

A Case Study on

# Kaspi Bank's Digital Transformation Journey

From Almaty to the World: The Kazakh Super App

Frank Schwab, February 2025

## Executive Summary

Kaspi Bank, headquartered in Almaty, Kazakhstan, has established itself as a leading financial institution in Central Asia, offering a wide range of services including retail banking, payments, and e-commerce. The bank's innovative approach integrates financial services with digital solutions, making it a pioneer in Kazakhstan's digital economy. Kaspi Bank's two-sided Super App business model includes the Kaspi.kz Super App for consumers and the Kaspi Pay Super App for merchants and entrepreneurs. This unique model has transformed the banking landscape in Kazakhstan by integrating financial services with daily lifestyle needs.

Kaspi Bank's digital transformation has been recognized with awards such as the "Best Digital Bank in Central Asia" by Global Finance in 2022. The bank's success is attributed to its customer-centric approach, innovative technology, and data-driven strategies. Kaspi Bank's key financial metrics demonstrate significant growth, with its balance sheet expanding from USD 3.8 billion in 2018 to USD 16.8 billion by Q3 2024. The bank's net profits have also increased from USD 245 million in 2018 to USD 1.8 billion by 2023, reflecting a strong CAGR of 50%.

Kaspi.kz operates a two-sided Super App business model, with the Kaspi.kz Super App for consumers and the Kaspi Pay Super App for merchants and entrepreneurs. This model integrates payments, marketplace, and fintech solutions, serving as a comprehensive ecosystem for both consumers and merchants. The bank's revenue model has evolved, with the payments and marketplace segments emerging as key growth areas alongside the fintech segment. Kaspi.kz has consistently employed strategies to sustain healthy margins, including revenue diversification, operational efficiency, and effective risk management. The bank's Super App ecosystem has unlocked new avenues for revenue generation and margin enhancement, as seen in the significant growth of the Payments segment's Net Interest Margin (NIM).

Kaspi.kz's operational efficiency is evident in its Cost-to-Income Ratio (CIR) improvement, declining from 70.4% in 2018 to 55.6% in 2023. The bank's focus on technology and product development has enhanced automation and reduced reliance on manual processes. Kaspi.kz has also maintained strong asset quality, with a consistently low Non-Performing Loan (NPL) Ratio and a Provision Coverage Ratio of 99% in 2023. The bank's strategic focus on leveraging its Super App ecosystem, driving operational efficiency, and maintaining robust risk management has been instrumental in preserving healthy margins.

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## Kaspi Bank in a Nutshell

Kaspi Bank, founded in 1991 and headquartered in Almaty, Kazakhstan, has established itself as a dominant force in the financial ecosystem of Central Asia. The bank operates with a comprehensive business model that spans retail banking, payments, e-commerce, and SME financing. Its unique integration of financial services with digital innovation has transformed it into a leader in Kazakhstan's digital economy.

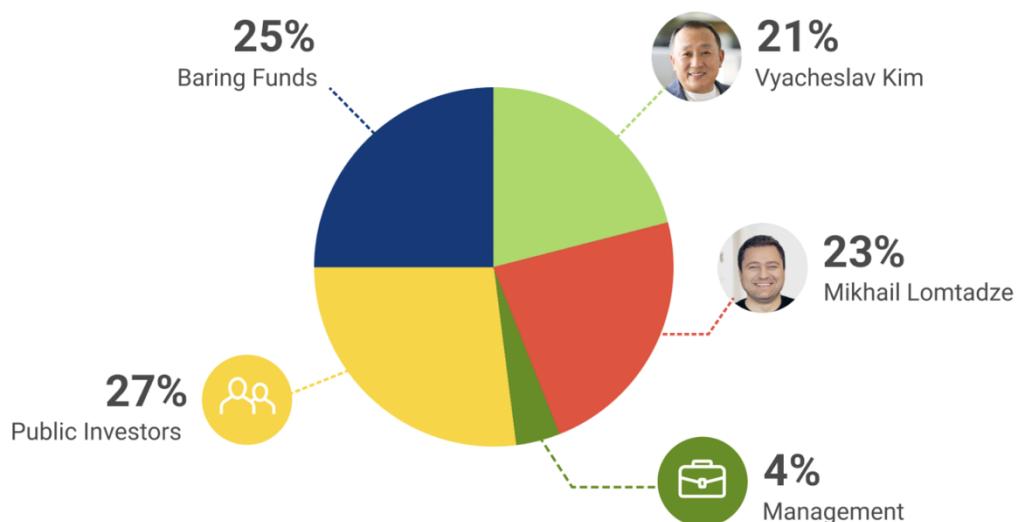
Bank operates the largest consumer-focused Ecosystem in Kazakhstan with the mission to improve people's lives through developing innovative products and services that transform the way people pay, shop and manage their personal

Kaspi Bank	
Founded	1991
Headquarters	Almaty, Kazakhstan
Stock Price of ADR	USD 97.88 (as on 24th Dec 2024)
Balance Sheet Size	USD BN 15.3 (as on 30 <sup>th</sup> Sept 2024)
Net Profit	USD BN 1.5 (9 months ended 30 <sup>th</sup> Sept 2024)
Return on Equity	82 % (as on 30 <sup>th</sup> Sept 2024)

finances. To fulfil its mission, bank drives customer engagement in Kaspi ecosystem by leveraging

- State-of-the-Art Technology
- Big Data Analytics
- Seamless Customer Experience

Shareholding pattern as on 30<sup>th</sup> September 2024:



The bank's strategy centers on creating a "super app" ecosystem and operates a two-sided Super App business model which is unique: the Kaspi.kz Super App for consumers and the Kaspi Pay Super App for merchants and entrepreneurs. Kaspi.kz platform integrates financial services with daily lifestyle needs, such as shopping, bill payments, public service access, and ride-hailing. By the end of 2023, the platform handled over 90% of the bank's transactions, showcasing its digital-first approach. Additionally, its innovative solutions, such as instant credit approvals and AI-powered risk management, have significantly enhanced operational efficiency and customer satisfaction.

With a significant market presence, Kaspi Bank has grown to be one of Kazakhstan's leading financial institutions, serving more than 600,000 enterprises in addition to more than 13 million consumers (Statista, 2023). Kaspi Bank boasts an asset base of over KZT 7620 billion as on 30th September, 2024 and serves a broad customer base exceeding 11 million active users. Its operations encompass a diverse product suite, including consumer loans, deposits, merchant financing, and digital wallets. The bank has become a market leader in consumer lending, with a loan portfolio surpassing KZT 7 trillion in 2024, accounting for a 13% share of Kazakhstan's retail credit market.

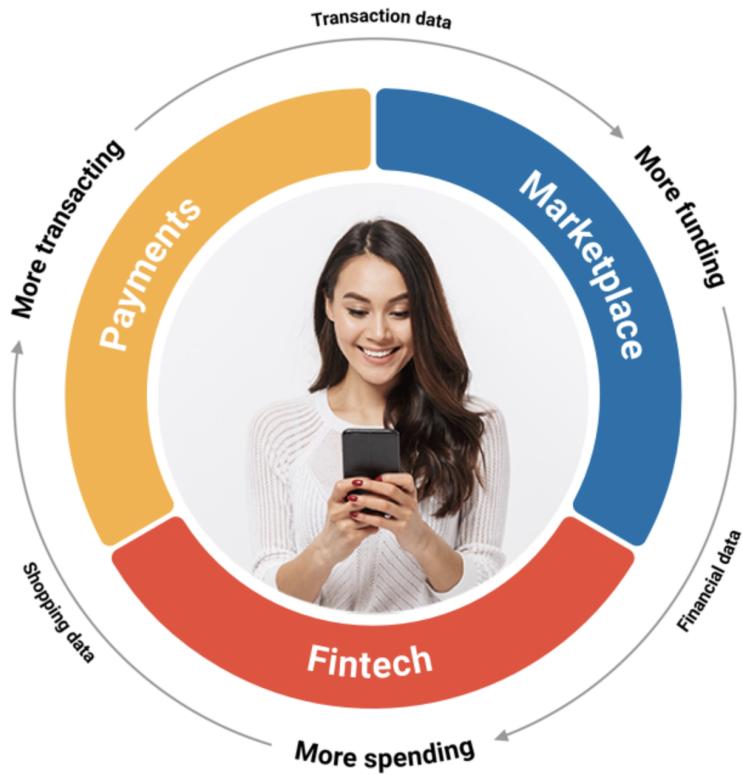
While Kaspi Bank primarily serves Kazakhstan, it is expanding its footprint in neighboring markets. Through strategic partnerships and technological collaborations, the bank aims to replicate its digital success in Central Asia and beyond. Its recent foray into the Uzbek market demonstrates its commitment to regional expansion, leveraging its technological expertise to penetrate new geographies.

Kaspi Bank has received widespread recognition for its digital transformation initiatives. In 2022, it was named the "Best Digital Bank in Central Asia" by Global Finance, a testament to its leadership in adopting cutting-edge technologies. By seamlessly integrating technology, customer focus, and financial services, Kaspi Bank has not only revolutionized the banking landscape in Kazakhstan but has also positioned itself as a blueprint for digital transformation in the global banking industry.

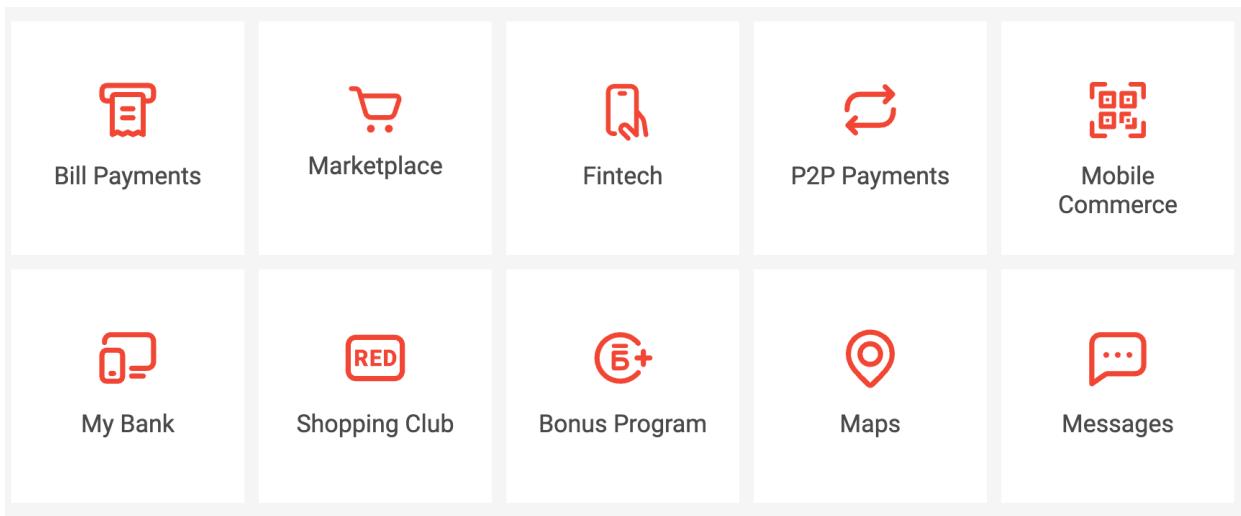
## Comprehensive Offerings

Kaspi.kz has built a robust and interconnected ecosystem comprising **Payments**, **Marketplace**, and **Fintech** services, designed to seamlessly integrate into the daily lives of its customers. This ecosystem addresses a wide spectrum of consumer needs, whether online or offline, from shopping and paying for everyday essentials to managing personal finances and accessing tailored funding options.

At the heart of Kaspi's strategy is its commitment to creating a **self-reinforcing network effect**. Each component of the ecosystem complements and amplifies the others, fostering mutual growth and innovation.



Bank's Super App serves as a single window into its entire Ecosystem and integrates all its products and services into one convenient and readily available interface. It eliminates the conventional offline/online boundaries in shopping, payments and personal finances, allowing customers to shop online and in-store, make and receive payments, manage all aspects of their personal finances, use location services and manage the bonus programme ensuring all its services in one Super App becoming part of customer's daily lives.



### ***Bill Payments***

Kaspi.kz offers an online Bill Payment service that allows customers to conveniently settle regular household expenses and make purchases.

Consumers can complete transactions using the Kaspi e-Wallet or the Kaspi Gold debit card. The bank continuously expands its list of merchants, aiming to create a comprehensive, “one-stop payment” experience for its customers, ensuring a wide range of options for seamless and efficient transactions.

### ***Marketplace***

The bank operates an online marketplace, Shop on Kaspi.kz, offering a seamless shopping experience that spans from product selection and purchase to either in-store pick-up or delivery.

The platform enhances the shopping journey with intuitive search tools, detailed product reviews, ratings, and videos to aid customers in making informed decisions. Additionally, the merchant selection process is streamlined by merchant ratings and location details, further facilitating an efficient and transparent shopping experience.

### ***Fintech***

Kaspi.kz provides customers with seamless online access to consumer finance through its Super App and website, offering instant financing approvals. Customers can prepay any consumer finance loan without facing penalties before the contractual maturity date.

To enhance the shopping experience, the bank also offers instant financing options for purchases made on its Marketplace platform, enabling customers to finance their purchases directly and conveniently at the point of sale.

### *P2P Payments*

Bank has introduced P2P Payments, enabling customers to easily settle bills, transfer funds to friends, and receive money from other Kaspi.kz users. The service also allows users to wire money to any Mastercard or Visa card, both domestically and globally.

Through the Kaspi.kz Super App, customers can make P2P payments using various methods, including card numbers, mobile phone numbers, or Kaspi QR codes. Additionally, customers have the option to include text comments with their transfers and can confirm the transaction directly within the Kaspi Message feature of the Super App.

### *Mobile Commerce*

Kaspi.kz has launched Kaspi QR to transform the payment experience for customers in merchant stores, shifting from traditional card payments to transactions via the Kaspi.kz Super App.

To complete a purchase, the merchant scans the customer's personal QR code, enters the relevant purchase amount, and the customer selects a payment option from the Kaspi Ecosystem before confirming the transaction. This innovation streamlines payments, offering a quick and convenient alternative to card-based transactions.

### *My Bank*

My Bank is a fully online, 24/7 personal finance management tool provided by Kaspi.kz, designed to help customers manage their family budgets by analyzing various types of purchases.

Through My Bank, users can securely manage their card settings, access account information online, view detailed account statements, and easily top up their Kaspi Gold debit cards. This tool empowers users to track and optimize their finances effortlessly, providing a comprehensive and convenient approach to managing personal finance.

### *Shopping Club*

Kaspi Red is a shopping club offered by bank, allowing customers to make purchases interest-free through installment loans for up to three months, while also earning bonuses.

The program is organized around popular shopping categories and merchants, providing customers with an easy way to explore participating merchants by product category. Each merchant listing includes details such as location, operating hours, and ongoing promotions, making it convenient for customers to navigate offers and take full advantage of benefits available at specific merchants.

### ***Bonus Program***

Kaspi Bonus is designed to enhance customer engagement within the Kaspi.kz ecosystem, incentivizing users to transition from offline to online payments and purchases.

Customers earn bonuses through transactions made within the Payments and Marketplace platforms. These accrued bonuses can then be spent instantly via the Super App, but are limited to online purchases only. The program encourages further interaction with the platform, fostering increased loyalty and a seamless, integrated shopping experience.

### ***Maps***

Kaspi Maps enhances the functionality of the Kaspi.kz ecosystem by helping customers easily locate nearby services. It provides real-time information on:

- Kaspi.kz outlets, including their operating hours and current queue times in minutes.
- Merchant stores where purchases can be completed through the Kaspi.kz Ecosystem.
- ATMs of any bank in Kazakhstan, with details on withdrawal limits.
- Kaspi.kz payment terminals, where customers can top up deposits, their Kaspi Gold debit card, or e-Wallet.

This tool ensures a smooth and efficient customer experience by integrating essential location-based services within the ecosystem.

### ***Messages***

Kaspi Message is a user-friendly and personalized service designed to keep customers informed about important account activities. Through this service, users receive direct notifications related to bill payment reminders, money transfers, top-ups, fund withdrawals from accounts and deposits, bonus accruals, consumer finance approvals, and monthly payment reminders.

Additionally, Kaspi Message assists customers by guiding them through the process of completing specific transactions across the Kaspi.kz ecosystem, ensuring a seamless and

efficient experience. This service enhances customer engagement by providing timely, relevant updates and supporting users in managing their financial activities.

## Key Financial Insights and Performance Metrics

Kaspi Bank has achieved significant growth across key financial metrics, underscoring its resilience and adaptability in Kazakhstan and the wider region. Between 2018 and 2024 (Q3'24), Kaspi Bank's balance sheet expanded significantly, supported by growth in customer loans, deposits, and an efficient cost structure.

Year	2018	2019	2020	2021	2022	2023	Q3'24
<strong>Financial Position of Bank</strong>							
Balance sheet size in bn KZT	1,699	2,187	2,806	3,607	5,121	6,821	7,620
Customer Loans in bn KZT	1,067	1,291	1,404	2,430	3,154	4,235	5,244
Customer Deposits in bn KZT	1,232	1,626	2,150	2,763	4,000	5,441	5,959
<strong>Financial Performance</strong>							
Revenues in bn KZT	375	514	603	885	1,271	1,913	1,802
Net Profit in bn KZT *	111	197	263	435	589	849	740
<strong>Asset Quality</strong>							
NPL Ratio	8.3%	9.0%	7.9%	4.7%	6.3%	5.5%	5.6%
Provision Coverage Ratio	NA	93.0%	101.0%	118.0%	101.0%	99.0%	91.0%
Cost of Risk	4.6%	3.5%	1.8%	1.6%	1.9%	2.0%	NA
<strong>Key Ratios</strong>							
Tier I Capital Ratio	NA	17.7%	14.7%	15.9%	17.0%	17.4%	17.5%
Total Capital Ratio	NA	22.4%	18.8%	18.0%	18.0%	18.1%	18.0%
NIM	29.6%	38.4%	43.7%	49.2%	46.3%	44.4%	41.1%
CIR	70.4%	61.6%	56.3%	50.8%	53.7%	55.6%	58.9%

Year	2018	2019	2020	2021	2022	2023	Q3'24
<b>Clientele Details (in Millions)</b>							
Payments Active Consumers	2.6	4.9	7.8	9.7	11.3	12.9	13.4
Marketplace Active Consumers	2.1	2.7	3.1	4.5	6.1	7.1	7.8
Fintech Active Consumers (Deposits)	NA	1.6	2.1	2.8	3.8	4.8	5.5
Fintech Active Consumers (loans)	2.8	3.4	3.6	4.9	5.6	6.2	6.4
<b>Workforce Details</b>							
Employees	9,648	9,947	9,310	7,993	7,802	8,772	NA
Employee Benefit Expenses in million KZT	26,269	31,236	46,146	58,285	68,509	86,326	76,364

Kaspi Bank's balance sheet size grew at a CAGR of 30%, from KZT 1,700 billion in 2018 to KZT 7,621 billion by Q3'24 mainly driven by the increase in loans to customers, customer accounts and investment in debt securities as part of liquidity management. This robust expansion reflects the bank's ability to attract substantial deposits while efficiently scaling its lending portfolio. Between 2020 and 2023, the balance sheet surged by over KZT 4,000 billion, highlighting operational momentum and scale enhancement.

Customer loans grew at a CAGR 32% increasing from KZT 1,067 billion in 2018 to KZT 5,245 billion by Q3'24. This reflects the bank's success in deepening its lending activities and meeting credit demand. The bank has been successful in expanding its lending activities, particularly from 2020 onwards, with a notable increase of 300% in three years. Simultaneously, customer deposits have surged from KZT 1,233 billion in 2018 to KZT 5,959 billion by Q3'24 at a CAGR of 32%, showcasing a strong depositor confidence. This growth indicates strengthened depositor trust and improved liquidity.

The Kaspi Bank has maintained a strong profitability trend, with Net Profits rising from KZT 111 billion in 2018 to KZT 849 billion by 2023, with a substantial CAGR of 50%. The bank's ability to generate significant profits even during challenging periods, such as 2020, underscores its operational efficiency and resilience in adverse economic scenarios.

Recently, higher than normal interest rates have increased the cost of funding of the deposit base of bank and directly contributed to declining profitability in the Fintech segment of

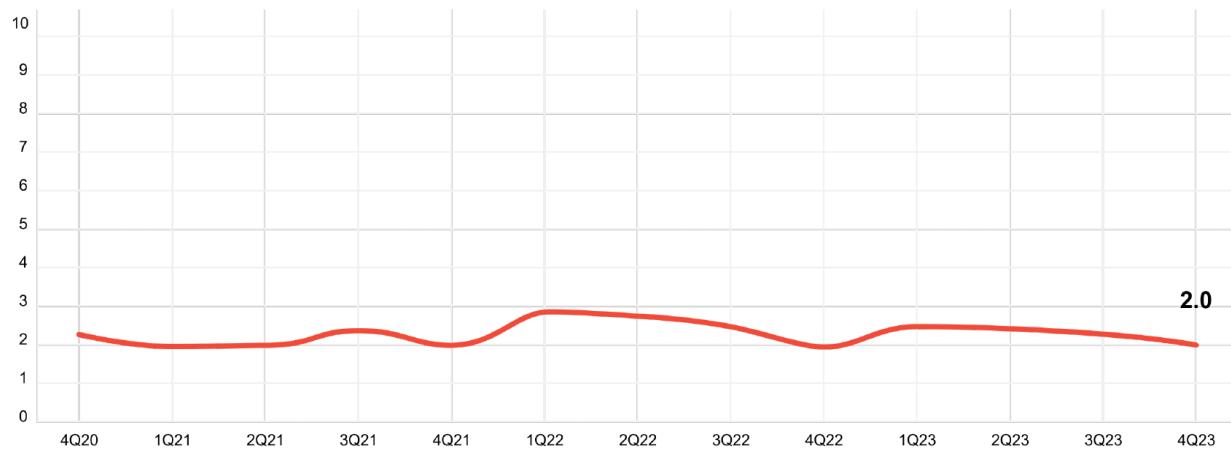
business. The bank expects the profitability of Fintech segment to increase when interest rates decrease from current levels.

Earnings Per Share (EPS) grew from KZT 676 in 2018 to KZT 4,431 in 2023, indicating a CAGR of 46%, reflecting the bank's ability to deliver increasing returns to shareholders. The increase in EPS aligns with the bank's strong profit growth and improved operational leverage.

Kaspi Bank's Cost to Income Ratio (CIR) improved consistently from 70.4% in 2018 to 55.6% in 2023. This reduction signifies enhanced operational efficiency and cost management strategies, as the bank continues to invest in technology and streamline its processes. A lower CIR is indicative of MCB's efforts to maximize operational profitability while managing its cost base effectively.

Kaspi Bank has steadily improved its asset quality, as evidenced by the decline in its Gross Non-Performing Loan (NPL) Ratio from 8.3% in 2018 to 5.5% in 2023. This improvement highlights the bank's robust risk management practices and disciplined credit monitoring process. Furthermore, the consistent maintenance of a 100% Provision Coverage Ratio underscores its prudent approach to mitigating potential credit losses, aligning effectively with the observed NPL improvements.

#### **Delinquency Rate**



The Kaspi Bank has consistently maintained a solid capital base, with its Total Capital Ratio hovering around 18% from 2020 to 2023. This capital buffer provided the bank with a strong foundation to survive economic shocks.

Employee numbers have decreasing steadily, from 9,648 in 2018 to reaching 8,772 by 2023, reflecting bank's enhanced productivity and operational efficiency.

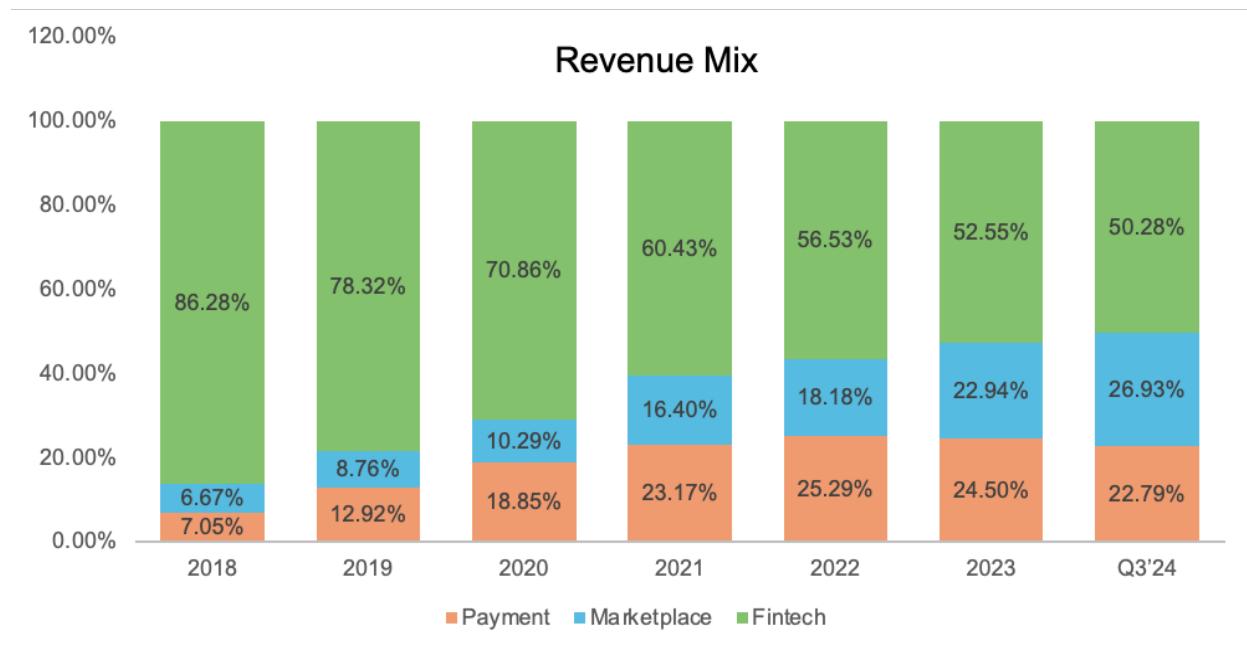
Kaspi Bank has delivered consistent growth across its balance sheet, profitability, and customer metrics. The bank's strong asset quality, solid capital adequacy, and operational efficiency underscore its ability to navigate challenges and sustain long-term growth.

## Revenue Model Evolution

Kaspi.kz operates a two-sided Super App business model consisting of the Kaspi.kz Super App for consumers and the Kaspi Pay Super App for merchants and entrepreneurs. These platforms integrate payments, marketplace, and fintech solutions, serving as a comprehensive ecosystem for both consumers and merchants.

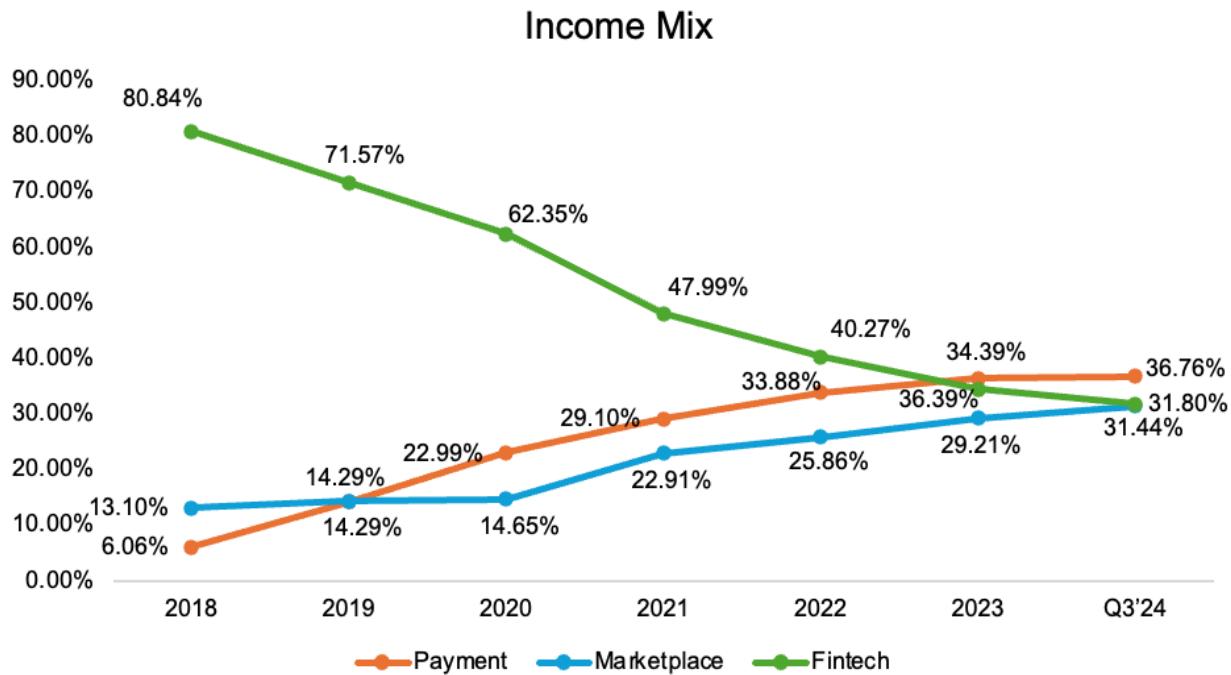
Segment Revenues (in KZT Mn)	2018	2019	2020	2021	2022	2023	Q3'24
Payment	26,471	66,393	120,923	217,085	333,343	478,684	421,293
Marketplace	25,020	45,002	65,977	153,604	239,609	448,223	497,996
Fintech	323,840	402,519	454,537	566,114	745,023	1,026,721	929,691
Intergroup	0	0	-38,568	-51,981	-47,383	-40,138	-47,175
Total Revenue	375,331	513,914	602,869	884,822	1,270,592	1,913,490	1,801,805

In 2018, the fintech segment dominated the bank's revenue stream, contributing a remarkable 86.28%. While it remains the largest revenue driver at 50.28% as of Q3 2024, the payments and marketplace segments have emerged as key growth areas. Payments grew from 7.05% to 22.79%, and the marketplace segment expanded from 6.67% to 26.93% over the same period. This evolution highlights the bank's ability to adapt its revenue model to shifting customer needs and market dynamics, reflecting its efforts to balance innovation with sustainable growth across its core offerings.



Segment Net Income (In KZT Mn)	2018	2019	2020	2021	2022	2023	Q3'24
Payment	6,731	27,877	60,554	126,653	199,489	308,901	272,195
Marketplace	14,560	28,173	38,587	99,716	152,248	247,955	232,761
Fintech	89,828	141,073	164,207	208,845	237,107	291,914	235,477
Total Net Income	111,119	197,123	263,348	435,214	588,844	848,770	740,433

In 2018, the fintech segment was the dominant contributor to the bank's net income, accounting for a substantial 80.84%. However, by Q3 2024, its contribution declined significantly to 31.80% (even though there is a threefold increase in income from the domain) and the payments segment emerging as the leading driver of profitability, contributing 36.76% to net income. Notably, all three segments—fintech, payments, and e-commerce—now contribute almost equally to the bank's net income, reflecting the institution's balanced focus and the success of its super app strategy in achieving diversified growth and operational synergy.



Payments revenue is mainly generated from fees paid by Payments merchants and consumers and, to a lesser extent, interest income, which the bank generates on interest-free cash balances of current accounts of Payments merchants and consumers. Payments Take Ratio of the has remained stable around 1.2% since 2021.

	2021	2022	2023
Total Payment Value (KZT billion)	12,935	19,913	28,406
Growth Rate	107%	54%	43%
Payments Active Customers (millions)	9.7	11.3	12.9
Payments Take Rate	1.2%	1.2%	1.2%
Average Balance in Current Accounts (KZT billion)	523	633	769

Marketplace revenue primarily comprises fees paid by merchants. Additionally, it generates income through delivery fees for select product deliveries facilitated via the Marketplace and from product advertising services offered under Kaspi Advertising. Since February 2023, Marketplace revenue also includes retail revenue generated by e-Grocery business, which is part of the e-Commerce business of our Marketplace, and since the acquisition of Kolesa in October 2023 also includes retail revenue generated by car e-commerce business.

Bank has been able to increase its take rate from 8.2% in 2021 to 9.2% in 2023 reflecting the diversification in GMV mix and entry into higher margin product categories which allows bank to charge merchants higher fees.

	2021	2022	2023
Marketplace GMV (KZT billion)	1,844	2,872	4,161
Growth Rate	125%	56%	45%
Marketplace Active Customers (millions)	4.8	6.1	7.1
Marketplace Purchases (millions)	66	119	165
Growth Rate	156%	81%	38%
Marketplace Take Rate	8.2%	8.2%	9.2%

Fintech revenue primarily comprises of the interest and fees charged by the bank against loan and BNPL offerings. Fintech Yield was 30% for the year ended December 31, 2021 and 27% for the year ended December 31, 2022, mainly due to the change in product mix, including a growing share of BNPL and micro business and merchant financing. For the year ended December 31, 2023, Fintech Yield was 26%.

	2021	2022	2023
Total Finance Value (KZT billion)	4,346	5,411	7,930
Growth Rate	137%	25%	47%
Fintech Active Loan Customers (millions)	4.9	5.6	6.2
Fintech Active Deposit Customers (millions)	2.8	3.8	4.8
Average Net Loan Portfolio (KZT billion)	1,815	2,639	3,542
Fintech Yield	30%	27%	26%

In 2023, the Fintech Segment was the largest revenue contributor at 53%, highlighting its critical role in Kaspi.kz's business model.

Kaspi.kz's revenue generation model highlights a diversified yet integrated approach. Its Payments, Marketplace, and Fintech Platforms collectively drive revenue and profitability while reinforcing the ecosystem's value proposition. This model underpins Kaspi.kz's sustained growth trajectory and its capacity to adapt to shifting market dynamics.

### *Strategies for maintaining healthy margins*

Kaspi.kz has consistently employed strategies to sustain healthy margins while achieving robust growth across its platforms. By focusing on revenue diversification, operational efficiency, and effective risk management, the bank has successfully maintained profitability in a competitive market.

Net Margin and Profitability:

Kaspi.kz's innovative Super App ecosystem has unlocked new avenues for revenue generation and margin enhancement across its core segments. The Payments segment, which started with negligible margins, has grown significantly, achieving a Net Interest Margin (NIM) of 65% in 2023 compared to 25% in 2018. This reflects the company's ability to monetize its Super App ecosystem through transaction scalability and value-added services.

Segment NIM	2018	2019	2020	2021	2022	2023	Q3'24
Payment	25%	42%	50%	58%	60%	65%	65%
Marketplace	58%	63%	58%	65%	64%	55%	47%
Fintech	28%	35%	36%	37%	32%	28%	25%
Overall NIM	30%	38%	44%	49%	46%	44%	41%

Overall, the Kaspi.kz's Net Income Margin improved from 30% in 2018 to 44% in 2023 highlighting its ability to balance growth with profitability. The Super App ecosystem remains a core driver of sustainable value creation, enabling the company to explore and scale new revenue streams.

### Operational Efficiency

The Cost-to-Income Ratio (CIR) has demonstrated significant improvement, declining from 70.4% in 2018 to a low of 50.8% in 2021, before marginally increasing to 55.6% in 2023. This improvement is a result of stringent cost management measures, such as Efficient Workforce Allocation and Investment in Technology.

Despite fluctuations in employee count (from 9,648 in 2018 to 8,772 in 2023), the bank achieved notable increases in productivity, as evidenced by rising Revenue per Employee, Assets per Employee and Deposits per Employee, which reached KZT 218 Mn, KZT 778 Mn and KZT 620 Mn, respectively, in 2023.

	2018	2019	2020	2021	2022	2023
Employee Benefit Expenses in Mn KZT	26,269	31,236	46,146	58,285	68,509	86,326
Employees	9,648	9,947	9,310	7,993	7,802	8,772
Assets per Employee in Mn KZT	176	220	301	451	656	778
Loan Volume per Employee in Mn KZT	111	130	151	304	404	483
Deposits per Employee in Mn KZT	128	164	231	346	513	620
Revenue per Employee	39	52	65	111	163	218
Profit per Employee	12	20	28	54	75	97

Focused investments in technology and product development, rising from KZT 20,334 Mn in 2019 to KZT 88,657 Mn in 2023, have enhanced automation and reduced reliance on manual processes, thereby improving operational efficiency.

	2019	2020	2021	2022	2023	Q3'24
Technology & product development	20,334	30,818	44,388	60,807	88,657	80,212

### Effective Risk Management

Kaspi.kz has maintained strong asset quality, as reflected in its consistently low Non-Performing Loan (NPL) Ratio, which improved significantly from 8.3% in 2018 to 5.5% in 2023. The Provision Coverage Ratio, which stood at 99% in 2023, further highlights the bank's prudent risk management practices, ensuring adequate reserves for potential loan losses.

	2018	2019	2020	2021	2022	2023	Q3'24
NPL Ratio	8.3%	9.0%	7.9%	4.7%	6.3%	5.5%	5.6%
Provision Coverage Ratio	NA	93%	101%	118%	101%	99%	91%
Cost of Risk	4.6%	3.5%	1.8%	1.6%	1.9%	2.0%	NA

The bank has effectively managed its Cost of Risk, which decreased from 4.6% in 2018 to and stabilized at 2.0% in 2023. This demonstrates Kaspi.kz's capability to manage credit risk while expanding its loan portfolio, leveraging its proprietary data and advanced analytics.

Kaspi.kz's strategic focus on leveraging its Super App ecosystem, driving operational efficiency, and maintaining robust risk management has been instrumental in preserving healthy margins. These strategies have not only sustained profitability but also positioned the company as a leader in financial innovation, capable of navigating market challenges while delivering consistent value to stakeholders.

### Measuring Success Against Economic Indicators

The performance of the bank demonstrates a strong alignment with, and in many instances outperformance of, key economic indicators in Kazakhstan. Over the period from 2018 to 2023, Kazakhstan's GDP experienced moderate growth, with a setback in 2020 due to the pandemic (-2.5%) but recovering to 5.1% growth in 2023. This steady recovery reflected economic resilience, which the bank leveraged effectively to expand its operations.

	2018	2019	2020	2021	2022	2023
Kazakhstan's GDP Growth Rate	4.10%	4.50%	-2.50%	4.30%	3.20%	5.10%
Kazakhstan's Loans Growth Rate	-3.34%	5.75%	20.43%	22.24%	20.96%	16.62%
Kazakhstan's Deposits Growth Rate	24.41%	12.95%	-3.72%	46.80%	12.00%	19.02%

The bank's balance sheet grew at an impressive CAGR of 32.04%, far outpacing GDP growth. This robust expansion highlights the bank's ability to capitalize on economic trends and execute strategies that fostered growth in both its loan and deposit portfolios. Loans, for example, grew at a CAGR of 31.75%, significantly exceeding the national loan growth rate of

13.37%. This demonstrates the bank's capacity to meet borrowing demand through innovative financial products and enhanced digital accessibility.

Similarly, the bank's deposits expanded at a CAGR of 34.57%, double the national average deposit growth rate of 17.62%. This divergence underscores the bank's strength in deposit mobilization, likely driven by trust-building initiatives and a seamless customer experience. Notably, in 2020, when Kazakhstan's deposits contracted by 3.72%, the bank achieved positive deposit growth, reflecting resilience and operational agility during economic downturns.

These achievements not only highlight the bank's success in outperforming key economic benchmarks but also its role as a catalyst for economic activity in Kazakhstan. The ability to grow deposits and loans well above national averages, while expanding the balance sheet amidst challenges like the pandemic, signifies a well-executed strategy aligned with macroeconomic conditions.

## Operational Excellence and Efficiency Drivers

	2018	2019	2020	2021	2022	2023
Number of Employees	9,947	9,648	9,310	7,993	7,802	8,772
Assets per Employee (KZT million)	76	219	301	451	656	777
Loan Volume per Employee (KZT million)	6,056	5,875	4,658	5,385	4,805	5,446
Deposits per Employee (KZT million)	204	277	462	513	832	999
Profit per Employee (KZT million)	39	52	65	111	163	218
CIR in %	70 %	62 %	56 %	51 %	54 %	56%

The bank's operational success over the past six years highlights its remarkable ability to achieve more with less, leveraging technology, process optimization, and workforce productivity. Between 2018 and 2023, assets per employee surged from KZT 176.17 million to KZT 777.69 million, while deposits per employee grew nearly fivefold to reach KZT 999.02 million. Profitability scaled even further, with profit per employee rising from KZT 38.90 billion in 2018 to KZT 218.14 billion in 2023—an impressive 5.6x increase. These strides were achieved through a sharp focus on improving resource allocation and enhancing employee efficiency, allowing the bank to maximize output without proportionally increasing operational costs.

Technology played a pivotal role in this transformation. The bank nearly tripled its workforce in Technology and Product Development, increasing from 823 employees in 2018 to 2,290 in 2023. This strategic investment fueled innovations such as advanced AI-driven tools that now handle 14 million customer interactions annually and the deployment of self-service technologies like Kaspi Kartomats, enabling instant debit card issuance which also resulted in decline in number of employees in Call Center, Outlets, and Customer Support decreased from 5,397 to 3,222 in the same period. Such advancements significantly reduced dependency on manual processes, enabling greater customer convenience while improving internal efficiency.

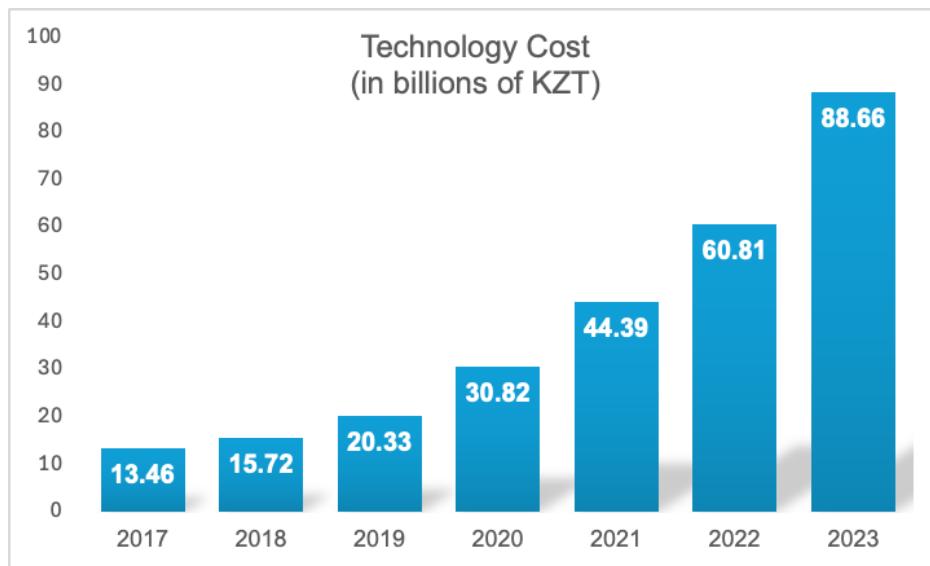
At the same time, the overall employee count dropped from 9,947 in 2018 to 7,802 in 2022, before stabilizing at 8,772 in 2023. This leaner yet highly productive workforce reflects the bank's ability to optimize operations without compromising service quality. The reduction in

the Cost-to-Income Ratio from 70.39% to 55.64% further underscores its success in containing costs while driving substantial revenue growth.

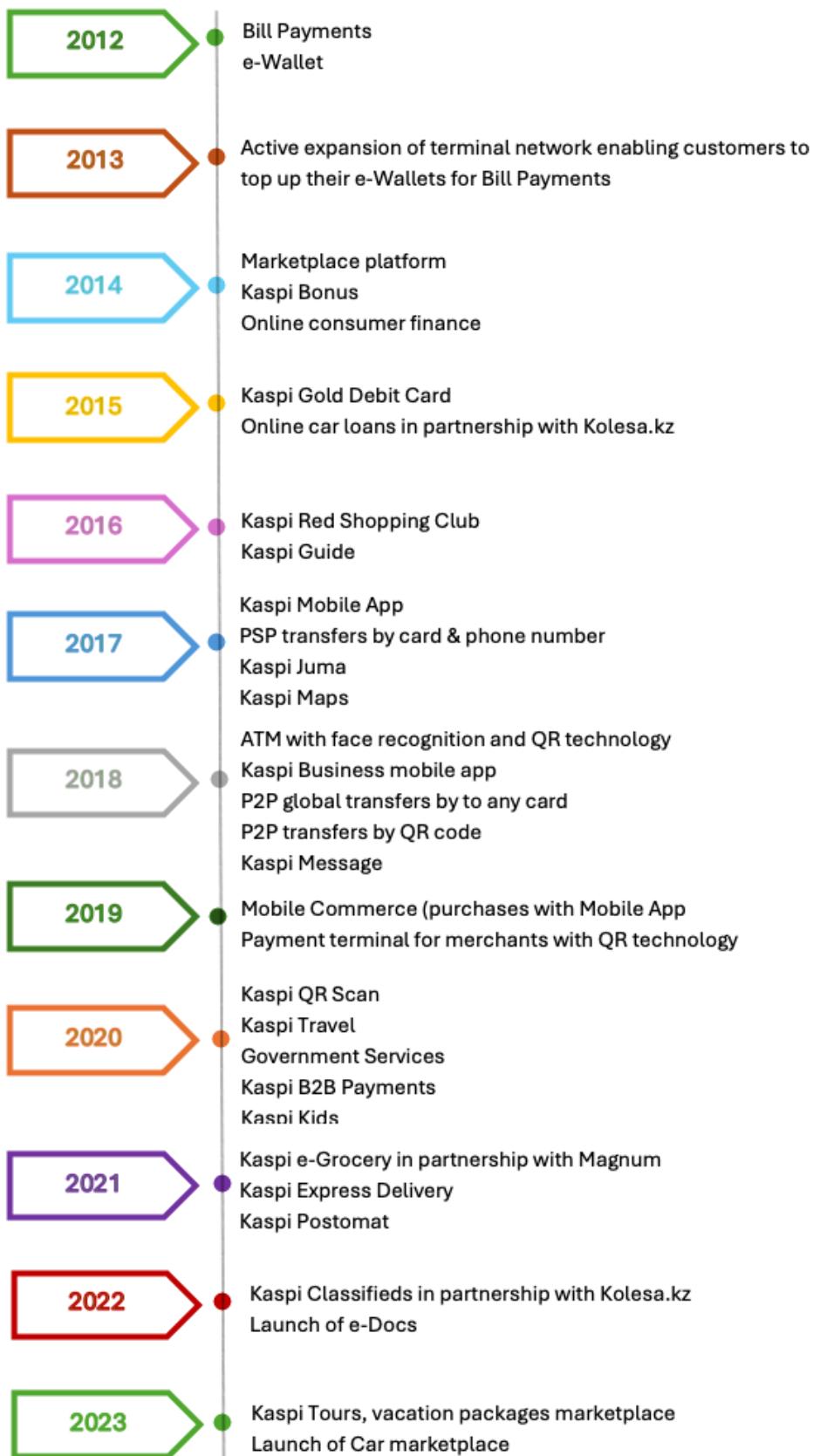
This blend of workforce transformation, cost discipline, and technological innovation has cemented the bank's position as a leader in operational efficiency. By focusing on smarter ways to deploy talent, enhance productivity, and digitize operations, the bank has created a scalable, agile, and highly profitable foundation for sustainable growth.

## Digital Journey and Financial Commitments

Kaspi.kz's digital transformation journey has redefined its role from a traditional bank into a fully integrated technology-driven ecosystem. Anchored by innovation, the bank leveraged its deep understanding of customer needs to develop a robust suite of digital services that seamlessly blend financial solutions with everyday conveniences. By integrating payments, marketplace, and fintech services into a unified platform, Kaspi.kz not only enhanced customer engagement but also created a self-sustaining ecosystem where the growth of one service drives the expansion of others.



It was the first in the country to offer Bill Payments through their web page in 2012 (Kaspi.kz, n.d.). They began developing their marketplace platform earlier than any bank in Kazakhstan in 2014 and offered an attractive bonus system in the face of the Kaspi Bonus (Kaspi.kz, n.d.). A turning point was the introduction of their mobile application “Kaspi Mobile App” which offered a range of services from the access of a phone (Kaspi.kz, n.d.). This was the most important step since at the time most people still went to bank branches to send money, pay the bills, taxes, and fines, open deposits, and take loans, but with their mobile application, it was now possible to do all these things online from any place at any time without waiting in lines (Kaspi.kz, n.d.). Moreover, the introduction of P2P money transfers by cards and phone numbers was also new yet useful functionality (Kaspi.kz, n.d.). In 2018 the Kaspi QR was introduced which allowed paying by scanning QR codes, and they allowed withdrawing money from ATMs using face recognition and Kaspi QR technology (Kaspi.kz, n.d.). Therefore, innovations were always an important part of Kaspi Banks' value proposition in the local market.

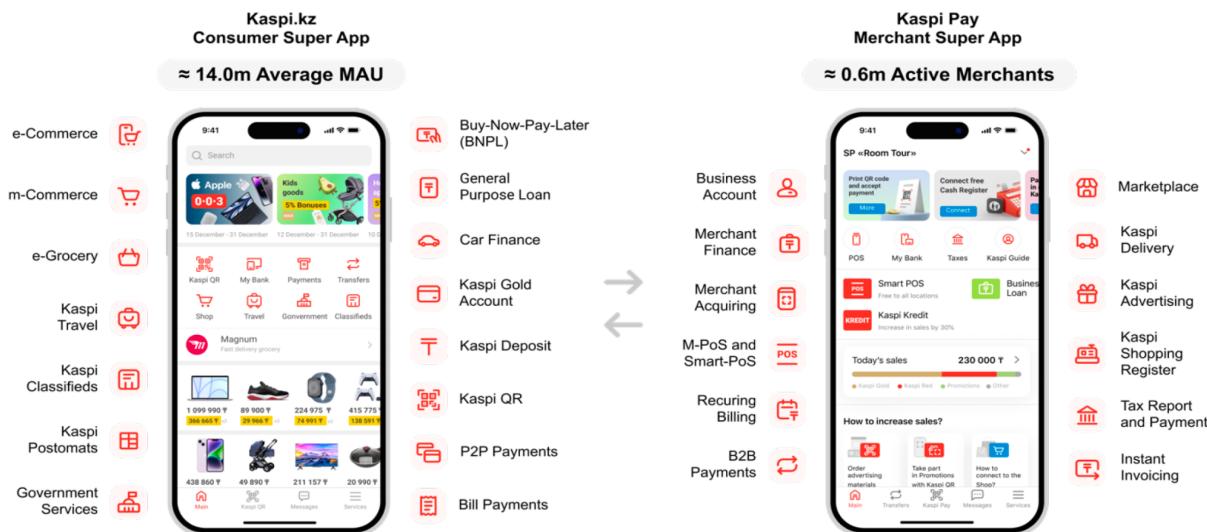


## Super App Model

Adopting a "Super App first" strategy lies at the heart of Kaspi.kz's operational success. Unlike single-purpose applications, Kaspi.kz's Super Apps integrate a wide range of essential and complex services into a single, user-friendly platform designed for everyday use. This seamless integration simplifies users' experiences by offering a diverse array of solutions within one app.

As of September 30, 2024, the Kaspi.kz Super App recorded approximately 14.0 million average monthly active users (MAU), while the Kaspi Pay Super App supported about 7,32,000 active merchants, reflecting the widespread adoption and success of this digital-first approach.

The Super App offers consumers a comprehensive range of services designed to simplify their daily lives. Users can shop online with fast e-commerce and e-grocery delivery, explore and shop from local merchants using m-commerce, and plan their vacations through Kaspi Travel. Payments are made seamlessly across Kazakhstan via Kaspi QR, and consumers can take advantage of BNPL options, settle household bills, and save for the future, all within the app.



*Note: Data as of December 31, 2023.*

Customer engagement is further enhanced through the Kaspi Bonus loyalty program, which rewards transactions on the Marketplace and Payments platforms. These bonuses can be redeemed for future purchases and payments, creating a rewarding ecosystem for users.

Additionally, the Super App integrates a variety of government services, enabling users to access digital documents such as passports, renew driving licenses, transfer car ownership, register businesses, pay taxes, register marriages, and obtain birth certificates. This blend of commercial and administrative functionality positions Kaspi.kz as a one-stop platform for consumers' everyday needs.

### Products and Services Comparison

	Kaspi.kz	Tencent	Alibaba Group	allegro	mercado libre	nu bank	PayPal
e-Commerce	e-Grocery	✓	✗	✗	✓	✗	✗
	3P marketplace business	✓	✓	✓	✓	✓	✗
	Delivery	✓	✓	✓	✓	✓	✗
Travel	Flight tickets	✓	✓	✓	✗	✗	✗
	Railway tickets	✓	✓	✓	✗	✗	✗
	Holiday packages	✓	✓	✓	✗	✗	✗
Advertising	Advertising	✓	✓	✓	✓	✗	✓
	Classifieds	✓	✗	✓	✓	✗	✗
Payments	Mobile wallet	✓	✓	✓	✗	✓	✓
	Debit card	✓	✓	✗	✗	✓	✓
	QR code payments	✓	✓	✓	✗	✓	✓
	P2P payments	✓	✓	✓	✗	✓	✓
	Proprietary payment network	✓	✓	✓	✗	✗	✗
	Bill payments	✓	✓	✓	✗	✓	✓
	B2B payments	✓	✓	✓	✗	✗	✓
Fintech	Saving accounts	✓	✓	✓	✗	✓	✓
	Consumer loan	✓	✓	✓	✓	✓	✓
	BNPL	✓	✓	✓	✓	✓	✓
	Merchant financing	✓	✗	✓	✓	✓	✓
	Car financing	✓	✓	✗	✗	✓	✗
GovTech	Tax filing and payment	✓	✓	✓	✗	✓	✓
	Digital documentation	✓	✓	✓	✗	✗	✗
	Car ownership & registration	✓	✓	✗	✗	✗	✗
	Driving license renewal	✓	✓	✓	✗	✗	✗
	New business registration	✓	✓	✓	✗	✗	✗

Source: ADL Report.

The Kaspi Pay empowers merchants by offering a comprehensive suite of tools to grow and manage their businesses. Merchants can sell products and services online via e-commerce or list their businesses and promotions through m-commerce. They can also organize nationwide deliveries seamlessly by leveraging the Kaspi Delivery Smart Logistics Platform, run targeted advertising campaigns with Kaspi Advertising, and participate in promotional events to boost visibility.

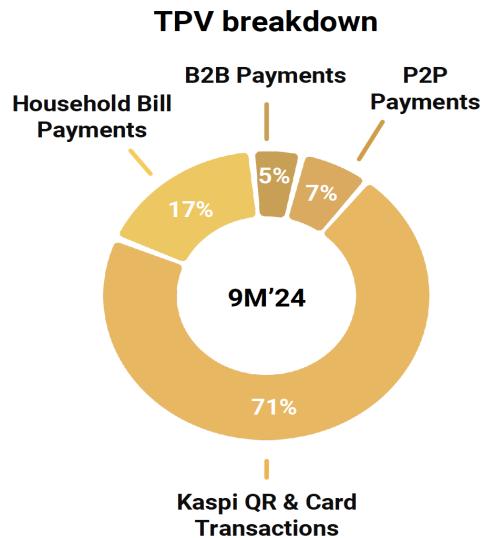
The app provides robust financial management capabilities, allowing merchants to issue and settle invoices instantly, accept payments, pay suppliers, and monitor their turnover. Additionally, merchants can access tailored financing solutions through Kaspi's Fintech Platform. Government services are also integrated, enabling merchants to issue fiscal receipts, calculate and pay taxes, and file tax reports efficiently.

Furthermore, Kaspi Classifieds connects merchants and consumers, facilitating the advertisement of both new and used goods, services, and job opportunities, thereby enhancing engagement within the ecosystem.

### ***Payments Platform***

Kaspi.kz's Payments Platform seamlessly facilitates transactions between merchants and consumers, offering tailored solutions for each user group. For consumers, the platform simplifies everyday transactions, enabling quick and convenient payments for shopping, household bills, and peer-to-peer transfers. For merchants, it provides an integrated system to accept payments both online and in-store, issue and settle invoices instantly, pay suppliers, and track business turnover efficiently.

In 2023, the Payments segment achieved remarkable growth, with a net income of KZT 309 billion (\$680 million) and a Total Payment Volume (TPV) of KZT 28,406 billion (\$62 billion), reflecting year-over-year increases of 55% and 43%, respectively. This segment accounted for 25% of Kaspi.kz's total revenue, underscoring its critical role in the company's ecosystem and financial success.



Key services in Payments Platform:

Consumer Services

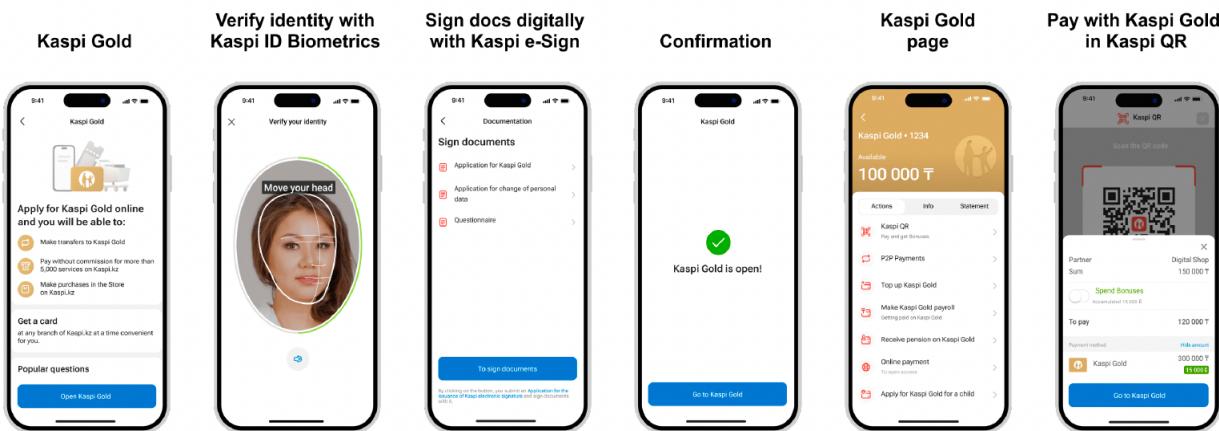
**P2P Payments** allow users to instantly send and receive money via the Kaspi.kz Super App. The majority of these transfers are commission-free, promoting user acquisition, engagement, and data generation. A small fee applies only to 2.8% of P2P Payments, which involve transfers to other banks' cards.

**Kaspi QR**, a proprietary technology, facilitates seamless payments between consumers and merchants without requiring a physical card. It is Kazakhstan's most widely accepted payment method, as per the ADL Report, enabling frictionless transactions via the Kaspi.kz and Kaspi Pay Super Apps.

**Kaspi Gold**, a fully digital account paired with a prepaid debit card, is a preferred solution for daily transactions online and in-store through Kaspi QR. Account setup is entirely digital, leveraging Kaspi ID biometric technology for consumer identification.

**Household Bill Payments** further simplify recurring expenses, allowing commission-free payments for services like utilities, transportation, education, healthcare, and taxes through the Kaspi.kz Super App, ensuring a seamless and cost-effective experience.

## Kaspi Gold. Digital Account



## Merchant Services

Kaspi.kz offers Merchant Acquiring Services to simplify in-store and online payment acceptance for merchants. Transactions are facilitated using Kaspi QR technology, Kaspi Gold debit cards, and third-party bank cards, providing a seamless payment experience for consumers.

The in-store merchant acquiring service is supported by Kaspi's extensive POS network, comprising m-POS (physical terminals) and Smart POS (app-based terminals). As of December 31, 2023, this network included approximately 538,000 devices, making it the largest in Kazakhstan, according to the NBK. Notably, 93% of Kaspi-processed transactions occur through this robust infrastructure.

## Key features

- **Merchant Instant Invoicing**, allowing merchants to integrate customer invoicing with the Kaspi.kz Super App for instant and seamless settlement.
- **Kaspi B2B Payments**, which enables suppliers and merchants to issue and settle invoices digitally, forming the foundation of future B2B service innovations.
- **Kaspi Shopping Register**, a digital cash register integrated with Kaspi's POS network, simplifying compliance with government tax requirements while accepting diverse payment methods.
- **Kaspi Pay Business Account**, a digital account opened upon onboarding to the Kaspi Pay Super App, facilitating efficient merchant transactions.
- **Tax Reporting and Payment Tools**, designed to help merchants calculate taxes and file reports efficiently.

## *Marketplace Platform*

Kaspi.kz's Marketplace Platform, seamlessly integrated into its Super Apps, connects online and offline merchants with consumers, enabling an omnichannel strategy that drives merchant sales while offering consumers a wide variety of products and services. Operating primarily as a "3P" (third-party) model—excluding e-Grocery—the platform empowers third-party merchants to sell their products directly to consumers, enhancing convenience and choice.

In the year ended December 31, 2023, the Marketplace segment achieved remarkable growth, with net income of ₮248 billion (\$545 million) and GMV of ₮4,161 billion (\$9 billion), reflecting year-over-year increases of 63% and 45%, respectively. This segment accounted for 23% of Kaspi.kz's total segment revenue, underscoring its significant contribution to the company's overall performance.

Key services in Marketplace Platform include:

### 3P Marketplace

**E-commerce** through the Kaspi.kz Super App offers a seamless shopping experience, where consumers can explore a vast range of products. With access to user reviews, merchant and product ratings, and product videos, shoppers can make well-informed decisions. Additionally, a variety of payment and delivery options, supported by our robust Fintech and Payments Platforms, provide convenience and flexibility at every step.

**M-commerce** elevates the shopping journey by merging digital convenience with physical retail. Merchants can present their business profiles, showcasing brand details, product catalogs, store locations, and operating hours. Through the Kaspi.kz Super App, customers can research products, discover in-store promotions, and complete purchases using Kaspi QR codes or BNPL (Buy Now, Pay Later) options, further enhancing the shopping experience.

**Kaspi Travel** streamlines the process of booking rail and air tickets, as well as international holiday packages, all within the Kaspi.kz Super App. With integrated payment solutions through Kaspi Gold and BNPL services, users enjoy a seamless and flexible payment process.

**Kaspi Classifieds** offers a dynamic platform for individuals and businesses to buy and sell new and used goods, services, and job listings. Our network is further bolstered by Kolesa.kz and Krisha.kz, leading Kazakhstan's online marketplaces for cars and real estate, respectively.

## 1P Marketplace

Kaspi.kz's **e-Grocery service** allows consumers to order groceries directly through the Kaspi.kz Super App, offering free home delivery within 24 hours. The platform focuses on meeting typical weekly household shopping needs, characterized by predictable demand, high average ticket sizes, and strong unit economics. Leveraging data-driven insights and modern digital solutions, Kaspi.kz aims to revolutionize the grocery shopping experience in Kazakhstan. Due to the intricate operational and logistical demands of grocery retail, the e-Grocery service operates as a **1P (first-party) model**, ensuring full control over every aspect of the customer journey to maintain superior quality and reliability.

The **Car e-Commerce** feature enhances the used car buying and selling experience by integrating essential processes—such as search, selection, and legal registration—into the **Kolesa.kz marketplace**. It also incorporates **Online Car Finance** from Kaspi.kz's Fintech Platform, providing a seamless, end-to-end solution for customers in the used car market.

## Delivery Services

The **Kaspi Delivery Smart Logistics Platform** seamlessly connects third-party delivery partners with orders placed via Kaspi.kz's e-Commerce service. Customers benefit from diverse delivery options, including **door-to-door delivery**, **Kaspi Postomats**, **express delivery**, and **in-store pick-up**. In 2023, 88% of e-Commerce orders were delivered free of charge, with 51% reaching customers within 48 hours. While the initial focus was on scaling delivery volumes, the platform has started generating significant revenue. For the year ended December 31, 2023, revenue from delivery services accounted for 1.4% of the e-Commerce GMV.

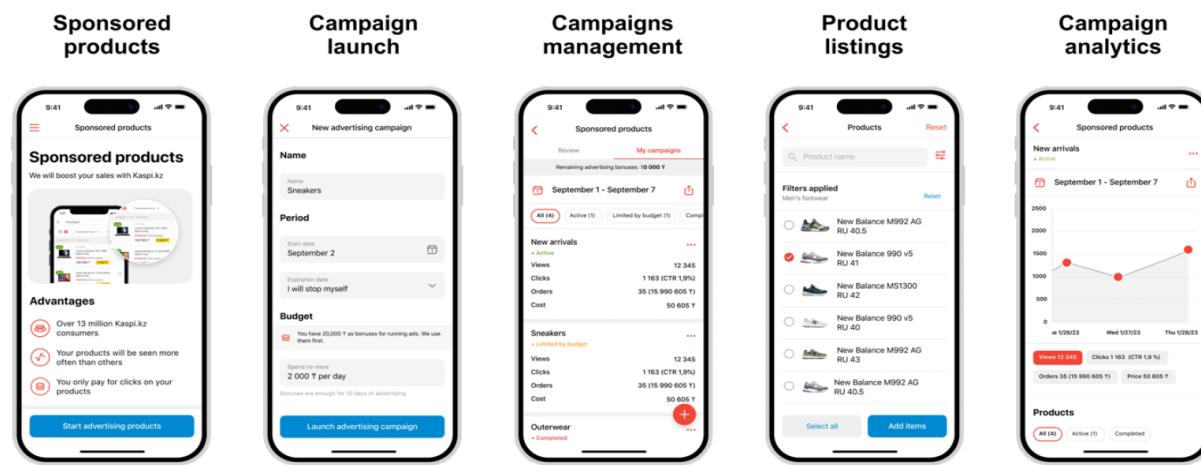
A key component of this system is **Kaspi Postomats**, a network of 5,943 proprietary automated parcel machines (APMs) as of December 31, 2023. Postomats have emerged as the fastest-growing delivery channel, contributing to a 39% share of all deliveries within just two years of launch. These APMs enhance first-time delivery success rates, lower last-mile delivery costs, and align with the long-term profitability goals of the Marketplace Platform. Kaspi Postomats are also the most **cost-effective**, **eco-friendly**, and **reliable** delivery solution, offering an integrated user experience through the Kaspi.kz Super App.

## Advertising Services

**Kaspi Advertising** enables merchants to run advertising campaigns on the Marketplace Platform, allowing them to display ads to users on the Kaspi.kz Super App via product searches, suggested items, and banner advertisements. Merchants can access a dedicated section within the Kaspi Pay Super App to launch and manage campaigns while analyzing performance metrics. For the year ended December 31, 2023, advertising revenue contributed 0.5% of e-Commerce GMV, with significant potential for rapid growth anticipated in the future.

**Kaspi Juma**, a three-day national shopping festival, represents a significant driver of Marketplace activity. In 2023, Kaspi held two Juma events, generating ₤592 billion (\$1.3 billion) in GMV—an impressive 45% year-over-year increase—equivalent to 14.2% of the annual Marketplace GMV. This event offers consumers appealing benefits such as extended financing terms and additional Kaspi Bonus loyalty points. Simultaneously, merchants gain exposure through an extensive nationwide marketing campaign promoting the event. For 2024, Kaspi plans to expand Juma to at least three events annually to better support merchants with seasonal inventories and capitalize on optimal shopping periods.

### Kaspi Advertising



## Fintech Platform

Kaspi's Fintech Platform offers consumers access to Buy Now, Pay Later (BNPL), financing, and savings products, while providing merchants with tailored financing solutions. All

Fintech services are fully digital and integrated into the Kaspi.kz Super App, utilizing Kaspi ID biometric technology for seamless user identification.

The platform leverages proprietary technology to complete 99.9% of lending transactions within six seconds, maintaining a low cost of risk. Consumers and merchants are encouraged to prepay financing products before maturity without penalties, promoting higher transaction frequency. Kaspi exclusively lends in local currency and primarily funds its financing products through Kaspi Deposits, consisting mainly of local currency savings accounts. As users increase transactions on the Kaspi.kz Super App, deposit balances with Kaspi tend to grow proportionally.

The profitability of the Fintech Platform is attributed to the scalability of the Super App business model, robust network effects, and the low-risk nature of its products. This success is further enhanced by attractive deposit offerings and the ability to harness proprietary data on transactions, behaviors, and shopping patterns across its platforms. For the year ended December 31, 2023, the Fintech segment reported net income of KZT 292 billion (\$642 million) and a total financing volume (TFV) of KZT 7,930 billion (\$17 billion), marking year-over-year growth of 23% and 47%, respectively. The segment accounted for 53% of Kaspi's total revenue, underscoring its significant contribution to the company's financial performance.

Key services in Fintech Platform:

**Buy-Now-Pay-Later (BNPL)** services are available for consumer purchases on Kaspi's Marketplace Platform. These financing options are unsecured and typically offered for up to three months, with extended periods of six to 24 months during promotional events such as Kaspi Juma. Interest-free BNPL products are provided for a maturity of up to three months.

The **Kaspi Red BNPL** program offers consumers a pre-approved revolving shopping limit for Marketplace purchases, interest-free for up to three months.

**General Purpose Loans** are provided for everyday purchases made outside the Marketplace Platform.

**Car Finance** offers online loans for car purchases through Kolesa.kz, with the purchased vehicle serving as collateral.

**Kaspi Deposit** accounts, accessible via the Kaspi.kz Super App, include both current and term accounts predominantly denominated in Kazakhstani tenge and U.S. dollars (91% and 9%, respectively, as of December 31, 2023, compared to 87% and 13% in 2022).

**Merchant and Micro Business Finance** provides working capital solutions for merchants and small businesses, aimed at enabling inventory investment and sales growth. The financing amount is linked to merchant turnover and GMV generated through Kaspi's Payments and Marketplace Platforms, incentivizing merchants to process more business through Kaspi. This strategy strengthens network effects, driving higher sales, increased transaction volumes, and broader platform adoption.

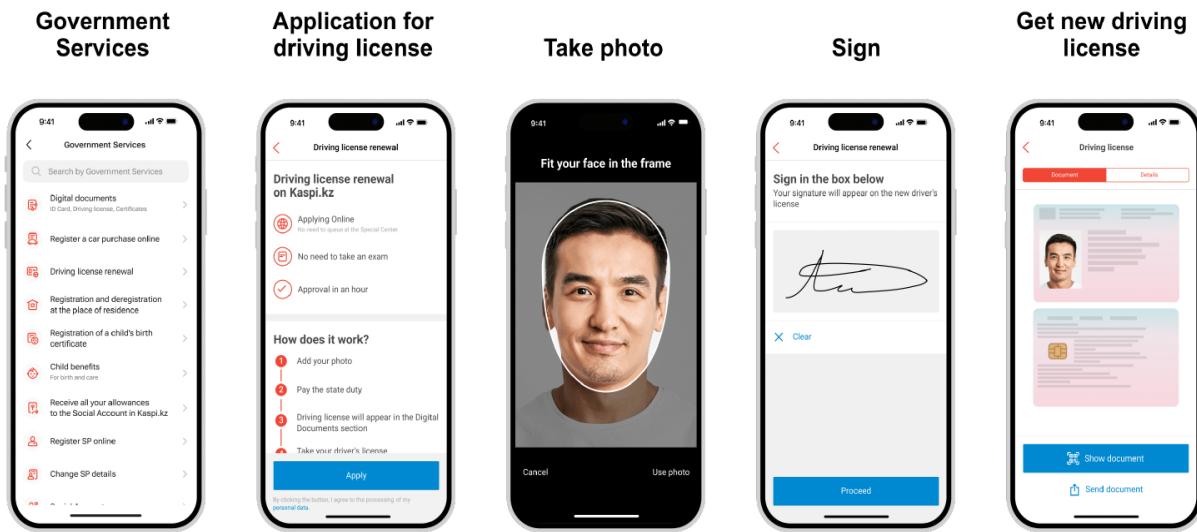
#### Government Services

Kaspi's **Government Services** platform, integrated into the Kaspi.kz Super App, provides digital access to essential government services, aligning with its mission to enhance everyday life in Kazakhstan. Services available through the platform include **Digital Documents**, which allow users to store and access identification documents within the app. Additional offerings include renewing driving licenses, transferring car ownership, registering marriages, and obtaining birth certificates. Entrepreneurs can also register new businesses, calculate and pay taxes, and submit tax reports.

While Government Services do not directly generate revenue, they create synergies with other Kaspi products, driving user engagement. For instance, entrepreneurs registering businesses can later use the Kaspi Pay Super App for transactions. Consumers who purchase flight tickets through Kaspi Travel can display their digital IDs when boarding, and car ownership registration is facilitated seamlessly following a vehicle purchase financed through Kaspi's car loan offerings on Kolesa.kz.

As of December 31, 2023, approximately 11 million users in Kazakhstan had accessed the Government Services platform via the Kaspi.kz Super App, showcasing its widespread adoption and contribution to digital convenience.

## Government Services. Driving License Renewal



## Selected other initiatives

### Kaspi Data Factory

Kaspi Data Factory is Kaspi.kz's dedicated AI and data science unit focused on transforming collected data into a strategic asset. Its key responsibilities include developing AI and machine learning models for virtual assistance, risk management, and personalized user experiences. The unit uses data analytics to improve business decisions, products, and customer experience. It focuses on data quality, optimization, and security, ensuring compliance with privacy regulations. By centralizing data in a scalable environment (data lake), it allows easy access to client profiles across all Kaspi services while regularly testing and refining data processing technologies.

### Data Centers

The company's IT systems are hosted across four dedicated data centers, with one designated for testing. These centers ensure 24/7 power, cooling, connectivity, and security, protecting critical operations. With a 99.99% platform availability, they support business continuity and maintain robust system performance.

### Payment Kiosks, ATMs and Kaspi Kartomats

As of December 31, 2023, the company operated a nationwide network of 3,811 payment kiosks, 3,292 ATMs, and 144 Kaspi Kartomats. These kiosks and ATMs facilitate various services such as Kaspi Gold wallet top-ups, financing repayments, and savings account deposits. Customers can access the network through PIN code entry, contactless Kaspi QR,

or face recognition. The Kaspi Kartomat, a self-service device powered by proprietary technology, allows consumers to receive a Kaspi Gold debit card in about 60 seconds.

#### Customer Support

In 2023, the bank's customer service strategy emphasized excellence as a key driver of market leadership. Through Kaspi Message and Kaspi Guide embedded in its Super App, a 24/7 call center, and physical Kaspi Outlets, the bank ensured responsive and reliable customer support. Its AI-powered virtual assistant, "Ruslan," handled over 14 million interactions, performing the work of approximately 1,200 employees. With 112 strategically located outlets across Kazakhstan, the bank integrated services like Kaspi Postomats, ATMs, and Kartomats for seamless consumer experiences, especially for e-commerce deliveries and high-value item

## Building on Strengths for Future Growth

The bank's strengths are rooted in its ability to blend digital innovation with operational excellence, creating a platform that seamlessly caters to diverse customer needs. Its focus on harnessing data-driven insights enables personalized experiences and builds enduring customer relationships.

### *Competitive Strengths*

Kazakhstan's leading Super Apps with powerful self-reinforcing network effects

Kaspi.kz has become a dominant digital platform in Kazakhstan, offering an integrated Super App that caters to both consumer and merchant needs. The Kaspi.kz Super App, with 14 million Average Monthly Active Users (MAU) by the end of 2023, provides a comprehensive solution for shopping, payments, and personal finance. Its high user engagement, reflected in a 65% DAU-to-MAU ratio and 71 monthly transactions per active consumer, positions it as one of the most active platforms globally.

For merchants, the Kaspi Pay Super App facilitates access to a large, engaged customer base, offering payment processing, merchant financing, and additional services like Kaspi Advertising and Kaspi Delivery. This two-sided business model drives network effects, attracting both consumers and merchants. Kaspi's strategy is further strengthened by its ability to leverage proprietary data and continuously enhance its offerings, supporting scalability and profitability.

In 2023, Kaspi achieved a 44% year-over-year growth in net income, demonstrating the success of its model in driving both engagement and financial growth.

Extensive proprietary technology and data capabilities

Kaspi's proprietary technology and data capabilities offer a strong competitive edge by leveraging machine learning and AI to process vast amounts of data, manage transactions, and enhance customer interactions. In 2023, the system analyzed over 1.6 million user signals per minute and processed 6.2 million chat conversations through a virtual assistant. The company uses data from over 24 billion transactions and 31 billion user sessions, allowing for a personalized user experience and efficient risk management.

Kaspi's AI-powered virtual assistant, "Ruslan," now performs the work of 1,200 employees, saving the company approximately ₤6.2 billion annually. The company also uses data for location optimization, such as placing Postomats near 80% of Marketplace consumers, and

for improving delivery logistics, reducing courier mileage. These advanced data models help make 99.9% of loan approvals in under six seconds, maintaining low risk costs. Moving forward, with new platforms like Kaspi B2B Payments and e-Grocery, Kaspi aims to gather even more data to further enhance its decision-making and operational efficiency.

#### Integrated technology infrastructure

Kaspi's proprietary technology offers a competitive advantage by controlling the entire transaction and delivery value chain. In 2019, the company launched its payments network using Kaspi QR technology, enabling seamless transactions between consumers and merchants. In 2023, Kaspi processed more transactions through its network than Mastercard and Visa combined in Kazakhstan.

The Kaspi Delivery Smart Logistics Platform provides end-to-end delivery services, connecting thousands of couriers, delivery companies, and warehouse employees across the country. The platform is supported by 5,943 Kaspi Postomats, making it the largest last-mile delivery infrastructure in Kazakhstan. Additionally, Kaspi uses biometrics for secure transactions, including face recognition for Super App and ATM access. Its IT systems, housed in four data centers, ensure 99.99% availability for continued access to services.

#### User-centric approach leads to innovative and highly relevant product

Kaspi's Super Apps' popularity stems from its focus on leading digital product development and a high-quality user experience. The company prioritizes seamless service, security, and innovation tailored to user needs. For example, Kaspi B2B Payments was developed based on customer behavior from its Household Bill and P2P Payment products. Kaspi maintains a user-centric approach, with consumer feedback playing a key role in product development. On average, 260,000 consumers provide feedback monthly, which directly informs improvements. The company's technology investments drive continuous innovation, helping to create new services and enhance the integrated Super App experience.

Execution-driven corporate culture fostered by a highly motivated long-standing team

Kaspi.kz's corporate culture, centered around leveraging technology to improve daily lives, is a key driver of its success. The management team, with over ten years of experience at the company, brings a blend of global and regional perspectives from top academic, financial, and technology institutions. The organization values agility and innovation, striving to create an environment that promotes teamwork and continuous improvement. To further strengthen its corporate culture, Kaspi introduced an LTIP program in 2020, offering stock options to 184 senior executives and key personnel, incentivizing long-term commitment and aligning their goals with the company's success.

## *Growth Strategy*

Kaspi.kz aims to increase transactions between consumers and merchants by encouraging the adoption of its existing products and launching new ones. Core growth initiatives of the bank are based upon the following pillars:

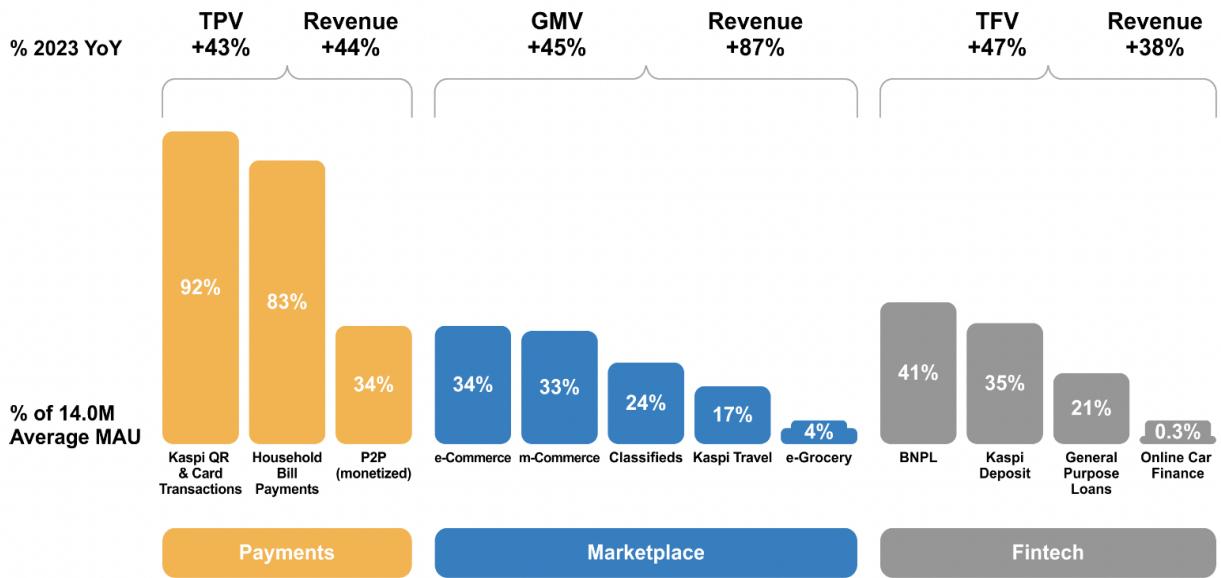
### Capitalizing on structural growth in digitalization

Kaspi.kz views digitalization as a key driver of economic transformation, especially in Kazakhstan and surrounding regions, where there is growing demand for digital solutions. The company believes it is the largest and most advanced technology company in the region, having successfully implemented its Super App business model. To continue growing, Kaspi.kz plans to increase user engagement, expand transactions between consumers and merchants, and launch new products. The company expects substantial growth by digitalizing more aspects of daily life and enhancing its Payments and Marketplace platforms. For instance, the Kaspi B2B Payments platform is seen as a new growth driver, and the company anticipates strong growth in transaction volumes (TPV) and gross merchandise value (GMV), driven by increased consumer and merchant adoption.

### In underpenetrated markets, increase adoption of existing digital services

Kaspi.kz aims to increase adoption of its less penetrated digital services by expanding engagement with its existing large user base. The company sees growth opportunities in e-commerce, travel, e-grocery, and classified services, all of which remain underutilized. For example, e-commerce accounted for only 34% of MAUs in 2023, and Kaspi Travel services represented just 17%. Similarly, e-grocery, with only 4% MAU penetration, shows significant growth potential in Kazakhstan's growing digital grocery market. Kaspi also expects increased use of embedded financing for SMEs and entrepreneurs, along with greater monetization from its advertising and delivery services, which are still in early stages. The company's focus on expanding product offerings and enhancing user engagement is expected to drive long-term growth in these underpenetrated areas.

### Consumer Services Penetration



### Develop new innovative digital services

Kaspi.kz focuses on developing innovative digital services to enhance daily life, leveraging its Super App strategy. With a wide range of products, including Kaspi Travel, B2B Payments, e-Grocery, Postomats, Classifieds, Merchant and Micro Business Finance, and Kaspi Advertising, the company continues to expand its offerings and create new revenue streams. These services, while still in the early stages, have significant growth potential, benefiting from the network effects of the Super App. Kaspi also aims to enhance merchant services with tools for invoicing, sales analytics, tax payments, and payroll taxes, improving operational performance and driving further platform usage. The company is particularly focused on the digitalization of merchant operations, including accounting, inventory management, and HR, seeing these as key growth areas.

### Replicate successful track record into new geographies

Kaspi.kz aims to expand its geographical reach and serve 100 million users, up from its current 14 million. The company's asset-light, Super App model is scalable, allowing for efficient expansion into new markets. It regularly evaluates opportunities in Central Asia, the Caucasus, Central and Eastern Europe, and other select regions. Kaspi's growth strategy involves leveraging existing platforms, such as Payments, Marketplace, Travel, e-Grocery, and Classifieds, and considering organic expansion or strategic acquisitions. The company has already expanded into Ukraine with Portmone's payment platform and

acquired leading classifieds platforms in Azerbaijan and Uzbekistan, with a combined user base of over 10 million MAUs across these regions.

## Technology and Data

Kaspi.kz focuses on developing proprietary technology and leveraging data to create new markets and grow existing ones. Their Super App model benefits from network effects, providing a competitive advantage. The company prioritizes scalability, security, and performance, with investments in automation and testing to enable rapid release updates. Its mobile technology supports high transaction volumes, powering various services like shopping, payments, and consumer finance. Data-driven insights, including AI and machine learning algorithms, deliver a personalized user experience. The company processes millions of user behavior signals and ensures real-time decisions, like approving consumer loans in six seconds. Kaspi's 2,290 employees in product development, technology, and data science play a key role in this innovation.

## Conclusion & Learnings

Kaspiyskiy Bank's digital transformation journey has been marked by a strategic focus on building a robust Super App, leveraging innovative technology, and utilizing data to enhance consumer and merchant experiences. Key learnings from Kaspiyskiy's transformation highlight the following:

**Customer-First Approach** - Kaspi.kz demonstrated how customer satisfaction can drive strategic decisions. Its success in achieving high engagement rates (65% DAU/MAU ratio) demonstrates the importance of creating a suite of services that address daily user need. By leveraging Net Promoter Score (NPS) as a critical performance metric, the company built a culture that valued feedback above immediate profits. A prime example is Kaspi's bold discontinuation of its credit card offering, despite it contributing one-third of the bottom line, due to a negative NPS. This underscores that customer loyalty outweighs short-term financial gains. Establishing a dedicated feedback mechanism tied to product development and employee performance has been instrumental in this success.

**Building a Unified Ecosystem** - Kaspi pioneered the "SuperApp" concept by integrating payments, marketplace, and fintech solutions, addressing everyday needs under one platform allowing for cross-service synergies. This highlights the importance of choosing between building proprietary ecosystems or leveraging existing marketplaces—a strategic decision every aspiring superapp must evaluate carefully.

**Balancing Consumer and Merchant Value** - Kaspi's focus wasn't limited to consumer convenience; it also prioritized empowering merchants. From B2B payment solutions to merchant financing, the dual-sided approach created diversified revenue streams. This strategy helped solidify its position as an indispensable tool for both users and businesses, a lesson for banks aiming to build lasting ecosystems.

**Continuous Innovation Fuels Growth** - Kaspi's ventures into e-Grocery and Travel demonstrate how to remain relevant by expanding into adjacent markets. By analysing existing user data, Kaspi quickly identified untapped opportunities, showcasing the importance of adapting to emerging needs without losing focus on the core offering.

**Investing in Scalability and Technology** - With a 38% growth in transaction volumes in FY 2023, Kaspi showcased the need for robust technological infrastructure. This investment in scalability allowed the app to deliver consistent user experiences despite rapid expansion. Banks aspiring to scale must adopt a similar approach to manage growth without compromising service quality.

**Profitability Amid Expansion** - Kaspi achieved a rare balance—sustained profitability while exploring new verticals. By ensuring that each segment (Payments, Marketplace, and Fintech) matured and contributed equitably, Kaspi avoided over-reliance on a single revenue stream, a pitfall many banks face.

**Localization: The Secret to Market Dominance** - Kaspi's understanding of Kazakhstan's unique market dynamics enabled it to tailor its offerings precisely to local needs. Its success shows that banks entering diverse markets must prioritize localization by addressing region-specific challenges, cultural nuances, and regulatory frameworks.

Kaspi.kz's journey offers a powerful lesson: building a SuperApp isn't just about bundling services—it's about creating unparalleled value for users by aligning technology, customer-centricity, and strategic vision. Its ability to listen to customers, innovate with purpose, and adapt to local needs has transformed it into an indispensable part of daily life in Kazakhstan. For Banks across the globe, Kaspi's success underscores that the true path to market dominance lies in balancing growth, profitability, and customer engagement while embracing the unique challenges and opportunities of each market.

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