UNLOCKING THE POTENTIAL OF FINTECH IN CENTRAL ASIA

Summary of the findings

Kiyoshi Taniguchi
Regional Lead Economist

Asian Development Bank

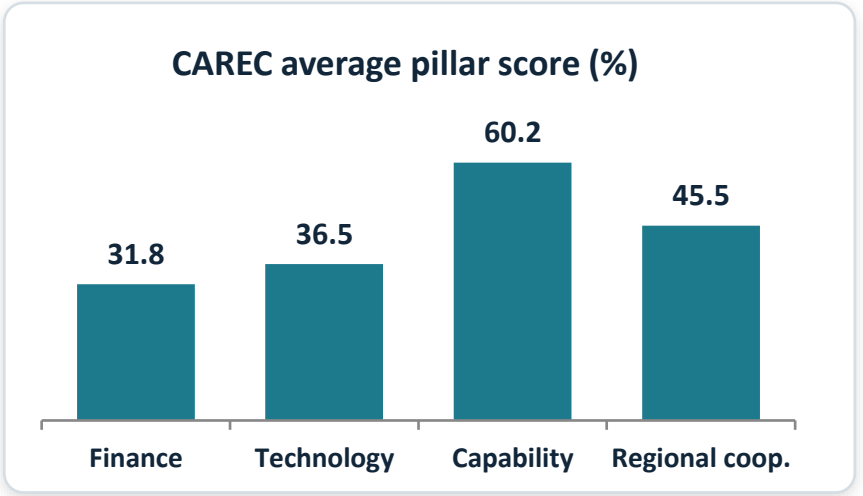


Top 5 Strategic Priorities

1. Create **interoperable cross-border payment systems**
2. Build strong **digital public infrastructure** (i.e., digital ID, payments, connectivity)
3. **Harmonize FinTech regulations** across CAREC countries
4. Promote **open banking and innovation-friendly regulatory frameworks**
5. Establish formal **regional FinTech cooperation mechanisms**

Fintech progress is uneven across countries: capability is solid, but finance and technology lag

- **Four-pillar framework.** ***Finance, technology, capability, and regional cooperation*** indicators benchmark nine emerging CAREC markets against ASEAN, India, Japan, and the Republic of Korea.
- **Wide gaps inside CAREC.** Mongolia leads inclusion (98% hold accounts) while Pakistan lags behind (16%); Mongolia and Kazakhstan lead on most pillars.
- **Payments lead, banks lag.** Banks cite technology cost (56%) as the top barrier; 77.5% of MSMEs report a financing gap versus 36% in ASEAN.
- **Cooperation across countries is limited.** Few cross-border initiatives exist, and fixed broadband averages 39 Mbps versus 73 in ASEAN.



WHY IT MATTERS

More than half of adults remain unbanked. Coordinated policy, harmonized rules and digital ID are priorities.

CAREC economies have made progress in digital finance, but infrastructure gaps, regulatory inconsistencies, and limited regional integration remain

Source: ADB (2025), Unlocking the Potential of Fintech in Central Asia

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An interoperability-first, five-pillar road map for a regional fintech community

- **Link, don't merge.** Connect existing fintech clusters through interoperability rather than folding them into one lead hub. The PRC is excluded.
- **Five pillars.** Cross-border payments and fast payment systems; open banking APIs; innovation and regional sandboxes; cross-border B2C e-commerce and trade finance; capital market linkages.
- **Borrow proven models.** G20 payment targets, ASEAN integration lessons, the Gulf's AFAQ system, and Berlin Group and FDX data standards.
- **Dialogue first.** Timelines and responsibilities await consensus from a pan-CAREC public-private platform.

5

pillars to build a CAREC collaborative fintech community

WHY IT MATTERS

Shared standards and mutual recognition cut market-entry barriers and let national fintechs scale across borders.

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Georgia as testbed: open banking, sandboxes and a Middle Corridor gateway

- **Regulator as enabler.** The NBG runs an Innovation Office and sandbox, has licensed three digital banks, and extended open banking to all regulated providers in May 2023.
- **Beyond Georgia.** Goals include a cross-border sandbox, QR-code payments and SEPA membership (applied 2022); Paysera SEPA transfers cost EUR 7 versus EUR 30 via SWIFT.
- **Middle Corridor.** Freight is projected to triple and travel times halve by 2030, raising demand for cross-border payments and trade finance.
- **Frontier experiments.** CBDC pilot with Ripple, observer in Project mBridge, and a smart-contract legal framework.

>90%

of Georgia's financial system is banks (2024), the concentration fintech aims to disrupt

WHY IT MATTERS

A modular, learning-by-doing approach is transferable to other CAREC regulators.

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A three-stage FinTech Driven Capital Market road map to close the capital market gap in 10 to 20 years

- **Why regional.** National markets are small and illiquid; integration adds depth and efficiency but needs cooperation to manage contagion risk.
- **Three stages.** ***Institutions*** (sandbox, fintech passport, policy forum); ***promotion*** (DLT payments, digital ID, CBDC pilots); ***expansion*** (harmonized rules, regional CBDC, common trading platform).
- **Differentiated pace.** Leading: Kazakhstan, Azerbaijan, Pakistan. Middle: Mongolia, Uzbekistan, Georgia. Lagging: Kyrgyz Republic, Tajikistan, Turkmenistan.
- **Remittances as entry point.** Inflows are about 48% of GDP in Tajikistan; fintech could cut transfer costs by roughly half.

70%

target: 70% of advanced-market capital market development (IMF index 0.37 vs 0.53)

WHY IT MATTERS

Step-by-step sequencing matches each country's readiness and avoids reform shocks.

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Fintech can catalyze capital markets: private sector delivers, regulators enable

- **Fix the fundamentals.** Capital markets need macro stability, investor protection, governance, and infrastructure. Policy is slow, so fintech acts as a catalyst.
- **Priority services.** P2P lending and equity crowdfunding, mobile trading, security token offerings, compliance automation and customer relations management, chosen on feasibility and need.
- **Financing gap is the case.** Only 6.7% (Pakistan) to 43.3% (Georgia) of firms have a bank loan or credit line.
- **Policy role.** Set direction, clarify rules for new products, run sandboxes, adopt data-protection and API standards, and coordinate agencies.

~40%

of financial firms' costs go to compliance (2015), a prime target for automation

WHY IT MATTERS

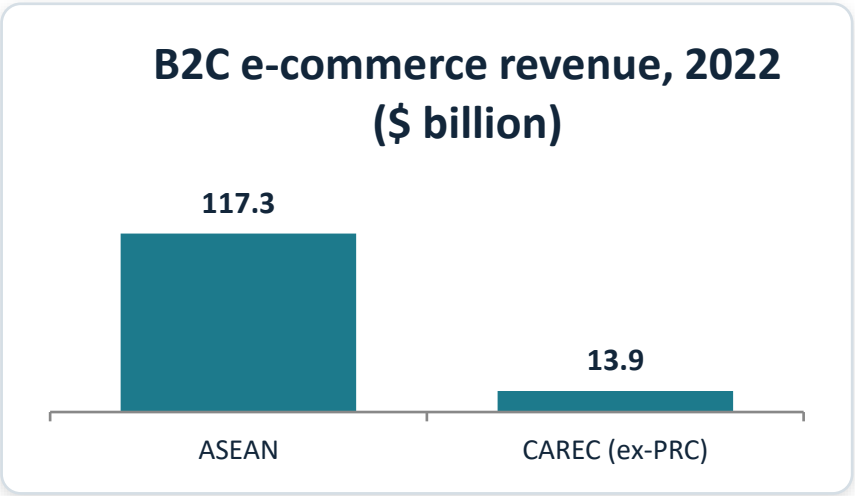
Alternative financing can reach start-ups and SMEs that banks and thin capital markets leave behind.

Source: ADB (2025), Unlocking the Potential of Fintech in Central Asia

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E-commerce and fintech payments are a growth path, but CAREC lags ASEAN

- **Global boom.** Online retail hit $5.7 trillion in 2022 (about 20% of retail); digital wallets carry 49% of e-commerce payments, 69% in Asia-Pacific.
- **Inclusion benefits.** Platforms lower start-up costs for MSMEs, widen consumer choice and support gender equity.
- **CAREC gap.** Excluding the PRC, 2022 B2C revenue was $13.9 billion (only 12% of ASEAN), with 84 million users versus 366 million.
- **ASEAN lessons.** FinTech can improve access to trade finance for businesses, especially SMEs. It is critical to develop interoperable payment systems and digital trade platforms.



WHY IT MATTERS

The trade finance gap is about 10% of global merchandise trade; fintech must reach MSMEs.

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Pakistan: CAREC's largest emerging market, growing fast with a wide inclusion gap

- **Large unmet need.** Only 21% of adults hold a formal account (about 100 million excluded) and just 7% of women hold bank accounts.
- **Too many players.** SBP, PTA and SECP regulate; NADRA, STZA and FIA facilitate; mobile operators, investors and incubators enable.
- **Four governance phases.** Legal foundations, branchless banking, Raast instant payments and e-money institutions, then sandbox and digital banks.
- **Recommendations.** Fintech-specific licensing with proportional fees, inclusion incentives, tax reform, capacity building, and regional collaboration.

6.4bn

retail digital payment transactions in FY2024, up 36% in a year

WHY IT MATTERS

No fintech-specific law exists, and one-size-fits-all rules burden start-ups and SMEs.

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Seven national stocktakes show vibrant hubs but fragmented ecosystems

- **Kazakhstan and Uzbekistan lead.** Kaspi.kz (a unicorn), the AIFC sandbox, and Astana Hub; in Uzbekistan, Click/Uzum serves over 13 million users.
- **Payments and inclusion.** Azerbaijan's instant payments and free basic accounts brought in about 1.5 million people; Mongolia hosts 80+ fintechs.
- **Early-stage markets.** Tajikistan (Alif, Zypl.ai) and Turkmenistan (about 40% internet use) need infrastructure, rules, and funding.
- **Common asks.** Enabling rather than controlling regulation, sandboxes, open banking, venture funding, and digital skills.

50 to 200+

fintech start-ups in Kazakhstan, 2018 to 2024

WHY IT MATTERS

Successful local models are ripe for scaling through a regional forum for knowledge sharing.

Source: ADB (2025), Unlocking the Potential of Fintech in Central Asia

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Global models show cooperation works when digital public infrastructure is built whole

- **Regional payment links.** ASEAN's APN, the Gulf's AFAQ, EU SEPA and instant payments rules, mBridge and BRICS Pay show different paths to interoperability.
- **DPI must be comprehensive.** Digital ID, payments and data exchange layers together drive adoption; point solutions do not.
- **Capital market plumbing.** Link clearing and settlement behind national exchanges, possibly using DLT, rather than merging stock markets.
- **Next steps.** Map stakeholders, launch a CAREC Fintech Policy Forum with a secretariat, and pilot with a Middle Corridor core and bilateral links.

5x

growth in India's monthly real-time payments since 2022 (2.6bn to 13.3bn)

WHY IT MATTERS

Start with willing countries and pragmatic pilots, such as the AFSA and NAPP road map.

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Overarching message: CAREC economies can scale up fintech only by cooperating

No single CAREC market is large enough to scale alone. Harmonized rules, interoperable payments and digital ID, and a phased coalition-of-the-willing approach can turn fragmented national fintechs into one inclusive regional ecosystem.

1

Build foundations

Digital ID, fast payments, connectivity and data protection come first.

2

Harmonize, don't merge

Interoperable clusters, mutual recognition, and a regional sandbox.

3

Phase by readiness

Start with ready countries and the Middle Corridor; differentiate by capacity.

4

Institutionalize dialogue

A public-private forum with a secretariat, tracking progress with data.

Thank You

Any Questions?

ktaniguthic@adb.org