

FINTECH ABU DHABI INNOVATION CHALLENGE 2019 PROBLEM STATEMENTS

	The Problem	The Ask
Financial Inclusion		
1	<p><u>Bank account "light" for SMEs</u> SMEs are unable to open bank accounts quickly to get their business off the ground by allowing them to start receiving and making payments.</p>	<p>Create a streamlined and efficient digital solution for banks to collect the required account-opening information from SMEs, to enable banks to quickly open "light" bank accounts for SMEs that provide SMEs with basic banking services sufficient for SMEs to get their businesses up and running. The solution should also enable the bank to collect further information from the SME in the interim to allow a full bank account to be opened for the SME.</p>
2	<p><u>SME debt financing platform</u> SMEs often encounter difficulties obtaining financing (whether working capital, documentary or trade finance) and have to approach multiple funding sources which can be very time-consuming and costly for SMEs.</p>	<p>Create a digital platform that allows SMEs to seek debt financing easily and quickly from lenders such as banks or corporate factors in a one-stop shop, without the need to individually reach out to multiple potential lenders separately.</p>
3	<p><u>Advanced credit analytics</u> Banks are currently not taking advantage of the latest advances in technology with regard to data analytics for credit scoring. There is immense potential in being able to use these technologies to enhance efficiency in the credit scoring process.</p>	<p>Create a digital solution which allows banks to process large quantities of diverse data to create more reliable credit scoring and credit profiles of borrowers, with the specific aim of increasing financing to corporates, in particular the SME sector.</p>
4	<p><u>Financial services for un(der)banked migrant workers</u> Banking, remittance, investment and insurance services are often out of reach of low income migrant workers. Having access to financial services will improve employee welfare and the lives of such migrant workers, while reducing risks associated with the informal sector (shadow banking).</p>	<p>Develop a practical KYC-enabled digital / mobile solution to offer banking, investment, insurance and/or other financial services to low income migrant workers in a cost effective and a convenient way.</p>

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RegTech & SupTech		
5	<p><u>Supervision of fiat currency backing stablecoins</u></p> <p>Many issuers of stablecoins claim to have a full 1:1 fiat currency backing them. However, it is challenging to establish if this backing is indeed true.</p>	<p>Create a digital solution to provide regulators and other relevant stakeholders real-time read-only visibility into the bank account(s) holding the fiat currency purported to be fully backing the stable coins in circulation.</p>
6	<p><u>Supervision of client money held by non-bank market intermediaries</u></p> <p>Currently, regulators will only be notified of irregularities or control failures by licensed firms in safeguarding Client Money post-event, usually through the firm proactively informing the regulator or the regulator's own review or inspection.</p>	<p>Create an automated solution that allows the regulator to monitor firms' management and safeguarding of client money. The solution should enable the licensed firms / Regulator to:</p> <ol style="list-style-type: none"> 1) Automatically monitor the deposits and withdrawals of client money; 2) Automatically reconcile firms' client money balances in the bank account held at the custodian bank against firms' internal client money records at the individual client level; and 3) Flag any issues in real time regarding any disparities or issues with regard to client money holdings by firms.
Banking & Finance		
7	<p><u>Escrow services</u></p> <p>When purchasing/selling a second hand car, the buyer/seller has to effect the exchange of money by relying on a cheque, using a bank transfer or exchange large quantities of physical cash in person. Each of these channels carries with it certain risks, inconvenience and inefficiency. In particular, the buyer usually has to transfer all the funds to the seller before taking delivery of the car.</p>	<p>Create a digital solution which enables the transfer of funds between a buyer and seller to be effected only when there is an electronic confirmation from the relevant government authority that the ownership registration has been transferred to the buyer. Before this electronic confirmation is obtained, the solution should hold the buyer's funds in secure escrow.</p>
8	<p><u>Digitisation of trade processes</u></p> <p>It is an extremely time-consuming and manual process for banks to obtain trade finance documentation from their trade finance clients and other</p>	<p>Create a one-stop efficient digital platform to enable banks to collect, authenticate and review trade documentation electronically in a secure manner from trade finance clients and the other various counterparties in the trade finance cycle.</p>

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	counterparties in the trade finance lifecycle.	
Insurance		
9	<p><u>Digitisation of insurance processes</u> The process of selling and servicing of insurance products by insurers can often be manual-based and inefficient, resulting in a limited access to new customer segments.</p>	Develop a digital solution where consumers can buy, use, pay for and claim for insurance on their mobile phone or any digital device, thereby lowering the cost of selling and servicing of insurance products.
10	<p><u>Data analytics</u> Price premiums of insurance coverage are not be sufficiently calibrated to encourage better lifestyle choices.</p>	Develop a solution that leverages data or real-time insights from devices to create personalised insurance and dynamically price premiums for general and life insurance coverage.
Digital Marketplaces		
11	<p><u>Financing platform for sustainable development / ESG investments</u> Greater access to private sector funding will support sustainable urban development, as populations expand. There is however a general lack of structured, inclusive marketplaces to facilitate the awareness and the financing of such projects.</p>	Develop an online platform that connects city planners and developers with the financial sector so that sustainable urban development projects can raise awareness and gain access to a wider investor pool. The platform should act as an information repository, highlight projects for development and their key features, and facilitate contact between developers and potential investors.
12	<p><u>Platform for digital debt and equity issuance</u> Ease of access to private debt or equity funding and strategic investors is a key enabler of an innovative entrepreneurial ecosystem. However, regulatory safeguards on investor protection against losses arising from illiquid investments and potential fraud have meant strict limits on unaccredited investors.</p>	Create a digital platform that enables the efficient creation, distribution and exchange of tokenised debt, equity or funds units to enable private enterprises to seek financing. The tokens would be coded with investor safeguards to ensure compliance with applicable regulatory requirements. The platform should be enabled by functions and processes that promotes issuer accountability, risk management, transparency and due diligence.

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13	<p>API marketplace</p> <p>Financial institutions often do not have a ready platform to allow them to test and experiment with FinTechs before selecting the best fit, while FinTechs are overburdened with the procurement processes incurred each time they interact with the financial institutions.</p>	<p>Create a digital platform that would reduce both time to market and investments needed by financial institutions to create and offer open APIs to facilitate industry standardisation and creation of innovative customer-centric solutions.</p>
Wealth & Asset Management		
14	<p>Access to high quality investments for small investors</p> <p>Small savers and retail investors face high financial and financial education barriers to entry to good quality investments that are typically accessible to institutional investors.</p>	<p>Develop a digital / mobile app solution that enables retail individuals to invest into suitable investment products (e.g. through micro-investments of government bonds) in a low-cost, direct, transparent and seamless manner.</p>
Security & Trust		
15	<p>Security for open banking / data</p> <p>Financial markets, banks and financial institutions are harvesting, processing, storing and exchanging ever-increasing amounts of data. Ensuring the right confidentiality, security and integrity of data is crucial for well-functioning financial markets.</p>	<p>Develop a solution that can help financial institutions / companies detect, identify, predict and prevent financial cybercrime.</p> <p>Develop a solution to enable selective disclosure / sharing of sensitive transaction data to other identified parties in a secure manner, mitigating cyber security risks.</p>
Others		
<p>ADGM welcomes participation from applicants with any other technological solutions that would enhance (i) business efficiency; (ii) cost-effectiveness; (iii) risk management; (iv) regulatory or security outcomes; and/or (v) consumer welfare in the financial services sector.</p>		