

## **Financial Technology: Implementation Experience in Some Countries and Policy Implications**

Công nghệ tài chính: Kinh nghiệm triển khai tại một số quốc gia và hàm ý chính sách

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**Abstract:** Digital financial services have flourished from simple peer-to-peer money transfers to advanced financial technologies that make use of the latest technologies in digital banking, distributed ledgers, and central bank digital currencies. Governments, corporations, and individuals may all benefit from new digital financial services. Expanding inclusive economic growth and addressing the Sustainable Development Goals can be accomplished through the development of inclusive digital financial services in an environment with the right regulatory framework and policies. The number of financial technology (Fintech) companies globally has grown, attracting billions of dollars new investments in recent years. However, Fintech companies remain relatively small compared with traditional financial service providers in developed countries. In contrast, Fintech services and products are becoming economically important in some developing countries. The article summarizes the experience of implementing Fintech in some high-ranked Fintech countries such as the United States, United Kingdom, Singapore, Australia, China and Indonesia; thereby providing policy implications for regulators in Vietnam.

**Keywords:** *Digital financial services; Financial inclusion; Financial technology; Financial services; Fintech*

**Tóm tắt:** Các dịch vụ tài chính kỹ thuật số đã phát triển mạnh mẽ từ chuyển tiền ngang hàng đơn giản đến các công nghệ tài chính tiên tiến sử dụng các công nghệ mới nhất trong ngân hàng kỹ thuật số, sổ cái phân tán và tiền kỹ thuật số của ngân hàng trung ương. Chính phủ, doanh nghiệp và cá nhân đều có thể hưởng lợi từ các dịch vụ tài chính kỹ thuật số mới. Việc mở rộng tăng trưởng kinh tế toàn diện và giải quyết các Mục tiêu Phát triển Bền vững có thể được thực hiện thông qua sự phát triển các dịch vụ tài chính kỹ thuật số toàn diện trong một môi trường có khung pháp lý và chính sách phù hợp. Số lượng các công ty công nghệ tài chính (Fintech) trên toàn cầu đã tăng lên, thu hút hàng tỷ đô la đầu tư mới trong những năm gần đây. Tuy nhiên, quy mô các công ty Fintech vẫn còn tương đối nhỏ so với các nhà cung cấp dịch vụ tài chính truyền thống ở các nước phát triển. Ngược lại, tại một số nước đang phát triển, các dịch vụ và sản phẩm của Fintech đang trở nên quan trọng về mặt kinh tế. Bài viết tổng hợp kinh nghiệm triển khai Fintech tại một số quốc gia có thứ hạng cao về Fintech như Hoa Kỳ, Vương quốc Anh, Singapore, Úc, Trung Quốc và Indonesia; từ đó đưa ra các hàm ý chính sách cho các cơ quan quản lý tại Việt Nam.

**Từ khóa:** *Công nghệ tài chính; Dịch vụ tài chính; Dịch vụ tài chính kỹ thuật số; Fintech; Tài chính toàn diện*

## 1. Introduction

“Fintech” is a hot topic that has been discussed a lot lately. For banking, Berger discussed the effects of information technology on consumer productivity and welfare [1]. And over twenty years ago, during a discussion on consolidation in financial services, Thakor remarked that the consolidation that was taking place at the time was likely to entail fragmentation due to specialization in the financial services industry. Thakor surmises that information technology will encourage the growing emergence of specialized businesses creating a market group with the ability to better customize products to meet customer preferences [2]. Frame et al. point out that technological change creates financial innovations in banking that are significant for developments in the Fintech sector. For example, peer-to-peer (P2P) lending, cryptocurrencies, and smart contracts are part of an outstanding scene of customized financial services powered by technology. Surprisingly, the extent of the development of these technologies involves non-intermediate transactions [3].

The global Fintech market is anticipated to expand and reach a market size of over \$324 billion by 2026, rising at a compound annual rate of nearly 25.18% over the forecast period of 2022–2027, according to the Global Fintech Market Research Report released in January 2022. As e-commerce is rapidly spreading around the world, Fintech will succeed in the important application segment of the

financial technology market, which is expected to grow at the highest annual growth rate of about 12% until 2026. The worldwide Fintech market demand will increase dramatically in the future due to the high percentage of mobile users who want to conduct business online and the fact that Fintech implementation considerably enhances customer experience by offering convenience in payment and delivery in e-commerce [4].

Vietnam's Fintech regulations have always been cautious, but the government's desire to improve financial inclusion and create a cashless society has spurred the development of Vietnam's Fintech industry with a more comprehensive regulatory framework in recent years. It is essential to refer to the experience of implementing Fintech in some of the top ranked Fintech countries. In addition to the introduction, the article layout includes: Fintech development stages, experience in implementing Fintech in some countries, Fintech status in Vietnam and policy implications, and finally the conclusion.

## 2. Fintech development stages

The term Fintech (financial technology), which was created by condensing the words "finance" and "technology" describes businesses that use technology to operate outside of the conventional business model for

financial services and seek to alter how these services are provided [5].

Arner et al. describe the 3 ages of Fintech [6]:

- FinTech 1.0 (1866 - 1967): The first period of financial globalization was ushered in with the construction of the first transatlantic cable and the ATM. Technologies like telegraph, which enable quick communication of financial information, transactions, and payments, promote cross-border financial links.

- FinTech 2.0 (1967 - 2008): Fintech, which uses technology to supply financial products and services, is still confined to the financial sector and is largely dominated by the conventionally regulated financial services sector. Online banking, ATMs, and electronic clearing and settlement systems all became common during this time. The financial services sector, which still maintains this title today, emerged as the major IT contractor by the middle of the 1990s.

- FinTech 3.0 (2008 to present): Since the global financial crisis, disruptive startups and well-established digital firms have started to provide businesses and the general public with direct access to financial products and services. New entrants frequently concentrate on a single-purpose solution meant to improve the user experience for only one good or service.

### **3. Experience in implementing Fintech in some countries**

Based on the statistics of Global Fintech Index (GFI) 2021, the authors focus on the status of financial technology

deployment in a number of countries ranked high in Fintech by region (region ranking), specifically: United States (first in North America); United Kingdom (leading in Europe); Singapore, Australia, China (in the top 3 in Asia Pacific region); and Indonesia (ranked 2nd among Southeast Asian countries, after Singapore) [7].

#### **3.1. United States**

##### *Fintech market overview in the US*

Fintech is changing the way that consumers lend, invest, choose to lend, support startups, and even purchase insurance in the US financial sector. One in three consumers who engage in digital activity will often utilize two or more financial technology services. In 2019, investments of \$59.8 billion from mergers and acquisitions (M&A), venture capital (VC), and private equity (PE) were made in Fintech enterprises in the US. US consumers have recognized several important advantages of financial technology innovation, including convenience, security, ease of use, transparency, and personalisation [8]. Along with the significant growth in investment in the Fintech sector, the level of Fintech adoption by US consumers has increased significantly. The Covid-19 pandemic, which has raised demand for convenient and smooth digital services, is partially to blame for this acceptance. In comparison to just 58% in 2020, 88% of US consumers are already using some type of Fintech by 2021 (such as

mobile payments, mobile banking, and retail/e-commerce applications) [9].

#### *Increased inspection of regulations*

Fintech related to digital assets, cryptocurrencies and blockchain technology are particularly scrutinized by regulators and are expected to see quick regulatory changes. In March 2022, the Biden administration issued an “Executive Order on Ensuring Responsible Digital Asset Development”, which outlines a comprehensive policy government to regulate cryptocurrencies, including detailed outlines of key government policies and regulatory goals. This executive order addresses regulatory issues like anti-money laundering (AML), but it also emphasizes the need to "promote access to affordable and secure financial services" and the necessity of "responsible development of digital assets and payment innovations" in order to strengthen American leadership and competitiveness in the global financial sector [9].

#### *Regulatory sandbox*

The US has built a number of regulatory sandboxes for Fintech. As an illustration, the Consumer Financial Protection Bureau (CFPB) has created a compliance support sandbox that offers businesses a safe haven from liability when testing new products for a short while. Additionally, several states have created their own regulatory sandboxes. The NC Sandbox Act in North Carolina codifies a set of particular restrictions, enabling approved applicants to provide

consumers cutting-edge goods or services [9].

#### *The approach of local regulators to blockchain*

The application of relevant laws and regulations to blockchain technology, digital assets, and market participants, such as exchange platforms, intermediaries, issuers, users, and technologists, remains a challenge for federal and state authorities in the United States. The Infrastructure Investment and Jobs Act, which was signed into law in November 2021, mandates that beneficiaries of more than \$10,000 in digital assets must file a report with the Internal Revenue Service (IRS), which must include information on the source of the payment (or potentially facing criminal charges) [9].

### **3.2. United Kingdom**

#### *UK Fintech Landscape*

With \$4.1 billion invested in 408 agreements in 2020, the UK is the leader in Europe for investments in Fintech firms. As the financial sector has been established for a long time in London, several industries The supporting industry has also grown with the financial industry, ranging from specialized law firms to consulting firms. That means there is already a supporting business ecosystem for Fintech companies to grow. The UK's Financial Conduct Authority (FCA) was the first to issue a "regulatory sandbox", and within that sandbox companies can try and test their products before going public [10]. With the number of capital investments steadily increasing every year over the past decade, Fintech is

clearly popular with UK investors. Between 2012 and 2021, 4,323 deals were raised with a total value of £18.8 billion. In particular, investment volume has exploded in 2021, with 20 deals costing £100 million or more. The most popular route to investing in 2021 is crowdfunding, with Seedrs and Crowdcube topping the investor charts [11].

#### *Innovate Finance Organization*

The independent industry group Innovate Finance works to represent and advance the UK's international Fintech community. Innovate Finance has been supporting the Fintech industry for more than 8 years, investing in the UK Fintech sector in 2021 with a value of 11.6 billion USD. The UK is the second largest market in the world for Fintech investments. Fintech adoption rate in the UK reaches 71%. Innovate Finance's priority programs and initiatives for 2022 include: (i) "Shining a Spotlight On"; (ii) "Coffee with Innovate Finance"; (iii) "Capital and Investment Program"; (iv) "Regulation, Policy and the Future of Finance"; (v) "Growth and Partnerships"; (vi) "Fintech For Schools"; (vii) "Fintech as a Force for Good"; (viii) "Global Connectivity" [12].

#### *Fintech Scotland Organization*

In order to develop Scotland as one of the top five worldwide Fintech hubs, Fintech Scotland was founded. In addition to fostering linkages with universities, technology and service providers, governmental authorities, and regulatory organizations like the FCA, Fintech Scotland promotes

collaborations between major, established financial services institutions and Fintech businesses. Partners in Fintech Scotland are dedicated to making Scotland one of the top Fintech centres worldwide. In Scotland, there have been more than 200 Fintech startups, scaled up and successful; 15 universities develop Fintech skills; and 16 accelerators and business incubators for the technology sector [13].

### **3.3. Singapore**

#### *Leading Fintech in Southeast Asia*

Fintech companies in Southeast Asia have received a record amount of funds raised, reaching \$3.5 billion in 2020. Of that, 44% or \$1.6 billion is funded by Fintech companies of Singapore; the next funding proportion is 26% Indonesia, 11% Vietnam, 10% Philippines, 6% Thailand and 3% Malaysia respectively. Singapore will keep working toward its goal of leading the world in Fintech innovation in 2021 by stepping up efforts to promote green Fintech, looking at prospects connected to central bank digital currencies (CBDC), and laying the groundwork for open finance. Payments (17%), investments/assets (13%) and blockchain and cryptocurrency (20%) make up the majority of Singapore's Fintech enterprises. Blockchain and cryptocurrency (20%), payments (17%), and investments/assets (13%) make up the majority of Singapore's Fintech enterprises [14].

*Buy Now Pay Later (BNPL) market "heats up"*

BNPL is a thriving Fintech industry in Singapore. A BNPL agreement is a form of short-term financing that enables customers to buy things and make payments over time. 30% of Singaporeans between the ages of 25 and 40 who participated in the study by Milleu Insight used BNPL services. The biggest incentive for utilizing BNPL services, according to 67% of users, is receiving rewards or cashback. One of Singapore's most well-known businesses, Hoolah, saw a rise in transactions of more than 1,500% and in sales value of more than 800% during the Covid-19 pandemic. Recently, the cashback firm ShopBack decided to purchase Hoolah for an undisclosed sum [14].

#### *Driving digital payment innovation*

The Covid-19 pandemic has compelled businesses and consumers in Singapore to switch to digital channels, which has increased acceptance of digital payments there. Customers of Grab Financial Group, Liquid Group, and Singtel are now able to top up their digital wallets with money directly from their bank accounts and transfer money between these e-wallets using PayNow, thanks to the extension of the service to three non-bank financial institutions in February 2021. Singapore will also keep pursuing its cross-border payments goals in 2021, revealing plans to integrate the Indian payment system with Thailand's PromptPay, Malaysia's DuitNow, Thailand's PromptPay, and India's universal payments interface (UPI). Real-time and QR payment system in the Philippines [15].

#### *Secure data flow*

Realizing the significance of data in advancing the digital economy, Singapore began laying the groundwork for reliable and secure data sharing. Data sharing can now be done safely, legally, and with consumer consent thanks to the Singapore Financial Data Exchange (SGFinDex), which was launched in late 2020. Following SGFinDex is the birth of Singapore Trade Data Exchange (SGTraDex) in July 2021, a platform that aims to facilitate data sharing among partners in the supply chain ecosystem to enhance transparency. financial integrity of commercial transactions [15].

#### *Singapore Fintech Association (SFA)*

The association promotes collaboration among all market participants and Fintech ecosystem stakeholders, serving as a useful forum for members to interact with other stakeholders and come up with solutions. concerns and advance best practices for Fintech in a cooperative, transparent, and open manner. SFA works with local, national, and international Fintech organizations while representing the Fintech sector, preserving the moral character of its members, and fostering ties within the Fintech community. SFA utilizes its worldwide network of more than 40 nations and its domestic network of more than 860 Fintech businesses and industry partners to have 50 memorandums of understanding (MOUs) with associations and

governmental organizations across the world [16].

### 3.4. Australia

#### *Overview of Australian Fintech 2021*

Australia's Fintech sector is one of the most vibrant and interesting in the world, with over 800 companies based in all state and territory capitals. Australia's Fintech market will increase from \$250 million in 2015 to \$4 billion by 2021. Australia is ranked second in Asia Pacific and sixth overall in the globe for Fintech. Sydney ranked 11th city in the world, 3rd in Asia Pacific [17]. 2021 will see a significant level of M&A activity from domestic and foreign financial service providers to Australia's Fintech ecosystem. Lending continues to be a prominent category, with the number of Fintechs in the sector growing by more than 10%, led by successful operators in consumer lending, mortgage and BNPL, and supported by low interest rates and the availability of investor funding [18]. Total investment in Fintech in Australia in 2021 will reach more than \$2.5 billion, close to 2019 level (\$2.6 billion). The most popular Fintech category is still payments, wallets, and supply chains (43%), followed by lending (30%) [19].

#### *Fintech-friendly regulator*

In Australia, regulators and industry are working together to create a "Fintech-friendly" environment, with safe and stable financial services regulations – important for consumer confidence - and a team of key software and technology talent. Australian regulators take an innovation-led

approach to new asset classes and business models. As a founding member of the Global Financial Innovation Network (GFIN), the Australian Securities and Investments Commission (ASIC) supports the roadmap for foreign Fintech companies operating in Australia. The ASIC's Innovation Center navigates to help startups stay within the system's regulation, and the Digital Finance Advisory Board advises on policy priorities. Advanced regulatory sandbox allows businesses to test a wide range of products and services for 24 months without a financial services license or credit license [17].

#### *Opportunity to expand the region through Fintech Bridges*

Australia has mutually beneficial trade agreements with the UK and Singapore to reduce barriers to entry and promote opportunities in each individual market. For example, the UK-Australia Fintech Bridge helps Australia's Fintech ecosystem to interact directly with customers, investors and regulators with one of the world's largest Fintech markets, the UK [17]. The Australia-Singapore Fintech Bridge sets a framework for the authorities of both sides to: deepen bilateral and multilateral cooperation on Fintech; support the establishment of Fintechs and seek to expand in the markets of the parties; building on existing commitment to strengthen linkages between Australia and Singapore for the group of policies, regulators and industry; and explore joint innovation

projects on emerging issues in Fintech [20].

### 3.5. China

#### *Fintech market overview in China*

Since 2018, China has ranked as the top Fintech investor globally. More than half of all Fintech investments worldwide in 2018 came from China, where spending on the sector totaled \$25.5 billion in 2018, an increase of 900% year over year. China's Fintech market size was estimated by CCID Consulting to be 375.3 billion yuan (\$59.2 billion) in 2019; by 2022, it is anticipated to grow to 543.4 billion yuan (\$85.7 billion) [21]. Over the past ten years, China has made a strong push into Fintech, with WeChat by Tencent and AliPay by Ant Financial dominating the sector. China has now openly expressed its desire to become a leader in the development and adoption of financial technology. China now has 252 financial industry standards and 65 national financial standards [22 - 23].

*Fintech has helped improve China's financial system and reduce poverty in the country*

Financial technology application in rural areas has aided in the modernization of rural communities and agriculture. In terms of information processing, risk assessment, lending, supply and demand, product or service, operating costs, and capital supply and demand, Fintech has advanced greatly in comparison to traditional finance. and compensation Because rural areas were viewed as having a high risk of default and low rates of return, banks used to be wary of making loans to these areas.

Fintech, however, has improved its outreach to and development of these communities by using data analytic tools. Ant Financial, for instance, employs big data analytics to determine credit risk and offer more precise services. Numerous businesses in China have also been able to expand into new markets and enhance the standard of living for citizens by utilizing mobile internet technologies. Big data has aided Fintech companies in finding solutions to issues such a lack of funding, information asymmetry, and inadequate infrastructure in rural areas [22].

#### *Fintech development plan for the period 2022 - 2025*

The "Fintech Development Plan for 2022-2025" recently unveiled by the People's Bank of China, aims to advance the country's financial digital transformation over the ensuing four years. The Fintech Development Plan for the years 2022 to 2025 outlines eight key tasks: (i) Improving Fintech Governance; (ii) Unleash the full potential of data as a factor of production; (iii) Construction of new digital infrastructure; (iv) Strengthen the application of core technologies; (v) Enabling new dynamics of digital activity; (vi) Reshaping financial services with intelligence; (vii) Strengthening prudential regulation of Fintech; and (viii) Strengthening the foundation for the sustainable development of Fintech [21].

### 3.6. Indonesia

#### *Fintech Associations in Indonesia*

The Indonesian Fintech Association (Aftech) was established in March 2015



during a meeting of the Indonesian Fintech community. Through the activities organized by the association, members can organize discussions on various issues and information related to the Fintech industry. In addition, members also discussed regulatory developments and government priorities so that they could actively provide insights to regulators. The Association of Fintech Sharia Indonesia (AFSI) was established in October 2017 in Jakarta. AFSI has a vision to become a place to realize economic equality and justice, and to accelerate the development of the Islamic economy through financial and technological innovation for the benefit of all Indonesians. The Indonesian Fintech Lending Association (Asosiasi Fintech Pendanaan Bersama Indonesia / AFPI) is an organization that supports the P2P lending business in Indonesia. AFPI was born out of the realization that there must be protection for users of P2P lending services, both borrowers and lenders [24].

#### *Predominant business models and regulatory regime*

Fintech lending still dominates Indonesia's Fintech industry, with more businesses participating than other Fintech sectors. Indonesia's Fintech industry is supervised by two separate regulatory: Bank Indonesia (BI) and Otoritas Jasa Keuangan (OJK). While BI oversees Fintech and payment systems (cryptocurrency, e-wallets, and other unclassified payment system Fintech providers), OJK oversees non-payment Fintech (P2P lending,

crowdfunding and digital financial innovation). BI maintains a “regulatory sandbox” for Fintech payment system providers, while OJK has a “regulatory sandbox” for non-payment system Fintech providers [25].

## **4. Fintech status in Vietnam and policy implications**

### **4.1. Current status of Fintech in Vietnam**

According to the GFI ranking 2021, Vietnam has the 14th Fintech index in the Asia Pacific region and the 70th overall ranking [7].

#### *The clear rise of Vietnam's Fintech industry*

By 2025, the Fintech sector in Vietnam is projected to have 70.9 million users and transaction values of 26,738 million USD. Digital payment methods like card payments, mobile payments, and QR code payments are in high demand in Vietnam. E-wallet companies like MoMo, VNPAY, Moca, ViettelPay, and ZaloPay have risen to the top as a result of this trend. Currently expected to be \$1.1 million, Vietnam's total transaction value in the alternative lending market will expand at a pace of 1.07% per year by 2026. According to a Statista study that was cited by Kapronasia, the average Vietnamese customer spends only \$74 on payment applications, compared to \$2,300 and \$2,031 in China and South Korea, respectively. The poll does, however, also predict that by 2025, the value of online trade in Vietnam will soar, rising from 11.6 billion USD in 2020 to 26.4 billion USD [26].

#### *The evolving legal environment*

The government's desire to improve financial inclusion and create a cashless society has fueled the development of the legal and regulatory framework for Fintech in Vietnam in recent years. In 2017, the State Bank of Vietnam established a Financial Technology Steering Committee to oversee all Fintech matters. In February 2020, the Prime Minister approved a five-year national finance strategy, including diversifying and expanding the reach of financial services and products, and reducing transaction fees and upgrading financial infrastructure. The goals include 80% of adults with a bank account by 2025 and increase cashless transactions by 20 to 25% annually. In September 2021, the Government approved the “Regulatory Sandbox of Fintech in the Banking Sector” to help credit institutions, Fintech companies and similar organizations test products and services in a controlled environment [27].

#### 4.2. Policy implications

##### *Multi-sectoral dialogue and regional cooperation on the regulatory framework related to Fintech*

Australia already has Fintech Bridges with the UK and Singapore to expand Fintech cooperation in the region. The fundamental regulatory framework and a set of policies relating to Fintech require multi-sectoral discussion and international collaboration from policymakers. In order to safeguard the stability of the financial system, guarantee the efficient operation of financial markets, protect consumers, and enhance social and

economic welfare, a number of common laws are also required. This hasn't happened yet, though, as a result of the various ways that governments approach and are interested in Fintech, as well as the variety of international government organizations that have stakes in the sector. Policymakers must urgently debate the global regulatory environment and how to deal with Fintech. Despite the possibility of a universal regulatory framework, each jurisdiction may need regulatory strategies that are specific to the purposes, potential, and characteristics of Fintech. The use of RegTech (Regulatory technology) and SupTech (Supervisory technology) can facilitate such approaches to be implemented quickly and efficiently.

##### *Strengthening infrastructure construction and transparent regulatory environment for Fintech*

In general, the regulatory environment is posing a number of difficulties for the financial sector and emerging Fintech businesses. Large institutional clients are still hesitant and apprehensive to integrate key components of Fintech system, process, risk management, and compliance with new technology, despite the fact that solutions to improve due diligence and regulation are convincing in RegTech for new businesses. The technical barrier, however, is also a significant factor. For instance, Fintech services need the appropriate infrastructure and technology to launch financial services. The development of high-end core technologies like big data and artificial

intelligence must be encouraged, and regulations that enable the expansion of financial technology must be developed. Strengthening infrastructure development, promoting the growth of companies involved in financial technology, and other associated supporting industries are all important at the same time.

#### *Promoting Fintech development in rural areas*

Fintech development initiatives for rural areas and those with low and moderate incomes should be the focus of policymakers. Policies should encourage the usage of Fintech innovation services for vulnerable groups like farmers and low-income families and further create chances for everyone to benefit from the breakthroughs in financial technology. The credit requirements and level of service for these groups need to be taken into consideration by policymakers. The development of pertinent policies by policymakers is also necessary in order to increase the penetration and usability of the Fintech innovation service as well as to effectively promote the innovative value of Fintech.

#### *Bringing Fintech into the curriculum at universities*

In the UK, supporting talent and skills in the Fintech industry is one of Innovate Finance's top priorities. So this organization created a Fintech training program in schools, to promote Fintech awareness among young people: What kind of careers are being offered? What is Fintech and what does it represent? How do individuals use Fintech in daily

life? Innovate Finance wants to give young people the opportunity to access information in many ways so that they can learn to manage their finances better, consider Fintech as a career option or gain work experience and have an in-depth look at the industry. Universities all throughout Scotland work together with Fintech Scotland to create specialized Fintech programs. Students and anyone wishing to retrain or upskill in Fintech to keep up with the rapidly changing job market are supported by Fintech Scotland in developing their ability and abilities. Thus, the bachelor's training programs and advanced short-term courses on Fintech at universities and institutes will provide highly qualified, tech-savvy human resources along with creative thinking and skills adapted to changes in the financial sector.

#### *Adaptation in regulating financial regulations related to Fintech*

A growing part of a variety of financial services, Fintech is governed by a variety of laws and regulations that are frequently not intended to address the problems brought on by technology improvements. Policymakers should be aware of the growth of the “bubble” and put in place appropriate regulations to minimize the possibility of any problems for “overheated” growth Fintech companies. Regulatory oversight can be helpful to prevent the Fintech industry from “growing into a bubble” thereby minimizing the risk of a market crash. It is important to emphasize the important role of the regulator in continuously monitoring

the market signals in order to intervene promptly before any potential breakdown. Policymakers and governments must adapt in order to change financial regulations to meet the expanding demands of the Fintech industry. However, they must strike a balance in addressing the impacts that negatively affect innovation while keeping the integrity the business needs to succeed. Governments such as the United States, United Kingdom, and Australia have seen results in financial services innovation by developing regulatory sandboxes.

*Tailoring cybersecurity and privacy rules to Fintech business models*

Fintech companies are likely to be concerned by a number of non-financial legislation. These terms frequently refer to privacy, cybersecurity, and legislation governing data and software since Fintech frequently gathers, retains, and uses user personal information. Depending on the service offered, Fintech may be governed by conventional business rules, such as those in the United States that are managed by the CFPB and cover consumer protection and fairness. Most of these rules were in place before Fintech and do not significantly distinguish between Fintech and its players. Regulators must keep working to adapt these laws to newer, more intricate Fintech business models.

## **5. Conclusion**

The growth of Fintech, which is reshaping the traditional financial sector and big data, has created significant problems for the traditional financial

sector while also opening up fresh possibilities for transformation and the long-term growth of the real economy. Government regulation changes and technical advancements will have a big impact on the growth and profitability of the Fintech sector. As a result of governments' desire to ensure that their Fintech sector does not fall behind in the global financial markets, legislation in many nations is currently quite favourable for Fintech businesses. Fintechs will face strict rules and see a sharp decline in profitability if they endanger the stability of the domestic and international financial systems. The actual implementation of Fintech in some of the leading countries in this field will help policy makers, especially in developing economies, to have a deeper understanding of Fintech and promptly issue regulatory documents in line with Fintech's development. In Vietnam, with regulations related to the financial technology sector being gradually improved, there are positive factors supporting the development of Fintech companies in the potential market. The article makes a number of policy recommendations for regulators in the Fintech sector such as: Multi-sectoral dialogue and regional cooperation on the regulatory framework related to Fintech; strengthening infrastructure construction and transparent regulatory environment for Fintech; promoting Fintech development in rural areas; bringing Fintech into the curriculum at universities; adaptation in regulating financial regulations related to Fintech;

and tailoring cybersecurity and privacy rules to Fintech business models.

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**Ngày nhận bài: 9/11/2022**

**Ngày hoàn thành sửa bài: 13/12/2022**

**Ngày chấp nhận đăng: 16/12/2022**