



Fintech: A game changer

*Transforming sustainable
finance across Asia*



Asia-Pacific Business Forum

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Foreword

The global business landscape is seeing a significant transformation in the digital age, with governments, corporates and individuals increasingly embracing potential benefits from fintech.

Fintech has long been lauded for its ability to disrupt either by creating new businesses or reforming existing operational models. It also has the potential to push forward financial reforms and, in some cases, help countries fast-track their economic development.

Moreover, fintech can be a powerful tool to drive sustainable economic development. Financial inclusion, for example, is an increasingly hot topic among stakeholders, with fintech corporations now focusing on everything from micropayments, microlending to remittances and microinsurance.

This is especially important for Asia where a significant portion of the population remains unbanked due to geographical, infrastructural and technological challenges.

However, regional developmental policies such as the Belt and Road Initiative are changing the status quo by providing a chance for developing economies to engage more with fintech stakeholders elsewhere in the region. Such initiatives provide a great opportunity for governments, regulators, corporates, industry bodies, intergovernmental agencies and non-governmental organisations to come together and collaborate.

It is a development that is already starting to emerge. A number of Hong Kong-based companies, for example, are contributing to financial inclusion and sustainable economic development across Asia through their innovative tech solutions.

This joint publication by KPMG and Cyberport - a leading digital tech hub in Hong Kong - shares the viewpoints of a number of these companies. Their experiences are testament to the city's efforts in encouraging the growth of technology innovation. As an international finance, logistics and trading hub, Hong Kong possesses a large network of customers, funding opportunities and international talent. This conducive environment opens the door for entrepreneurs to develop new solutions and for fintech enterprises to prosper.

In addition, the paper discusses the key issues governments should take into consideration when it comes to developing their own fintech ecosystem. This ranges from establishing well-defined regulatory frameworks to more specific measures such as creating fintech sandboxes. It also highlights key fintech developments across the region and provides readers an understanding of the Asia fintech market.

As technologies continue to evolve, the impact and importance of fintech will continue to grow in Asia. It is crucial for both the public and private sectors to capture the opportunities from this transformation and ensure economic growth can be achieved in a sustainable manner.



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Key fintech developments in Asia

The rapid development of fintech is dramatically transforming the financial services landscape in Asia. Fintech offers the potential of increased productivity and efficiencies in the way financial services are delivered. Key recent developments include the emergence of online alternative financing platforms such as Peer-to-Peer (P2P) lending and equity crowdfunding.

Online investment and trading platforms have also evolved significantly, with a noticeable rise in robo-advisers, providing largely automated portfolio management, strategies and services.

In addition, opportunities offered by distributed ledger technologies such as blockchain are increasingly being explored for a variety of financial operations. This includes settling interbank payments, verifying and reconciling trade invoices, and executing as well as enforcing contracts.

However, the prevalence of technologies such as big data analytics and artificial intelligence has also fuelled concerns around cybersecurity and data privacy. Policymakers in the region will therefore need to strike a fine balance between promoting innovation and maintaining the resiliency of the financial system.

China, for example, launched the “Internet Plus”¹ initiative in 2015 to foster the growth of its mobile,

internet, e-commerce and cloud computing sectors as part of its grand ambitions to become an innovation powerhouse globally. Supporting the cause is a RMB 40 billion emerging industry innovation investment fund that promotes digitalisation and smart technologies.

On the other hand, the creation of the National Internet Finance Association of China² in 2016, which consists of more than 400 traditional and internet finance companies, is the country’s answer to regulate fintech firms and control risks.

The country also rolled out a more substantive data protection framework³ in 2017 that imposes additional requirements for non-bank institutions surrounding risk controls, Know Your Customer (KYC) measures and storage of sensitive information.

In the Special Administrative Region of Hong Kong (HKSAR), a number of bodies have been created to foster the development of fintech. This includes a Fintech Facilitation Office, a Fintech Contact Point and a Fintech Advisory Group. Other key initiatives include the Cyberport Incubator⁴ – a platform that supports innovations in payments, online trading platforms and P2P lending.

Fintech is also a strategic priority for Singapore. The Monetary Authority of Singapore (MAS) is keen to

1. China unveils Internet Plus action plan to fuel growth, State Council of the People's Republic of China, http://english.gov.cn/policies/latest_releases/2015/07/04/content_281475140165588.htm

2. National Internet Finance Association of China, <http://www.nifa.org.cn/nifaen/2955866/2955892/index.html>

3. China Cyber News Alert, April 2017, KPMG China, https://assets.kpmg.com/content/dam/kpmg/cn/pdf/en/2017/04/china-cyber-news-alert.pdf?_ga=2.115694734.925974879.1521420140-100068990.1514970880

4. Cyberport Incubation Programme, Cyberport, https://www.cyberport.hk/en/about_cyberport/cyberport_entrepreneurs/cyberport_incubation_programme





promote the development of fintech and has set up a Fintech & Innovation Group to develop the appropriate regulatory policies and strategies. The MAS has also launched a Financial Sector Technology Innovation scheme⁵ to assist in setting up innovation labs and propel the development of innovative financial solutions.

Others such as Republic of Korea has established a Financial Policy Roadmap⁶, which aims to realign the role of policy banks to provide loans and state-backed guarantees for startups as well as small and medium-sized enterprises (SMEs).

Elsewhere in the region, Indonesia, Malaysia, Philippines and Thailand have all introduced sandbox initiatives to support innovation and allow regulators to calibrate regulatory, policy and social impact of new products and services before wider adoption.

These developments reflect the potential many regulators in the region see in fintech and how they believe it is able to assist in driving sustainable economic development.



Momentum for the Asia fintech market is only going to get stronger, with growing interest in regulatory technology, artificial intelligence and the use of blockchain. Developments in Europe are also going to be interesting as regulators in Asia could be looking to develop their own frameworks for open banking.



Paul McSheaffrey
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5. Financial Sector Technology & Innovation scheme, Monetary Authority of Singapore, <http://www.mas.gov.sg/Singapore-Financial-Centre/Smart-Financial-Centre.aspx>

6. Financial Policy Roadmap for 2018, Financial Services Commission, http://www.fsc.go.kr/eng/new_press/releases.jsp?menu=01&bbsid=BBS0048



Fintech and sustainable economic development

Fintech has the potential to promote sustainable economic development by improving wider access to financial services and improving the cross-border flow of goods, services, payments and information.

This is important for developing economies in Asia, where a significant portion of the regional population

remains unbanked. According to the World Bank's Global Findex Database⁷, only 69 percent (east Asia and Pacific) and 46 percent (south Asia) of adults have bank accounts in 2014, compared to the 94 percent average of high-income Organisation for Economic Co-operation and Development (OECD) economies.

Financial inclusion

Digital finance solutions offer great potential to expand access to financial services. Providing easy and affordable access to financial services is a critical aspect of sustainable economic development as it can help smoothen consumption, manage risks and improve livelihoods through better savings options, access to credit and cheaper payments or remittances.

The concept of financial inclusion, also known as inclusive finance, has been accelerated by the spread of mobile phone networks. Increased ownership of mobile phones and improvements in telecommunication technologies meant financial services can reach the most remote areas as well as lower-income groups.

Fintech can also drive governments to establish policy frameworks and introduce market mechanisms that incentivise both existing and new companies to develop innovative and sustainable business models.

A significant amount of strategic planning, however, is required to implement large-scale fintech initiatives. Fintech's enormous potential is accompanied by a number of underlying risks. If governments fail to accompany the roll-out of new financial measures with adequate regulatory and legal safeguards, there is a chance that the stability of their financial system could be compromised by cybersecurity issues, digital threats and new forms of fraud.

Accelerating development

Fintech's ability to promote financial inclusion can also disrupt the way businesses operate.

Commercial lenders, for example, might decide it is no longer necessary to maintain a significant physical presence. This can have a profound impact on a bank's costs, structure and expansion strategy.

In addition, advances in artificial intelligence and data analytics are allowing lenders to assess the creditworthiness of potential borrowers according to metrics such as the time, number and duration of phone calls, their spending records and behaviour on social media platforms.

7. The Global Findex Database 2014, The World Bank, <http://documents.worldbank.org/curated/en/187761468179367706/pdf/WPS7255.pdf>



Alibaba's internet money market fund, Yu'e Bao, is another example of the impact of fintech and financial inclusion.

Unlike conventional funds, it allows issuers to put any amount of cash into the product as well as make withdrawals at any time. Launched in 2013⁸, this proved to be a hit with Chinese consumers and it has since become one of the largest money market funds globally.

Conventional investment products offered by traditional banks and asset managers have fairly high capital and liquidity requirements, which can put them out of the reach of lower-income individuals. Yu'e Bao provides an alternative solution by offering individuals the chance to pool their money into a product that offers a higher rate of return than deposits, but without the limitations of a conventional fund.

Yu'e Bao's accomplishment showcases the power of aggregation, whereby tiny amounts of savings can be accumulated and transformed into a market-moving product. Similar solutions could be beneficial for developing economies, as the creation of a large pooled-fund can provide the capital many development projects need.

Fintech solutions can also contribute to the management of social welfare – allowing payments to be made directly to the accounts of beneficiaries. This means governments can ensure money is going to the right people, reducing fraud risks. Moreover, it enables closer monitoring of what the money is actually spent on.



Fintech not only has the power to disrupt financial services, but it has the potential to push forward financial reforms and help countries fast-track their economic development. Most importantly, all of these can be achieved in a sustainable manner.



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8. Yu'e Bao, Tianhong Asset Management, <http://www.thfund.com.cn/en/yuebao.html>



The United Nations Sustainable Development Goals

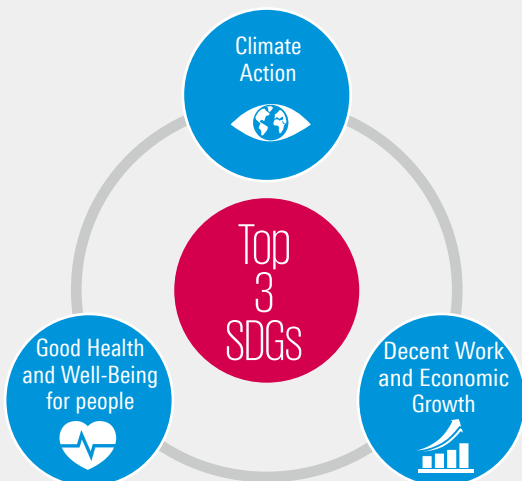
The Sustainable Development Goals⁹ (SDGs) are a collection of 17 global goals that the UN seeks to fully achieve by 2030 and cover a broad range of economic, social and environmental development issues. Governments are guided by the SDGs and can set their own targets by taking into account their individual circumstances.

Business interest in SDGs is strengthening, with around 40 percent of the world's top 250 largest companies referencing the goals in their corporate reporting, according to KPMG research¹⁰. The majority of those companies are based in Europe and the US.



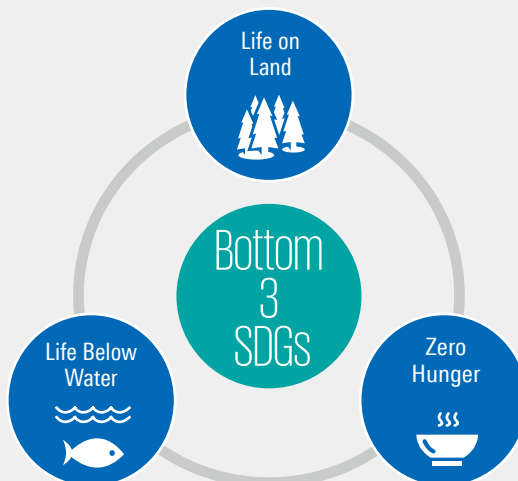
Which goals are big companies prioritising ...?

■ Prioritised by 55% or more of reporting companies



... and which are they ignoring?

■ Prioritised by 26% or less of reporting companies

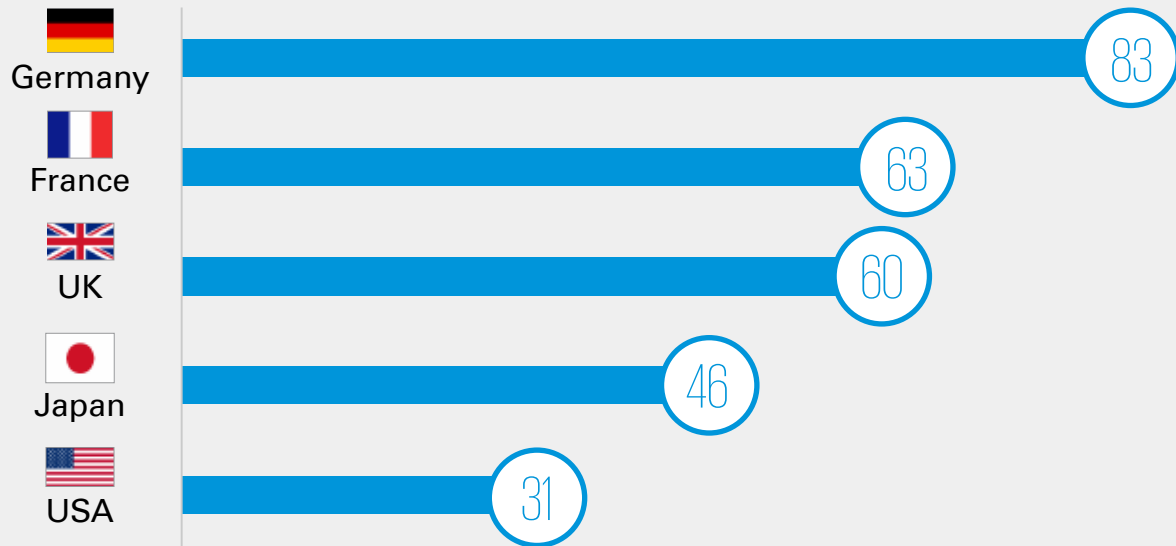


Source: KPMG research

9. United Nations Sustainable Development Goals, United Nations, <http://www.un.org/sustainabledevelopment/sustainable-development-goals/>

10. How to report on the SDGs, KPMG, <https://home.kpmg.com/cn/en/home/insights/2018/02/how-to-report-on-the-sdgs.html>

Percentage of large companies reporting on SDGs



Source: KPMG Survey of Corporate Responsibility Reporting 2017



The HSBC Sustainable Bond

In November 2017, HSBC issued a US\$1 billion bond¹¹ based on the SDGs, with proceeds earmarked for projects that offer broad social, economic and environmental benefits.

This was a landmark transaction as it was the first time a private company had issued a SDG bond. To ensure projects are in-line with the SDG targets, HSBC established a framework specifying the kind of projects and goals that would qualify for investment.

These include projects which improve access to education, essential healthcare, fresh water and sanitation, increase the share of renewables of energy, build sustainable cities and transport

systems and help communities adapt to the effects of climate change.

In addition, it will provide an annual update on how the bond proceeds are being used as well as measure the resulting impact of the underlying projects and loans.

Moreover, an independent body will provide a second-party opinion, validating whether proceeds are used in-line with the framework on an annual basis.

The bond is due to mature in 2023. It is part of the lender's pledge to provide US\$100 billion in sustainable financing and investment by 2025.

11. HSBC issues world's first corporate sustainable development bond, HSBC, <http://www.hsbc.com/news-and-insight/insight-archive/2017/hsbc-launches-sustainable-bond>

Viewpoint:

Adamas Asset Management

Adamas Asset Management is a Hong Kong-based firm that focuses on providing structured funding for growth enterprises in Greater China and other markets across Asia. What stands it apart, however, is its investment focus on companies, which have limited access to traditional bank financing and public equity markets.

“We’re always looking through the lens of how to have a lasting impact,” says Paul Heffner, Chief Executive Officer of Adamas.

In Adamas’ case, that lens is shaped by Environmental, Social and Governance (ESG) criteria and the investment guidelines of multilateral institutions and development finance institutions.

Ensuring a deal is ESG-compliant, for example, requires looking at an investment from multiple perspectives. In many cases, the value proposition has to extend beyond pure financial terms, Heffner explains.

Having to scrutinise a deal over factors such as gender equality, quality education and responsible production can result in a higher workload compared to investment decisions made by more conventional fund house.

However, Barry Lau, Adamas’ Managing Partner and Chief Investment Officer (Private Investments),

believes there are business advantages to be gained from doing so such as higher employee satisfaction and a lower ecological footprint. In addition, its clients, which include sovereign wealth funds, family offices, pension funds, institutional investors, private banks and high net worth individuals worldwide, are also receptive to Adamas’ approach.

“We look at businesses that we believe can help alleviate poverty,” Lau adds. “The other big focus is to search for ways in which technology can help extract greater value. For example, the recycling of rubber tyres, which can reduce the environmental impact tyres are having on landfills and lower the demand of rubber.”

While socially-responsible investing that adopts environmental, social and governance (ESG) considerations is encouraged by intergovernmental organisations such as the United Nations (UN) and gaining traction in Europe, the movement is still at a very early stage in Asia.

“It takes time to promote sustainable investing because it requires a shift in mindset,” Heffner explains. “It’s about looking at investments as partnerships. It is also less about focusing on a particular technology’s ability to disrupt, but rather on the opportunities it can help bring about.”



Paul Heffner
Chief Executive Officer



Barry Lau
Managing Partner and
Chief Investment Officer
(Private Investments)

Viewpoint: TNG FinTech Group

Financial inclusion is the core business objective of Hong Kong-based TNG FinTech Group, with the firm seeking to build a global finance network that revolves around e-wallets and fintech-enabled cross-border remittances.

Founded in 2013, TNG's one million users in Hong Kong can deposit and withdraw cash at around 1,300 locations, including convenience stores, and send remittances to over 183,000 pick-up locations across 13 countries and regions in Asia.

The value of transactions conducted through its flagship product, TNG Wallet, hit HK\$6.1 billion in 2017. Its founder and Chief Executive Officer Alex Kong, expects the total to surpass HK\$20 billion by the end of 2018.

In September 2016, TNG Wallet began offering cross-border remittance services to 12 countries and regions in Asia, including the Philippines, Indonesia, India, Thailand and Vietnam. It followed that up by expanding its services to the UK in 2017 and is on the lookout for opportunities to expand its operations further.

In addition to remittances, TNG also offers e-wallet services in Malaysia, Singapore, Indonesia and the

UK, and is working with other operators to establish a global alliance. The aim of the alliance is to allow individuals to transfer money "from anywhere to anywhere," according to Kong.

"Rolling out an ATM network can take many years. But if we are to facilitate the introduction of a cashless system, we'll be able to fast-track the development of a country's financial infrastructure," Kong explains. "A cashless society is financial inclusive and environmentally friendly. That is how we see sustainable development."

The biggest obstacle to TNG's business are shortcomings in telecommunications infrastructure for some countries in Asia, as its services hinges on internet and mobile connectivity.

However, he is confident that with the right level of government support, such issues can be resolved. He cited the example of Myanmar, which has seen its mobile penetration rate jumped from 10 percent three years ago to around 70 percent.

"Advances in manufacturing are also key since mobile phones are getting cheaper, which has helped made mobile penetration easier," Kong explains.



Alex Kong

Founder and Chief Executive Officer

Fintech adoption: Key considerations

To ensure the success of the wide-scale adoption of fintech, a number of key factors need to be taken into account.

Strong regulatory framework

China is a prime example of just how far a market can grow with strong government leadership in the planning, implementation and enforcement of strategic initiatives. The country has a well-established fintech ecosystem and is making great strides in big data, consumer finance, payments, wealth management and insurance technologies.

Those looking to follow China's footsteps will need to put in place well-defined policies, regulatory frameworks as well as the necessary physical and technological infrastructure. This includes having consumer protection measures, intellectual property rights rules, stable capital markets as well as initiatives to improve financial literacy.

A strong regulatory framework is central to the success of fintech development as it can help reduce or prevent threats such as unregulated lending, cross-border remittances and payments services. Such threats could potentially lead to money laundering or other illegal activities if left unchecked.

Cybersecurity is also a concern, with numerous hacking attempts of some Bitcoin exchanges in recent years. Such incidents can potentially undermine confidence in new technologies, leading to lower adoption rates of not just fintech solutions, but other related services such as mobile or internet banking.



Fintech is not just new to Asia, but also globally. While it offers clear potential for market disruption, proper regulations and policy guidance are needed in order to prevent systemic risk.



Masato Abe
Economic Affairs Officer
United Nations Economic and Social
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Mobilising external assistance

Many developing countries lack the institutional capacity to assemble an appropriate regulatory and legal framework, especially for an emerging sector such as fintech.

Multilateral bodies such as the UN can play an important role by raising fintech awareness among both policy makers and the corporate sector. They can assist in identifying best practices established



elsewhere, and facilitate the building of the appropriate infrastructure and institutions.

As well as mobilising sources of funding from other countries, they can also be a source of financial literacy. This could come in the form of education programmes to help first-time users of bank accounts and other financial services understand the opportunities that are being opened up to them. Such programmes should cover risk management, data privacy and cybersecurity.

Private sector companies will also be key in the implementation of fintech solutions. Governments want to see proven technologies put in place. They also prefer to work with organisations that can assist in developing policy programmes and regulatory systems. As a result, it is common for projects to be set up as multi-stakeholder partnerships initially.

Multi-stakeholder partnerships do not have to be confined within an economy. Instead, different resources and expertise can be pooled together by setting up regional incubators, which would allow corporates, governments, intergovernmental agencies, NGOs, scientific organisations and financial institutions to combine their efforts towards sustainable economic development.

Partnerships can also come in the form of co-organising large scale seminars and conferences, bringing together thought leaders across various disciplines to identify key global and regional fintech developments and issues.

Co-development can be an essential tool for countries seeking to establish an ecosystem that can nurture and incubate new ideas, bring in sources of venture and social impact funding, and scale successful technology solutions rapidly.

Fintech sandboxes

Companies need to have the right environment to incubate, nurture and refine their technologies and businesses in order to ensure their end products are suited to the needs of the market. One popular

approach many governments such as Singapore, Malaysia, Hong Kong, Indonesia and Thailand have adopted is the creation of fintech regulatory sandboxes.



Defining fintech sandboxes

A physical and/or virtual environment that allows companies to test financial technologies within a pre-defined set of rules or policies.

Companies can conduct trials or pilot tests in a sandbox for a specific time, preparing and refining their technologies solutions for their products and services before launching into the market.

The major characteristic of a sandbox is its ability to test new technologies in a controlled environment, which limits the negative disruption they could cause in the event of errors or issues arising. It therefore strikes a balance between a regulator's intention to let the fintech industry develop without too much government intervention and the need to mitigate potential risk.

Source: KPMG research

Hong Kong's Fintech Supervisory Sandbox¹², for example, allows banks and their partnering technology firms to conduct pilot trials of their fintech initiatives.

Successful applicants can conduct trials without achieving full-compliance of the Hong Kong Monetary Authority's supervisory requirements by involving only a limited number of participating customers.

In addition, it allows fintech firms to gather data and user feedback so that they can make refinements, thereby expediting the launch of new technology products and reducing development cost.

Kazakhstan has also established the Astana International Financial Centre¹³ (AIFC) – a special economic zone. One of the main components of the

AIFC is a financial sandbox where companies can test their new products or business models.

Among the first businesses already up and running in the zone are Eurasia Continental Fintech (ECF) and Global Digital Fintech (GDF), two virtual banks established by Hong Kong businessman Carson Wen.

ECF's goal is to establish itself as a virtual bank that can take deposits, make payments and handle a range of microfinance functions. The business case behind ECF is based on the fact that around half of Kazakhstan's population is unbanked, Wen says. GDF, on the other hand, is working with microfinance firms to collaborate with local businesses such as convenience stores and use them for deposit-taking.



The sandbox has a two year timeframe and we're working with the government to draft the related laws. Fintech has a lot of potential in Asia because it's got a strong business case and is beneficial to economies as well as the masses.



Carson Wen
Chairman
BOA Financial Group

Other measures governments could look at include building Open Data Platforms (ODPs). This could potentially lower the cost of information, computing power as well as data storage, enabling fintech firms to better focus their resources on other strategic priorities such as R&D. They could also explore the

feasibility of setting up a fund dedicated to providing companies with the design, technical support and capital to develop their fintech solutions.

Impact on the workforce

Another concern about the adoption of new technologies surrounds employment. This can be either short-term when existing businesses are disrupted or long-term when technologies cause structural changes within an entire industry. Technologies that promote a cashless society, for example, can reduce demand for frontline retail staff.

Governments looking to promote fintech development should include education and vocational training

as part of their long-term strategy. Authorities will need to work extensively with fintech companies and other relevant industry participants to consider the potential impact new technologies could have on the workforce. Measures that revolves around training or equipping the workforce with the knowledge and tools to navigate the disruptive effects of new technologies need to be established.

12. Fintech Supervisory Sandbox, Hong Kong Monetary Authority, <http://www.hkma.gov.hk/eng/key-functions/international-financial-centre/fintech-supervisory-sandbox.shtml>

13. Astana International Financial Centre, <http://aifc.kz/#common-info>



Viewpoint:

Chong Sing FinTech

The key to the wider adoption of fintech solutions across Asia is for governments to embrace change rather than fear disruption, according to Phang Yew Kiat, Vice Chairman and Chief Executive Officer of Chong Sing Holdings FinTech Group (CSF).

CSF provides online financial services to SMEs, merchants and individuals in Asia through internet and mobile solutions. It principally engages in four business areas - third-party payments, online investments, technology-enabled lending, and traditional loans and financing services.

Traditional loans and financing services were the company's initial focus when it was established in 2003¹⁴. It entered the fintech industry only in 2013 through the acquisition of UCF Pay, a licensed online third-party payment platform.

The company has since transformed into an integrated fintech group, with a series of acquisitions and investments in supply chain financing, online investment, social and gaming platforms, as well as blockchain. CSF has also expanded into southeast Asia in 2017 when it acquired a controlling stake in Amigo Technologies, a third-party payment and financial services technology provider in Vietnam.

In spite of its successful expansion into other parts of Asia, Phang concedes it has not always been easy for the company to enter overseas markets and convince regulators of the long-term benefits of fintech.

"Unfortunately, quite a few regulators that we've spoken to still see fintech as merely about startups and view disruption as an issue rather than an opportunity," Phang says.

"Beliefs like these need to change. I think many countries can learn from China and understand how fintech has not only helped transform financial services, but also accelerated the development of the wider economy."

Phang thinks intergovernmental agencies such as the UN can play a bigger role in the development of fintech in Asia. Based on his experiences, Phang says there are governments and regulators that are interested in establishing a complete fintech ecosystem, but do not have the necessary knowledge or expertise to do so. The UN, for example, can help countries understand the services as well as the underlying technologies that are available and assist in establishing the appropriate legislations.

He acknowledges that fintech's rapid evolution will require rules to be more provisional than those used for traditional banking. In addition, governments should ensure that measures are in place to raise the financial literacy level of its population as many would be encountering financial services for the first time.

"Fintech is allowing a whole new group of incumbents to serve people who had no access to banking previously. This helps nations develop," Phang notes.



Phang Yew Kiat
Vice Chairman and
Chief Executive Officer

14. Chong Sing Holdings FinTech Group Limited, http://www.creditchina.hk/?route=about_3

Viewpoint: Bitspark

Hong Kong-based Bitspark was founded in 2014 by George Harrap and Maxine Ryan to explore ways of using blockchain technologies to help people remit money at a lower cost.

Unlike traditional money transfer companies, Bitspark provides a web-based platform for agents to send money using cryptocurrency for overseas workers, minimising the involvement of intermediaries such as banks. This allows it to provide more affordable services, which the founders believe would be a boost to the region given that many developing economies in Asia rely heavily on remittances.

“Making blockchain-based remittances accessible globally is one of the company’s main objectives,” Ryan explains. “The hope is our work would catalyse financial freedom in the digital age.”

So far, Bitspark has 11 money transfer shops in Hong Kong using its services. Its goal is to increase that amount tenfold by the end of 2018. Its transfer destinations currently include economies such as the Philippines, Indonesia, Nigeria, Ghana, Pakistan and Vietnam.

However, both Harrap and Ryan point out that the company’s strategy towards achieving financial inclusion is not simply about expanding its operations and services to a new country. Instead, they highlight

the importance of building new markets – helping economies establish the required infrastructure, regulations and policies from the ground up.

The company’s latest project has seen it collaborate with the United Nations Development Program (UNDP) mission in Tajikistan to establish a domestic and international money transfer system based on blockchain technologies.

If successful, the system would be a huge boost to Tajikistan given that around half the country’s GDP is supported by remittances. The system, which would facilitate remittances for migrant workers and their families in remote areas via their smartphones, has been undergoing pilot testing since the fourth quarter of 2017. Bitspark is working with local stakeholders on its wide-scale implementation.

“Hopefully our work in Tajikistan will be the first of many more to come,” Harrap says. “We are creating infrastructure to reduce cost, remove risk and increase speed of payments, particularly in developing countries like Tajikistan.”

“If we can achieve these efficiencies then it will improve economic empowerment and result in higher GDP as well as more money in the hands of the people.”



George Harrap
Co-founder



Maxine Ryan
Co-founder

Looking forward

Fintech can play a major role in extending financial services access to those that are unbanked. It can offer existing and new businesses access to additional funding sources, help promote sophisticated financial sectors, and open the way for the development of information technology and data industries. And in the process, it can play a major role in advancing the prospects for economic growth.

However, ensuring that the resulting economic development is sustainable and beneficial to those at the bottom of the social pyramid will require a coordinated effort by multiple stakeholders, among them governments, NGOs, industry bodies and corporates.

On the plus side, the speed with which businesses can roll-out new fintech services paves the way for rapid development. The means already exist for many countries in Asia to improve on their mobile, internet and financial services penetration. It is a matter of getting different stakeholders together in order to make a coordinated push. This is a balance between acting fast and adopting a strategic approach towards an industry that is growing not just in size, but also in complexity.

Governments will need to ensure that new fintech-related financial services do not lead to the emergence of systemic risks. Intergovernmental agencies such as the UN can assist in policy enactment, while governments can learn from the examples of more fintech-advanced economies in the region.

More specific initiatives can be adopted to ensure the success of establishing a fintech ecosystem. This includes creating sandboxes to allow new businesses, products and services to test, grow and prosper in a controlled environment before being introduced to the wider market.

Less apparent, but equally important, is for governments to improve the financial literacy of the masses. Authorities will need to work extensively with stakeholders to consider the potential impact new technologies could have on the workforce.

The next few years will undoubtedly see fintech-related financial services establish themselves in economies across Asia, and talk of wide-scale adoption of fintech solutions will continue. In the longer term, the outcome will be game-changing in many respects.

Thanks to improvements in mobile manufacturing, technologies and infrastructure, it is already possible to envisage fully financially-inclusive societies. As financial networks are extended to Asia's most remote regions, so too will business opportunities and innovations rise.

Establishing rules and institutions to ensure sustainable development will be the responsibility of governments and regulators, aided where necessary by multilateral organisations and development agencies. The biggest winners are likely to be people who, thanks to developments in digital technology, find themselves no longer excluded from the benefits of economic growth.

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BOA Financial Group



About KPMG

KPMG China operates in 17 cities across China, with around 12,000 partners and staff in Beijing, Beijing Zhongguancun, Chengdu, Chongqing, Foshan, Fuzhou, Guangzhou, Hangzhou, Nanjing, Qingdao, Shanghai, Shenyang, Shenzhen, Tianjin, Wuhan, Xiamen, Hong Kong SAR and Macau SAR. With a single management structure across all these offices, KPMG China can deploy experienced professionals efficiently, wherever our client is located.

KPMG International is a global network of professional services firms providing Audit, Tax and Advisory services. We operate in 154 countries and territories and have 200,000 people working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. Each KPMG firm is a legally distinct and separate entity and describes itself as such.

In 1992, KPMG became the first international accounting network to be granted a joint venture licence in mainland China. KPMG China was also the first among the Big Four in mainland China to convert from a joint venture to a special general partnership, as of 1 August 2012. Additionally, the Hong Kong office can trace its origins to 1945. This early commitment to the China market, together with an unwavering focus on quality, has been the foundation for accumulated industry experience, and is reflected in the Chinese member firm's appointment by some of China's most prestigious companies.

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About Cyberport

Cyberport is an innovative digital community with over 1,000 technology companies. It is managed by Hong Kong Cyberport Management Company Limited, which is wholly owned by the Hong Kong SAR Government. With the vision to become a main force in developing the digital tech industry as a key economic driver of Hong Kong, Cyberport is committed to nurturing youth, start-ups and entrepreneurs to grow in the digital industry by connecting them to strategic partners and investors, driving collaboration with local and international business partners to create new opportunities, and accelerating digital adoption amongst corporates and SMEs.

Cyberport focuses on building key clusters of digital tech, namely FinTech, Big Data/ AI, e-commerce and IoT/Wearables, to foster the development of Hong Kong into a "Smart City". With a committed team of professionals providing all rounded value added services to support our digital community and an array of state-of-the-art tech facilities, Cyberport is the flagship for Hong Kong's digital tech industry.

For more information, please visit www.cyberport.hk.

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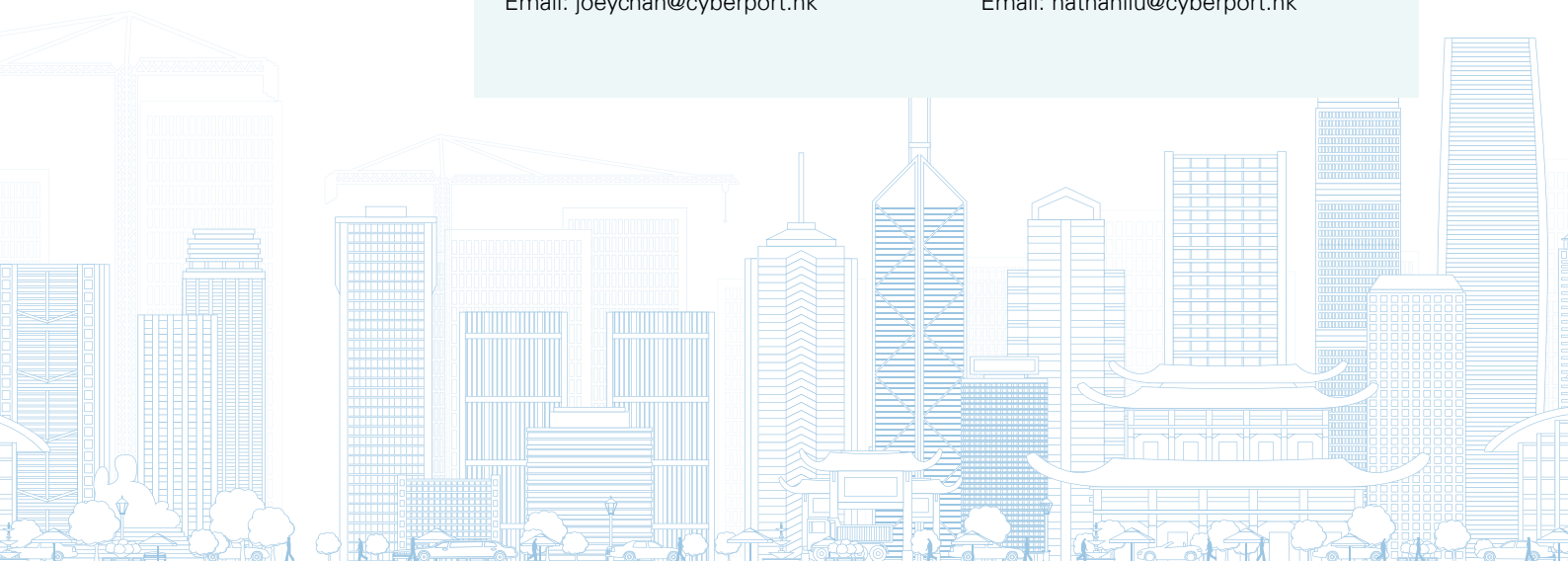
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kpmg.com/cn/socialmedia



For a list of KPMG China offices, please scan the QR code or visit our website:
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