020.

And we just spent around four months in early 2020, we managed to get the first launch, we built all the platforms, all the applications from scratch. And then we launched around May 2020. That's our first launch, like a soft launch, under the brand name Hahi Money. Some of you may have known that brand before, and then we managed to get the full launch on September 2020, and in April last year, we rebranded as "FINNIX," as you seen in the slide.

MC: All right. Second question, which I think is a follow-up question from the first question:

"As a cross-country joint venture, how does it work? How do teams collaborate?"

Thiranun: Actually, you can see us as one united company, as we just have two key differences on expertise. For the Thai team, we focus on the business, finance, regulations, legal, compliance, as well as the partnership. We also have the team design the product, marketing, UX, UIs, including the data and AI that we have also built from the Thai team. But we also have another Beijing team in China. They focus on the technology and on the key components of the data and AI by leveraging their experience. You can see us as a "well collaborated" company. We

just have two teams sit on different sites. But because of Covid, we have had to stay on different sites.

But by design, if everything is going better, we can then come together. And that will show the good collaboration of the JV company. We manage the communication, the workflow efficiency, as you have seen during the two years that we have operated.

MC: Very interesting. The third question is from Khun Weerapat, CLSA. And the question is:

"What is the company's plan to scale up the portfolio? How can MONIX compete with other digital lending platforms that have their own ecosystems, like LINE BK or True Money? What are the competitive advantages of MONIX?"

Thiranun: Okay, several questions within that, so let me go one by one. I think on competitive advantage, I can answer both questions that you mentioned about other competitors.

First, we see that nationwide capability has a more significant impact than the ecosystem. So, that is the reason why we choose to open [to everyone] nationwide. If you saw the FINNIX applications, we do not limit them to just to SCB customers, we are open nationwide.

For key competitive, I would like to answer in a very simple and easy to understand – it is five "S"s.

First is "Scale." As I mentioned, we do nationwide business. If you float into the FINNIX flow, you will see that it is very convenient, just a very easy onboarding by splitting into two categories: If you are an SCB customer, you can quickly go through an eKYC (electronic know-your-customer questionnaire) via the SCB Easy application. But if you are not an SCB customer, do not worry, because the FINNIX application also provides you with the full suite of facial recognition. And that's already included in the five-minute commitment. So, the first "S" is Scale.

Second, is about "Speed." After you download [FINNIX app], registration, up to the time you get approved for the disbursement, that's just five minutes. So, speed is very important to the customers.

Third, being "Simple." What does simple mean? It means that we can underwrite you with only a national ID card and the mobile data that you have. Everyone has a mobile, so the mobile data is something very simple. You do not need to bother the customer much. Just mobile data and one national ID card. It is that simple.

The fourth is "Smart." Our underwriting is purely using data and AI. We do not even use any human in the process. It can guarantee that we are doing the underwriting precisely just for you, because we consume a lot of data under it, and we do not have any human to intervene in the underwriting system. It is precise, yet fair.

And the fifth is "Security." With a digital lending product, we really use the bank's security as a standard to build our platform. So, these are our key five "S"s as a competitive advantage, which I think has more impact compared to an ecosystem or even other players in the market.

Now we talk about scale-up. We spent two years during Covid to really test and learn customer behavior, as well as develop our underwriting model over time, because our engine can be very fast to develop and deploy to production. Usually, we deploy new product features, and new underwriting model adjustments, every two weeks. So, that is the norm for us. By doing that, we are ready to scale.

Next year, we are going to scale more. If you track back to our performance during the two years, it is generated mostly from organic customers. We do very light digital marketing to create awareness in the target audience. But later, it comes from organic growth from the customers. If we would like to scale, we have multiple ways to scale. First, we may do "above-the-line" to build more awareness. And that will greatly increase the number of customers. A number of customers were brought organically, as well as some from digital marketing and above-the-line marketing that we may do next year. Another set of the growth is on the

credit line. Our credit line now is quite small. It is around 10,000 Thai baht, which fits and suits our customers right now.

But with the data and the two-year performance, we can segment our customers. We are more precise: Who does good? Who does better? Who does best? And also who does not do so well? We can leverage and adjust the credit line to really fit with our customers. Our credit line may come from an average of 10,000 up to an average of 15,000.

That's the growth plan. You can see it in the last slide where we talked about our ambition for 2025, from around 600,000 customers, in just two years, we would like to grow to 2 million customers, which is practical and healthy growth.

Currently, on an outstanding basis, we have around 5.6 billion baht. By 2025, we can grow up to 30 billion baht, easily. And on a ROA and ROE basis, currently ROA is 1%, and we can grow that to more than 6%. For ROE, currently we are around 5%, and we can go to over 30% by 2025. So, that is the plan to scale up. I hope that answered your questions.

MC: All right, thank you for the answer. The next question is going to be a live question from Nick Lord from Morgan Stanley. Nick, please kindly ask your question.

Nick: Thank you very much. I just wanted to understand two questions really.

“The first is I just want to understand the data that you tap into. When you say you are using data, you get access to people's mobile phones, and you can take data from that? Is that how it works?”

Thiranun: Basically, in our workflow in the applications, we will have a list of consent for the mobile data that we request from the customers. The customer will give us permission, with consent for us to use that information. We just do the mining on that information based on what we have experienced, as well as we also follow up with the repayment behavior that customer has with us. As well as we

have gamification, to probe on a discipline basis. So that's all the information that we have been mining to underwrite customers over time.

Nick: And so, **“this will be things like social media data?”**

Thiranun: We are not into the social media, yet. There are a lot of processes that we must work with, and it is not simple for the customer during the onboarding application process. So, currently on the mobile data, it is still good enough for us to scale up.

Nick: **“I’m just trying to understand what the data is, what apps they use.”**

Thiranun: If you try out our app, you will see that we ask for information about mobile SDK, the right to access that, as well as SMS and things like that.

Nick: My next question, and this is sort of a broader question.

“You are offering credit, small amounts of credit, to people who are at the margins of society. You offer the ability to increase that credit, and I presume, the sort of financial inclusion aspect of it is, you are going to lend at considerably lower rates than the alternative forms of credit that they could get access to. But at the same time, it is very easy to get people into a debt trap and allow people to over consume. And you have a lot of power if you are accessing the data they have on their mobile phones and get into all sorts of aspects of surveillance capitalism and the like. So, what I want to try and understand is, what sort of ethical framework have you set up to make sure that you continue to your goal of enhancing financial inclusion and do not become a predatory lender in some way, shape or form?”

Thiranun: In the market, this group of underserved customers has a demand for money, but they do not have any choices. When I talk about choice, it means a legal platform that really provides them fair interest and a safe life: They do not have that choice. Demand is there, but when they do not have a choice, they must go

through a loan shark, because they must continue to live. So, that is the reason why we have to come into the picture to help and be their choice.

But how do we design our products innovatively as responsible lending, so that is second thing. When we design a product - if you go into FINNIX, you will see how we underwrite them: It is not based on their requested amount. We will not even ask how much they request. Instead, we try to understand you [the customer], based on the usage that you have used in the mobile, whatever it is, inside that we can mine out of that. And we give you a credit line that fits to you. Fit means what? It means that we understand that you have that ability to pay back. So that is the first discipline. That's the first ethical point that we are working on as the principle when we design the product, and then then we design on the repayment.

When we design the three options for repayment, we really identify three different ways, based on three customer behaviors. The installment is based on the customer, in that they may have a fixed schedule and they think they will be able get the money. It is better for them to have discipline through specific installment terms.

But when you talk about someone who is unsure about that installment, we have the "pay as you wish," as well as "pay minimum." For them to have good creditability, maybe they have discipline, but they do not have big money every month. They can choose to pay the minimum, because they have discipline, and they still have good credit with us to be their hope, to keep being their choice.

That is on the repayments, but we are not just doing that. If you go into our application, you will see that we have financial literacy embedded everywhere. First, in our communication tools with them, on Facebook or something like that, we manage to get information fed to them, we even educate them on what is loan shark behavior, on what is the difference between a legal and illegal platform.

Moreover, in our application, the repayment schedule is designed as a gamification platform that lets them be disciplined. If they do good, meaning they pay on time for three months consecutively, they will get a reward. Like, we increase the credit

line to give them the inspiration to be a good person. So, that is also one angle that we managed to design.

Last but not least, we also work with our partner to provide them with privileges, because we believe that, to give them the lending, it is just one shot to save their life for urgency, for an emergency, and let them be able to continue their small business.

And we design a journey to grow with them, but that's for the long-term business. More than that, we believe that the better thing is to enable them to have a job to generate an income; that is why they can become better in terms of finance.

We manage with our partner to provide job opportunities to help them have the chance to find a job and have more secure income. And, we also work with our partner to get some privileged discount or coupon on their daily expense. This is how we designed the 360 angles, to really manage customer literacy as well as provide only the fixed amount for them on the lending part.

Nick: And have you built that into — I'm just trying to think from an organizational structure — **“do you have a chief ethics officer, or have you built that into the value statements of the company? I am just trying to understand how you embedded that into the structure of the business.”**

Thiranun: You mean, how we built that, right?

Nick: No, no, **“how you have embedded that. I mean, everything you said sounds very good, but how have you embedded that in the structure of the business? Is it a value statement? Do you have people who are trying to make sure that you stay on the side of helping rather than exploiting?”**

Thiranun: Basically, the team and the people, they are very important. First, we recruit only the right people, so the ethics come with the people. When we do anything, even a technical design, product design, partnership design, marketing design, all have the same core values as an ethical and responsible lender.

I think people are important. If you recruit the right people, you do not need to force them, or you don't need to put a complex process underneath it, to reinforce it. But we also have the governance and the policy level, our legal and compliance, they keep working very closely with the product, and marketing to ensure that our communication to the customers is done in an ethical way. We are not doing some, you know, hard-core marketing or something. And as well in the collections, we also have very good interaction and communication with customers. So that's where the umbrella — in terms of the policy and governance — is coming to help. But the people must be right first. And that's where we are.

Nick: Thank you very much.

MC: All right, the next question is from the chat box, from Khun Weerapat of CLSA.

"Can you share the average ticket size of loan per account, customer profile and the purpose of borrowing from FINNIX app?"

Thiranun: The main purpose of FINNIX is to help the small business owner, to help them grow their business or even help in an emergency in terms of inconsistent income for that small business. That is the main purpose. And the average ticket size right now, is around 10,000 Thai baht. For the customer segment, we have both self-employed and those who do a part-time job and try to build their own business in new-generation life or something like that, because the age of our customers is very varied. It is 35 (years) up until 45. So, that is where we are.

MC: Next is live question from Khun Nathapol, CGS-CIMB Securities. Please ask your question.

Nathapol: Thank you very much. I have two questions. Number one. **"You shared about the customer profile about occupation, and I just wondered about location, whether it was only concentrated in Bangkok or now nationwide? I just would like to know, understand, in terms of geographic location."** That's my first question.

Thiranun: Actually, in terms of applications, it's nationwide by design. But if you ask about current customer segment, it's still around 70% in the Bangkok area, and another 30% is upcountry.

Nathapol: **“And I'm not sure whether the customer is from the agricultural sector.”**

Thiranun: Mainly brick-and-mortar merchants.

Nathapol: I see. That is my first question. **“And secondly, about the gamification features. Very interesting. Apart from the extra credit line from the on-time repayment, I am not sure if there are any further features that you will introduce to your customers in the future to make them disciplined and financially literate.”** Thank you.

Thiranun: Yes, you are right. But I am not sure whether it is good to share the new features right now. But yes, we have a lot of reward campaigns and things, gamification-wise. And we tried our best to really build gamification to build discipline for them, but to be simple, because that is very key for them to really understand and use that.

Nathapol: Just to make sure. **“Could you tell us if you will include a lower interest rate for good customers or not?”**

Thiranun: Currently in the nano lending business, we do the regulatory rate, which is 30%, sorry, 33%. But in our application, we also have another product which we have just beta launched as an upgrade for the customer, which like a personal loan. So, for that one, we will do risk-based pricing.

Nathapol: I see. Thank you very much. That is it for me.

MC: Next question is from the chat box from Khun Tanadech, Pi Securities.

"How do you plan to manage your funding to grow the business?"

Thiranun: We have the flexibility to raise funds externally. On the funding part, we are open for fundraising and for debt funding, now we borrow from SCB to lend to the customers.

MC: Next question still from Khun Tanadech of Pi Securities. I think there are two questions here. First question is:

"Can you provide the loan yield you charge to your customers?"

Thiranun: 33%, as I answered previously, 33%, based on regulations per year.

MC: The second question is:

"How do you do the collection?"

Thiranun: How do I do collection? Basically, in terms of collections, strategy-wise, we have three key components. The first thing is, in terms of the collection agents, where we have both in-house and outsource. And in terms of the tools, we have our own, how would I say, predictive phone call system to use the analytics data to identify who is the customer that we should call, in which channel, at what time, and how frequent it is. So, that is the second. And the third is that we have developed our own collection model, using scoring, to identify the rank of the customer and how we should treat them differently over time.

MC: Next question. A live question from Khun Worawat, Credit Suisse. Please ask your question.

Worawat: Hi, thank you for the opportunity. **"I just want to get a sense of what you are thinking about with the operating metrics in 2025. So far, you have guided several key items, like loans at 30 billion (baht) and 2 million customers, pretty much at 15,000 (baht) per head, right? And I just want to know a little bit more now that we get to know the yield that you lend, 35% max on nano, and maybe you are introducing some personal loans? And what about other metrics? A very important one**

is credit cost. How do you see that at maturity when you start to grow and scale up? What do you build into your model? Firstly, credit cost, and also if you can come down to the bottom line, and the other subsidiaries: CardX, AutoX. Basically, they are giving the bottom line they are looking at? You give ROE, but I do not know what capital injection you have, and maybe it will be more precise, just adding on top bottom line that you are expecting.” That's it. Thank you.

Thiranun: First, it is 33% per year not 35. That's for a nano loan. And for the personal loan, basically, I would say that we have not put the personal loans into the projection because we just use it as an option for our customer to upgrade. We do not plan to expand it or launch it fully yet. So, that number comes from the nano [loans] projection.

In terms of our operating management, when we are doing the lending business, what we are really focused on is the quality of the customer that could reflect in the multiples angles of the cost, but the bottom line is: We need to make profit to really be able to sustain in the business. When we look at it, it has so many [operating cost] lines that you can lean it. So, in the very first period, even in the growth period of 2025, we are going to have to do better on quality.

Even now, we have already done better than in the first year. But we play in the lower mass market, so we have to understand this market first, that their NPLs cannot be sweet and nice as a mass [market]. Then, what is the permanent cost structure that can be lean with our segment, which is the operation cost.

Currently, we use pure AI. No humans, no branch — 100% digital. That's the key reason why we can lean our operating costs, regardless of what segment and what time goes by. And that is where we have made profit since month 14 after we launched. We have kept net profit, monthly operating net profit, positive up until now, so we already break even. That is what I would like to say.

In terms of the bottom line, we are already positive because we really focus on the cost items that do not flow with the customer quality. So that is the first key, and then the development over time as you say, on credit cost and on the other part,

we can develop over time. For 2025, if you are talking about ROA and ROE, why can it fly up from 1% now to over 6% in 2025? Or 5% ROE up to over 30%? Currently, our model is still based on the nano, which is our core fundamental product, but in the future, next year, we will have a lot of business models coming, which will use light assets. So that is the key essence. That is why we can fly our ROA and ROE according to the committed projection.

MC: Right, next question is from the chat box, from Khun Peach of UBS. The question is about asset quality.

"What is the percent default rate or the delinquent rate of existing loan portfolio? And how does the company deal with defaulting customers?"

Thiranun: Okay, so in the video that you have seen, our NPLs, if you look at the first half of this year, you will see that the average of the two quarters is around 2.65%. So, that's where the NPL is at its peak this year. You will see the line of the Bank of Thailand in terms of the average in the market. You will see that we are below that line, around two times. So, that NPLs can still be considered as under good control. And, we are developing our new underwriting model over time, according to the situation. Even now, we have better NPLs compared to the first half (of 2022).

And how do we deal with default customers?

Currently, we have the collection, as I have said. The collection uses a multiple strategy based on the prediction of the collection model. So, we can just hit the customer at the right time, at the right frequency, and at the right channel. The effective rate is the recovery rate of the collection. It is around 86%, which, to us, from the benchmark that we have studied, is 6% over the market.

MC: Right. Another question from Khun Peach of UBS. She said that:

"She saw from the social media community that unbanked Thai people shared a trick on how to apply for loans from many Chinese digital

lending operators, but then intended to close the mobile number and go away. How do we deal with these risks?"

Thiranun: Okay, that is a classic risk, which I think did not just happen to our FINNIX, but all the players as well, even the mass players. I think that what we have to do, and that is what I mentioned before about financial literacy, is we have to help customers to really understand the differentiation and understand *that* risk before *that* risk flows to us.

Basically, we keep educating. We have also just launched the FINNIX e-book, to really help educate customers on what that behavior is, what the risks are that could happen to them, and what bad things may happen to them as a bigger impact in the future. We must help customers to fix this at the root cause. But we also try to detect the fraud – that is also part of our data and AI mining as well.

MC: I think another question is also related to the asset quality question. Khun Tanawat from TISCO Securities asks:

"Your underwriting or collection models are based on assumptions of normal economic conditions. So how are you certain that these models will still perform satisfactorily under crisis conditions. For example, when the economy is facing a strong negative shock, like what happened in the first round of Covid?"

Thiranun: As I said, we were born in 2020, and that was the Covid year. So, fortunate in an unfortunate situation. We passed the stress test, I would say, as we were born along with Covid. We faced a mega-flood in September last year. We faced the bad economy, the Russia and Ukraine things, earlier this year. We faced the Songkran April peak time or the lending season. I believe that we aggregate a lot of crises into our model already. That is the reason why I said that we are quite confident of our growth, because we hope that the situation will get better. And with that, with the robust model that we have been developing over the crisis, it is going to perform even better when the situation returns to normal.

MC: Interesting. Next question is from Khun Thanin at KKP Asset Management:

"Could you give us some examples of what kind of mobile data you use in credit underwriting and how data privacy law or privacy features in some mobile phone brands like Apple affect the usage of mobile data?"

Thiranun: Actually, it is in every app store. Our application is available for Huawei operating systems, Google operating system, as well as the Apple operating system. So basically, all those app stores already had that policy when we developed the mobile app, and we had to pass that policy first. So, that is one check. If we can get onboard in that app store, it means that we have already complied with that policy. Right into the design of our process, we really care and really take the PDPA into account as it is of first importance. It means that in every step, you will see that we have the terms and conditions clearly [stated]. We need to ask for the customer's consent for every single point that we are going to access their data. And when we access it, we stop further access once they applied. We are not like those who keep consuming their data for other usage that is outside the lending. These are the fundamentals that we have embedded in our products.

MC: Right, another question from Khun Thanin, KKP Asset Management:

"Could you share with us the rough amount of credit cost and credit written off in nine months 2022?"

Thiranun: What we focus is to blend all the costs and ensure that our bottom line net profit is positive. We are in the very early stage. The credit costs, the NPLs, the write offs, will be dynamic, but to ensure that the net profit is positive, I always emphasize that doing the business when you have multiple costs you can lean, based on the situation and on what you can better control. So, we focus on leaning the operations costs first as a fundamental over time, so the credit cost and other things are still blended into what we can improve in the future.

MC: The next question is a live question from Khun Peach of UBS. Please ask your question.

Peach: Just to follow up on the credit quality question that I have. Thank you very much for your answer. But I think most of the answers are more like in the credit monitoring process.

“But my real question is, if at the end with all the effort or models that we have already done to prevent NPLs, once the client turns to default, what is our procedure or process on doing bad debt recovery? Do we do collections that keep dedicated collectors? Or will we use outsource? Or are we looking for any alternative options, like at KBank, which is going to use JVAMC as a key collection model for unsecured personal loans on the digital channel?”

Thiranun: We use both. On the in-house agent, which we have developed, we can control in terms of the script, the productivity, the tools, and also the incentives that we can provide them. So that is for the in-house development. And we also use the outsource — multiple outsources — to also build a competitive environment, because for collections, you must build a competitive environment to get the best performance out of that. And we also use the usual mechanisms regulated by the Bank of Thailand. But just when we do something, in that strategy, even in-house, even if it is with OA (Outsource Agency) or even with the debt-selling model that everyone does, we really have the data mining out of it first, to select the right one to perform accordingly. I think that is more our "secret sauce," that is why even the execution is the same, because it's still in the same market, the same channels. But before action, the mining is important, and that's our key brand.

Peach: One more question from me.

“Am I right to conclude from what I have listened to today, and compared to CardX and AutoX two days ago, that because our loan growth target is just 30 billion baht, so it is small scale at the end? So, therefore, it can be fully funded by SCB bank funding. And if so, are we going to have a privileged cost of funds compared to other subsidiaries or not? And together we do the loan segment that is highest risk among other subsidiary peers. Therefore, our norm credit costs will be higher, but will this be compensated by lower funding costs than for CardX and

AutoX? And will we also have the lowest operating cost structure compared to CardX and AutoX?”

Thiranun: Well, not 100% right, according to your summary. If you compare the 30 billion with the other portfolios, like mass or some secured, to me, it is not "apple to apple." If you talk about nano lending currently, in the Bank of Thailand report, nano lending is just a 20 billion Thai baht market. It means the nano license, launched since 2017 — five years — is a total market of 20 billion. For 2025, our ambition is that in only three years, we are going to make 30 billion. So, it is not small, and it is healthy growth.

Second, if you are saying that this is a small amount, so it should be fully funded by SCB, I think it is not designed for that. We designed for a win-win strategy, meaning that we are flexible and have the opportunity to also explore alternatives. SCB also has the right to lend us or not. It is still their choice. It is not like a full commitment that you must be with us all the time, because it is at group level. So, we need to make a win-win strategy out of it. Over time, the funding strategy may change, depends on the situation, and that is where the business must pivot fast enough to catch the situation. So, that is in terms of the growth, in terms of the funding. Then it ends up in the cost structures that you have mentioned.

As I said, when we talk about a high-risk market, you understand correctly that it is high risk. With multiple cost structures it is going to be dynamic. We definitely can control the floor, we can control the ceiling, we are going to find the sweet spot out of it. But today we are at year two. So, that is why I am saying that in year two at a very early stage, what we can do best is control what we can control, right now, and that is the operating cost. So, that is why I mentioned the operating costs first, because it is what action is practical right now. And, I can say this now because the results are very good, and it has already proved that it can last longer. We are going to have a challenge on NPLs, on funding costs in the future, but if we have strong, lean operating costs, at the end, the net profit is there. So that is what I think the business, looking forward, has to focus on.

Peach: Thank you. I'll make it simple.

“Will our OPEX-to-income be lower than 40%.”

Thiranun: Yes.

Peach: “And funding costs today? What is it — the percentage in terms of funding costs today?”

Thiranun: I think that is kind of a tough question. I would say that we have a competitive advantage as a group. But we definitely have to perform, because everyone has an option.

Peach: “But it is not really the real funding costs of SCB Bank, right? Because yesterday AutoX said it was 2.7%.”

Thiranun: No, definitely not. It’s all at the arm’s length.

MC: All right. Next question is a live question again from Khun Nathapol, CGS-CIMB securities. Please ask your question.

Nathapol: Thank you, “from previous question, in which you talked about the nano finance industry. It has been introduced for a long time, and I would just like your opinion or your experience. Why was it not that successful in the past? What is the pain point? And what can you improve to solve such a pain point in MONIX?” Thank you.

Thiranun: Right. I think the nano market is quite tough. We have to understand that the segment is tough by itself already. It is quite high risk. And I would say it is unstable. And the previous players, they are more non-bank. I believe the challenge is happening on the risk side, operation cost side, and the funds side. And if you are hit with a hard risk, and you do not have big funding support, you cannot last in that business long. I am not talking yet about using AI and alternative data to help. So, that is a fundamental of doing the business.

If you have a high risk, and you do not have a good, like, if you're talking about other businesses like good cash flow, cash flow is king. It is like cash to fund your life. So, that's a challenge.

You can see that after the nano was launched for a while, I think the regulations were also trying to help the institutions to have more opportunities to help with this group of customers. So that is why you will see that many of the late comers are more on bank support, and even if it is not a bank, it is the big institution, which means that they have enough funds to live in this industry longer. But are they going to live long or not, are they going to make a profit or not? It is their own life in each company. And that is where we must use the data to really make it precise, make it able to analyze a huge volume to be more precise, and fast and with the power. Each company may have different mining, different data AI, but that could come with the mandatory tools that help you to survive longer.

And another way is to make your applications fast. I guess that is the main pain point. Fast, not make them wait seven days and then you reject them. It is fast like 5 minutes for FINNIX. No paper, please. And do not ask them for their pay slip. I think that is the pain. Underserved do not have a pay slip, but they have other angles that may help you understand their behavior better. So, that is why MONIX asks for only the national ID and a mobile. If you have a mobile, just give consent to us and we can try to understand a lot of insights out of it. And we are not asking for any pay slip.

So that's the second pain. Speed is the first pain. The documents and the paper stuff, the second pain.

The third pain is that if you are talking about the lending business, but you are still expecting them to have a building and expect them to have people and things like that, then you are not making their lives simple. This group of customers, they must do their work for a living, they do not have time to go to meet you at the branch, 8am to 5pm. They are going to do their work. If you use the digital mobile 100%, they can apply anywhere, anytime, seven days, 24 hours, even in their home, even when they on a break at noon. That is the convenience of being 100% digital. And that's all the pains that we have fixed via FINNIX. And on top of that, we give

you the financial literacy and job application opportunities in the app. That is where we give the advantage, to make sure that our customers can live longer in this business.

I think the late-comer players have more strength. And with the power of multiple players in the market, we can help this population more and more. And ultimately, we would like to help them get away from the loan shark life. And that's our vision for FINNIX as well.

Nathapol: That is pretty clear. Thank you very much.

MC: That was the last question for today. We now come to the close, and I would like to express my gratitude to Khun Thiranun, COO of MONIX and all the participants who attended our event today. We are so honored to have you here, and I believe it was a good and useful session. Now, I have to say goodbye and hope to see you all again at our next conference.