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FINTECH IN ASEAN COUNTRIES: STATE, PROBLEMS AND INFLUENCE ON FINANCIAL MARKETS

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Annotation. *The article identifies the definition of fintech, state and development of this phenomenon within world Association of South East Asian Nations in particular. Also the main problems appeared in member countries while buildings up a fintech-infrastructure are investigated. A range of problem solutions has been proposed to further successful region progress in this sphere.*

Keywords: *fintech, ASEAN, investment, startup, governmental regulation*

Banking system flaws, the world economic crisis and ongoing technical revolution caused the emergence of a fintech phenomenon.

While well-developed countries are the first to realize its benefits and finance in this sphere, ASEAN states as the most fast-growing and open for changes also have the potential to transform into one of the biggest international fintech-hubs.

Nowadays there are more than a thousand startups functioning in ASEAN and nearly \$3 bln. investments

accumulated by 2017. American, Chinese, Japanese investors choose payments (44%), financial lending (20%) and comparison (12%) as the most preferable spheres of financing.

However, almost all the invested money concentrates in Singapore. Economic stability, government support, attractive investment climate make this country fulfill the innovation potential completely. At the same time other ASEAN members face numerous

problems which hamper them to succeed in this sphere.

Low smartphone/Internet penetration and bandwidth are the roots for the following issues which can be divided into three main blocks: financing, personnel and government regulation.

The first one is about limited access to and amount of funds caused by low level of trust to established fintechs and lack of venture investors/investments.

The second block concerns difficulties with hiring of qualified workers and recruiting sufficient number of foreign specialists.

The third one relates to poor governmental support in legislative (tax, licensing, recruiting) and financial field.

As it's quite tough for startups to solve the complex of sectorial problems alone, the state and its initiatives can be a key point on the way to developed fintech sphere. That's why a series of solutions based on international experience is needed to reach it.

Regarding financial issues, a system of public and venture investment funds, governmental organizations and fintech-

events can be created to provide money, promotion and assistance for newly established fintech businesses.

Personnel problems can be solved with simplification of recruiting process (using startup visas) and local human resources development (through special educational trainings or courses, fintech talent incubators and accelerators).

Improving of legislative environment is possible with consulting/functional support by specialized governmental programs and adjusting tax policy. Licensing and patenting ease can be provided with e-licensing and initiatives to speed up patent receiving.

ASEAN countries have a huge potential to be the next international fintech-hub in the nearest future due to sustainable economic growth and flexibility. But there are some problematic aspects caused by concentrated structure and low smartphone/Internet penetration issues. That's why it's crucial for governments to solve them properly using international experience aiming at further success of the association.

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