

IV. DETAILED OUTLINE

★ Introduction (suggested 150 words)

You need to choose one of the Top 5 Fintech companies with the best growth in Vietnam in 2022 provided by the article including: FIIN CREDIT, MOMO, SHOPEEPAY, ZaloPay, VNPAY.

- Briefly overview of the company and industry being analyzed
 - Fintech Growth Post-COVID-19:
 - Significant development in the Fintech industry over the past two years.
 - Driven by changes in consumer behavior, especially favoring contactless payments.
 - Fintech Landscape in Vietnam:
 - Remarkable maturity in the Vietnamese Fintech market.
 - Attraction of substantial investments from both domestic and foreign investors.
 - Dominance of the company:
 - **Example:**
 - In 2023, MoMo achieved local market dominance in Vietnam's e-wallet sector.
 - Emerging as a direct competitor for new entrants in the Fintech industry.

Example: The Fintech industry over the last two years has experienced a massive leap in development to accustom to the new socio-economic environment shaped by the Covid-19 pandemic. Consumer behavior has changed notably in favor of Fintech companies and their services, noteworthy contactless payment. In Vietnam, the Fintech market has matured remarkably and attracted a myriad of domestic and foreign investors. Prominently, the year 2023 marks the dominance in local market share of Vietnam's e-wallet service MoMo, which now became a direct competitor for any firm intending to join the industry.

- Explanation of the purpose and scope of the report

Report Structure:

- Divided into four major parts.
 - Analysis of global and Vietnamese Fintech markets. ([FinTech - Vietnam | Statista Market Forecast.](#))
 - Comprehensive examination of MoMo's operations.
 - Recommendations for potential challenges and opportunities.
- A brief conclusion summarizing key findings.

Example: This report includes four major parts, with the first three analyzing, providing an overview of the Fintech market in Vietnam and worldwide, featuring an analysis of MoMo's operation from a multi-dimensional aspect. The remaining part suggests recommendations for challenges that Fintech firms may encounter besides their opportunities and gives a brief conclusion.

★ Market Analysis (suggested 400 words)

1. Overview of the market, including size, growth rate, and major players

- Rapid Growth of Fintech in Vietnam:
 - The Fintech market in Vietnam is experiencing rapid growth.
 - Emerging as one of the most competitive markets in Asia.
- Timeline of Fintech Development:
 - Fintech made its appearance in Vietnam in 2017.
 - Significant progress observed by the year 2020.
- Progress Indicators:
 - Progress evident in quantity, quality, and diversity of products and services.
 - Ability to attract substantial investments.
- Categories in Vietnamese Fintech:

- The Vietnamese Fintech market is categorized into five main segments:

- (a) Personal Finance
- (b) Alternative Financing
- (c) B2C Financial Services Marketplaces
- (d) Insurtech
- (e) Digital Payments

- Focus Areas for Fintech Companies:

- Primary focus areas include payments through e-wallets.
- P2P Lending is another significant focus within the Vietnamese Fintech landscape.

Example: The Fintech market in Vietnam is rapidly growing, making it one of the most competitive markets in Asia. Fintech appeared in 2017 and has experienced significant progress by 2020. This progress is reflected in the leverage in quantity, quality, and diversity of products, services, and the ability to attract investments.

The Vietnamese Fintech market is divided into five main categories, Personal Finance, Alternative Financing, B2C Financial Services Marketplaces, Insurtech, and Digital Payments. The primary areas of focus for Fintech Companies in Vietnam are payments offered through e-wallets and P2P Lending.

2. Discussion of market structure and competition

- Fintech Startup Growth:
 - Significant growth is observed in the number of Fintech startups in the Vietnamese region.
- Overview of Fintech competition landscape

Example: [Vietnam Fintech Report \(2020\)](#)

- The Vietnam Fintech Report of 2020 indicates a notable increase in Fintech companies:
 - 39 companies in 2015
 - 44 companies in 2017
 - 124 companies in 2019
- This represents a remarkable 179% increase between 2017 and 2020.

Example: [MasOffer Fintech Survey \(2021\)](#)

- A survey by MasOffer Fintech in 2021 identified 154 Fintech companies operating in Vietnam by the end of the year.
- Focus Areas:
 - Among the 154 companies:
 - 37 companies are focused on payment services.
 - 22 companies are focused on P2P Lending.
 - Another 22 companies are dedicated to Blockchain and Cryptocurrency.

Example: The growth of this market is evident by the increasing number of Fintech startups established in the region. According to the [Vietnam Fintech Report](#) of 2020, the number increased from 39 companies in 2015 to 44 companies in 2017 and 124 companies in 2019, representing an increase of over 179% between 2017 and 2020. [MasOffer Fintech](#) conducted a survey in 2021, discovering that by the end of the year, 154 companies operated in the Fintech field in Vietnam. Of these, 37 companies focused on payment services, 22 companies focused on P2P Lending, and another 22 were dedicated to Blockchain and Cryptocurrency.

3. Analysis of consumer behavior and demand, including price sensitivity and factors influencing purchasing decisions

Behaviour:

- **Smartphone Usage:**
 - Smartphone users in the region constitute approximately 80% of the population.
- **Bank Account Ownership:**
 - As of June 30th, 2022, 68% of Vietnamese people over 16 own a bank account.

Demand:

- **Fintech Market Resilience:**
 - Despite the negative impacts of the Covid-19 pandemic, the fintech market has prospered.
- **Increased Demand for Transactions:**
 - The increasing demand for money transactions has contributed to the growth of the fintech market.
- **Incentive Programs and Convenience:**
 - Incentive programs and free-to-use, convenient services have played a role in attracting a large user base to the fintech market.
- **Non-Cash Payment Transactions (First Half of 2022):**
 - Quantity increased by 77.2%.
 - Value increased by 29.8%.
 - Internet transactions increased by 63.2% in quantity and 32.3% in value.
 - Mobile app transactions increased by 98.3% in quantity and 84.3% in value compared to the same period in 2021.

Example: According to Vietnam National Institute for Finance, smartphone user count has reached approximately 80% of the region's population, and as of June 30th, 2022, 68% of Vietnamese people over 16 own a bank account. Despite the negative impacts of the Covid-19 pandemic across almost all industries, the fintech market has prospered due to the increasing demand for money transactions. Incentive programs and free-to-use, convenient services have helped the fintech market gain a large user base. In the first half of 2022, non-cash payment transactions increased by 77.2% in quantity and 29.8% in value. To be specific, transactions performed via the Internet, and via mobile apps have increased by 63.2%, 98.3% in quantity, and 32.3%, 84.3% in value respectively compared to the same period in 2021.

★ Industry Analysis and challenges (suggested 550 words)

1. Overview of industry trends and challenges

Fintech Industry Growth:

- Predicted to reach \$174 billion by 2023.
- Growth driven by increasing technology adoption among users.

Technology Trends:

- Six prominent categories shaping fintech trends in 2023: AI & Machine Learning, Embedded Finance, Blockchain, IoT, Open Banking, and SaaS.
- Embedded finance gaining traction and expected to dominate in 2023.

Technology Implementation in Financial Transactions:

- Blockchain, AI, and IoT to automate processes like loan origination and fraud protection.
- Provides more meaningful insights into customer behavior.
- Enables personalized services tailored to individual needs.

Challenges and Risks:

- Rapid development of novel fields and technologies may lead to challenges in finding trained and talented employees.
- Increased competition for customers and investors in difficult economic conditions.
- Regulatory challenges due to stricter regulations to protect consumers.

Example: The fintech industry is experiencing an extremely strong growth momentum and is predicted to reach \$174 billion by 2023(Tang Sergio,Tech Trends That Will Define Fintech In 2023). This is mainly due to the increasing use of technology amongst users, and therefore, it can be concluded that trends of the fintech industry will be largely shaped by technology. Technology Trends 2023 listed six prominent categories including AI & Machine Learning, Embedded Finance, Blockchain, IoT, Open Banking, and SaaS, all of which have recently gained embedded finance a lot of traction and could completely become the dominant trend in 2023. Blockchain, AI, and IoT will be used more in financial transactions to automate processes such as loan origination, fraud protection, and to provide more meaningful insights about customer behavior. Benefiting from those implementations, consumers will be able to access **services** that best suit and are tailored to their individual needs. Fintech companies must stay ahead of the curve or risk being left behind while technology progresses.

The rapid development of many novelty fields and technologies such as digital assets, artificial intelligence, blockchain, 5G, and cybersecurity may also make the fintech industry struggle with finding trained and talented employees. Besides, companies also have to put more effort into attracting customers and investors due to the fierce competition in the circumstances of difficult and volatile economic conditions. Furthermore, suppliers face challenges in terms of regulatory requirements and standards. As regulations are established to be

more and more strict to protect consumers, Fintech firms will need to come first in innovation and be willing to adjust their offerings to adapt.

2. Discussion of regulatory environment and government policies affecting the industry

Global Regulatory Trends:

- Governments worldwide introduce varying levels of regulation for fintech startups.
- Common goal: Stimulate innovation and enhance global financial competitiveness.

Fintech Regulation in Vietnam:

- E-wallet services in early stages in Vietnam but gaining attention.
- Challenges include the lack of specific and detailed legal regulations and guidelines.
- Current regulations focus on general aspects, lacking specifics for services like e-wallets.
- Lack of cohesive coordination in the fintech ecosystem among state entities, financial institutions, startups, and technology development companies.
- Absence of a synchronized legal framework for the fintech sector.

Example: Depending on specific economic development campaigns and policies, governments worldwide are introducing different levels of regulation for FinTech startups with the common goal of stimulating innovation in the industry and promoting global financial competitiveness. In Vietnam, e-wallet services provided by Fintech companies are still in their early stages but are attracting significant attention from the community and participation of domestic start-ups. However, fintech in Vietnam still faces difficulties with an example being the lack of specific and detailed legal regulations and guidelines

supporting services like e-wallets. The current regulations only focus on general aspects such as conditions, records, procedures, licensing procedures, rights and responsibilities of related parties. In addition, the Fintech ecosystem does not have cohesive and clear coordination between entities such as state management agencies, financial institutions, Fintech startups, technology development companies, etc., as well as lacking a synchronized legal framework governing the Fintech sector.

3. Analysis of industry supply and demand dynamics, including market equilibrium and pricing strategies

Demand Surge and Business Growth

- Increased demand for fintech services like e-wallets.
- Accelerated adoption due to the COVID-19 epidemic and the growth of e-commerce.
- Significant increase in the number of fintech businesses in Vietnam, with 123 local startups in 2020, almost three times higher than in 2017.

Competitive Market Dynamics

- Fintech corporations adapt pricing strategies to maximize popularity among retail customers.
- Revenue collection primarily from business customers.
- E-wallet services commonly charge small fees for essential services from retail customers, subject to provider regulations.

Example: Recently, the demand for Fintech-provided services like e-wallets is constantly increasing. According to research by Digital Virgo, the COVID-19 epidemic and the strong growth of e-commerce are two main contributors to an accelerated adoption rate of those services among consumers. Alongside this, the Fintech industry in Vietnam also witnessed a remarkable increase in the

number of businesses. Fintechnews' Vietnam Fintech Report 2020 stated that in 2020, there will be 123 local start-ups operating in financial technology, nearly three-fold higher than the 44 start-ups of 2017. Due to the competitive market, Fintech corporations constantly adjust their pricing strategies to maximize popularity among retail customers while collecting revenues mostly from business customers. Nonetheless, most e-wallet services still charge a small fee for some necessity services from retail customers that varies by each provider's regulations.

★ Company Analysis (suggested 650 words)

1. Overview of company history, mission, and current operations

Company Background:

- **Example:**

- Introduced by M-Service Online Mobile Services Joint Stock Company in 2007.
- MoMo launched in October 2010 and quickly became available on various mobile platforms.

Official Licensure:

- Received official licensure from the State Bank of Vietnam in October 2015, ensuring legitimacy in financing activities.

Expansion and Recognition:

- MoMo wallet expanded its reach across Vietnam.
- Recognized as one of the four official payment channels on Vietnam's public service portal by 2019.

Mobile Payment Application:

- MoMo wallet is an innovative mobile payment application.
- Designed to provide enhanced, convenient payment services.

Versatile Payment Services:

- Facilitates easy, secure, and hassle-free money transfers.
- Allows users to make payments for various daily utilities like electricity, water, Internet, and cable TV.

Market Dominance:

- MoMo has emerged as Vietnam's most widely used e-wallet service.
- Boasted over 6 million users as of April 2018.

Example: MoMo is a service introduced by M-Service Online Mobile Services Joint Stock Company, which was established in 2007. MoMo was launched in October 2010 and was soon available on most mobile platforms. MoMo received official licensure from the State Bank of Vietnam in October 2015, thereby ensuring its legitimacy in financing activities. MoMo wallet has expanded its reach throughout Vietnam and become one of four official payment channels on Vietnam's public service portal by 2019.

MoMo wallet is an innovative mobile payment application designed to offer users enhanced, convenient payment services. The app facilitates easy, secure, and hassle-free money transfers and purchases via personal smartphone. MoMo wallet users can use the app to make payments for a wide range of daily utilities such as electricity, water, Internet, and cable TV. MoMo has become Vietnam's most widely used e-wallet service with over 6 million users as of April 2018.

a. Discussion of company strengths and weaknesses, including competitive advantages and areas for improvement

SWOT Analysis of MoMo:

<p>Strengths:</p> <p>Unmatched Brand Recognition:</p> <ul style="list-style-type: none"> ● Holds the highest market share (68%) and a remarkable public awareness rate (97%). <p>Convenience Factor:</p> <ul style="list-style-type: none"> ● Available on both IOS and Android for free, ensuring widespread accessibility. ● Users can top up their wallets without the need for a debit or credit card, avoiding extra transaction fees. <p>Strategic Partnerships:</p>	<p>Weaknesses:</p> <p>Limited Geographic Coverage:</p> <ul style="list-style-type: none"> ● Services primarily available in major cities and provinces, excluding many rural areas. ● Limited access to cash transactions in rural areas due to the low number of accepting retail shops and grocery stores. <p>External Money Transfer Costs:</p> <ul style="list-style-type: none"> ● While MoMo emphasizes free internal money transfers, external transactions incur
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<ul style="list-style-type: none"> ● Collaboration with major local retail partners, expanding services to over 4000 trading points. ● Effective customer retention strategy through utility services, bill payments, financial investments, and attractive discounts. 	<p>service fees (up to 0.6% of the transaction value), which may be considered expensive.</p>
<p>Opportunities:</p> <p>Rural Market Expansion:</p> <ul style="list-style-type: none"> ● Opportunity to expand services and coverage to rural areas, tapping into a potentially large market. <p>Diversification of Services:</p> <ul style="list-style-type: none"> ● Introduce additional services and partnerships to further enhance the utility for users. 	<p>Threats:</p> <p>Competition:</p> <ul style="list-style-type: none"> ● Increasing competition in the Fintech market may pose challenges to maintaining market share. <p>Regulatory Changes:</p> <ul style="list-style-type: none"> ● Changes in regulations governing e-wallets and financial transactions may impact operations.

Example: This report will utilize a SWOT framework to provide an in-depth analysis of the strengths and weaknesses of the company. One of the strengths that MoMo has built is its unmatched brand recognition, which currently boasts the highest market share of 68% and a public awareness rate of 97%. Additionally, the convenience factor of MoMo is a major selling point. The mobile application is available on both IOS and Android for free, enabling everyone to reach, try and use its services easily. At the same time, MoMo e-wallet also allows users to top up their wallets without the need for a debit or credit card. This feature is beneficial for users who want to avoid extra transaction fees imposed by banks. Furthermore, MoMo has collaborated with a range of major local retail partners, such as FPT Shop, Circle K, Ministop, etc.,

allowing users to conduct cash transactions at over 4000 trading points. The brand also has another effective customer retention strategy, which includes offering various utility services such as bill payments and financial investments, coupled with attractive discounts, which are significant factors in keeping and attracting customers.

Example: However, there are some weaknesses that MoMo needs to address. The application's coverage is currently limited, with the majority of its services only available in major cities and provinces, which excludes many rural areas from making cash deposits and withdrawals to and from the e-wallet. Furthermore, the number of retail shops and grocery stores that accept MoMo payments in rural areas is relatively low, indicating a lack of effective service coverage. Additionally, while MoMo emphasizes its free money transfer feature, this is only applicable to internal transfers within the app. If users make money transactions externally and once the free transfer limit is exceeded, users are charged a service fee of up to 0.6% of the transaction value, which is considered expensive.

Example: Despite these challenges, there are numerous opportunities for MoMo to expand further because of the increasing demand for e-wallets, especially among the Vietnamese young population. The stable growth of Vietnam's economy has also made there a promising market for Fintech companies including MoMo. In 2020, there are an estimated 19.2 million e-wallet users in the country and the number of users is forecast to nearly triple in the next 5 years.

Example: Nonetheless, the marketplace is highly competitive, with many businesses vying for market share. Additionally, e-wallet users can face numerous risks such as monetary loss, fraud, or personal information theft. These external threats could affect MoMo's operations and reputation. In addition to the external factors, customers can also face payment interruption in system maintenance downtime.

b. Analysis of company performance metrics, including cost structure and market share

Performance Highlights:

- **Market Dominance:** Maintained a dominant position with a 53% market share in 2020.
- **Installation Milestone:** Achieved over 25 million installations during the first half of 2021, surpassing competitors.
- **Financial Backing:** MoMo's success is attributed to its parent company, a digital payment start-up, securing impressive funding of \$233 million.

Example: Nonetheless, the marketplace is highly competitive, with many businesses vying for market share. Additionally, e-wallet users can face numerous risks such as monetary loss, fraud, or personal information theft. These external threats could affect MoMo's operations and reputation. In addition to the external factors, customers can also face payment interruption in system maintenance downtime.

Despite the hardship, MoMo maintained its dominant position in the mobile wallet industry in Vietnam with a market share of 53% as of 2020 (Statista, Nov 30, 2021). During the first half of 2021, Momo achieved more than 25 million installations, surpassing all its competitors. MoMo's success can be attributed to its parent company, a digital payment start-up, which has raised impressive funding worth \$233 million.

★ **Recommendations and conclusion (suggest 200 words)**

- Some concerns for a foreign company in Vietnam

Example: Working with Vietnamese consultancy firms to ensure legal ground.

Your firm possibly will encounter a lot of bureaucracy in Vietnam, so highly cautious preparation for verbal or monetary negotiations is a must.

Having middlemen is advisable to facilitate the customs and habits of the native.

- For business strategy

Example: Focus on developing security technology to prepare for potential threats, hence creating a fair advantage over MoMo.

Simplify registration process to increase customer base.

Raise brand awareness by cooperating with local retailers to create incentive programs.

Start a promotion campaign for market entry on social media platforms.

Levy transaction fees on retail companies instead of retail customers to expand brand's coverage.

- Risks and challenges

Example: A requirement of huge medium to long-term capital, and the payback period can be uncertain.

Security risk might be hard to fully control and manage.

- Conclusion

Example: Though the Fintech market in Vietnam is still fledging with vague regulations and many other problems of a developing country, the profit potential is indisputable. MoMo took this chance and became successful in this ambitious market. Aligned with the rapid growth internationally, this business will create more opportunities for firms joining in. Therefore, building a high place is essential to have definitive advantages over incoming competitors.