

FINTECH SOUTHEAST ASIA: Evolving Trends in 2023 and Beyond



Over the last few years, Southeast Asia has been one of the frontrunners in fintech adoption globally, with the expectation to generate more than \$38 billion in annual revenue by 2025, more than triple the \$11 billion generated in 2019.

The combination of a sizable, young, tech-savvy population that actively uses e-commerce and digital payments, extensive mobile internet coverage, and government support have made it one of the fastest-growing fintech regional markets globally.

The 5 Trends That Will Shape Southeast Asia's Fintech Ecosystem In 2023 and Beyond

Based on current developments, we expect the following five trends to shape the regional fintech ecosystem over the coming years:

- 1. Digital Payments Revolution:** governments in the region have implemented initiatives to update their payment infrastructures and encourage the adoption of digital payments, now used by 90% of consumers.
- 2. Ascent of the eCommerce Marketplace "SuperApp":** As more consumers choose a mobile-first strategy, highly integrated mega apps (i.e. Grab, Gojek, Lazada, Momo, Shopee) provide a one-stop-shop tool for in-house payment processing, digital wallets, as well as insurance, credit, and wealth management services.
- 3. Rise of Sustainable Fintech:** As the demand for sustainable finance and responsible investing continues to surge, Singapore has established itself as the region's green finance hub. As ESG measures continue to become more mainstream, fintechs will continue to partner with governments, banks, and other financial institutions.
- 4. Frontier Technology:** As the region continues to progress with advances in connectivity and accessibility, the evolution and growing applications of the Internet of Things, artificial intelligence, machine learning, and augmented reality will accelerate and shape the growth of fintech.
- 5. Regulatory "X Factor":** A supportive regulatory framework has been instrumental in helping regional fintech businesses flourish at such a rapid rate. Going forward, regional governments may be forced to adopt a more scrutinizing mindset to strike a balance between the need for growth and maintaining industry stability and safety, particularly in money laundering, information confidentiality, and data privacy.

Conclusion: A Balanced Way Forward for Southeast Asia's Fintech Growth

The Southeast Asian fintech scene is expected to evolve over the next few years due to changes in technology, rules, and competition. For growth to continue, it is critical for governments and businesses to co-develop regulatory frameworks that encourage the safe use and uptake of new financial services in a way that fosters trust among ever-widening segments of the population.

Southeast Asia remains one of the world's most alluring regional fintech markets, with enormous opportunity for value creation through financial inclusion initiatives and a digital economy redesign. We believe this can be achieved by continued synergic partnerships between regulators, policymakers, the incumbent banking sector, and fintechs to drive innovation.



Need help with support and information on the fintech sector in Southeast Asia?

Reach out today for a free consultation: info@innreg.com

The Author: *InnReg* is a team of over 20 Regulatory Compliance and Innovation Consulting experts helping fintechs succeed in highly regulated markets since 2013, globally. InnReg provides fintech compliance and operations consulting and outsourcing services focused on mitigating regulatory risk while helping clients launch innovative fintech products and services.