

## Chapter 4

# Northern and Southeast Asian Banking Technology

**Dharmesh Dhabliya**

 <https://orcid.org/0000-0002-6340-2993>

*Vishwakarma Institute of Information  
Technology, India*

**Ankur Gupta**

 <https://orcid.org/0000-0002-4651-5830>

*Vaish College of Engineering, India*

**Sukhvinder Singh Dari**

 <https://orcid.org/0000-0002-6218-6600>

*Symbiosis Law School, Symbiosis International  
University, India*

**Ritika Dhabliya**

*Yashika Journal Publications Pvt. Ltd., India*

**Anishkumar Dhablia**

*Altimetrik India Pvt. Ltd., India*

**Nitin N. Sakhare**

 <https://orcid.org/0000-0002-1748-799X>

*BRAC'S Vishwakarma Institute of Information  
Technology, India*

**Sabyasachi Pramanik**

 <https://orcid.org/0000-0002-9431-8751>

*Haldia Institute of Technology, India*

**Soma Bag**

*Asadtala Nivedita Kanya Vidya Math, India*

### ABSTRACT

*For the first time in 2017, FinTech investments in the Asia-Pacific area surpassed those in North America. The majority of these FinTech suppliers are based in North-East Asia, which includes developed nations like Japan and South Korea as well as rapidly expanding emerging markets like China. Data analytics, network externalities, and interlaced operations in the North and East Asia area make them stand out as severe rivalry attacks the sector with technology. This chapter aims to give a thorough knowledge of the changing financial environment in the FinTech context in China, Japan, Taiwan, South Korea, and Mongolia by illuminating the adoption path of FinTech throughout the region. The user's text is empty. Our findings generally favor the privatization of banks and the elimination of state ownership for economic reasons. The potential advantages of foreign ownership may need a longer period of time to be fully exploited. The primary obstacle faced by privately-owned domestic banks is enhancing bank efficiency.*

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## **1. INTRODUCTION**

FinTech is becoming a more widespread phenomenon. Globally, more than 64 percent of customers have used a fintech product. Financial technology, or FinTech, is defined as financial technology that offers solutions to consumers and is distinguished by innovation, technical alternatives, and the advancement of the economy and finance. Mongolia is still lagging behind in terms of FinTech development in North and East Asia, where nations like China, Japan, Taiwan, and South Korea are setting the pace. The propensity of customers in these nations to migrate and look for digital alternatives is the reason for the growth of fintech. “Asian countries, especially China - home to 4 of the biggest Fintech Unicorns: Ant Financial, Lufax, JD Finance, and Qufenqi - along with Japan and Korea are leading the world in FinTech innovation,” according to an essay by M. Joshi, President of Infosys (Joshi, 2023). Currently, North and East Asia is home to four of the strongest FinTech businesses, behind only the United States as the leader in the development of financial technology (Joshi, 2023). There are many definitions for financial technology, or “FinTech” an acronym which stands for financial technology, combining bank expertise with modern management science techniques and the computer,” according to Bettinger’s 1972 definition (p. 2). Even after over fifty years, the term is still relevant and significant. The broad use of technology, including the internet and mobile connections, has made it possible for FinTech to revolutionise the way financial services are provided. The financial environment has flourished with new business models, products, applications, and procedures thanks to the adoption of information technology (IT) (Feyen et al., 2023). In actuality, there has been a relationship between technology and money since the 19th century. The first transatlantic telegraph wire, which opened in 1866 and caused “finance to gradually shift from analogue to digital,” provided the impetus for the first wave of fintech (Hernández, 2019, p.2). With the advent of the automated teller machine (ATM) in the 1950s and 1960s, there was a second wave that followed. With the advent of new actors and financial channels like mobile money accounts and electronic transactions, we are now going through a third wave (Hernández, 2019).

Since banking involves high-value operations, using the newest technology has always been tempting. Transparency, rapid speed, interconnectedness, security, and—most importantly—the provision of increasingly specialized financial services have all been facilitated by the ongoing innovation (Feyen et al., 2023). Data analytics, network externalities, and interlaced activity in the East Asia area make them stand out as technologically intense competition attacks the business. United Nations Escap (2018) reports that, with \$11.2 billion in 2017—more than twice as much as in 2016—FinTech investments in the Asia-Pacific region surpassed those in North America for the first time. These FinTech suppliers are mostly from North-East Asia, which dominates the worldwide industry with rapidly expanding emerging countries like China and developed nations like Japan. This study aims to give a thorough knowledge of the changing financial environment in the FinTech context in China, Japan, Taiwan, South Korea, and Mongolia by illuminating the adoption path of FinTech throughout the region.

### **1.1 China’s Market Cap**

Due to “its economic development and transformation, which have enabled it to invest heavily in research and development, foster entrepreneurship, and attract foreign direct investment,” China has emerged as a worldwide leader in the FinTech market in recent years (Santosdiaz, 2023). A broad range of possibilities and difficulties exist in China’s FinTech environment, which is affected by the nation’s financial ecosystem, across several business sectors. 2013 is often acknowledged as the year that the boom began.

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