

GCASH RECEIVES THE 2023 COMPANY OF THE YEAR AWARD

*Identified as best in class in the Philippines financial
technology industry*

Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. GCash excels in many of the criteria in the financial technology space.

AWARD CRITERIA	
<i>Visionary Innovation & Performance</i>	<i>Customer Impact</i>
Addressing Unmet Needs	Price/Performance Value
Visionary Scenarios Through Mega Trends	Customer Purchase Experience
Implementation of Best Practices	Customer Ownership Experience
Leadership Focus	Customer Service Experience
Financial Performance	Brand Equity

Addressing Unmet Needs and Leadership Focus

The development of the Philippines financial technology (FinTech) market is progressing rapidly, with

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Senior Industry Analyst, ICT Practice*

mobile services enablement being a crucial part of the change. One FinTech sector that has seen impressive growth trends is digital payments. From 2013 to 2022, the monthly digital payment transactions grew from 1% to 42.1% of total retail payments.¹

The country leads in adopting new digital technologies and processes that drive efficiency and deliver superior customer experience. A strong government push to create a cashless society also attracts providers to invest in digital solutions in the country. For instance, the national banking regulator,

Bangko Sentral ng Pilipinas (BSP), has introduced a National Quick Response (QR) Code Standard for digital transactions. The standard will likely increase the proliferation of contactless payments, with the BSP aiming to complete half of its financial transactions digitally by the end of 2023. With mobile internet penetration exceeding 144% in the Philippines in 2022, digital has become the preferred mechanism for

¹ Bangko Sentral ng Pilipinas, 2022 Statis of Digital Payments
https://www.bsp.gov.ph/PaymentAndSettlement/2022_Report_on_E-payments_Measurement.pdf

communication, content services, and commerce. Leading FinTech providers have embraced mobile-first strategies by investing in next-generation digitization tools and platforms. As such, the adoption of mobile financial services continues to rise in the country. Frost & Sullivan's research reveals that the Asia-Pacific mobile financial services market generated a transaction value of \$85.48 billion in 2021 and will likely reach \$216.46 billion in 2026, registering a compound annual growth rate (CAGR) of 20.4%.

Despite the ubiquity and visible impact of the digital revolution in the financial service industry, the underbanked population in the country remains high. A 2021 BSP Financial Survey report found that only 56% of Filipinos had a formal bank account.² The report determined that a high minimum balance requirement dissuaded people and stated that most household members did not see the need for a formal account or lacked the necessary documents to open one.

Incorporated in 2004, GCash is an SMS-based person-to-person (P2P) domestic money transfer service. The company offers this service to address the need of Filipinos for remittance, enabling them to send money without a bank account. The company leverages 19 years of industry expertise, market-leading financial technology services, and an extensive product portfolio to drive its domestic market's ongoing digital economy transformation to become a regional digital economic power. On a mission to increase financial inclusion and empower all Filipinos, GCash delivers an all-in-one financial super app with services encompassing an electronic wallet, mobile payment, remittance, savings account, and investment.

GCash promotes financial inclusion by streamlining the conventional banking application process, which requires documents such as proof of billing or income statements to open an account. With the GCash digital onboarding system, consumers can register by filling in the personal information required, such as mobile number, address, and email address. As of May 2022, GCash has about 60 million consumers, enabling them to access financial services such as digital remittance or mobile payments.

GCash has focused on market leadership since its inception, covering 83% of the Philippines' adult population and solidifying its position as a leading FinTech provider.³ GCash aspires to provide reliable services to customers and continuously innovate to address their FinTech and lifestyle needs. Frost & Sullivan is impressed with the rate at which GCash establishes its presence in consumers' daily lives and bridges the gap in access to financial services by providing a convenient way of performing financial transactions.

Visionary Scenarios Through Mega Trends and Implementation of Best Practices

Having identified industry mega trends such as increased adoption of digital-first customer channels and customer onboarding automation, GCash invests in appropriate solutions to capitalize on emerging opportunities. It also adopted a customer-centric innovation strategy to deliver differentiated solutions. For example, while competitors only offer mobile payments and P2P transfer services, GCash offers savings account and unit trust investment trading through the GCash app, empowering Filipinos to start

² Bangko Sentral ng Pilipinas, Financial Inclusion in the Philippines, https://www.bsp.gov.ph/Media_And_Research/Financial%20Inclusion%20Dashboard/2022/FIDashboard_1Q2022.pdf

³ Globe Press Release, <https://www.globe.com.ph/about-us/newsroom/consumer/gcash-new-milestone-over-60m-registered-users.html#gref>

saving and investing conveniently. Unlike traditional banks, where customers must deposit money to open an account, GCash's savings account has no minimum deposit requirements. Customers can easily open savings accounts by uploading a valid ID and a selfie to verify their accounts through the GCash App. Once confirmed, the user can access all GCash features and services (e.g., bank transfer, microloan, insurance). Simplifying the minimum requirements allows GCash to reduce the financial inclusion gap in the Philippines through access to affordable and transparent financial services.

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In addition, GCash invests in next-generation technologies to deliver improved customer service experiences. Its electronic know-your-customer (eKYC) service employs artificial intelligence and machine learning for face matching and fake identification detection. The eKYC system also improves the onboarding process by eliminating paper-based procedures. As a result, it lowers the cost and time spent on verification, making it more profitable to provide services to the underbanked segment.

GCash also plays an active role in strengthening data privacy practices in the country. The company is an active participant in the Philippine National Police Anti-Cybercrime Group (PNP-ACG), the Department of Justice (DOJ), and the National Bureau of Investigation (NBI). It provides valuable input on circulars and supports various national anti-cybercrime initiatives. Frost & Sullivan commends GCash for delivering a differentiated service experience through improved technology capabilities and a relentless focus on enabling state-of-the-art financial services.

Customer Ownership and Service Experience

GCash has achieved notable success through its exceptional customer-centric business model and ability to meet the market's evolving needs. Aware of the numerous challenges of financial inclusion in the Philippines, GCash has developed and expanded its financial services using the microeconomics approach to cater to banked and unbanked Filipinos. For example, GCash's investment service allows users to invest and purchase stocks for as low as PHP50 (US\$0.86c) for local stocks and PHP1,000 (US\$17.24) for global funds. GCash also offers entrepreneurs services such as GCash Biz, a suite of payments, channel solutions, payroll, and fund disbursement services. The ability to deliver various financial services for consumers and businesses is a clear differentiator for GCash.

Frost & Sullivan notes that GCash's financial services can accommodate various consumer requirements, a vital reason for its success in the Philippines financial technology services market. To strengthen its market position, the company introduced the GCash Credit service. GCash streamlines the conventional application process with minimal requirements (e.g., active GCash app usage and verified GCash account). Customers can apply and get credits up to PHP50,000 instantly and make credit payments at over 100,000 stores and billers. The company has partnered with CIMB Bank Philippines to roll out this service.

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consumers to top up their mobile wallet accounts.⁴ GCash also collaborates with industry participants such as banks, billers, and merchants to increase cashless payment adoption in the Philippines. With 5.8 million merchants, GCash is the largest payment network in the mobile financial services industry.⁵

The company's impressive growth momentum and trajectory are a testament to its customer-centric approach and exceptional thought leadership, helping it earn widespread customer trust and loyalty and propelling it to market leadership. Frost & Sullivan believes the company is well-positioned to drive the Philippines financial technology industry into its next growth phase, sustaining its leadership in the coming years.

Conclusion

The financial technology industry in the Philippines has witnessed remarkable changes over the years due to the emergence of advanced technologies such as eKYC processes and super apps. Successful FinTech providers must reduce costs while offering consumers convenient ways to conduct financial transactions. GCash's innovative service offerings meet customers' needs, particularly underbanked populations. With multiple innovative products, the company improves customer experience and financial inclusion and drives market growth.

Pioneering the use of digital solutions, innovative financial services, and strong overall achievements make GCash the deserving recipient of Frost & Sullivan's 2023 Philippines Company of the Year Award in the financial technology industry.

⁴ GCash in Numbers, <https://www.new.gcash.com/business>

⁵ Globe Annual Report, <https://www.globe.com.ph/content/dam/globe/brie/AboutUs/investor-relations/integrated-report/Globe-2022-Integrated-Report.pdf>

What You Need to Know about the Company of the Year Recognition

Frost & Sullivan's Company of the Year Award is its top honor and recognizes the market participant that exemplifies visionary innovation, market-leading performance, and unmatched customer care.

Best Practices Award Analysis

For the Company of the Year Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Visionary Innovation & Performance

Addressing Unmet Needs: Customers' unmet or under-served needs are unearthed and addressed by a robust solution development process

Visionary Scenarios Through Mega Trends: Long-range, macro-level scenarios are incorporated into the innovation strategy through the use of Mega Trends, thereby enabling first-to-market solutions and new growth opportunities

Leadership Focus: Company focuses on building a leadership position in core markets and on creating stiff barriers to entry for new competitors

Best Practices Implementation: Best-in-class implementation is characterized by processes, tools, or activities that generate a consistent and repeatable level of success

Financial Performance: Strong overall business performance is achieved in terms of revenue, revenue growth, operating margin, and other key financial metrics

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

