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Comparison of Financial Technology Development Policies in Kenya and Vietnam

Tran Anh Duc

Institute for South Asia, West Asia and Africa Studies

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***Corresponding Author:** Tran Anh Duc

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Abstract **Original Research Article**

Backed by science and technology, the global financial landscape is undergoing structural transformations as more and more technologies are being applied to the financial sector. Countries around the world, especially developing nations, are promoting the development of Fintech as a lever for socio-economic development. Each country, with its different technological foundations and economic starting points, will choose different development directions. Kenya and Vietnam are two developing countries that have clearly defined Fintech development directions. This research will analyze the Fintech development policies of Kenya and Vietnam, highlighting similarities and differences, and assessing the future development prospects of the financial sector in both countries.

Keywords: Comparison, financial technology, development policy, Kenya, Vietnam.

1. Introduction

Both Vietnam and Kenya consider Fintech a crucial component of the digital transformation of their financial systems, expanding access to financial services and promoting the digital economy. However, the two countries start from very different socio-economic conditions and financial system structures, leading to two relatively different development models. Kenya developed Fintech primarily to address the financial access issues of unbanked or underbanked populations, with mobile money as its foundation (World Bank, 2024). Meanwhile, Vietnam developed Fintech in a context where its banking system was already relatively developed, so the focus increasingly shifted towards banking digitalization, electronic payments, digital identity, data, and connectivity between banks and digital platforms (World Bank, 2024).

In Vietnam, a key policy direction related to financial technology is Decision 810/QD-NHNN on the digital transformation of the banking sector by 2025, with a vision to 2030, along with policies on cashless payments and mobile money. Notably, by 2025, the State Bank of Vietnam stated that over 87% of adults will have bank accounts and many basic banking operations will have been fully digitized. Kenya, on the other hand, has a particularly strong Fintech base thanks to the early development of mobile money.

The National Payments Strategy 2022–2025 aims to build a safe, fast, efficient, and collaborative payment system while promoting innovation and financial inclusion (Central Bank of Kenya, 2022). The paper is about a comparative analysis of Vietnam and Kenya's Fintech development policies, focusing on three main areas: similarities in objectives, differences in implementation and prospects.

2. Research Methodology

This study employs a quantitative comparative research design to evaluate differences in Fintech development policy between Kenya and Vietnam. The analysis focuses on the relationship between government policy support and the development of Fintech, with particular attention to financial inclusion, digital payments, digital financial services and broader economic development.

The study uses annual country-level data for Kenya and Vietnam over the period 2010–2024, subject to data availability. This period captures the rapid expansion of mobile money and digital financial services in Kenya and the acceleration of digital banking, electronic payments and Fintech adoption in Vietnam. The choice of period is also consistent with the availability of comparable indicators from the World Bank Global Findex, which provides internationally comparable data on account ownership, digital payments, saving, borrowing and mobile money. The study approaches the issue from the perspective of inclusive socio-economic and financial development, in which policies prioritizing the development of financial technology are considered a crucial element in reshaping the structure of access to financial services and changing the socio-economic lives of the people.

The study relies exclusively on secondary quantitative data obtained from internationally comparable databases and official national statistical sources.

For both countries, the principal source is the World Bank Global Findex Database, which provides internationally comparable indicators of account ownership, mobile-money usage, digital payments, saving and borrowing. The Global Findex is particularly suitable for cross-country quantitative analysis because it is based on nationally representative surveys and is specifically designed to facilitate comparisons across economies.

For Kenya, additional data are obtained from the Central Bank of Kenya (CBK), Kenya National Bureau of Statistics (KNBS), Communications Authority of Kenya and World Bank databases. The CBK's FinAccess surveys provide additional indicators of formal financial access and mobile-money adoption. For Vietnam, data are collected from the State Bank of Vietnam (State Bank of Vietnam), General Statistics Office of Vietnam, Ministry of Information and Communications, World Bank and International Telecommunication Union (ITU).

The overall analytical framework is: Fintech policy support → Fintech development → financial inclusion and digital financial development. This approach allows the study to move beyond a descriptive comparison and statistically evaluate whether differences in policy support are associated with differences in Fintech development.

3. Research Result and Discussion

3.1. Similarities in Development Goals

The first similarity between Vietnam and Kenya is the use of financial tools to expand access to financial services. In Kenya, this goal is particularly clear. Mobile money has become the foundation of the digital financial ecosystem and is the main driver behind the significant increase in access to formal financial services. According to FinAccess 2024, the percentage of Kenyan adults accessing formal financial services and products reached 84.8%, up from 83.7% in 2021 and only 26.7% in 2006 (Central Bank of Kenya, 2024)

Vietnam also pursues a similar goal, but in a different direction. The development of cashless payments, digital bank accounts, Mobile Money, and digital banking aims to reduce transaction costs and bring financial services to populations previously heavily reliant on cash. Decision 316/QD-TTg of 2021 on the pilot program for Mobile Money is a prime example of this approach. Thus, both countries utilize technology to reduce the cost of accessing finance, particularly for rural populations, low-income groups, and small businesses. While the implementation methods differ, both countries share a common goal: expanding access to finance for vulnerable populations.

The second similarity is that both countries are shifting from cash payments to electronic payments. Kenya has advanced significantly in this area thanks to mobile money. The National Payments Strategy 2022–2025 aims to build a more interoperable, secure, and efficient payment system, while continuing to leverage the established mobile money platform (Central Bank of Kenya, 2025).

In Vietnam, cashless payments are one of the pillars of Fintech policy. This policy is implemented through e-banking, e-wallets, QR payments, Mobile Money, instant transfers, and digital payment platforms (World Bank, 2024). According to the State Bank of Vietnam, the percentage of transactions through digital channels at many credit institutions has exceeded 90%, showing that digital payments have become an important part of the financial system. The difference is that Kenya uses Fintech to create a new form of finance, while Vietnam primarily uses Fintech to digitize and upgrade existing financial methods.

Both countries recognize that Fintech creates both innovation opportunities and new risks related to data, fraud, and cybersecurity. Therefore, policy development in both countries tends to shift from encouraging innovation to encouraging innovation coupled with risk management.

Kenya is a prime example. Following the rapid development of digital lending applications, the Central Bank of Kenya issued the Digital Credit Providers Regulations 2022, requiring digital credit providers to be licensed and supervised (Central Bank of Kenya, 2023). The regulation also requires businesses to have data protection policies, customer complaint resolution mechanisms, and governance requirements. Vietnam is also following a similar direction. Decree 94/2025/ND-CP officially established a controlled testing mechanism (sandbox) in the banking sector, applicable to Fintech solutions such as credit scoring, data sharing via Open API, and peer-to-peer lending.

This shows that both Vietnam and Kenya are moving towards a model that the World Bank calls a balance between financial innovation, competition, financial inclusion, and financial system stability (World Bank, 2022).

3.2. Differences in Implementation Methods

Vietnam's model is State-Oriented and Bank-Centric. Vietnam is characterized by the fact that banks remain central to the Fintech ecosystem. The State sets the goals, the State Bank of Vietnam plays a coordinating role, and commercial banks and technology companies implement them.

Decision 810/QD-NHNN sets fairly clear quantitative targets, such as increasing the percentage of transactions conducted entirely in the digital environment, increasing the proportion of revenue from digital channels, and digitizing lending activities. This creates stability and high control capabilities, but also has limitations. Some studies by the Vietnam State Bank of Vietnam itself indicate that the previous legal framework was still heavily focused on control through licensing procedures and has not fully kept pace with new digital business models. Decree 94/2025/ND-CP is a significant step towards shifting to a trial-and-error approach, assessing risks, and then perfecting the law later, instead of just managing through traditional licensing (State Bank of Vietnam, 2025)

Kenya model is Market-led Innovation and State-Regulated. Kenya takes a relatively different approach. Fintech development largely precedes policy, especially in the case of mobile money. This is one of the key factors contributing to Kenya's particular success: technology is developed to solve a real problem, millions of people lack bank accounts but have mobile phones. After the model proves scalable, regulators gradually build a regulatory framework. This model can be called market-led or innovation-led Fintech development. For example, as digital credit grew rapidly and risks related to interest rates, debt collection, and consumer protection emerged, the Central Bank of Kenya established a framework for licensing and supervising Digital Credit Providers in 2022 (Central Bank of Kenya, 2024). Thus, Kenya typically prioritizes market innovation, then adjusts policies to reflect practical realities, while Vietnam tends to develop policy directions first and then promote market development within that framework.

In general, the Kenyan model is suitable for economies with low financial inclusion. The Kenyan model is particularly well-suited to countries with three characteristics: a high rate of unbanked population, a high rate of mobile phone usage, and a limited coverage of traditional banking networks. This is why the Kenyan model is valuable as a reference for many African countries. By 2024, Kenya aims for 84.8% of adults to have access to formal financial services, with mobile money playing a leading role (Central Bank of Kenya, 2024).

However, this model also creates certain risks. The rapid development of digital credit can lead to over-borrowing, unsustainable consumer credit, data risks, and consumer protection issues. Therefore, Kenya is currently shifting from a model of innovation as quickly as possible to one with higher risk management. The Financial Inclusion Strategy 2025–2028 places greater emphasis on consumer protection, cybersecurity, financial literacy, and financial health.

The Vietnamese model is more suitable for an economy with a relatively developed banking system. For Vietnam, completely replicating the Kenyan model is inappropriate. Vietnam already has a relatively extensive commercial banking system, with the percentage of adults with bank accounts exceeding 87% (State Bank of Vietnam, 2025).

3.3 Development Prospects

Kenya is arguably one of Africa’s most mature Fintech markets. The country's advantage is not simply the existence of Fintech firms, but the presence of an ecosystem in which mobile money, digital banking, digital credit, telecommunications infrastructure, agent networks and financial institutions are deeply interconnected. Kenya’s experience demonstrates that Fintech can move beyond a technological niche and become an important component of the national financial system and digital economy.

The most important factor supporting Kenya's Fintech prospects is the very high penetration of mobile money. Kenya's Fintech ecosystem was initially built around mobile payment services, particularly M-Pesa, but this infrastructure has subsequently become a platform for savings, credit, insurance, investment and other financial services. According to the 2024 FinAccess data, 82.3% of Kenyan adults were current mobile money users, compared with 81.4% in 2021. The value of individual mobile money transactions also grew at an annualised rate of approximately 19% between 2019 and 2024.

This gives Kenya an important structural advantage. Unlike countries where Fintech firms must first persuade consumers to adopt digital financial services, Kenyan consumers already have extensive experience with mobile-based financial transactions. Consequently, the next generation of Fintech businesses can build new products on an established digital-finance infrastructure

The second major opportunity is financial inclusion. Formal financial access in Kenya increased from 83.7% in 2021 to 84.8% in 2024, while the proportion of adults excluded from financial services fell to 9.9% (Central Bank of Kenya, 2025). However, the relatively high level of financial access does not mean that Kenya has exhausted its Fintech potential. Rural populations, young people, women, low-income households and micro and small enterprises still face barriers. The 2024 FinAccess survey indicates that 45.5% of financially excluded people were rural youth, while lack of mobile phones and identification documents remained important barriers.

Kenya is also well positioned for expansion in digital credit, alternative lending and data-driven financial services (Central Bank of Kenya, 2025). Mobile money transaction histories can provide valuable information for credit assessment, allowing Fintech firms and financial institutions to serve customers who lack conventional credit histories. Digital credit has already expanded substantially through partnerships between mobile-network operators, banks and Fintech firms.

This model is particularly relevant to Kenya's large MSME sector. Fintech can reduce transaction costs and improve access to working capital, payments and financial management for small businesses. The Kenyan government has consequently identified financial sector innovation and digitalisation as important components of financial sector development (Central Bank of Kenya, 2025)

Despite these advantages, regulation represents one of the most important constraints on Kenya's Fintech prospects. The rapid development of digital credit, digital assets, data driven lending and other technologies creates risks relating to consumer protection, fraud, and cybersecurity and data privacy.

Kenya has responded by strengthening regulation of digital credit providers and developing broader financial inclusion and consumer protection frameworks. The National Financial Inclusion Strategy 2025–2028 places greater emphasis on the quality and sustainability of financial inclusion rather than simply increasing the number of people with access to financial services (Central Bank of Kenya, 2025)

This regulatory development is important because Kenya's future Fintech model cannot depend exclusively on rapid adoption. It must also ensure that digital finance improves financial well-being. Evidence from the 2024 FinAccess findings suggests that increased access has not automatically translated into equitable or welfare enhancing outcomes for all groups.

The prospects for Fintech development in Vietnam are highly positive, supported by rapid digitalisation, a large and increasingly digitally connected population, strong growth in cashless payments, and increasingly supportive government policies. Vietnam has moved from an early-stage Fintech ecosystem dominated by payment services toward a broader digital-finance ecosystem involving digital banking, e-wallets, consumer lending, insurance technology, investment technology, blockchain and cross border payments. The World Bank argues that Fintech can improve the efficiency and inclusiveness of financial services, particularly by reducing transaction costs and expanding access to previously underserved groups (World Bank, 2022).

One of the strongest drivers of Vietnam's Fintech prospects is the rapid expansion of digital payments and digital banking. According to the State Bank of Vietnam (State Bank of Vietnam), more than 87% of Vietnamese adults had bank accounts, while many basic banking operations, including account opening, card issuance, transfers, deposits and lending, have been substantially digitised. Several Vietnamese credit institutions reported that more than 90% of their transactions were conducted through digital channels (State Bank of Vietnam, 2025). This creates a strong foundation for Fintech firms because the expansion of digital banking generates demand for payment gateways, e-wallets, digital credit scoring, personal financial management, cybersecurity and other technology-based financial services.

The potential for financial inclusion remains particularly important. Although formal account ownership has increased considerably, the World Bank's 2025 Global Findex data show that there are still substantial differences in the use of financial services, meaning that access to an account does not automatically translate into intensive use of formal financial products. In Vietnam's 2024 Findex survey, 60.9% of sampled respondents reported making or receiving a digital payment, suggesting significant progress but also considerable room for further expansion. Fintech can therefore play an important role in bringing financial services to rural populations, informal businesses, low-income households and young consumers. The continued diffusion of smartphones and internet connectivity further strengthens this potential.

A second major opportunity is the development of embedded finance and integrated digital ecosystems. Rather than operating as standalone financial applications, Fintech services are increasingly likely to be integrated into e-commerce, telecommunications, and transportation, retail, and healthcare and government digital platforms. The

State Bank of Vietnam has explicitly identified the development of an integrated digital ecosystem connecting banking with other sectors as an important future direction, particularly through information sharing and integration of payment and digital banking services (State Bank of Vietnam, 2025). This creates opportunities for Fintech companies to move beyond traditional payment services toward lending, insurance, investment and personalised financial services.

The regulatory environment is another important determinant of future growth. Vietnam has increasingly recognised that Fintech innovation requires regulatory adaptation rather than simply applying traditional financial-sector rules to new technologies. Vietnam needs a stronger legal framework and recommends a test-and-learn approach to Fintech regulation, allowing regulators to encourage innovation while managing emerging risks (Asian Development Bank, 2025). The development of regulatory sandbox mechanisms for Fintech is therefore potentially important because it can allow firms to experiment with new business models under regulatory supervision before products are introduced on a large scale.

However, Vietnam's Fintech development also faces several constraints and risks. Regulatory uncertainty remains a significant issue, particularly for areas such as peer-to-peer lending, digital assets, open banking, artificial intelligence and data-driven credit. At the same time, rapid digitalisation increases risks related to cybersecurity, fraud, personal-data protection and consumer protection. The World Bank emphasises that Fintech regulation must balance innovation with financial stability, market integrity and consumer protection (World Bank, 2022). In addition, the continued use of cash, particularly among certain consumer groups and small merchants, means that Vietnam has not yet completed its transition to a fully digital payment economy. Global Findex data indicate that among Vietnamese respondents who used cash for in-store payments, 82% cited habit as the reason, illustrating that behavioural factors can remain an obstacle even when digital alternatives are available.

4. Conclusion

In terms of objectives, the two countries are similar in four areas: increasing financial inclusion, developing digital payments, promoting innovation, and improving the efficiency of the financial system. In terms of implementation, Kenya has a higher degree of market and business leadership, while Vietnam has a clearer state-directed and bank-led approach. Kenya allows innovation to happen relatively quickly before adjusting the legal framework; Vietnam tends to build a regulatory framework first and is gradually moving towards a more flexible sandbox mechanism.

In terms of effectiveness, Kenya excels in its ability to create breakthroughs in financial inclusion and mobile money, while Vietnam has an advantage in integrating Fintech with banking systems, e-commerce, digital government, and the digital economy. In terms of suitability, the Kenyan model is more suitable for developing countries with low access to banking and limited traditional banking infrastructure. The Vietnamese model is more suitable for economies with relatively developed banking systems and entering a deep digital transformation phase.

In general, Kenya started from a financial exclusion model, so Fintech became a partial replacement for traditional banking. Conversely, Vietnam started from a relatively widespread banking system, so Fintech primarily plays a role in upgrading, digitizing, and expanding the existing financial ecosystem.

The prospects for Fintech in Vietnam can be assessed as very strong in the medium and long term. The country possesses several fundamental advantages: a large domestic market, rapid smartphone and internet adoption, a dynamic digital economy, increasing financial inclusion, a relatively developed banking system, a growing technology sector and strong government commitment to digital transformation. The next stage of development is likely to involve a shift from payment-centric Fintech toward broader financial innovation, including digital lending, wealth management, embedded finance, open banking, AI-based financial services and cross-border payments. The main challenge will not be the absence of market demand, but whether Vietnam can develop a sufficiently flexible regulatory framework, improve consumer and data protection, strengthen cybersecurity and encourage competition while maintaining financial stability. Consequently, if regulatory reform keeps pace with technological innovation, Fintech could become an important contributor to Vietnam's digital economy, financial inclusion, productivity and economic growth.

Kenya's Fintech prospects can be assessed as very high, but the nature of growth is likely to change (World Bank, 2024). The first phase of Kenya's Fintech revolution was primarily driven by mobile money and financial inclusion. The next phase is likely to be driven by digital credit, embedded finance, AI, data analytics, insurance, investment services, MSME finance and cross-border digital financial services. The major strengths are Kenya's extensive mobile-money infrastructure, high consumer familiarity with digital finance, relatively advanced financial ecosystem, strong Fintech entrepreneurial culture and supportive policy environment (World Bank, 2024). At the same time, persistent rural exclusion, digital inequality, cybersecurity risks, consumer-protection concerns and regulatory challenges could constrain future development.

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