



# Riding the Wave: Exploring the Fintech Frontier



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KPMG in Taiwan

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# Riding the Wave: Exploring the Fintech Frontier

## Introduction

Fintech has swiftly risen to become a key focus of innovation, fundamentally reshaping the global financial ecosystem, and playing an indispensable role in our daily lives. The global fintech industry has been steadily growing, with Asia standing out as a particularly dynamic region. Considering this, KPMG Taiwan collaborated with the Asia Fintech Alliance (AFA) to conduct a comprehensive survey across multiple Asian countries. This study explores five critical dimensions: Product and Service, Technology, Partnership, Talent, and Regulatory and Governmental Resources.

In the dimension of Product and Service, the focus is on how innovative fintech products and services are shaping markets, and the organizational goals and strategies of fintech companies. The Technology dimension delves into fintech companies' attitudes and perspectives on new technologies, particularly how AI and blockchain are driving transformative changes. The Partnership dimension emphasizes the necessity of collaboration and its role in driving innovation. The Talent dimension examines the demand for both technical expertise and soft skills in the fintech sector, as well as the challenges in talent acquisition. Lastly, the Regulatory and Governmental Resources dimension highlights fintech players' views on regulations and how they leverage

government resources to drive growth.

By combining KPMG's expertise in fintech innovation with AFA's cross-border industry experience and connections, this report aims to provide profound insights into the fintech landscape in Asia. The objective of this report is to offer new perspectives and directions for the Asian fintech industry, fostering progress and development. We hope this report will serve as a vital reference for industry professionals, governments, and academia, contributing to the advancement of Asia's fintech industry on the global stage.



**Dannie Lee**

Head of Financial Services,  
Head of Insurance  
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**Wayne Lai**

Chief Digital Officer  
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### About KPMG International

KPMG firms operate in 143 countries and territories, and in FY23, collectively employed more than 270,000 partners and people, serving the needs of business, governments, public-sector agencies, not-for-profits and through KPMG firms' audit and assurance practices, the capital markets. KPMG is committed to quality and service excellence in all that we do, bringing our best to clients and earning the public's trust through our actions and behaviors both professionally and personally.

### About KPMG Taiwan

KPMG in Taiwan operates in 5 offices across Taiwan, with around 2,500 partners and staff in Taipei, Hsinchu, Taichung, Tainan and Kaohsiung.

With a single management structure across all these offices, KPMG in Taiwan can deploy experienced professionals efficiently, wherever our client is located.

### KPMG in Taiwan entities operate as

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### About KPMG Advisory Services Co., Ltd.

KPMG Advisory Services Co., Ltd. is one of KPMG's subsidiary organizations under the jurisdiction of Taiwan. KPMG Advisory has been deeply involved in digital development issues for a long time, assisting enterprises to solve the dilemma of digital transformation. By integrating international resources and connecting with local areas, KPMG provides digital development strategies and transformation plans to create new momentum for business. KPMG Advisory aims at being the all-round leader of digital transformation in Taiwan, providing services including digital channel management, product and service strategic planning, customer experience strategy, enterprise operation model design, and innovative technology applications, etc.

## Participant



Asia FinTech Alliance (AFA) is an independent, non-profit, member-driven, and collaborative organization igniting FinTech excellence and shaping the future of finance across Asia. Jointly initiated and launched in 2023 by prominent FinTech associations of ten Asian economies, including Hong Kong, Indonesia, Japan, Malaysia, Mongolia, Philippines, Singapore, South Korea, Taiwan, and Thailand. Since then, additional members from

Cambodia, India, Nepal, and Vietnam joined, bringing the total to 14 member associations. AFA aims to foster further financial innovations with new technologies, enhance the growth of FinTech ecosystem, and facilitate the development of a supportive regulatory environment in Asia and beyond. Through this collaborative platform, AFA strives to enhance the FinTech landscape in Asia as a unified entity.

## Recommendation



**Jaclyn Tsai**

Honorary Chairwoman of Taiwan FinTech Association (TFTA) &  
Chairperson of Asia FinTech Alliance (AFA)

In today's rapidly advancing digital era, FinTech has evolved from a mere trend into a fundamental driver of global economic growth and innovation. This is especially true in Asia, where the rise of FinTech has not only disrupted traditional financial service models, but has also spurred transformative upgrades across the entire industry. As businesses increasingly embrace FinTech innovations to enhance operational efficiency and improve customer experiences, it is crucial to stay informed about the latest trends and challenges in this field.

To explore this dynamic market further, Asia Fintech Alliance (AFA) has partnered with KPMG to launch the "Riding the Waves: Exploring the Frontiers of Fintech" survey, which collects insights from companies

across 14 Asian countries. This survey focuses on five key aspects: products and services, technology, partnerships, talent, and regulatory and governmental resources.

These dimensions will reveal the current landscape of Fintech development and shed light on how companies are leveraging innovative technologies to tackle challenges and seize new opportunities. The survey results will help us create a comprehensive picture of the present and future of Fintech in Asia with invaluable insights and facilitate a deeper analysis of Fintech development. We sincerely thank KPMG for this partnership and look forward to continue this collaboration and the launch of this whitepaper "Riding the Wave: Exploring the FinTech Frontier".

## Editor's Preface



**Wayne Lai**

Chief Digital Officer  
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Fintech has become a major driver of financial development, playing an increasingly crucial role in the global financial system. Its various applications include accelerating digital transformation and leveraging technologies like big data, blockchain, and APIs to enhance service efficiency and customer experience. The productivity revolution brought by artificial intelligence has had a particularly significant impact in the financial sector, with applications ranging from robo-advisors and automated trading to risk management and fraud detection. These advancements have greatly improved organizational operational efficiency.

Of course, beyond technological evolution, factors such as market trends, regulatory environments, talent demands, and ecosystem partnerships also significantly influence the fintech sector. Amid this complex interplay of factors, this report aims to

capture the fintech pulse in the Asia-Pacific region, identifying and exploring the major trends that will shape the future of the region.

This marks KPMG Taiwan's first report with a primary focus on the Asia-Pacific region, exploring the potential future of fintech. We believe this report will offer valuable insights to help businesses and institutions better navigate future challenges and opportunities. We also extend our sincere gratitude to the Asia Fintech Alliance for their collaboration and substantial support, particularly in data collection and cross-border coordination, which have enriched the report's comprehensiveness.

Looking ahead, we anticipate that fintech will continue to drive industry innovation, promote sustainable development, and bring further transformation and progress to the Asia-Pacific financial ecosystem.



# Overview of Fintech in Asia

Driven by policy support and market demand, Asia's fintech industry is flourishing, rapidly becoming a global hub for fintech innovation and investment.

Asia is a vast region, accounting for over one-third of the world's GDP and housing more than half of the global population. Its influence spans across economics, industry, technology, and culture, and its role in fintech is no exception. According to Dealroom.co<sup>1</sup>, a leading global startup and tech ecosystem data platform, five of the top ten countries for fintech investment in 2023 were in Asia. This underscores the proactive and strategic role that Asian governments play in advancing fintech development.

Fintech, a portmanteau of "Finance" and "Technology," has become a major trend, especially as the COVID-19 pandemic accelerated the pace of digital transformation in finance. The surge in demand for contactless services during the pandemic pushed financial institutions to embrace digital solutions, heightening the significance of fintech. In this era of digital finance, institutions are leveraging emerging technologies to automate services, improve efficiency, and enhance user experience. For consumers and financial institutions alike, fintech offers substantial benefits. Consumers gain access to convenient and efficient services, while financial institutions can lower operating costs, optimize resources, and increase operational efficiency.

Investment in fintech has reached new heights globally and in the Asia-Pacific region over the past three years. According to KPMG's Pulse of Fintech report<sup>2</sup>, global investment in fintech surged from \$123.3 billion in 2020 to a record high of \$225.8 billion in 2021. Although this figure dipped in subsequent years, it remained above \$100 billion annually. In the Asia-Pacific region, fintech investment more than quadrupled from \$11.2 billion in 2020 to \$51.3 billion in 2022. Despite facing some headwinds in 2023, investments still exceeded \$10 billion, reflecting the sector's resilience.

The transition toward digital financial services has become an irreversible trend, and the number of fintech companies has surged as a result.

According to Statista<sup>3</sup>, there were over 12,000 fintech companies worldwide in 2018, with about 2,860 based in Asia. By 2024, the global count had soared to more than 29,000, while Asia's fintech ecosystem doubled to 5,880 companies. This sharp growth signifies a robust demand for fintech solutions. Consequently, the transaction volume of fintech-related markets is poised for continuous expansion. Statista's data<sup>4</sup> reveals that global fintech transaction volume grew from \$4.8 trillion in 2018 to \$17.5 trillion in 2024, with projections reaching \$26.4 trillion by 2028—an average annual growth rate of 18% over ten years. In Asia, this volume expanded from \$2 trillion in 2018 to \$6 trillion in 2024, with expectations to reach \$8.6 trillion by 2028, boasting a compound annual growth rate (CAGR) of over 15%.



As fintech evolves through its integration with emerging technologies, key innovations like APIs, big data, blockchain, cloud computing, and artificial intelligence (AI) are driving the sector forward. Big data enables precise customer segmentation and credit risk assessment. Blockchain's immutability enhances security and reduces fraud risks. Meanwhile, cloud computing and AI are poised to play pivotal roles in the coming years, enabling efficient data processing, enhancing decision-making, and improving user experience. Popular applications such as mobile payments, embedded finance, and intelligent customer service have

1.Fintech, Dealroom.co, <https://dealroom.co/guides/fintech-guide>

2.Pulse of Fintech H2'23, KPMG, 2024/2, <https://kpmg.com/tw/zh/home/industries/financial-services/pulse-of-fintech.html>

3.Number of fintechs worldwide from 2018 to 2024 by region, Statista, <https://www.statista.com/statistics/893954/number-fintech-startups-by-region/>

4.Transaction value of fintech industry worldwide from 2017 to 2023 with a forecast until 2028 by region, Statista, <https://www.statista.com/statistics/1384102/estimated-global-fintech-transaction-value-by-region/>

already become integral parts of daily life, revolutionizing how financial services are delivered.

According to KPMG's Pulse of Fintech<sup>5,6</sup>, the pandemic in 2020 spurred demand for contactless payment solutions, positioning payments as a leading fintech segment. Insurtech and regtech also showed strong growth, while embedded finance emerged as a rising star. By 2023, as life returned to normalcy post-pandemic, payments remained the most prominent fintech segment, and the focus shifted to regtech and ESG/green tech solutions. AI has also become a central theme. In the Asia-Pacific region, AI presents vast opportunities across payments, insurance, and wealth management, making it a top investment focus. Fintech-driven enhancements to financial activities are of particular interest to Asian companies.

Among the top ten countries for fintech investment in 2023, five were in Asia, including India, South Korea, Indonesia, and Singapore. These countries rank among the top ten in Asia by World Bank Group GDP ranking<sup>7</sup>. India, the region's third-largest economy, has seen surging demand for digital financial solutions, prompting significant investments in fintech. Digital payments and

lending solutions are thriving, with AI gaining traction as a key area of focus. South Korea has integrated fintech into its 24 strategic development sectors<sup>8</sup>, increasing government financial support. With fintech adoption rates exceeding 70%, the market holds significant expansion potential. Indonesia, the largest economy in Southeast Asia, has witnessed rapid growth in its fintech market<sup>9</sup>. The development of data centers has laid a solid foundation for its digital economy, with AI expected to play a critical role in the future. Singapore, one of Asia's financial hubs, has entered a phase of scaled fintech growth<sup>10</sup>. Over 700 fintech companies operate locally, with payments, AI, and regtech identified as key focus areas.

As technology advances, fintech has become a cornerstone of modern finance, reshaping financial services and personal financial management through its innovation and efficiency. In Asia—a region of considerable global significance—fintech thrives under the dual forces of government support and growing demand. This ensures that Asia will remain a crucial driver of global fintech development in the years to come.



5. Pulse of Fintech H2'21, KPMG, 2022/1, <https://kpmg.com/tw/zh/home/campaigns/2022/08/pulse-of-fintech-h2-2021.html>

6. Pulse of Fintech H2'23, KPMG, 2024/2, <https://kpmg.com/tw/zh/home/industries/financial-services/pulse-of-fintech.html>

7. GDP ranking, World Bank Group, 2024/6/30, <https://datacatalog.worldbank.org/search/dataset/0038130>

8. South Korea's Startup Boom: The Promising Fintech Industry, 2023/12/15, <https://research.hktdc.com/tc/article/MTU1MjE1MTE1Mg>

9. 2024 Indonesia Fintech Report (Part 1): Current Status and Challenges, CSDN, 2024/9/9, <https://blog.csdn.net/Jrchbxt2013/article/details/142053674>

10. 2023 Singapore Fintech Report, UDF, 2024/1/3, <https://www.udf.space.com/article/5424129251668897.html>



# Key Trends

Asian fintech companies have begun to actively address the rapid changes in the market, user expectations, and regulatory environment, approaching these challenges in a more pragmatic manner. Given the current regulatory uncertainty in the overall Asian market, fintech companies need to adapt flexibly to different national regulatory frameworks while meeting consumer expectations for digital and innovative services. It is evident that the Asian market will see more cross-border operational opportunities and the widespread application of technologies such as AI and Web3 in the future, driving continuous innovation and development in the fintech industry.

## Executive Summary

The journey of navigating the financial technology frontier signifies not only technological innovation and business model breakthroughs but also the boundless possibilities of the Asian market. This report reveals the key trends driving the development of Asia's Fintech industry. Fintech companies in Asia have begun actively adapting to rapid changes in markets, user expectations, and regulatory environments, continuously responding to dynamic external demands. Moreover, the extensive adoption of technologies like AI and Web3 is propelling a profound and swift transformation of the industry.

In the current Asian market environment, Fintech companies face two major challenges and three significant opportunities, showcasing the evolving landscape of this sector as it seeks growth amid uncertainties. The first challenge is the reduced availability of capital, which has made fundraising more difficult, forcing Fintech companies to rely on internal resources to achieve their expansion and profitability goals. Secondly, the increasingly stringent regulatory landscape in the region requires companies to proactively address compliance challenges and collaborate with regulators across

jurisdictions to ensure sustainable development within regulatory frameworks. These challenges underscore the resilience of Fintech firms striving to thrive in a volatile market.

At the same time, three significant growth opportunities lie within the market. First, the widespread adoption of generative AI technology is unleashing greater innovation potential, prompting firms to explore AI applications and achieve breakthroughs in areas such as risk management and customer experience. Second, strategic partnerships have become a critical driver for market expansion, enabling Fintech companies to accelerate technology integration and broaden service offerings by collaborating with external businesses and technology providers. Finally, there is a growing demand for strategic and creative talent in Asia's Fintech sector. By recruiting professionals with strategic vision and innovative capabilities, Fintech firms have the potential to maintain a competitive edge in a rapidly changing environment. These opportunities collectively propel the positive transformation of Asia's Fintech industry, positioning it to overcome challenges and seize opportunities to navigate the global stage.

Trend

1

### Focus on User Growth and Profitability Amid Market Challenges

Facing economic uncertainties, Fintech investment in Asia has slowed, with total funding decreasing compared to previous years. As fundraising becomes more challenging, Fintech firms are compelled to rely on their own capabilities to sustain and grow their operations. This reality has shifted operational priorities toward "Grow user base (63%)" and "Increase profit (57%)."

Most Fintech companies in Asia prioritize rapid expansion by focusing on growing their user base to establish a strong market presence. Simultaneously, firms aim to enhance revenue from existing customers, ensuring sustainable growth by reinvesting resources into long-term development. This strategic focus enables Fintech companies to stand out in an intensely competitive market.

Trend

2

### Exploring the Potential of AI Across Fintech Domains

Artificial intelligence, Web3, and XaaS cloud services are the top three technologies driving Fintech innovation. Among them, AI is the dominant focus for Fintech companies this year (82%), far surpassing Web3 and XaaS. Beyond eye-catching applications, Fintech firms are striving to develop more pragmatic solutions.

80% of companies believe that generative AI will significantly enhance corporate efficiency and productivity by automating repetitive tasks, minimizing wasted human resources, and streamlining workflows. However, 30% of companies remain neutral about AI investments, highlighting concerns over regulatory and risk considerations that must be addressed as Fintech firms integrate AI into their operations.

Trend

3

## Expanding Strategic Partnerships as a Key Growth Objective

Survey results show that 80% of Fintech companies consider establishing partnerships as a critical operational goal, encompassing collaborations in product services and marketing channels. Diversified partnerships allow Fintech firms to acquire essential external technologies and innovative resources, share risks with partners, and foster positive interactions with regulatory authorities to enhance overall competitiveness.

Furthermore, partnerships with entities that have an established presence in target markets can help Fintech firms navigate local legal and market environments, facilitating quicker entry into new markets. Partner selection will be a key driver of business growth and long-term success for Fintech firms.

Trend

4

## Strategic Thinking and Creativity Innovation as Key Soft Skills for Future Fintech Talent

The demand for emerging technology and innovative thinking talent in Fintech continues to grow. Future Fintech professionals need not only technical expertise in areas like AI, risk management, and data analytics but also essential soft skills such as strategic thinking, creativity and innovation, and collaboration.

Strategic thinking, creativity and innovation are crucial for Fintech firms to formulate long-term growth strategies from a holistic perspective, enabling them to navigate market uncertainties effectively. However, Fintech companies also face intense competition for digital and AI talent. With such talent becoming a highly sought-after and scarce resource, Fintech firms must compete with traditional financial institutions and tech companies (61%) and offer competitive salary packages (44%), posing two key challenges in talent acquisition.

Trend

5

## Proactive Adaptation to Evolving Regulatory Environments

The regulatory landscape for Fintech in Asia is still maturing, with regulators imposing increasingly stringent risk controls and compliance requirements. Fintech companies face the challenge of balancing innovation and compliance to remain competitive. To thrive, firms must adapt to complex regulatory frameworks and actively engage with regulators.

Government resources and support have also profoundly impacted Fintech innovation and business expansion, ranging from regulatory sandboxes and policy incentives to assistance with cross-border market expansion. These measures can help Fintech firms adapt more quickly to the regulatory environment.



# Product & Service

This section explores how innovative fintech products and services shape the future market. By delving into emerging trends in fintech, we aim to understand how companies align their organizational goals with future developments and examine the evolving landscape of financial services.

The fintech industry is undergoing a transformation driven by innovative products and services. With digital technologies such as AI and cloud computing permeating the sector, the rapid development of emerging solutions like digital assets, Central Bank Digital Currencies (CBDCs), and embedded finance is redefining how financial services are delivered and reshaping market dynamics.

### Local Operators See Promise in Digital Assets, CBDCs, and Embedded Finance

AFA member associations from various countries highlighted the transformative potential of digital assets and cryptocurrencies. For instance, decentralized trading systems, stablecoin settlement, and the tokenization of Real-World Assets (RWAs) are gaining traction as key focus areas for governments and fintech companies. Additionally, AFA members expressed optimism about the implementation of CBDCs, emphasizing that their success hinges on robust policies and infrastructure, as well as technological innovations and market promotion by fintech firms.

Simultaneously, embedded finance seamlessly integrates into consumers' digital lives, making digital platforms a vital conduit for financial services. Through 24/7 accessibility, user-friendly interfaces, and personalized offerings, these services enhance user experiences. This wave of innovation not

only opens new market opportunities for fintech companies but also compels the financial industry to adapt strategies and explore more agile and forward-thinking business models to maintain global competitiveness.

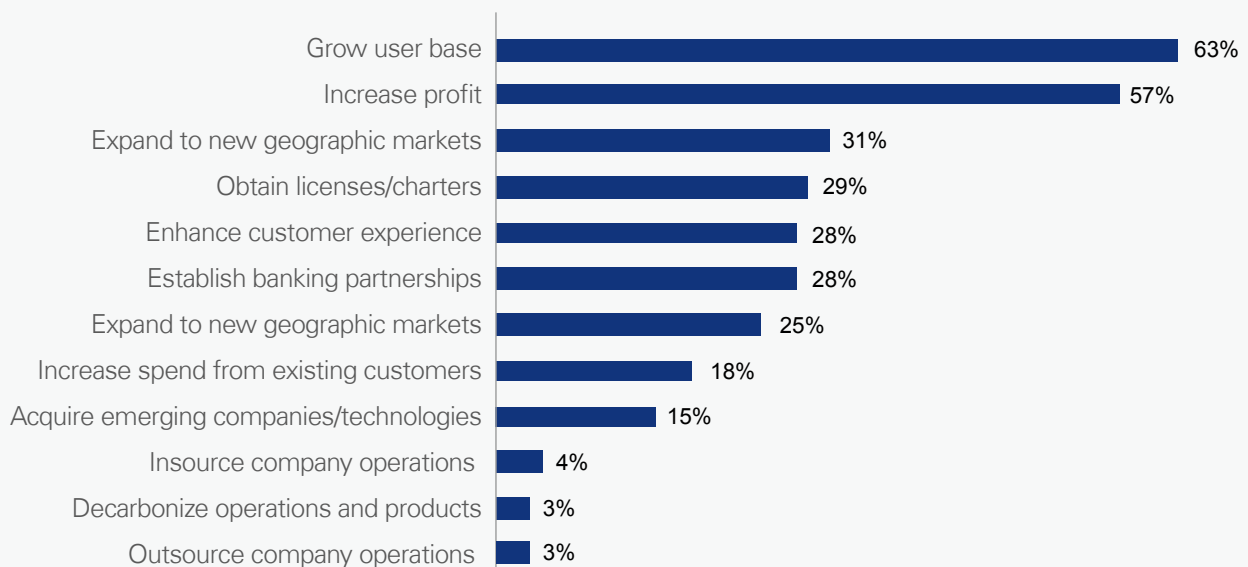
### Customer Acquisition and Profitability: Key Pillars for Market Stability

According to the survey results, fintech companies primarily focus on growing user base (63%) and increasing profit (57%). These findings underscore the industry's challenge of balancing innovation with attracting more users to experience their products and services, thereby boosting operational profits. Expanding the user base is crucial for fintech companies to thrive, as it drives market share growth and unlocks new revenue streams. Meanwhile, improving profitability directly enhances competitiveness and ensures stable financial performance.

Beyond their primary objectives, fintech companies also prioritize secondary goals, including expanding to new geographic markets (31%), obtaining licenses/charters (29%), establishing banking partnerships (28%), and enhancing customer experience (28%). These initiatives are designed to support core business growth and achieve sustainable development.

### Organization's top strategic goals

- % of companies consider this among the organization's top strategic goals(select up to 3 options)



## Expanding Strategic Partnerships Tops Future Action Plans

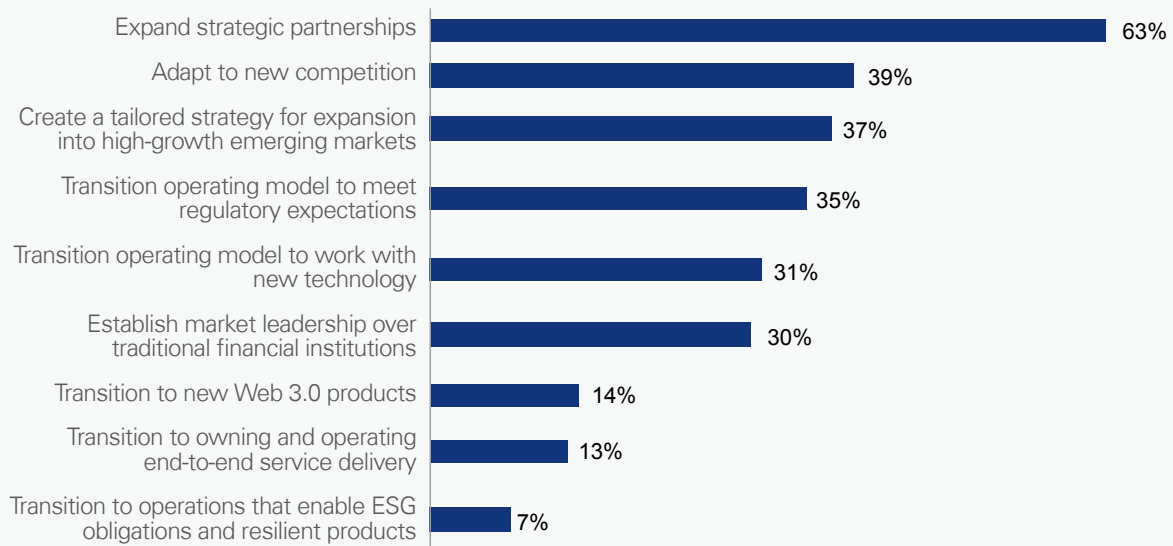
Survey data indicate that the top action fintech companies plan to take over the next three years is expanding strategic partnerships (63%). These partnerships, whether in products, services, or marketing channels, enable companies to share technology and innovation resources, expand internationally, mitigate risks, and gain government policy support—key factors for growth-stage fintech companies.

Additionally, "adapting to new competition" (39%)

and "creating a tailored strategy for expansion into high-growth emerging markets" (37%) are considered important actions. As competition intensifies, fintech companies must respond flexibly to new entrants, government-backed initiatives, and foreign competitors. Targeting high-growth emerging markets allows firms to seize new opportunities and drive business growth. Operational model transformation to meet regulatory expectations and adapt to new technologies is also crucial for maintaining compliance and staying ahead in areas such as blockchain and AI.

### Fintech Company's Primary Actions for Addressing Industry Changes Over the Next Three Years

- % of companies consider this one of the top primary actions for addressing fintech industry changes over the next three years(select up to 3 options)



## APAC Fintech Focus: Meeting Digital Natives' Needs and Exploring Financial Scenes

Fintech companies are exploring new ways to create value for customers and overcome market competition barriers to achieve profitability. Innovations like Banking-as-a-Service (BaaS), which leverage APIs to bypass traditional financial channels, are injecting new vitality into the fintech space.

KPMG survey results show that 36% of respondents identified "Millennials' and Gen-Zers' preference for digitally focused consumer brands for financial services products" as a key driver for

fintech companies. This highlights the growing expectations of digital natives for embedded financial services. These young consumers favor seamless, digital financial products, prompting fintech companies to focus on integrating digital platforms and ecosystems. This aligns with current trends where digital financial services are embedded in consumers' daily lives and digital experiences.

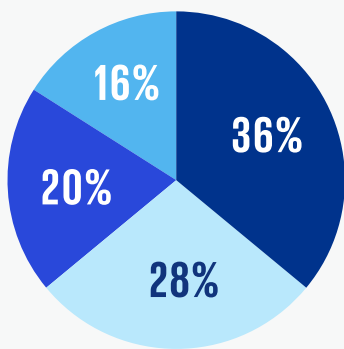
Furthermore, 28% of respondents believe "Financial service products seamlessly embedded in digital consumer platforms" is a critical factor driving this trend. Embedded finance seeks various usage scenarios, seamlessly integrating financial products into digital consumer platforms to enhance user

experience and strengthen the connection between digital financial services and consumer scenes.

Additionally, 20% of respondents pointed to "Fintechs designing business models around partnerships to deliver services" as a key driver, indicating that fintech companies are increasingly partnering with large tech firms to embed their products across platforms and ecosystems, reducing reliance on traditional financial institutions. Such strategies enable fintech firms to use API integration to swiftly enter markets, enhancing flexibility and diversity.

### Factors Influencing the Shift Towards Product Delivery Bypassing Traditional Financial Services

- % of companies consider this the factor for this trend



- Millennials' and Gen-Zers' preference for digitally focused consumer brands for financial services products
- Financial service products seamlessly embedded in digital consumer platforms
- Fintechs designing business models around partnerships to deliver services
- Others

Note: Totals may exceed 100% due to rounding

### CBDC Success Hinges on Policy and Infrastructure Development

Survey results show that the success of CBDCs depends on the development of new financial market infrastructures, policies, and interoperability environments. More than half of respondents (56%) identified this as the most critical factor, reflecting concerns about the integration and adaptability of CBDCs within existing financial market structures. As digital assets spearheaded by central banks, CBDC initiatives require solid policy guidance. Effective policy frameworks and infrastructure are foundational for their implementation.



In 2023, the Monetary Authority of Singapore (MAS) partnered with KPMG, Microsoft, and other organizations to launch Gprnt.ai, a platform integrating ESG data collection, calculation, and management using blockchain technology. Leveraging AIoT sensors and smart devices, the platform automates data processes, improving efficiency. Through Singapore's digital ID, Singpass, and Myinfo business integration, companies can connect accounting software and payment functions, transmitting data via APIs to Gprnt.ai for sustainability metric calculations. This helps businesses reduce the cost of sustainability reporting.

**56%**

of fintech companies say New financial market infrastructure, policies, and interoperable environments for CBDCs is most crucial

Moreover, 17% of respondents believe that new commercial services and products based on CBDCs will drive their adoption, with fintech companies playing a vital role in the CBDC ecosystem. However, such innovations must comply with central bank policies to ensure legality and compliance.

**17%**

of fintech companies say New business services and products based on CBDCs is most crucial

Lastly, 15% of respondents emphasized the scalability potential of CBDCs with the support of fintech companies, particularly in international markets. Fintech firms' technical capabilities and market agility could help CBDCs expand globally,

especially in cross-border payments and digital asset management. However, challenges such as international policy coordination and unified technical standards remain. The successful implementation of CBDCs requires gradual progress and close collaboration among central banks, fintech companies, and other market participants.



### Digital Assets Becoming More Popular: User Education and Service Optimization as the Next Frontier

The competition in the digital asset sector of fintech is intensifying, particularly with the rise of emerging digital assets such as cryptocurrencies, which are changing the way financial services are delivered. The survey results indicate that 35% of respondents believe "Increased education and awareness of digital assets driving adoption of fintech products with cryptocurrencies and NFTs" is a key factor in driving the popularization of cryptocurrencies and non-fungible tokens (NFTs). As the public's understanding of digital assets deepens, more consumers will be willing to adopt and use these products. Fintech companies need to invest in market education and brand promotion to increase public trust and acceptance of digital assets, solidifying their market position.

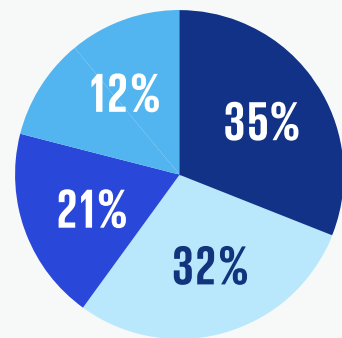
Furthermore, 32% of respondents point out that "Reduced complexity and barriers to entry for on-chain/Web 3.0 products" is another major factor

driving this trend. This reflects that, despite the great potential of digital assets, the technological barriers and understanding difficulties remain a major obstacle to their adoption. Therefore, simplifying the usage process, lowering technological entry barriers, and improving user experience will give companies a competitive advantage in this space.

As cryptocurrencies and NFTs become more popular, increased consumer investment in digital assets (21%) is attracting attention from industry players. This trend offers fintech companies opportunities to develop new products and services, especially in the areas of investment management and asset allocation.

### Factors Impacting the Emergence of B2C Digital Assets in Fintech

- % of companies consider this the factor for this trend



- Increased education and awareness of digital assets driving adoption of fintech products with cryptocurrencies and NFTs
- Reduced complexity and barriers to entry for on-chain/Web 3.0 products
- Increased consumer investment in digital assets
- Others

Note: Totals may exceed 100% due to rounding

“

**Fintechs must understand their unit economics, ensuring that the cost of acquiring, serving, and retaining customers is aligned with revenue generated per customer.**

”

KPMG 《Financial services in a connected ecosystem-The Future of Fintech》 report · 2023



# Technology

Technology is one of the fundamental core drivers propelling Fintech forward. This section explores forthcoming technological advancements and the current AI boom. From artificial intelligence and machine learning to blockchain innovations and other technologies, we aim to understand how Fintech companies plan to harness these tools to enhance their products, improve operational efficiency, and maintain a competitive edge in the rapidly evolving Fintech landscape.

Technology is a critical factor driving the continuous growth of modern Fintech. With rapid technological advancements and the overall market’s high demand for artificial intelligence, the integration of technology within the financial sector is becoming increasingly important. Traditional financial institutions are embracing technological transformation, while numerous startups are entering the field, leveraging technological services and innovative business models to meet consumer demands and launch new types of financial products more quickly.

### Technology as a Catalyst for Achieving Core Business Objectives

As noted in the previous chapter, Fintech companies focus on two core business objectives: growing user base and increasing profit. Innovative technologies serve as key drivers for achieving

these goals. Through technology-driven innovation, Fintech companies can optimize user experiences, improve the convenience and efficiency of their services to expand their user base. Additionally, technology enables firms to analyze user needs more precisely, allowing them to tailor personalized products and services, enhance user retention, and drive sustained growth.

On the other hand, technological advancements help Fintech companies streamline operations, reduce costs, and make data-driven decisions that enhance business efficiency, ultimately boosting revenues. For example, automated data processing and intelligent risk management can improve processing speed and reduce operational risks, laying a strong foundation for achieving greater profitability and maintaining steady performance in a highly competitive market.

## Driving Business Growth and Expanding Market Influence Through Technological Innovation

### Technologies open new opportunities for Fintech companies

-% of companies identifying benefits from technologies, up to 3 selections

#### Launching new products/and comprehensive services (49%)

As Fintech rapidly evolves, introducing new products and integrated services is a key strategy for maintaining a competitive edge. Technological innovation allows companies to develop and launch financial products quickly, meeting the growing market demand for digital financial services.

#### Enabling new partnerships (44%)

Establishing partnerships with financial institutions or tech companies helps expand market influence and customer bases. Moreover, leveraging technology to achieve system interoperability fosters the creation of additional business opportunities.

#### Designing better user experience journeys (42%)

Enhancing user experiences is a crucial strategy for attracting and retaining customers. Technological innovation enables companies to deliver more intuitive and seamless user experiences, boosting customer satisfaction and lifetime value. Improved user journeys can also enhance conversion rates and reduce churn.

#### Adding features to existing products (38%)

Continuous innovation and upgrades of existing products help maintain competitiveness, increase user satisfaction and engagement, and ensure loyalty among current users.

#### Improving processes across the business (38%)

Streamlining business processes not only reduces operational costs but also improves service quality and efficiency, contributing to higher revenue and profitability.

#### Unlocking more value/insight from data (34%)

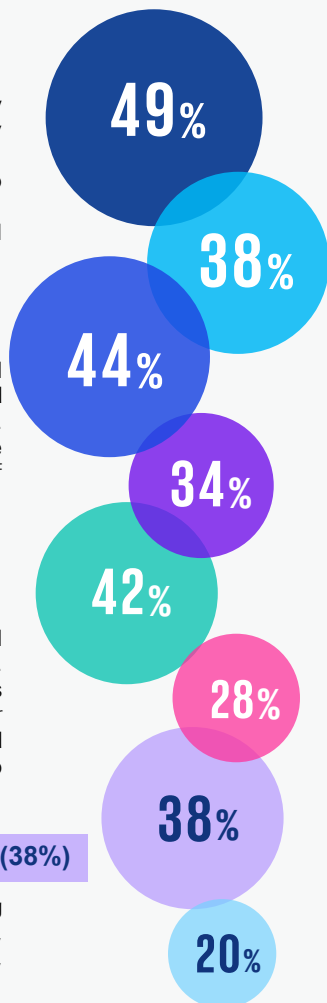
By employing advanced technologies for data mining and analysis, companies can better understand customer behaviors and needs. These insights inform product design, marketing strategies, and personalized services.

#### Enhancing cyber threat detection and management (28%)

Although the direct impact on business goals might seem less significant compared to other areas, robust cybersecurity measures are crucial for protecting customer data, maintaining brand reputation, and preventing potential losses, ensuring long-term operational stability.

#### Providing new upsell/cross sell opportunities (20%)

While this area is less emphasized than launching new products or enhancing user experiences, it remains a vital avenue for increasing profitability, particularly in mature markets where maximizing revenue per customer is key.



## AI, Web3, and XaaS Cloud Services: Three Key Drivers of Fintech Innovation in Asia



### AI as a key enabler of Fintech innovation

Recent advancements in generative AI highlight its immense potential to address critical business challenges. Fintech companies are leveraging generative AI tools to process structured and unstructured data, creating real-time insights that boost product innovation. Additionally, AI enhances risk assessment and decision-making for lending products and helps wealth management platforms better understand customers' financial situations, delivering tailored advice.



### The emergence of Web3 and decentralized finance (DeFi) reshaping the Fintech landscape

Decentralized products based on blockchain technology and Web 3.0 principles eliminate intermediaries in traditional finance. This provides individuals and businesses with more flexible financial tools while granting users greater control over their data. Additionally, the rise of digital assets forces Fintech companies to rethink their data strategies. Unlike traditional centralized systems, DeFi changes data collection paradigms, improving transparency and user ownership. Furthermore, DeFi introduces new data types and risks to the financial ecosystem. To address these challenges, companies are forming alliances with partners to overcome data collection issues stemming from decentralization. Over the next 5-10 years, Fintech companies will need to adapt their operations to evolving technologies like blockchain and AI.

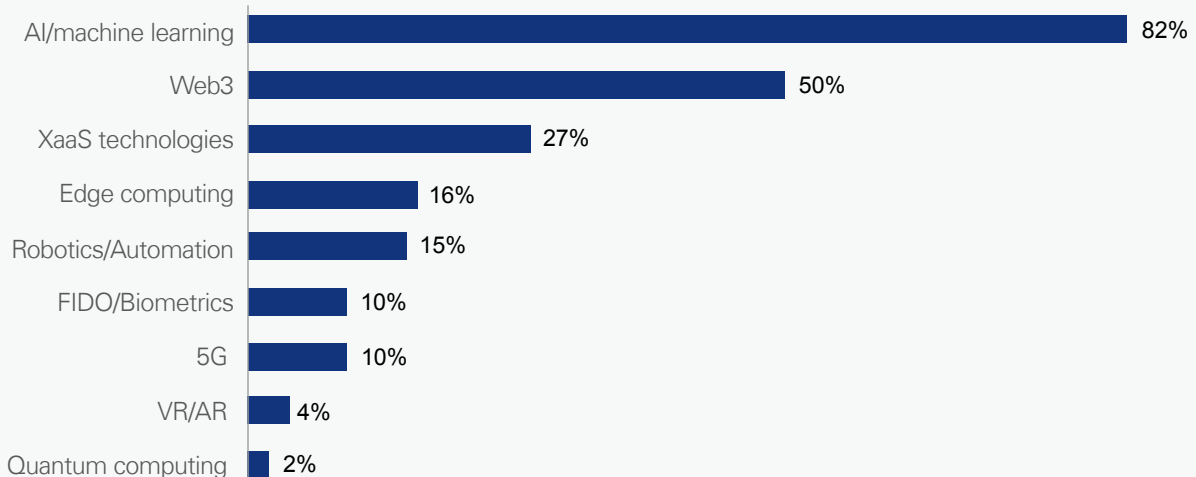


### XaaS (Everything-as-a-Service) driving digital transformation in financial services

Cloud technology offers exceptional scalability and cost-efficiency while supporting innovative business models for Fintech companies. Today, many Fintech firms are adopting "as-a-service" models, enabling clients to purchase products on-demand while offering flexible self-service and payment options. However, according to an IBM report<sup>11</sup>, 80% of financial institutions remain in the early stages of cloud transformation, highlighting significant opportunities for migration and innovation that could drive future growth.

## Technologies Most Important for Achieving Short-Term(0-3years) Business Ambitions

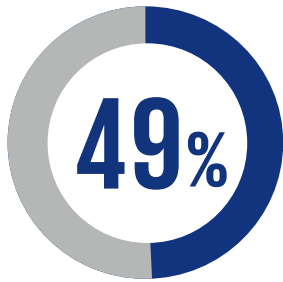
- % of companies consider this the most important technology for achieving short-term ambitions (select up to 3 options)



11. Newsroom, IBM <https://newsroom.ibm.com/Nearly-80-of-Banks-Globally-Remain-in-Nascent-Stages-of-Their-Hybrid-Cloud-Adoption>

### Nearly half of companies hold high expectations for generative AI

According to the survey results, 49% of respondents view generative AI as a top or high-priority investment for their organizations. The primary reason for this optimism lies in the transformative potential of generative AI, which not only improves operational efficiency but also helps drive digital transformation. Compared to KPMG's Global Generative AI Survey<sup>12</sup>, where 77% of executives globally believe generative AI is the technology with the most significant potential impact on their businesses, Asia's trend aligns closely with global patterns. However, it is noteworthy that 30% of respondents in Asia remain neutral or cautious about investing in generative AI. This reflects the uncertainty surrounding its practical applications and its future direction.



of Fintech companies state that generative AI is a top or high-priority investment for their organizations

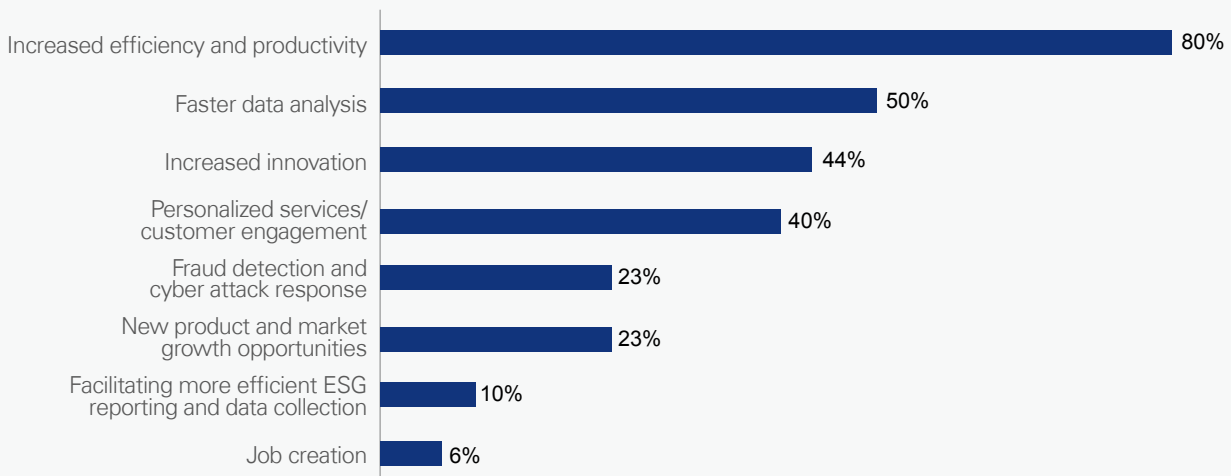
### 80% of companies believe generative AI can enhance competitiveness

Generative AI has a wide range of applications and is seen by many companies as a key technology to boost competitiveness. For businesses, artificial intelligence not only improves internal operations but also enhances their external market competitiveness. 80% of respondents believe generative AI will significantly increase efficiency and productivity through automating routine operations, reducing wasted human resources, and streamlining workflows.

50% of respondents think generative AI can faster data analysis. As the volume of data continues to grow, the demand for real-time analysis is increasing. Generative AI can process large-scale datasets rapidly, enabling businesses to make smarter decisions in less time. 44% of respondents pointed out that generative AI can increase innovation, especially in the development of new products and market expansion. This is due to its ability to extract insights from large volumes of data, helping businesses identify market opportunities and quickly adjust their business strategies.

### Top Benefits of Implementing Generative AI in Organizations

- % of companies consider this the top benefit of implementing generative AI (select up to 3 options)



12. 2023 KPMG Generative AI Survey

### Generative AI still poses potential risks and privacy concerns

While generative AI offers many potential advantages, its implementation faces several challenges. 53% of respondents believe that potential risks and privacy threats are the main obstacles to implementing generative AI. As the use of generative AI becomes more widespread, data privacy and compliance risks are gaining more attention. Therefore, businesses must establish strict data governance strategies to avoid legal and reputational risks arising from data breaches or improper use.

Secondly, 48% of companies consider cost and a lack of investment as another major challenge. The development and deployment of generative AI technology often require significant capital investment, including infrastructure upgrades and

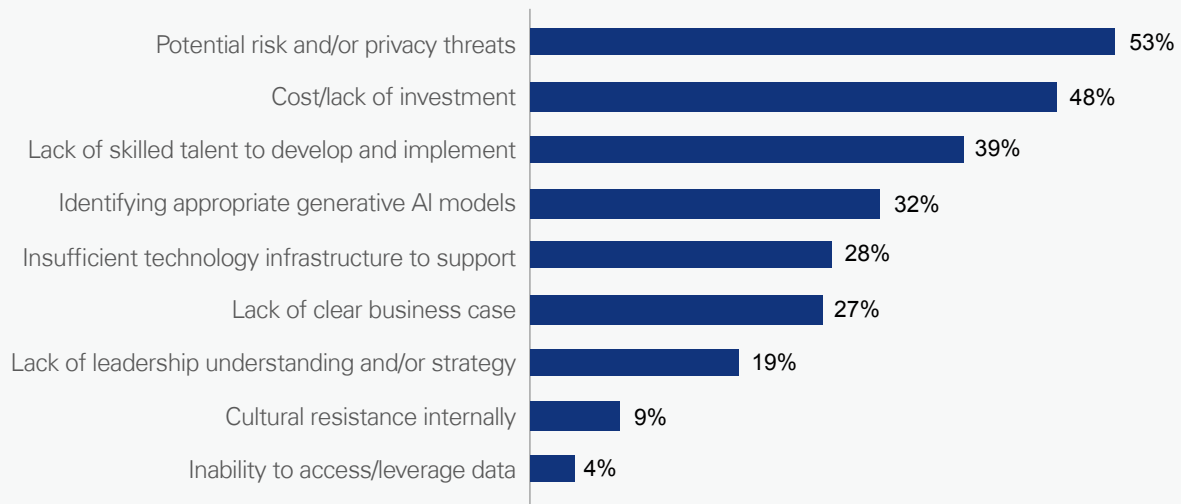
staff training, making it particularly challenging for small and medium-sized enterprises. Furthermore, 39% of companies noted a lack of skilled talent to develop and implement generative AI.

Other challenges include 32% of respondents who find it difficult to identify appropriate generative AI models, highlighting the need for more professional support in applying generative AI. 28% of respondents mentioned Insufficient technology infrastructure to support, which directly impacts the effectiveness of generative AI implementation. 27% of companies cited a lack of clear business cases, indicating that some businesses may not fully understand the specific value generative AI could bring to their operations. Additionally, 19% of respondents mentioned that a lack of leadership understanding or strategy, leading to resistance in decision-making processes.



### Top Challenges of Implementing Generative AI in Organizations

- % of companies consider this the top challenge of implementing generative AI (select up to 3 options)





# Partnership

More fintech companies view establishing partnerships as a critical approach to enhancing market competitiveness and driving technological innovation. This section explores the importance of partnerships and collaboration models within the fintech industry, highlighting how they can enable more efficient operations and unlock growth opportunities for organizations.

Given that most fintech companies are smaller and have fewer resources compared to traditional financial institutions, forming external partnerships is essential for their future growth. 80% of respondents consider “building partnerships is a top priority for organization” and recognize its importance in building fintech companies' competitiveness and ensuring long-term survival.

The reasons for seeking partnerships vary,

including reducing R&D costs, enhancing expertise, accelerating market entry, boosting innovation, and sharing risks. Partnerships also supplement internal expertise and technology, enhancing overall competitiveness. Additionally, partners with established operations in target markets and familiarity with local regulations and market conditions can help fintech companies enter new markets more efficiently.

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**Forming partnerships is a key strategy for fintech companies to enhance competitiveness and expand markets. However, compliance and risk management challenges cannot be overlooked in this process. Successful partnerships require rigorous compliance reviews and effective risk management to ensure long-term, stable development.**



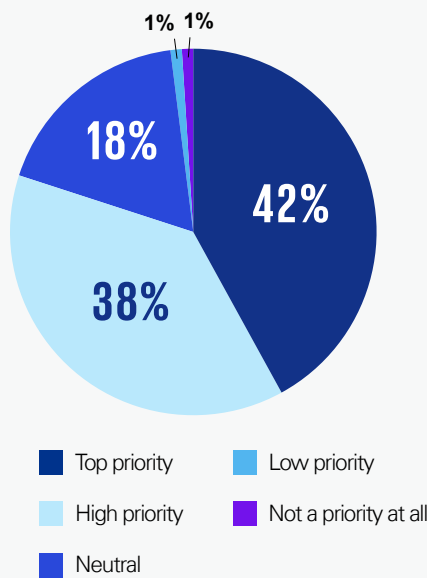
**Dannie Lee**

Head of Financial Services,  
Head of Insurance  
KPMG in Taiwan

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### Fintech companies form partnerships

- % of companies consider the priority of building partnership



Note: Totals may exceed 100% due to rounding



Expanding potential customer base through collaborations with financial institutions

**62%**



Exploring opportunities to discover new business opportunities through cross-industry collaborations

**56%**



Collaborating with big tech companies for technology integration and innovation

**44%**



Partnering with industry associations for networking and advocacy

**39%**



Pursuing government contracts and partnerships for public sector projects

**27%**

## Strengthening Business Growth Through Diverse Partnerships

When seeking partners, fintech companies select collaboration models based on their business needs and strategic objectives. Whether expanding their customer base, driving technological innovation, or entering new markets, the choice of partners becomes a pivotal factor in achieving business growth and long-term success.



**Expanding potential customer base through collaborations with financial institutions**

**62%**

When seeking partners, fintech companies select collaboration models based on their business needs and strategic objectives. Whether expanding their customer base, driving technological innovation, or entering new markets, the choice of partners becomes a pivotal factor in achieving business growth and long-term success.

#### **HDFC Bank's Collaboration with Zeta and Mintoak<sup>13</sup>**

HDFC Bank, one of India's largest private banks, partnered with fintech companies Zeta and Mintoak to launch the PayzApp and Vyapaar platforms. Zeta specializes in payment technology, while Mintoak provides small business banking solutions. These platforms simplify loans, payments, and SME banking operations through technological solutions. These collaborations enabled fintech companies to quickly access HDFC Bank's customer base, leveraging its brand reputation and regulatory compliance to enhance market trust and reduce market entry barriers. The partnerships not only spurred technological innovation but also helped companies reduce operational costs.



**Exploring opportunities to discover new business opportunities through cross-industry collaborations**

**56%**

The potential of cross-industry partnerships is equally significant. With the rapid development of embedded finance, fintech companies aim to seamlessly integrate financial services into other industries' digital service platforms to create smoother user experiences and service scenarios. Cross-industry partnerships not only help fintech companies enter diverse markets but also break traditional financial boundaries to explore more innovative service models.

#### **Kakao Pay's Collaboration with Hyundai Heavy Industries<sup>14</sup>**

Kakao Pay, one of South Korea's largest digital payment platforms, partnered with HD Hyundai, the world's largest shipbuilding company, to integrate Kakao Pay Points with HD Safety Pay Points. This collaboration marked the first integration of internal points from the shipbuilding industry with mobile payment points, aimed at enhancing employee benefits.

Employees of HD Hyundai and its partners, using an integrated health, safety, and environment management app, can freely convert their HD Safety Pay Points into Kakao Pay Points, usable at Kakao Pay's online and offline partner stores.



**Collaborating with big tech companies for technology integration and innovation**

**44%**

Fintech companies seek partnerships with big tech firms for technological integration and innovation. Big tech companies possess leading technology platforms and open ecosystems, enabling fintech companies to drive innovation and optimize their services.

#### **Omise's Collaboration with Google Cloud<sup>15</sup>**

Thai fintech company Omise collaborated with Google Cloud to leverage its advanced cloud technology to enhance the performance and security of its payment platform. Omise used various Google Cloud services, including Google Kubernetes Engine (GKE), BigQuery, and Cloud Spanner, to optimize its operations. These technologies not only improved Omise's efficiency but also provided its customers with faster and more secure payment experiences. Through this partnership, Omise capitalized on Google Cloud's leading technology platform and open ecosystem to drive innovation and service optimization, enhancing market trust and reducing expansion barriers.



**Partnering with industry associations for networking and advocacy**

**39%**

13. HDFC Bank eyes fintech tie-ups to co-create solutions - The Economic Times

14. Kakao Pay announced on the 29th that it has signed a strategic alliance agreement with HD Hyundai He.. - MK

15. Omise Case Study | Google Cloud



Collaborating with industry associations also holds strategic importance. Industry associations offer fintech companies platforms for interacting with peers and other stakeholders, expanding network influence through alliances. Associations can also act on behalf of industry interests to engage in policy and regulatory adjustments, facilitating regulatory dialogue between public and private sectors.

### **XREX Joining the Taiwan Digital Trust Association<sup>16</sup>**

The newly established Taiwan Digital Trust Association aims to contribute to policy advocacy and fraud literacy education through working groups. Taiwanese blockchain startup XREX joined the association at its inception and actively participated in the Blockchain Security Task Force. By leveraging its blockchain expertise and industry experience, XREX initiated dialogue with the government, taking the first step toward establishing digital trust.



**Pursuing government contracts and partnerships for public sector projects**

**27%**

Partnerships with the public sector hold significant potential, often involving large-scale public projects. These partnerships provide fintech companies with stable revenue sources and opportunities for exposure, enhancing their social impact and brand image.

### **Grab's Collaboration with the Monetary Authority of Singapore (MAS)<sup>17</sup>**

Southeast Asia's super app Grab partnered with the Monetary Authority of Singapore (MAS) to integrate Web3 services into its platform, introducing NFT vouchers. The new feature allows users to easily create Web3 wallets within the app and earn rewards through decentralized finance (DeFi). Grab also introduced NFT payments to promote the mainstream adoption of digital assets.

NFT vouchers, available for purchase on Fave, can be redeemed at notable Singapore restaurants and attractions. Upon completing a transaction, users receive NFTs of local landmarks as digital collectibles, automatically added to their Grab Web3 wallets. This initiative signifies the government's recognition of Web3 technology applications in consumer services, potentially paving the way for more similar collaborations in the future.

## **Compliance and Risk Management Challenges in Fintech Collaborations**

Establishing partnerships also introduces new challenges. The survey revealed that 39% of respondents identified legal issues regarding compliance or accountability for incidents as key obstacles to collaboration.

Financial regulators impose stringent compliance standards, particularly in areas such as cybersecurity and personal data protection. For FinTech companies to collaborate with financial institutions, they must fully adhere to these standards, which can be a significant challenge for companies not yet accustomed to such regulations. Furthermore, financial institutions are highly sensitive to risk management, as any cybersecurity or data breach incident could severely damage their reputation and operations. As a result, financial institutions tend to impose greater compliance pressures on their partners, further increasing the compliance burden on Fintech companies.

## **Challenges Stemming from Undefined Roles, Resource Constraints, and Misaligned Goals**

Fintech companies also encounter significant challenges in their partnerships due to marked differences in organizational structure, resources, and culture. Many Fintech firms face difficulties arising from uncertainty or lack of clarity on how to initiate or structure partnerships (32%), or from differences in corporate culture or values (31%), which hinder effective communication and collaboration. Additionally, a lack of sufficient network or connections to reach out to potential partners and collaborators (30%) is another factor that impacts partnerships.

16. Taiwan Digital Trust Association Officially Established! How XREX Leads the Blockchain Security Task Force to Build a Foundation for Public-Private Collaboration in Social Trust

17. Grab introduces web3 services, partners with MAS for NFT vouchers: Guest Post by crypto.news | CoinMarketCap

### Technical Factors as a Critical Consideration in Partnerships

The technical compatibility between Fintech companies and their external partners also plays a crucial role in determining the success of collaborations. Against the backdrop of rapid digital transformation, technological integration has become a core component of partnerships. The increasing diversity of technology platforms used by Fintech firms and their partners has led to technological compatibility issues (20%), which can significantly raise collaboration costs and even affect the overall feasibility of partnerships.

Moreover, information security concerns during API/data integration (25%) represent another major

challenge in partnerships. During the process of data exchange and API integration, Fintech companies need to prioritize data security, API management, and data consistency. This includes ensuring secure data transmission and storage, preventing unauthorized access, and mitigating data breaches. Additionally, API management—covering version control, performance monitoring, and error handling—requires continuous attention. Ensuring consistency in data across different systems is also critical to avoiding redundancy and discrepancies. These measures collectively enhance the overall security, operational efficiency, and data accuracy of the system.

### Challenges for Fintech Companies in Expanding External Partnerships

- % of companies consider the following as influencing factors



# Talent

In the Fintech industry, talent is the key driver of innovation and competitiveness. This section delves into Fintech companies' perspectives on future talent requirements, highlighting essential technical skills and workplace soft skills. It also addresses the major challenges in talent acquisition, aiming to ensure that Fintech firms can continue thriving in a rapidly evolving market landscape.

As technology and market demands evolve at an accelerated pace, the need for professionals with cutting-edge technical expertise and innovative thinking has become more urgent for Fintech companies. Future Fintech talent must possess skills such as artificial intelligence (AI), data analytics, and risk management, alongside critical soft skills like strategic thinking, creativity and innovation, and collaboration. Only by identifying individuals who embody these traits can Fintech companies stand out in a competitive landscape.

### Skills Required for Future Fintech Talent

#### Core Technical Skills

- 1 Artificial intelligence and machine learning
- 2 Risk management and compliance
- 3 Data analysis and visualization

#### Core Soft Skills

- 1 Strategic thinking
- 2 Creativity and innovation
- 3 Collaboration

#### AI, Risk Management, and Data Analytics: Key Technical Skills Valued by Fintech Companies

According to the survey, the most critical technical skills for future talent in the Fintech industry are "Artificial intelligence and machine learning" (59%), "Risk Management and compliance" (56%), and "Data analysis and visualization" (50%). These findings align with Chapter 2, where over 80% of Fintech companies emphasized AI and machine learning as vital for achieving short-term business objectives, making these skills a top priority in recruitment.

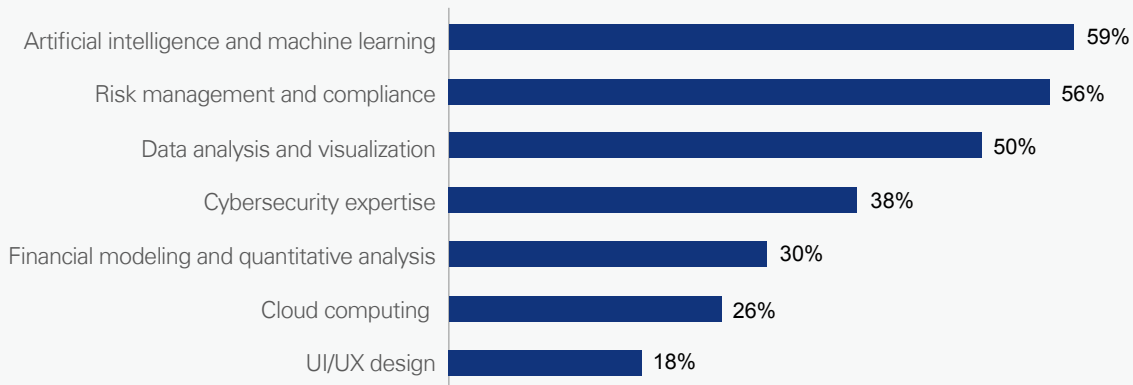
Moreover, as the industry continues to expand, regulatory and compliance risks are also increasing. Professionals skilled in compliance and risk management can help organizations establish

effective risk management and compliance measures, enabling them to identify, assess, and mitigate various risks while ensuring operational resilience and regulatory adherence. Half of the respondents stressed the importance of data analytics and visualization skills, viewing data-driven decision-making as a means to precisely identify market opportunities and enhance Fintech companies' competitiveness.

While the top three technical skills are considered core competencies across all firms, the next three—"Cybersecurity expertise" (38%), "Financial modeling and quantitative analysis" (30%), and "Cloud computing" (26%)—reflect differentiated needs based on specific business goals and development strategies of individual Fintech companies.

#### Core Technical Skills for Future Fintech Talent

- % of companies consider these as the core technical skills for future talent in the Fintech sector (select up to 3 options)



### Strategic Thinking and Creativity Innovation as Core Soft Skills for Future Talent

The survey revealed that 66% of respondents identified strategic thinking as a key soft skill for future talent. The ability to think holistically and formulate long-term development strategies is essential for steering organizations toward success in highly competitive markets. Additionally, 61% of respondents emphasized creativity and innovation as indispensable traits. Innovation is the driving force behind the Fintech industry. Individuals with these qualities can propose novel solutions, propel continuous progress, and are therefore prioritized in the recruitment process as key soft skills.

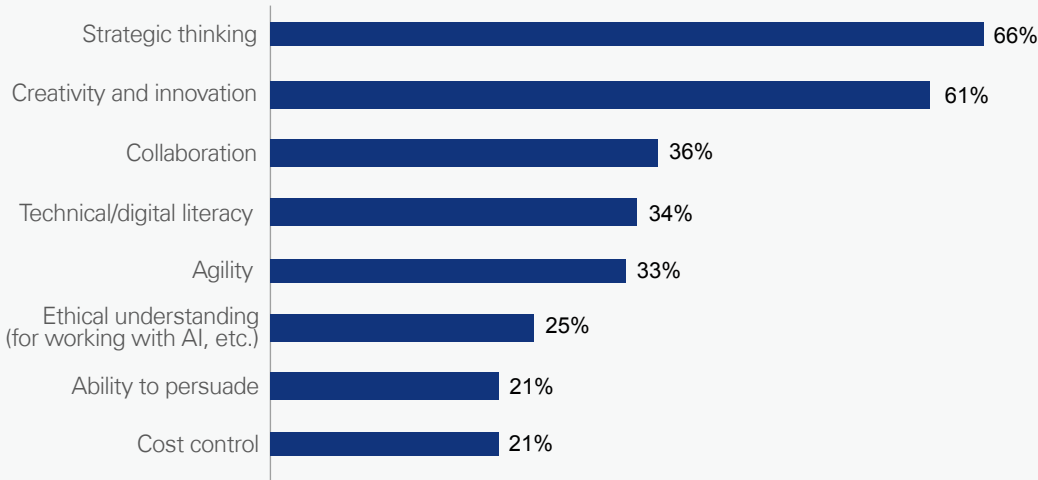
In addition to the top two soft skills, Fintech companies also value collaboration (36%), technological and digital literacy (34%), and agility (33%). These abilities are particularly crucial in the fast-paced Fintech environment. For instance, when developing a new digital payment application, close collaboration among technical, design, and marketing teams is required. Strong collaboration skills ensure effective communication and coordination across teams.

Technological and digital literacy enable employees to quickly adapt to new technologies, while agility helps teams respond swiftly to market changes and technical challenges. The combined application of these soft skills allows Fintech companies to maintain a competitive edge in an ever-changing market.

### Collaboration, Tech Literacy, and Agility: Critical Skills for Rapid Iteration

#### Core Soft Skills for Future Fintech Talent

- % of companies consider these as the core soft skills for future talent in the Fintech sector (select up to 3 options)



“

**In the Fintech field, talent is the most valuable asset. The nature of talent determines the future growth potential of Fintech companies, so leaders must prioritize talent and team composition as key components of their operational development strategy to ensure that individuals with critical traits can maximize their potential within the organization.**

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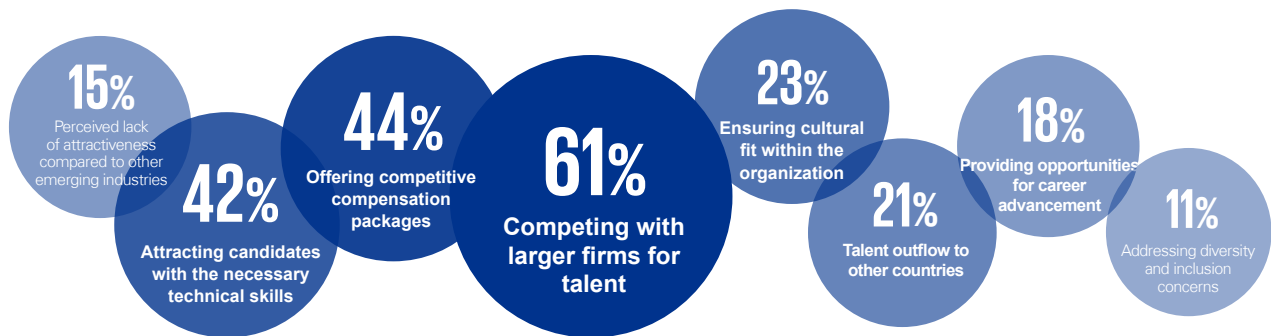


**Wayne Lai**

Chief Digital Officer  
KPMG in Taiwan

## Main Recruitment Challenges in Fintech

- of companies consider these to be major recruitment challenges (up to 3 selections)



### Fintech Companies Face Talent Competition with Large Corporations

As market competition intensifies and technology evolves rapidly, companies must adopt multiple strategies to attract and retain key talent. Among the Fintech companies, 61% stated that competing with larger firms for talent is one of the main challenges. Large companies typically have more resources, brand recognition, and well-established compensation and benefits packages. For example, professionals with financial industry knowledge often prioritize traditional financial institutions or capital firms, seeking clear career paths and attractive year-end bonuses. On the other hand, tech talent prefers to join prominent tech companies, especially as many Big Tech firms have recently entered the financial services sector, offering online payment services, savings accounts, insurance, and other financial products. This shift has reduced the incentives for joining small and medium-sized Fintech companies.

### Providing Competitive Salaries and Finding Talent with the Right Skills as Secondary Recruitment Challenges

44% of companies stated that they face challenges in offering competitive compensation packages. The main reason behind this is limited resources, as many Fintech companies are still in the early stages of development and have not yet reached profitability. These companies are more inclined to invest their funds into product R&D, market development, and business expansion rather than on salary expenses. Additionally, some Fintech companies rely on angel investors or venture capital to fund their operations, and investors often expect the funds to be used for scaling the company rather than for high salaries. Furthermore, 42% of respondents highlighted that finding talent with the right skills is also a significant challenge. Representatives from various AFA members

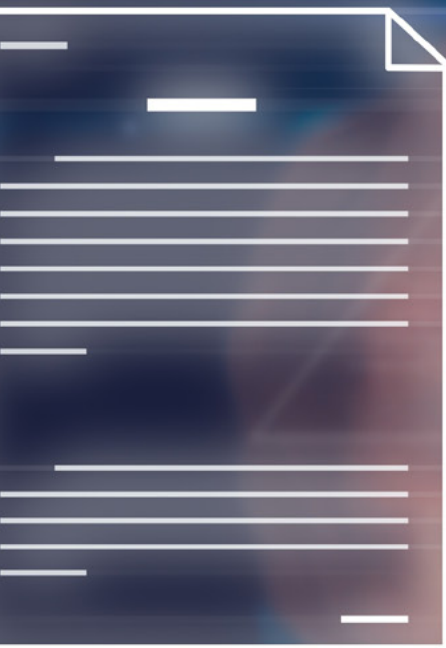
mentioned that it is difficult to find interdisciplinary talent who possesses both technical abilities and financial knowledge, which is necessary for leveraging the full potential of Fintech. Moreover, for Fintech companies with international expansion needs, finding talent with a global perspective is another major recruiting challenge.

### Fintech Companies Must Leverage Their Unique Advantages to Attract Top Talent

In addition to the above challenges, issues such as cultural fit, talent attrition, and providing advanced career development opportunities are common hurdles in talent management for Fintech companies. However, these companies also possess unique advantages that can help attract top talent. First, modern talent management systems such as flexible remote work options and flexible working hours are very attractive to employees seeking a work-life balance. Second, startups typically have fewer hierarchical or seniority limitations, allowing talented employees more opportunities to participate in decision-making and take on responsibilities, providing a faster career advancement path. Additionally, Fintech companies tend to offer more flexibility for innovation, enabling talent to explore the latest technologies and methods, making them a good fit for individuals with creative and innovative thinking. As interdisciplinary talent becomes increasingly scarce, Fintech companies can provide practical experience and training to help talent learn by doing. They can also expand their talent pool by recruiting remote workers from different regions to meet the talent needs at various stages of growth. By leveraging these strategies, companies can enhance their attractiveness and competitiveness, ensuring they can continuously build talent capacity and accelerate the growth of the Asian Fintech industry in this rapidly changing market environment.

# Regulation and Government Resources

Governments play a pivotal role in the Fintech sector, acting as both regulators to protect consumers and ensure market stability and as supporters to foster industry development. This section delves into the regulatory environment surrounding Fintech operations, including interactions with regulatory bodies, an analysis of regulatory trends across Asia, and an exploration of how Fintech companies can leverage government resources for development support.



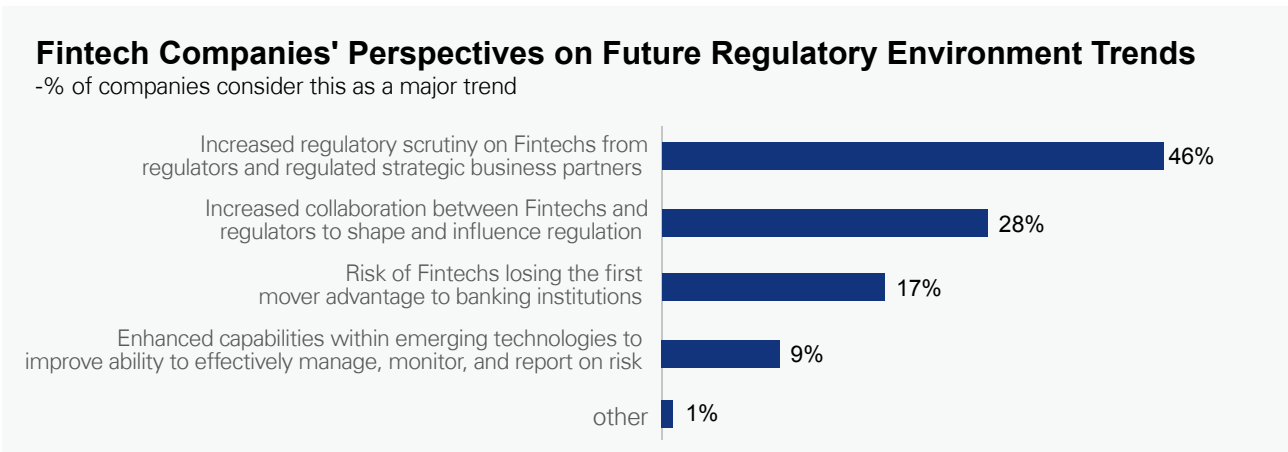
As the Asian Fintech market evolves rapidly, the regulatory environment and government support have become critical factors influencing industry growth. With regulators across various countries increasingly tightening risk controls and compliance requirements, Fintech companies face the challenge of balancing innovation with regulatory compliance. To remain competitive, Fintech companies must adapt to complex regulatory environments and actively collaborate with regulatory bodies.

At the same time, government-provided resources and support significantly impact Fintech innovation and business expansion. From regulatory sandboxes and policy support to cross-border market development assistance, these measures help Fintech companies adapt more quickly to regulatory demands.

### Nearly 50% of Fintech Companies Face Stricter Regulatory Scrutiny; Regulatory Collaboration Becomes Key to Future Development

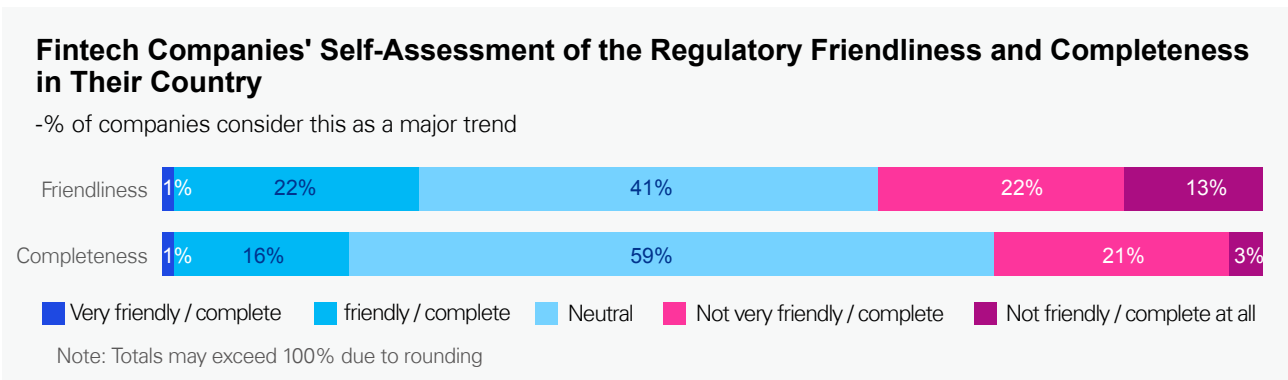
Unlike traditional financial institutions regulated by financial supervisory authorities, Fintech companies must ensure that their innovative products and services meet compliance requirements not only from regulators but also from their partner financial institutions (46%).

Amid these regulatory challenges, 17% of Fintech companies expressed concerns about losing their first mover advantage, noting that traditional financial institutions benefit from greater compliance resources and experience, which could hinder Fintech companies' ability to establish competitive market positions. Additionally, 28% of companies believed that increased interaction and collaboration with regulatory bodies would be a future trend. By fostering stable communication, Fintech companies can help shape favorable regulatory policies, recognizing that the regulatory environment is not merely a risk. To solidify their operations, companies must not only adapt to regulatory requirements but also actively engage with regulators to enhance their resilience.



### The Friendliness and Completeness of Fintech Regulation in Asia

From the perspective of financial supervision and risk management, governments often adjust regulations dynamically in response to the rapid evolution of emerging technologies. This incremental approach means regulations cannot be fully implemented in one step but require gradual opening and adjustment. This report categorizes the regulatory friendliness of Asian countries based on interviews with Fintech companies across the region.





## How Fintech Companies in Asian Countries View Their Current Regulatory Environment?

(The following are the opinions of Fintech companies in various countries and do not represent the views of KPMG/AFA)



### Taiwan

- Taiwanese companies generally believe that the friendliness and completeness of the regulatory framework need improvement. Many highlighted the regulatory environment as relatively rigid and conservative, making it difficult for Fintech firms to quickly adapt to market demands and offer corresponding products and services.
- Although Taiwan has implemented a sandbox mechanism to promote innovation, the flexibility of its regulations remains inadequate. Furthermore, the lack of specific follow-up measures after exiting the sandbox has resulted in low application rates.



### South Korea

- The traditional operating models and culture of financial institutions in South Korea have resulted in a relatively conservative Fintech regulatory framework. Local Fintech companies generally perceive the regulations as unfriendly, with increasingly strict rules that overly emphasize risk control and lack consideration for the unique characteristics of the industry.
- Opinions on regulatory completeness vary: respondents in the payments and blockchain sectors unanimously believe the regulations are complete—perhaps overly so—while those in lending and financial infrastructure services consider the regulations incomplete or even absent.



### Nepal

- Nepalese respondents consistently maintain a neutral attitude toward the friendliness and comprehensiveness of local Fintech regulations.
- While the country has a licensing system and is actively developing its ecosystem, Fintech regulatory frameworks are still in their infancy. Regulatory authorities lack clarity on certain issues, and the lag between industry needs and regulatory responses hinders the growth of local Fintech companies.



### Philippines

- Companies noted that the Philippine Central Bank has performed well in balancing key aspects of Fintech development, achieving significant progress in promoting financial inclusion and digital transformation.
- However, they also pointed out a lack of depth in the professional expertise of Fintech regulation.



### Vietnam

- Vietnam has experienced rapid growth in the Fintech sector, with the government providing a regulatory sandbox mechanism. However, respondents stated that the government currently lacks clear regulations to support the further development of the Fintech industry.



### Singapore

- Singapore's Fintech regulatory policies are described as "user-friendly," actively promoting innovation while maintaining close communication with industry stakeholders. Regulatory authorities have been proactive in fostering the Fintech sector and supporting the adoption of new technologies through flexible regulatory frameworks.
- Companies unanimously agree that local regulatory policies are friendly and relatively comprehensive.



### Malaysia

- At the end of 2020, Malaysia released the Malaysia Digital Economy Blueprint, which includes measures to strengthen the local Fintech ecosystem. Regulatory authorities are eager to collaborate with Fintech companies, announcing development funds, stimulus plans, and relevant regulations.<sup>18</sup>
- Respondents generally expressed a neutral attitude toward Malaysia's regulatory environment. Among them, blockchain and cryptocurrency-related companies noted room for improvement in the current regulatory framework.<sup>19</sup>



### Indonesia

- Several Indonesian respondents believe that the government is relatively open to new technologies and innovations, particularly in the application of blockchain technology. Although regulatory gaps remain, Indonesian regulatory bodies have been rapidly adapting. They actively engage in regular discussions with industry players and strive to ensure that regulations meet industry needs, enabling Fintech companies to grow in a relatively relaxed environment.
- A payment service provider mentioned that Indonesia has a relatively diverse regulatory framework, covering technical standards, ISO compliance, and customer protection. However, there are regulatory voids in emerging areas like cryptocurrency and decentralized finance (DeFi), which limit the growth potential of the country's Fintech industry.



## Hong Kong

- The Hong Kong Monetary Authority (HKMA) aims to continue positioning Hong Kong as a Fintech hub for the Asia-Pacific region by promoting the e-HKD+ program<sup>20</sup>, enhancing cross-border payment systems, and strengthening cross-border financial regulatory collaboration.
- Company from the real estate finance sector expressed a neutral attitude toward Hong Kong's overall regulatory environment.



## Cambodia

- Local payment providers believe that Cambodia's regulatory framework covers some basic Fintech activities. However, regulations for certain innovative services, such as microloans and Buy Now, Pay Later (BNPL), remain unclear, restricting the ability of Fintech companies to scale.
- Blockchain businesses noted that while there are foundational regulations in place, they are overly broad and lack specific details, making compliance challenging for Fintech firms.



## India

- Indian stakeholders specializing in risk and regulatory compliance believe that the government maintains a cautious stance toward innovative products but has not entirely closed the door on Fintech development.
- Regulatory bodies are still in the exploratory phase of establishing self-regulatory organizations (SROs), forcing local Fintech companies to carefully balance compliance with market demands.

## Government-Led Industry Alliances and Resource Collaboration Drive Fintech in Asia

Amid the rapid global development of the Fintech industry, government-provided resources and support measures have become critical drivers of growth and innovation for many Fintech companies. According to this survey, 40% of respondents identified "Industry Collaborations and Alliances" as the most commonly used form of government support by Asian Fintech companies. Governments frequently organize industry events to foster domestic and international collaboration, helping companies gain critical market insights and business opportunities.

Additionally, governments proactively engage with industry stakeholders by hosting public hearings and workshops, often led by public associations or industry alliances. These forums gather feedback from businesses to identify opportunities for public-private collaboration, ultimately assisting companies in addressing current challenges and driving business growth.

Furthermore, 27% of respondents reported using "Regulatory Sandbox," highlighting their importance



Singapore is recognized as one of the global leaders in Fintech. As early as 2016, the Monetary Authority of Singapore (MAS) introduced the Regulatory Sandbox mechanism<sup>21, 22</sup>, allowing companies to test innovative technologies and products within a defined legal framework. This inclusive approach has positioned Singapore at the forefront of global Fintech, digital payments, and blockchain technology, and other fields.

as a tool for governments to support Fintech innovation and product testing. Through sandboxes, Fintech companies can conduct innovative experiments in controlled environments, reducing compliance risks and accelerating time-to-market for new products. This initiative plays a vital role in addressing regulatory challenges and fostering product innovation.

Other notable resources include "Startup Ecosystem Support," such as coworking space, lab, and startup accelerators (23%), and "Startup Advisory or Consulting Clinics" (19%). These operational resources help Asian Fintech

18. Malaysia Digital Economy Blueprint <https://www.ekonomi.gov.my/sites/default/files/2021-02/Malaysia-digital-economy-blueprint.pdf>

19. Fintech in Malaysia 3Q 2021 <https://www.uobgroup.com/techecosystem/news-insights-fintech-in-malaysia-3q-2021-cn.html>

20. Hong Kong Monetary Authority - Fintech Knowledge Hub <https://hk.cmtt.com/doc/1069/8/3/0/106983024.html?coluid=2&kindid=0&docid=106983024&mdate=0921102157>

21. How Singapore's FinTech Regulatory Sandbox is helping fintech innovators accelerate time to market | Singapore EDB

22. [fintech-regulatory-sandbox-guidelines-jan-2022.pdf](https://www.mas.gov.sg/fintech-regulatory-sandbox-guidelines-jan-2022.pdf) (mas.gov.sg)

companies validate business models and provide entrepreneurial guidance during their early stages.

Interestingly, 21% of companies indicated they had never utilized government resources. This could reflect various reasons, such as a lack of awareness or accessibility to such resources in certain regions or countries.

For Fintech companies facing market competition pressures, leveraging government resources to scale operations is an effective strategy. As governments continue to allocate more resources, Fintech companies should actively participate in support programs to enhance competitiveness and drive innovation.

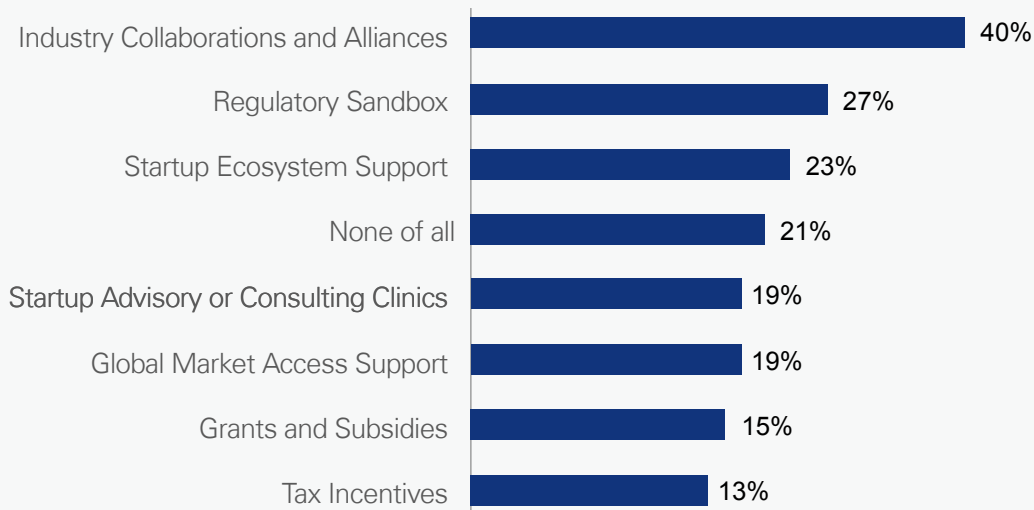


In recent years, the Taiwanese government has actively supported the development of Fintech startups, aiming to establish a collaborative ecosystem involving the private sector, government, and academia. The FintechSpace serves as a prime example, offering resources such as co-working spaces, sandbox consultations, regulatory guidance, open APIs, and networking events.

Last year, to meet the evolving needs of Fintech companies, the government launched the Advanced Program for FintechSpace. This initiative includes organizing investor matchmaking events, assisting with IPO applications, co-hosting training programs, and assigning international business development staff to the park. These measures lay a solid foundation for future development.<sup>23</sup>

## Overview of Asian Fintech Companies' Utilization of Government Resources

- % (Select all applicable options)



23. The Financial Supervisory Commission (FSC) issued the Fintech Development Roadmap 2.0, aiming to foster a more inclusive, equitable, sustainable, and globally integrated Fintech ecosystem.

## Conclusion

The journey of navigating the Fintech frontier represents not only growth opportunities but also critical challenges in adapting to a rapidly changing environment. This inaugural Asian Fintech survey report highlights the diverse needs of Fintech companies across various dimensions, revealing how competitive pressures and regulatory challenges are reshaping the industry landscape.

To truly stand out in a competitive arena, Fintech companies in Asia must cultivate forward-thinking visions, resilience, and a spirit of collaboration. As emerging technologies like AI and Web3 continue to evolve rapidly, companies must not only invest in research and development but also carefully assess the boundaries and risks of technological applications to avoid short-sighted innovation.

In terms of partnerships, firms should build and evaluate diverse and robust collaborations, particularly with local partners who can facilitate entry into new

markets and amplify synergies.

On the talent front, companies must continuously attract individuals with innovative capabilities and a global perspective, as such talent can drive technical breakthroughs and provide strategic support in navigating market changes. Lastly, in the face of increasingly stringent regulations, firms must shift from passive compliance to proactive engagement with regulatory bodies, fostering positive interactions and understanding future trends to ensure sustainable innovation.

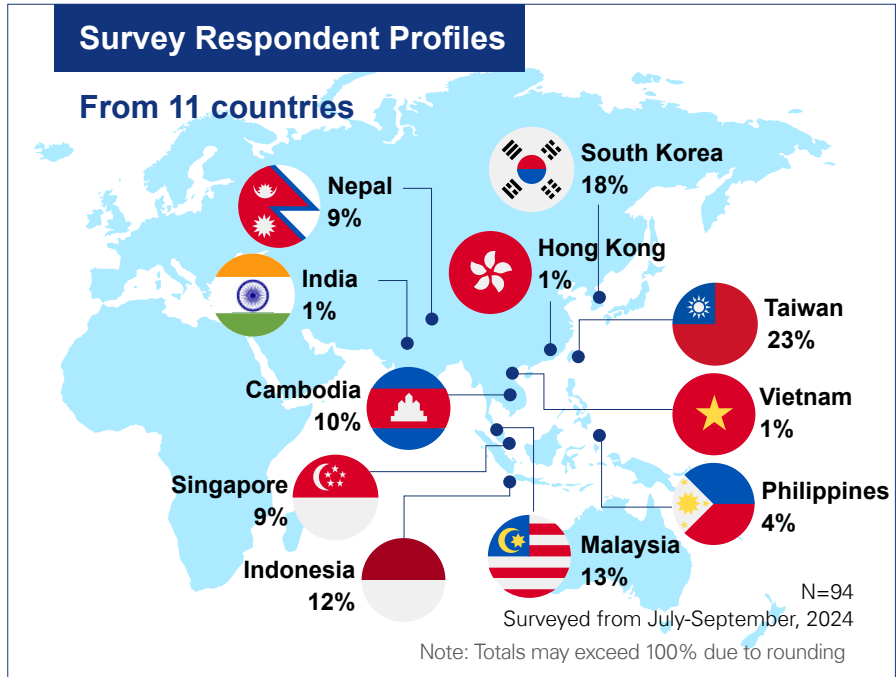
In this wave of Fintech transformation, Asian Fintech companies must seize every opportunity and advance with caution yet boldness. Only then can they navigate uncharted waters, lead the frontier of digital financial innovation, and ultimately secure their position as global pioneers in Fintech.

A person is working at a wooden desk. In the background, their hands are typing on a laptop keyboard. In the foreground, their right hand holds a silver pen, poised to write on a document. The document contains several paragraphs of text. To the left of the document is a yellow sticky note. In the background, another document is visible, featuring a line graph and a pie chart. The scene is lit with warm, natural light.

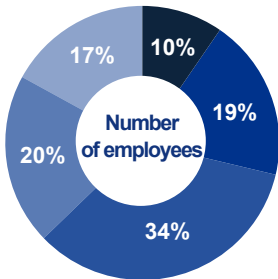
# Research Methodology

From July to September 2024, KPMG Taiwan and the Asia FinTech Alliance (AFA) conducted an online survey targeting fintech companies across various regions in Asia. The aim was to gain an in-depth understanding of the development of the fintech industry in the region. The survey covered multiple dimensions, including product and service, technology, partnership, talent, and regulatory and government resources, comprehensively exploring the challenges and opportunities faced by Asian fintech companies.

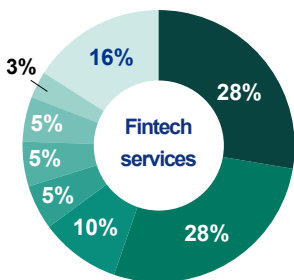
Respondents came from startups and established fintech companies of various sizes and service types. Most respondents were from C-suite executives to department heads, providing diverse perspectives on the development of the fintech ecosystem. The purpose of this survey was to gain insights into how Asian fintech companies are addressing challenges, seizing opportunities, and adapting to the ever-evolving business, regulatory, and technological environment in the region.



### Employee Numbers, Service Categories, and Market Capitalizations

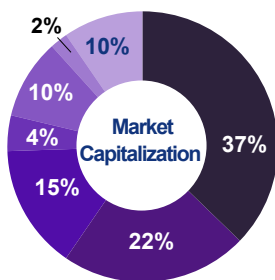


- 1 to 9 employees
- 10 to 19 employees
- 20 to 49 employees
- 50 to 249 employees
- 250 or more employees



- Payment
- Blockchain & Cryptocurrency
- Lending
- Wealth Management
- Insurance
- Financial Infrastructure
- Regulatory/Compliance
- Others

Note: Totals may exceed 100% due to rounding



- <\$10M
- \$10M - \$24M
- \$25M - \$49M
- \$50M - \$99M
- \$100M - \$199M
- \$200M - \$1B
- >\$1B

\*Others include: Real Estate / Technology for financial service provider / Superapp / Overseas remittance / Stock social forum, etc.

### Respondent level in organization

41%

C-Suite Level

31%

Executive or Director Level

22%

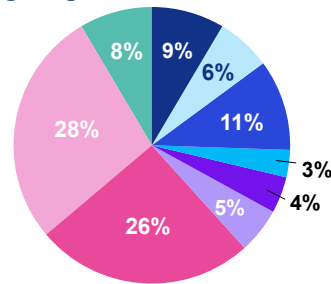
Management Level

6%

Staff Level

### Financial Performance and Funding Stages

Note: Totals may exceed 100% due to rounding



- Seed
- Angel Round
- Series A
- Series B
- Series C
- Series D and beyond
- Self-funded
- Debt Financing
- Others

\*Others include: Government Grants or Subsidies, Taiwan Mobile's Subsidiary, Non-profit equity and debt, Non-Profit Organization

### Organization by revenue change

↑ 73%

Increased

16%

Remained flat

↓ 11%

Decreased

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