

Singapore: Toast closes \$1.5m pre-Series A in round led by Aetius Capital



U.S. dollar notes are seen in this November 7, 2016 picture illustration. REUTERS/Dado Ruvic/Illustration



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November 10, 2016: Singapore-based Toast (<http://www.dealstreetasia.com/tag/toast/>), a fintech start-up that allows people to make cross-border money transfers directly from a smartphone, announced today that it has secured an additional \$1.5 million in funding, among the largest reported pre-Series A rounds raised in Singapore.

The round was led by Aetius Capital (<http://www.dealstreetasia.com/tag/aetius-capital/>). Other investors who participated include 1776 (<http://www.dealstreetasia.com/tag/1776/>), a US-based venture capital fund; and Pepper Group (<http://www.dealstreetasia.com/tag/1776/>), an Australia-based global financial services firm, the company said.

The additional capital will accelerate its growth in serving a larger number of remittance corridors in 2017, with countries such as the Philippines and Indonesia part of that cluster, it added in a statement.

Mike Culhane, CEO of Pepper Group, said: "Toast's success to date and ambitious plans for the future are indicative of how our increasingly mobile-first approach to life is changing what people need and want. The financial services and retail banking space will continue to be disrupted as consumer demand evolves, and Toast is leading the way by anticipating that revolution when it comes to the needs of the world's many unbanked citizens."

Toast is a cross-border money transfer application that allows people to remit money directly from a smartphone without the need to utilise existing banking infrastructure or visit a Money Transfer Shop and has secured remittance licenses from financial regulators in Singapore, Hong Kong and United Kingdom.

"We are delighted that the world's leading and arguably most stringent financial regulators have granted us licenses. This is a testament to our very rigorous compliance processes and our potential to become a world-leading fintech company," said Aaron Siwoku, founder and CEO of Toast.

He adds, "We are very excited to have the support of the MAS (Monetary Authority of Singapore) (<http://dealstreetasia.com/tag/mas>) in granting us the license as we address a real issue faced by many migrant workers in Singapore- particularly Filipinos- who are a critical yet largely underserved demographic in the local economy."

Speaking on the remittance market, Siwoku says, "The traditional structure for remittance was considered tried and true; two to three hour-long queues and days of waiting for funds to arrive. With a strong global push towards mobile and web banking, there's no reason money transfer for the underbanked shouldn't happen in real-time while simultaneously reducing queues to the point that they are a thing of the past."

Also Read: *INCJ leads \$10m round for Japanese robotics startup 3D MEDiA; Creema raises \$10M* (<http://www.dealstreetasia.com/stories/incj-leads-10m-round-for-japanese-robotics-startup-3d-media-creema-raises-10m-42391/>)

SportsHero secures \$2.4m investment, to list on ASX in RTO deal (<http://www.dealstreetasia.com/stories/sporthero-secures-2-4m-investment-42184/>)

ASEAN unbanked

In an April 2016 content piece (<https://home.kpmg.com/xx/en/home/insights/2016/04/fintech-opening-the-door-to-the-unbanked-and-underbanked-in-southeast-asia.html>), Jan Reinmueller, the head of the Digital Village in KPMG Singapore, observed that in Southeast Asia, only 27 per cent of the region's 600 million people have a bank account, with Cambodia seeing only 5 per cent of its population being banked. This deficit in access to banking services creates barriers to overcoming poverty, as well as rendering it almost impossible for these unbanked populations to borrow or save money.

Toast plans to first address basic issues impacting workers attempting to remit money to their families, with plans to integrate more solutions on its platform, with a focus on the underbanked population of Southeast Asia.

The financial services startup claims to be the city-state's first fully cashless remittance application and is seeking to disrupt the established practices of a stagnant remittance market. It has also commenced operations in Hong Kong since March 2016, with the company claiming that remittances via the Toast money transfer app from Hong Kong to Philippines have grown to over HKD\$7,000,000 (US\$1,000,000) a month since launching.

As a differentiator, Toast has developed strong and convenient cash in/cash out distribution networks, as most beneficiaries of funds don't have bank accounts or live in locations with no banks or ATMs. The firm plans to develop a broader suite of financial services to people who are limited in their personal banking options. The company will also be setting up physical stores for quick and easy remittance in Lucky Plaza, Singapore, and Worldwide House, Hong Kong.

In the future, basic mobile banking services and short-term loans may also become a part of the platform's service offerings, given its focus on fixing the deficiencies impacting the unbanked in the region in terms of financial services.

Both are Filipino hotspots that will allow underbanked migrant workers to avoid long queues at traditional money transfer shops. Toast users without a bank account can remit money back home simply using their smartphones and direct pay options like NETS Flashpay, a contactless payment card that can be loaded at any MRT station or 7/11 across Singapore.

Commenting on the investment, Benjamin Cher, founder and chief executive of Aetius Capital said, "Aaron and his team have executed well on their vision to solve major pain points in the money transfer industry by taking advantage of the access to and comfort level with mobile technology that many migrant workers have. We are pleased to invest in and work alongside Toast to take it to its next level of growth and help it become an indispensable financial tool for anyone far from home and with limited banking resources."

Also Read:

Singapore: Money transfer firm Toast raises \$850k in seed funding (<http://www.dealstreetasia.com/stories/singapore-money-transfer-firm-toast-raises-850k-in-seed-funding-15020/>)

Funding Roundup: Tata Capital invests in Nearex; Toast raising \$750k seed (<http://www.dealstreetasia.com/stories/funding-roundup-tata-capital-invests-in-nearex-toast-raising-750k-seed-8912/>)

Singapore: Aetius Capital leads \$5m Series A in mobile games company Cloud Alliance (<http://www.dealstreetasia.com/stories/42070-42070/>)

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