



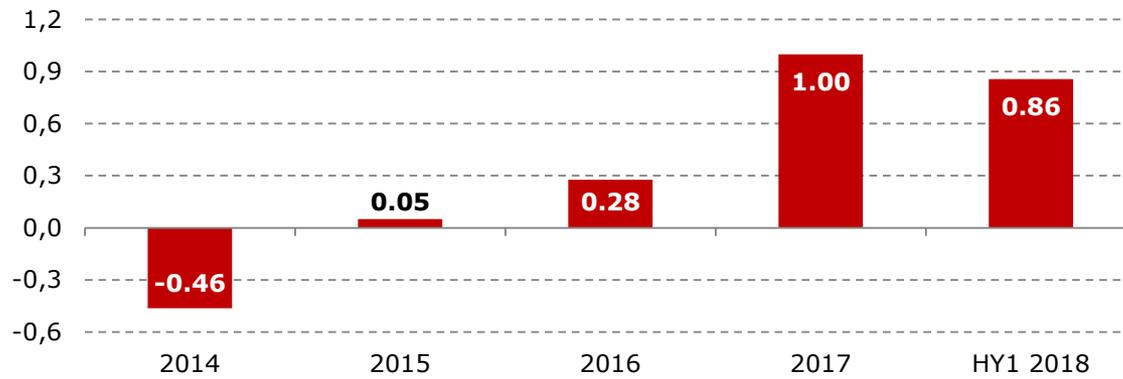
INFINITUM
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MARKET TRANSFORMATION IN THE DIGITAL ERA

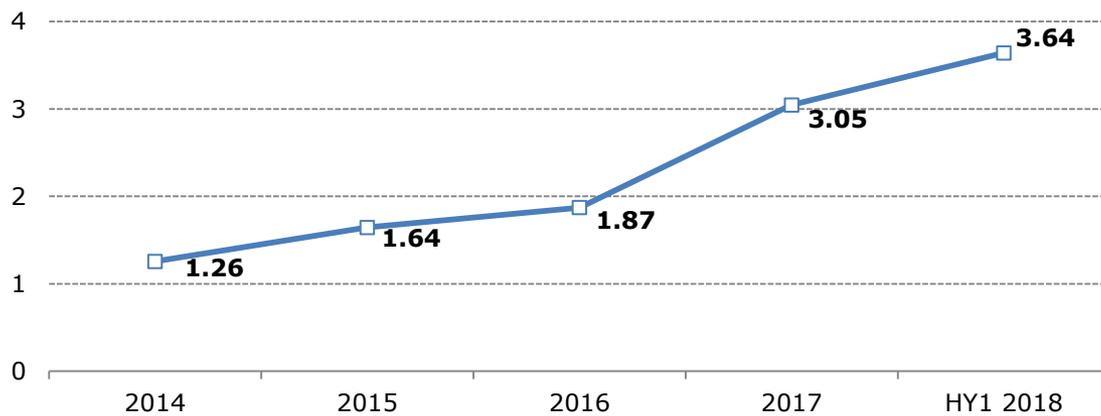
Moscow, 2018

MARKET OF COLLECTIVE INVESTMENTS IN RUSSIA IN 2014-2018

Attracting funds to open-ended mutual investment bond funds, billion euro



Net asset value of retail investment funds, billion euro



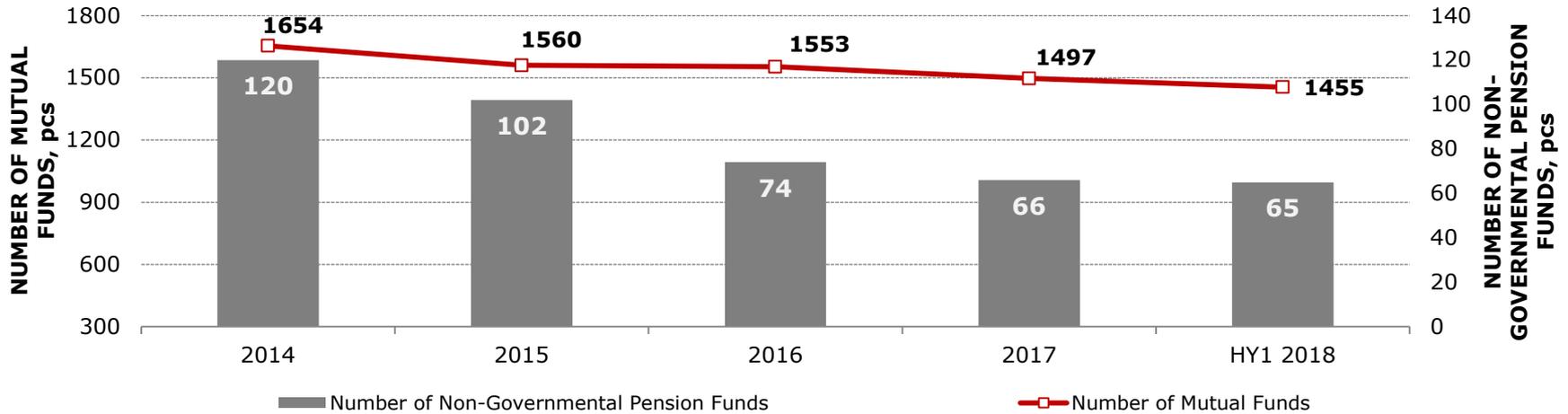
**Returns:
Open-End Mutual Fund vs deposit**

	Average returns of open-end mutual investment bond funds*	Average deposit rate**
2016	8.59%	7.26%
2017	10.33%	5.86%
HY1 2018	6.4%	5.36%

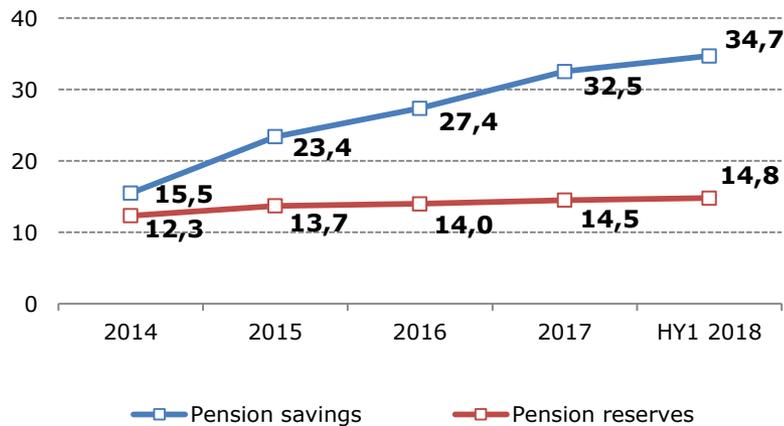
*According to the info-analysis web-site NLU.RU

**Average interest rate on individual deposits up to 1 year (except for call deposits)

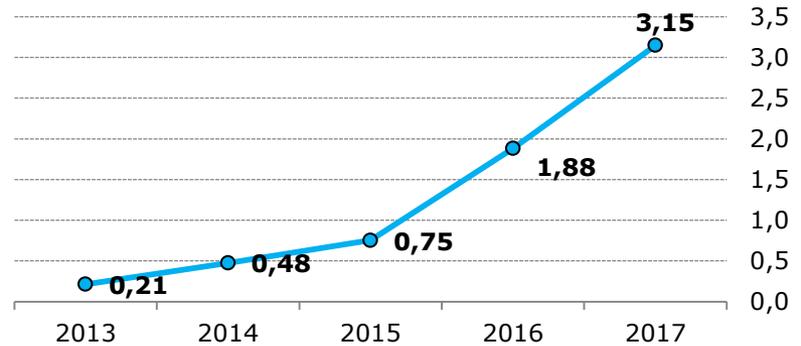
MARKET OF COLLECTIVE INVESTMENTS IN RUSSIA IN 2014-2018



Non-Governmental Pension Fund investment portfolio, billion euro

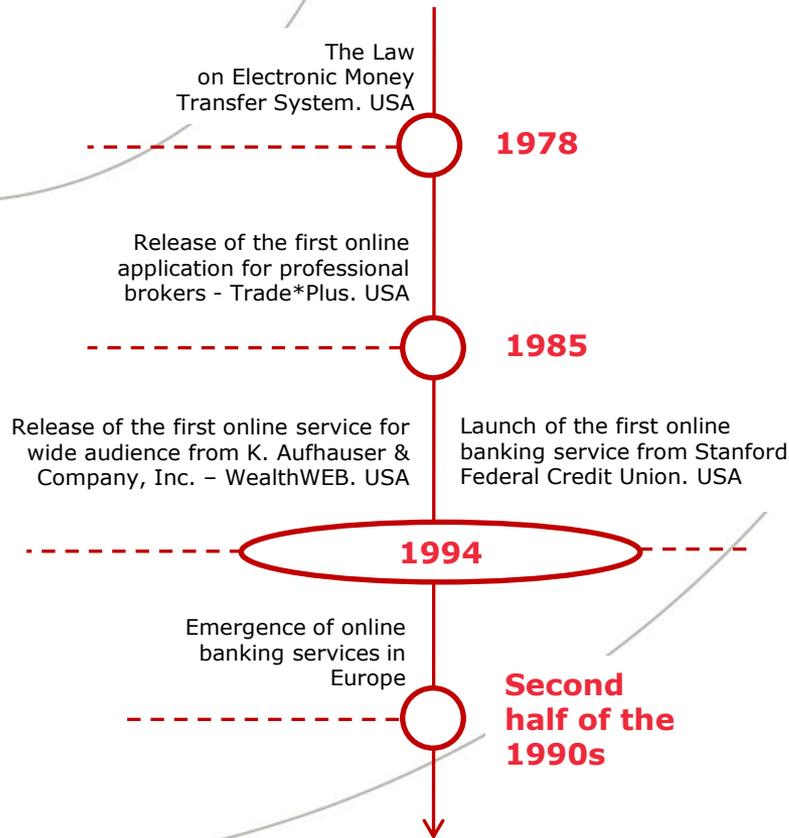


Investment life insurance premiums, billion euro

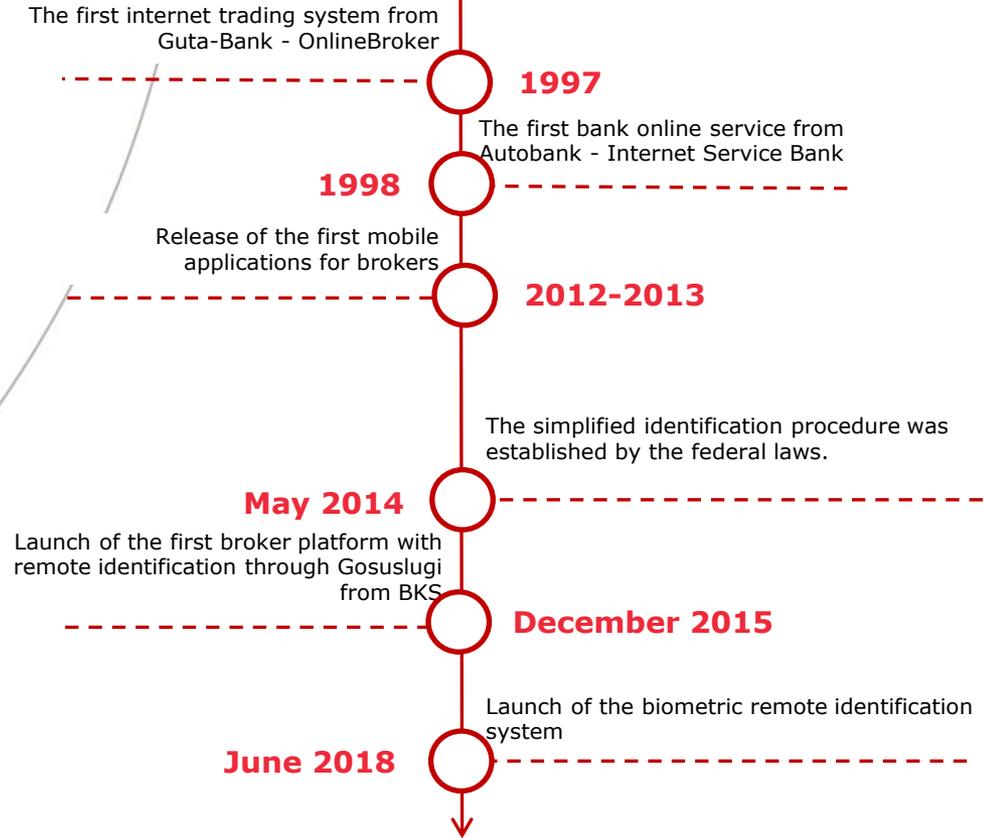


ONLINE DISTRIBUTION OF FINANCIAL SERVICES IN RUSSIA AND GLOBALLY

GLOBALLY

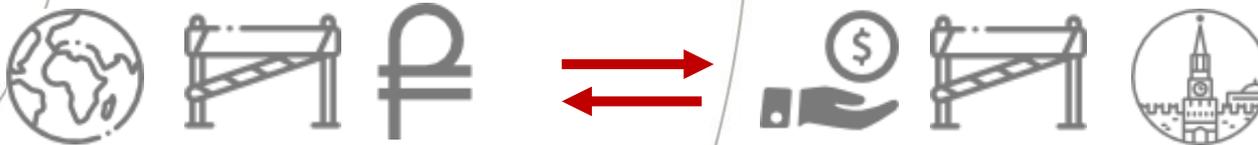


IN RUSSIA



- Access to all the types of financial services is possible through the **internet** and **mobile applications**.
- The volume of **online sales** is already catching up with, and in some countries and segments exceeds the conventional ways of distribution (through banking networks and investment advisors).
- Rapid development of **marketplaces** – platforms offering information on services of various financial companies in comparable form and allowing for transactions with these products directly on the marketplace online, including from mobile devices

LIMITATIONS ON THE GLOBALIZATION OF ONLINE TRANSACTIONS WITH NON-RESIDENTS' STAKES



- ✘ **Difficult/impossible to directly purchase shares/stakes** of foreign investment funds without intermediaries for non-residents.
- ✘ **Impossible for foreign managers to run business directly** – it is necessary to establish and license a legal entity in the state of the client's residence.
- ✘ Different approaches to legislative regulation and lack of unambiguous judicial practice result in **tax risks**.
- ✘ Lack of a **global client identification system**.

EXAMPLES OF BARRIER-FREE TRANSACTIONS WITH SHARES/STAKES OF FOREIGN INVESTMENT FUNDS PERFORMED BY NON-RESIDENTS

Europe UCITS European passport

27 EU Countries and 3 EFTA Countries



China and Hong Kong Mutual Recognition for Funds Agreement



Successful examples of cross-border interactions

India

A special **NRE/NRO account** with an Indian bank for NON-citizen and NON-resident Indians



Countries of the Association of Southeast Asian Nations (ASEAN) ASEAN Collective Investment Scheme

Singapore, Malaysia, Thailand



Asia-Pacific Economic Cooperation

APEC Countries Asia Funds Region Passport

Australia, New Zealand, Korea, Philippines, Thailand, Singapore, Japan, and Hong Kong

In the future, such an agreement is planned to be concluded with the **countries of the European Union** for mutual recognition of investment funds of the two regions.

FINANCIAL MARKET IN RUSSIA: THE DIGITAL RUBICON HAS BEEN CROSSED



Wide integration of online products from **financial organizations**

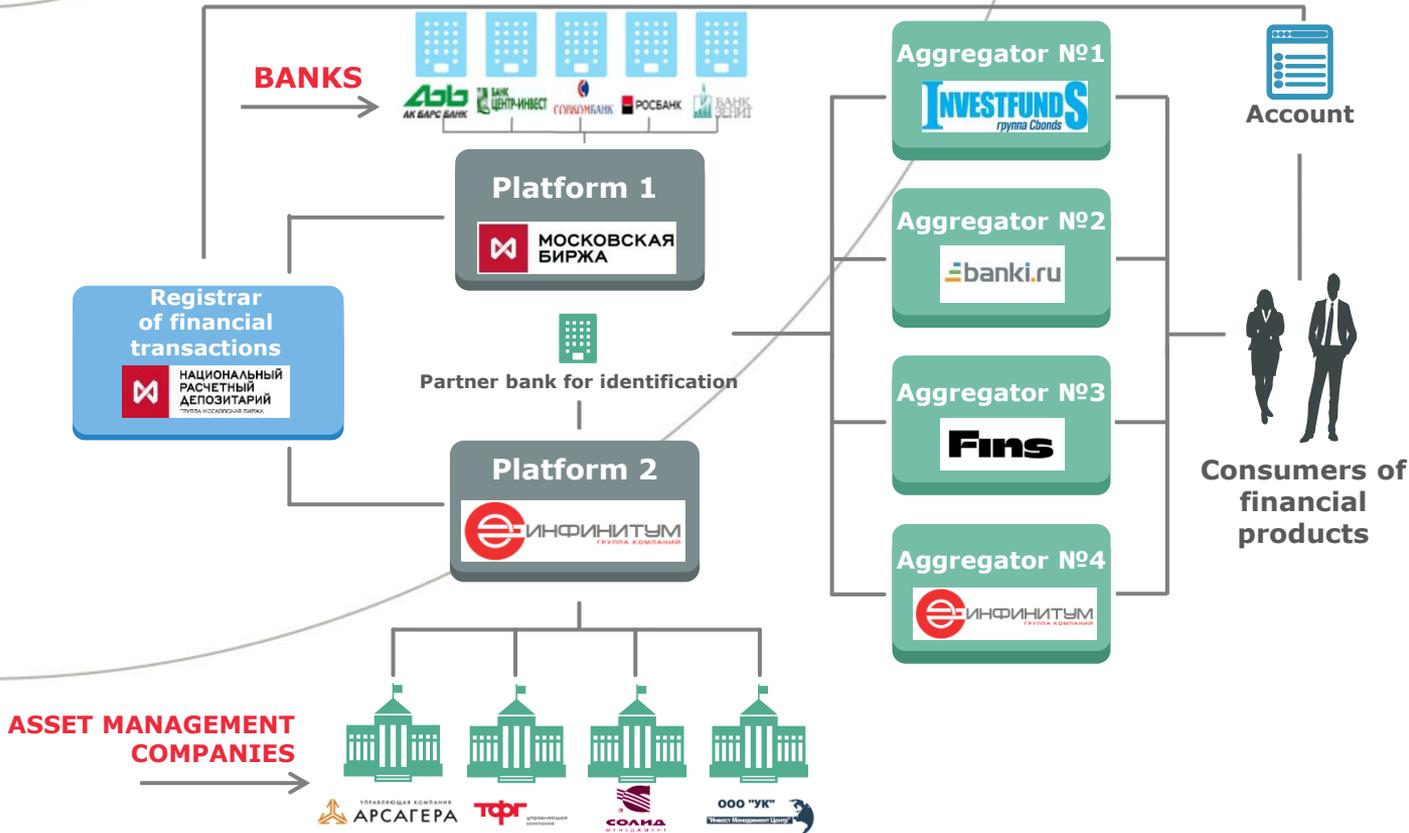


Regulatory "sandbox" – a special legal regime for experimenting with introduction of new financial products and services



Dozens of successful fintech start-ups for investing in various financial products through mobile applications

Bank of Russia's Marketplace: «Deposits + mutual funds (pilot project)»



Transition from the local level to the global level will provide investors with a greater choice of tools. **Globalization** of the business of financial and investment companies will strengthen the potential and international competitiveness of financial markets in the world

GLOBALIZATION AND DIGITALIZATION ARE THE MAIN TRENDS OF THE NEAREST YEARS

In the near future, all products and processes will "go away" into the digital space.

Pre-conditions:

- Need to reduce the maintenance costs of the conventional distribution chain of intermediaries
- Experience of competitors that have already passed this stage, the need to use modern and effective sales channels in order to keep up the market share
- Demand from the generation of millennials accustomed to the comfort of the digital environment
- Digitalization of reporting and interaction with regulators
- Development of mobile technologies

Young people (**60%** of the Internet users) would like to use remote services

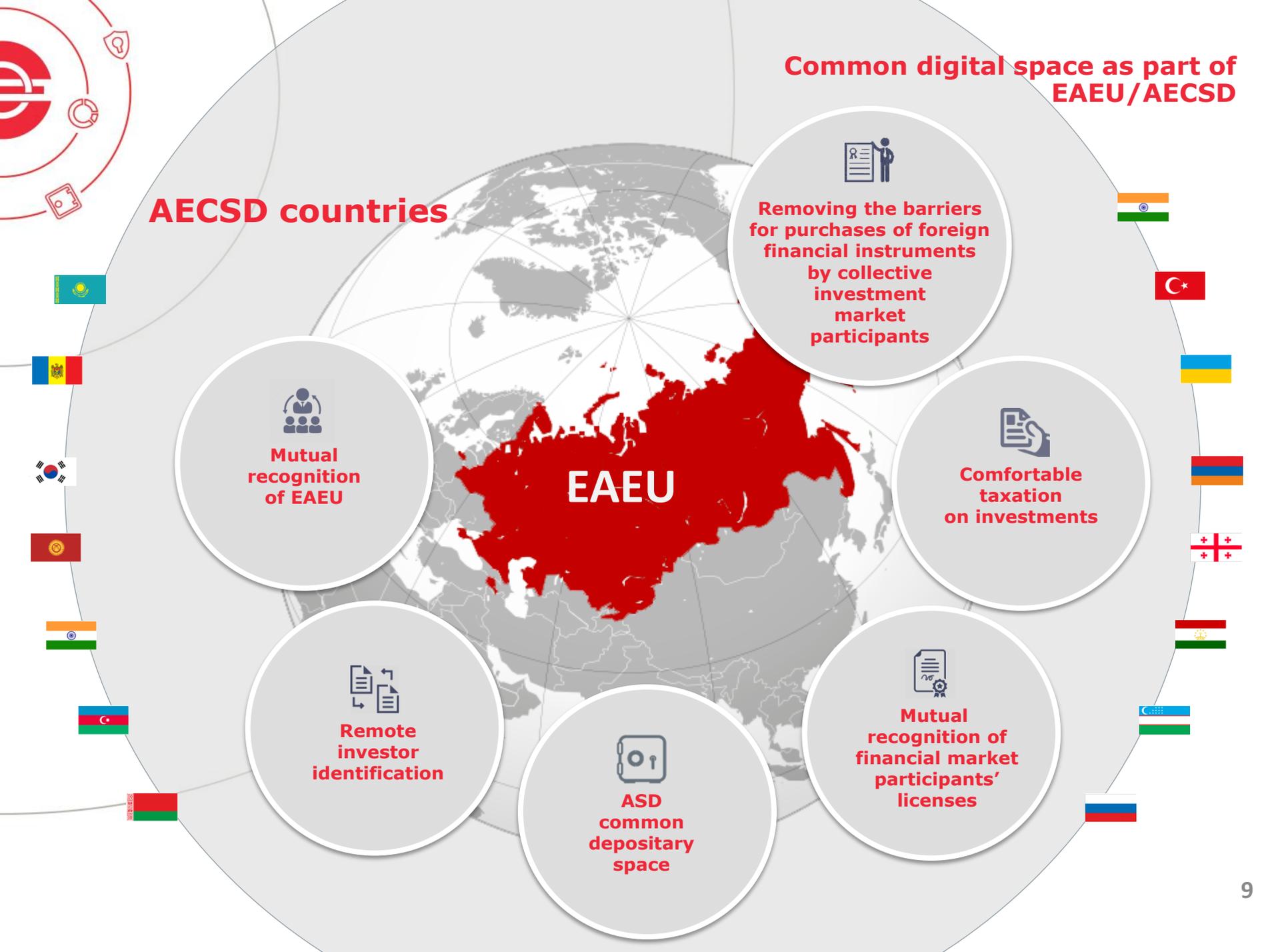


Solutions:

- Joint efforts of market players together with regulators to create technological and legal opportunities for cross-border interactions between players of different markets
- Elimination of legal and technological barriers between countries
- Development of a global identification system



The **barriers** are created not only and not so much by **technological** factors as by **legal restrictions** established to counter unfair practices and for protectionist purposes.



Common digital space as part of EAEU/AECSD

AECSD countries

EAEU


Mutual recognition of EAEU


Remote investor identification


ASD common depository space


Mutual recognition of financial market participants' licenses


Comfortable taxation on investments


Removing the barriers for purchases of foreign financial instruments by collective investment market participants

- Kazakhstan
- Spain
- South Korea
- Georgia
- India
- Turkey
- Hungary

- India
- Turkey
- Ukraine
- Armenia
- Georgia
- Azerbaijan
- Russia



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THANK YOU FOR ATTENTION!

World wide web:

INFINITUM Company Group: <http://specdep.ru/eng/>
Financial platform: <https://platform.finance>