

# The Globalization of Finance: International Banking & Fintech

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# Introduction

In this e-book, we offer an overview of the trends shaping the future of international finance, as well as a set of references, actionable tips and key points the leaders of growing companies should have in mind, to succeed in FinTech at an international scale.

We'll explore reasons why expansion might be the best next step for your business and some expansion strategies. We'll also focus on three dimensions of expanding a FinTech service internationally: Regulations (RegTech), market and culture. Of course, these lines are arbitrary, regulations, market and culture are deeply intertwined. But making this division will help us approach this topic from a comprehensive and action-oriented perspective.

# What We'll Cover

## INDEX

Should you go global?

RegTech

Market

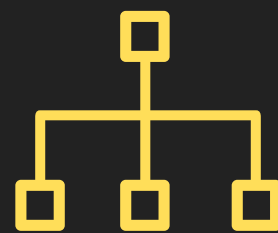
Culture

Cross-cultural alliances

# Should you Go Global?

This seems like a fair starting point. If you're succeeding in providing financial services fueled by technology, within your country, is expansion worth it?

45%



of the global population doesn't have access to formal financial services. And even within countries with a widespread access to banking institutions, fintech startups can provide an alternative that's faster, involves lower fees and blends easily into the client's everyday life.

Volume-based FinTech companies, whose earnings rely on charging a small fee per operation, will be greatly benefited by expansion, since expanding internationally means expanding their pool of operations.

International presence and brand-building are key to get the trust you need from your clients/users, locally and internationally.





# Regulations, market, and culture



# RegTech

FinTech is one of the most heavily regulated sectors in the world. The history of fintech can be synthesized by applying the term retroactively, from the first instances of technology and finances building upon each other. Throughout what some academics call “Fintech 2.0” (the period from 1987 to 2008), most advancements in financial technology were made by banks.

The very term Financial Technology is a creation of Citigroup. Technologies that we all take for granted, such as home banking, posed challenges to legislators when they first appeared. Now, these challenges have become more complex: From the 2008 crisis onwards, Fintech has been fueled powered by startups and venture capitalists, working outside of banking as we know it.

**1999 – DotCom Bub & crash in 2000**

Giants like Amazon, Google, and current Paypal survive.

**2008 – Global Financial Crisis**

Distrust in financial institutions, people turn to technology.

**2009 – Release of Bitcoin v.01**

# Internationalization

In order to operate internationally, you'll need the advice and assistance of a specialized lawyer.

## AS GARETH JEFFERIES EXPLAINED, WRITING ABOUT INTERNATIONALIZATION:

“When internationalising, compliance in the new geography is absolutely critical – it's important that your business is viewed the same by regulators in each jurisdiction in which you operate; if not, it is essentially impossible to internationalise. This, incidentally, is one reason that a lot of FinTech companies are becoming banks: the business of banking is regarded very similarly more or less worldwide.”

This is also why a lot of fintech companies are allying with banks at a local level. Banks provide them with the structure and regulatory safety they need to operate locally, while being able to scale their operations through this new fintech partner. This is closely examined on DBS Asia's 26th Sector Briefing:

# Internationalization



“With technological evolution digitalising banking services, small- to mid-sized banks are presented with a unique opportunity to acquire/partner fintech companies. Through this collaboration with fintech firms, banks could overcome their smaller physical presence and limited banking functionality to launch attacks at the bigger and incumbent banks.”

While less than 10% of the annual investment in FinTech goes to companies in the Asia-Pacific region, it hosts the greatest concentration of FinTech accelerators in the world (Hong Kong and Singapore). In Australia, dedicated co-work spaces are running out of available desks. Within this context of competitive growth, there is a high fragmentation. The APAC region has no uniform sets of regulation, infrastructure, behavior or language, so entering Asia-Pacific to compete with local enterprises will require specific localization and regulatory efforts per country. This is also the case in Africa and Latin America.

Europe and America, on the other hand, are rather homogeneous. In the first case, merely regulatorily, in the second one, both regulatorily, linguistically and culturally.





# Market

While, in high-GDP countries, one could interpret the post-2008 rise of FinTech as an attempt to take power out of the hands of centralized banking institutions, in the developing world, the shift towards FinTech is a matter of convenience above all. Depending on the product/service your company is centered around, you'll need to have your eye on specific trends, needs and empty spaces within your target region's market.

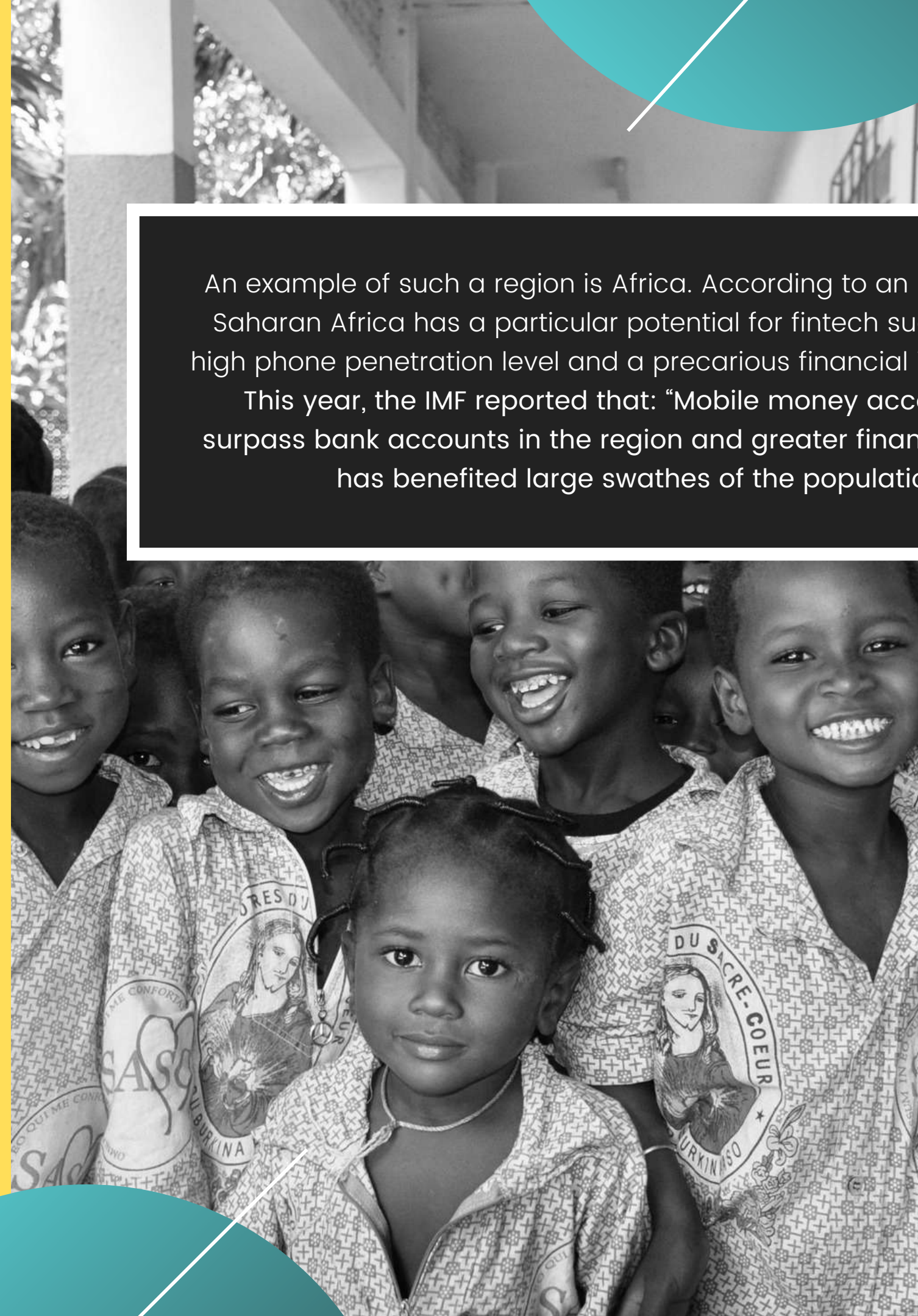
# Recognize where you're needed

Of course, what kind of service will succeed in a region depends on its particular conditions. For instance, fintech can be the key motor behind financial inclusion, as shown by several International Monetary Fund initiatives and studies.

Therefore, in regions with a deficient financial infrastructure, virtual banking companies will thrive.

An example of such a region is Africa. According to an EY report, Sub Saharan Africa has a particular potential for fintech success, with a high phone penetration level and a precarious financial infrastructure.

This year, the IMF reported that: "Mobile money accounts now surpass bank accounts in the region and greater financial inclusion has benefited large swathes of the population."





# The Perfect Market for Fintech Expansion

Despite rapid growth (for instance, the Argentinian fintech sector has experienced a yearly growth of 61%) investment deals in Latin America remain comparatively lower in volume and number. According to CBInsights, cited by the International Monetary Fund in their dedicated report, “investment into private technology companies in Latin America was US\$ 1.4 billion in 2017.” According to Fintech Global, the value of fintech investment in LAC was about US\$1billion between 2014–2017. These compare to gross fixed capital formation in LAC of about \$987 billion and corporate bond issuance of about \$71 billion in 2017. There is a market, but offer and financing are lagging behind fintech booms in other emerging economies. This means that there’s plenty of opportunity here for foreign, well-funded fintech enterprises. And the region has been the stage of success stories of a wide diversity of companies, from prepaid cards to trading platforms.



**US\$ 1.0**  
**billion invested**

in LAC in the Fintech  
sector between 2014–2017



**US\$ 71**  
**billion spent**

in LAC in bond  
issuance in 2017



**US\$ 987**  
**billion**

capital formation  
in LAC in 2017.



# Culture

You should keep an eye on culture. Not as much while you're assessing the opportunities within your target market, but especially after you've made the decision that that is where you want to take your company next.

Creating bonds with local actors is key to a successful expansion plan. But even after the negotiations are over and the deal is closed, culture will still be a part of your company's activities. After that, you'll need to have your product/service and its related material adapted to its new target demographic. This process, called "localization" is far more than just translation.



# Localization

WHEN WE LOCALIZE A PRODUCT, WE MAKE SURE IT DELIVERS A TOP-NOTCH USER EXPERIENCE, ACROSS CULTURAL BARRIERS. WE RECREATE THE TONE AND INTENT OF THE MATERIAL IN QUESTION, TO PROVIDE A FULLY FUNCTIONAL VERSION OF THE PRODUCT IN ANOTHER LANGUAGE.

This process involves working with the linguistic, contextual/cultural, technical and design-related aspects of a product, and requires attention to detail, domain-specific knowledge and linguistic skill. So, it can't be left in the hands of undertrained individuals, It's best carried out by experienced and resourceful teams.





# Your cross-cultural ally

At **Day Translations**, we provide high-quality cross-cultural solutions, to help brands engage with partners and audiences abroad, adapt their products and grow beyond their expectations. We've had the honor and privilege to work with the likes of JPMorgan Chase & Co, Capital Corp Merchant Banking, AT&T, Tesla and Facebook. We've assisted the most exigent industry-leading companies in the world, easing their negotiations, facilitating internal and external communications and helping their products stand out in markets across the globe.



# Contact Us

## WHAT ARE YOU WAITING FOR?

Reach out to us now and we'll start collaborating on your expansion plan. Yes, we've assembled expert teams for all target markets and niches, and we work in your language.

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ARE YOU  
READY TO GO  
GLOBAL?



## SOURCES & FURTHER READING

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