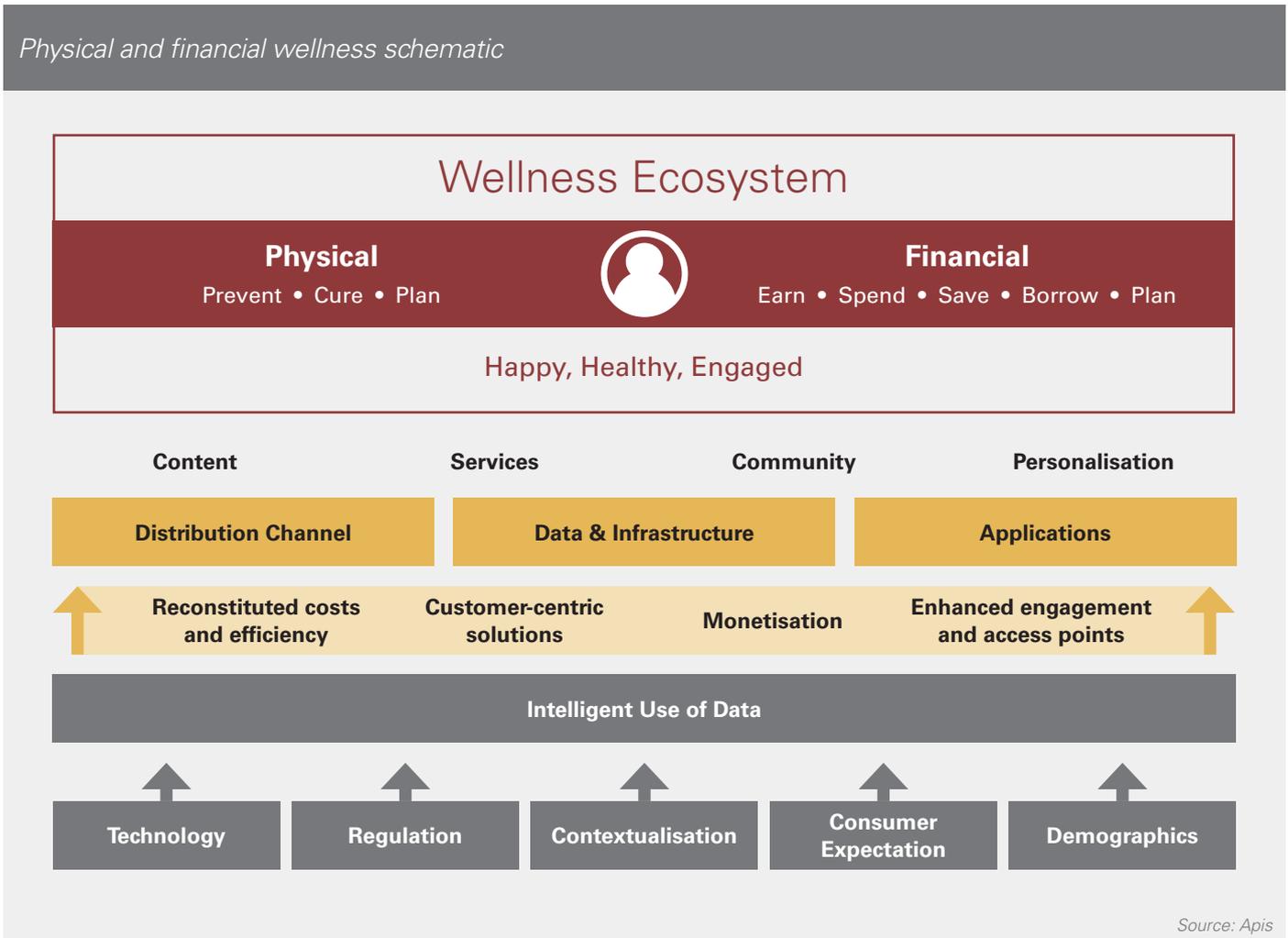




What is the Convergence of Financial and Physical Wellness? What are the Drivers?



Industry convergence redefines boundaries between sectors and increases the emphasis on usage of personal data. We see an opportunity for wellness platforms to provide true financial and physical wellness to customers through the convergence between financial services and healthcare services. There are a few trends accelerating this convergence, including technology, regulation, contextual services, consumer expectations and personalised experience, and demographics.



1. Technology

Accelerated application of key technology enables intelligent use of data to (i) disrupt business models and (ii) enable new customised, “experiential” customer engagement. Key enabling technologies that will redefine business and customer engagement models are a combination of ABCD: AI (automation), blockchain (decentralisation), cloud, and digitisation.

A. Business models are fundamentally disrupted when manufacturing AND distribution costs take a massive cost down.
We believe combining ABCD opens up business models to disruption as manufacturing and distribution costs become multiple orders of magnitude lower.

B. Technology also enables new customised, “experiential” customer engagement by combining various data sources.

Personalisation and engagement. AI reduces data siloes within companies and across industries, thus enabling personalisation at scale by leveraging a holistic view of a customer base. AI is also applied to reduce user friction. Seamless and simplified user interface are enabled by natural language (e.g. chatbots), voice (e.g. virtual assistants) and vision (e.g. OCR and vision recognition) which runs off large sets of data around customers.

With the ever-growing base of behavioural data (collected via IoT devices like wearables), wellness advisory services are likely to expand. These services are powered by cognitive computing technologies designed to improve health and deliver advice in the event of new health conditions. Some responses are likely to leverage gaming techniques to reward well-being behaviours.

2. Regulation

Regulators play an important role in ensuring fair and practical rules that promote the growth and cross-fertilisation of the financial services industry.

Open Finance (including Open Banking). Today, regulators across the world are pushing for “open finance” where incumbent institutions are being compelled to open up consumer data with appropriate consent. Open finance could open the door for businesses to gain insight into transaction history thereby providing their own services to businesses and consumers using that information.

As open banking expands to open finance over time, banks will increasingly need to cooperate and compete with non-banks and non-financial services firms and create a new financial services ecosystem.

Other Regulations. Regulations such as GDPR and Payment Services Directive (PSD2)¹ have enabled companies to leverage APIs to connect data from different financial institutions (e.g. banks and insurers) to services providers to users.

Policymakers can support innovation in the financial service space that adopts a more holistic view of financial health and focuses on better serving financially struggling consumers.

By encouraging the sharing of data within financial services industry and with other industry players, regulators are helping drive convergence and hyper-personalisation around the consumer.

3. Contextual Services

Consumers are already benefitting from contextual financial and health services offered by open platforms, i.e. people want their banking and healthcare services to meet them where they are, in the products and channels they use. Open platforms combine customer data from other sources (e.g. Google) and other financial services companies to provide customised products to the user, these products are then embedded into the platform (e.g. personal accident insurance embedded in ride-hailing super app).

Open platforms are a transitional step to ecosystems. In such an approach, super apps or incumbent financial institutions establish standards for third-party players or marketplaces to plug-in decomposed financial products and services with minimal curation from the financial institution.

Contextual financial service offerings are becoming apparent in more financial services verticals, especially in product-led and other asset-backed credit sales. Contextual financial services are gaining market share over traditional financial institutions in EM, as they excel across the following differentiators: distribution reach, customer segments, products, price.

4. Consumer Expectations and Personalised Experience

As consumers become more used to timely and contextual services, they increasingly look for single access points that provide solutions that meet all needs. In this context, financial services providers that had offered single products (often a feature) now would need to put together a solution comprised of multiple other products and services that actually address users’ needs.

With rising consumer expectations, we are seeing a shift **from a product-centric to a customer-centric solution approach.**

One of the areas where this shift to customer-centric solutions is playing out is in the healthcare area. In a value-driven healthcare system, the patient is at the centre of the healthcare universe. Since most decisions that determine outcomes for chronic disease, where 80% of healthcare costs are incurred, are made by the patient, family and caregiver at home, one’s behaviour outside the clinic will be most important to providers’ success going forward.

This shift towards a patient-centric approach by healthcare providers mirrors this shift towards a customer-centric approach by financial services players. For example, just as healthcare providers become increasingly involved in preventative and personalised medicine, insurance providers can work with clients to ensure that they are prepared for financial shocks.

The value ecosystems that emerge around future disruptive scenarios offer an opportunity to extend the customer experience in terms of quality, frequency, and reach of engagement.

When service providers share data around consumers to offer the best solution, they can create hyper-personalised solutions that straddle both the financial and physical wellness area.



5. Demographics

Several salient demographic trends also help drive convergence of financial and physical wellness.

In developed economies, baby boomers, the largest part of the population that have driven economic growth over the last three decades, have hit retirement age while longevity technology is extending people's life span. Retiring or retired age groups facing pension gaps will make economic decisions that are closely tied with their physical health. Notwithstanding, with pension and old-age related expenses reaching as much as 15% of global GDP, opportunities are huge for rightly positioned financial and health services firms.

Millennials are now the largest category of the labour force and could reach 75% of work force in 10 years. Millennials are digital natives and will be more open to engaging financial and physical services online.

In the majority of developing countries, the population is still young, and the middle-class segment continues to grow. Younger populations will drive higher digital penetration along with applications like financial or health services online. A larger middle-class will also drive more spend as a percentage of income towards affordable financial and health services.

We have explored the investment themes, challenges, opportunities, and implications for financial services firms in our whitepaper. Please download it on our [website](#).

¹The revised Payment Services Directive (PSD2) mandated the right of access to payment account data to increase innovation and competition in the payments sector. Together with open banking, it enables customers to consent to third parties accessing their payment account information or to make payments on their behalf.

Apis Partners



Matteo Stefanel - Managing Partner & Co-Founder, Apis Partners

Matteo has a successful track record in private equity and investment banking spanning 23 years and focusing specifically on Growth Markets and Financial Services.

He is Managing Partner and Co-Founder of Apis Partners LLP, which manages Apis Growth Fund I and Apis Growth Fund II - two private equity funds focused on investing in financial services companies in Africa and Asia, as well as a number of smaller investment vehicles focused on Fintech investments more globally.

Formerly a partner at The Abraaj Group where he was responsible for a number of Abraaj's investee companies (10+), including Network International (payments), Saham Finance (insurance), and Jordan Ahli Bank (banking).

Matteo has been a board director of over 25 companies and completed over 110 transactions in Europe (including CEE), South Asia, the Middle East and Africa, throughout his career at Abraaj, at MIG (\$7.4bn AUM) where he was briefly CIO, and at Deutsche Bank as MD and co-Head of Emerging Markets in the Financial Institutions Group.

Matteo has twice been a member of the World Economic Forum's Global Agenda Council on Financing and Capital (2012-14 and 2014-16).

Matteo graduated from Queens College, the University of Oxford, with an MA (Hons) in Philosophy, Politics and Economics.

He is married, with three children.



Udayan Goyal - Managing Partner & Co-Founder, Apis Partners

Udayan has been a keen proponent of the fast-changing landscape of Financial Services in the transition from an industrial era to the information age and now to the networked economy. He fell into the intersection of Financial Services and technology well before the term FinTech was coined and traversed the Growth Markets when they were called frontier markets. His global experience began as the son of a diplomat living across multiple continents with his working life commencing in traditional investment banking and transitioning through to investing and entrepreneurship.

Prior to co-founding Apis, Udayan co-founded and lead Anthemis Group, the first specialist global investor in FinTech based in London where he made 32 investments including well-known names such as Simple, Betterment and Trov. Prior to that he was Global Head of Financial Technology Advisory at Deutsche Bank.

Udayan lives in London, is married with two children, and enjoys trying out innovative spinning studios to work off his passion for food and wine wherever his Apis travels take him.



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Responsible investing and financial inclusion are the cornerstones of Apis’ investment philosophy, with the firm incorporating ESG requirements into investment analysis and decision-making processes, policies and practices. Apis is a signatory to the UN Principles for Responsible Investment.



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