



Cross-Border Insights: Examining Fintech Innovations in the Vietnamese and Finnish Financial Sectors

Anh To

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Abstract:

This research compares fintech innovations in financial sections in two countries including Vietnam and Finland in great detail. This study offers insight into the drivers driving the development of two distinct sectors by analyzing fintech's application work, regulatory frameworks and operations towards financial inclusion, action user behavior and competitive market.

The study examines the factors that encourage and hinder fintech adaption, taking into account regulatory complexity, industry developments and changing customer preferences. Additionally, it evaluates how well management systems manage to achieve a balance between financial stability and innovation. The report also examines how fintech initiatives are changing customer behavior, increasing financial access and shifting market competitiveness. This research brings valuable insights for policymakers, financial institutions and fintech innovation, informing decision-making and strategy development based on evidence in the context of evolving landscape of financial technology.

Keywords: Fintech Innovations, Comparative Analysis, Financial Inclusion, Regulatory Frameworks, Emerging Markets.

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1 Introduction

Financial technology or fintech has become a phenomenon, a development trend that has received a lot of attention from a large number of start-ups and investors as well as governments and regulatory agencies of many countries around the world (McKinsey & Company, 2023). There are many definitions related to this term, but in general, fintech is seen in the relationship between financial services and information technology. The company operates professionally in the field of information technology and will use advanced technologies to provide key financial services. The products they provide can be products based on new creative ideas or can be old products but provided in a new way with the purpose of simplifying administrative procedures and increasing access to financial services. This shows that fintech development is inevitable in the current integration trend. (McKinsey & Company, 2024).

In recent years, the world has witnessed a boom in investment activities in the fintech sector globally. In banking activities, fintech penetrates many fields, from lending activities, banking services, risk management, to high-frequency transactions and big data. (Imarticus Learning, 2023). The majority of these investments focus on the individual and business customer segments small and medium sized with two outstanding areas: payments and lending, areas that are the bank's strengths. It can be seen that although different regions have different levels of market access and acceptance, it cannot be denied that fintech has gradually created a huge impact on the future developments and trends of the banking and finance industry. Firstly, fintech will increasingly penetrate more strongly into the service areas that banks provide, in which, in addition to the traditional areas that are the bank's strength, such as payments and lending, fintech will continue to develop into other potential areas such as international money transfer services, peer-to-peer lending, crowdfunding, ... (McKinsey & Company, 2023)

Secondly, fintech will continue to take the lead in applying new and advanced technologies convenience for users as well as the level of security, providing technology solutions to help increase customer security from fraudulent activities, fake accounts, and information theft. (McKinsey & Company, 2021)

This transformation journey occurs in both developed economies and resonates deeply in emerging markets like Vietnam. In Vietnam, a vibrant start-up ecosystem, young population and growing demand for digital financial solutions, the fintech market has made strong

developments in terms of quantity, diversity in products and services, and attracting investment capital. (Oxford Business Group, 2022). In contrast, Finland, a mature and technologically advanced market, has leveraged financial technology to complement its strong financial infrastructure (Nordic Fintech Report, 2021).

Comparing Vietnam and Finland in this fintech story raises compelling questions. How do emerging and mature fintech markets navigate this transformative journey? What regulatory frameworks promote innovation while ensuring financial stability? How is fintech impacting financing access, reshaping customer preferences, and redefining market dynamics in these distinct contexts?

This study provides a comparative analysis of fintech innovations in the financial sectors as well as a comprehensive understanding of how fintech is shaping the financial ecosystem in Vietnam and Finland. It aims to make clear where each country is headed in fintech adoption, highlighting unique challenges and opportunities and scrutinizing the drivers, regulatory frameworks, and the impact on financial inclusion.

1.1 Problem statement

The rapid development of fintech innovations in emerging markets like Vietnam and developed markets like Finland has ushered in transformational changes in the financial sector. These changes present opportunities and challenges, raising essential questions about the impact of fintech. In Vietnam, besides development opportunities, the market here also faces many difficulties. The regulations for fintech activities are not clear and complete, which is difficult for the development of the fintech ecosystem. This makes companies reluctant to invest in developing new products and services due to concerns about the instability of the legal environment. Moreover, although there is a young labor force that facilitates access to new fields, the technological infrastructure still faces many limitations and does not meet the requirements of the development of modern technology, especially security technology. The scarcity of human resources as well as the cash usage habits of people are still quite high, which is also a challenge leading to difficulties in expanding the fintech market here. In contrast, Finland faces the task of maintaining innovation leadership and ensuring regulatory flexibility. Understanding how fintech adoption affects customer preferences and market dynamics in both countries is paramount. This study aims to comprehensively assess and compare the influence

of fintech in Vietnam and Finland, providing insights that inform regulatory decisions, business strategies, and academic discourse across the world.

1.2 Aim

The purpose of this study is to conduct a comprehensive comparative analysis of fintech innovation in the Vietnamese and Finnish financial sectors. This research aims to provide an in-depth understanding of how these two distinct markets are adapting and exploiting the potential of fintech solutions.

Firstly, the study aims to examine the drivers of fintech adoption in Vietnam and Finland. It will investigate the drivers and investigate fintech adoption, looking at factors such as regulatory frameworks, market maturity, and consumer demand.

Secondly, the study will evaluate fintech regulatory approaches in both countries. It will focus on striking a balance between promoting innovation and ensuring financial stability, exploring how these regulatory approaches impact the development and adoption of fintech solutions.

Thirdly, the study will evaluate the impact of fintech on financial inclusion in Vietnam and Finland. It will determine whether the fintech initiative effectively reaches underserved populations and increases their access to financial services.

Additionally, the research will examine changes in customer behaviour and preferences due to fintech adoption, understanding how fintech solutions are altering traditional banking practices and customer expectations in both markets.

Lastly, the study will assess the competitive landscape in the financial sector due to fintech disruption. It will examine how traditional financial institutions are responding to the emergence of fintech start-ups and digital platforms.

1.3 Research questions

This study addresses two questions:

Research question 1: What are the key drivers and barriers shaping the impact of fintech on financial inclusion and customer behavior in the Vietnamese context, and how do these compare to trends observed in Finland?

Research question 2: How do regulatory frameworks and market dynamics influence the development of fintech innovations in Vietnam compared to Finland?

1.4 Demarcation

This study conducts a comparative analysis of fintech innovations in the Vietnamese and Finnish financial sectors, focusing on adoption, management, and impact. It focuses on Vietnam, a representative emerging market, and Finland, an established and mature market. This study is limited to developments in recent years and does not predict future trends and focuses solely on analyzing topics related to the influence of fintech in the financial sector. While it acknowledges the influence of global factors, the research primarily examines the unique dynamics of Vietnam and Finland, ensuring a focused and contextually relevant analysis.

2 Theory

2.1 Introduction to Fintech

In the 4.0 era, the financial sector is being promoted to develop strongly thanks to outstanding advances in technology (World Economic Forum, 2020). Along with that, financial technology has also become an area of interest to banks, technology companies, financial experts, customers, etc. So, what exactly is fintech? What are the outstanding products or financial technology today? Are fintech apps safe to use and invest in? What is the development trend in this field?

Fintech is an English term written as Financial Technology. This is a general term used to refer to the application of technological creativity in financial activities and services.

Currently, many people use this word to refer to all companies that use the internet, cloud computing technology, and open source software to enhance financial, banking, and investment activities,...(McKinsey & Company, 2024)

Financial technology has made a great contribution to people's lives by creating a premise for financial companies and credit institutions to research and produce quick, safe, and cost-effective products and services, helping convert and promote the trend of not using cash through Internet banking and mobile banking, creating opportunities for people in remote areas to access financial services more simply. (Kagan, 2024)

The fintech market is growing strongly in many countries around the world including Vietnam and Finland. With the support of science and technology, finance has the

opportunity to develop more widely, closer to more and more people. Accordingly, more and more organizations and countries are investing in this field, promising development potential, and creating outstanding achievements in the near future.

Previously, the financial market featured two main components: financial institutions and customers. However, currently, fintech has added an equally important component, although new, that plays a core role in development, which is financial technology companies.

Accordingly, the objects of fintech include 3 parts: customers, financial institutions, and fintech companies.

By harnessing technology within the finance and banking sectors, these products strive to key focal points of interest for fintech companies: customers and financial institutions. The customer product focuses on product experience and provides solutions and tools to help users use the service better. This group is interested in developing a number of financial services: credit, asset management, and bank accounts,... The product group for financial institutions tends to be devoted to system security features, risk management, research on customer behavior and needs,... (McKinsey & Company, 2023)

The most famous products of fintech nowadays include e-wallets, e-banking, peer-to-peer lending, budget management applications, stock investment applications, cryptocurrencies, and blockchain technology. In fact, according to Forbes statistics at the present time, 68% of people are trusting to use financial services developed by fintech companies. Moreover, fintech is being evaluated by many experts as highly safe because of its biometric and password security system (McKinsey & Company, 2023).

Despite its high security, fintech still has certain negative aspects that lead to a number of risks and limitations such as fraud in users using e-wallets to steal information to take over bank accounts; erratic increases and decreases in prices of stocks of fintech companies lead to doubts about system stability and future sustainable development in the future; inadequacies that often occur in the credit sector of banking and finance are largely related to information verification factors. Meanwhile, the data on the current app store is incomplete and has many limitations, leading to many risks for commercial banks and credit institutions when lending through the app or supporting opening credit cards. (Deloitte US Perspectives, n.d.)

2.2 Fintech innovations and trends

Fintech is becoming a growing trend and an indispensable part of the 4.0 industrial revolution (Stefanuk, 2024). What are the current situation and developmental trends of fintech that both Vietnam, Finland, and the world are being drawn into this whirlwind? Fintech has been attracting the attention and investment of technology experts, financial institutions, and investors around the world. Many governments are aware of the importance of financial technologies, especially in the field of security, therefore they have mid and long-term investment plans to support better protection and economic development (McKinsey & Company, 2023). This section delves into key fintech innovations and trends that have been observed in these two distinct financial ecosystems, drawing from relevant literature and case studies.

2.2.1 Vietnamese financial sector

In recent years, the fintech market in Vietnam has made very strong developments in terms of quantity, and diversity in products and services as well as attracting investment capital. The Covid-19 pandemic has greatly affected many industries, causing many difficulties for the whole country's economy. However, for the fintech industry, this is the time of its strongest development. Fintech in Vietnam has grown significantly thanks to the increasing adoption of digital transactions, the development of the e-commerce market as well as the government's support for expanding digital payment methods. (Phung, 2023). Notable trends and innovations in the Vietnamese financial structure include:

1. **Mobile Payment Revolution:** In Vietnam there are more than 40 mobile payment service providers. In which the three leading names Momo, Moca, and Zalo Pay make up 90% of the market share, leaving other providers with little room to develop. These applications allow users to make payments, and transfer money with just a smartphone in a quick time. However, major providers are also facing difficulties as they cannot gain their competitive advantage over applications developed by traditional banks that have caught up with online payment functions. (PwC, 2021)
2. **Peer-to-peer Lending:** Peer-to-peer lending (P2P) is a business model based on the use of a digital technology platform (usually a mobile application), to directly connect individuals to borrow money from lenders without having to go through the intermediary steps of financial institutions. Both parties only have to pay a service fee

when using the connection platform. Currently, the benefits P2P brings include fees and interest rates that may be lower than regular loans for borrowers. For investors, this model provides an investment channel, and the interest rates are often higher than regular savings or bond investments. However, both the State Bank and experts have the same opinion that this form of lending carries many risks. The main reason pointed out is the lack of legal framework, ethical and technological risks that can also appear such as hacker attacks, data being lost, or personal information being abused and shared. (Allens, 2019)

3. **Virtual Cards:** This is a type of card issued and integrated into banking applications. Unlike traditional cards, virtual Visa and Master cards are used online and have the sole purpose of helping users make payments and shop online, without a withdrawal function. Security features of non-physical cards must also comply with the regulations of world payment organizations such as Visa and Master Card. The benefits of virtual cards include safety and security because they are designed to minimize the risk of losing customers' personal information and bank accounts, and they cannot be lost or stolen; convenient and flexible for online shopping needs, and helping users easily manage their spending. However, this form of card also had some disadvantages such as not being able to withdraw cash in an emergency and requiring an internet connection if customers want to make online purchases. Moreover, virtual cards are only valid for a short period of time, therefore they cannot be used for long-term registrations. (Hyman, 2024)
4. **Blockchain and Cryptocurrencies Exploration:** Vietnam is currently one of the most potential markets for blockchain for the following reasons: digital infrastructure has not yet fully developed and unified, so blockchain does not have to compete fiercely; the proportion of the population is young and the middle class is increasing, this is a group of people ready to access new technologies; the government support startups, especially during the period of 4.0 era and the legal corridor for fintech is gradually being completed. The benefit that blockchain creates is that it helps reduce operating and data management costs because blockchain allows the creation of a distributed, shared, and synchronized database. In addition, it is also safe and secure and can improve transaction speed. (Coindesk, 2022)

2.2.2 Finnish financial sector

In recent years, Finland has experienced a surge in fintech startups, particularly in sectors such as payment solutions, peer-to-peer lending, and digital banking services (Seedtable, n.d.). This growth can be attributed to Finland's robust emphasis on education and research in both technology and finance, resulting in the emergence of cutting-edge payment solutions. Moreover, governmental support and assistance from various organizations have played pivotal roles in fostering the development of Finland's fintech landscape. Favorable policies and a conducive business environment have provided fertile ground for the inception and expansion of fintech enterprises. This conducive environment has also cultivated a positive investment climate, attracting both domestic and foreign investors to participate in the burgeoning fintech sector in Finland. Notable trends and innovations in the Finnish financial structure include:

1. **Open Banking Revolution:** Finnish banks are embracing open-source API technology to facilitate the sharing of financial data and customer transactions with third-party financial service providers. This data typically includes transaction history, account authentication details, payment links, and more. Furthermore, this shared financial data is aggregated and analyzed to gain insights into customer behavior and consumption patterns. By leveraging this wealth of information, banks, and financial institutions can collaboratively build a service ecosystem tailored to meet highly personalized customer needs, thereby enhancing the overall financial experience for customers.

Open banking creates a foundation to change the financial and banking market. Accordingly, the bank will cooperate with third parties, usually financial services companies, to provide a specific financial ecosystem for users. Banks do not need to invest too much in technology infrastructure but can take advantage of existing service platforms and expand products with partners to increase revenue and develop the business. Moreover, the adoption of open banking represents a chance for banks to bolster consumer trust. By assuming the role of a central hub for customer data connectivity, banks gain the confidence of consumers, who entrust them to deliver a spectrum of financial services. This enhanced connectivity fosters deeper customer engagement with the bank, solidifying the institution's position as a trusted financial partner.

For users, open banking empowers users to access banking services through diverse channels, consolidating data from multiple bank accounts within a single application. This consolidated view offers users a plethora of options to select financial products that align precisely with their current needs. Additionally, users benefit from streamlined management of personal finances, with access to data information securely controlled by the customer, ensuring limitations on third-party access. Third-party entities, frequently comprising technology firms and financial institutions boasting innovative service ecosystems, stand to benefit from open banking by collaborating with banks rather than engaging in direct competition. This collaborative approach enables these entities to access valuable financial data and insights into customer transaction habits, presenting a prime opportunity for fintech companies to develop innovative applications and utilities that cater to customer needs while facilitating enhanced decision-making capabilities. (Mattila, 2021)

2. **Robo-Advisory Services:** Robo-Advisory platforms such as Nordnet or OP Robo digital platforms offer automated financial planning services driven by algorithms, requiring minimal to no human intervention. A key benefit of Robo Advisors lies in their cost-effectiveness, serving as economical alternatives to traditional financial advisors. By leveraging automation and reducing reliance on human labor, these online platforms deliver comparable services at a fraction of the cost. Robo advisors are also easier to access, they operate 24/7 as long as the user has an Internet connection. If customers want to make a transaction, they will just need to press a few buttons at home, instead of having to meet with a financial advisor, explain the purpose, fill out an application, and wait. Although automation helps reduce human errors, instances persist where it cannot supplant human involvement. This is evident in scenarios demanding emotional intelligence and empathy, crucial in customer issue resolution. Additionally, for complex problems necessitating human intervention, machines may inadequately cater to diverse customer needs. (Statista, n.d.)
3. **Blockchain and Digital Identity Initiatives:** Blockchain technology is steadily gaining traction in the Finnish fintech landscape, offering innovative solutions to conventional financial services and processes. Its emergence has a palpable impact on the country's fintech market, driving advancements and reshaping the way financial transactions and services are conducted. Such impacts include blockchain technology revolutionizing payment solutions by providing faster, cost-effective, and more secure transactions. Fintech companies in Finland are leveraging blockchain to develop

deep-to-peer payment platforms, cross-border remittance services, and digital currency solutions that give users greater financial control. Additionally, they are also working to explore blockchain-based solutions that enable the provision of microfinance, peer-to-peer lending, and digital banking services to individuals and businesses in remote areas.

Moreover, in the Finnish fintech landscape, digital identity plays a vital role in enhancing security, efficiency, and user experience. Finnish fintech companies leverage identity solutions such as biometrics, mobile authentication, and blockchain-based identity verification to support secure transactions and ensure regulatory compliance. These initiatives enable fintech companies to provide innovative financial services, including digital banking, peer-to-peer lending, and investment platforms, while maintaining strong security measures and protecting user privacy. Furthermore, Finland's supportive regulatory environment and collaborative ecosystem drive the development and adoption of digital identity solutions in the fintech sector, making the country a leader in digital innovation in the financial sector. (J.P.Morgan, 2021)

4. **Sustainable Finance Integration:** In recent years, the intersection of finance, technology, and sustainability has created a trend of sustainable finance. The primary objective of this innovation is to drive long-term value creation while addressing urgent issues such as climate change, social inequality, and resource depletion. Finnish fintech firms have embraced the global trend of sustainable finance. One of the key pillars of sustainable finance in fintech is ESG investing. Therefore, they are looking to revolutionize the integration of ESG considerations into investment and risk management strategies. The emergence of sustainable finance is not only shaping the financial industry but also driving positive change on a global scale. (MDPI, 2021).

2.2.3 Case Studies

Case Study 1: Vietnam – The Rise of Momo

Background:

Momo is a purely Vietnamese super app developed by a 100% Vietnamese engineering team and serving Vietnamese users. Momo's super app ecosystem caters to a diverse range of daily

life needs for over 30 million users, including shopping, entertainment, transportation, e-commerce, telecommunications, insurance, public services, and more. Currently, Momo has over 50,000 business partners and 140,000 payment acceptance points across all 63 provinces and cities nationwide.

Momo is also a partner of more than 70 domestic and foreign financial institutions, serving as a platform for these organizations to provide accessible and affordable financial services to users. This effort of Momo is contributing to creating a breakthrough in comprehensive finance for Vietnam. Not only aimed at individual users, Momo is also a platform to support small and micro enterprises in Vietnam with 4.0 sales solutions applying outstanding AI technology, helping businesses, digitally transformed households, easily manage, operate, and grow.

Momo has just marked its third consecutive year appearing in the Best Brand Rankings 2023 in Vietnam, as announced by Decision Lab, the exclusive partner of YouGov’s global research in Vietnam, Momo is also the only fintech company from Vietnam listed in this ranking alongside well-established and familiar brands, demonstrating that the use of payment and financial platforms is increasingly becoming a necessity for domestic consumers. (Momo, 2024)

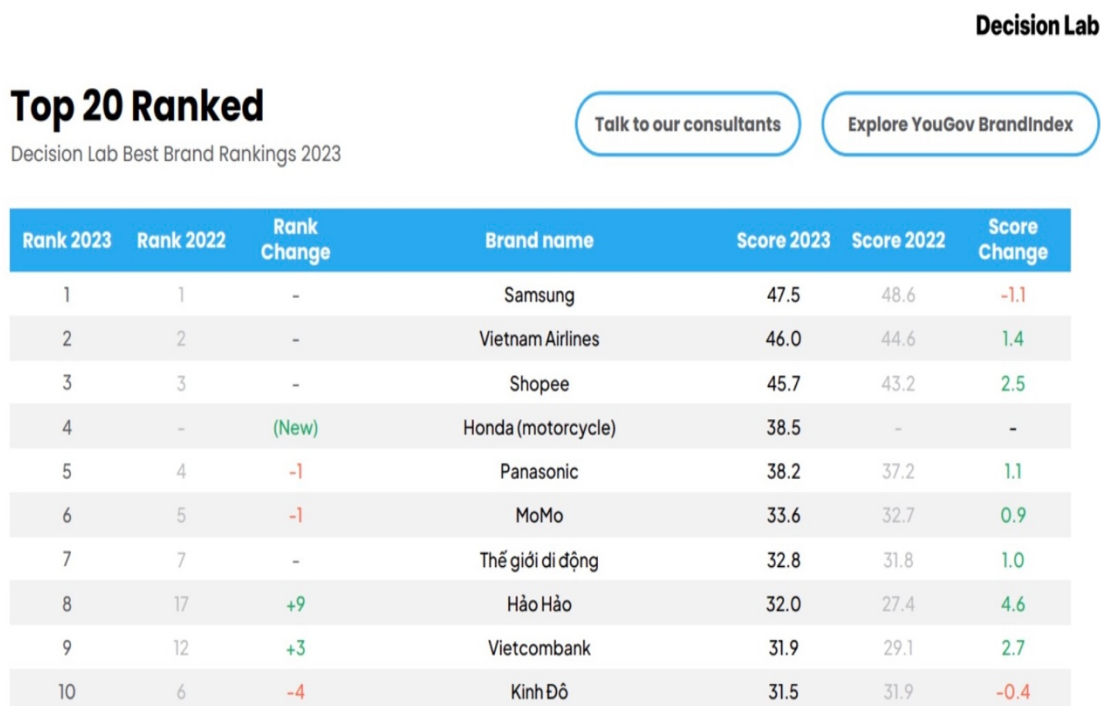


Figure 1: Comparative Ranking of Top 10 Brands in Vietnam by Decision Lab, 2023 vs. 2022. (Momo, 2024)

Innovation and Impact:

Momo's strong growth in Vietnam's fintech ecosystem is not simply due to the services provided but is also the result of a combination of innovative strategies, an unwavering commitment to market quality, and the deployment of a resilient technological infrastructure. With a 68% market share in the e-wallet sector as of the first quarter of 2023, Momo has had a significant influence on the Vietnamese economy. Its platform is more than just a medium for online transactions; it is an ever-evolving digital hub, integrating cutting-edge features like facial recognition for secure authentication and real-time notifications to enhance user engagement. (Thanh Nien Newspaper, 2023)

This focus on innovation has put Momo at the forefront of the cashless payment revolution in Vietnam, dramatically changing consumer behavior and encouraging a move away from traditional financial methods. Momo's introduction of these payment services has had a far-reaching impact, including stimulating e-commerce, expanding financial access for the unbanked, and facilitating instant and accessible money transfers across diverse demographics. (Vietnam Investment Review, 2023)

Furthermore, by leveraging a robust technology platform, Momo ensures a seamless and safe transaction experience for millions of Vietnamese users, contributing to the goal of reducing cash transactions to less than 10% of the market by 2025. This ambition is in line with the government's push for a cashless society, where Momo's initiatives play a key role in strengthening the country's economic landscape. Through its efforts to advocate and adopt cashless payments, Momo not only drives a cultural shift towards digital finance but also enhances the country's economic resilience by promoting efficiency, transparency, and scalability in financial transactions. (Vu, 2021)

Key Points:

- **Convenience and Inclusivity:** Momo has expanded access to financial services to millions of unbanked and underbanked individuals in Vietnam, especially in remote areas where infrastructure is lacking, and traditional banks are still limited. (Vietcetera, 2022)
- **Market Dominance:** According to public reports, Momo in the first quarter of 2023 leads in the index as fintech holds the highest market share in Vietnam with 68%. Specifically, in the first quarter of 2023, the Momo application accounted for 68% of the e-wallet market share, followed by Zalopay with 53%, Viettelpay with 27%, ShopeePay (Airpay) with a market share of 25%, VNPay in the next position with

16% and Moca e-wallet (Grabpay) ranked 6th with 7%. (Thanh Nien Newspaper, 2023)

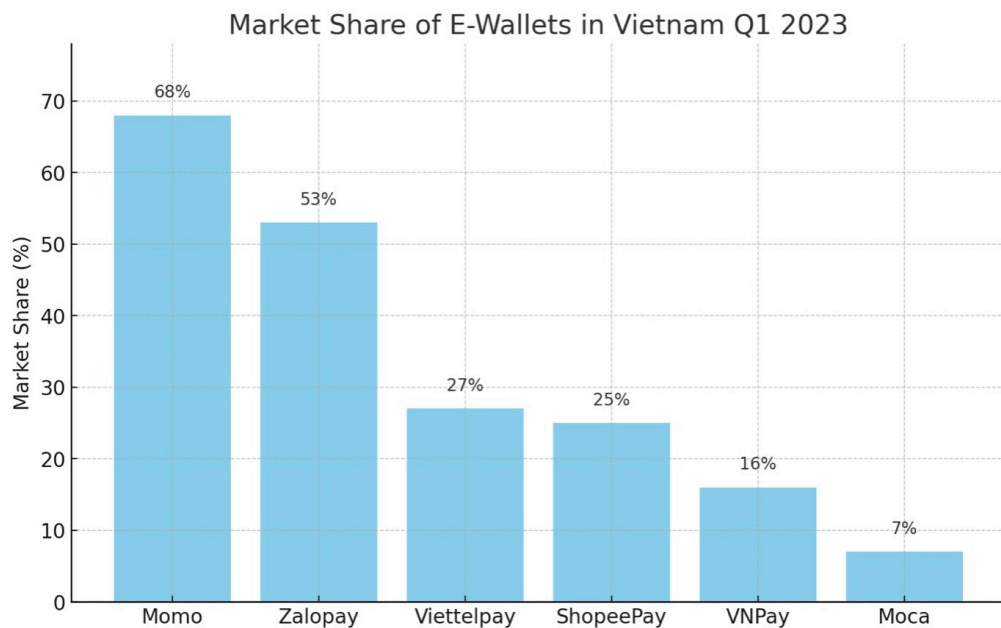


Figure 2: Market Share Distribution of Major E-Wallet Providers in Vietnam, Q1 2023. (Thanh Nien Newspaper, 2023)

- **Ecosystem Expansion:** The Momo wallet boasts stand out features such as swift and cost-free money transfers and receipts. Its transactional efficiency garners high praise, as users can swiftly transfer funds with just the recipient's phone number. Moreover, Momo enables users to recharge their phones, purchase highly discounted 3G/4G data plans, swiftly procure tickets for trains, planes, and moves, and even locate and book hotel accommodations at preferential rates. The inclusion of a postpaid wallet feature, offering interest-free transactions for up to 45 days, empowers users to make purchases with ease, deferring payment until later without incurring any interest charges. Furthermore, the direct integration of the Momo financial application with 31 Vietnamese banks ensures convenient access to deposit and withdrawal services at over 4000 transaction points across the nation, enhancing accessibility and usability for users. (VnEconomy, 2024)

Impact on Financial Landscape:

In its initial four years, Momo has garnered 10 million users, a testament not only to the trust bestowed upon it by users and partners but also to Momo's relentless dedication to

integrating financial technology into everyday life, thus bridging the gap between Vietnamese individuals and financial services (Vietnamnet, 2022). This endeavor significantly contributes to advancing financial inclusion and bolstering Vietnam's digital economy. By revolutionizing the delivery of financial services compared to traditional methods, the Momo finance-insurance platform offers numerous advantages, including streamlining procedures, reducing barriers, shortening processing times, and expanding access to financial services for the Vietnamese populace (Nguyen, 2023).

From there, financial services have the potential to reach various segments of society, including low to middle-income groups, small and micro-businesses, and notable, tech-savvy young individuals. By offering intelligent financial solutions that are tailored to trends and user experiences, Momo not only fosters the growth of the retail sector but also bolsters economic development. This is achieved through the stimulation of consumption and support provided to partners, enabling them to reach a broader customer base and boost sales. In the foreseeable future, Momo aims to streamline intricate products and services to ensure accessibility and ease of use for all. This aligns seamlessly with Momo's foundational mission of democratizing access to financial services for every Vietnamese citizen, staying abreast of evolving financial trends to ensure inclusivity and prevent anyone from being left behind. (Thanh Nien Newspaper, 2023)

Case Study 2: Finland – OP – Transforming Financial Services in Finland

Back ground:

Originating in the early 20th century, OP Financial Group, commonly known as OP, was established as a cooperative bank to serve the financial needs of Finnish citizens. Over time, through successive transformations and expansions, growing from a small cooperative bank, OP swiftly garnered local community affection and became one of the largest financial providers in Finland.

Today, OP Financial Group is a corporation offering a diverse range of financial services such as banking, insurance, and asset management services to individuals, businesses, and communities across Finland. With a nationwide branch network, OP serves millions of customers, from individuals looking for basic banking needs to large businesses and corporations requiring complex financial services.

Throughout its operational journey, OP has always prioritized the benefits of its customers and stakeholders above all else. In the context of global finance in general and Finland in particular, which are continuously evolving to meet technological advancements, regulatory

changes, as well as consumer preferences and demands, OP remains at the forefront of innovation and adaptation. By investing in digitization, data analytics, and emerging technologies, OP continually strives to enhance customer experience, improve operational efficiency, and drive sustainable growth in the digital era. (OP Financial Group, n.d)

Innovation and Impact:

The OP financial group is always at the forefront of financial innovations in Finland, leveraging technological innovations and strategic partnerships to redefine the landscape of banking and insurance services. With a customer-centric and digital-first approach, OP has introduced numerous innovative solutions aimed at revolutionizing how people manage their finances and assets.

One of OP's groundbreaking innovations is its comprehensive banking services suite, which includes online banking platforms, mobile applications, and virtual assistants. These digital channels provide customers with access to a wide range of banking functionalities, including account management, fund transfers, bill payments, investment tracking, and financial planning, anytime and anywhere. This enhances the banking experience and makes it more user-friendly for customers.

OP has pioneered the integration of AI and computer learning algorithms into its services, thereby predicting customer needs, identifying potential risks and making appropriate recommendations to optimize financial decision-making. Additionally, OP has embraced the concept of open banking by using APIs and securely sharing data with third parties, not only fostering innovation and competition in the financial sector but also expanding the range of options available to customers, empowering them to choose solutions that meet their needs. OP's innovations have had a strong impact on the financial landscape in Finland, driving digitalization, improving financial literacy and promoting financial inclusion. By providing convenient, accessible digital banking solutions, OP empowers individuals of all ages and backgrounds to engage digitally, helping them make informed decisions on financial management, leading to financial resilience and better wellbeing in the community. Overall, OP's commitment to innovation and customer centricity has made it a leader in the financial sector in Finland. (Boston Consulting Group, 2020)

Key Points:

- **Technological Advancements:** By applying cutting-edge technologies, focusing on digitalization and automation, OP provides customers access to banking products and

services, from account management and payments to investment solutions and lending information, through easy and convenient online banking platforms and mobile applications. (McKinsey & Company, 2020)

- **Community Engagement:** As a cooperative bank deeply rooted in Finnish society, OP places a strong emphasis on community engagement and social responsibility. Through various initiatives and technological innovations, OP strives to empower individuals and business, promote financial literacy, and promote sustainable development in local community. (OP Financial Group, n.d)
- **Market Leadership:** During its many years of operation, OP has maintained a dominant position in the Finnish financial sector, capturing a significant market share across many different segments, including retail, insurance and asset management. With a strong brand presence and reputation for reliability, OP continues to retain key customers, further consolidating its market leadership position. (OP-Year 2019, n.d.)

Impact on Financial Landscape:

OP's tireless dedication has made great contributions to changing the Finnish financial landscapes as well as brought deep and widespread benefits, satisfaction, and trust to customers. Through the application of digitalization and the use of advanced technologies, OP has revolutionized financial services, improving accessibility, efficiency, and convenience for customers. Additionally, by actively participating in initiatives aimed at social integration, education, and environmental sustainability, OP has demonstrated its commitment to supporting the comprehensive development of communities across Finland. (OP Financial Group, n.d.)

2.3 Regulatory frameworks

While financial technology offers market benefits, it also introduces new risks, potentially undermining financial system stability (World Economic Forum, 2021). Emerging financial risk issues present significant challenges to current regulatory frameworks. Therefore, regulators and stakeholders must develop a comprehensive understanding of financial technology's nature and carefully assess its diverse applications and implications (KPMG, n.d.). Moreover, striking a balance between innovation and risk management emerges as the paramount challenge in the financial technology landscape. Real-world observations reveal that national governments' responses to financial technology applications vary widely,

influenced by institutional frameworks, developmental stages, governance capacities, financial sector characteristics, economic structures, demographics, and risk appetites. Most nations acknowledge the pivotal role of effectively managing financial technology in fostering a robust digital economy and advancing economic and social progress. Financial technology, akin to historical innovations, prompts national governments to respond proactively. The challenge lies in striking a delicate balance between fostering innovation, fostering development, and ensuring equitable competition, all while safeguarding financial market stability and user welfare.

An overly stringent and flexible legal framework can stifle innovation, whereas an overlay tax framework jeopardizes financial system stability. Hence, countries must continually monitor developments, invest in policy research, and engage in trial-and-error processes to craft appreciative responses to evolving trends both domestically and globally. (Deloitte, n.d.)

2.3.1 Vietnamese regulatory framework

In Vietnam, the State Bank of Vietnam (SBV) plays a central role in regulating fintech activities. The regulatory framework governing fintech has evolved in response to the rapid growth of the industry. Key aspects of the Vietnamese regulatory framework include:

1. **Licensing and Compliance:** In Vietnam, fintech companies need to obtain a license from the State Bank of Vietnam (SBV) to legally operate in the financial sector. This license includes specific capital requirements and adheres to strict standards regarding the stability and security of the country's financial system. By requiring fintech companies to comply with supervisory and regulatory measures, regulatory authorities can mitigate potential risks associated with financial activities such as money laundering, fraud, and system instability. Additionally, this helps foster trust among consumers and investors, ensuring fintech services are provided in a transparent, responsible, and safe manner.
2. **Consumer Protection:** Safeguarding customer information stands as a paramount responsibility in the operational and transactional realms of most businesses and individuals engaged in goods and services trade. Beyond compliance with personal information protection laws, efforts are directed toward crafting policies that enhance the efficacy of customer information protection. These endeavors not only foster

customer trust but also bolster competitiveness and yield positive impacts on business outcomes, reputation, and long-term standing.

Furthermore, the secure storage of customer data within robust systems mitigates risks for both customers and businesses alike. In an era where technological crimes are increasingly sophisticated and prevalent, particularly in the financial and banking sectors, protecting customer information not only ensures financial security but also plays a pivotal role in controlling, preventing, and combatting transactional criminal activities.

3. **Digital Identity Verification:** In Vietnam, digital identity verification plays an important role in enhancing security and preventing fraud in the financial sector. The legal framework in Vietnam includes mandatory provisions in the digital identity process, especially in the context of digital banking and online transactions. The verification process is often employed through the use of biometrics, such as fingerprints or face ID, and personal information to identify the user. Users need to take the above steps to verify their identity before making transactions through digital platforms such as mobile applications. This aids users in mitigating risks associated with account takeover and unauthorized access to financial services. Furthermore, digital identity verification also fosters trust between financial service providers and customers, ensuring the safety and security of online transactions in the rapidly growing digital economy in Vietnam.
4. **Payment Services Regulations:** In Vietnam, regulations related to payment services include mobile payments, e-wallets, and digital banking. The regulatory framework is designed to ensure that payment service providers operate in compliance with principles that protect consumer interest, promote financial stability, and prevent illegal activities such as money laundering and fraud. The legal framework also facilitates the adoption of innovative payment solutions while addressing related risks and challenges. It sets out licensing requirements, operational guidelines, and reporting obligations for payment service providers, promoting transparency, accountability, and consumer protection across the financial system. In addition, regulatory oversights help create a level playing field for all traditional financial institutions and innovative financial companies, promoting fair competition.
5. **Cryptocurrency Regulation:** In the context of the evolving and developing fintech legal framework in Vietnam, the State Bank of Vietnam has issued warnings to the public about the risks associated with cryptocurrency investments, including

volatility, system vulnerabilities, and the potential for fraud. Although cryptocurrencies are not recognized as legal tender in Vietnam, interest in and participation in cryptocurrency transactions are increasing. In response to this trend, the State Bank of Vietnam is actively considering regulatory measures to protect consumers, stabilize finances, and combat money laundering.

2.3.2 Finnish regulatory framework

Finland is one of the country with a well-developed and stable legal environment. The legal framework here is a combination of innovation and consumer protection while ensuring safety and security for financial transactions. The legal framework in Finland encompasses regulations and laws for various aspects of fintech, including payments, lending, crowdfunding, and digital banking. Key features of the Finnish regulatory framework include:

1. **Open Banking Principles:** Finland has fully embraced the banking principles, aligning its operations with European Union (EU) standards. Regulators have actively facilitated third-party providers' access to customer data through APIs. That means fintech startups can leverage banking data to develop new products and data. Open banks in Finland aim to enhance consumer choice and experience, improve financial transparency, and promote technical innovation in the banking industry.
2. **Risk-Based Approach:** The risk-based approach adopted by Finnish regulators emphasizes a deep assessment of the potential risks associated with fintech startups entering the market, balancing between the facilitation of innovation with maintaining financial stability. Unlike a one-size-fits-all regulatory framework, this approach allows regulators to tailor their supervision to the specific risk profile of each fintech startup. Regulators use risk assessment tools such as stress testing and continuous monitoring to promptly identify and address emerging risks, thereby protecting the integrity and resilience of the financial system.
3. **Data Protection and Privacy:** In Finland, data protection and privacy are maintained through strict regulations according to EU standards, thereby ensuring the safety of consumers' financial data. These regulations cover many different aspects such as collecting, storing, and sharing personal and financial information. Financial institutions and services and service providers have a responsibility to protect the

confidentiality, integrity, and availability of customer data. This includes encryption protocols, access controls, and regular security audits to minimize the risk of data breaches and unauthorized access.

4. **Sustainable Finance:** In addition to regulatory encouragement, Finland's sustainable finance framework emphasizes transparency and accountability, ensuring that fintech companies adhere to ESG standards in their business practices. Fintech firms are encouraged to develop innovative solutions that promote environmental sustainability, social inclusivity, and good governance. This alignment with global sustainable finance trends not only enhances Finland's reputation as a responsible financial hub but also fosters trust and confidence among consumers and investors. Furthermore, by integrating ESG considerations into their operations, fintech companies in Finland can access new market opportunities, attract socially conscious investors, and contribute positively to the overall economic and social well-being of the country.
5. **Consumer-Centric Approach:** in Finland, the regulatory framework prioritizes a user-centric approach to protecting customer rights and ensuring transparency in the financial sector. Key aspects of the user-centric approach include strict requirements and disclosure of terms and conditions, fees, and risks associated with financial services and products. Additionally, regulatory agencies in Finland closely monitor the activities of financial institutions to prevent fraudulent behavior, unauthorized transactions, and other forms of misconduct that may pose risks to users. (Chambers and Partners, n.d)

In summary, the regulatory frameworks in Vietnam and Finland demonstrate significant variations, reflecting the unique characteristics of their financial ecosystems. While Vietnam's framework focuses on control mechanisms and consumer protection in response to rapid fintech growth, Finland adopts a more permissive approach that encourages innovation and competition while prioritizing consumer rights and data privacy. Understanding these regulatory nuances is pivotal for comprehending the divergent paths of fintech adoption and development in these two countries.

2.4 Financial inclusion and market dynamics

Fintech's influence on financial inclusion and market dynamics in Vietnam and Finland reveals compelling insights into the evolving financial landscapes of these nations.

In Vietnam, fintech contributes to the comprehensive development of finance by providing financial services with lower costs, better scalability, and improved accessibility, offering more convenient experiences for customers, transparency, and reducing the risks of money laundering and counterfeit money. Comprehensive finance is maximized through fintech applications to assist vulnerable groups in society, especially in cases of natural disasters and diseases. With fintech support, these groups can receive quick and efficient support and direct sponsorship through digital payment facilities, online shopping transactions, and payments for most needs, thus promoting financial transparency and emergency borrowing without the need for traditional banks through electronic customer identification tools or borrowing on peer-to-peer lending platforms. (Acclime, n.d.)

Towards Finland, comprehensive financials and market dynamics in this country are undergoing significant changes alongside the development of digital technology and increasing consumer demand. In this context, Fintech companies play an important role in expanding access to financial services and reshaping the competitive landscape. An important aspect of this transformation is promoting comprehensive finance, ensuring easy, convenient, user-friendly access, lower fees, and simplified account opening processes, thereby increasing breaking down barriers to financial access, empowering participation for all individuals and businesses regardless of their financial status or geographic location. (McKinsey & Company, 2023).

2.5 Theoretical models and frameworks

Incorporating theoretical models and frameworks is pivotal to providing a structured and comprehensive analysis of the multifaceted fintech ecosystems in Vietnam and Finland. These models guide our exploration of fintech adoption, financial innovation, and the impact of regulatory frameworks in distinct financial contexts.

Technology Adoption Models:

To elucidate the factors influencing fintech adoption by consumers and businesses, we draw upon establishing technology adoption models. The Technology Acceptance Model (TAM) and the Unified Theory of Acceptant and Use of Technology (UTAUT) are foundational

frameworks that emphasize factors such as perceived ease of use, perceived usefulness, and social influence (Masairoi Masri, 2023). By applying these models, we aim to unravel the motivations and barriers that underpin fintech adoption in Vietnam and Finland. These models also facilitate the analysis of the intricate interplay of individual and organizational behaviors that drive or hinder fintech adoption.

Financial Innovation Frameworks:

Given the transformative nature of fintech, it is imperative to incorporate financial innovation frameworks. The Schumpeterian Theory of innovation and the Innovation Diffusion Theory serve as valuable lenses through which we can comprehend how fintech innovations disrupt traditional financial systems and propagate through markets. These frameworks enable us to dissect the mechanisms and patterns of financial innovation, discerning how innovation pathways diverge between Vietnam's emerging landscape and Finland's mature financial market. They provide a theoretical foundation for comprehending the various facets of financial innovation driven by fintech (Nordnet, 2023).

Regulatory Impact Analysis:

Evaluating the regulatory impact on fintech adoption and market dynamics necessitates the utilization of regulatory impact assessment frameworks. Models such as the Regulatory Impact Assessment (RIA) and the Regulatory Impact Matrix provide systematic approaches to assess the consequences of regulatory decisions. These frameworks enable us to critically examine how the regulatory environments in Vietnam and Finland shape fintech adoption, competition, and consumer behavior. They aid in deciphering the intricate relationship between regulatory factors and fintech development, illuminating the role of regulations as either enablers or inhibitors of innovation in these financial ecosystems.

Incorporating these robust theoretical models and frameworks into the analysis ensures a rigorous and comprehensive exploration of the drivers and impediments to fintech adoption, the nature of financial innovation, and the influence of regulations in these diverse financial landscapes. These models serve as powerful analytical tools, allowing for a nuanced understanding of the fintech phenomena in Vietnam and Finland. Ultimately, they empower us to draw well-informed conclusions and contribute significantly to the broader discourse on

fintech's transformative potential and its implications for emerging and mature financial markets.

3 METHODOLOGY

3.1 Introduction

This study employs a comprehensive approach to analyze technological innovations and their impacts in the development of the Vietnamese and Finnish economies. In order to gain in-depth insights into the operation dynamics and strategic direction of key players in both markets, this research utilizes qualitative interviews. The two companies chosen to represent the two markets here are Momo in Vietnam and OP Financial Group in Finland. Despite differences in their operating and business environments, what these two firms have in common is that they are pursuing fintech innovation and customer-centric financial services. Both Momo and OP financial group are actively engaged in technological innovation and enhancing financial services to meet customer needs and remain competitive in the rapidly evolving financial industry. With a customer-centric focus, both companies prioritize their customer satisfaction, strive to provide convenient and personalized financial payment solutions. They continuously explore technologies and business models to improve efficiency, expand business services and stay ahead of market trends. In addition, although the two companies operate within the regulatory framework of two different countries, they both strictly comply with legal regulations to maintain trust, protect customers, and contribute to the development socio-economic development in the country they are operating in.

3.2 Qualitative interview

Qualitative interviews with key players in the fintech ecosystems of Vietnam and Finland serve as the foundation for this research, providing deep insights into operational strategies, challenges, and opportunities. One-on-one and semi-structured interviews were conducted with representatives from Momo, a leading fintech company in Vietnam, and a comparable Finnish counterpart, OP Financial Group. These interviews were designed to elicit deep and

varied perspectives on the operations of each company, including business models, technological infrastructure, legal frameworks, and development goals.

3.2.1 Choice of respondents

The selection of interview participants is crucial to ensure the depth, breadth, and reliability of the information-gathering process. Participants are chosen based on their experience in fintech-related activities, including investors, financial analysts, and management experts. A prerequisite is that they must have at least 5 years of professional experience and comprehensive knowledge in the fintech field. (Bryman, 2012)

3.2.2 Interview guide

Developing a proficient interview guide is important to ensure that the interview will yield high-quality information consistent with the goals of the research. The interview guide is meticulously compiled, the questions are designed in open format allowing respondents to express their thoughts freely. The process of developing the interview guide included a thorough analysis of documents on fintech innovations in Vietnam and Finland, identifying specific focus areas, and forming the core topics of the interview guide.

The interview guide has been structured around key themes to ensure a coherent flow of conversation and comprehensive coverage of relevant areas.

1. Fundamental perspective on fintech innovation:

- What are the key drivers driving the development of fintech in Vietnam / Finland?

2. Important financial metrics in fintech evaluation:

- Which financial metrics do you consider crucial when evaluating fintech initiatives in Vietnam / Finland?

3. Fintech innovation:

- Are there any unique approaches or strategies employed in Vietnam/ Finland?

4. Intangible nature of fintech assets:

- Are there any challenges associated with valuing intangible assets in the fintech industry?

5. Educational example of fintech innovations:

- Can you provide examples of successful fintech innovations in Vietnam/ Finland?

3.2.3 Data collection procedures

Interviews need to be recorded with participants' consent and transcribed verbatim to ensure accuracy in the data analysis process. The interview process for data collection also needs to adhere to ethical principals with confidentiality and anonymity maintained throughout.

Through qualitative analysis of interview recordings, research aims to uncover deep insights into the fintech ecosystem in Vietnam and Finland, elucidating the strategies, challenges, and opportunities that companies are facing, thereby providing rich and nuanced understanding of the driving forces shaping the future of fintech in these two countries. (Bryman, 2012)

3.2.4 Setting up interviews

Interview will be conducted via the online platform Zoom, requiring careful planning and coordination to ensure smooth and effective communication with participants. Interviews should be clearly scheduled at a mutually convenient time, taking into account time zone differences. Send an email interview invitation, including the Zoom meeting link and any necessary login details, ensuring participants are aware of the purpose and topics to be discussed. Before the interviews, it is necessary to provide participants with preparation information or basic document review. Inform and obtain participants' consent for the interview to be recorded for future reference and analysis purposes. (Bryman, 2012)

3.2.5 Data management

Upon completion, the interviews were promptly transcribed verbatim to ensure accurate capture of nonverbal cues and subtle nuances. This meticulous transcription process was conducted by the research team to maintain fidelity to the original dialogue. Access to all records and transcripts was restricted to the study team, securely stored in a designated location to preserve confidentiality. To safeguard the anonymity of respondents, all identifiable information was anonymized. (Bryman, 2012)

3.2.6 Validity

The interview guide was meticulously developed following an extensive review of relevant literature and existing research on fintech operations. This rigorous process ensured that

interview questions were grounded in existing knowledge and focused on pertinent areas of inquiry. To assess the validity of the interview guide, a pilot testing phase involving multiple experts was conducted. This iterative process enhanced the clarity and relevance of interview questions, ensuring their effectiveness in eliciting meaningful responses. The primary data source for this study comprised expert interviews, cross-referenced with existing literature and industry reports to enhance credibility. Methodological triangulation was employed to corroborate findings from multiple sources, strengthening the validity of the study's conclusions. (Bryman, 2012)

3.2.7 Reliability

To maintain reliability, all respondents were interviewed using a standardized interview guide, ensuring consistency in questioning across all interviews. While flexibility was allowed for impromptu discussions, the core set of questions remained consistent. Each interview was meticulously documented verbatim to capture subtle nuances and ensure accuracy in data interpretation. This rigorous approach mitigated the potential influence of subjective bias, enhancing the reliability of the study's findings. To further ensure reliability, two researchers independently analyzed a selection of interviews, with findings compared to ensure congruity. This process helped minimize the impact of individual biases, bolstering the reliability of the study's outcomes. (Bryman, 2012)

3.2.8 Reflexivity

Recognizing the potential for researcher bias, deliberate measures were taken to mitigate its influence throughout the research process. A reflexive journal was maintained to record reflections, assumptions, and observations, facilitating self-reflection and differentiation between researcher interpretation and respondent perspectives. Following transcription, key concepts were occasionally shared with respondents for verification or clarification, ensuring the accurate portrayal of their perspectives. This iterative process further enhanced the reflexivity and credibility of the study's findings. (Bryman, 2012)

4 Results

4.1 Introduction

Qualitative interviews have provided insights into the context of financial technology innovations in Vietnam and Finland, thereby identifying the diversity of drivers propelling fintech development in each country. Key stakeholders emphasize the pivotal role of enhancing smartphone penetration and internet access in fostering a conducive environment for fintech development, particularly in Vietnam, where mobile technology serves as the primary gateway to financial services for the unbanked population. Additionally, shifts in consumer behavior are marked by a transition way from traditional banking methods towards digital transactions.

Deep-dive interviews into key metrics are considered vital when evaluating a fintech company's performance in both countries. Metrics such as the cost to acquire new consumers, the company's desired revenue per customer over time, and how their revenue is increasing are significant indicators of how well a fintech company is performing compared to others. Furthermore, stakeholders also shared profound insights into the legal landscape shaping fintech innovation in each country. While Vietnam features a legal environment that encourages experimentation and innovation, stakeholders in Finland acknowledge the presence of strict legal frameworks designed to protect consumer interests and ensure financial stability. Despite these differences, stakeholders all emphasize the necessity for clarity in regulations and collaboration between industry participants and regulatory bodies to foster responsible innovation and address emerging challenges in the fintech ecosystem. In summary, qualitative interviews with stakeholders have provided deep insights into market drivers, challenges, and opportunities, highlighting the dynamic interaction between technological advancements, legal frameworks, and consumer behavior in driving fintech innovation.

4.1.1 What are the key drivers driving the development of fintech in Vietnam/Finland?

From Co-founder of Momo: "In Vietnam, there are many factors that combine to create success, develop, and promote the rapid expansion of fintech, especially in the fields of e-wallets and digital payments. Leading the charge in this growth trend is the advantage of Vietnam's young population, who are tech-savvy individuals always eager to embrace

technological innovations. Furthermore, the Vietnamese's government's strong support for digital transformation to cashless economy has played a key role in promoting the fintech ecosystem. One of the key drivers behind Momo's success lies in its ability to meet the specific needs and preferences of the Vietnamese people by providing user-friendly platforms, facilitating convenient cashless transactions and services, especially after the outbreak of the COVID 19 pandemic, people have shifted to prioritizing online transactions and contactless payments more."

According to a Business Development Analyst at OP: "In Finland, the key drivers behind the development of fintech include high levels of trust in digital solutions, a collaborative ecosystem between banks, startups, and the government, and a robust regulatory framework that supports innovation while protecting consumers. Finns have a strong proclivity for technology, and this is reflected in our approach at OP Financial Group, where we continuously innovate to provide personalized financial services. Additionally, the established infrastructure for digital identity and the population's openness to digital banking have been instrumental. We also emphasize the importance of sustainability in finance, aligning with Finland's goal to be carbon neutral by 2035. These elements create a fertile ground for fintech growth in our country."

4.1.2 Which financial metrics do you consider crucial when evaluate fintech initiatives in Vietnam/Finland?

From Co-founder of Momo: "In Vietnam, we look at the cost of acquiring new users and the value they will bring over time. It is important to know whether we are spending wisely to attract them. We also track how much and how often people use our services, which tell us whether they like it or not. Additionally, we want to see our earnings grow and make sure we are running the business efficiently, so we look at our profits before things like interest and taxes. Finally, we ask users if they would recommend us to others, which shows whether we are on the right track or not."

According to a Business Development Analyst of OP: "In Finland, we evaluate the effectiveness of fintech initiatives based on a combination of traditional and modern financial metrics. We closely monitor the cost-income ratio to ensure operational efficiency. Return on Investment (ROI) is used to evaluate the profitability of each initiative. Customer acquisition costs, churn rates and monthly active users are also continuously updated to gain market insights into customer retention rates. In addition, we also pay special attention to cyber

security measures, as this helps strengthen customer trust and the long-term viability of our digital services.”

4.1.3 Are there any unique approaches or strategies employed in Vietnam/Finland?

From Co-founder of Momo: “In Vietnam, a unique approach that has been quite successful is the emphasis on mobile-first solutions. Due to most Vietnamese people today tend to access the Internet via smartphones, fintech companies including Momo have adjusted their services so that customers can easily access them through mobile applications. This approach has enabled greater financial access for users, including individuals in remote areas where traditional banking facilities are limited. In addition, partnerships also play an equally important role in the current fintech landscape in Vietnam. Fintech companies like Momo often cooperate with other businesses such as e-commerce platforms, movie theater systems, and ride-hailing services.”

According to a Business Development Analyst: “In Finland, a unique approach lies in the close cooperation between traditional financial institutions and fintech startups, leveraging their respective technologies and innovative approaches. Furthermore, Finnish fintech companies tend to have a strong focus on customer-centric design and user experience. Companies prioritize creating intuitive and user-friendly interfaces for their digital services, ensuring that customers can easily navigate and use fintech solutions with minimal friction. This emphasis on user experience helps drive adoption and retention at OP Financial Group and fintech companies in general.”

4.1.4 Are there any challenges associated with valuing intangible assets in the fintech industry in Vietnam/Finland?

From Co-founder of Momo: “One of the challenges the Vietnamese fintech industry is facing is the lack of comprehensive frameworks or standards established for valuing intangible assets. Traditional valuation methods may not fully capture all aspects of fintech businesses, such as customer data and proprietary algorithms, this ambiguity can pose difficulties for investors and stakeholders in accurately assessing the true value of fintech companies. Additionally, rapid innovation and technological advancements can quickly render existing assets outdated or less valuable, making it challenging to determine the long-term value of these assets.”

According to a Business Development Analyst: “Similarly, the evaluation of intangible assets in the Finnish fintech industry also faces certain difficulties. It can be said that Fintech startups are constantly developing new technologies and solutions, making it more difficult to assign a value to their intangible assets. Furthermore, intellectual property rights and protection mechanisms can be more complex in the fintech sector. Valuing intangible assets such as patents, trademarks or proprietary algorithms requires a deep understanding of intellectual property laws and regulations, which may vary across jurisdictions.”

4.1.5 Can you provide examples of successful fintech innovations in Vietnam/Finland?

From Co-founder of Momo: “I confidently say that one of the most successful fintech innovations in Vietnam to date is our Momo app. Momo has changed the way people handle finances in Vietnam. Our mobile payment platform is becoming increasingly popular and has become an indispensable part for millions of users, providing safe, fast transactions, money transfers, and bill payments, all conveniently done with just a smartphone. Momo has revolutionized the fintech landscape in Vietnam, bringing financial services to the hands of millions of people.

According to a Business Development Analysts: “In Finland, one of the notable financial technology innovations is the Pivo application developed by OP Financial Group. Pivo is a familiar name, offering a variety of banking and payment solutions for Finnish consumers. With features such as peer-to-peer payments, contactless payments, and budgeting tools, Pivo has simplified banking activities for millions of users.”

5 Discussions

5.1 Introduction

This section of the study explores the interaction between innovation, regulation, and market application in the fintech industries in Vietnam and Finland. The research involves qualitative interviews with representatives from two prominent fintech providers in Finland and Vietnam, aiming to gain insights into the advancements of fintech and how the legal

framework impacts the financial landscape of both a newly emerging economy like Vietnam and a mature economy like Finland.

By examining the impact of fintech on comprehensive finance, consumer behavior, and market competition in Vietnam and Finland, as well as delving into the complexities of fintech in both countries, this research seeks to provide in-depth understanding and highlight the differences between the two markets.

5.2 Discussion on research question 1

What are the key drivers and barriers shaping the impact of fintech on financial inclusion and customer behavior in the Vietnamese context, and how do these compare to trends observed in Finland?

Through research, it is evident that the fintech landscape in Vietnam is shaped by demographic and legal contexts. The young population's interest in evolving technology, high mobile penetration, and readiness to embrace digital solutions play a significant role as fertile ground for fintech development. This demographic advantage drives financial inclusion by bringing unbanked segments into the formal financial services realm through mobile payments and digital wallets, as seen with platforms like Momo. However, some barriers persist, such as the lack of a comprehensive legal framework specifically for fintech, cybersecurity concerns, and a lingering reliance on cash that remains unresolved. These challenges not only hinder market expansion but also impact consumer trust in fintech solutions. The contrast in Finland is marked by a mature financial ecosystem, where there is high trust in digital transactions and a strong regulatory framework, fostering an environment favorable to fintech innovation. Finland's approach reflects a balanced regulatory stance aimed at promoting innovation while ensuring consumer protection and financial stability. Thus, while the dynamism of the Vietnamese market is fostering innovative models to serve a population group keen on and receptive to technological innovations, it is also facing gaps in regulation and infrastructure challenges. Meanwhile, the fintech market in Finland represents a harmonious blend of established financial models, propelled by a legal framework conducive to innovation and consumer welfare.

5.3 Discussion on research question 2

How do regulatory frameworks and market dynamics influence the development of fintech innovations in Vietnam compared to Finland?

- **Regulatory frameworks:**

In Vietnam, the legal landscape for fintech is still in its formation stage, which is considered a double-edged sword that brings both opportunities and challenges for fintech companies. On the one hand, it enables agility and rapid innovation, allowing fintech startups to test and launch new products without encountering cumbersome legal barriers. However, this same flexibility can also lead to instability that may impede investment and slow down the pace of technology adoption. For instance, the absence of specific guideless on new financial products like peer-to-peer lending or cryptocurrencies can leave business navigating a gray area, potentially exposing them to future regulatory clampdowns.

Conversely, the legal environment in a mature and long-lasting market like Finland is quite well-established and supportive of financial technology innovations. As a part of the European Union, Finland benefits from the progressive stance of the EU on fintech. Certainly, in regulations encourages both startups and established financial institutions to innovate confidently, with a clear understanding of legal boundaries. Finland's regulations not only promote innovation through clarity and stability but also ensure that consumer protections are closely implemented, enhancing trust in digital financial services.

- **Market Dynamics:**

Market dynamics in Vietnam are characterized by high digital adoption rates among young, tech-savvy population that is always ready to embrace new technology trends. This demographic trend is an important driver of fintech growth, as there is already a ready market for mobile-based financial services. Furthermore, people's shared passion for technology has pushed fintech companies to continuously innovate, thereby rapidly expanding financial access.

In Finland, market dynamics are significantly different. People are proficient in digital technologies, with high penetration and digital literacy rates. Demand for innovate fintech services is also driven by consumer expectations for seamless and secure digital transactions. Finnish consumers have a high level of trust in digital services, supported by strong data

protection laws and practices, with encourages fintech companies to develop new solutions adheres to these high standards of security and user experience.

5.4 Discussion

Comparative analysis of regulatory and market influences in Vietnam and Finland highlights fundamental differences in how fintech innovations are conceived and promoted. In Vietnam, rapid growth and innovation are constrained by regulatory ambiguity, which can sometimes hinder the industry's long-term potential. In contrast, in Finland, a supportive regulatory framework coupled with favorable market conditions will create an ecosystem that nurtures fintech, promoting innovations that are both sustainable and consumer focused.

This discussion highlights the important role of harmonized regulatory frameworks that balance safety, innovation and market stability. For countries like Vietnam, the Finnish model offers valuable lessons about the potential benefits of clear, supportive regulations in promoting a thriving fintech environment. On the contrary, the Finnish experience emphasizes the importance of maintaining high standards of consumer protection and security, which is essential as fintech is increasingly incorporated into everyday financial activities.

By understanding these dynamics, policymakers, investors and fintech operators can be better navigate the complexities of the fintech landscape, ensuring that innovations not only address immediate market needs but also contribute positively to the broader financial ecosystem.

6 Conclusion

This study provides a comparative analysis of fintech innovation in Vietnam and Finland, examining the transformative impact of financial technology on the financial sectors of both a rapidly evolving market and a matured, technologically advanced economy. Through this investigation, research sheds light on how distinct regulatory frameworks, market dynamics and cultural contexts shape the development and adoption of fintech solutions, offering unique insights on pathways and barriers to financial innovation.

In Vietnam, these findings highlight the vibrancy and potential of fintech driven by a young, tech-savvy population and a dynamic economic environment that is increasingly open to

digital transformation. However, the development of fintech is still hindered by uncertainties, inadequate regulations, and legal frameworks for fintech and infrastructure inadequacies, posing significant challenges to achieving widespread financial inclusion and ensuring consumer trust. On the other hand, Finland offers a model of innovation driven within a framework of strict regulatory standards and strong consumer protection. These conditions not only facilitate the seamless integration of new technologies into everyday finance operations, but also strengthen Finland's position as a leader in the global fintech landscape. This thesis has demonstrated that although both countries show significant advances in the fintech sector, the pathways and outcomes of these innovations differ significantly due to their differing regulatory environments and market conditions. For emerging markets like Vietnam, the Finnish model offers valuable lessons on the importance of developing clear, supportive regulatory frameworks that encourage innovation while ensuring financial stability and consumer protection. For mature markets like Finland, Vietnam's adoption of mobile-based financial services highlights the importance of flexibility and the ability to respond to consumer needs and technological trends.

Furthermore, the study's findings highlight the importance of balanced approach to regulation- one that promotes innovation and competition while protecting consumer interests. This balance is critical for the sustainable development of fintech ecosystems and exploiting their full potential in increasing financial inclusion, improving customer experience, and driving economic development.

In summary, as fintech continues to evolve, it is imperative that policymakers, businesses, and academic engage in ongoing dialogue and collaboration to improve regulatory frameworks, promote technological advancement, and understand consumer behavior. This will ensure that fintech innovations not only thrive but also contribute positively to the broader economic and social fabric of their respective countries.

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