

Chapter 10

The Growing Opportunities of Financial Technology in Brunei

Fakhriyah Abdullah Thani
Universiti Brunei Darussalam, Brunei

ABSTRACT

This chapter aims to address the current FinTech situation in Brunei as well as the possibility of encouraging the growth opportunities and adoption of FinTech into the nation's daily life. Although the development of FinTech has been prevalent across the globe, Brunei has only begun to creep up to its Association of South East Asian Nations (ASEAN) counterparts in the race of FinTech growth. Although existing research on FinTech adoption is prevalent, there is little evidence to indicate a substantive research has been conducted on ASEAN FinTech, particularly in Brunei.

INTRODUCTION

In 2016, the Bruneian government identified its financial sector to be a key driver in ameliorating the national economy. In an effort to diversify and develop the economy further, Brunei has moved its focus away from its dependence of oil and gas, to venturing into other areas of economic development. In an attempt to accommodate the fast changing nature of ICT in the financial sector and the potential adoption of new technologies and trends, the Autoriti Monetari Brunei Darussalam (AMBD) established its Financial Technology (FinTech) Unit in 2016. This unit acts as a regulatory board for FinTech developments and innovation in the nation. While traditional banking is still popular, there is a slow adoption of FinTech with the emergence of applications such as ProgresifPay, BruPay and Bank Islam Brunei Darussalam (BIBD) NEXGEN.

The rise of Industry 4.0 has transformed the traditional financial platform with many organizations and financial institutions rapidly adopting its digital counterpart. While FinTech is becoming an increasingly popular trend, its adoption and growth in Brunei is slower in comparison to its Association of South East Asian Nation (ASEAN) neighbors. According to the report by United Overseas Bank Group and Ernest & Young Corporation in 2016, Brunei was ranked amongst the lowest in the region with an estimated number of 2 FinTech accelerators, incubators and innovation labs in comparison to Singapore which houses approximately 50 FinTech related companies. The numbers indicate a growing opportunity for companies and startups to tap into the FinTech and accelerate the growth of such industry.

In an effort to identify the underlying opportunities of FinTech in Brunei, there is a need to understand the existing FinTech industry in Brunei and its potential. More specifically, the paper will attempt to address the following questions:

1. What are the main drivers of FinTech industry in Brunei?
2. What are the main challenges of adopting and encouraging FinTech growth in Brunei?

This paper aims to provide an insight to the potential opportunities that exists in Brunei by evaluating the financial environment in Brunei. The main objective of this study is to fill in the gap of a non-existent literature review on ASEAN FinTech, particularly in Brunei. Furthermore, the paper aims to

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