

**IIDS Zoom Conference of The Evolution of Digital Entrepreneurship, Fintech and Finreg
to be held in Hong Kong Shue Yan University on 24 March 2021**

The Two Pathways in FinTech Development

Wan Ling CHU

Hong Kong Shue Yan University

Thomas YUEN

Hong Kong Shue Yan University

ABSTRACT

Global FinTech market has been growing extremely fast. It is observed that China and India have a high FinTech adoption rate but the well-developed financial countries such as US and Japan have a low adoption rate. It seems that there are two pathways in the development of FinTech; Pathway one: Develop the FinTech industry within a well-structured financial ecosystem. Pathway two: Development of FinTech industry outside current financial ecosystem and incorporate it with technology firms focusing on the innovative financial product. This paper investigates the question of which pathway is global fintech development following by analysis the association between the global FinTech hub Index (GFHI) ranking with the global financial center index (GFCI) ranking. GFHI is the proxy for FinTech development while GFCI is the proxy for development of the current financial ecosystem. If there is a positive association between GFHI ranking and GHCI ranking indicated that global development of FinTech is following pathway one. The empirical results find that in terms of digitalization of financial sector, such as internet banking, FinTech infrastructure, digital securities and insurance, FinTech development tend to follow pathway one to develop FinTech within current well-developed financial framework. However, in terms of FinTech Consumer Experience and Adoption rate, FinTech development tend to follow pathway two to develop FinTech outside current financial framework.