



Credit insurance panel Pasa CDMX

Impact of digital transformation in our activity

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PASA 

Asociación Panamericana de
Panamerican Surety Assn

- In this digitalization era, there is a significant rise in the trend to convert traditional activities in an online experience through a platform.
- This has an enormous impact on the way business transactions are carried out and companies may have access to credit financing and securitization.



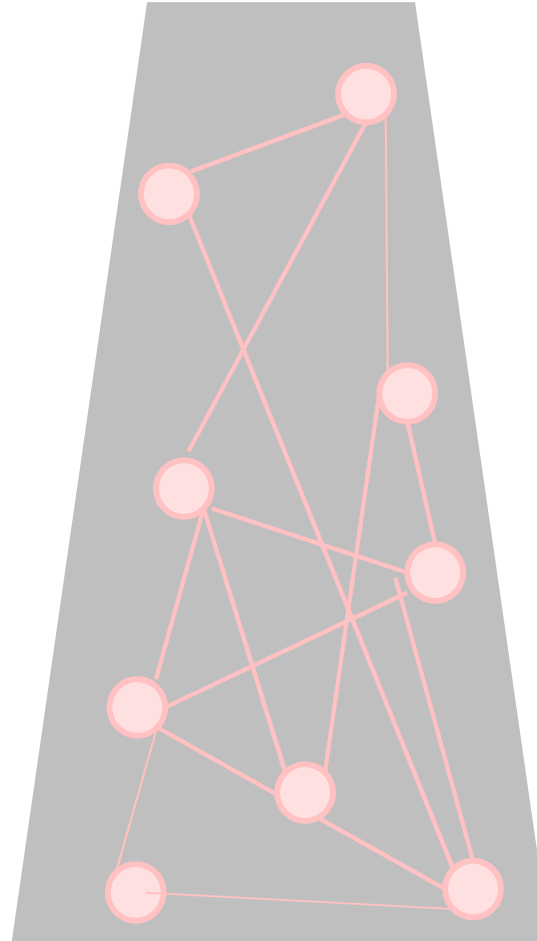
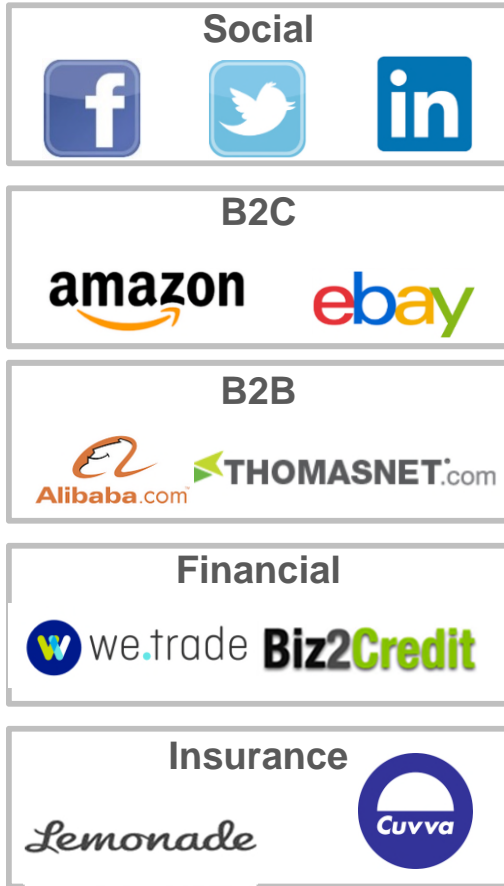
Kemiex is an independent network of companies that buy and sell active principles, additives, vitamins, excipients and other raw materials for the pharmaceutical, veterinarian and human and animal food industries. It has the support of a credit insurer that provides credit rating for all the intervening companies, thus ensuring safe trade.



Nimbla is an insurance InsurTech that covers companies invoices and allows them to verify said invoices' risk of nonpayment. Their purpose is to help SMEs to manage and protect their credit through a platform, providing credit management and credit insurance invoice per invoice.

TRENDS IN PLATFORMS

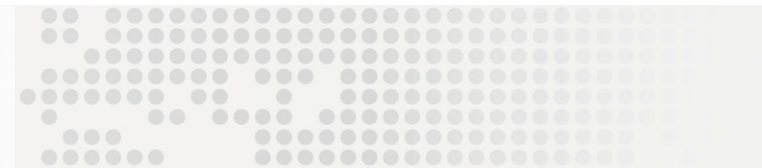
Platforms



Success factors

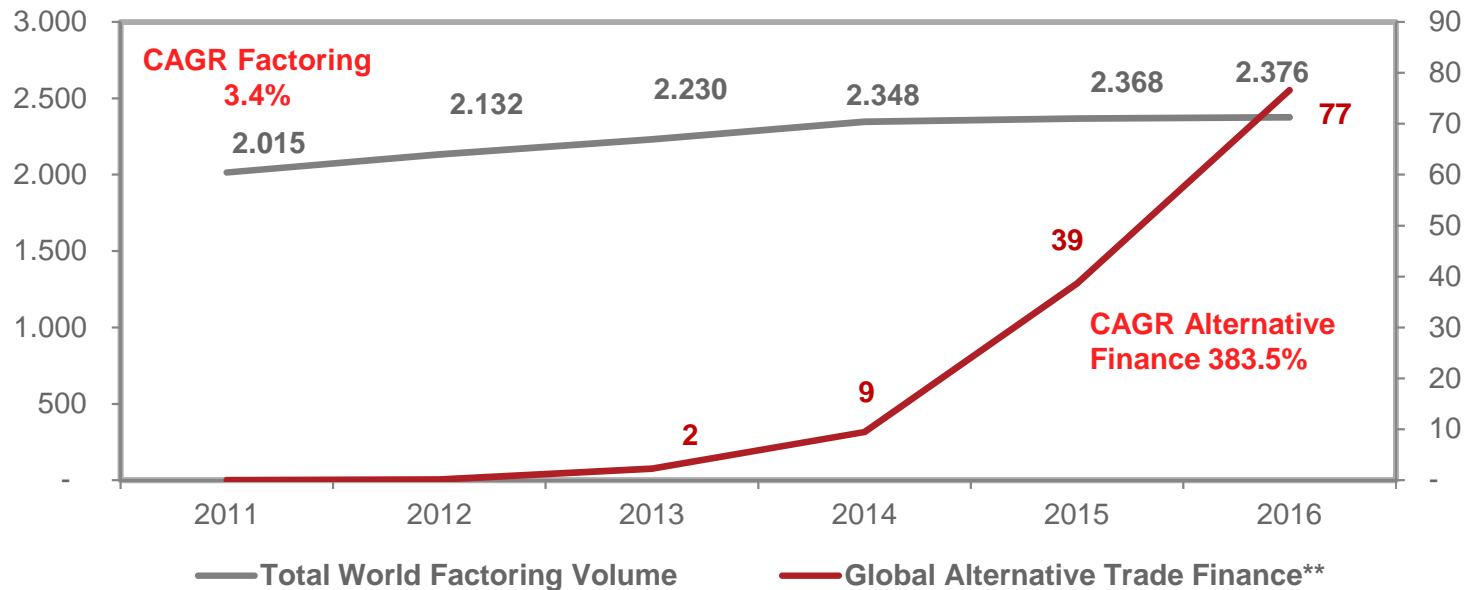
Improvement in product and services	<i>With information, video, social content.</i>
Collaboration and co-creation:	<i>Allow other companies to integrate/co-create easily.</i>
Online experience without interruptions	<i>Integrated payments, logistics, single window.</i>
Social characteristics:	<i>Ratings, reviews, comments, network effect.</i>
Data oriented:	<i>Platforms gather, analyze and integrate information.</i>
Connectivity/quick response time:	<i>API's compatibility, minimal human intervention.</i>
Improved experience with client	<i>Digital processes totally designed for the client.</i>

CARE update on platform and blockchain trends



Alternative trade finance vs traditional trade finance

- Business transactions with alternative finance have grown at an annual rate of 383.5%, to EUR 77 billion in 2016, compared to the total world factoring volume, which has grown at an annual compound interest rate of 3.4% since 2011.
- Although the growth of alternative finance has been substantial, the volumes are still very low, since they account for only 3% of the factoring volume in 2016.



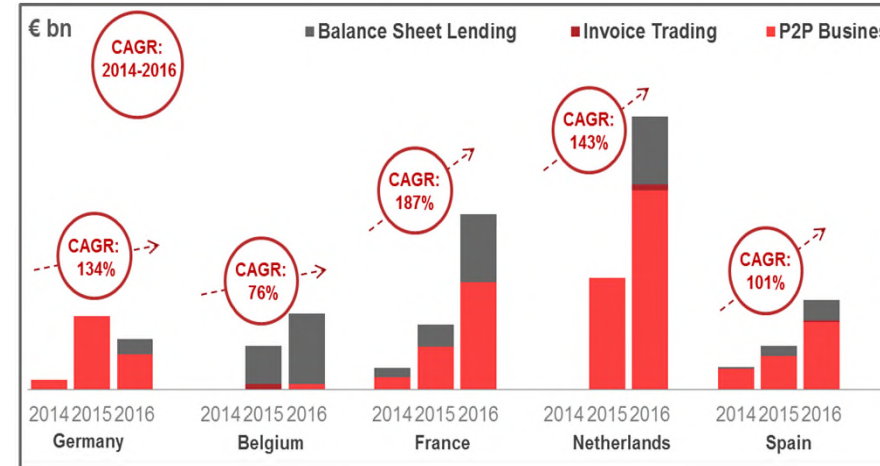
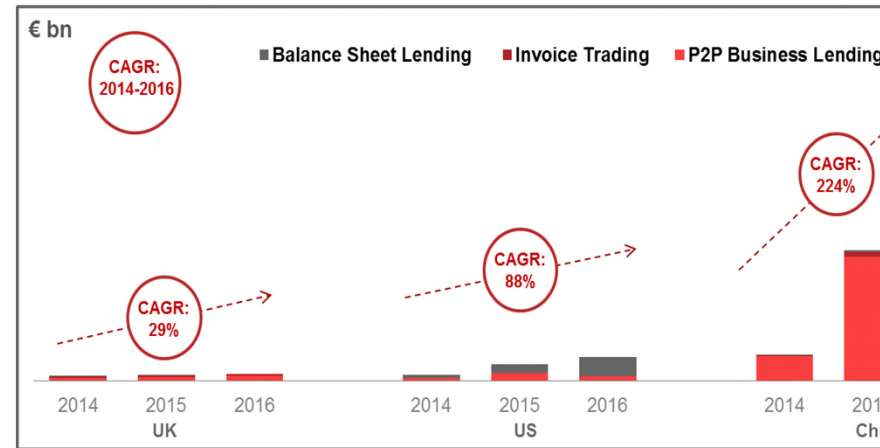
The alternative trade finance figures in the chart above include Peer-to-Peer Business Lending, Invoice Trading and Balance Sheet Business Lending and excludes all other forms of consumer or business finance.

CARE update on platform and block

The development of Alternative Finance (AF)

- Cambridge University surveyed 344 alternative financial platforms in 45 European countries, 940 platforms in America, 463 platforms in China and 79 platforms in the United Kingdom. These platforms service both consumers and business.
- The survey showed that the AF both for consumers and businesses is increasing in all markets. Consumption financing platforms produce by far the greatest volumes compared to the business finance platforms.
- Business AF is mainly addressed to SMEs, as the lack of financing for SMEs through bank channels creates an unexploited market for them.
- The United Kingdom, the United States and China markets are much more developed than the European ones, with some of the more advanced online platforms that use AF sophisticated tools, in some cases with governmental support.
- Other markets, like France, Germany, The Netherlands, Spain and Italy also report high growth rates, though the volumes continue to be very low compared to the United Kingdom, the United States and China.
- We are focusing on single invoice financing due to its close link with credit insurance and the increase in the competition activity in this area.

Alternative Finance to Businesses – Volume Growth

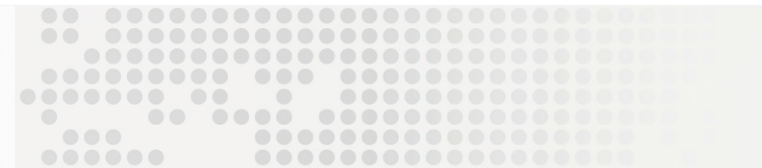


CARE update on platform and block

What Insurers are doing

- They are working on the overall improvement of the experience with clients, making the whole information, contracting and policy management process easier to facilitate contact and interaction with clients.
- They are incorporating Big Data, Machine Learning and Internet of the Things technologies at the service of pricing and risk assessment, promoting a more data-driven decision-making, better risk assessment and better management of the overall profitability, all this at a significant cost reduction.
- They are developing new added value services, interactive maps of potential markets, economic intelligence, tools for portfolio monitoring, financial alerts, Customer Relationship Management (CRM) for clients, automated e-mails for payment reminders or claims (with Bot technology).
- Summing up, they are trying to offer their clients proactive and personalized experiences, according to their needs.

Digital transformation in the insurance sector – M



How Z Generation works

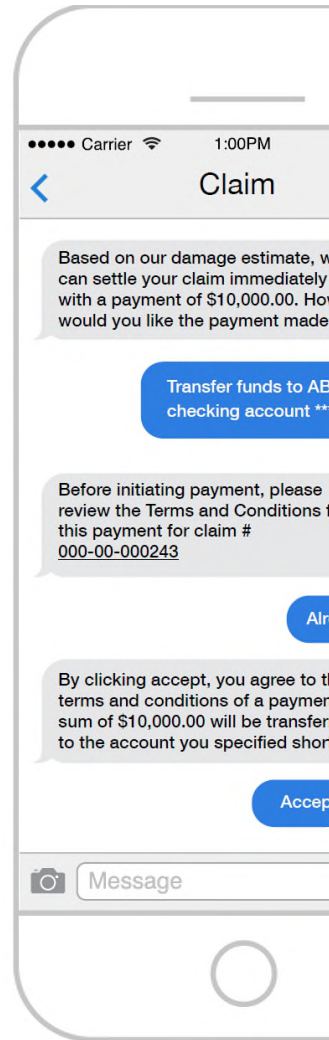
- Digital economy created a new type of insurance client.
- They are clients that expect a personalized service, at any time and in any place through any digital device.
- Clients
 - **Who read digitally**
 - **Who research digitally**
 - **Who see digitally**
 - **Who buy digitally**
 - **Who communicate digitally**
 - **Who carry a digital device in their pocket**
 - **Who expect that you contact with them**



DIGITALLY

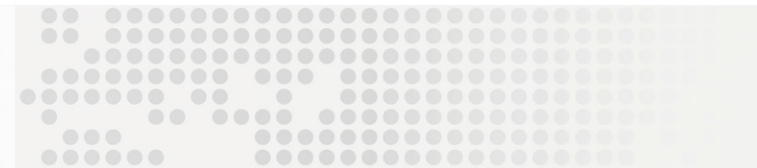
What is the future of Distribution?

- With the insurers using intelligent virtual assistants and chatbots, which significantly improve the service interaction: Which will the role of distribution be?
- With the technological, social and environmental culture of Z Generation: Is there room for the current relationship modality of distributors?
- For this Generation: Will distributors be so important as they were for previous generations?
- Do brokers and smaller size agents have financial conditions, knowledge and enough technological perspective to achieve an adequate digital level? Will we witness mergers and/or closings?



What will the future of Distribution be?

- Distributors will have to operate more efficiently.
- Act as advisors rather than data facilitators.
- Make more informed commercial decisions and not those based on imprecise data.
- Build better relationships with insurers and avoid the overlapping of services.
- Improve the client service and prepare themselves for digital communication in order to improve the client experience.
- Strongly invest in technology to increase their business productivity and profitability.



Thanks!

