



How Technologies are Reshaping Insurance and Improving Consumer Protection

AXA is developing a robust innovation ecosystem to support its growth



	Invest, build and scale innovative business models
	Detect, connect with business partners, build and scale innovative business models
	Investment into innovative start-ups relevant for AXA's business and strategy.
	AXA's centers of expertise for Big Data and R&D.
	AXA start-ups accelerator in FinTech & InsurTech.
	AXA start-up studio . We build disruptive companies from the ground up.



The 3 core missions of AXA Next Lab Asia

Implement innovative Insurance Business Models



- Detect key trends and strategic innovations
- Spot talents and Startups, whom we'd like to collaborate with



- Build sustainable relationships with key startups and Big Tech players



- Launch innovative Insurance Business Models which can be expanded across geos

AXA Next Lab Asia focuses on key technologies

Mobile & social distribution

#Mobile commerce / Social selling
#Mobile Payment #Social distributing #P2P Credit and Insurance

Pure Internet insurer

#Agile Solution Design #Short-term Policy
#Ecosystem #Real-time Pricing #Contextualized #ltermization

New data sources

#Connected Car #IoV
#Connected Home and Office #IoT #Smart Cities
#Connected Digital Health
#Fraud Detection

New needs/risks

#Sharing Economy #O2O
#Uberization #On-demand Insurance #Emerging Customer

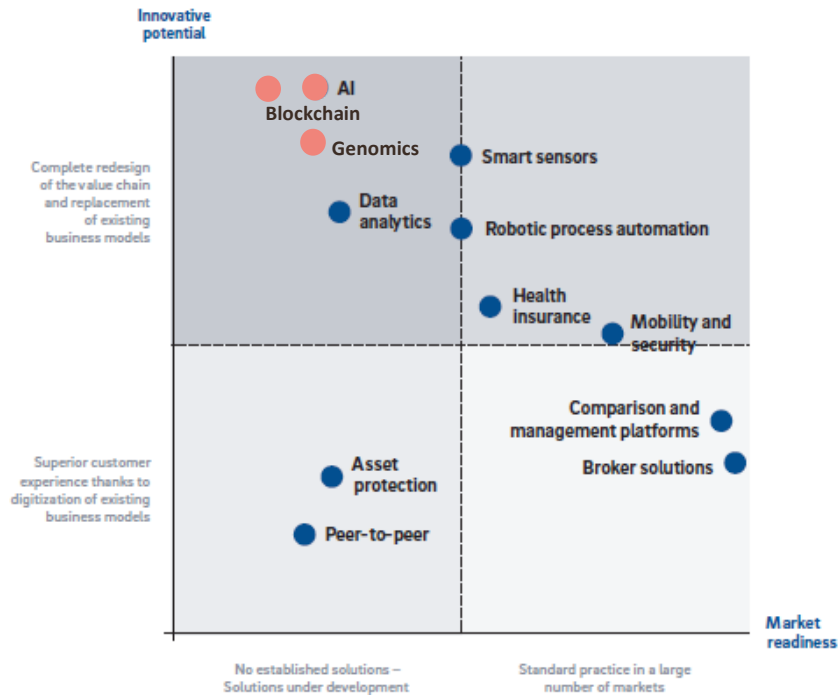
Service & customer
experience

#Social Caring
#Policy Management #Automated Claim/Compensation

Advanced tech

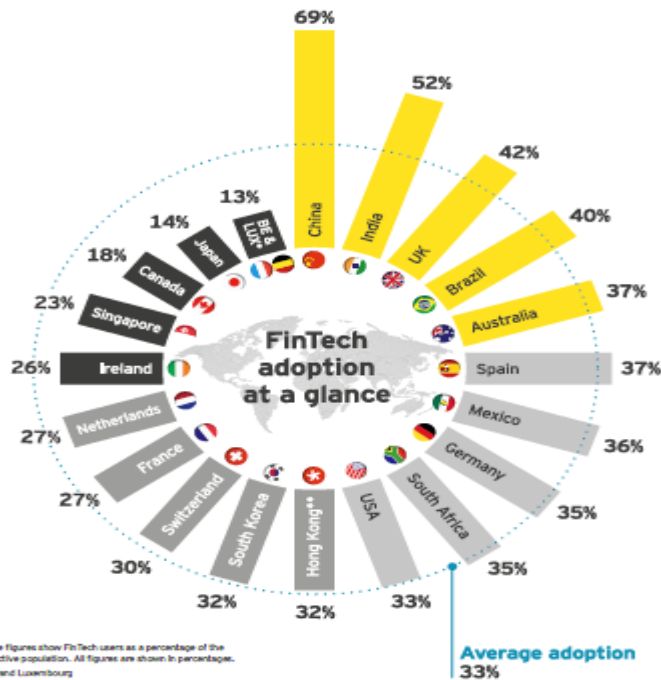
#AI #Blockchain #Genomics
#Robo-advisor #chatbot #Tech Platforms (Adtech, Cyber-Security,)
#API #Insurance-as-a-Service #Cloud

Technologies are driving innovation in insurance



Roland Berger

Consumers are adopting Fintech and Insurtech services



Source: EY

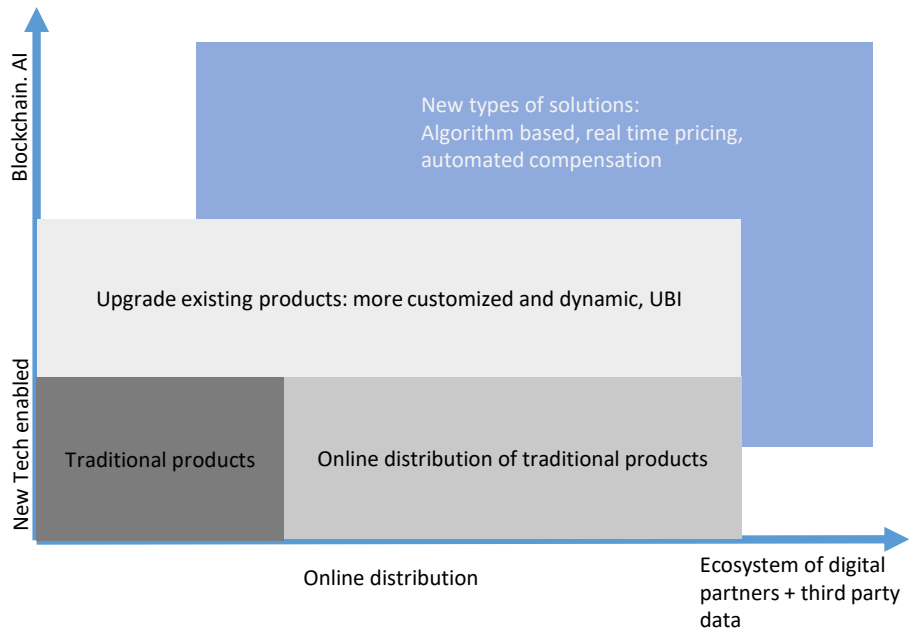
Notes: The figures show FinTech users as a percentage of the digitally active population. All figures are shown in percentages.

**Belgium and Luxembourg

**Hong Kong SAR of China

© | EY FinTech Adoption Index 2017

The opportunity for today's innovation in insurance & technology





How parametric insurance, as an innovative type of insurance solution is better at protecting consumer rights?

Our parametric solutions are truly customer-centric

Our solutions are solving customers' pain points not addressed by current offers in the insurance market

CURRENT PAIN POINTS



Unknown insurance coverage info.



Compensation decided by the insurer



Paper-intensive



Time-intensive



Annual coverage through package



Comprehensive & expensive product



Insurance exclusions after purchase

OUR SOLUTION



Specific coverage



Compensation decided by algorithm



Automatic / No claim / No paperwork



Immediate



Itemized coverage



Affordable product



No exclusion after purchase

Parametric insurance: simply pick your parameters to build your cover

Parametric insurance is based on the use of one or several parameters



that is correlated to the client's damages or financial losses



to create the most relevant cover



Sunlight



Wind Speed



Rain Participation



Hail/Snowfall



Soil moisture



Plant Wellness



Farmers



Merchants



Travelers



Outdoor adventurers

.....

Others



Our product “Fizzy” enabled by Blockchain is launched at laying out the future of flight delay insurance



We provide algorithmic insurance for
delayed flights
so that customers get **compensated**
automatically and immediately
as soon as they land

In August 2017, AXA has already launched parametric typhoon micro-insurance in the Philippines

The Philippines




Agricultural property insurance product based on:

- ✓ Damage to crop
- ✓ Typhoon speed & Distance Typhoon
- ✓ 1 year
- ✓ Compared to traditional insurance, parametric solutions have a **rapid and simple claim settlement** and **avoid long physical assessment process**



Thank You





The Impact of Perceived Risk and Trust on Consumer Intention to Use FinTech Payment in Indonesia

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Presented at IAFICO Conference
Shanghai 3-4 November 2017

Background



**100 million internet users
(40% of total population)**



**Only 36% of adults have
bank accounts**



**Cash is the most popular
payment method**



**Number of Fintech Companies
increased by 78% in 2016**

Background



FinTech payment system is relatively new in Indonesia, it is often associated to some type of risks



The way consumer perceive risks in using FinTech payment system may influence their intention to use the services



Better understanding of factors that shape consumer behavior can promote the development of FinTech payment system

Literature Review

Yousafzai, Pallister, & Foxall (2003)

Economic risk, personal risk, functional risk, and privacy risks determine trust for e-banking

Kim and Forsythe (2008)

perceived usefulness has a positive effect toward e-service

Featherman, Valacich, and Wells (2006)

perceived ease of use has negative impact on perceived risk in the e-server

Hong and Cho (2011)

trust is a significant factor that determines online purchase intentions

Urban, Amyx, and Lorenzon (2009)

the biggest obstacle to consumers in doing online transaction is the lack of trust.

Yang et al. (2015)

in the case of online payment, perceived usefulness and perceived ease of use both have positive impact on comparison

Methodology

Structural Equation Modelling Approach
by Lisrel 8.51

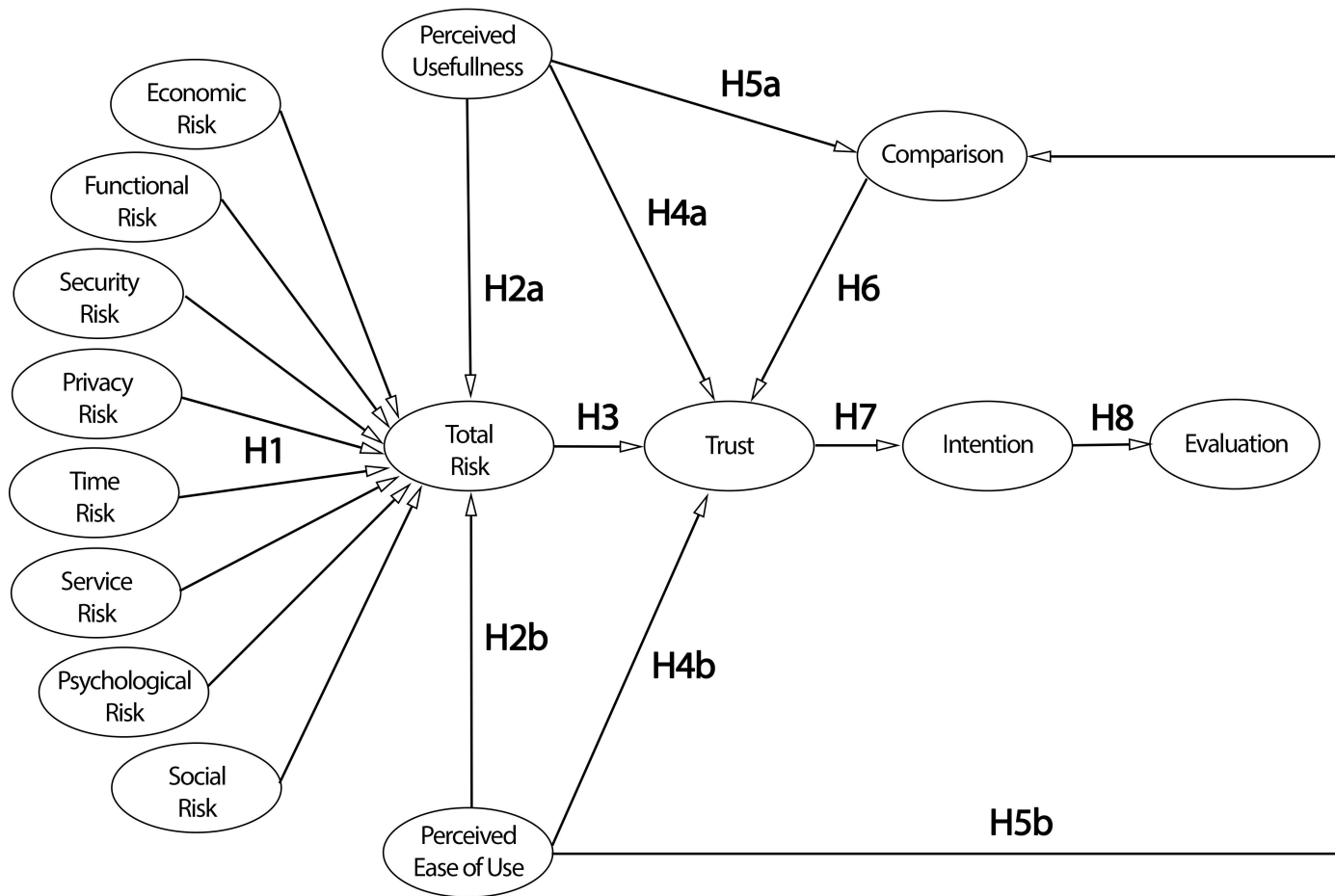
Minimum age
of 17 years old



175
respondents

Respondent must have used or is still
using FinTech payment systems

Research Model



Sample Characteristics



42.3%

57.7%



17-25 y.o

36.6%



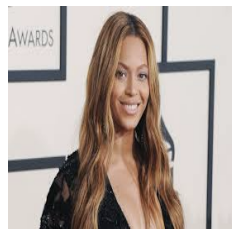
26-30 y.o

21.1%



31-35 y.o

26.3%



36-40 y.o

11.4%



41-45 y.o

2.9%



>45 y.o

1.7%

Purpose of Using FinTech Payment



**Transportation
(68.6%)**



**Online Store
Shopping
(18.3%)**



**Offline Store
Shopping
(4.6%)**

Statistical Results

hypothesis	path	Loadings	t-value	results
1	Economic risk -> Total risk	1.8	0.38	H1 Not supported
	Functional risk->Total risk	-2.88	-0.38	H1 Not supported
	Security risk -> Total risk	0.83	0.32	H1 Not supported
	Privacy risk -> Total risk	0.16	0.32	H1 Not supported
	Time risk -> Total risk	0.23	0.29	H1 Not supported
	Service risk -> Total risk	0.29	0.59	H1 Not supported
	Psychological risk -> Total risk	0.51	0.35	H1 Not supported
	Social risk -> Total risk	-0.26	-0.59	H1 Not supported
2a	Perceived usefulness -> Total risk	-0.01	-0.06	H2a Not supported
2b	Perceived ease of use -> Total risk	0.77	9.38	H2b Supported
3	Total risk -> Trust	-0.03	-0.5	H3 Not supported
4a	Perceived usefulness -> Trust	0.08	-0.6	H4a Not supported
4b	Perceived ease of use -> Trust	0.49	4.49	H4b supported
5a	Perceived usefulness -> Comparison	0.22	1.64	H5a Not supported
5b	Perceived ease of use -> Comparison	0.34	2.58	H5b supported
6	Comparison -> Trust	0.47	6.16	H6 supported
7	Trust -> Intention	0.8	9.22	H7 supported

Analysis

No Relationship between Perceived Risk and Trust

- The nominal amount of FinTech transaction in Indonesia are limited
- The majority of the respondents are digital natives
- Digital natives did not critically weight the risks of a transaction against its benefits (Hoffmann, Lutz, and Meckel, 2015)

Perceived Ease of Use positively affects Trust and Comparison

Respondents believe that using FinTech is free from effort hence increase the level of trust and comparison to traditional payment

Comparison shows a positive impact towards Trust

the more consumers prefer to use FinTech payment compared to any other means of payment, the higher level of trust in FinTech payment

Analysis

Positive relationship between trust and intention to use

- In line with Kim et al. (2008),
- perceived risk is an important factor that influence purchasing decisions

Consumer Trust and Intention Positively Related to Evaluation

- The higher level of trust and intention to use lead to a good evaluation of FinTech payment system
- Respondents believed that is positive and FinTech will have a brighter future

Conclusions



Research Limitation

- small number of sample used due to limited number of potential respondents
- FinTech payment is relatively new in Indonesia
- Only few people have used or are currently using the services



Managerial Implication

FinTech companies need to develop strategies to increase the perceived ease of use and build consumer trust, hence consumers have higher intention to use FinTech payment



Recommendation for Future Research

- Larger number and more diverse sample will enrich the study of intention to use FinTech payment system
- it is also suggested to explore the perceived risk facets from the digital natives perspective to give more understanding of the consumer behavior of different age groups