

67 fintech companies compete for Vietnam's US\$4.4-billion market

Vietnam currently has 67 fintech companies, which are competing for a US\$4.4-billion market, according to Asia-focused consulting firm Solidiance.



The market size is projected to reach US\$7.8 billion by 2020, while the number of fintech operating in Vietnam still remains small compared to regional countries, including Singapore with 490 fintech companies in 2017, Indonesia 262, and Malaysia 196.

Additionally, two thirds of Vietnamese fintech are providing payment services through online payment apps. As of March, the State Bank of Vietnam (SBV) licensed 27 intermediary payment service providers, of which the majority offer e-wallet.

According to a report by Ernst & Young (EY), e-wallet service provider Momo, which recently received investment of US\$33.75 million from Goldman Sachs and Standard Chartered, is leading Vietnam's fintech market, followed by VnPay, 123Pay, Bao Kim, Ngan Luong, OnePay, Payoo, among others, having a combined 48 million users.

The rapid growth of Vietnamese fintech companies partly comes from the fact that less than half of the country's population does not have a bank account, according to the SBV, while Vietnam has a high rate of smartphone users.

A report of the mobile platform provider Appota showed that Vietnam now has 50 million smartphone subscribers and 53% of the population using internet, which both helped Vietnam's e-commerce grow by 40-50% in 2017, far exceeding Google's predictions.

Nghiem Thanh Son, deputy head of the SBV's Fintech Steering Committee, said 78 banks in Vietnam are providing non-cash payment services and mobile payment is provided by 41 banks.

Son added that fintech is currently attracting great attention in Vietnam. The government and the SBV have been very proactive in promoting the ecosystem for the development of fintech startups. Recently, the SBV has taken initial steps in guiding the implementation of the solutions for improving the fintech ecosystem in Vietnam.

In the coming time, the SBV would focus on promulgating policies and regulatory framework on digital banking as well as fintech.

According to market research company Statista, the number of online transaction in Vietnam increased by 22% year-on-year in 2017 to US\$6.14 billion, which is projected to double to US\$12.33 billion by 2022.