

Homegrown fintech start-up MHub breaks new ground

BY KHAIRANI AFIFI NOORDIN

Friends Quек Wee Siong, Jason Ding and Joshua Ong were having a casual chat in late 2014. Ong had just returned from a trip to Australia and they were discussing the local economic climate, slowdown in the property market and loan approvals. One topic of conversation led to another and a light bulb went off in their heads.

The trio realised that there was a definite need in the market for an easier way to deal with the loan approval process of banks. Their idea was to help property buyers secure loans faster and more easily by creating a financial business marketplace that would bridge the gap between banks and borrowers.

"The idea caught our imagination and that's when we decided to take a leap of faith, leave our jobs and pursue this," says Quек.

Together, they formed TRB Ventures Sdn Bhd. TRB stands for The Red Bricks, by which they mean that any enterprise is built one brick at a time.

The trio come from different backgrounds. CEO Quек used to be in sales and marketing in the financial, engineering and property industries; chief technology officer Ding was a multimedia specialist, design agency founder and app developer; and business development manager Ong was a former enterprise banker involved in food and beverage start-ups and real estate consultancies.

Realising that they may be able to tap into a huge market, they got excited and began to work on their idea. Surprisingly, although they had already started drafting a business plan and the basic framework, none of them was aware that their concept was actually part of an industry that was just about to take off — financial technology (fintech).

"We didn't even know the word 'fintech' and what it meant, we just started doing it. Later, when I bounced the idea off a friend of mine, who was an app developer, he said, 'Basically, what you are doing is fintech'. So, I looked it up online and I was like, 'Oh yes, what we are doing is indeed fintech,'" says Ding.

The Malaysian fintech industry, while still in its infancy, is gaining momentum, says Ong. This is supported by the World Economic Forum's July 2015 report, which ranks Malaysia No 4 in financial market development, attributing this to its position as a major financial centre and proximity to a large potential customer base of international financial institutions and end-users.

Ong says with the country's high level of digital adoption and internet penetration, Malaysia is a very suitable environment for the growth of the

fintech industry. "Fintech is definitely here to stay, as internet penetration becomes more widespread," he adds.

TRB Ventures had to go the hard way for a whole year, knocking on the doors of potential stakeholders to pitch their concept. The bootstrapping period involved many meetings and appointments behind closed doors, relying mostly on their internal resources.

"We did not have an office, so we were running from café to café all over the city to work on the platform. That was how 'bootstrapping' we were," says Quек.

"Because of that, we consumed lots of coffee. We tried to support cafés that were not so busy, but some of them, despite our support, did not survive. We even saw cafés open up, then gradually go out of business in the year we were developing the platform," says Ong.

Now, the company has its own office in Petaling Jaya, and the three partners no longer need to look over their shoulders, afraid of who may overhear their conversation and steal their ideas.

They managed to put things together in a coherent manner and won a RM500,000 grant under PlaTCOM Ventures Sdn Bhd's High Impact Programme 2. With this money, the company was finally able to bring its concept to life. It is targeting to launch its platform, called MHub.my, in the second quarter of this year.

THE NITTY-GRITTY

Fintech companies in the Malaysian market tend to focus on the business-to-consumer (B2C) model. MHub, however, has a business-to-business (B2B) model. The platform aims to connect banks with its "affiliates", or intermediaries such as property developers and lawyers, which help property buyers with their loan applications.

"We have approached these stakeholders and pitched our platform to them. They told us that it is true, there are missing links that need to be connected. This is where MHub comes in. With the single platform, borrowers and banks will be able to connect directly with our special affiliate system and solve their existing pain," says Quек.

PlaTCOM Ventures vice-president Biruntha Mooruthi says the grant was offered to TRB Ventures because it found the platform attractive to the banking industry in terms of resource management. "Normally, banks work around the manual way, setting up branches everywhere and the referrals can be time-consuming and inefficient. However, with MHub's system, everything is on a single platform, so they can monitor their business efficiency with minimal turnaround time."

She explains that MHub uses a sophisticated artificial intelligence

system that allows it to not only calculate the sales, profit and performance rate but also generate reports to banks in a timely manner. It is also connectible via mobile phones, which enables the stakeholders to remotely monitor the performance of their staff at different units or branches.

Quек says that for banks to increase their productivity, for example, they would need to expand their business, open up new branches and hire more staff, all of which would lead to an increase in operational cost. MHub would enable the banks to increase their productivity without needing to expand, thus lowering their staff cost-to-income ratio. "This is something we find very attractive, and it is something not yet available in Malaysia," adds Biruntha.

Quек says since it is a new concept, the stakeholders they have met have shown positive support. "All the people in the real estate industry, the agencies, property developers and banks say they have not heard of it before, so they are very excited about it. Some of them have even shown immense interest to come on board. They simply can't wait for it."

One unique feature on the MHub platform that TRB Ventures is putting in place is gamification. Ding says the purpose of installing this is to appeal to the younger generation, who are used to interactive elements in their daily life.

"Even in our presentations, we realised that when we talked about this element, the younger stakeholders suddenly came alive and were very excited about it. With the gamification element, the staff can have healthy competition with each other. Their performance will be reflected in the game. So, in that sense, if they level up, it translates into a reward in real life. That is something we have not seen anywhere else yet," he adds.

Ong says with the gamification element, mundane tasks do not have to be boring. Instead, they can be exciting and "colourful" as well. "We want to apply gamification to our product because we believe work performance can improve when it is fun. We want to ensure that we have this fun element without compromising on work quality. Hopefully, it will promote better performance."

In terms of the platform's security, Quек says it is something that cannot be compromised and the company is investing heavily in it. "Database is our No 1 priority. We will be in trouble if there is a breach of information, so we are channelling a big portion of our funding into this. We are also investing in cybersecurity insurance as part of our strategy to convince stakeholders. Of course, we are just a start-up, but we have all these measures to protect us."

Ong says TRB Ventures is looking

at the same level of security that international banks are using. It has engaged different providers with good track records in servicing banks to work with the company as well. "We are working with banks, which have strict guidelines as well. We adhered to these guidelines even before they came on board. It is something that we take very, very seriously," he adds.

FUTURE POTENTIAL AND SCALABILITY

Developing the platform was not an easy task, especially since the trio had to approach many potential stakeholders who may or may not be interested in listening to what they wanted to bring to the table.

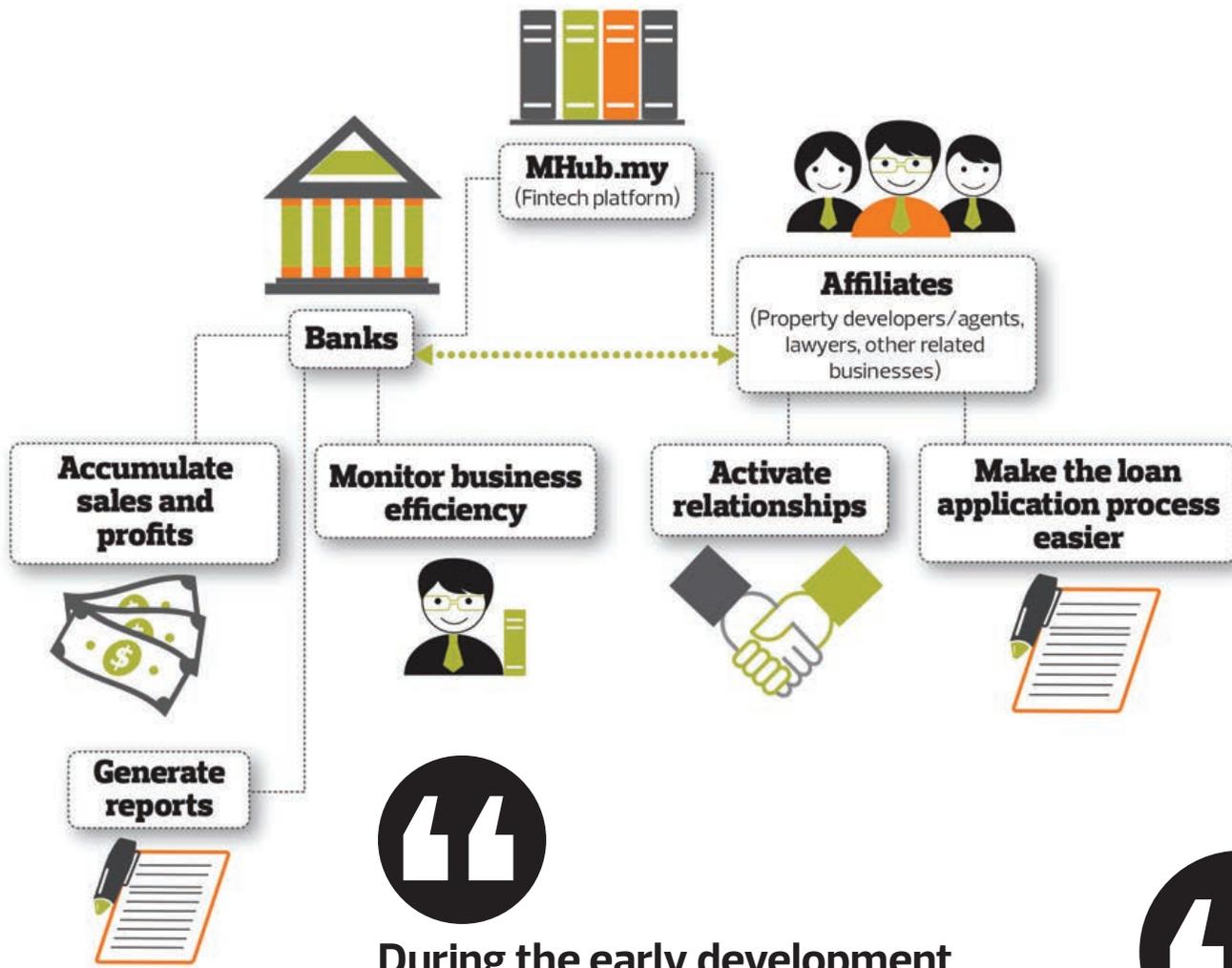
"Financial institutions are huge. It takes them a while to grab the whole



We didn't even know the word 'fintech' and what it meant. We just started doing it.

> **Ding**





During the early development period, we had to engage with various stakeholders to seek their feedback and validation.

This was a very long process to ensure that we were solving a real problem and market need. > **Ong**



Database is our No 1 priority. We will be in trouble if there is a breach of information, so we are channelling a big portion of our funding into this.
> **Quek**



idea. During the early development period, we had to engage with various stakeholders to seek their feedback and validation. This was a very long process to ensure that we were solving a real problem and market need," says Ong.

He adds that it is even more challenging if the stakeholders have a preconceived notion of what the company is offering, especially those with many years of experience in the industry. "We are very grateful to the stakeholders whom we engaged with. Not all were helpful, but we are particularly grateful to those who saw what we were doing and gave us very valuable insights and feedback so that we could further develop our product. We are thankful to those who believed in us when our product wasn't even live yet."

With PlatCOM's support, the company is starting its pilot project. The MHub pioneer group (MPG) comprises stakeholders with much interest in the platform and they will be testing it out for six months.

At the end of the trial period, TRB Ventures will use the outcomes to convince more stakeholders to get on board and expand its implementation for its official launch. The company believes that the MHub platform is scalable and has a lot of potential in the region.

"Our strategy this year is just to focus on the Malaysian market, but we are also eyeing Singapore, Thailand and Indonesia. Eventually, we will want to expand the platform to cover the entire Southeast Asia," says Quek.

Financial institutions are interconnected, with a presence in various countries. Therefore, TRB Ventures believes that if the platform can work in one country, it could work with the institutions' branches in Asean as well.

"That is one of the reasons we are looking forward to partnering Agensi Inovasi Malaysia. Making that strategy connection, government-to-government (G2G), can help us penetrate other countries," says Ding.

Biruntha says PlatCOM has done proper due diligence and feels that MHub is addressing an unmet market need in the fintech industry. "We don't just look at established small and medium enterprises (SMEs). It is definitely one of our High Impact Programme's objectives to help start-ups such as TRB Ventures. When they came to us, they were typical start-up material. So, it is good to see that the team is very dynamic and has a strong vision, which is a very important component for start-ups or SMEs.

"They had the idea, had all the strategies in place, knew exactly who they were targeting and were very quick with their lobbying, market assessments and speaking with the right stakeholders. So, we are very confident of them. We are definitely looking forward to MHub."