

**[FINV] - FinVolution Group**  
**Q4 2024 Earnings Conference Call**  
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Executives

Tiezheng Li, Chief Executive Officer

Jiayuan Xu, Chief Financial Officer

Jimmy Tan, Head, Capital Markets

Analysts

Alex Ye, UBS

Yada Li, CICC

Cindy Wang, China Renaissance

**Presentation**

Operator: Hello, ladies and gentlemen. Thank you for participating in the Fourth Quarter and Full Year 2024 Earnings Conference Call for FinVolution Group. (Operator Instructions). After management's prepared remarks, there will be a question-and-answer session. Today's conference call is being recorded.

I will now turn the call over to your host, Jimmy Tan, Head of Capital Markets for the Company. Jimmy, please go ahead.

Jimmy Tan: Hello, everyone, and welcome to our fourth quarter and full year 2024 earnings conference call. The Company results were issued via newswire services earlier today and are posted online. You can download the earnings release and sign up for the Company's email alerts by visiting the IR section of our website at [ir.finvgroup.com](http://ir.finvgroup.com).

Mr. Tiezheng Li, our Chief Executive Officer, and Mr. Jiayuan Xu, our Chief Financial Officer, will start the call with their prepared remarks and conclude with a Q&A session.

During this call, we will be referring to several non-GAAP financial measures to review and assess our operating performance. These non-GAAP financial measures are not intended to be considered in isolation, or as a substitute for the financial information prepared and presented in accordance with U.S. GAAP. For information about these non-GAAP measures and reconciliation to GAAP measures, please refer to our earnings press release.

Before we continue, please note that today's discussion will contain forward-looking statements made under the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements involve inherent risks and uncertainties. As such, the Company's results may be materially different from the views expressed

today.

Further information regarding these and other risks and uncertainties are included in the Company's filings with the U.S. Securities and Exchange Commission. The Company does not assume any obligation to update any forward-looking statements except as required under applicable law.

Finally, we posted a slide presentation on our IR website providing details of our results for the quarter.

I will now turn the call over to our CEO, Mr. Tiezheng Li. Please go ahead, sir.

Tiezheng Li: Thanks, Jimmy. Hello, everyone, and thank you for joining our earnings call. This is Tiezheng Li, CEO of FinVolution Group. We're happy to speak with you today. 2024 marked another strong year of growth and progress for the Company. Despite the persistent uncertainties over the macro economy in China, our operations in Indonesia and Philippines have experienced favorable macro supported by strong growth and stable foreign exchange environment.

Through strong execution of our Local Excellence, Global Outlook or LE-GO strategy, we successfully navigated through 2024's challenges, and continued to deliver progressive growth in the China market and rapid expansion in the international markets. For example, in terms of transaction volume, we have achieved 5% growth in China and a rapid growth of around 28% in our international markets. Both our total transaction volume and outstanding loan balance also reached new record highs for the full year, rising to RMB206 billion and RMB72 billion respectively, both up by 6% year-over-year.

Cumulatively, we have served around 34 million borrowers across China, Indonesia and the Philippines, representing a net increase of around 4 million new borrowers in 2024.

Achieving growth in all of these metrics amid 2024's soft consumer environment is a strong testament to our business's resilience, our outstanding technology, innovation, and our overall operational excellence. It's worth noting that while the industry's transaction volume was generally shrinking in 2024, we continue to deliver growth in our business at stable risk levels.

In line with our strategy, we have expanded our regulatory license portfolio in our key markets, including additional micro-lending license in China, multi-finance license in Indonesia and a Non-Banking Financial Company's license in Pakistan. These additional licenses help us expand our customer outreach and product offerings.

We have also further expanded our customer acquisition channels. In China, we have established customer acquisition collaboration with the leading internet platforms through API connection. In Indonesia, we are expanding beyond online into providing consumption loans in offline setting. In the Philippines, we have been growing our buy-now-pay-later product with various partnerships with leading e-commerce platforms as well.

Bolstered by our robust operational results, total revenue for 2024 reached RMB13.1 billion, up 4% year-over-year. Revenue from international operations rose 19% year-over-year to RMB2.5 billion, representing close to 20% of total revenue for full year 2024.

We also improved our funding cost by over 200 basis points during the year, thanks to our ample liquidity and validated track record in risk performance. By maintaining our long-term development trajectory and enhancing operational efficiency, we've laid a solid foundation for continued growth in 2025 and beyond.

Our commitment to innovation is a primary driver for these positive outcomes. In 2024, we invested approximately RMB500 million in R&D, bringing our cumulative R&D investment over the last 5 years to RMB2.3 billion. As of December 31, 2024, we employed a dedicated R&D team of around 700 skilled professionals, and we've built a comprehensive IP portfolio comprising 287 registered software copyrights and successful filings of 196 patent applications, with 58 invention patents already granted.

Let me walk you through a few R&D highlights over the past year. In 2024, we have completed a significant upgrade in AI by integrating the full version of DeepSeek-R1 into our technologies, which already incorporates 17 years of credit data and domain knowledge. With this upgrade, we are now able to further automate some of the processes in marketing content creation, customer acquisition and servicing, resulting in better productivity. For example, our internal pilot testing indicated AI-facilitated content can generate 60% potential reduction in advertising production cost. AI-powered customer service and acquisition can more accurately identify customer demand and concerns, leading to 9% increase in borrowers' conversion rate.

On the risk management front, the enhanced AI model enables us to better identify fraud from deep fake technology, with an accuracy of up to 99%. We are also proud to share that we have completed the generative AI service registration with the Cyberspace Administration of China for our Rice-Seed large language model, not only validating regulators recognition, but also allowing wider potential to consumer applications, which we will explore in the future.

To date, we have published and presented more than 25 papers at top-tier international artificial intelligence conferences, with 3 of these papers recognized as best papers at top-tier conferences, demonstrating our leadership in this field.

As we've mentioned previously, we have set a target of reaching 50% of revenue from international markets by 2030 under our LE-GO strategy. I'm pleased to say that our strong strategic execution has paid off over the years, and our international operations have come a long way since 2018. Revenue contributions from international markets have increased rapidly, rising from 3.7% in 2020 to 10.3% in 2022, to around 20% in 2024. Looking ahead, we expect international business to play an even greater role in our Company.

Supported by our validated successes in Indonesia and the Philippines, we plan to accelerate our international expansion efforts this year. For 2025, we anticipate that total revenue will increase between 10% to 15% and international revenue's contribution will further increase to around 25%.

Let's move on to ESG. In line with our social responsibility goals, we deepened our commitment to financial inclusion in 2024, particularly with respect to small business owners. We believe thriving small businesses are the heart of a healthy economy -- that's why we've consistently supported their efforts to create jobs and foster hyper-local economic prosperity. In 2024, we empowered 826,000 small business owners with loans totaling RMB58 billion, up 2% and 23% respectively year-over-year.

We also published our first Consumer Protection Annual Report in 2024, one of the many ways we integrate our consumer protection into the Group's ESG strategy. This initiative aims to enhance borrowers' financial literacy, promote financial inclusion and consistently deliver exceptional consumer experiences, contributing to our outstanding borrower satisfaction rate of 98.9%. I'm proud to report that our ESG efforts continue to win accolades from leading international rating agencies. In 2024, Morningstar and S&P, among others, ranked us as a top-tier ESG performer within the diversified financial industry.

In summary, we successfully leveraged and expanded our strengths in technology, customer acquisition and retention to deliver solid results amid a challenging environment in 2024. Through firm execution of our Local Excellence, Global Outlook strategy, a sharp focus on AI innovation, and deep dedication to our mission of financial inclusion, we continued to advance and accelerate our progress and sustain our long-term growth trajectory.

Our accomplishments in 2024 have bolstered our confidence in achieving our vision for 2025 and beyond to become the leading fintech player across the Pan-Asian region. We will continue to work tirelessly toward that goal, and look forward to sharing our successes with our customers, shareholders and communities in the regions where we operate.

With that, I will now turn the call over to our CFO, Jiayuan Xu, who will discuss our operational and financial results.

Jiayuan Xu: Thank you, Li, and hello, everyone. Welcome to our fourth quarter and full year 2024 earnings call. Let's go through our key results for the fourth quarter. To be mindful of the length of our earnings call today, I encourage listeners to refer to our fourth quarter and full year earnings press release for further details.

China's recovery was uneven throughout 2024, and the fourth quarter was no exception. While China's GDP expanded by 5% for the full year, various uncertainties persist and the consumption recovery remains slow. On a brighter note, data from the recent Chinese New Year holiday showed that 501 million domestic trips were undertaken, representing a year-over-year increase of 5.9%. Total spending on domestic travels amounted to 677

billion yuan, marking a year-on-year rise of 7%. We successfully navigated this turbulence by capitalizing on our operational and tech strengths to achieve consistent growth throughout 2024 and beyond.

Our loan application rate remained strong following the end September stimulus. As a result, during the fourth quarter, transaction volume and outstanding loan balance further increased to RMB54 billion and RMB69.8 billion, up 8% and 6% respectively, year-over-year.

We continued to drive progress across multiple operational metrics in our China market during the fourth quarter. Cumulatively, we have served 26.8 million borrowers in the China market, with the number of unique borrowers in the fourth quarter remaining steady at 2.1 million.

Our consistent investments in R&D led to a further improved day-1 delinquency rate of 4.7% in recent weeks, while loan collection recovery rate remained stable at 89%. Given the ongoing recovery in consumer confidence and our holistic enhancement to technology and operational systems, we expect vintage delinquency for the quarter to improve to around 2.4%.

Moving now to our second growth driver, our international markets, which continued to grow rapidly and deliver an increased revenue contribution at the group level. As of the end of the fourth quarter, we had cumulatively served around 7 million borrowers in international markets. Notably, we acquired around 2.2 million new borrowers in 2024 from a variety of channels, up 61% year-over-year.

For the first time, international transaction volume exceeded RMB10 billion for the full year, while outstanding loan balance reached RMB1.7 billion, up 28% and 31% respectively year-over-year. Specifically, for the fourth quarter, international transaction volume reached RMB2.9 billion, up 26% year-over-year and 7% sequentially.

Our strong operational performance drove international revenue's contribution for the full year of 2024 to RMB2.5 billion, up 19% year-over-year and representing close to 20% of the total revenue. Notably, during the fourth quarter, revenue from international markets further expanded to RMB739 million, up 23% year-over-year and accounted over 21% of total revenue.

Let's look more closely at our first and largest oversea market, Indonesia. For the full year of 2024, Indonesia's economy grew over 5% compared to 2023, driven primarily by increased household spending and investment. Notably, the consumer confidence index in Indonesia has remained above 120% for 2 consecutive years. In December 2024, expectations of a more favorable macro-economy and stabilized regulatory environment, following Indonesia's national elections, boosted Indonesia's Manufacturing PMI to 51.2 points, marking its first return above 50 points since June.

For the full year of 2024, motorbike sales in Indonesia increased by 1.5% year-over-year to 6.3 million units.

I also want to highlight that in January 2025, Indonesia joined BRICS, a strategic move that will allow the nation to leverage various economic opportunities and partnerships, accelerate its development agenda, diversify trade, and attract crucial investments, empowering its domestic economy and its position in the global trade landscape.

Indonesia's interest rate reduction implemented in January 2024 posed some challenges to our business. However, we quickly adjusted our operations to adapt to the new interest rate cap, successfully completing the transition within the first 5 months of the year.

During the second half of 2024, our Indonesia transaction volume grew to RMB3.7 billion, up 11% compared to the first half of the year.

We're also proud to share that with this successful transition, we continued to attract new funding partners such as Super Bank to support our quest for financial inclusion in Indonesia. To date, we have 10 solid and active funding partners in the country. With the new business model firmly in place, we're confident of returning to accelerated growth in the country.

I also want to highlight that after several quarters of preparation, we have successfully acquired a large majority stake in a local multi-finance company, which will enable us to diversify our products into offline consumption loans with different scenarios, such as mobile and electronic devices. This, in turn, will empower us to expand our presence to serve more borrowers. The completion of this acquisition underscores regulators' trust and confidence in our local operations.

The Philippines, our second international market, achieved an economic growth rate of 5.6% for 2024, positioning it as one of the fastest-growing economies in the Asia-Pacific region. Its Manufacturing PMI has remained above 50 points for 3 consecutive years, and the unemployment rate declined by 80bps from 3.9% in October to 3.1% in December 2024, reflecting sustained industrial activity, heightened production and healthy job creation. A youthful and growing population, stable inflation, and consistent remittances from overseas Filipino workers are also fueling consumer demand. Also, Final Consumption Expenditure recorded the highest year-on-year growth rate at 9.7% in 2024. Together, these conditions create a solid foundation for sustained economic growth.

Our operations in the Philippines continued to grow rapidly in 2024, with transaction volume reaching RMB3.1 billion for the year, up 138% year-over-year. We are the first platform in the country to introduce the concept of institutional funding through our loan facilitation model in 2024, with a list of reliable, trusted partners. We are also proud to share that the percentage of the loans facilitated by local financial institutions has grown from merely 10% in the first quarter of 2024 to around 70% in the fourth quarter of 2024.

Going forward, we are confident of maintaining high-double-digit growth in the Philippines as we cement our roots in the country, further expand our funding sources and diversify our business models.

As part of our strategy to transit to better-quality borrowers, our exciting initiative we have undertaken in the Philippines is our cooperation with mainstream e-commerce

players such as TT and other leading players to promote buy-now-pay-later model. By directly embedding FinVolution's fintech capabilities in the e-commerce platform's payment interface, we greatly broaden our reach, while also facilitating financial inclusion for more Philippine consumers.

In 2024, the BNPL model contributed 19% of Philippine transaction volume, and we expected further contribution from this segment in 2025.

Now, turning to our financial metrics. This quarter's operational excellence resulted in a solid financial performance. Net revenue for the quarter reached RMB3.5 billion, marking a 7% increase year-over-year and a 6% increase sequentially. Net income was RMB681 million, representing a 29% increase year-over-year and a 9% sequential increase. Meanwhile, sales & marketing expenses rose by 8% year-over-year to RMB532 million as we continued to strengthen efforts to acquire new borrowers of higher quality in both China and international markets.

Furthermore, our leverage ratio, defined as risk-bearing loans divided by shareholders' equity, improved to around 3x, reflecting potential growth opportunities as the macroeconomic environment stabilizes.

Our total liquidity position, consisting of cash and cash equivalents plus short-term investments, remained strong at RMB7.5 billion, showcasing a robust balance sheet that is well able to support our business growth across multiple countries while consistently increasing shareholder return.

Before I conclude, a few words about our ongoing efforts to enhance shareholder value. Since 2018, we have continuously returned value to our shareholders in the form of share repurchases and dividends. Recently, our board of directors approved our 7th annual dividend in the amount of US\$0.277 per ADS, reflecting a DPS increase of 17% year-over-year. After thoughtful consideration, our board of directors have also approved the revision of dividend policy from no less than 10% of net income to between 20% to 30% of net income for 2025 onward, validating the company's commitment to enhancing shareholders value.

In addition, our board of directors have also approved FinVolution fourth Shares Repurchase Program of up to US\$150 million. We believe the current environment presents an opportunity to further increase shareholder value, and shares repurchase serve as an effective capital management tool to achieve our goal.

For full year 2024, we returned a total of over US\$160 million to our shareholders, consisting of US\$70 million in dividends and US\$90 million through share repurchases, representing a total payout of 49% of 2024 net income. As of December 31, 2024, the Company has cumulatively returned approximately US\$765 million to our shareholders, demonstrating our consistent commitment to enhancing shareholder value.

In summary, our business continued to grow and thrive in 2024 through firm execution of our Local Excellence, Global Outlook Strategy, despite an uneven macro environment. For 2025, we will remain committed to expanding our international presence and

diversifying our product offerings, while providing outstanding service to a growing consumer base at home and abroad.

As shared previously, we have established a target of achieving 50% revenue contribution from international markets by 2030. In lieu of this, we would like to introduce our revenue guidance for 2025 to be in the range of around RMB14.4 billion to RMB15.0 billion, representing an increase of between 10% to 15% year-over-year.

That concludes my prepared remarks. We will now open the call to the questions. Operator, please continue.

## Questions and Answers

Operator: Thank you. (Operator Instructions). Alex Ye with UBS.

Alex Ye: (Speaking foreign language). So I'll translate for my question. First question is about your international business. So we are glad to see the company's target of international revenue contribution raising to 50% of the group by 2030. So just want to have some more color in terms of the cost base, operating cost base, for the overseas segment. For example, what's the total OpEx for this, and then the expected growth for this year and down to the bottom line contribution for this year?

Second question is about your shareholders return policy. So we have noted the company has end up paying about 50% total payout in last year, consisting of about 20% in cash dividend and 30% via the buyback. And we have noticed that the pace of buyback has accelerated visibly from previous year. So how should we think about the total payout going forward for this year, and then the split between cash dividend and buyback?

Jiayuan Xu: Okay. Thanks, Alex. I will take your questions. Your first question is about our overseas business. Okay. Thanks for your attention for our ambitious target by 2030. And you have seen we have shifted our guidance from the loan origination to revenue. This adjustment is closely aligned with our long-term strategy to grow by 2030. So the revenue guidance not only demonstrates our confidence in the future development of our international business, but also, it provides the shareholders with a more transparent and specific roadmap in understanding the company's long-term strategic growth.

And then in terms of the overseas operation costs and the profit contributions, well, they were subject to the different stages of the business. The proportion of the operation costs were decreased when our business operations entered the mature stage, and the unit economics will improve as well. I will give you some examples. In 2024, we achieved a profit of US\$5 million in Indonesia, and in 2025, we expect that the profit from Indonesia will be at least double. And for our Philippines market, it was at loss in 2024 and we expect it will begin to make profits gradually in 2025. So the calculation of profit from these two countries will increase significantly in 2025.

But also, we will accelerate our overseas expansion. So it will require the initial investment in the early stage, and it will have some impact on our profitability. But generally speaking, if we are looking ahead to the 2030, the percentage of the international profit contribution is sure to rise and the pace of the increase should be tied to the development of our business.

And your second question is about our shareholder return. Okay. We are committed to delivering the long-term sustainable returns to our shareholders. We aim to create the value for our shareholders, primarily through the sustainable and rapid growth of our business. And also, we are exploring to utilize the capital tools to reward our shareholders, although we have mentioned since 2018, we have consecutively distributed dividends and conducted the share buybacks for 7 years. It makes us one of the earliest in the industry to do so.

Over the past 7 years, we have returned a total of approximately US\$765 million to our shareholders by these two measures. It's almost close to the 40% of our market cap, and in 2024, we deployed US\$90 million for share repurchase and distribute US\$70 million in dividend. It's resulting in total capital return of US\$160 million for our shareholders and it represents over 49% of the net profit. It's along with our long-term capital return strategy.

And as we have mentioned, we have revised our dividend policy to raise the payout ratio for at least 10% to the range of 20% to 30% of net profit. Okay. The revision reflects our strong commitment to rewarding our shareholders. And for 2024, the dividend per share reached US\$0.277 representing a 17% increase compared to the previous year. And this marks the 5th consecutive year of DPS growth with a 5-year CAGR of 18%.

And at the same time, our Board of Directors has approved a fourth share repurchase program of an allocation of US\$150 million with a duration of 2 years. Basically, the specific execution will depend on market condition, liquidity and the regulatory requirements.

Okay. So the new repurchase plan and the strengthened dividend policy demonstrates that we are not only delivering the returns to our shareholders through business growth, but also consistently utilizing the capital tools toward our shareholders. And supported by the strong cash flow and the solid profitability, even during the accelerated phase of global expansion. We are capable of balancing the long-term strategic investments with increasing shareholder return.

Okay. And also, I want to draw attention is the revision of our dividend policy indicates the company will have the flexibility to create value for our shareholders. Okay. Thanks.

Operator: Thank you. Yada Li at CICC.

Yada Li: (Speaking foreign language). I'll do the translation. The first one is about the user demand. And can you elaborate more about whether there's a sense of user demand recovery in 4Q '24 and 1Q '25. Additionally, how to view the loan guidance of domestic business for 2025?

Secondly, the question is about the progress of AI development. I was wondering how the AI tools, such as Deep-Seek, utilized to help increase the operational efficiency? And are there any potential for decreasing the overall credit risks and increasing the profitability in future? And that's all.

Jiayuan Xu: Okay. Thanks, Yada. I will take your first question and Tiezheng will take your second question. Okay. For the domestic business, the customer demand in the fourth quarter continues the recovery trend as we have observed since the last quarter in 2024.

In terms of the quarter-on-quarter and the year-on-year basis, the growth rate exceeds at least 10%. So it reflects the gradual recovery of our consumer confidence in the second half of the year. And if we look at the full year of 2024, we have observed the consumer demand exhibit a pattern of being weaker in the first half and stronger in the second half. And the recovery trend in the second half, we believe, will be expected to continue in 2025. And for the first quarter of 2025, it's always the typically the seasonally low period due to the factors such as the Chinese New Year holiday. We have observed the customer demand remains resilient.

Okay. And for example, the application volumes show some high-single-digit year-over-year growth, so it will lay a solid foundation for our full year development. And also, yes, at the national level, the government is actively implementing various measures to boost the consumer confidence. Following The Two Sessions meetings, the newly-proposed action plan to stimulate the consumption through multiple channels, including the increasing household income, ensuring the spending capacity, improving the quality of the service consumption and the larger ticket size item consumption. So these efforts are designed to comprehensively expand the domestic demand.

And also, you must have seen the notice from last week. The National Financial Regulatory Administration issued a document to encourage the healthy development of consumer finance. So we believe this series of regulatory measures will largely boost the sector's confidence, and it will provide support for the continued recovery of consumer sentiment. So looking ahead, we are optimistic to wait and see those detailed implementations for consumer finance from the regulatory side. And the consumer credit demand is expected to receive an additional boost. And it will drive long-term stable and the positive growth trend in our domestic business.

Tiezheng Li: Hi, Yada, this is Tiezheng. I will answer the AI question. Generally, we are very excited about the AI opportunities in front of us, and we have explored integrating AI into various parts of our business. And here are some key highlights for our AI strategy. Last November, just as I mentioned, we successfully completed the generative AI service filing with Cyberspace Administration of China for our self-developed 'Rice-Seed' large language model. With this qualification, we are now able to integrate the large language model into customer-facing application. This means we could achieve productivity gain from AI automation across customer-facing processes, like customer service, user acquisition and loan collections, etc.

We have also developed various AI agents and AI automation tools for our operations from user acquisition, customer service, credit risk management to process automation. Here are some examples. The first example is on our user acquisition and customer service. We use AI to simplify the content production process. In our recent pilot test, we were able to generate 50% of our advertising content with AI and lower content production cost by 60%. We have also implied AI chatbots for our customer service.

The second example is about credit risk. With AI and our domain data, we create AI model that successfully identifies fraud credit application based on anti-deepfake technology in Indonesia, and we are replicating the experience in other countries.

On the loan collection front, we are developing AI-powered bots that are capable of calling and interacting with customers for early delinquency, typically with the first 3 days of overdue. The AI bots is optimized and replicate human-like conversation capabilities from tone, pitch, rhythm and a general ability to react to complex emotion and intention from human conversation. And additionally, by analyzing factors such as repayment timelines mentioned by users, their attitudes and emotions, the system comprehensively assesses their willingness to repay and sets timely reminder.

And the third example is on our process automation. Now some of our automation are progressively implemented across our organization. For example, code generation, AI agents for document review and the facilitates booking and management. Overall, we see a lot of opportunities from AI, and we will continue to explore the potential applications in our business. Thank you, Yada.

Operator: Thank you. Cindy Wong with China Renaissance.

Cindy Wong: (Speaking foreign language). My question is related to the international market. So your international market is growing fast and now you operate not only in Indonesia and Philippines, but also tapping Pakistan. So could you talk about your international business expansion strategy and outlook in these three markets in 2025?

Tiezheng Li: Thanks, Cindy. This is Tiezheng, I will answer the question. First, it's about Indonesia. In the past year, the Indonesia business, we achieved two significant milestones. The first one is we successfully completed the transformation to target higher-quality customers within 6 months. After the pricing adjustment, the business returned to healthy growth.

The average loan amount per customer increased by 12%, while risk decreased 25% and the customer acquisition cost improved by low-double-digits and the take rate returned to prior adjustment levels. Now, numbers of our institutional funding partners reached 10 and the business achieved full year profitability for the first time.

And the second milestone is we completed the acquisition of around 84% stake in the multi-finance license, and began laying the groundwork for offline business operations, combining multiple channels and scenarios. And also in Indonesia, there has been some positive development on the policy front. At the end of 2024, the Indonesia Financial Regulatory Authority, or OJK, issued a new interest rate adjustments inside of the

previous plan to reduce daily interest rate to 0.2%. The new policy differentiates pricing based on loan tenure. The interest rate cap for loan with tenure of 6 months or less is set at 0.3%, while loan with a tenure exceeding 6 months have a cap of 0.2%. Given that our average loan tenure is about 3 to 4 months, so the impact on our business is limited. So this policy shift signals a change in OJK's stance, eliminating long-term regulatory uncertainties and providing strong support for our sustainable growth.

And then looking ahead for the year, the Indonesia business is expected to continue its growth trajectory, while maintaining healthy profitability. Just as Alexis mentioned, the Indonesia business achieved a net profit of US\$5 million and is projected to at least double its net profit in 2025.

And the Philippines part, the Philippines business achieved three major milestones in last year. The first one is we have rapid expansion in cash loan business. The transaction volume more than doubled year-over-year, and the business successfully reached breakeven by the year end.

And the second one is we achieved breakthroughs in targeting higher-quality customer segments and installment scenarios. We established a strategic partnership with TikTok Shop to provide online installment payment service for its users. By 2024, TikTok-related transaction accounted for 19% of total volume.

The third one is about institutional fundings. We are the first platform in the Philippines to introduce institutional fundings, and we saw rapid growth in the number of institutional partners reaching 5 by 2024. And the proportion of institutional funding increased significantly from 10% at the beginning of the year to nearly 7% by year-end.

Looking ahead, the Philippine business is expected to maintain rapid growth with the share of buy-now-pay-later transaction further increasing. At the same time, the Philippine business will begin contributing profits to the group in 2025.

And lastly, for the new market expansion, in terms of new market expansion, we obtained a non-banking financial company (NBFC) license from the Security and Exchange Commission of Pakistan (SECP). And we plan to accelerate our operations in Pakistan in 2025. We also actively exploring opportunities in other countries, and we will share more updates when appropriate. So thanks, Cindy.

Operator: Thank you. As there are no further questions, now, I'd like to turn the call back over to the Company for closing remarks.

Jimmy Tan: Thank you once again for joining our call today. If you have further questions, please feel free to contact FinVolution Group's investor relations team. And have a nice day.

Operator: Thank you. Thank you, sir. This concludes the conference call. You may now disconnect your lines. Thank you.