SEMARAK ILMU
PUBLISHING
202103268166(003316878-P)

Semarak International Journal of Modern Accounting and Finance

Journal homepage:
https://semarakilmu.my/index.php/sijmaf/index
ISSN: 3030-6329

Action Research in Solution Adaptability, Product Localization and Project Implementation to Internationalization Performance: Conceptual Paper

Liu Renzhong[1,2,*], Poh-Chuin Teo[1]

1 Azman Hashim International Business School, Universiti Teknologi Malaysia, Kuala Lumpur, Malaysia
2 Hi Sun FinTech Global Limited, ShenZhen, China

ARTICLE INFO

Article history:
Received 12 July 2025
Received in revised form 4 August 2025
Accepted 31 August 2025
Available online25 September 2025

Keywords:
Internationalization performance; Chinese fintech; solution adaptability; product localization; project implementation; action research

ABSTRACT

Chinese fintech companies are expanding beyond domestic borders to pursue global growth, especially as local markets become saturated and regulatory oversight intensifies. However, entering foreign markets is not easy. It involves navigating complex regulatory environments, adapting to local infrastructure, and meeting diverse consumer expectations. This conceptual paper explores how fintech firms from China can improve their internationalization performance by focusing on three key areas: solution adaptability, product localization, and project implementation. The study uses an action research approach to build a conceptual model linking these three factors to successful global expansion. The paper begins by reviewing foundational international business theories, including the Uppsala Internationalization Model and the Product Life Cycle Theory. These models help explain why firms first expand to familiar markets and gradually move into more distant ones. The literature review then highlights how solution adaptability allows fintech firms to respond to technical and regulatory differences in foreign markets. It also shows that product localization increases consumer trust and platform usability, while project implementation ensures smooth operations and market entry. Based on this review, a conceptual model is proposed along with three propositions. Each proposition explains how one of the three core areas positively affects internationalization performance. These insights offer practical guidance for fintech firms and lay the foundation for future research. In summary, this paper provides a useful framework for understanding how Chinese fintech companies can manage challenges and improve their performance when entering international markets.

1. Introduction

In today's globalized world, financial technology (Fintech) has become a crucial driver of innovation within the international financial sector [1]. Chinese Fintech companies have seen rapid growth. This expansion has not only reshaped China’s financial ecosystem but also established the country as a prominent leader in the global financial arena [2]. These companies often take

* *Corresponding author.*
E-mail address: liurenzhong@graduate.utm.my

https://doi.org/10.37934/sijmaf.6.1.18

advantage of new technology, a large customer base, and government support as they enter foreign markets. With domestic regulatory changes and market saturation, they are increasingly looking abroad to find growth opportunities, improve global competitiveness, and promote financial inclusion worldwide [3].

In recent years, the Chinese government has increased scrutiny on private fintech platforms. Therefore, Chinese fintech platforms, start-ups, and investors are looking globally for growth opportunities. However, moving into foreign markets brings new and complex challenges. These include dealing with different regulatory systems, understanding different consumer habits, and adapting their technology to fit local infrastructure. In order to succeed, they must adapt quickly to the new market, create localized offerings and manage projects effectively across different culture and regulatory systems.

Two (2) influential frameworks in this field (Johansen and Vahlne's Uppsala Internationalization Model and Vernon's Product Life Cycle Theory) have shaped early research on enterprise internationalization, highlighting seminal contributions to international business strategy. These models have played a pivotal role in explaining the motivations and methods behind international business expansion and remain valuable for understanding global market exploration by Fintech firms and other industries. Johanson and Vahlne's Uppsala Internationalization Model (1977) sees international growth as a gradual learning process. Firms usually start by entering markets that are similar to their existing markets. As they gain more experience and reduce uncertainty, they move into more distant markets.

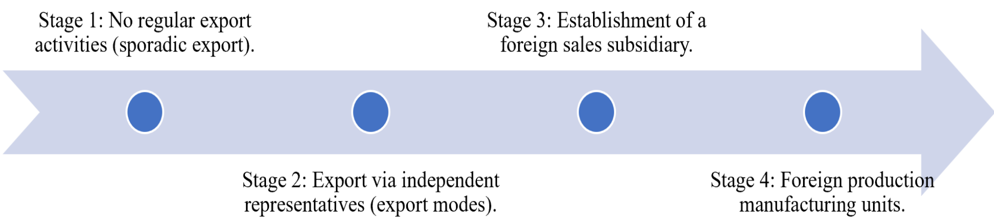

Fig. 1. Uppsala internationalization model four (4) steps

Vernon's Product Life Cycle Theory (1966) examines the relocation of production and market focus throughout the lifecycle of technology-intensive products. Over time, as products mature, companies shift production to developing countries to lower costs.

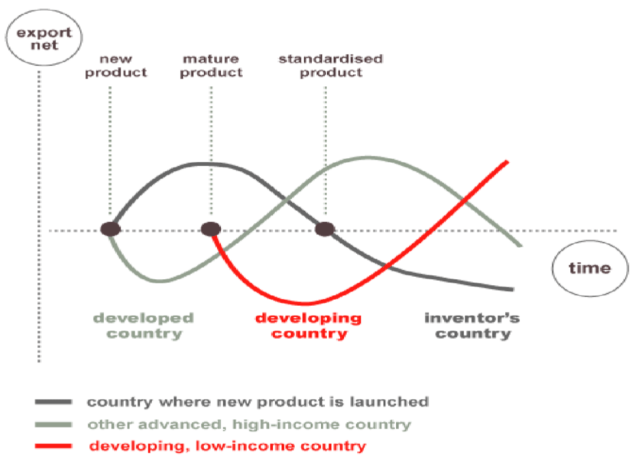

Fig. 2. Vernon's Product Life Cycle

This conceptual paper explores how Chinese fintech firms can improve their internationalization performance. It highlights three key three factors, solution adaptability, product localization, and project implementation. Using an action research method, this paper presents a conceptual model that reflects the fast-changing and complex nature of global fintech expansion.

The internationalization of Chinese Fintech companies has accelerated as domestic markets become more saturated. Internationalization introduces significant challenges even it provides opportunities for growth and global financial inclusion. These companies must navigate different regulatory frameworks, adapt to different technological infrastructures and meet different consumer expectations. Traditional international business models like the Uppsala Internationalization Model and Product Life Cycle Theory only partially explain the today's dynamic, technology-driven fintech sector. The main issue is a lack of understanding in how internal competencies such as solution flexibility, project implementation and product localization have direct impact on success in new markets. Despite their strategic importance, there has been little study linking these criteria to internationalization outcomes in Chinses Fintech industry. The lack of guideline impedes effective decision making as these companies face legal, cultural and operational barriers.

The main objective of this study is to develop a conceptual model that connects three (3) internal factors which are solution adaptability, product localization, and project implementation to Chinese Fintech companies' internationalization performance. This study aims to identify how these factors help to overcome external challenges such as technical mismatch, regulatory diversity and cultural differences in global markets. This research combines current theoretical frameworks and business practices to create a clear structure for these companies to apply throughout international expansion using action research. Each factor is studies using literature-based propositions. The study not only fills the research gap in Fintech internationalization but also lays the groundwork for future empirical research by providing a grounded framework. The proposed model provides a practical guide for business leaders by demonstrating how internal initiatives can promote market entry, consumer adoption, and long-term success abroad.

This research has significant practical and theoretical value for academic researchers and industry practitioners involved in the internationalization of fintech companies. It is important for Chinese Fintech companies that face different challenges when entering foreign markets like misaligned digital infrastructures, legal compliance obligations and cultural barriers to customer adoption. This study offers insights that go beyond traditional globalization strategies by presenting a structured model that links solution adaptability, product localization, and project implementation to international performance. Besides that, the research findings can help policymakers and regulators to build supportive frameworks that facilitate cross-border expansion while protecting local interests. It emphasizes the importance of aligning internal processes with external market conditions for business leaders to ensure smooth transitions into different regulatory and technical settings. The study also contributes to academic literature by combining traditional international business theories with new fintech dynamics. Finally, the research contributes to a better understanding of how innovation, adaptability, and operational efficiency combine to produce competitive advantages for fintech firms expanding internationally.

2. Literature Review

2.1 Internationalization Performance

Internationalization performance depends on both external market conditions and a firm's internal ability to adapt. Successful global expansion requires aligning a company's strengths with the demands of foreign markets. Recent research shows that firms achieve the best international results when they combine digital transformation with flexibility in three key areas: infrastructure, workforce development, and regulatory adaptation [4].

Recent studies highlight the key strategies and technologies that drive successful internationalization. Forsberg and Hulsink [5] examine how European fintech firms expand globally by shifting from regional to international markets. Their research shows that success depends on a firm's ability to adjust market entry strategies quickly, particularly in data-driven industries. Baig *et al.,* [6] mentioned that fintech innovation enhances firm performance by strengthening knowledge management and adaptability, both are essential for foreign market success. Similarly, Li [7] finds that firms using AI and blockchain in their ESG strategies gain more investor confidence and regulatory approval in new markets.

Cumming *et al.,* [8] show that digital payments and crowdfunding make it easier for firms to access capital and customize services for local markets which improves market entry and performance. Besides, Amal *et al.,* [9] study in Indonesian fintech firms found that collaborating with local banks and regulators builds trust, legitimacy, and operational efficiency in new markets.

2.2 Solution Adaptability

Chinese fintech firms face major challenges when expanding overseas, mainly in three areas: technical infrastructure disparities, regulatory compliance complexities, and cultural adaptation difficulties. On the technical side, Chinese fintech companies must deal with different digital infrastructures in different markets. They often encounter challenges in emerging markets like Southeast Asia and Africa, poor network connectivity and weak technological systems because the fintech solutions designed mainly for China's advanced digital environment. For example, mobile payment systems that work smoothly in Chinese cities may struggle in areas with unstable internet. Moreover, payment systems and technical standards differ widely across regions. Europe's digital payment infrastructure is very different from that in emerging markets due to its strict regulations and established standards. This forces companies to make major technical changes or even build entirely new systems to ensure compatibility [10].

Regulatory issues add another layer of difficulty [11]. Chinese fintech firms must adapt to diverse and often strict rules in foreign markets. In mature financial markets like Europe, regulators take a cautious approach to fintech as it requires strict licenses and operational limits. For instance, European markets enforce the Payment Services Directive (PSD2) and the General Data Protection Regulation (GDPR), which demand strong data protection and financial transparency. These often clash with the more flexible regulatory environment in China, this forces firms to invest heavily in legal compliance, change their data storage practices, and sometimes alter fundamental elements of their services [12].

Cultural differences also one of the challenges that increases the difficulty in international expansion. User habits, financial behaviors, and cultural preferences vary widely which affects the acceptance and adoption of fintech products. Consumers often trust traditional banks in Western markets and may be wary of new fintech services especially regarding data security. On the other hand, financial inclusion remains a significant challenge in Southeast Asia and Africa, but local preference trust in digital solutions varies. Additionally, religious and cultural factors matter in some regions. For example, Islamic finance requires fintech products to follow Shariah law, they must avoid interest-based models and use profit-sharing.

2.3 Product Localization

Chinese fintech companies face major product localization challenges when expanding globally. These issues mainly fall into three categories: linguistic adaptation, cultural sensitivity, and user experience customization. Recent literature shows that localization significantly affects consumer trust and platform usability [13].

First, linguistic adaptation is more complicated than simple translation. Financial terms like "credit score" may not exist in some languages, requiring more than just word-for-word conversion. Errors in translation or inappropriate tone can create perceptions of unprofessionalism or irrelevance. Companies must invest in hiring professional translators who understand both finance and local culture. For example, the idea of mobile payments may need to be introduced differently to gain acceptance in markets that are rely heavily on cash transactions.

Second, cultural sensitivity is crucial. Colours, symbols, and design choices can have opposite meanings across cultures. While red symbolizes luck in China, it might represent danger in Western countries. User interfaces must adapt to these differences without losing brand identity [14]. Similarly, marketing campaigns must align with local values to connect with users effectively.

Third, user experience must be customized for each market. Fintech products must match local habits and expectations. In Western markets, users often trust traditional banks and may hesitate to adopt new fintech services. Meanwhile, digital financial services are growing in Southeast Asia and Africa, but preferences vary widely. For instance, Arabic-speaking markets require right-to-left text alignment in app designs. The integration of local payment methods (e.g., UPI in India or M-Pesa in Kenya) is often a decisive factor in product adoption [15].

2.4 Project Implementation

Chinese fintech companies face complex project implementation challenges when expanding internationally, requiring careful navigation of regulatory, technical, cultural, and operational barriers to ensure successful market entry and sustainable growth. These implementation difficulties often prove more demanding than initial market assessments anticipate.

One major challenge is local competition. In many markets, domestic fintech companies have had strong customer trust and market share. For example, in Germany, local digital banks like N26 have secured dominant market positions by tailoring services to European consumer preferences for data privacy and security. Similarly, regional players such as Grab Financial and SeaMoney in Southeast Asia have built extensive ecosystems that integrate seamlessly with local lifestyles. These local firms understand regional needs and regulations better, making it hard for Chinese Fintech companies to stand out. To overcome this, many Chinese firms form partnerships or acquire local businesses, combining their technology with local expertise. Chinese firms entering new markets must consider mergers, joint ventures, or channel partnerships to bridge this gap [16]. Mbabu and Gulali [17] highlight that strategic alliances and acquisitions in international markets enable firms to mitigate risk and leverage local market knowledge to overcome competitive disadvantages.

Another key issue is hiring and managing local talent. Chinese fintech firms often struggle to find employees who know both the industry and the local market. In Middle Eastern markets, for instance, companies must navigate both complex Islamic finance regulations and Arabic-language requirements when building teams. Building a local team requires heavy investment in recruitment, training, and cultural integration. Recruitment processes frequently take 30-50% longer than in domestic markets due to these specialized needs. Once hired, retaining local talent requires adapting management approaches to regional workplace cultures where Chinese firms may need to adjust expectations around work hours, decision-making processes, and corporate hierarchy. At the same time, these teams must stay aligned with headquarters in China, which adds communication and coordination challenges.

3. Conceptual Model and Propositions

This study was conducted by initially reviewing the current research orientation and findings through a literature research approach to evaluate the impact of solution adaptability, product localization and project implementation on Chinese Fintech Companies internationalization performance. The proposed conceptual framework is as follows:

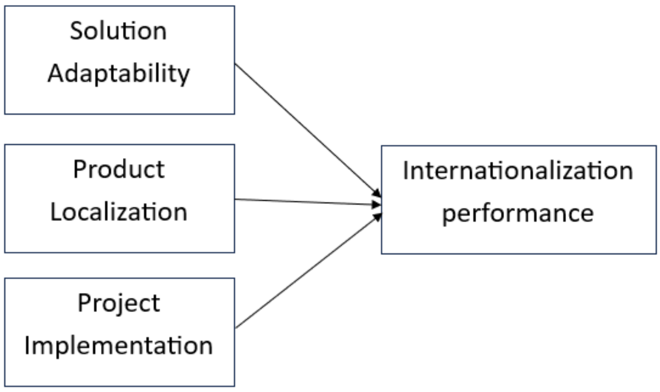

Fig. 1. Conceptual model

Next, the following research propositions are proposed:

Proposition 1: Solution Adaptability has a significant positive impact on internationalization performance.
Proposition 2: Product Localization has a significant positive impact on internationalization performance.
Proposition 3: Project Implementation has a significant positive impact on internationalization performance.

4. Conclusion

This conceptual paper provides a clear understanding of how Chinese fintech firms can improve their internationalization performance by focusing on three important areas: solution adaptability, product localization, and project implementation. As the global financial environment becomes more competitive and regulated, fintech companies need to build flexible strategies that fit different market conditions. These strategies must consider not just technical needs, but also cultural, legal, and consumer-related factors.

Solution adaptability allows firms to adjust their core technologies to match local infrastructure and regulations. Without this, even advanced systems may fail in new environments. Product localization is just as important because it helps fintech companies gain consumer trust and improve the user experience. Features like language, interface design, and payment options must be tailored to local habits and expectations. In addition, successful project implementation brings these efforts together. It ensures the company can enter new markets smoothly by forming local partnerships, hiring the right people, and adjusting internal operations to new conditions.

The highlight the unique needs of fintech firms. Unlike traditional industries, fintech companies face strict data laws, fast-changing technology, and strong local competitors. As a result, they need more than general business strategies. They must use flexible, responsive approaches to overcome barriers and succeed internationally.

The conceptual model and propositions in this paper offer a clear structure for future research. These ideas can be tested through real-world case studies or survey-based research. Policymakers and business leaders can also use these insights to create better support systems for fintech firms. In conclusion, improving internationalization performance is about expanding smart by adapting to change, understanding local needs, and managing projects effectively in every new market.

Acknowledgement
This research was not funded by a grant.

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