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THE FUTURE OF FINTECH IN APAC:
MONEY20/20 WHITEPAPER

Contents

Introduction

The fintech landscape in Asia Pacific is undergoing a remarkable transformation, driven by collaborative innovation that is reshaping how financial services are delivered and accessed. Through strategic partnerships between incumbents, digital challengers, and regulators, the industry is not just improving existing services but creating new opportunities for financial inclusion and economic growth.

Drawing insights from over 50 key stakeholders across the region, our research reveals an industry that is fostering rapid evolution while staying focused on serving human needs. These collaborative dynamics are revolutionising core financial services. Digital banks are enhancing customer experience through advanced transaction capabilities and seamless self-service options, while traditional banks are rapidly adopting fintech innovations to streamline operations and offer personalised solutions.

In parallel, generative AI is emerging as a transformative force across the region, with Asia's leading financial institutions taking an aggressive stance in its adoption. Beyond enhancing operational efficiency and personalising customer experiences, institutions are leveraging AI to revolutionise areas such as fraud detection and compliance monitoring. But even with this technological acceleration, institutions are prioritising responsible innovation through robust governance frameworks – recognising that the true potential of AI lies not in replacing human decision-making, but in augmenting it to solve real-world challenges.

The convergence of traditional banks and digital challengers, coupled with growing regulatory collaboration across borders, points to a future where technology serves as an enabler rather than a disruptor. Ultimately, the organisations that will thrive are those that leverage innovation to build trust, enhance accessibility, and create meaningful impact in people's lives, thereby fostering a more inclusive and efficient financial ecosystem for all.

"Asia is a diverse market requiring a nuanced approach. For a start, the level of fintech development varies widely. Moreover, each market has its unique characteristics and requirements, necessitating tailored strategies and localised expertise to effectively navigate and succeed in these regions."

/ **Senior financial services leader of a global cloud provider for Southeast Asia's banking market**

What are the organisation's key priorities based on its strategic focus?

Market Expansion	19.9%
Product/ Service Innovation	19.0%
Build Partnerships and Foster Collaboration	15.8%
Regulatory Compliance	12.0%
Customer Acquisition and Retention	10.9%
Others	10.1%
Security and Data Privacy	7.0%
Digital Transformation	5.3%

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01

/ THE PILLARS OF FINTECH

The future of banking, unfolding now

Banks continue to undergo significant transformation, driven by technology, shifting customer expectations, and evolving regulatory landscape. Despite challenges from macroeconomic pressures and geopolitical instability[1], our research shows that both digital and traditional banks remain focused on enhancing customer experience and leveraging technology as a force multiplier.

Digital banks want to break out and soar

> **"The biggest challenge fintech companies face in Asia is regulatory fragmentation. The industry must come together to overcome these hurdles and unlock innovation's full potential."**
>
> / **C-level of a leading digital bank in Singapore**

Digital banks in Asia Pacific are keen to accelerate growth and achieve profitability through local ecosystems and partnerships. A top priority is improving customer experience by enhancing transaction capabilities and self-service options, enabling customers to manage their banking needs entirely online.

Technologies like cloud computing and process improvements are key to achieving convenience and accessibility in everyday banking. Although these innovations are not always visible to the end users, they are essential for boosting efficiency and modernising outdated banking processes to enhance customer experience.

Multiple obstacles stand in the way. For a start, only 5% of digital banks worldwide have reached profitability, according to a respondent from a digital bank in Southeast Asia. Another digital bank respondent shared that their organisation's main goal for the next 6 - 18 months is to establish long-term profitability.

One concern is that traditional banks could influence regulations to stifle innovation through competitive pricing. Moreover, embedded finance and super apps present further competition in the banking and fintech sectors, though these developments also benefit customers by fostering innovation and expanding choices.

Furthermore, regulatory scrutiny of digital banks by central banks is becoming more stringent, particularly in market conduct, cybersecurity, and scaling capabilities. This increasing oversight could potentially make it more difficult for them to operate, making proactive stakeholder and regulatory management more important than ever for success.

[1] Economic Outlook Asia-Pacific Q4 2024: Central Banks To Remain Cautious Despite U.S. Rate Relief. S&P Global.

Driving transformation within speed limits

Traditional banks are rapidly adopting fintech innovations, with our research highlighting strong interest in areas like artificial intelligence (AI), cloud computing, and biometrics. Developing a strong digital platform has become a top priority for these banks as they aim to expand their reach and deliver valuable services to customers. In essence, every bank now sees itself as a fintech.

The transition is not without its challenges. Traditional banks must evolve while keeping their operations stable and maintaining customer trust. One bank respondent highlighted the difficulty of navigating the "abundance" of vendors and technologies while choosing the right ones to benefit customers. Striking the right balance in technology investments is vital, as banks must avoid over-investing in one area at the expense of others, all while managing a legacy of hundreds of existing applications.

Our research aligns with other reports: according to IBSintelligence, a majority (55%) of banks have identified legacy systems as the top barrier to transformation according[2]. Meanwhile, IDC reports that 98% of banks plan to upgrade their core banking systems within the next three years[3].

Yet core banking solutions may not always offer the ideal mix of technology and API capabilities. Consequently, one bank respondent shared that the bank has resorted to developing its own modules. While this approach offers flexibility, it also incurs high development and maintenance costs, which can be prohibitive.

A common focus on experience and localisation

While the strategy of hyper-personalisation isn't new, both digital and traditional banks continue to invest heavily in creating proactive and customised experiences that align with each customer's needs and preferences. The objective is to deliver a seamless experience across all touchpoints, ensuring that new features are integrated smoothly for enhanced accessibility and convenience.

Another key aspect considered crucial to success revolves around the need for localisation, especially in Asia. As one bank respondent explained, the challenge of localisation is particularly significant in Asia due to the operation of cross-border platforms. Much like how McDonald's adapts its menu in different countries, banks must likewise localise their offerings to succeed in diverse markets.

Mobile banking also remains a priority. Both digital and traditional banks are enhancing their mobile apps with new features and services to improve the overall user experience. For digital banks, mobile penetration and reliable data connectivity are even more critical, as their digital services would struggle to reach users without widespread access. While Southeast Asia has made great strides, there remains a significant gap to universal access and reliability, according to one bank respondent.

[2] Core Banking Crisis: 55% of Banks cite Legacy Systems as top barrier to transformation. IBSintelligence.
[3] 98% of Banks Worldwide Plan Core System Upgrades to Accelerate Digital Transformation. Fintech News.

Blurring the lines between legacy and digital banks

Our research highlights a key trend in the banking sector: the lines between digital and traditional banks are increasingly blurring. In fact, a growing number of digital and legacy banks share the same core goals and strategies, with the primary distinction being the customer segments they serve.

Despite the differences in their business models, both types of banks are heavily regulated and face similar market dynamics. This suggests that the once-clear divide between the two is diminishing as both types of banks adopt comparable technologies and strategies to improve customer experience, scale operations, and navigate regulatory landscapes. As one legacy bank respondent noted, "At the core, we are all banks. The major difference now lies in who we serve, not how we operate."

This evolving dynamic signifies that both legacy and digital banks are moving towards a unified vision of modern banking. The key focus for both is ensuring that they remain agile, customer-centric, and competitive in an increasingly digital and interconnected financial ecosystem.

"As the money ecosystem evolves... strategic partnerships between banks and fintechs are increasingly important. This has led to a fair amount of consolidation within the industry."

/ **Managing Director of a leading global bank specialising in next-generation commerce strategies**

Unlocking new opportunities in the payments space

Asia Pacific currently leads the world in digital adoption and faster payments, with Real-Time Gross Settlement (RTGS) systems like Singapore's PayNow, Thailand's PromptPay, and India's Unified Payments Interface (UPI) experiencing rapid adoption. Unsurprisingly, it has emerged as one of the fastest-growing regions for non-cash payments, with a **20.4% year-on-year growth in 2024, outpacing Europe (15.5%) and North America (6.4%)**[4].

Cross-border payments ripe for further disruption

One key aspect of payment is cross-border transactions, which have dramatically shifted over the past decade beyond high-value corporate or institutional transactions, due to the adoption of fintech solutions and technologies such as APIs[5].

According to our research, there are significant cross-border commerce opportunities in Southeast Asia, particularly for individual customers and small and medium-sized enterprises (SMEs) engaged in international trade. The overarching goal is to make cross-border payments more transparent, affordable, and faster. Cost is a top concern, with one respondent noting that customers often pay significantly more for services advertised as having zero fees because of hidden costs.

The absence of a unified cross-border payment system led to the creation of Project Nexus, an initiative by the Bank for International Settlements Innovation Hub Centre in Singapore to integrate instant payment systems (IPS) across borders. Test versions of three established systems were successfully linked in 2023. The next phase will see the inclusion of India's UPI, the world's largest IPS, as the Reserve Bank of India joins Bank Negara Malaysia, Bangko Sentral ng Pilipinas (BSP), the Monetary Authority of Singapore (MAS), and the Bank of Thailand in the collaboration. Currently, these central banks are working towards the live implementation of Project Nexus, with Bank Indonesia as a special observer[6].

Several respondents suggested using cryptocurrency for global clearing and settlement of cross-border payments. Despite clear interest, the use of cryptocurrency for cross-border payments can only happen with greater acceptance by regulators in the region, either through central bank digital currencies (CBDCs), stablecoins, or mainstream cryptocurrencies like bitcoin. Inroads are being made in terms of acceptance. In July 2024, Coins.ph received approval from the Philippines Central Bank, allowing them to pilot a Philippine peso-backed (PHP) stablecoin under the BSP's Regulatory Sandbox Framework. They will be permitted to launch the PHPC for remittances and payments to the broader consumer market if the pilot is deemed successful.

APAC has emerged as one of the fastest-growing regions for non-cash payments, with a 20.4% year-on-year growth in 2024, outpacing Europe (15.5%) and North America (6.4%)

Collaboration in payments

Collaboration has traditionally enabled companies to leverage each other's strengths and expand their reach. Unsurprisingly, there is a growing focus on local and international collaborations in the payments space. The trend towards collaboration also reflects the complex nature of the payments ecosystem and the need for diverse expertise and capabilities to create comprehensive, efficient payment solutions.

In recent years, legacy institutions have become increasingly open to partnerships with fintechs – a stark contrast to the more closed approach they maintained not long ago. In the responses we received from our research, both emerging and established players emphasised the importance of partnerships, with 25% highlighting a willingness to collaborate to enhance their offerings and drive innovation, including potentially collaborating with stablecoin issuers and cryptocurrency companies.

The objectives here could range from a desire to further streamline and expand payment offerings to enhancing the user experience through seamless integration with other services. At least one traditional finance institution indicated a willingness to form partnerships with fintech organisations such as platform aggregators for payments and money movements, allowing them to tap into a much broader ecosystem.

Established institutions are similarly collaborating to address payment challenges. Project Nexus, mentioned earlier, is a prime example of a collaborative approach involving central banks across multiple countries, payment system operators, and the Bank for International Settlements. This project aims to create a standardised framework for seamless cross-border payments among participating nations.

Navigating the regulatory maze

Regulation is another hot-button issue for both established and emerging players. Regulators are generally recognised as being more fintech-friendly and technologically savvy today, with ready access to industry experts. At a recent public forum in 2024, Securities Commission Malaysia highlighted its commitment to fostering a listening culture that embraces the entire fintech ecosystem. It also announced plans to explore specialised licenses to support innovative solutions that don't fit existing frameworks. However, concerns persist over the pace of regulatory change, particularly around harmonising regulations and adapting to innovations in areas such as digital assets and Decentralised Finance (DeFi).

Others perceive regulatory changes to be happening too quickly for some fintechs to keep up with. Some feel that the regulatory environment has become less conducive for fintech operations because of the greater regulatory scrutiny and assess a need to reinvent their business models. Regardless, the consensus is a need for clearer regulations around AI, blockchain, and other emerging technologies in payments. To assess new innovations, regulatory sandboxes have been implemented by several financial regulators across Asia Pacific by allowing fintechs to test products with fewer regulatory constraints.

Meanwhile, in the Philippines, Coins.ph is using the Bangko Sentral ng Pilipinas (BSP) sandbox to test its stablecoin, PHPC, for remittances and payments, which could reduce costs and expand financial access. While these successes showcase the sandbox's potential, regions like Australia are reviewing their frameworks to better align with local market needs[7]. Overall, there is an emphasis on working closely with regulators and adapting to evolving regulatory landscapes across different markets.

[4] World Payments Report 2025. [Capgemini](#).
[5] How will BNY's innovations drive the future of cross-border payments in Asia Pacific. [The Asian Banker](#).
[6] Project Nexus completes comprehensive blueprint for connecting domestic instant payment systems globally and prepares for work towards live implementation. [MAS](#).
[7] Reassessing the role of fintech regulatory sandboxes in Asia Pacific. [Kapronasia](#)

Digital lending's next big leap

Asia Pacific is widely accepted as the world's growth engine, though the region harbours diverse demographic trends with varying economic outlooks. Overall, traditional bank lending remains dominant here, though alternate lending is expected to grow by 11.3% annually to reach USD331.1 billion in 2024[8]. In both cases, digital platforms and fintech innovations are expected to play a crucial role in how financial services are accessed and delivered.

Unlikely heroes: How regulators are setting the stage

Lending in Asia Pacific is becoming more regulated and institutionalised, as regulators work to govern lending practices, protect consumers, and maintain financial stability. These regulations generally aim to protect customers from odious debt and predatory lending practices, while ensuring transparency and fairness in the lending process.

For instance, Bank Negara Malaysia has guidelines for responsible lending practices, including requirements for assessing borrowers' ability to repay loans[9]. The MAS requires P2P lending platforms to obtain a Capital Markets Services (CMS) license and adhere to strict operational guidelines[10]. On its part, the Bank of Thailand has introduced regulations for digital personal loan businesses, including capital requirements and interest rate caps[11].

Amid a backdrop of tightening regulations, two things are happening in Southeast Asia. Respondents in our research observed that regulators are increasingly collaborating to harmonise regulations across borders to facilitate cross-border fintech operations and improve consumer protection. Harmonisation will also alleviate the challenges of setting up businesses in each country, promoting cross-border collaboration and fostering a more conducive environment for fintech innovation throughout Asia, one respondent said.

"The challenge for regulators is to distinguish between fraudulent schemes and legitimate fintech innovations. A broad regulatory approach can inadvertently stifle genuine innovation and hinder the progress of reputable fintech companies."

/ CEO of a leading digital lender for micro-retailers in Indonesia

[8] Asia Pacific Alternative Lending Business Report 2024-2028: Strategic Partnerships, Product Launches and Innovations, Regulatory Changes, Mergers and Acquisitions. Research and Markets.
[9] Responsible lending guidelines ensures borrowers' affordability. Bank Negara Malaysia.
[10] Frequently asked questions (FAQ) on lending-based crowdfunding. MAS.
[11] Bank of Thailand Introduces Digital Personal Loans. Tilleke & Gibbins.

Another development is brewing. In Malaysia, the proposed Consumer Credit Act (CCA) aims to create a unified regulatory framework for consumer credit activities[12]. This would consolidate various loan types that were regulated separately, introducing a new regulatory body to simplify the licensing process across loan categories. One respondent suggested that similar consolidations could occur in other Southeast Asian nations, streamlining regulatory compliance and licensing procedures for financial institutions operating in the region.

[12] New Consumer Credit Act to ensure non-bank credit providers conduct affordability assessments — CCOB. The Edge Malaysia.

Reaching new heights with data-driven credit assessments

We are witnessing a significant transformation in how lending companies assess creditworthiness, with organisations turning to alternative data sources beyond credit bureau data to make credit decisions. This ranges from the use of telco bills to transaction histories in assessment models, reflecting a broader industry movement toward more inclusive lending practices, which sees lenders balancing innovation with regulatory compliance and commercial viability.

It has also given birth to innovative approaches. For instance, Eligify, a spin-off of Simbrella, is leveraging AI to analyse alternative data, such as irregular income streams and transactional history, to assess creditworthiness. By offering small loans and facilitating efficient repayments, Eligify enables individuals to build credit history and access larger financial services. Simbrella says this approach mitigates traditional lending risks and expands financial inclusion to unbanked populations, particularly in regions like Nigeria and parts of Asia.

On the other hand, AwanTunai is transforming SME lending in Indonesia by harnessing technology to more accurately assess creditworthiness. By analysing diverse data points using AI, including transaction history, supplier relationships, and digital footprints, AwanTunai makes informed lending decisions, even for borrowers with limited credit history. Accordingly, their integrated platform further optimises the lending process, streamlining loan disbursement, repayment, and monitoring, and fostering a transparent, efficient ecosystem that directly benefits SMEs.

At its heart, underwriting remains a time-consuming, heavily manual process that requires significant resources and expertise to accurately evaluate potential borrowers. However, at least one respondent hopes that AI can help close this manpower gap.

“Traditional financial services, despite great strides in technological adoption, are still very inflexible when it comes to harnessing alternative data points for credit underwriting.”

/ **CEO and Co-founder of a cross-border SME digital lender in Singapore**

Business lending gains momentum

Small and medium-sized enterprises (SMEs) are crucial to the growth of economies worldwide, particularly in Asia Pacific, where SMEs are expected to contribute up to 50% of the total GDP and represent 98% of all enterprises by 2030[13]. However, SMEs face distinct challenges in accessing finance. These challenges are well documented and include cash flow shortages due to long payment cycles, limited access to alternative financing, and a misalignment that leaves SME financing needs falling between the silos within banks.

In our research, multiple fintechs have identified SME lending as a high-potential market with significant unmet needs. But what makes them optimistic about succeeding when others have struggled? One key factor is the use of alternative data and technology to enable better credit assessment. For instance, invoice-based financing allows SMEs to access capital quickly by using their unpaid invoices as collateral, while revenue-based loans tie repayment terms to a business's income, offering flexibility for businesses with fluctuating cash flow. These innovations, alongside tightening regulations, are making it easier to provide financing to businesses, as stricter regulatory scrutiny has led to better risk management practices and more streamlined lending processes.

[13] Navigating the SME banking landscape in APAC. Finastra.

Fintech's impact on insurance, compliance and wealth

From InsurTech's explosive growth to WealthTech's USD700 billion digital transition, Asia Pacific's fintech revolution is transforming financial services. With low insurance penetration, tech-savvy populations, and supportive regulators, the region has become a hub for innovation across digital insurance, regulatory compliance, and wealth management solutions.

InsurTech

Asia Pacific's InsurTech market is projected to reach a projected revenue of USD34.4 billion by 2030, growing at a CAGR of 54.2% from 2024 to 2030[14]. One respondent pointed to the low insurance penetration rates in Asia and Southeast Asia, which he estimated at around 2.3% relative to a population of 700 million. Combined with a young, tech-savvy population, these conditions create perfect conditions for digital insurance innovation.

InsurTech firms are leveraging cutting-edge technology to capture this opportunity. From our research, they are implementing AI for faster execution, cloud computing for rapid deployments, and blockchain to create innovative insurance products. The key challenge lies in balancing technological advancement with regulatory compliance and customer needs.

While regulators have often been perceived as barriers to innovation, at least one respondent shared a positive experience and praised the rigor and openness of the regulatory environment of a Southeast Asian country. This suggests that companies who actively collaborate with regulators while innovating within compliance frameworks are likely to succeed.

[14] Asia Pacific Insurtech Market Size & Outlook, 2023-2030. Grand View Research.

RegTech

The booming digital economies across APAC are driving RegTech growth, despite notable challenges. For one, the current landscape of RegTech solutions is fragmented and decentralised. For instance, compliance with travel rules often requires fintech firms to engage with multiple service providers for wallet services and transaction monitoring, which must be manually brokered. The lack of consistent regulatory guidelines across jurisdictions further complicates operations.

However, authorities in Hong Kong and Singapore are actively championing RegTech adoption and facilitating vendors' entry through sandboxes and other platforms for accelerated testing. The supportive attitude of regulators, coupled with the expansion of the digital economy, has the potential to propel the adoption of RegTech solutions[15].

One observation made would be how successful regulatory frameworks in one country often inspire similar frameworks elsewhere, driven by close collaboration and the sharing of implementation strategies among central banks. This pattern is evident in the synchronised RFPs appearing across different countries.

WealthTech

Asia-Pacific region is experiencing significant wealth growth, creating substantial opportunities for wealth management companies. Consumers are increasingly embracing digital wealth management solutions, attracted by their cost-effectiveness, transparency, and user control. By 2028, an estimated USD700 billion in personal financial assets in the region is expected to transition to digital wealth management platforms[16].

While WealthTech players face strict regulations in some regions, the regulatory environment is improving. Communication between innovators and regulators has strengthened, resulting in clearer guidelines and greater business certainty.

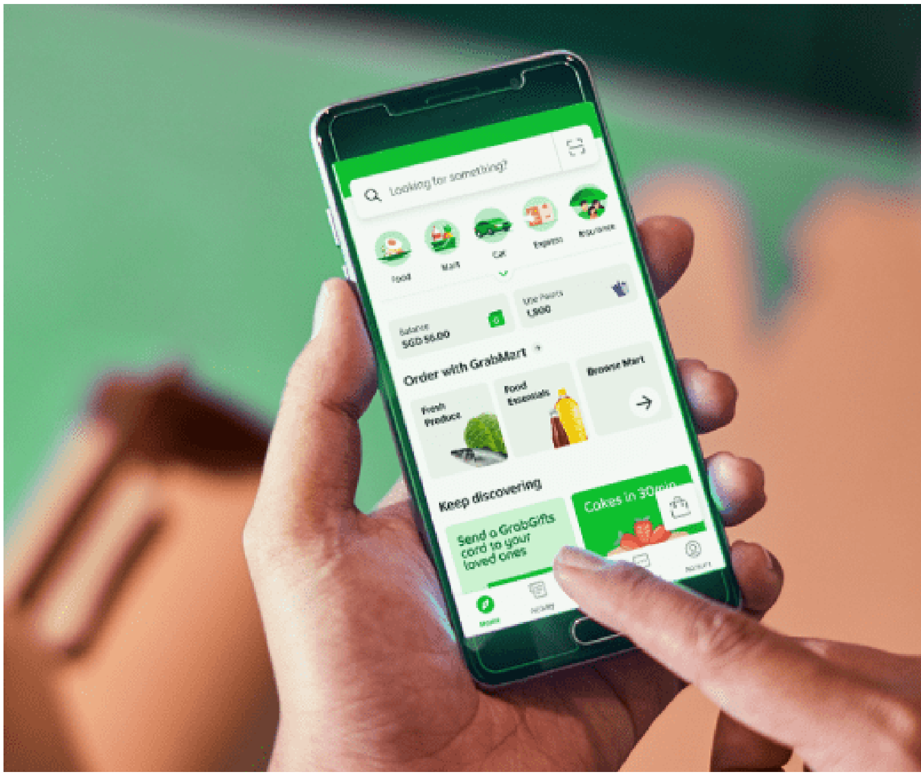
WealthTech is evolving toward integrating advanced technologies like APIs to centralise financial data and streamline money management. From our research, a respondent highlighted the growing emphasis on empowering younger generations to make smarter financial decisions using tools that improve financial engagement and retention. This aligns with broader industry trends prioritising sustainability, financial inclusion, and impactful solutions. The forward trajectory suggests a focus on balancing profitability with innovative offerings, catering to the diverse needs of both consumers and businesses in an increasingly competitive digital landscape.

McKinsey's latest WealthTech report highlights a growing symbiotic relationship between traditional banks and WealthTechs. Banks excel at serving high-net-worth clients through established relationships, while WealthTechs better serve mass and affluent segments through digital innovation. This collaboration allows banks to access new customer segments and modern technology, while WealthTechs gain credibility and infrastructure support from established institutions.

[15] Unlocking the potential of RegTech. KPMG.
[16] A wake-up call to tap into digital wealth. McKinsey & Company.

/ THE TRENDS STEERING TOMORROW'S DISRUPTIONS

The trends steering tomorrow's disruptions



When one looks at the trends driving disruptions, there is no ignoring the complex and delicate interplay between technological innovation, regulatory actions, and market dynamics. Technology evolves constantly, empowering new innovations that are driven by economic drivers such as gaps in demand, competitive pressures, and the pursuit of efficiency.

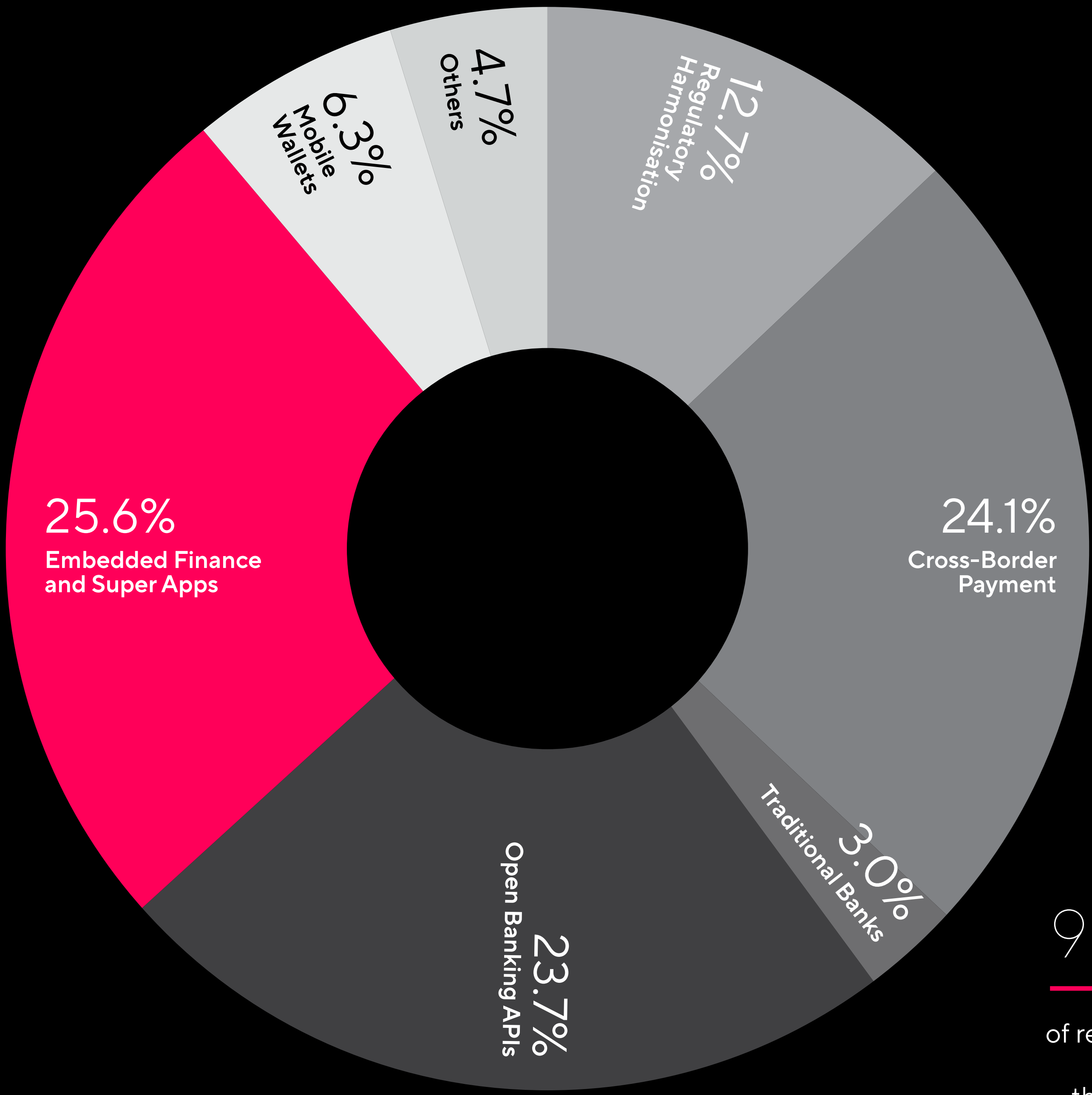
In the meantime, the relationship between technology and regulation plays a significant role in shaping the financial industry. Innovation, driven by market forces and technological advancements, can quickly disrupt the status quo, while regulatory frameworks can either speed up or slow down progress. In some markets, fintechs lead the charge in innovation, whereas in others, regulators dictate the pace.

There is no doubt that the fintech landscape in Asia is undergoing a transformative shift in how financial services are delivered and accessed. We look at three interconnected trends that are reshaping how institutions serve customers and broadening access to financial services across the region.

"Innovation is driven by market forces rather than regulatory actions. Some regulators aim to be proactive [and] invest in emerging technologies even before they take root in their own jurisdictions... This proactive approach can draw innovators to these regions."

/ **Advisor on technology and innovation of an international financial institution**

Which fintech trend in Asia is driving the most seamless and convenient user experience through technological innovation?



95.9%

of respondents indicated that financial inclusion and social good are priorities for their organisation

Embedded finance

Embedded finance is emerging as a pivotal trend across Asia's fintech ecosystem, with traditional financial services increasingly integrated into non-financial platforms and customer journeys. Fintechs such as GCash, Boost, and BigPay are leading this transformation by payment, lending and banking capabilities into everyday consumer and business experiences, creating more seamless and accessible financial services.

Embedded finance firms are moving towards a regulatory-first approach to innovation, prioritising regulatory compliance and collaboration from the outset. In our research, respondents have emphasised their proactive engagement with regulators to navigate consumer protection and compliance. This includes fostering collaboration and knowledge-sharing with government and regulatory bodies – even though these are not traditionally within the remit of embedded finance firms.

This development underscores the maturation of the embedded finance space, as fintechs move from disruption to integration. In fact, one respondent expressed anticipation for central banks to "set the scene" for more payment rails for embedded finance.

In addition, industry-specific financial solutions appear to be replacing a one-size-fits-all "super app" approach. Fintech firms are not only strengthening partnerships with institutions, banks, and other financial entities, but are also collaborating with partners to develop targeted solutions for specific industries. For instance, payment companies are rolling out digital wallet solutions to facilitate cashless transactions between passengers and drivers in the ride-hailing industry, thereby enhancing both convenience and security for service providers and customers alike.

These trends suggest that the embedded finance space is moving from a phase of rapid growth and competition to one of consolidation, specialisation, and building of infrastructure to support future innovation. With better product-market fit and clearer value propositions, the focus is shifting from consumer-facing innovation to enabling businesses and merchants to better integrate financial services into their operations.

"The most seamless and convenient user experience in Asian fintech comes from leveraging embedded finance rather than super apps.... Most have not succeeded in significantly expanding their financial services."

/ **CEO of a supply chain financing platform in Indonesia**

Open banking

By providing consumers with greater control over their financial data, Open Banking promises access to innovative products. Open Banking has steadily gained traction across Asia and represents a massive opportunity for various markets here[17]. It continues to evolve rapidly; some are taking a more regulatory-led approach, while Southeast Asian countries have largely opted for market-driven initiatives.

As noted by a respondent from a major bank operating in Asia, its focus on expanding the ecosystem of new engagement channels based on technologies like APIs highlights the strategic importance major banks are placing on Open Banking initiatives.

Within the region, Singapore became the first ASEAN country to publish guidelines on Open Banking and establish a roadmap for providing banking data through open APIs. Other regulators have also embraced Open Banking. In April 2024, the first Open Banking license was granted to Brankas by the Central Bank of Indonesia, marking a significant milestone announced at the event[18].

In Malaysia, Payments Network Malaysia (PayNet) and Bank Negara, the central bank, are working on providing more robust Open Banking guidelines. As one respondent noted, the regulatory progression is evident across the banking-as-a-service, lending-as-a-service, and open finance landscapes.

Bank Negara Indonesia (BNI) has emerged as a pioneer in Indonesia's open banking landscape with a standardised API service to simplify and expedite customer transactions. Supporting a wide range of digital banking functionalities, the BNI API services portal has attracted 4,000 customers and generated transactions worth IDR 828 trillion in the year ending December 2023[19]. In addition, BNI is actively driving the open banking ecosystem by providing API services and partnering with various institutions, including universities and healthcare providers.

[17] The state of Open Banking in APAC today. The Paypers.
[18] Brankas Is First Company in Indonesia To Be Awarded Open Banking Data License. Hubbis.
[19] What Makes BNI's API Service Stand Out in the Open Banking Era? Asian Banking & Finance.

Financial inclusion

The vast majority (95.9%) of respondents in our research tell us that financial inclusion and social good are priorities for their organisations. This corroborates with previous studies that found financial institutions and financial regulators across Asia Pacific are making significant efforts to improve financial inclusion[20].

It is worth noting that fintechs are outperforming traditional banks in reaching underserved segments. According to a study by the Centre for Impact Investing and Practices (CIIP), a nonprofit unit of Temasek Trust in Singapore, 63% of fintech users are first-time customers and 57% said they do not have access to alternatives, compared with 46% and 40% for traditional financial service providers[21].

Not everyone thinks financial inclusion and great banking services should be mutually exclusive though; an exceptional financial offering is one that is financially inclusive by default, argues one respondent from a digital bank. Moreover, while technology-enabled credit assessments can enable greater inclusiveness over traditional credit decisioning systems, this must first comply with regulatory requirements, observed a fintech respondent.

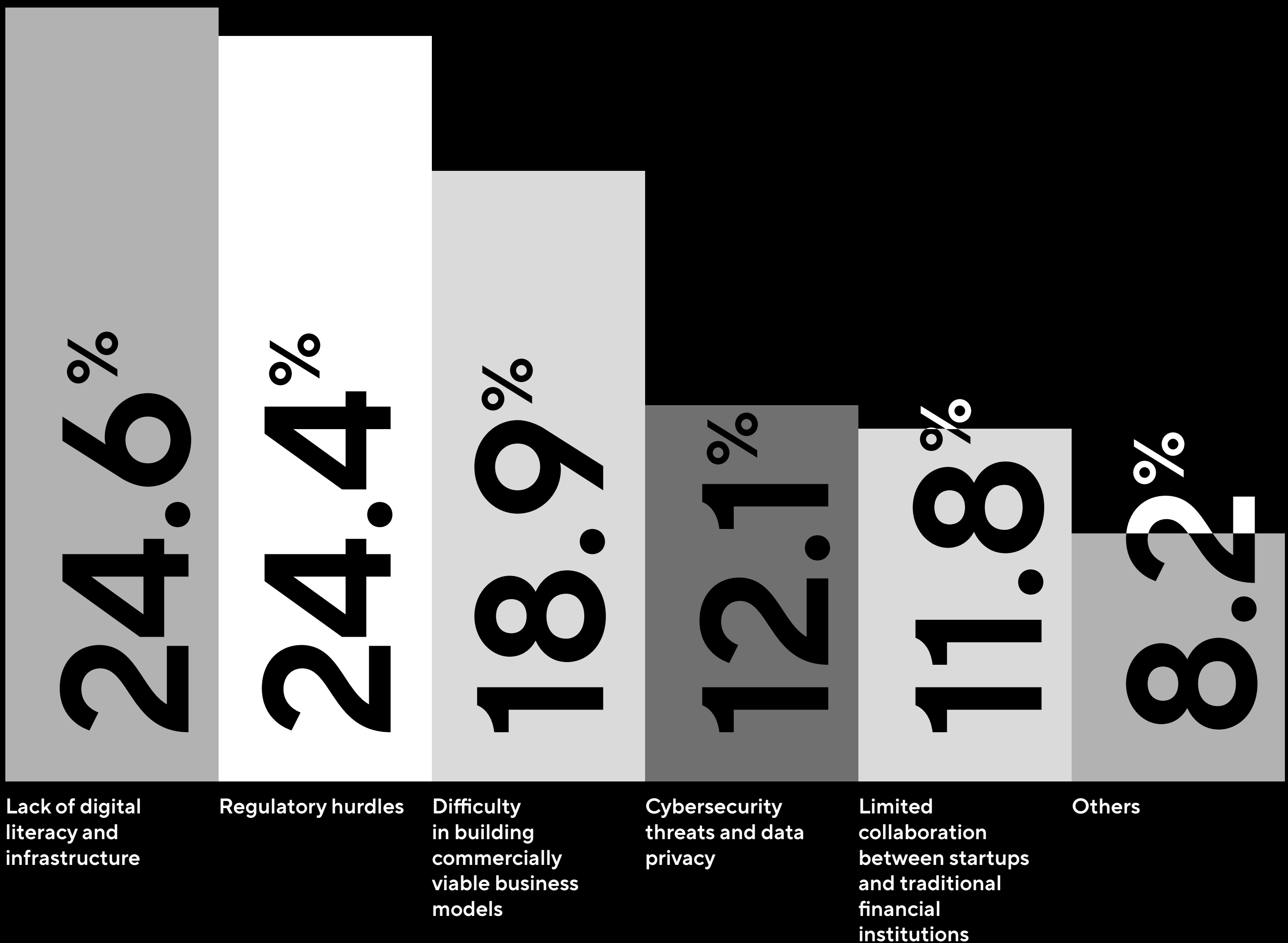
But not every challenge can be solved through technology. Deeply entrenched cultural hurdles could be an issue in certain regions in Asia, such as women who face barriers rooted in societal norms and historical conditioning. Despite new technologies and broader availability of financial services, adoption ultimately hinges on empowering individuals to manage their finances independently, a respondent in our research observed. This requires a cultural shift, and educational efforts and product accessibility alone cannot effectively bridge the gap on such deep-seated challenges.

"If a genuinely great product should appeal to a broader audience beyond those considered underserved, it is a patronising notion that products should be limited to or tailored only for poorer demographics."

/ **Group CEO of a leading Southeast Asian digital financial services company in Malaysia**

[20] APAC financial inclusion surges forward through the power of the cloud. OMFIF.
[21] First-Ever Impact-Focused Southeast Asian Financial Inclusion Report Charts Pathways to Accelerate Impact Beyond Access. Centre for Impact Investing and Practices.

Which of the following challenges do you consider **most significant in achieving financial inclusion** within the Asian fintech landscape?



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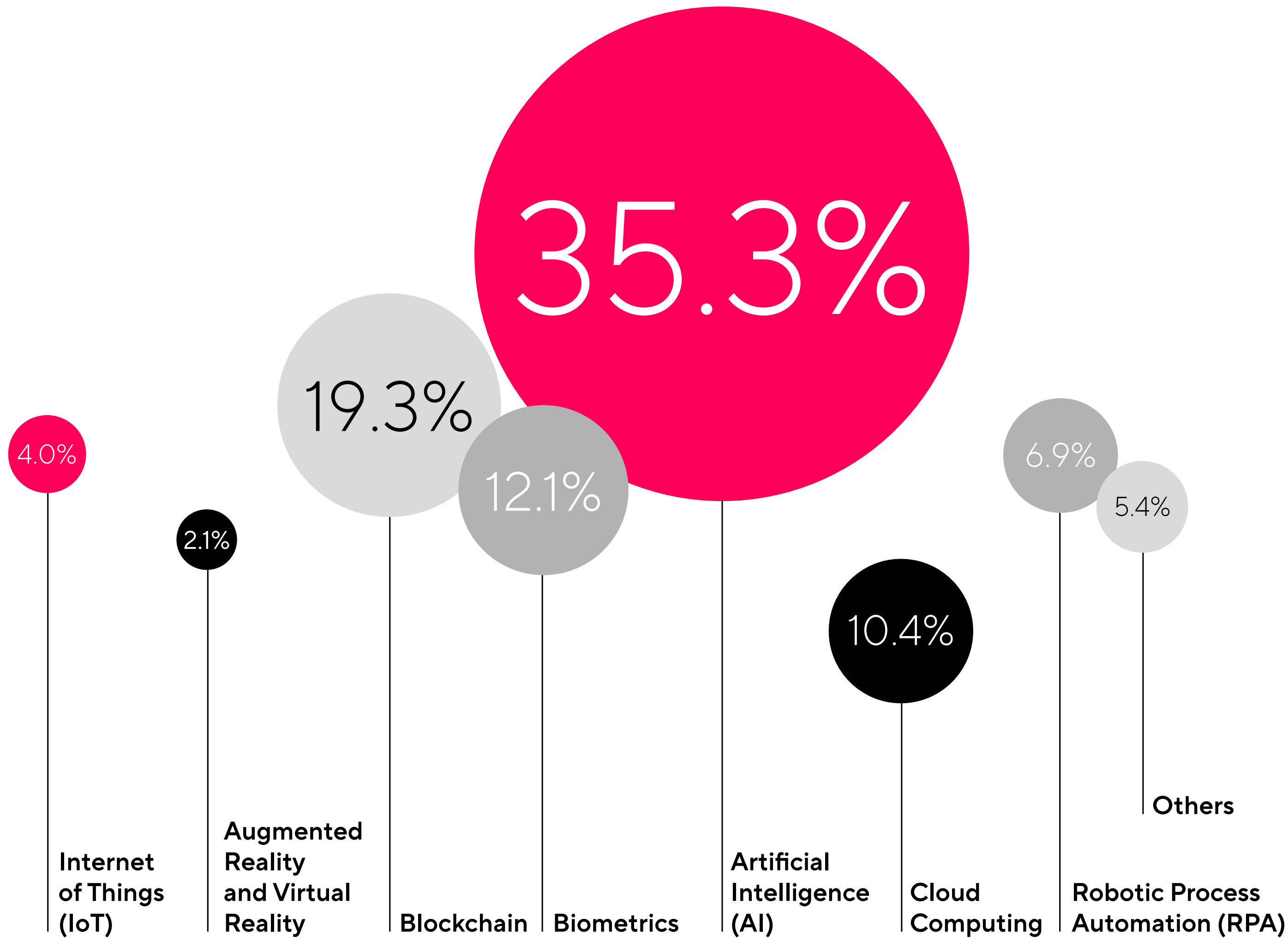
/ THE INNOVATIONS RESHAPING FINANCE

The innovations reshaping finance

The financial services industry has always been quicker than others to adopt and leverage new technologies. This willingness to embrace innovation has fostered a vibrant ecosystem that continually adapts to meet rapidly changing demands, with no shortage of new ideas driving the next wave of transformation. What are some of the top innovations currently shaping the face of the financial services industry? We look at some of them.

Our research reveals that respondents believe that the top three technologies with the most significant impact are AI, blockchain and Biometrics. Cloud computing also ranked high on the list, undoubtedly for the agility and scalability it offers to financial services firms.

Which emerging technology is having the most significant impact on fintech in Asia today?



New tech, new opportunities

Responsive ecosystem aside, the onus remains on financial services firms to ensure that deployed solutions meet institutional standards. The sheer number of options can put an inadvertent burden on financial services firms, who must sieve genuine innovators from charismatic pitches, conduct thorough due diligence and perform proof of concept trials to validate technical capabilities.

This is where an awareness of overhyped technologies and those that didn't pan out can prune things down significantly. When asked, respondents pointed to virtual reality as one technology that did not live up to initial expectations – despite significant investments, it failed to gain meaningful traction beyond niche applications. Another technology that was considered by one respondent but ultimately dropped was voice frequency analytics, who cited too many challenges.

Asia's strategic aggression in AI redefines competition

The financial landscape in Asia is undergoing a profound transformation, with leading institutions shifting from reactive to proactive strategies. Asia's top financial institutions are not just keeping up with global trends – they are actively redefining competitive dynamics through the aggressive adoption of generative AI[22]. By focusing on innovation that meets both regional and global needs, these institutions are expanding their influence, setting new standards, and positioning themselves as key players in the global generative AI narrative.

Unsurprisingly, generative AI proved to be a dominant topic in conversations. Many financial services institutions are prioritising the integration of generative AI, aiming to unlock efficiencies, enhance personalisation, and create new service offerings. Yet the challenge lies not only in the rapid pace of technological advancement, but also in navigating the complexities of regulatory frameworks to ensure the responsible and secure use of AI.

Countries in Asia are catching up quickly. Singapore introduced a new draft framework for generative AI in February 2024, while Hong Kong released its first guidelines for the responsible use of AI in finance, in October 2024.[23] Other regulators in the region are advancing governance such as Japan's guidelines for the use of AI in finance[24], Taiwan's basic law for AI development[25], and India's new privacy legislation for AI developers[26].

[22] Asia in Focus: All In On AI - Financial Services Adoption Index 2024. Acrew Capital and Money20/20.
[23] Hong Kong unveils rules for 'responsible' AI use as it gets ahead of disruptive technology. SCMP.

While generative AI has captured our collective imaginations, predictive AI remains pivotal. Financial institutions are leveraging AI beyond customer interactions, using it to bolster fraud detection by analysing transaction patterns for anomalies in real time. AI is also revolutionising compliance. Anti-money laundering (AML) tools automate transaction monitoring and identify suspicious activities more effectively. Across Asia, digital identity verification using AI-driven biometrics is transforming KYC processes by streamlining onboarding and enhancing trust in financial systems. As one respondent pointed out, AI has reached a tipping point, with many institutions looking to scale its use, signalling a shift toward mass adoption.

These broader applications align with how institutions are exploring AI. For example, one fintech firm is leveraging predictive AI for credit modelling as part of its assessment processes. Simultaneously, it is looking at using generative AI to deliver personalised financial advice and enhance customer support through advanced chatbots. These advancements signal a shift toward multi-agent ecosystems, where diverse AI models collaborate to optimise decision-making and customer engagement.

In parallel, key areas such as AI Ethics, Community AI, and AI and Human Collaboration are gaining traction in Asia. Institutions are focusing on creating trusted, bias-free ecosystems through robust governance frameworks while empowering communities by blending AI with human judgment for ethical applications. Additionally, AI-Human Collaboration emphasises purposeful innovation, with human intelligence guiding AI to address real-world challenges, ensuring it works for us. This approach prioritises human-centred innovation, blending automation with oversight to create ethical, reliable, and impactful solutions. A respondent from a leading fintech platform echoed this sentiment, stating, "I disagree with the prevalent belief that AI will entirely replace human decision-making."

"The market does not suffer from a shortfall of technology vendors but rather an oversupply of options."

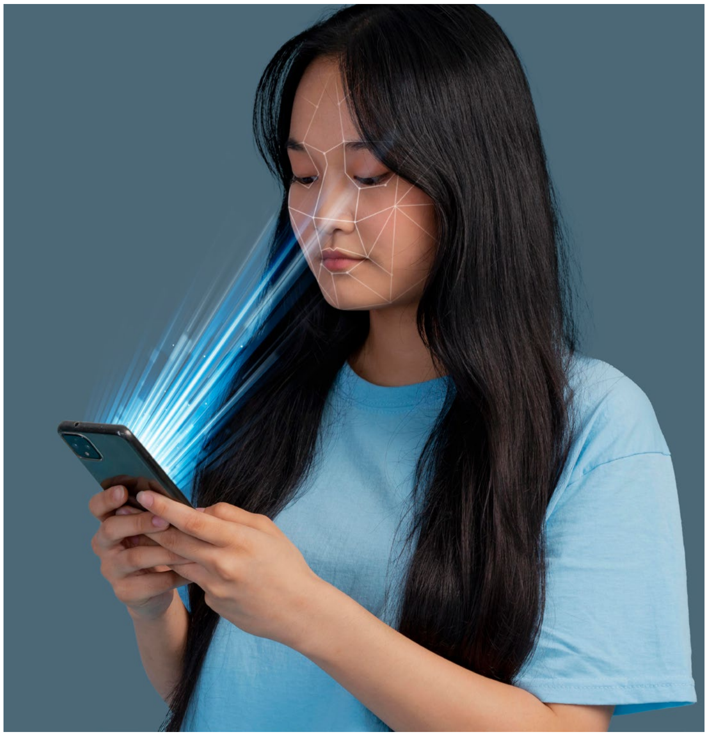
/ Global Head of Open Banking of a major international bank

Ultimately, the true promise of generative AI lies not in its current capabilities, but in its future potential. Though the smartphone was certainly revolutionary at launch, its real impact came from subsequent innovations that transformed society by enabling mobile wallets and making digital banking practical for millions of underserved individuals. Similarly, generative AI could pave the way for groundbreaking innovations yet to be imagined.

As one respondent aptly noted: "The future lies in harnessing [technologies like AI] to solve real-world challenges and transform everyday experiences, akin to how the internet evolved from niche uses to essential infrastructure. Every innovation holds potential, but their true impact emerges as they become seamlessly integrated into global systems and governance frameworks."

[24] Overview of AI Regulatory Landscape in APAC. Covington, Global Policy Watch. [25] AI Regulation in Asia. Reynolds Porter Chamberlain. [26] Five ways in which the DPDPA could shape the development of AI in India. Future of Privacy Forum.

Biometric systems see explosive momentum



Parallel to AI's rise, the integration of AI with biometric systems is transforming security across industries, particularly in Asia. The AI-enabled biometric market, valued at USD12.7 billion in 2022 and projected to reach USD50.5 billion by 2031, is a testament to this shift. By combining AI's data-processing power with biometrics, companies are improving identification accuracy and reliability across banking, healthcare, government, and retail. In the Asia-Pacific region, China and India are leading this growth, driven by digitalisation and increasing demand for biometric solutions[27].

In financial services, AI-driven biometric technologies are gaining traction for their ability to enhance security and user experience. Popular e-wallets like Alipay and WeChat Pay have long integrated facial recognition as a standard security feature for both online and offline transactions in China. As biometric technologies continue to evolve and gain acceptance, it is also being mandated by regulation. For instance, Vietnam in July 2024 implemented new regulations requiring biometric verification, such as facial recognition and fingerprint scans, for digital transactions exceeding a certain threshold[28]. At a fintech event in September 2024, Dr. Chea Serey, Governor of the National Bank of Cambodia, announced plans for a payment system where customers can simply smile at the camera to complete transactions.

On the private sector front, as of early November 2024, Mastercard is advancing transaction security with its Payment Passkey service, using biometric authentication like fingerprints or facial scans to eliminate OTPs and provide a seamless checkout experience. Meanwhile, Tencent has partnered with Visa to pilot palm recognition technology for digital payments in Singapore, with participating banks such as DBS, OCBC, and UOB. This innovation allows users to make payments by scanning their palm, ensuring both security and privacy through encrypted biometric data.

These developments underscore the growing momentum of biometric-enabled payments in Asia, enhancing user experiences, improving security, and meeting regulatory requirements. As biometric technologies continue to expand, they are reshaping financial systems, enabling faster, more reliable identification, and fostering greater trust in digital transactions.

[27] AI-enabled Biometric Market Outlook 2031. Transparency Market Research.
[28] Vietnam's new digital ID law mandating biometrics use goes live July 1. Biometric Update.

Transforming cross-border payments with blockchain

Asia Pacific is a leading force in the adoption and implementation of blockchain technology, and this is clearly evidenced by the many fintech blockchain implementations across the region such as in Thailand[29], Singapore[30] and Australia[31], to name a few.

One prominent initiative is Project mBridge, which explores a multi-CBDC platform shared among participating central banks and commercial banks and built on distributed ledger technology (DLT) for instant cross-border payments and settlement. It reached a minimum viable product stage in mid-2024[32]. Overall, blockchain adoption looks set to grow especially when it comes to facilitating and streamlining cross-border payments and remittances, given how it enhances speed and transparency for cheaper, faster payments.

In our research, one respondent highlighted how blockchain technology is transforming cross-border payments, especially for SMEs, by improving transaction security through RegTech. Another respondent emphasised the role of blockchain in driving crypto adoption, particularly with stablecoins backed by local currency for remittances, which are especially beneficial in the Global South. Both respondents agreed on blockchain's potential to foster financial inclusion by reducing barriers and addressing practical use cases such as inflation hedging and decentralised finance (DeFi), ultimately contributing to greater financial accessibility and resilience.

The increasingly clear regulatory landscape in Southeast Asia – supported by countries like Singapore, Thailand, Indonesia, and the Philippines – has been critical in enabling these advancements. As blockchain continues to revolutionise payments, remittances, and financial inclusion, the region is well-positioned for the next wave of fintech innovation, unlocking new opportunities for underserved markets.

On the vanguard of quantum encryption

Though fintechs are often on the cutting edge, they are highly pragmatic in terms of technology adoption. For instance, while quantum computing is sometimes viewed as an emerging technology, very few respondents in our research are actively focused on it or consider it an immediate priority. It should be no surprise that fintechs prioritise proven technologies that can deliver immediate business value, rather than experimental solutions with uncertain returns.

However, financial institutions are keen on quantum-resistant cryptography to safeguard sensitive data against future quantum-based threats. In August 2024, the MAS announced that it has teamed up with major banks in Singapore to study how Quantum Key Distribution (QKD) secure data transfers against future quantum threats [33]. Elsewhere, larger institutions such as HSBC are similarly investing in research to develop quantum-safe encryption methods[34]. This forward-looking approach to security demonstrates how fintechs balance innovation with practical risk management.

[29] SCB Partners with Lightnet to Revolutionize Cross-Border Payments and Remittances with Stablecoin, Powered by Fireblocks. The Siam Commercial Bank.
[30] Project Ubin Phase 5: Enabling Broad Ecosystem Opportunities. Cartan.
[31] Blockchain will anchor Australia's FinTech future on a foundation of trust. Monash University.
[32] Project mBridge reached minimum viable product stage. Bank of International Settlements.
[33] Quantum technology can revolutionise finance, but create new problems. The Asian Banker.
[34] HSBC: Utilising quantum protection for AI-powered FX trading. FinTech Magazine.

Developing cyber resilience

Financial regulators are intensifying their oversight of cybersecurity risks in banking and financial services, with good reason. As fintech firms increasingly deploy digital systems to enhance efficiency and customer service, they inadvertently expand the "threat surface" that cybercriminals can exploit, increasing the potential for new vulnerabilities.

The Asia-Pacific region has experienced a significant surge in cyber-attacks, recording a 16% year-on-year increase in the first quarter of 2024 – among the highest in the world[35].

One research identified financial services as one of the five most targeted industries here, with the others being technology, media and telecommunications, government, and manufacturing[36].

Top cybersecurity risks for fintechs include third-party risks, where breaches at partners can lead to data leaks, and vulnerabilities in emerging technologies like generative AI and retail CBDCs, which require significant security investments. Additionally, expanding data protection regulations across Asia Pacific are increasing compliance costs and the potential for fines.

Considering these challenges, it should be no surprise that respondents consider cybersecurity to be more vital than ever. One respondent emphasised the impact of varying regulations across markets, particularly in sectors like online gaming, and noted that more relaxed regulations could foster greater collaboration between governments and private entities, thereby enhancing financial adoption. Another respondent pointed to the growing reliance on emerging technologies like AI, cloud computing, and cybersecurity in enabling business transformation and improving operational efficiency.

Respondents acknowledged the rising importance of cyber intelligence sharing among countries to combat fraud and improve cross-border cybersecurity. They also discussed the critical need for operational resilience, particularly in markets like Singapore and Australia, with standardised frameworks across the Asia Pacific region seen as essential to ensuring secure financial services. A common concern was the evolving cybersecurity risks posed by new technologies, including generative AI, which demand robust measures to mitigate emerging threats.

Overall, while fintech has made strides, achieving seamless, secure cross-border transactions remains a key challenge, underscoring the continued importance of cybersecurity in enabling financial innovation.

[35] Cyber Risk Insights: Fortifying Digital Defense Key For Asia-Pacific Banks. S&P Global.
[36] Cyber Threat Landscape Report 2024. Ensign.

/ CONCLUSION: CREATING THE FUTURE OF FINANCE

Conclusion: Creating the future of finance

The financial services industry in Asia Pacific stands at a transformative crossroads, where traditional banks and digital challengers are increasingly converging in their pursuit of innovation and customer-centricity. As digital banks focus on achieving profitability and scale, traditional institutions are rapidly embracing fintech capabilities, effectively blurring the lines between legacy and digital players.

The region's dynamic payments landscape is undergoing significant transformation, with cross-border initiatives like Project Nexus and cryptocurrency solutions disrupting traditional models. Data-driven credit assessments are revolutionising lending practices, even as innovations across InsurTech, RegTech, and WealthTech sectors reshape financial services delivery. The aggressive adoption of AI, particularly in Asia, is further redefining competitive dynamics.

As the industry moves forward, success will likely depend on striking the right balance between technological advancement, regulatory compliance, and customer needs, while maintaining robust cybersecurity measures in an increasingly interconnected financial ecosystem.

The priorities of the fintech landscape, from market expansion to regulatory compliance, underscore a crucial truth: even as technological advancement drives the industry forward, success ultimately depends on human-centred approaches. It's the ability to leverage innovation yet maintain trust, enhance user experience, and ensure accessibility for all customers that will determine which players thrive in this evolving landscape.

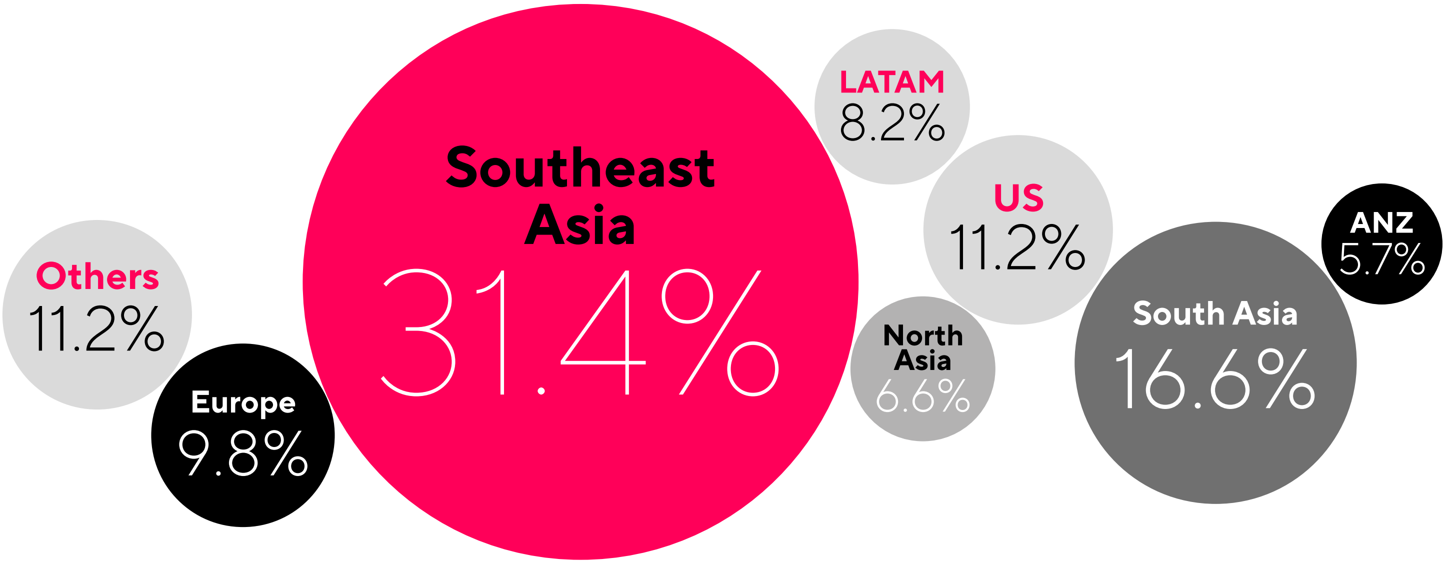
At its core, the future of financial services is fundamentally human. Though technology and innovation drive transformation, it's the people – from developers and regulators to everyday users – who are both enabling and benefiting from these advances. Their collective expertise, creativity, and adaptability will continue to shape a more inclusive, efficient, and accessible financial ecosystem for all.

Afterword

At Money20/20 Asia, we pride ourselves on being the platform where the brightest minds in Asia Pacific (APAC) fintech converge to share insights and shape the future of financial services. Our show is more than just a gathering – it's where innovation thrives; and opportunities emerge. We bring together every stakeholder, from fintechs to regulators, to exchange ideas, ignite conversations, and shape the future of financial services in Asia and beyond. Here, we uncover the hidden gems of the region's fintech landscape.

For this report, we engaged with over 50 key stakeholders across Asia, including international, regional, and domestic banks, fintech companies, consultants, and industry experts. All interviews were conducted confidentially to encourage open and honest dialogue. Through these conversations, we explored their evolving needs and aspirations, which form the foundation of this report. It highlights emerging industry trends, challenges, and opportunities, gathered from in-depth interviews with Asia's leading fintech voices. As a report that truly represents Asia, we are committed to showcasing the region's diverse perspectives and unique opportunities.

Which specific markets are being focused on or expanded into in the next 12-18 months?



The findings reflect the pulse of the APAC fintech ecosystem, covering everything from digital banking and payments to the transformative power of AI and blockchain. One key finding underscores the immense potential of Southeast Asia: almost one in three (31.4%) of respondents say they are prioritising expansion into this region, which underscores the importance of markets like Indonesia, Thailand, and the Philippines.

I want to extend my gratitude to all contributors, partners, and thought leaders who shared their invaluable insights. Your input has been instrumental in shaping this report and offering a clear view of the future of fintech in APAC.

As we gear up for Money20/20 Asia 2025, our commitment to empowering the APAC fintech community and fostering an agile, customer-focused financial ecosystem remains stronger than ever. We look forward to seeing you at our 2025 show – where the next chapter of fintech innovation will unfold.

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Research methodology and overview

This report, created by Money20/20 Asia, is the culmination of a comprehensive study conducted between May and November 2024. The research focused on examining the evolving needs and aspirations of Asia's fintech organisations in the context of current industry trends. To accomplish this, we employed a blend of qualitative and quantitative research methods.

More than 50 key fintech stakeholders from diverse regions of Asia, including banks, fintech companies, consultants, and industry experts, participated in detailed interviews and surveys. All interviews were conducted under the condition of anonymity to ensure candid and honest feedback. The geographical diversity of the participants ensured that the insights gathered represented the varied challenges, opportunities, and market dynamics across the region.

The qualitative insights from these interviews, combined with data from a quantitative survey, offered broad, measurable insights into the industry's challenges, opportunities, and emerging trends. This mixed-method approach allows for a robust understanding of the current fintech landscape, and the strategies needed to thrive in an increasingly digital and competitive environment.

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Keen to explore these trends further?

Money20/20 Asia is where the brightest minds in Asian fintech converge to share insights and shape the future of financial services in the region, connecting attendees from major hubs like Singapore, Hong Kong, Sydney and Tokyo with innovators from Malaysia, Cambodia, Vietnam, Thailand, Indonesia, Philippines and beyond.

From in-depth analytics to inspirational speakers, our world-class insight and networking opportunities help our customers stay ahead – powering strategies and relationships and switching mindsets.

Money20/20 Asia promises the clearest and most distinctive focus on what's next across Payments, FinTech and Financial Services in the APAC region and beyond. This is your front-row seat to the future of fintech in Asia.

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