Financial Services Commission
MAURITIUS

FINTECH LEXICON

A COMPREHENSIVE GUIDE TO FINTECH TERMINOLOGIES

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FOREWORD

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In a rapidly changing world where technology is reshaping every aspect of our lives, the realm of finance has not been left untouched. The term "fintech" may sound like a complex and futuristic buzzword, but at its core, it represents the convergence of two distinct domains, i.e., finance and technology creating fintech.

Fintech is indeed an innovation-driven force that's reshaping how we manage, invest, and interact into the financial world. We understand that navigating through the new fintech jargons can be intimidating, filled with acronyms and complex ideas. That's precisely why we've curated our fintech lexicon with the objective to unravel and demystify the new terminologies, key concepts and technologies that underpin the fintech landscape, and make it comprehensible to any stakeholder, from investors to laypersons.

The fintech lexicon will help stakeholders discover the fundamental building blocks of fintech, from blockchain and virtual assets to robotic advisors and peer-to-peer lending. It is more than just a reference tool; it's a roadmap to financial literacy in the digital age. The lexicon will be also continuously updated according to new changes.

Fintech is not a future trend; it is the present reality. By understanding the key concepts that drive this revolution, you can harness the potential it offers and make informed choices about your financial future. Join us on this journey to decode the world of fintech, and together, we shall unlock the doors to financial empowerment and comprehension in the digital age. Welcome to the future of finance, demystified for all.

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Chief Executive

A

Term	Definition
Address	A unique identifier that is used to identify the issuer and receiver of any financial asset (including virtual asset). It is essentially used for storing a virtual asset and is often generated using a private key.
Algorithmic stablecoin	A stablecoin which maintains a stable value via algorithms that automatically provide for the increase or decrease in the supply of the stablecoin in response to changes in demand.
Angel Investor	An individual who provides financing to fintech startups or entrepreneurs in exchange for equity.
Anonymisation	The process of removing personally identifiable information from data sets to protect the privacy of individuals.
Algorithm	A set of procedures or instructions that must be followed for a machine to perform calculations or other problem solving operations.
Application Programming Interface or API	A set of routines, protocols and tools for building software applications that essentially allows multiple systems or applications to interact with one another.
Artificial Intelligence or AI	Artificial intelligence involves the use of computers to perform tasks or actions that traditionally required human intelligence. It is akin to a computer brain that can think and learn, enabling computers to mimic human aptitudes by processing data, recognising patterns, making decisions, and improving performance over time.

Asset-linked Stablecoin	A stablecoin which maintains a stable value relative to the referenced assets (such as currencies, financial instruments, commodities and virtual assets).
Alternative Finance	A range of financial products and services (such as peer-to-peer lending and crowdfunding) that are being offered as alternatives to the traditional way of conducting financial services.
Automated Market-Maker or AMM	An autonomous trading mechanism which eliminates the need for centralised exchanges and related market-making techniques. AMM relies on mathematical formulas to price assets automatically in which two different assets come together to form a trading pair within liquidity pools.
Augmented Reality	An interactive experience that enhances the real world with computer-generated perceptual information.

B

Term	Definition
Big Data	Structured and unstructured data that are too large or too complex to be processed by a traditional data management application. Financial services companies often use Big Data to better understand their customers' behaviours through predictive data analytics.
Big Tech	Big Tech refers to the most dominant and largest technology companies in their respective sectors (such as Amazon, Facebook, Google and Apple).

Biometrics	Biometrics refers to technologies that measure and analyse human physiological or behavioural characteristics for authentication or identification purposes. Some widely used features are fingerprints, face and voice recognition.
Bitcoin	Bitcoin is an open source decentralised virtual currency or asset invented in 2008 by an unknown entity under the name Satoshi Nakamoto.
Blockchain	Blockchain is a digital technology that creates a chain of connected and secure records, known as "blocks." These blocks store information in a way that makes it extremely hard to alter or tamper with.
Blockchain Analytics	The process of analysing, identifying, and clustering data on the blockchain. It is used to identify key information about users and transactions.
Block Explorer	A website for viewing and verifying blockchain transactions, including their status and confirmation time.
Burning Token	A process by which the issuers of a token is removed from circulation.

C

Term	Definition
Central Bank Digital Currency or CBDC	A digital form of money issued by a central bank.

Chatbot	A chatbot is a basic application providing online responses to straightforward questions. It is a digital assistant that provides better customer service, as it collects and analyses information.
Cloud Computing	Cloud Computing allows the storing and accessing of data and computing services over the internet. Data is stored on remote servers to run applications and perform tasks.
Cloud Service Provider	A cloud service provider allows companies to host their data remotely, accessing it only via the internet, as opposed to using a local server.
Cloud sourcing	An interactive experience that enhances the real world with computer-generated perceptual information.
Cluster	A collection of virtual asset addresses that has been identified by blockchain analytics tools as being controlled by an individual/entity.
Cold Wallet	A type of wallet that is not connected to the internet. This is also referred to as cold storage.
Consensus Mechanism	A protocol that brings all nodes of a blockchain network into agreement on a single data set. It acts as the verification standards through which every blockchain transaction gets approved.
Counterparty	A second or third party that participates in a financial or virtual asset transaction.
Cross chain activity	This refers to transactions or transfers of data and tokens between different blockchain networks.
Crowdfunding operator	An entity which operates an online portal or electronic platform to provide crowdfunding services.

Crowdfunding	Crowdfunding entails the solicitation of funds from investors for a specific investment purpose, through an online portal or electronic platform.
Cryptography	Cryptography refers to the usage of mathematical techniques to transform data and prevent it from being read or tampered with by unauthorised parties.
Custodial wallet	A type of wallet in which the private keys are held in custody by a third party.
Cyber hygiene	A set of ethical practices that individuals or organisations perform regularly to maintain the health and security of users, devices, networks and data.
Cyber risk	Cyber risk refers to any risk of financial loss, disruption or damage to the reputation of an organisation from some sort of failure of its information technology systems.
Cybercriminal	An individual who uses technology to commit malicious activities on computer systems or networks.
Cybersecurity	A set of processes for maintaining the privacy, accuracy, and accessibility of information and/or information systems via the internet.

D

Term	Definition
Darknet	The darknet also referred to as the dark web, is an encrypted portion of the internet that is not indexed by search engines and requires specific configuration or authorisation to access. Although the darknet is sometimes used by criminals, it is equally and legitimately used by people who require privacy for entirely legal reasons.
Data Analytics	The process of analysing raw and big data into actionable insights.
Data Minimisation	A process of collecting and retaining only the minimum amount of data necessary to fulfil a specific purpose. This reduces the amount of sensitive information that is stored, reducing the risk of it being stolen or misused.
Data Mining	The process of examining large and structured data sets to uncover hidden patterns, unknown correlations, market trends, customer preferences, and other useful information.
Data Minimisation	A process of collecting and retaining only the minimum amount of data necessary to fulfil a specific purpose. This reduces the amount of sensitive information that is stored, reducing the risk of it being stolen or misused.
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Data Warehouse	A data warehouse is an enterprise system used for the analysis and reporting of structured and semi-structured data from multiple sources, such as point-of-sale transactions, marketing automation and customer relationship management.
Data	Data is information that can be used for analysis and making decisions. It can be in the form of facts, figures, measurements, and amounts that are gathered for analysis or reference. Data can also be in an electronic form that can be stored and used by a computer.
Decentralised Lending	The provision of digital credit facilities to businesses or the public on a peer-to-peer basis with no intermediaries.
Decentralised Autonomous Organisation or DAO	A blockchain based organisation whose activities and decision-making are co-ordinated by self-executing codes, also known as smart contracts.
Decentralised exchange or DEX"	An online platform that allows for direct, peer-to-peer trading of several virtual assets via automated market-makers.
Decentralised Finance or DeFI	DeFI refers to the use of technologies, particularly distributed ledger technology, to offer financial products/services without relying on any traditional centralised intermediary for inter alia enabling investments and trading, payments, lending and borrowing, as well as providing insurance and other financial services.
Deep learning	This refers to the use of vast, unstructured data and machine learning to process multiple layers of information. Deep learning continually analyses information to draw conclusions and make predictions similarly to the human brain.

Deepfake	This refers to the use of images, audios and videos to generate a person's likeness onto another. Artificial intelligence and machine learning are at the heart of deepfake technology.
Differential Privacy	A technique which analyses data in a way that preserves privacy by adding noise to the data, which can help protect against the identification of individual users.
Digital Financial Inclusion	Digital financial inclusion broadly refers to digital access and use of formal financial services by excluded and underserved populations.
Digital Identity	A digital identity is the information and data that identifies an individual in the digital world.
Digital Transformation	This refers to the integration of digital technologies into several areas of a business, resulting in fundamental changes to how the business operates and delivers value to customers.
Digital Wallet	A digital wallet (also known as an E-wallet) involves the hosting of virtual assets or payment information on an electronic device.
Distributed Ledger Technology or DLT	A DLT works on a computer network spread over multiple entities or locations. Such technology may take the form of blockchain and serve as settlement layer for financial or virtual asset transactions which use cryptography through pairs of public and private keys.

E

Term	Definition
Electronic Identity Verification	This refers to a digital system that remotely confirms a user's identity by matching a set of specific criteria (such as name, address, birthdate, sex).
Electronic Money	A prepaid payment instrument that is offered by banks, financial institutions and other payment service providers, such as mobile-network operators.
Electronic Signature	An electronic signature refers to any electronic process that indicates acceptance of an agreement or a record.
Encryption	A process of using an algorithm to transform plain text into nil text to ensure that sensitive data remains unreadable to unauthorised users.
Ether	Ether is a native token on the Ethereum blockchain and is used primarily for miners rewards and transaction fees.
Ethereum Gas	Ethereum Gas is used as the basic unit of computation effort for executing transactions on Ethereum blockchain platform.
Ethereum Request for Comments 1155 or ERC-1155	ERC-1155 is a multi-token standard interface for smart contracts that manage multiple token types, using the Ethereum blockchain.

Ethereum Request for Comments 20 or ERC-20	ERC-20 is the technical standard for fungible tokens created using the Ethereum blockchain.
Ethereum Request for Comments 721 or ERC-721	ERC-721 is a non-fungible token standard, using the Ethereum blockchain.
Ethereum	Ethereum is an open-source platform using blockchain technology. The particularity of Ethereum is the ability to create smart contracts and develop, deploy and maintain decentralised applications.
Etherscan	An Ethereum blockchain explorer that allows an individual to search the Ethereum blockchain for transactions, addresses, tokens, prices and other activities taking place on Ethereum.

Term	Definition
FATF Travel Rule	The FATF Travel Rule requires virtual assets service providers ("VASP") to verify their customers' identities and in particular, identify and share the original parties and beneficiaries in relation to any direct transfers or transactions, as may be lawfully prescribed.
Fiat Currency	A banknote or coin that is in circulation as a medium of exchange; and includes a digital currency issued by the central bank.
Fintech	New technologies seeking to improve and automate the delivery and use of financial services.

Flash loan	A type of uncollateralised lending in the decentralised finance ecosystem.

G

Term	Definition
Generative Artificial Intelligence	A form of artificial intelligence which is capable of producing text, images or other media, using predefined models or libraries.
Genesis Block	The first block which is mined upon the creation of any new virtual currency or asset.
Governance Token	A virtual token that grants a holder the right to participate in the governance of a blockchain based protocol.
Green Fintech	It refers to the use of technological solutions by fintech companies to support green or sustainable projects.

H

Term	Definition
Hacking	The unauthorised access to or manipulation of computer systems or networks.

Term	Definition
Hard Fork	A radical change to a blockchain network or software protocol that makes previously invalid blocks and transactions valid, or vice-versa. A hard fork requires all nodes or users to upgrade to the latest version of the protocol software.
Hashing	A process of converting data into a fixed-size value using mathematical algorithms involving data indexing, data retrieval, data encryption and online security.
Healthtech	The use of technology to improve the delivery, payment, and consumption of healthcare services.
Homomorphic encryption	A technique allowing sensitive data to be encrypted while still enabling its analysis and processing.
Hosted Wallet	A wallet that resides on a third-party service which may hold the user's private and public keys.
Hot Wallet	A wallet that resides on a device connected to the internet, such as a desktop computer or smartphone.
Human-Centered AI	The development of artificial intelligence systems that are designed to work with humans, rather than replacing them.

Term	Definition
Information	It refers to knowledge which is communicated or received about a particular fact or circumstance.

Initial Token Offering" or "ITO	An ITO is used by startups or businesses to raise funds through the selling of virtual tokens to the public.
Innovation Hub	A physical space that brings together researchers, creators and innovators to nurture ideas into industry-changing products and services.
Input	An input is the name given to an incoming transaction (for example, a virtual asset transaction) on a blockchain network.
Insurtech	It refers to technologies designed to increase the efficiency of insurance services.
Internet of Things or IoT	A system involving connected devices that gather data, connect to the Internet and generate behavioural responses, based on the data analytics in the network.

Term	Definition
Key	A key is used to ensure that transactions made on blockchain are secure. The key can either be public or private.

L

Term	Definition
Layer to Solutions	A set of protocols or frameworks built on top of an existing blockchain system to provide increased scalability, privacy and other features to the underlying blockchain.
Liquidity Mining	An investment strategy whereby liquidity providers may switch their virtual assets between different liquidity pools to earn the highest interest rate possible.
Liquidity Pool	A set of smart contracts that can be used by investors to deposit virtual assets into a common pool, which are then available to other investors for their trading purposes.
Liquidity Provider Token or LP Token	LP token enables an investor to deposit and trade a number of virtual assets into the liquidity pool. It represents the pro rata stake of the investor in the liquidity pool, and may be redeemable at any time. A depositor or investor of the liquidity pool.
Liquidity provider	A depositor or investor of the liquidity pool.

M

Term	Definition
Machine learning	It refers to the use of Artificial Intelligence to provide systems with the ability to automatically learn and continuously improve from experience.
Mempool	A space where nodes store the validated transactions prior to their inclusion in a block.
Metaverse	An emerging 3D-enabled digital space that uses virtual reality, augmented reality and other advanced internet and semiconductor technologies to allow individuals to have lifelike personal and business experiences online.
Minimum Viable Product or MVP	It refers to an early basic version of a financial product or service that meets the minimal criteria for operation. It can be modified and enhanced in the due course, especially after testing and user feedback.
Mining Pool	A group of miners who share their processing power over a blockchain network to split the reward in accordance with their contribution in solving a block.
Mining	The process by which transactions are validated and issued on a blockchain network. Miners often receive a reward in the form of virtual assets when a new block is successfully added to the blockchain.
Minting	The process of creating and recording virtual tokens, coins or NFTs on a blockchain.

Mixed Reality	It refers to the combination of the physical and digital worlds that allows for natural and intuitive 3D interactions between individuals, machines, and their surroundings.
Mobile Money	It refers to the recording of funds stored on a mobile phone system and which can be used for meeting specific payment or transaction needs.
Mobile Payment	A payment instrument which is based on a mobile phone system.
Mobile Wallet	A product or service that allows an individual to access various types of accounts (including bank accounts) through a mobile phone system, using a uniform interface.
Multi-Factor Authentication	A security approach which assists in the verification of individuals' identity using multiple confirmation methods.
Multi-Party Computation	A technique that allows multiple parties to perform calculations on a shared set of data without revealing the data to each other.

N

Term	Definition
Nanotechnology Solutions	The application of technologies methods and principles on a molecular scale to support the provision of financial services.

Native Token	A native token is commonly known as a base token or intrinsic token. It is used to reward miners and validators for adding blocks to a blockchain.
Natural Language Processing or NLP	It refers to the harnessing of computational algorithms and techniques to decode and comprehend human language (whether spoken or written).
Neobank	A technologically-driven bank which provides online banking services to clients through a mobile application or website, and has no or minimal physical presence.
Network	A network is a group of devices or nodes that can communicate together.
Node	A device that runs the protocol of a blockchain software. There are numerous types of nodes that have different functions on varying blockchains, including (but not limited to) full nodes, mining nodes and lightweight nodes.
Non-Fungible Token or NFT	A unique virtual token that represents various items (ranging from digital art to in-game possessions) and may be traded like other traditional assets. NFTs are generally and securely stored on a blockchain.

Term	Definition
Off-Chain Transaction	A transaction whereby value is moved outside of a blockchain.
On-Chain Transaction	A transaction that is recorded and verified on a blockchain.
Open Finance	A data-sharing environment that enables individuals to access and share their personal and financial information between different market players via Application Programming Interfaces and open-source technologies.
Open-Source Software	A software enabling public access to information, and which can be modified and shared by individuals.
Oracle	An oracle allows smart contracts to operate by connecting the inputs and outputs of a blockchain with external systems.
Output	An output is the given name to an outgoing transaction (for example, a virtual asset transaction) on a blockchain network.

Term	Definition
Paper Wallet	A type of cold wallet whereby private keys are written on a piece of paper or another physical medium.
Payment Gateway	A technology used by merchants to accept debit or credit card purchases from customers.
Peer-to-Peer (P2P) Lending	A form of lending money to businesses or individuals via an online platform, enabling the matching of lenders and borrowers.
Pre-Production	Pre-production provides quality assurance to developers within a controlled sandbox environment, whereby they can run live-testing or simulate real-world scenarios to verify the operation of an innovative solution.
Privacy Enhancing Technologies or PETs	Specialist cryptographical capabilities which allow computations to take place on underlying data, without the data owner necessarily divulging such data.
Private Key	A private key is a unique and confidential alphanumeric string which allows an individual to access funds at a single corresponding virtual asset address.
Proof of Concept	A demonstration designed to illustrate that a theory or concept is viable, and with the potential for real-world application.

Proof of Stake	A consensus mechanism used to validate new transactions and create new blocks on a blockchain by using randomly selected validation method.
Proof of Work	A consensus mechanism used to validate new transactions and create new blocks on a blockchain by using a competitive validation method.
Pseudonymisation	A privacy-ensuring measure to shroud an individual's identity while using data. In the virtual asset space, a pseudonym is a cryptographic address that represents a user across blockchain explorers.
Public Key	An alphanumeric string that is used to derive a virtual asset address and can be shared with anyone attempting to send virtual assets over a blockchain.

Term	Definition
Quadratic Voting	Quadratic voting is designed to evenly distribute voting power within a blockchain governance set up.
Quantum computing solution	Quantum computing solution involves building advanced and complex algorithms to improve computational tasks.

R

Term	Definition
Regtech	This refers to the use of information technologies within the financial services industry to enhance compliance and regulatory reporting.
Regulatory Sandbox	A controlled live-testing or simulated environment for the development of a new technology or business model, under the supervision of a regulatory authority.
Robotic Advisory Services	This refers to the provision of digital and personalised advisory services through a computer program or artificial intelligence enabled algorithms, with limited human intervention.

S

Term	Definition
Sandwich Attack	A type of market manipulation that occurs in DeFI protocols and services, whereby a malicious trader identifies a pending transaction on a blockchain network and places an order right before and after the transaction.
Security Token Offering or STO	It refers to the issuance of security tokens to the public for the purpose of raising funds.

Security Token	A security token refers to securities as defined under the Securities Act and represented in digital format.
Seed Investor	An individual or business which makes very early investment to support fintech startups, until they can generate cash of their own.
Seed Phrase	It is a mnemonic, i.e. a 12–24-word sequence which can be used as the deterministic backup for a wallet, enabling the recreation of a private key into another compatible wallet.
Smart Contract	A self-executing computer program that automatically executes the terms of a contract without the involvement of third parties.
Soft Fork	A change to a blockchain network or software protocol where only previously valid transaction blocks are made invalid.
Software as a Service or SaaS	A software delivery method in which programs and applications are hosted and accessed online.
Stablecoin	A type of virtual asset that relies on stabilisation tools to maintain a stable value relative to one or several fiat currencies or other reference assets.
Staking	The process of holding a virtual asset or token in a wallet that supports network operations (such as block validation, security and transactions).
Super Artificial Intelligence	A form of artificial intelligence capable of surpassing human intelligence by manifesting cognitive skills and developing thinking skills of its own.

Suptech	The use of technology-enabled solutions to increase the efficiency and effectiveness of supervisory activities.

Term	Definition
Telematics Solution	It refers to the combination of telecommunications solutions (including phone lines and cables) and informatics solutions (such as computer systems) for the provision of financial services.
Testing Stage	A key stage of regulatory sandboxing whereby companies have the opportunity to test their financial products or services and evaluate the underlying benefits and risks.
Testnet	It refers to the minimum viable product of a blockchain project that is used by developers to experiment new ideas without disturbing the core features of the product.
Text Mining	It is the process of finding patterns and connections in large amounts of unstructured text.
Tokenisation	A process of representing assets into virtual tokens that are tradable on a DLT system.
Transaction Hash	A unique identifier of a transaction on a blockchain, also known as a transaction ID.

U

Term	Definition
Unspent Transaction Output or UTXO	It refers to a virtual asset transaction output that can be used as input in a new virtual asset transaction on a blockchain.
User Experience	The overall experience of an individual when interacting with a computer, website or application, especially in terms of how easy and enjoyable it is to use.
User Interface	The point at which an individual interacts with a computer, website or application.
Utility Token	A virtual token that helps to capitalise or finance projects of fintech startups, and allows users to perform specific activities within the project's ecosystem in the future.

V

Term	Definition
Validator	A validator is an individual who is responsible for verifying new transactions on a blockchain, and maintaining the accuracy, security, and reliability of the network.

Venture Capital	A form of private equity capital or financing offered to fintech startups or early-stage businesses that have long-term growth potential.
Virtual Asset Marketplace	A centralised or decentralised virtual platform or exchange which offers investors the ability to buy, sell and transfer virtual assets.
Virtual Asset Service Provider	An individual or company offering services such as exchanging, transferring, or storing of virtual assets, on behalf of customers.
Virtual Asset Wallet Services	The provision of a software application to enable an individual or company to transfer virtual assets.
Virtual Asset	A digital representation of value that can be digitally traded, or transferred, and can be used for payment or investment purposes.
Virtual Private Network or VPN	A VPN creates a secure and encrypted connection between a device and a network, protecting the privacy of data being transmitted over the internet.
Virtual Reality	A computer-generated simulation of a three-dimensional environment that can be interacted with in a seemingly real or physical way.
Virtual Token	A cryptographically secured and digital representation of a set of rights, including smart contracts, issued and traded on a virtual asset marketplace or platform.

W

Term	Definition
Wallet	A digital or physical device used to store and manage virtual assets. It is typically under the control of a single private individual or service.

Wealthtech	A new generation of fintech companies that create digital solutions to transform the wealth asset management industry.
Web 3.0	Web 3.0 is commonly referred to as the "Semantic Web" or "Decentralised Web". It represents the next generation of the internet, characterised by decentralised and distributed technologies that will correspondingly prioritise user privacy, security, and control over personal data.
Web Scrapping	The process of using software to extract data from websites.
Whitepaper	An informational document issued by a company to showcase the project value of its fintech project, product or service.
Wrapped token	An underlying or secondary token which functions on a separate blockchain and maintains a price peg of 1:1.

Term	Definition
Yield Farming	The process of using DeFI protocols to generate additional earnings (such as interest rate) on virtual asset transactions.

Term	Definition
Zero-Knowledge Proof	A cryptographic technique that allows for the verification of data without revealing the data itself, which can be useful in financial transactions where proof of ownership or balance is required without revealing sensitive information.