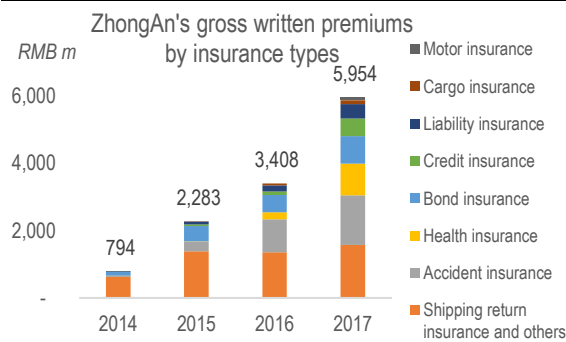


# Global FinTech Weekly



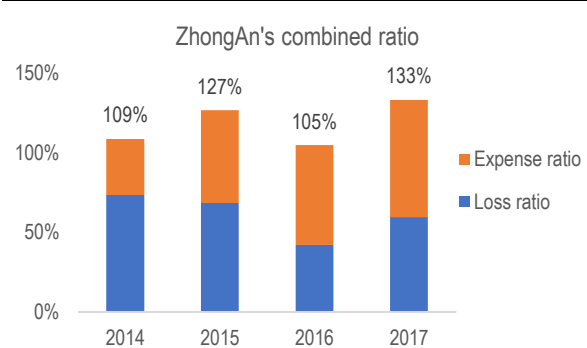
## Chart of the week – Great Expectations

**Figure 1: Health insurance premium increased sharply**



Source: Company data

**Figure 2: Loss ratio & expense ratio rose notably**



Source: Company data

ZhongAn Insurance's massively successful IPO last year and a US\$ 12bn market cap surely attracted huge interest in the company and in the InsurTech sector. As a pioneer in shipping return insurance, ZhongAn subsequently added accidental insurance, bond insurance, health insurance and credit insurance to its product mix. Similar to other new online business, user acquisition has been a key challenge. ZhongAn has been relying heavily on the traffic introduced from its founding shareholders' (Ant Financial, Tencent and Ping An) ecosystem platforms such as Taobao, Ctrip etc. ZhongAn's products are mostly embedded in these platform's products.

From ZhongAn's 2017 results which was announced yesterday, we see some positive development – Overall GWP grew by 75% yoy. Within this, health insurance gross premium grew by 358% yoy and its share in total premium increased from 6.0% in 2016 to 15.8% 2017. ZhongAn's health product was primarily marketed on Ant Financial's insurance portal and through group insurance agent. Overall loss ratio rose to 59.5% in 2017 from 42.0% in 2016 with a notable rise across almost all products. Expense ratio continue to rise to 73.6% in 2017 from 62.7% in 2016 with a 47% rise in the "consulting fees and service charges" which essentially is the traffic cost paid. Overall the company recorded a net loss of Rmb 1bn in 2017 from a small profit in 2016. Going forward, we believe the key for ZhongAn is to provide differentiated and innovative products in order to attract organic traffic. Otherwise its traffic cost will continue to be a big burden.

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## News of the week

Mar 15, 2018

Yirendai

China

### Yirendai Reports Fourth Quarter Earnings; Revenue Jumps 70%

Yirendai Ltd. (NYSE: YRD), a growing China-based consumer lending company, announced late yesterday its fourth quarter financial results for the three months ended Dec. 31. Shares of Yirendai jumped higher soon after opening today to \$43.15 per share, up \$1.46, before settling flat in afternoon trading. The company's revenue increased 70 percent year-over-year to 1.825 billion yuan (\$280.5 million) thanks to the continued expansion of online business. Net income increased more than 18 percent to 448.8 million yuan (\$69.0 million), or \$1.11 per fully diluted share, during the quarter.

Source: [01Caijing](#)

#### Our view

**Similar to other online consumer loan platforms, Yirendai's growth slows and delinquencies rise slightly amid growing regulatory scrutiny. The company intentionally lowered credit approval rate to control asset quality and size, which could be a smart move for its long-term stable growth.**

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Mar 15, 2018

Payment

China

### Huifu Payment Files for Hong Kong IPO

Digital-payment service provider Huifu Payment Ltd. has filed for a Hong Kong listing, seeking to become the first major Chinese payment company to go public as the country becomes increasingly cashless. Huifu was among the first group of online payment companies to receive a third-party digital payment certificate from China's central bank in 2011.

Source: [01Caijing](#)

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Mar 19, 2018

ICO

Hong Kong

### Hong Kong Securities Regulator Shuts Down ICO

The Hong Kong Securities and Futures Commission (SFC) has stopped Black Cell Technology's Initial Coin Offering (ICO) on the grounds that the offering constituted an unregistered Collective Investment Scheme (CIS), according to a SFC website [bulletin](#) posted today, March 19. Black Cell must now refund Hong Kong investors of their investments in the token, which would support a mobile app call "Krops," a marketplace for listing agricultural products.

Source: [CoinTelegraph](#)

#### Our view

**Cryptocurrency issuers have rushed to Hong Kong for fundraising since mainland completely banned ICO last year. The SFC has warned ICO sales several times and this is the very first time it acted against a specific company publicly, indicating that Hong Kong authority is taking an increasingly harsh stance on the sales.**

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Mar 19, 2018

Sandbox

UK

### Global Regulators to Work on Test Bed for Fintechs

Regulators from across the world start work this week on a blueprint for a global "sandbox" or testing bed for new financial technology applications, Britain's Financial Conduct Authority said on Monday. Britain helped to spearhead sandboxes which allow fintech firms to test new apps on real customers, but under the close eye of regulators to avoid consumer harm.

Source: [Reuters](#)

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Mar 19, 2018

Cryptocurrency

US

### Trump Orders Sanctions Against Venezuela's Crypto

Donald Trump has signed an executive order imposing new sanctions against Venezuela for its controversial "petro" cryptocurrency. The U.S. president was previously said to be preparing to sign an executive order imposing additional sanctions on the South American nation for its attempt to bypass existing economic restrictions, McClatchy DC reported on Friday. On Monday, Trump signed an order blocking any U.S. transactions in the petro, the White House announced.

Source: [CoinDesk](#)

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Mar 14, 2018

Google

ICO

### Google to Ban ICO and Crypto Ads Starting in June

Search giant Google has said it will change its financial product policy in June this year, a move that will see advertisements related to cryptocurrency effectively banned. In a blog post published Tuesday, the firm indicated that it will change its existing financial product restriction list in June this year, blacklisting ad content "including but not limited to initial coin offerings (ICO), cryptocurrency exchanges, cryptocurrency wallets, and cryptocurrency trading advice."

Source: [CoinDesk](#)

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Mar 15, 2018

Blockchain

China

### Chinese Investment Group to Launch Blockchain Funding Center

A government-led investment association in China is reportedly establishing a funding center to foster blockchain development in the country. The initiative, dubbed the Global Blockchain Investment and Development Center (GBIDC), is said to be led by the Investment Association of China (IAC), a social organization that facilitates major domestic investment projects and has attracted foreign capital.

Source: [Pengpai](#)

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Mar 16, 2018

Yixin

China

### Yixin Reports Fourth Quarter Earnings; Reveals Sharp Loss

Yixin Group is reporting 3.9 billion RMB in revenues in FY2017, up 162 percent year-over year. This was driven by rapid growth in transactions business, which recorded revenues of 963 million RMB, up 354 percent year-over-year. In 2017, Yixin reportedly facilitated 490,000 retail transactions and auto-related transactions, up 88 percent from the year before.

Source: [36kr](#)

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Mar 16, 2018

Payment

China

### China's Limit on QR Code Payments to Take Effect from April

A maximum RMB 500yuan daily limit will apply to static QR code payments, according to a regulation set to take effect on April 1. The new regulation released by the People's Bank of China, the central bank, at the end of last year, aims to strengthen mobile payment security and protect customers' personal finances.

Source: [ynet](#)

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Mar 19, 2018

Cryptocurrency

Twitter

### Twitter Plans to Ban Cryptocurrency Ads on its Site

Search giant Google has said it will change its financial product policy in June this year, a move that will see advertisements related to cryptocurrency effectively banned. In a blog post published Tuesday, the firm indicated that it will change its existing financial product restriction list in June this year, blacklisting ad content "including but not limited to initial coin offerings (ICO), cryptocurrency exchanges, cryptocurrency wallets, and cryptocurrency trading advice."

Source: [CNET](#)

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