



Mongolia: Developing Financial Technology Legal and Regulatory Frameworks for Mongolia

Project Name	Developing Financial Technology Legal and Regulatory Frameworks for Mongolia
Project Number	55234-001
Country / Economy	Mongolia
Project Status	Approved
Project Type / Modality of Assistance	Technical Assistance
Source of Funding / Amount	TA 6991-MON: Developing Fintech Legal and Regulatory Frameworks for Mongolia Technical Assistance Special Fund US\$ 400,000.00
Strategic Agendas	Inclusive economic growth
Drivers of Change	Gender Equity and Mainstreaming Governance and capacity development Knowledge solutions Private sector development
Sector / Subsector	Finance / Finance sector development Information and communication technology / ICT strategy and policy, and capacity development
Gender Equity and Mainstreaming	Some gender elements
Description	The knowledge and support technical assistance (TA) will help the Government of Mongolia assess the legal and regulatory frameworks and develop the regulatory and supervisory capacity for financial technology (fintech). ¹ The TA will support (i) assessing legal and regulatory frameworks for fintech and providing recommendations for improvements, (ii) developing a fintech regulatory roadmap, and (iii) building the regulatory and supervisory fintech capacity of stakeholders. The TA is consistent with the operational priorities of the Asian Development Bank (ADB) under Strategy 2030, particularly operational priority 6 on strengthening governance and institutional capacity by improving the regulatory framework, the capacity of regulators and improving interagency coordination and OP2 on accelerating progress in gender equality by increasing overall access to finance and contributing to responsible financial services reaching more micro, small, and medium-sized enterprises (MSMEs), which are predominantly owned by women. The TA is also aligned with Sustainable Development Goal 8 on promoting sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all, and Sustainable Development Goal 9 on building resilient infrastructure, promoting inclusive and sustainable industrialization and foster innovation. This TA is included in Mongolia's indicative country pipeline and monitoring report, 2022 ² 2024.
Project Rationale and Linkage to Country/Regional Strategy	Financial innovation in the form of new delivery channels, products, and service providers has helped expand access to finance and thereby increased the bankable and banked population across the developing world. The importance of financial inclusion and development of fintech increased during the coronavirus disease (COVID-19) pandemic. Mongolia has gained significantly from fintech advancements, with account penetration across the population driven by expansion of mobile accounts. The rapid growth has raised novel and complex regulatory challenges, with implications for financial stability, consumer borrowing and credit protection practices, cybersecurity, money laundering risks, data protection, and data privacy. The priority of fintech for regulators has remained high or increased particularly in emerging markets and developing economies. ⁹ The sector is innovating rapidly, which requires an agile, risk-aware and functional regulatory approach. Despite several initiatives including the promulgation of the e-signature law, the regulatory sandbox regulation, and the law on virtual assets and virtual assets providers a lack of regulatory and supervisory capacity has hampered Mongolia's regulators from fully realizing the opportunities presented by fintech.
Impact	Digital financial services to stimulate economic growth developed and finance sector reliability enhanced

Project Outcome	
Description of Outcome	Holistic legal and regulatory frameworks for fintech and fintech-reliant NBFIs developed
Progress Toward Outcome	
Implementation Progress	
Description of Project Outputs	Legislative and regulatory frameworks for fintech assessed Legal and regulatory frameworks for fintech based NBFIs developed Capacity of regulators and industry associations strengthened
Status of Implementation Progress (Outputs, Activities, and Issues)	
Geographical Location	Nation-wide

Summary of Environmental and Social Aspects	
Environmental Aspects	
Involuntary Resettlement	
Indigenous Peoples	
Stakeholder Communication, Participation, and Consultation	
During Project Design	

Business Opportunities	
Consulting Services	International Legal Expert for Fintech Comparative Studies National Legal Expert for Fintech Comparative Studies Program Management Specialist
Procurement	None foreseen
Responsible ADB Officer	Shrawani, Yashna
Responsible ADB Department	Office of the General Counsel
Responsible ADB Division	Office of the General Counsel
Executing Agencies	Asian Development Bank Financial Regulatory Commission of Mongolia
Timetable	
Concept Clearance	29 Nov 2021
Fact Finding	04 Aug 2022 to 04 Aug 2022
MRM	-
Approval	15 Nov 2022
Last Review Mission	-
Last PDS Update	15 Nov 2022

TA 6991-MON

Financing Plan/TA Utilization							Cumulative Disbursements	
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
400,000.00	0.00	0.00	0.00	0.00	0.00	400,000.00	-	0.00

Project Page	https://www.adb.org/projects/55234-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=55234-001
Date Generated	16 November 2022

ADB provides the information contained in this project data sheet (PDS) solely as a resource for its users without any form of assurance. Whilst ADB tries to provide high quality content, the information are provided "as is" without warranty of any kind, either express or implied, including without limitation warranties of merchantability, fitness for a particular purpose, and non-infringement. ADB specifically does not make any warranties or representations as to the accuracy or completeness of any such information.