Fintech and regulatory responses in Kazakhstan
KEY ASPECTS OF FINTECH DEVELOPMENT IN KAZAKHSTAN

1. Legislative support: The Kazakh government has implemented a number of legislative changes that regulate the fintech sector. These changes include the authorization of payment systems, the establishment of regulations for crowdfunding and the creation of foundations for the development of digital assets and blockchain technologies.

2. Startup support: There are various incubators, accelerators and startup support programs in Kazakhstan, which are also focused on fintech enterprises. These programs provide financial support, mentoring and access to resources for young companies.

3. External investments: Kazakhstani fintech startups attract investments both from within the country and from abroad. Foreign investors are interested in the prospects of the fintech market of Kazakhstan.

4. Development of payment technologies: Online payments, mobile banking services and electronic wallets are becoming increasingly popular among the population of Kazakhstan, which creates a need for new fintech solutions.

5. The growth of digitalization: Due to the fact that more and more people in Kazakhstan are becoming online users, the demand for digital financial services is also growing.

6. Development of cryptocurrencies and blockchain technologies: Kazakhstan is also showing interest in cryptocurrencies and blockchain technologies. The country has created rules and regulations to regulate cryptocurrency transactions.
KEY TRENDS OF FINTECH IN KAZAKHSTAN

- Growth of digital payments and e-commerce
- Ecosystems and superapplications
- GovTech
- BNPL
- Digital assets
- Digitalization of SMEs
- Neobanking
- Democratization of capital markets and the growth of the number of fintech startups
THE MOBILE APPLICATION IS THE MAIN SERVICE DELIVERY TOOL

Payments and transfers
- Digital card
- Real time transfers
- QR-payment
- Internet acquiring
- Bonus/cashback

Finance
- Loans and deposits
- Installments (BNPL)
- Investment
- Insurance

Public services
- Digital documents
- Taxes, fines, debts
- Social benefits
- Registration of sole proprietors
- Registration of transport

Marketplace
- Travel
- E-Commerce
- E-Grocery
- Online services
Super app Kaspi.kz

Superapplication is a mobile application through which users get access to a wide variety of services.
Non-cash transactions of the population

The share of online payments in the volume of non-cash transactions

- Over the past 5 years, the volume of non-cash transactions of the population has increased 16 times.
- The share of non-cash payments in retail turnover is 83.1% (in 2018 – 37.8%).
- The number of POS terminals has increased by 7 times, entrepreneurs accepting cashless payments - by 8 times.
- The volume of online payments has increased 45 times.
- The number of active Internet and mobile banking users has increased 7 times.
STRUCTURE OF CARD TRANSACTIONS

In 2017

54% number of cash withdrawal operations
80% volume of cash withdrawal operations

In 2023

98% number of non-cash transactions
86% volume of non-cash transactions
With the help of Kaspi Cartomat, Kazakhstanis receive a personalized Kaspi Gold card in just *60 seconds*. Customers begin to issue Kaspi Gold directly in the mobile application and then receive a card in just 60 seconds in any Kaspi Cardmaker. The Kaspi Gold personalized card is issued in Kaspi Cartomat in real time right in front of customers.
MODEL OF DIGITAL FINANCIAL INFRASTRUCTURE

NATIONAL PAYMENT SYSTEM

- Instant payment system (Instant payments and transfers using simplified banking details)
- Interbank payment Card system (Processing of local card transactions)
- Interbank clearing system (Clearing of retail payments and transfers)
- Interbank Money Transfer System (RTGS) (Real-time gross calculations)
- Digital Tenge Platform (payments and transfers of a new form of money based on distributed ledger technology)

OPEN API PLATFORM

- Consent Management System (Consumer personal and financial data management)
- OPEN BANKING (access to financial services and accounts using applications of third-party financial organizations)
- Anti-fraud center (exchange of information on fraudulent transactions)

IDENTIFICATION DATA EXCHANGE CENTER

(Remote identification and verification of identity)
The concept of fintech development in Kazakhstan

The concept is aimed at developing the national infrastructure of the financial market and creating conditions for the development of the financial technology market.

This Concept was developed based on such strategic documents of the national level as the Development Strategy of Kazakhstan until 2050, the Strategic Development Plan of Kazakhstan until 2025, as well as the Concept of development of the financial sector of Kazakhstan until 2030.

Key priorities of the concept:

- Digital regulator
- Digital Infrastructure
- Live environment
INFRASTRUCTURAL INTERACTION IS A GROWTH DRIVER

The development of digitalization has made it possible to expand the availability, ensure ubiquity and increase the efficiency of financial services.

SUCCESS FACTORS

1. Transition to digital format of service
2. Remote biometric identification
3. Progressive legal field
4. Mutual penetration of financial and public services (GovTech)
5. Emergence and development of bank-centric ecosystems
6. Stimulating activities of market participants (bonus programs, etc.)

- National Bank
  - Payment systems (RTGS, clearing, instant payments and transfers, card transaction processing, etc.)
  - Financial infrastructure
  - Financial data exchange
  - Biometric identification

- Government
  - Interaction with Electronic
  - Government (Egov)
  - Public Services
  - Databases
  - Taxes, fines
  - Social benefits

- Consumers
  - Individuals
  - Legal entities

- Banks, Fintech-companies
  - Mobile/Web applications
  - POS terminals
  - ATM/terminals
  - Branches, cash registers
Role of DFMS in realization of concept of development of financial technologies

- **Formation of a unified database of financial market entities** for the purposes of statistics, analytics and supervision;
- **Implementation of a data-centric approach to data collection** to eliminate the collection of duplicate data, increase the analytical potential of data and reduce the reporting of financial market entities.

- **Informational support** of business units of NBK and Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market by financial market indicators in order to implement the objectives of monetary policy, financial stability and financial market regulation

4 directions:

- Data-centric data collection
- Single window of interactions initiative
- Data management reorganization
- Improving data collection and processing tools
Thank you for your attention!