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Credit where it's due

Former teen 'prodigy' invests his talent in the development of fintech and inclusive finance that will help the under-served

By **YANG HAN** in Hong Kong
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Having graduated from a special "prodigy class" in China, followed by a master's degree at the age of 20, Yang Fan could easily have pursued a career in academia. Instead he chose to start a financial technology (fintech) company to fulfill his dream of inclusive finance which caters to the less well-off segments of society.

Yang is the cofounder of Finup FinTech Group and CEO of the fintech company's online peer-to-peer (P2P) lending platform, iQianjin.

Once a student in a class for gifted young prodigies at Beijing No 8 High School, one of the capital's best secondary schools, Yang was admitted to Beijing's Beihang University when he was 15 years old. After that, he went to the Hong Kong University of Science and Technology for post-graduate study.

Yang said learning with people who were three to five years older than him did not make him feel special in the university – it only made him adapt to society faster.

"But I may be quite different from my (high school) classmates, because I look too normal," Yang said, half in jest.

"My classmates all looked very special, just like those in the movie, *The Ark of Mr Chow*, all kind of 'awkward.' The Chinese movie revolves around a group of highly intelligent teenagers who are recruited into a special college program but find themselves socially awkward among their "normal" peers.

"I am the weirdo among weirdos, because I am too normal," Yang said with a laugh.

His career path, too, has been quite different from that of his classmates. Though he majored in electronic engineering, Yang found himself more interested in finance. After graduation, he remained in the insurance industry for almost five years before joining CITIC Private Equity Funds Management Co – the investment arm of China's top brokerage, CITIC Securities – as an intern before joining the mainstream financial sector.

"When I graduated, I was given an offer to be an assistant to the chief financial officer of (Swiss banking giant) UBS in Zurich, which was quite good," said Yang. "But I was deeply influenced by all the famous biographies I read, like (American

industrial and banking family) the Rockefellers. They all started by doing sales and I wanted to be just like them to practice my communication skills."

He jokes that being an entrepreneur has adversely affected his quality of life. "I only get to eat lunch boxes every day and I'm not home until 11pm or midnight," he said.

Founded in 2014, iQianjin is ranked sixth among peers in a top 100 list compiled by industry data provider Wangdaizhijia. It currently has 13 million users who enjoy accumulated profits of more than 1.7 billion yuan (\$269 million).

Yang said the company's achievements have been a step-by-step process.

"Each month, we keep our growth at 10 to 20 percent more than the previous one. This is why we can grow from just several million (dollars of daily transactions) to more than 100 million per day now," he said.

"It is a painful process, since you need to do better every month. But it gives you a strong sense of accomplishment."

Compared to many other firms that built their brands around 2011 or even earlier, Yang sees his company as a latecomer to the arena of Internet finance.

Yang and his team do not believe the finance industry is about rapid growth or a sudden burst of speed. Instead, it has to focus on long-term development to keep the business sustainable.

Yang's idea is supported by evidence. The number of online lending platforms in China had reached 1,613 by the end of 2014, up more than 900 from the previous year. At the same time, nearly 17 percent of them were problematic platforms, a description which could include cases of fraud, business suspension or shutdown, and shortage of cash flow, according to online financial sector search service provider Rong360.

Believing strongly in the importance of data to analyze an individual's credit risk, Yang started emphasizing technology, data and talent from iQianjin's earliest days. His focus is on letting the platform better serve the individual in a customized way through effective use of all available data on the person's financial need.

Of the 899 million personal records covered by the consumer credit report system of China's central bank, the People's Bank of China,

only 412 million have a credit history, leaving 487 million people unable to enjoy standard financial services due to a lack of credit report, according to Xinhua.

"A large number of people are 'underserved' and there is a huge financial vacuum that has not been met," Yang said.

"It doesn't mean that they don't need it. On the contrary, the desire is strong. Whether it is used to save someone's life, provide money at a critical time for a small business, or to finance a plan to buy a car in the next few years, these demands have converged to form an enormous market."

To bring equal opportunities to those lacking access to conventional financial services, iQianjin set up offline service sites and works with third-party providers to collect consumers' data, making sure that a borrower's information is accurate and reliable.

Information from banking statements to online shopping history all provides rating references for a person's financial behavior. This information is analyzed by iQianjin's automatic modeling system, Robot Modeler, which in some ways replicates what an actual human analyst would do to provide a rating reference. Using this system, a modeling task that might have required one or two months to complete, by a whole team, can be reduced to less than one day.

Yang said the strong capability of modern technology is what differentiates iQianjin, as it tackles problems from a market standpoint. He said conventional banks often make it complicated for people to take loans.



MA XUEJING / CHINA DAILY

Bio

Yang Fan

Cofounder, Finup FinTech Group
CEO, iQianjin

Education:

2008: Master's degree in electronic engineering, Hong Kong University of Science and Technology

2007: Bachelor's degree in electronic engineering, Beihang University, China

Career:

2017-present: Visiting professor, Advertising School, Communication University of China

2014-present: CEO, iQianjin

2013-present: Cofounder, Finup FinTech Group (previously named Puhui Finance Information Service (Shanghai) Co)

2008-13: American International Assurance Co; Prudential Investment Loan and Assurance Company, Hong Kong

Award

2017: 30 Under 30, *Forbes China*

Quick takes:

How did your early experience in sales benefit you?

You always need to sell your products and ideas when operating a company. So I think this skill is very important. When we first started Finup, it was very difficult to attract talent; we even did interviews at coffee shops. That was when I found my sales skill useful because all my partners' phone calls would be hung up immediately before they explained anything. But I usually got to talk to the person for 20 to 30 minutes, so I could introduce our company and schedule a meeting for detailed discussion.

You have an online talk show, *Fantalk*. How do you decide topics for it?

We focus on topics that people often hear of but about which they do not have much knowledge. Take bitcoin as an example. People may talk about it in daily life, but they don't know how it was formed, whether it is risky or not, or how its price is calculated.

What do you like to do in your spare time?

Being with my baby is the time I find the most relaxing. Every morning I will play with her for half an hour before I leave for work. It's really fun, relaxing and also important, because I can't just focus on my career and neglect my family. My idea is to spend 80 percent of time on 20 percent of things that create most value, so I always spare my time for my family, which also allows me to take time off (from my busy work schedule).

Date of birth: Jan 15, 1988

"There are a lot of 'pain points' in conventional finance and we are trying to help solve this."

Yang believes Internet finance is an effective means to achieve inclusive finance.

But running an Internet finance company is not easy. Though the concept has been included in China's Government Work Report since 2014, the focus has shifted in recent years from promotion to regulation. To clean up the industry, China's financial regulator on Dec 1 suspended the approval of new online microloan firms as well as new cross-province micro-lending businesses.

The total number of online lending platforms will fall to around 800 in 2018 from 1,931 in 2017, according to a report by China.org using data from Wangdaizhijia.

Yang admitted the need for proper regulation to guide the industry to a healthier growth trend. As for iQianjin, the company last year launched a lending fund depository system with Huaxia Bank's Beijing branch. It also joined the anti-fraud management system operated by the China Electronic Commerce Association.

Yang believes technology will continuously drive the future of Internet finance. However, he said that some very good high-tech ideas are still far from becoming reality. For example, the robo-adviser.

"What we are talking about is something in the future, when the robot can know your personal needs, past investment experiences and so on. It helps you to allocate your assets and fulfill your dreams, such as buying houses and cars," he said.

"It's still far away, but that is a shared vision (of the whole industry)."