

# Fintech accounts for maximum startup funding in Vietnam in 2018



A client counts Vietnamese dong banknotes at a bank in Vinh Yen city, Vietnam, August 19, 2015. REUTERS/Kham

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Fintech accounted for the maximum funding in Vietnamese startups in 2018, surpassing e-commerce and other sectors.

According to the latest funding data by local accelerator Topica Founder Institute, investors injected \$117 million in the country's fintech startups last year. In comparison, e-commerce startups attracted \$104 million in venture capital funding in 2018.

The total funding of \$117 million is likely to include a \$100-million investment by **Warburg Pincus** in e-wallet app MoMo. Both Warburg and MoMo declined to comment on the quantum of funding raised by the startup. The accelerator did not identify the startups but said it recorded eight fintech deals in 2018. During the year, the six fintech companies that announced funding rounds were OnOnPay, eLoan, Moca, P2P startup Tima, F88 and Finhay.

Fintech funding in 2018 represents a significant jump from 2017 that saw eight transactions being closed worth \$57 million in total.

Another significant momentum is that the sector continued to attract private equity players. Prior to Warburg Pincus, Goldman Sachs and Standard Chartered Private Equity had been investors in MoMo since 2015.

Private equity engagement in Vietnamese tech startups is still limited. Recently, Topica Edtech Group announced its **\$50 million fundraising** from Northstar Group. Other prominent investments include Singapore's **GIC** injecting capital in VNG Corporation and Caldera Pacific's investment in LeFlair.

The opportunities for fintech in Vietnam come from a staggering 41 per cent of Vietnam's 97 million population being unbanked, according to Leo Pham, program manager at VIISA, a local fintech-focused accelerator.

The development of fintech in the country, as thus, remained largely focused on the personal/retail finance sector, Pham said.

"Another key differentiation for Vietnam is the rising number of small-and-medium enterprises (SMEs). Fintech solutions, such as point-of-sale technologies, gifting platforms, and digital marketing tools, will empower SMEs and open new customer onboarding channels for them. Other segments like digital lending and crowdfunding open new channels of fundraising for SMEs to grow their businesses," he added.

According to market studies, Vietnam had around 70 fintech companies at the end of 2018, with a majority of them engaged in payments.

A study by consulting firm Solidiance last year predicted the Vietnam fintech market will grow to \$7.8 billion by 2020 from \$4.4 billion in 2017.