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Fintech in Europe

# THE QUIET REVOLUTION

# 2022



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# Interviewees

Mambu and findexable would like to thank the following executives who were interviewed for this report:



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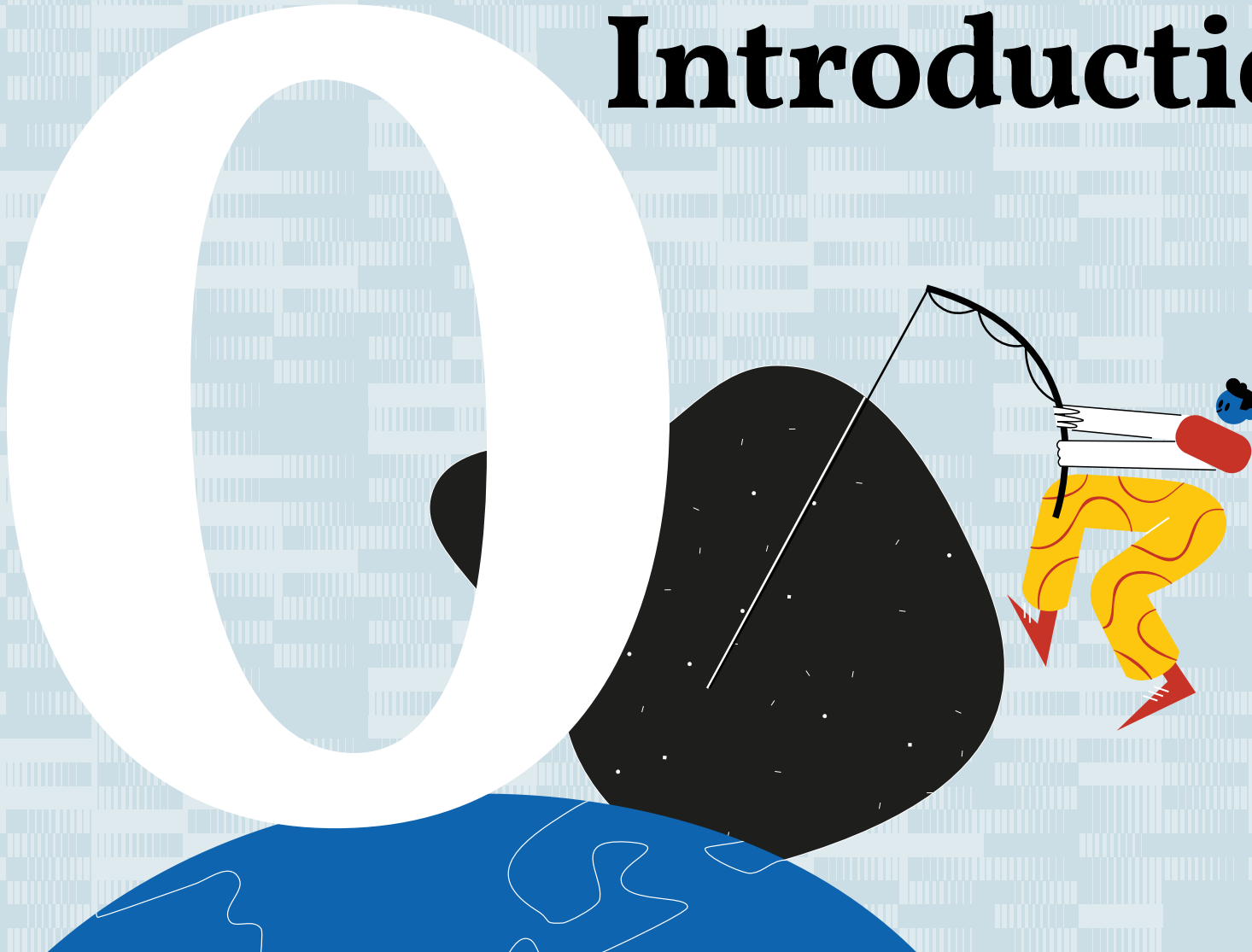
Interviews conducted during April and May 2022

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# Introduction



# Fintech in DACH: The quiet revolution

Welcome to the third of our regional reports on fintech around the world, this one focused on Western Europe's DACH region.

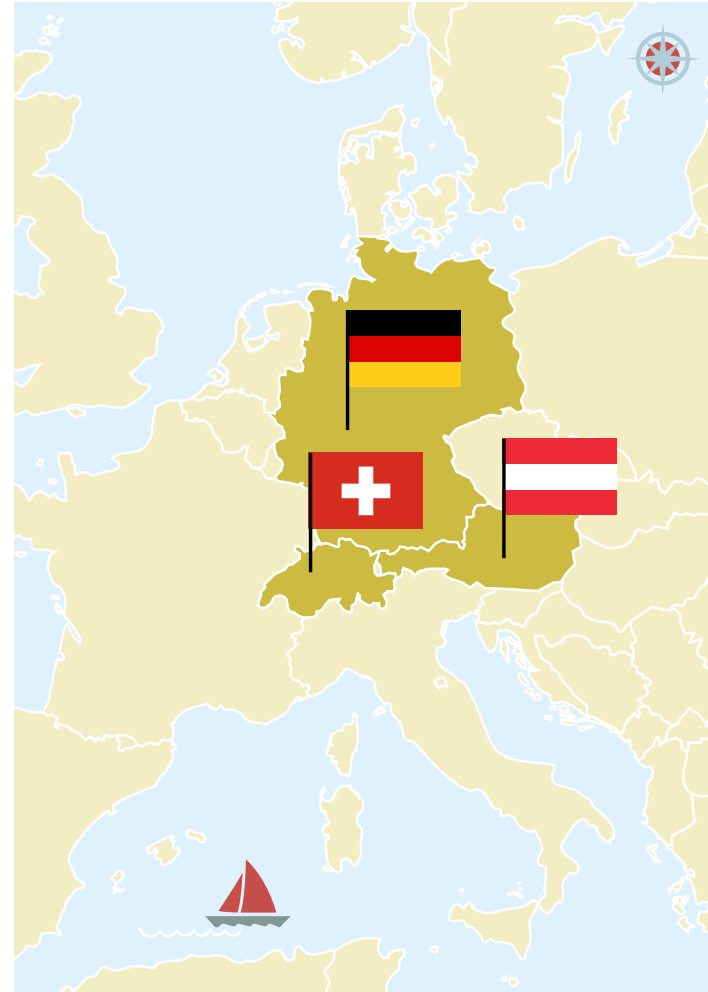
For the last two years our annual [Global Fintech Rankings](#) have brought you a first of their kind, data-driven guide to the world's leading and emerging fintech cities and countries. In this series we dive into specific geographies to investigate local ecosystems.

Globally fintech has been on a tear in recent years driven by buoyant funding markets and the industry's crucial role in responding to

the Covid-19 pandemic, by rapidly expanding financial inclusion across the globe. But even within this rosy worldwide picture, Western Europe stands out.

The region has attracted progressively more of the global funding pie since 2017, emerging as a genuine rival to Asia and North America for fintech VC dollars. The continent's biggest single fundraising in 2021 came in at €900 million while there were more than 60 rounds of over €100 million.<sup>1</sup> Four out of the region's 10 most valuable tech firms are now fintechs.

<sup>1</sup> tech.eu: 2022



At the country level, while the UK continued to attract the most investment, fintech’s rising tide impacted every corner of the continent. Perhaps none more so than the so-called DACH region of German-speaking countries.

**A QUIET REVOLUTION**

Geographically central to Europe and with the continent’s wealthiest consumers, **Austria**, **Germany** and **Switzerland** are in many ways the vanguard of the continent’s economy. The ingredients for fintech innovation have also always been strong.

DACH is home to the continent’s most advanced infrastructure and its most skilled tech workers - Germany, Austria and Switzerland

account for just 13% of Europe’s population but are home to a fifth of its developers. The region’s longstanding banking and asset management industries, meanwhile, provide both sources of capital and huge client bases and problems to solve.

DACH countries have been proponents of fintech in Europe since its start. The Swiss canton of Zug, for example, was central to the first wave of cryptocurrency and blockchain innovation in Europe, and has since earned the moniker Crypto Valley for the number of founders which flock to its snowy hills. German-speaking countries have long shown how finance and tech can mesh together.

2 [https://www.crunchbase.com/organization/nubank/company\\_financials](https://www.crunchbase.com/organization/nubank/company_financials)



**WESTERN EUROPE IS ATTRACTING A GROWING SHARE OF FINTECH VC FUNDING**

Fintech funding, \$bn

| Year     | Western Europe | World | Western Europe as % global funding |
|----------|----------------|-------|------------------------------------|
| 2017     | 4.72           | 26.4  | 18%                                |
| 2018     | 5.07           | 47.8  | 11%                                |
| 2019     | 8.57           | 44    | 19%                                |
| 2020     | 10.5           | 42.8  | 25%                                |
| 2021     | 28             | 117   | 24%                                |
| 2022 YTD | 10.8           | 36.7  | 29%                                |



Source: Tracxn

This yields the first reason for a DACH focus. Globally fintech may be at a crossroads. After years of easy money, funding may become scarcer in the next few years as interest rates rise. Meanwhile inflation, market and socio-political instability are increasing. DACH's tech talent and financial industry mean the region tends to build companies on strong foundations, rather than hype and venture funding alone. That may provide direction for the rest of Europe as fintech 2.0 takes shape amid this uncertainty.

The second reason is the quiet revolution taking place among DACH consumers, which belies their reputation for

financial conservatism and has paved the way for entirely new forms of fintech innovation in the region.

Across Germany, Austria and Switzerland, the pandemic has accelerated a long awaited transition to digital payments from cash. Rising house prices and declining certainty about financial prospects, meanwhile, have led residents of DACH countries to dive into investment products in a search for returns. From cryptocurrency wallets to easy equity trading and a multitude of payment options, both legacy banks and standalone fintechs are quickly adjusting to new expectations among the region's consumers.



**WESTERN EUROPE'S TOP 10 FINTECH NATIONS**

| Country         | findexable global ranking, 2021 | Change from 2020 |
|-----------------|---------------------------------|------------------|
| United Kingdom  | 2                               | 0                |
| Switzerland     | 5                               | 0                |
| Sweden          | 7                               | 0                |
| The Netherlands | 8                               | ▼ -2             |
| Germany         | 9                               | ▲ 2              |
| Finland         | 13                              | ▲ 1              |
| Spain           | 16                              | ▼ -3             |
| Ireland         | 18                              | ▼ -1             |
| Denmark         | 20                              | 0                |
| France          | 22                              | ▼ -6             |



Source: findexable

**STILL GROWING, AND SPREADING FAST**

The past two years have witnessed a step change in innovation. Our industry is gathering momentum in these three countries, with fintechs emerging to solve the new concerns of individuals, as well as the problems of the region’s traditional financial industry.

DACH is the only region with two of the world’s top 10 national fintech ecosystems according to findexable’s Global Fintech Rankings, which considers a country’s density of fintechs and accelerators, payments ecosystems and the ease of doing business.

Germany is one of the few developed countries to rise in the rankings over the past year, which have otherwise been dominated by emerging hubs such as Uruguay, Brazil and established tech strongholds like Israel.



**DACH is the only region with two of the world’s top 10 national fintech ecosystems”**  
findexable 2022



**DACH’S FINTECH CITIES**

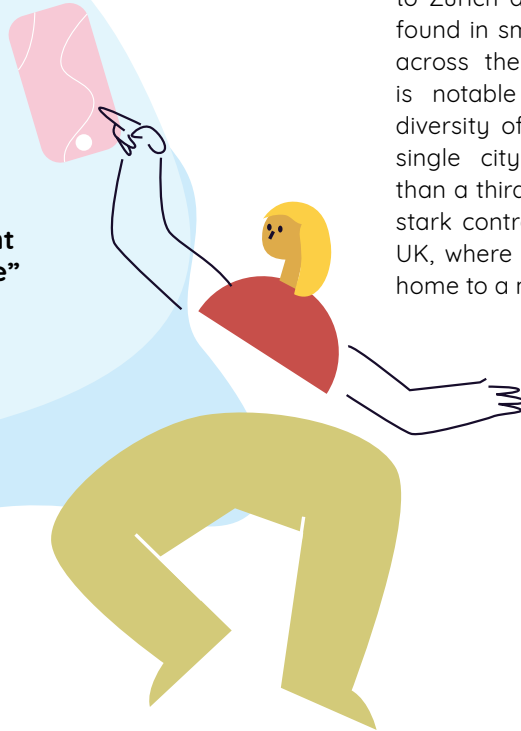
| City       | Country     | findexable global ranking, 2021 | Change from 2020 |
|------------|-------------|---------------------------------|------------------|
| Berlin     | Germany     | 6                               | ▲ 3              |
| Zurich     | Switzerland | 26                              | ▲ 12             |
| Hamburg    | Germany     | 30                              | ▲ 13             |
| Vienna     | Austria     | 53                              | ▲ 28             |
| Frankfurt  | Germany     | 57                              | ▼ -18            |
| Munich     | Germany     | 58                              | ▼ -9             |
| Zug        | Switzerland | 59                              | ▲ 14             |
| Geneva     | Switzerland | 113                             | ▼ -24            |
| Lausanne   | Switzerland | 120                             | ▼ -22            |
| Dusseldorf | Germany     | 121                             | ▲ 15             |
| Bern       | Switzerland | 145                             | ▲ 39             |
| Lugano     | Switzerland | 154                             | ▲ 62             |
| Stuttgart  | Germany     | 157                             | new              |
| Leipzig    | Germany     | 179                             | new              |
| Mainz      | Germany     | 190                             | ▼ -52            |
| Cologne    | Germany     | 204                             | ▼ -43            |

Source: findexable



“

**DACH nations boast exceptional technical infrastructure and human capital. From plentiful software developers to the highest level of patent applications in Europe”**  
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This revolution is not restricted to Zurich and Berlin, but can be found in smaller towns and cities across the DACH region, which is notable for the geographic diversity of its fintech scene. No single city accounts for more than a third of DACH’s fintechs, in stark contrast to France and the UK, where Paris and London are home to a majority of firms.

In this new environment for DACH and global fintech, where uncertainty is part of the new normal, we will explore two key challenges for success.

First, how fintechs can equip themselves for an environment of constant change.

And second, the need to build effective partnerships that allow individual businesses to focus on specific challenges within wider networks that provide customers with a complete service.

# Executive Summary

**Europe is grabbing a growing share of the global fintech funding pie, and building an industry to rival that of North America and Asia. The coming years, however, may be a time of uncertainty amid inflation and market volatility.**

DACH fintechs offer a way forward for the continent. The region combines deep technical talent with an established finance industry, while its consumers have recently embraced financial innovation unlike ever before.

1

**Set up for success:**

DACH nations boast exceptional technical infrastructure and human capital. From plentiful software developers to the highest level of patent applications in Europe, Germany, Switzerland and Austria have all the ingredients for a thriving fintech industry.

2

**Cultural revolution:**

a region known for financial conservatism has transformed in recent years, to become a fintech pioneer in several areas. DACH populations have embraced digital payments and cryptocurrency trading apps, as old certainties about financial stability have been eroded by rising asset prices and low returns on deposits.

3

**Deep and diverse:** DACH's fintech ecosystem is geographically more diverse than any other in Western Europe, with no city accounting for a majority of the region's fintechs. This allows pockets of sector specific innovation to thrive from the Crypto Valley in the Swiss canton of Zug to Banking-as-a-Service (BaaS) startups in Berlin and asset management products in Frankfurt.

# Executive Summary

4

**Continental powerhouse:** after the UK, Germany and Switzerland are the primary destinations for fintech investment in Europe, leaving France in their wake. 2021 saw mega funding rounds for fintechs in sectors as diverse as insurtech, BaaS and investing, as major US venture capital funds entered DACH with a vengeance.

5

**Emerging uncertainty:** from inflation to rising interest rates and geopolitical uncertainty, fintechs globally are entering a new period of uncertainty. A playbook is emerging in DACH, which involves doubling down on core markets and monetising existing customers, rather than focusing only on growing the customer base.

6

**Partnerships and technical agility will be key to navigating this world of change:** the companies that succeed will be those that build alliances in order to distribute their products to clients and consumers, and increase sales by offering products in concert with other fintechs.

# The Data



# DACH fintech by numbers

Europe in general is known as a continent that combines wealth with high levels of public investment. Even within a developed continent, however, the DACH nations are unusually prosperous. They stand out for the quality of their infrastructure and human capital, both important ingredients for a fintech industry.



## DACH'S ENVIABLE INFRASTRUCTURE

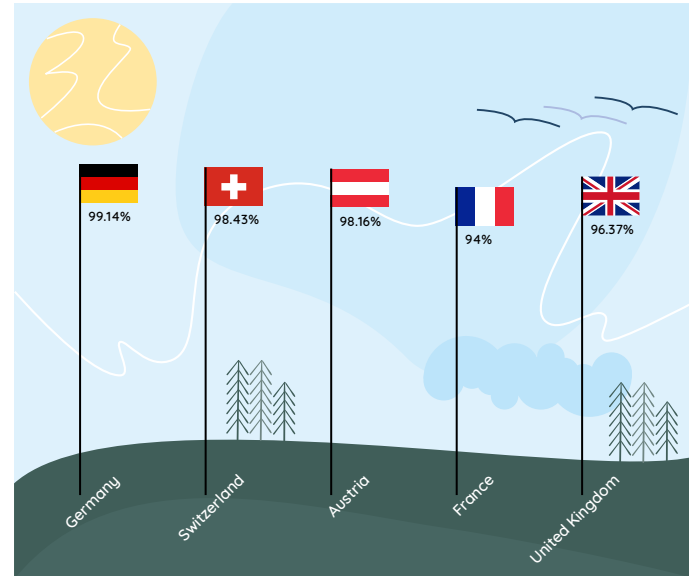
| Country     | GDP per capita, \$ | Mobile cellular subscriptions per 100 people | Secure internet servers (per 1 million people) |
|-------------|--------------------|--|--|
| Germany     | 46,253             | 128  | 97,518   |
| Switzerland | 87,100             | 127  | 120,025  |
| Austria     | 48,589             | 119  | 33,803   |
| France      | 39,037             | 111  | 36,226   |
| UK          | 41,059             | 116  | 36,380   |

Source: <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=DE-CH-AT-FR-GB>



## DACH'S ENVIABLE INFRASTRUCTURE

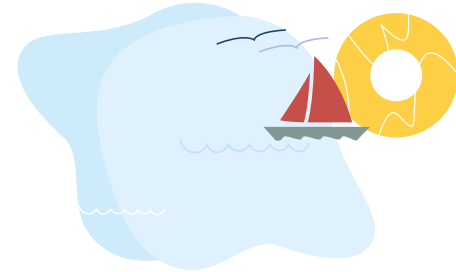
Account ownership at a financial institution or with a mobile-money-service provider (% of population ages 15+)



Source: <https://data.worldbank.org/indicator/FX.OWN.TOTL.ZS?locations=DE-CH-AT-FR-GB>

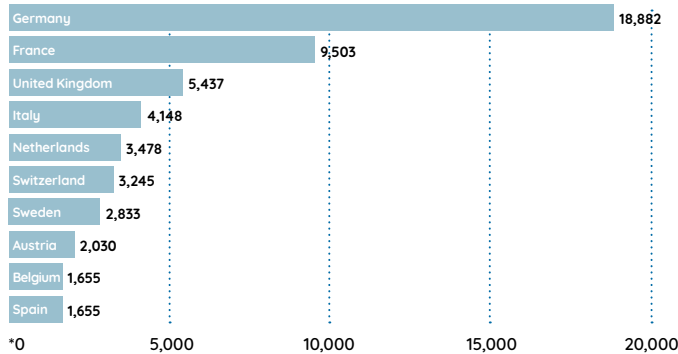
**ABUNDANT TECHNICAL SKILLS**

High levels of public investment have resulted in one of the most technically skilled populations on the planet. DACH countries account for just 13% of Europe’s population but a fifth of its software developers, while Germany accounts for twice as many patent applications a year than any other European country.



**PATENTS UNDERPIN DACH INNOVATION**

\*# of patent applications to the European Patent Office

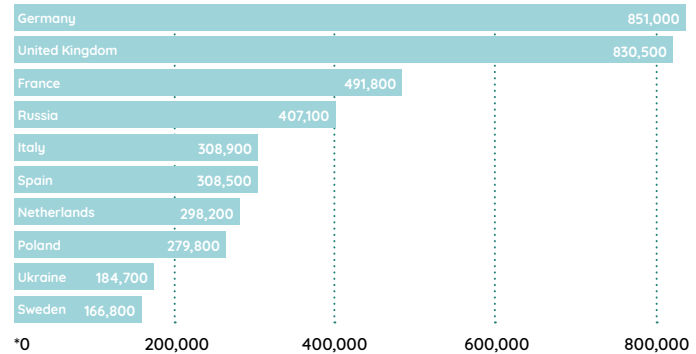


Eurostat: <https://2018.stateofeuropeantech.com/chapter/research-development/article/mobilising-europes-rd-talent-pool/>



**PLENTIFUL DEVELOPMENT TALENT**

# of professional developers by country: 2018



Stack overflow: <https://2018.stateofeuropeantech.com/chapter/europes-got-talent/article/people-power/>

**GERMANY AHEAD OF FRANCE**

Technical proficiency within a wealthy population has helped create a fintech ecosystem in Germany that is second only to the UK within Europe.



**GERMANY HAS SUPERSEDED FRANCE**

| Country                       | UK   | Germany | France |
|-------------------------------|------|---------|--------|
| Number of fintechs            | 867  | 205     | 124    |
| Fintechs per 1 million people | 12.9 | 2.5     | 1.8    |
| Fintech accelerators          | 17   | 9       | 4      |
| Fintech Unicorns              | 11   | 3       | 0      |
| Champion fintech firms        | 4    | 1       | 0      |



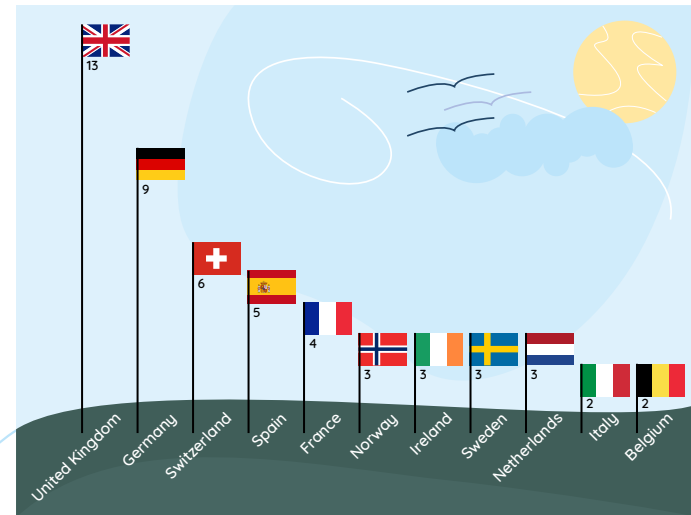
Source: findexable

And one that is evenly spread across the region. Among Western European countries, Germany and Switzerland have the second and third most cities in the findexable ranking of city-based fintech ecosystems.



**SWITZERLAND AND GERMANY HOST MULTIPLE HUBS**

Number of cities in findexable rankings



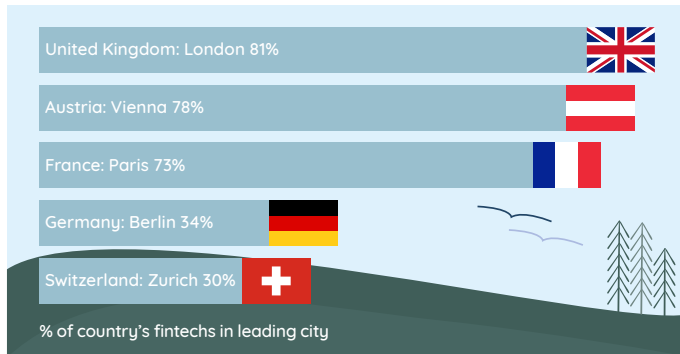
Source: findexable

Unlike Paris and London, Berlin and Zurich do not dominate their national fintech ecosystems, with fintechs spread evenly across a number of different cities.

This has allowed distinct fintech ecosystems to emerge in a number of different hubs, from the Crypto Valley of blockchain-based startups around the Swiss canton of Zug, to asset management fintechs in Frankfurt and BaaS API-based startups in Berlin.



**... AND DIVERSIFIED ECOSYSTEMS**  
City with the most fintechs



Source: findexable

**DIVERSITY IN PAYMENTS**

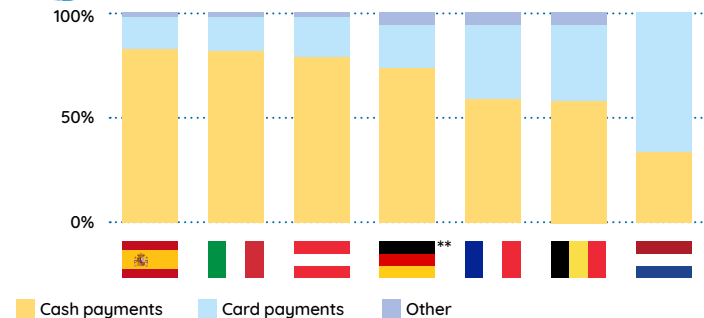
The DACH region is known for the stickiness of its cash transactions and the conservatism of its consumers, but these stereotypes are fast changing and mask a surprisingly diverse payments ecosystem.

Before the pandemic DACH consumers did use cash at the till more than their counterparts in other wealthy northern European states, although still not as much as residents of southern European states.



**CASH IS COMMON IN DACH, BUT NOT KING**

How Europeans paid at the till\* before the pandemic



\*Including person-to-person (P2P) payments.

\*\*2017; incl. small number of payments in online shopping

Deutsche Bank research: EU Monitor - Global financial markets, Deutsche Bank research. Payment choices in Europe in 2020, December 2021



When it comes to eCommerce, DACH consumers were more adventurous than their neighbours, even before 2020. As well as the card payments favoured in France, Spain and Italy, consumers in Germany, Switzerland and Austria use a number of e-payment solutions from digital wallets to open invoicing and Buy Now Pay Later (BNPL), which allows consumers to pay for goods only after they are delivered.

Since the pandemic, cash usage in DACH countries has declined rapidly, and digital payment options expanded even further. This, coupled with an increasing propensity among residents of DACH countries to seek investment opportunities, has set the stage for the emergence of a new generation of fintechs in the region.

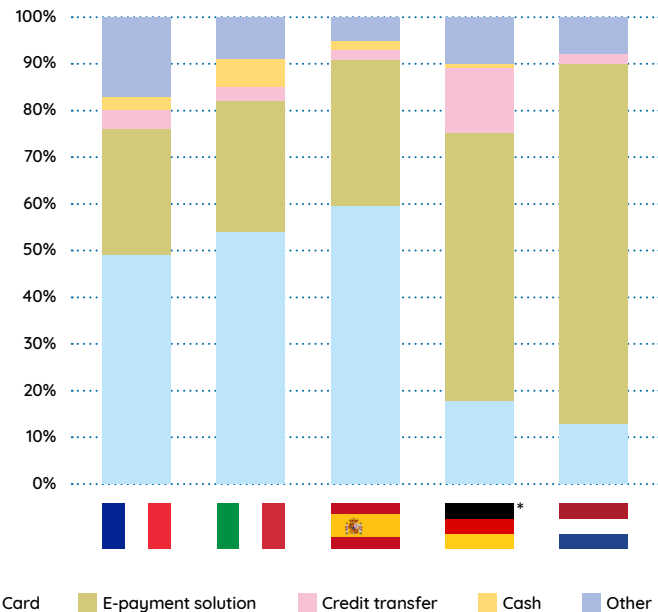
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**DACH nations, long seen as laggards of consumer financial technology, are increasingly emerging as pioneers.”**  
findexable 2022



**DACH OFFERS A VARIETY OF DIGITAL PAYMENT SOLUTIONS**

Share in total online payments, surveys 2019  
(Germany: 2017, Netherlands: Q1 2020)



\*Share in total online turnover; “credit transfers” include direct debits.

Deutsche Bank research: EU Monitor - Global financial markets, Deutsche Bank research. Payment choices in Europe in 2020, December 2021

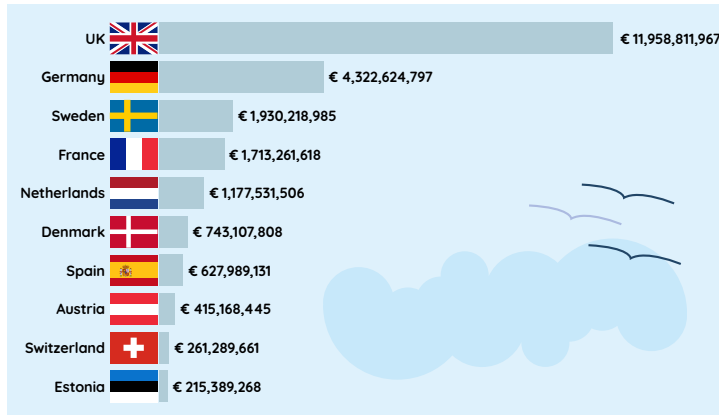
# Funding for DACH fintechs: on the rise

In Europe generally and the DACH countries in particular, fintech is on a charge, accounting for more funding into private companies than any other major sector in 2021.

German firms featured heavily among Europe's ten most funded fintechs last year. They represented three different subsectors - banking, investing and insurtech - in a sign of the growing diversity of the country's fintech ecosystem.



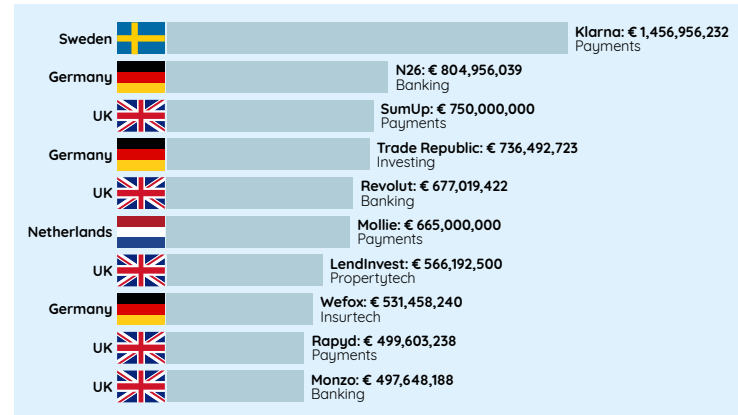
## DACH DOMINATES THE FUNDING PODIUM Top 10 countries for fintech investments in 2021



tech.eu: <https://tech.eu/2022/03/04/fintechs-fierce-year-for-funding-rolls-on-into-2022/>



## EUROPE'S MOST FUNDED FINTECHS IN 2021



tech.eu, findexable research: <https://tech.eu/2022/03/04/fintechs-fierce-year-for-funding-rolls-on-into-2022/>

Last year was not a one-off. Growth in funding for German fintechs has outpaced both global and Western European funding growth since 2017.



**GERMAN FUNDING TAKES OFF**

| Total funding (\$, bn) | 2017 | 2018 | 2019 | 2020 | 2021  | % change (2021 vs 2017) |
|------------------------|------|------|------|------|-------|-------------------------|
| <b>Germany</b>         | 0.5  | 0.8  | 2.3  | 1.0  | 4.3   | <b>741.18%</b>          |
| <b>Western Europe</b>  | 4.7  | 5.1  | 8.6  | 10.5 | 28.0  | <b>493.22%</b>          |
| <b>World</b>           | 26.4 | 47.8 | 44.0 | 42.8 | 117.0 | <b>343.18%</b>          |



Tracxn: Data provided directly from Tracxn

**LOCAL FLAVOUR**

Fintech in DACH is not only growing but responding to local needs and interests. As DACH consumers have thrown off their conservative reputation and begun to shift money from low interest bearing

deposit accounts into investments, a new crop of companies has emerged to serve their needs.

As well as conventional equity and bond trading platforms, a flurry of cryptocurrency trading platforms have

emerged led by the Austrian unicorn, Bitpanda. Over the last five years cryptocurrency fintechs accounted for 12% of total fintech funding in the DACH region, compared to just 7% in Europe overall.



**MOST FUNDED FINTECH SECTORS, 2017 - 2022: DACH VS EUROPE**



| Location | Fintech segment      | Total funding (\$, m) | Total funding in fintech (\$, m) | % of total funding in fintech |
|----------|----------------------|-----------------------|----------------------------------|-------------------------------|
| DACH     | Banking              | 3,190                 | 11,784                           | 27                            |
| DACH     | Investment & PFM     | 3,052                 | 11,784                           | 26                            |
| DACH     | Insurance            | 1,554                 | 11,784                           | 13                            |
| DACH     | Cryptocurrencies     | 1,369                 | 11,784                           | 12                            |
| Europe   | Banking              | 17,516                | 69,406                           | 25                            |
| Europe   | Alternative lending  | 13,070                | 69,406                           | 19                            |
| Europe   | Payments             | 13,002                | 69,406                           | 19                            |
| Europe   | Investment & PFM     | 9,262                 | 69,406                           | 13                            |
| Europe   | Embedded finance     | 8,615                 | 69,406                           | 12                            |
| Europe   | Finance & accounting | 5,761                 | 69,406                           | 8                             |
| Europe   | Embedded lending     | 5,355                 | 69,406                           | 8                             |
| Europe   | Cryptocurrencies     | 4,840                 | 69,406                           | 7                             |

Tracxn: Data provided directly from Tracxn

In 2022 so far the trend has been even more pronounced, with a quarter of all funding for DACH fintechs up to May 15 going to cryptocurrency startups, compared to 8% in Europe.



**MOST FUNDED FINTECH SECTORS 2022 YTD**

| Location | Fintech segment      | Total funding (\$, m) | Total funding in fintech (\$, m) | % of total funding in fintech |
|----------|----------------------|-----------------------|----------------------------------|-------------------------------|
| DACH     | Finance & accounting | 365                   | 1,073                            | 34                            |
| DACH     | Cryptocurrencies     | 270                   | 1,073                            | 25                            |
| DACH     | Payments             | 174                   | 1,073                            | 16                            |
| DACH     | Banking              | 149                   | 1,073                            | 14                            |
| Europe   | Investment & PFM     | 2,499                 | 11,293                           | 22                            |
| Europe   | Payments             | 2,382                 | 11,293                           | 21                            |
| Europe   | Banking              | 1,999                 | 11,293                           | 18                            |
| Europe   | Alternative lending  | 1,945                 | 11,293                           | 17                            |
| Europe   | Embedded finance     | 1,441                 | 11,293                           | 13                            |
| Europe   | Finance & accounting | 1,138                 | 11,293                           | 10                            |
| Europe   | Cryptocurrencies     | 878                   | 11,293                           | 8                             |

Tracxn: Data provided directly from Tracxn

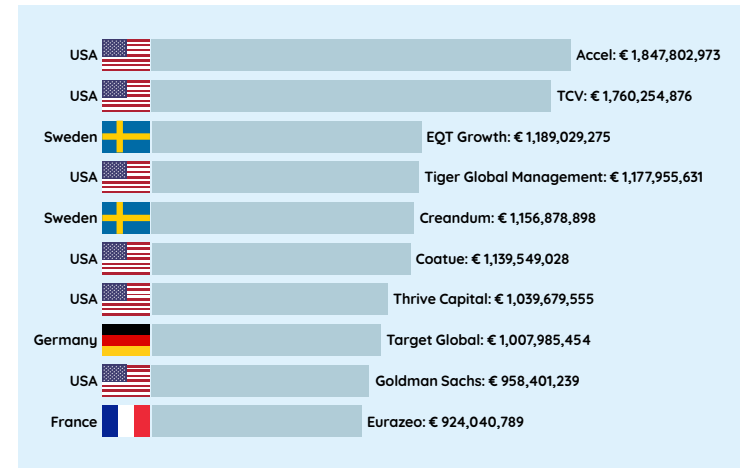
**DACH FUNDERS: STILL RELATIVELY LOCAL**

Look at the top investors in European fintechs and you see a who's who of global capital, with three US VCs among the top four investors into European fintech last year.



**EUROPE'S BIGGEST VC INVESTORS, 2021**

Biggest 2021 investment amounts by VC deal participation



tech.eu: <https://tech.eu/2022/03/04/fintechs-fierce-year-for-funding-rolls-on-into-2022/>

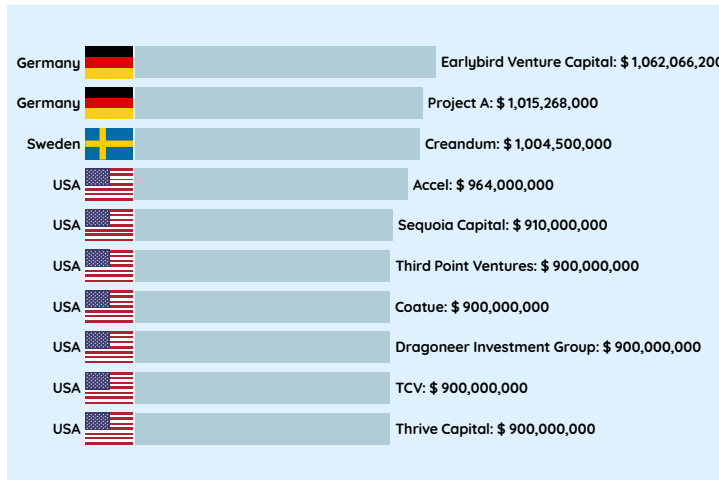
US VCs also feature heavily among the list of investors into DACH fintech last year, but there is only one US company in the top four. The two leading investors are both local German VCs, with the investment world retaining a local flavour.

For both DACH, and Europe as a whole, Asian investors are notably absent, despite investing heavily outside their home continent in recent years, for example in Latin America.



**DACH'S BIGGESTS FINTECH INVESTORS, 2021**

Total \$ amount raised in rounds participated in



Tracxn: Data provided directly from Tracxn



**Instead of focusing on one or two funders in a round, look for five, six or seven so you can spread the risk of one party getting off the train during your growth cycle.”**

Anton Langbroek,  
Mambu



# The Analysis



# All change... DACH's new fintech sectors

Germany, Austria and Switzerland are wealthy nations, but their residents have traditionally shunned assets. Rising salaries coupled with relatively steady rents and property prices bred confidence that housing and a high quality of life would always be in reach.

While UK residents looked to property investments or the stock market to grow their wealth, “Germans are used to taking their cash, putting it in a deposit account, and then not worrying about the deposit account,” says Anton Langbroek, the General Manager for DACH and CEE at Mambu. The DACH nations have the lowest rate of home ownership in Europe.

But this static idea of the German-speaking financial world is gradually being eroded. Since the financial crisis rising asset prices and low interest rates have encouraged residents of DACH

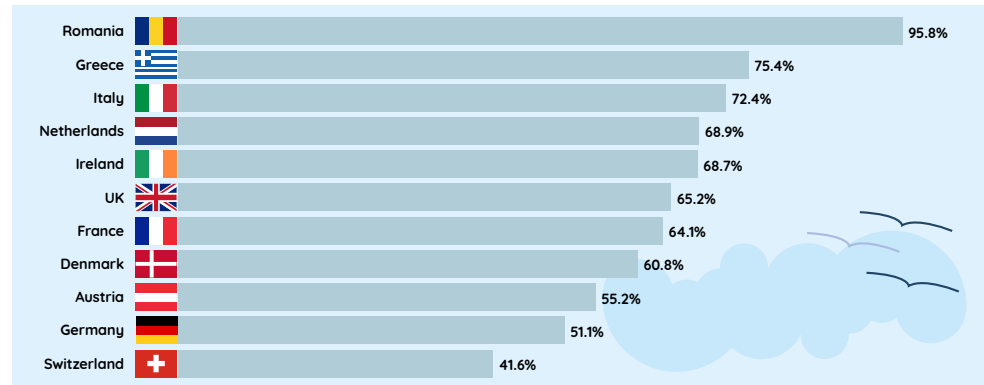
countries to seek financial returns, like their peers across Europe. The pandemic, meanwhile, accelerated a transition to digital financial services, including digital

payment methods. DACH nations, long seen as laggards of consumer financial technology, are increasingly emerging as pioneers.



## WHO NEEDS TO OWN A HOME

Home ownership rate in selected European countries in 2019



Statista: <https://www.statista.com/statistics/246355/home-ownership-rate-in-europe/>



**PAYMENTS REVOLUTION**

“Nur Bares ist Wahres”, or “Cash is king” is a popular German saying, and many small businesses in the DACH region, such as physical shops, restaurants and cafés, only accept this form of payment. But that only tells part of the story. In the rapidly expanding world of eCommerce, residents of DACH countries use a variety of digital methods.

The pandemic has accelerated this shift, first of all by moving more commerce online, and second by changing behaviour in physical stores too. Card usage has surged over the last two years, with contactless cards becoming particularly popular. Physical businesses are adapting to this change in consumer behaviour, installing card terminals, and beginning to offer purely digital forms of payments such as QR codes.

“Traditionally many German businesses did not offer any online payment methods. They didn’t think they were necessary and it kept costs down,” says Panagiotis Kriaris,

“

**With the pandemic we have transitioned to an online society, and most businesses now accept that it is essential to offer a variety of digital options.”**

Panagiotis Kriaris,  
 Unzer



Head of Business Development at German payments company, Unzer. “With the pandemic, however, we have transitioned to an online society, and most businesses now accept that it is essential to offer a variety of digital options.”

Unzer packages multiple payment mechanisms into a single interface, allowing businesses to provide flexibility to customers, without needing to integrate directly with multiple systems.

Much of this change is being driven by young consumers according to Michal Jerabek, the Chief Product Officer at Paymentology.

“Young customers are much more demanding,” he says. “They go into a restaurant and ask, why can’t we split a bill in a simple way?”

Paymentology has been engaged by banks and fintechs to enhance the features offered on mobile banking and payment applications in order to meet these growing customer expectations.

## WHERE TO FOUND

One reason for the emergence of Switzerland as a major fintech hub is the country's willingness to grant a fintech licence to startups, allowing them to experiment with products without meeting all the regulatory requirements of a mature bank.

Germany, by contrast, offers only one banking licence and certification can take up to two years, or even leave an applicant in limbo as the regulator sends more and more questions. Some founders complain of entire funding runways disappearing in the process of seeking regulatory approval.

"We actually see some people founding in Switzerland because you can get a fintech licence in three months, and then begin to offer services," says Anton Langbroek from Mambu.

Panagiotis Kriaris from Unzer, however, emphasises the importance of being

close to German customers, even if your headquarters are in another DACH country, or London. He also emphasises the need to cater your product, and sales methods, to the needs of different regions within Germany.

"Many people are surprised when entering the German market that you don't need just one office here, but several, because of the size of the country and the specifics of each region."

For companies that do choose to headquarter in Germany, the flip side of the rigours of the German regulatory machine, may be easier passage into other European markets.

"If you're able to have a regulated fintech in Germany, then you're going to make it anywhere, because the regulations in Germany are the toughest," says Langbroek.

## CRYPTO VALLEY

From India to east Asia and Latin America, a new generation of digital investing apps have allowed low income investors to buy tiny fractions of equities and stakes in actively managed funds. In the US, meanwhile, Robinhood unleashed popular interest in individual stocks during the pandemic.

“

**From a standing start German cryptocurrency ownership is catching up with the UK, the northern European leader.”**

findexable 2022

In Europe, however, and particularly in the traditional banking centres of DACH, investments have long been managed by professional investors on behalf of individuals who hand over their savings.

In the last five years, this feature of DACH economies has begun to change and a flurry of individual investing products have emerged. This has coincided with the growing appeal of cryptocurrencies as an asset class. The result: many DACH investors are leapfrogging their rich world counterparts, and making their first self managed investments directly into crypto assets rather than equities or bonds.

Vienna-based Bitpanda, one of DACH's most highly valued fintechs, began life as a cryptocurrency trading platform. It has since expanded to include equities and commodities, but remains true to its roots: the company recently launched a Visa card, which allows account owners to directly spend their crypto assets by converting them to fiat currency.

Berlin-based Trade Republic, is a more



conventional investing app in that equities are its bread and butter product. But even then it offers the opportunity to invest in more than 50 digital coins, as well as fractional shares.

The Swiss canton of Zug has earned the nickname Crypto Valley for the number of blockchain-based fintechs which have been founded in the area. Zug climbed 14 places in the findexable city rankings over the past year as its reputation grew.

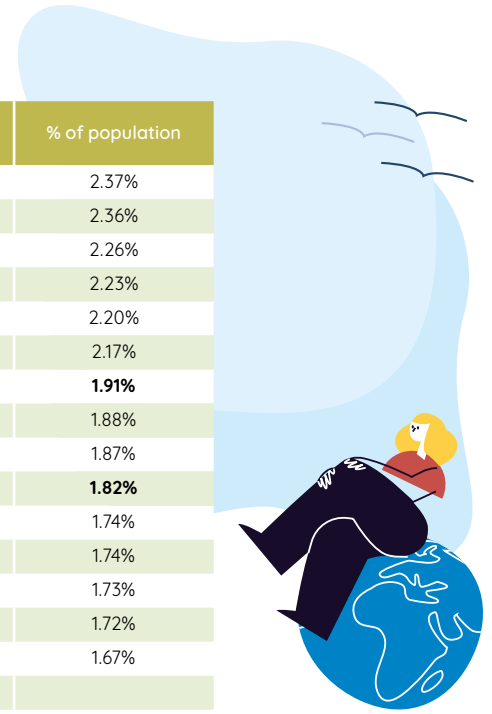
From a standing start German cryptocurrency ownership is catching up with the UK, the northern European leader.

DACH residents are not only embracing cryptocurrencies as an investment vehicle, but also the underlying blockchain technology. Berlin-based Timeless, for example, is seeking to democratise access to investing in the art market, by parcelling up ownership of valuable works. The idea is to allow individuals to invest as little as €50 in a collectible luxury item and have their ownership share encoded in the blockchain.



CRYPTO OWNERSHIP BY COUNTRY

| Country        | Number of crypto owners | % of population | Country            | Number of crypto owners | % of population |
|----------------|-------------------------|-----------------|--------------------|-------------------------|-----------------|
| Ukraine        | 5,565,881               | 12.73%          | Portugal           | 241,389                 | 2.37%           |
| Russia         | 17,379,175              | 11.91%          | Belgium            | 272,990                 | 2.36%           |
| United Kingdom | 3,360,591               | 4.95%           | Sweden             | 228,309                 | 2.26%           |
| France         | 2,179,654               | 3.34%           | Czech Republic     | 238,285                 | 2.23%           |
| Latvia         | 62,091                  | 3.29%           | Romania            | 423,496                 | 2.20%           |
| Netherlands    | 521,404                 | 3.04%           | Italy              | 1,309,499               | 2.17%           |
| Turkey         | 2,476,418               | 2.94%           | Austria            | <b>171,578</b>          | <b>1.91%</b>    |
| Georgia        | 115,241                 | 2.89%           | Finland            | 104,241                 | 1.88%           |
| Germany        | <b>2,191,986</b>        | <b>2.62%</b>    | Greece             | 194,860                 | 1.87%           |
| Lithuania      | 70,254                  | 2.58%           | Switzerland        | <b>157,695</b>          | <b>1.82%</b>    |
| Slovakia       | 140,249                 | 2.57%           | Bulgaria           | 120,842                 | 1.74%           |
| Spain          | 1,173,340               | 2.51%           | Republic of Serbia | 151,954                 | 1.74%           |
| Poland         | 945,298                 | 2.50%           | Norway             | 93,640                  | 1.73%           |
| Mexico         | 3,189,799               | 2.47%           | Ireland            | 84,704                  | 1.72%           |
| Slovenia       | 50,940                  | 2.45%           | Cyprus             | 20,139                  | 1.67%           |
| Estonia        | 32,032                  | 2.41%           |                    |                         |                 |



Triple-a: <https://triple-a.io/crypto-ownership/>

# Preparing for constant change

**R**ising interest rates, persistent inflation, geopolitical instability and steep falls in the share prices of listed tech companies - the start of 2022 has produced a potent combination of uncertainty for early stage startups and their founders. How should fintechs in DACH look to stay the course through this matrix of changes in the business environment?

## GROWTH ISN'T (THE ONLY) KING

For years the fintech playbook has been clear. Come up with a great idea, raise money and spend it as fast as you can to acquire more customers. As long as your user base keeps growing, investors will look past losses on the assumption that you can monetise once you have reached a size that makes it hard for customers to leave your product.



This model is well and good in buoyant markets and growing economies, but what do you do when these things are no longer guaranteed? One strategy is to monetise existing customers, rather than focusing solely on growth. This lengthens your funding runway both by reducing spending on customer acquisition and growing revenue.

“I have been encouraging clients to see this as an opportunity,” says Anton Langbroek from Mambu, “to really listen to what your existing customers want and build out products that serve them better.”

In the fintech world these can be high margin, complimentary products, such as investing or crypto options for banking products, or features that delight customers, such as the ability to split bills or send money over the phone for payments companies. In either scenario, the next few years could be characterised by stabilisation and organic growth.

**FOCUS ON CORE MARKETS**

Rachel Hunt, the VP of strategy and growth marketing at payments technology company, Volante, emphasises the need to expand into new markets gradually, and concentrate on local needs.

“A lot of the best fintech innovation has been focused on customer experience, but if you’re focused on design thinking, you also have to understand cultural preferences.”

Entering Germany, she says, is not the same as entering Austria, and you need to understand the specificities of each national market, or in the case of Germany, different regional ecosystems.

“You have to understand the payments environment in each location, for example, as well as the existing banking landscape, and how people and businesses transact, before you launch a new service.”

This is a particular challenge in Europe given the number of linguistic, regulatory and even currency differences.

“In the US you have a large market, with

more or less the same language and regulation and that makes it easier to scale. In Europe you have to create momentum in one country, and then look at the next one as you grow,” Hunt says.

**CHOOSE YOUR CUSTOMERS**

Constrained funding requires shorter sales cycles, because revenue needs to start flowing sooner. For Panagiotis Kriaris at Unzer this might mean selling more services to other fintechs, who are able to make rapid decisions on whether to engage or not.

“The engagement decision lifecycle for a bank might be six to 12 months, or even longer, but that can be life or death for a fintech,” he notes.

At Unzer, any potential new client engagement comes with a clear timeframe on how long a decision can take, that is communicated from the start. Internally the business is also considering the resources it is investing in a pitch, and any co-development operations, to understand

how exposed it will be if the client does not sign up.

“These things that are not always discussed upfront but they make a difference between a win-win setup where both the fintech and client benefit, and a win-lose setup where only one side gains, and which will eventually fail.”



**“**  
**A lot of the best fintech innovation has been focused on customer experience, but if you’re focused on design thinking, you also have to understand cultural preferences.”**  
 Rachel Hunt,  
 Volante

## THE END OF EASY MONEY?

The last decade has been characterised by low interest rates and seemingly endless financial liquidity. Companies that have already gained traction, it's resulted in the availability of huge funds to finance further expansion: there were 63 different €100m+ funding rounds for European fintechs last year.

But with interest rates creeping up there's now an opportunity cost for investment again. Inflation and geopolitical instability are also dampening enthusiasm.

"Because of the uncertainty caused by the macro environment, we are seeing more scrutiny of business models in general and particularly of companies and segments that were previously judged on growth metrics alone," says Panagiotis Kriaris at Unzer. "Investors are still interested in new ideas, but they are also asking: OK, but is this solid enough?"

Mambu, the cloud banking platform, raised more \$235m last year to fund expansion. But Anton Langbroek, the company's General Manager for the DACH & CEE region, is cautioning fintech clients against assuming funds will always be available to drive growth.

Instead he anticipates early stage-funders will be more likely to exit companies and take profits going forward. His advice for companies, especially established ones for whom fundraising has seemed easy in recent years, is to widen the network of possible investors.

"Instead of focusing on one or two funders in a round, look for five, six or seven so you can spread the risk of one party getting off the train during your growth cycle," he says.

## DON'T COMPROMISE THE PRODUCT

As fintechs begin to chase revenue, tensions between sales teams and product teams are likely to surface.

In a bid to sign clients, salespeople will be inclined to promise a product perfectly tailored to a paying customer's needs. However, product managers want to avoid any customisation in their codebase, which can make it harder to scale the product and serve more clients with a repeatable product.

Michal Jerabek, the Chief Product Officer at Paymentology says it is particularly important to be open about this tension both internally, when constructing a sales pitch, and with clients and end users, to head off disagreements.

"If you explain it to all parties, everybody understands this tension," he says. "The customer will understand that they don't own the product and that it needs to work for everybody."

# Partners make perfect

The promise of a fintech future is one of endless specialisation, with innovative companies springing up to solve highly specific problems from bill payment to money transfers and invoicing. This specialisation, however, cannot work in isolation, as customers are reluctant to download and use a different application for each specific task.

As a result, end users still access many fintech products through existing distribution channels, for example banks that have already aggregated customers, or platform companies, such as the super apps that have become popular across the developing world. Partnerships, in other words, are key.

In an era of growing uncertainty, this model, which has at times been frustrating to fintechs, because it leaves traditional financial institutions as gatekeepers to customers, may become a strength.

Indeed the fintechs that thrive in the next few years, may not be those with the best ideas alone, but those that best leverage alliances to deliver their products to end users.

“

**Every single retail bank in the region, big and small, has some sort of infrastructure headache, and they are looking to fintechs to help solve them.”**

David Oppenheim,  
 Paymentology

## THROUGH BANKS TO CUSTOMERS

From Deutsche Bank to Allianz, UBS and Zurich Insurance Group, the DACH region is home to some of the largest global financial institutions in the world. However these are companies that are struggling to transition away from legacy software and provide API-first solutions that can be launched quickly and easily adapted and changed.

“Every single retail bank in the region, big and small, has some sort of infrastructure headache, and they are looking to fintechs to help solve them,” says David Oppenheim, the Global Head of Ecosystem Partnerships at Paymentology.

It is through established banks, and their upstart digital competitors, that Paymentology’s technical innovation - the ability to issue payment cards within weeks - reaches customers. The cards are white labelled so each client can stamp their brand on them.



That means Paymentology is often hidden from users but provides an invaluable and revenue generating service.

Partnerships are also crucial in the distribution of non-banking fintech products. Unzer, for example, allows businesses to maximise sales by offering their customers multiple ways to pay. The company has acquired several individual fintechs in recent years, each of which offered an innovative payments solution as a standalone product. The key was to package them together.

“If you take a small merchant, or even a medium-sized merchant, they don’t have the time and resources to go away and understand who is doing what best in the various elements of the payments space, so they look to a company like us to provide a comprehensive solution end-to-end,” says Panagiotis Kriaris, Unzer’s Head of Business Development.

Look at the most funded fintechs in the DACH region, and you see ample evidence of

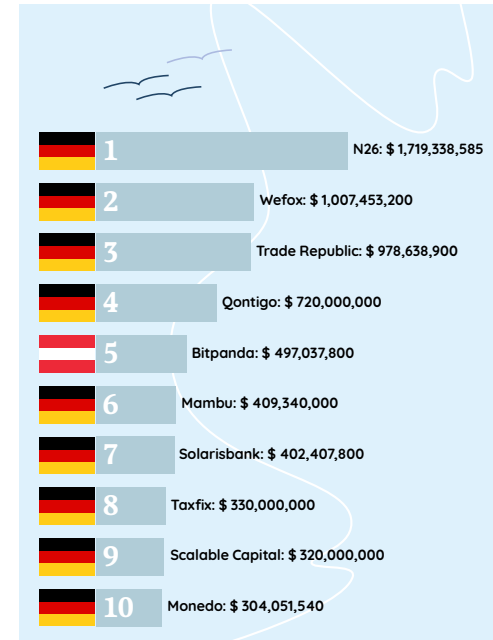
such partnerships, where fintechs thrive by distributing services through other platforms.

There are several consumer-facing product companies that have been set up to solve specific user problems such as Taxfix for accountancy software and wefox, which offers insurance through digital distribution channels. But there are also infrastructure companies such as Solaris, which help banks shift to cloud and API-based platforms that enable them to integrate fintech products. Mambu, a leading cloud banking platform, has 77 million end users, over 230 banks and financial institutions as customers, and hundreds of partners to support customers to innovate faster and rapidly provide value.

“One of the things that’s really apparent in Europe compared to North America, is the fact that a lot of the fintech development is based on partnerships, which have emerged from the standardisation of APIs,” says Rachel Hunt, VP, strategy and growth at Volante.



**DACH’S MOST FUNDED FINTECHS**  
Funding Raised (\$)



Tracxn: Mambu data from Crunchbase with € converted to \$ at current rate. Other 9 provided by Tracxn.

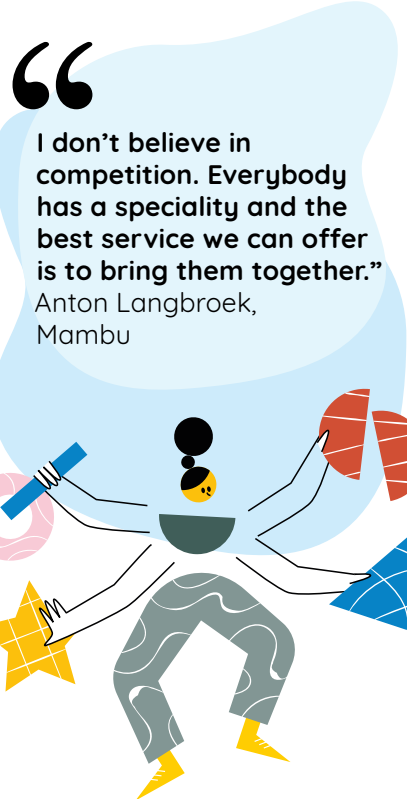
**COLLABORATION OVER COMPETITION**

Partnerships can go much deeper than distribution. Companies with complimentary services increasingly forge informal alliances that allow them to offer a more complete service to clients.

Take Mambu, for example. Its open APIs allow Paymentology and other fintechs to send and receive information from many different banks and other financial institutions in a standardised format, rather than integrating with each customer independently.

But rather than simply connecting banks and fintechs, it actively curates and promotes the fintech ecosystem it works with, so that banking customers can access a wide range of best-of-breed services. The more innovative products that are served up through the Mambu platform, the more banks are tempted to engage with its ecosystem.

“My philosophy is that I don’t believe in competition,” says Anton Langbroek, Gen-



eral Manager of DACH and CEE at Mambu. “Everybody has a speciality and the best service we can offer is to bring them together.”

As companies gain experience working together it becomes easier to serve new customers because fintech developers gain familiarity with the APIs of a specific platform. Companies can also point to past successful joint implementations. In the most successful cases, partners act as sales conduits for each other. Mambu, for example, might recommend a fintech such as Paymentology or Volante, to a customer seeking to solve a specific problem.

“It’s very important to curate your partnerships,” says Hunt from Volante. “To work with organisations that have a similar technology and processes, but also a similar collaborative culture.”

In this world of partnerships, fintechs don’t have to be household names to be changing the way businesses and consumers behave.

# About findexable



# Our Global Partnership Network

UK  
FinTech Scotland  
Open Future World  
Tech Nation  
Global Growth Hub  
Transparency Task Force  
TalentintheCloud  
FDATA - Financial Data and Technology Association  
Innovate Finance  
Fintech B2B Marketing  
DIT  
London & Partners  
IRELAND  
The SMEChain

CANADA  
Fintech Cadence  
National Crowdfunding & Fintech Association (NCFCA Canada)  
US  
QC - Queen City Fintech  
Crunchbase  
FAFW - Financial Alliance for Women  
Fintech4Good  
Government Blockchain Association  
SEMrush

COLOMBIA  
Bogota Chamber of Commerce  
Colombia Fintech  
GUATEMALA  
Fintech Guatemala  
MEXICO  
FinTech IberoAmérica  
We Fintech (Mujeres en Fintech)  
PERU  
FinTech Peru - Asociación Fintech del Perú  
CHILE  
FinteChile  
Uruguay  
Uruguay Fintech

PORTUGAL  
AFIP - Portuguese FinTech and InsurTech Association  
Portugal Fintech  
ITALY  
AssoFintech (Milano)  
Fintech District  
BULGARIA  
Bulgarian Fintech Association  
NETHERLANDS  
EWPN - European Women Payments Network  
GERMANY  
FinTech Hamburg  
TechQuartier  
WAIFC - World Alliance of International Finance Centres  
TURKEY  
FinTech Istanbul  
SWITZERLAND  
Swiss Finance + Technology Association (SFTA)  
StartupBlink  
UKRAINE  
Ukrainian Association of FinTech and Innovative Companies (UAFIC)

SWEDEN  
Findec  
NORWAY  
Fintech Mundi  
NCE Finance Innovation  
FINLAND  
Helsinki Fintech Farm  
ICELAND  
The Fintech Cluster

UGANDA  
Africa FinTech Network  
FITSPA (Financial Technology Service Providers Association of Uganda)  
KENYA  
African Women in FinTech & Payments  
Association of Fintechs in Kenya  
SOUTH AFRICA  
Cenfri (The Centre for Financial Regulation and Inclusion)  
EGYPT  
Egyptian Fintech Association  
NIGERIA  
Fintech Association of Nigeria  
GHANA  
Ghana Chamber of Technology  
MAURITIUS  
Mauritius Africa FinTech Hub

BAHRAIN  
Bahrain FinTech Bay  
SAUDI ARABIA  
Fintech Saudi  
ISRAEL  
FinTech-Aviv - The Israeli FinTech Association  
UAE  
MENA Fintech Association (MFTA)

THAILAND  
Thai Fintech Association  
JAPAN  
Tokyo FinTech  
INDIA  
Digital Lenders Association of India (DLAI)  
IAMAI - Internet and Mobile Association of India  
IBA - India Blockchain Alliance & Global Women in Blockchain (GWB)  
Mumbai Fintech Hub  
Tracxn  
CHINA  
FinStep Asia  
MALAYSIA  
Malaysia FinTech  
NEW ZEALAND  
BlockchainNZ  
FinTechNZ  
AUSTRALIA  
FinTech Australia

# About the Global Partnership Network

**OUR GLOBAL PARTNERSHIP NETWORK CONNECTS FINTECH ASSOCIATIONS, FINTECH FIRMS AND ECOSYSTEMS FROM ACROSS THE WORLD.**

## THE PURPOSE OF THE NETWORK

Our growing global network includes more than 60 members from every corner of the world - proof of the need for connectivity between markets and a platform to highlight and promote fintech innovation around the world.

The Global Partnership Network helps us ensure the Global Fintech Index stays up-to-date, and that we're in touch with industry trends to provide an accurate picture of how fintech is evolving.

## THE GLOBAL PARTNERSHIP NETWORK:

- Connects with fintech associations, and stakeholders across the globe
- Engages with fintech ecosystems as a bridge between the Index and fintech firms
- Advocates for open fintech innovation and connectivity between regions

## WHO ARE OUR MEMBERS?

Spanning more than 70 organisations around the world the Network incorporates a wide range of communities and associations that share the same goal - connectivity, support and visibility for the ecosystem. They include:

- National and international fintech associations
- Ecosystem enablers and member organisations
- Technology Partners that enable our rankings and indexation technology
- Data partners that support the accuracy of our fintech index

## HOW DO WE ENGAGE WITH PARTNERS?

- Help partners ensure their fintech ecosystem is accurately reflected on the Index
- Provide cross-promotional support for industry events and initiatives

- Collaborate on industry and regional research initiatives. Recent examples include:

- Africa Fintech Radar with Africa Fintech Network and Cenfri
- Presentations to Fintech Colombia and Bogota Chamber of Commerce
- Ecosystem webinar series with WAIFC

To find out more To find out more email us at [info@findexable.com](mailto:info@findexable.com)

# A global movement. A global database of fintech innovation.

Findexable's Global Fintech Index is the global database of fintech innovation.

As a company, findexable maps, tracks, and benchmarks the world's private market fintech firms. And as passionate advocates for fintech - and its potential to accelerate digitalisation - we're on a mission to enable the success of private market fintech firms, no matter their location:

- So investors can find them
- Institutions can buy from them
- And fintech firms can benchmark themselves against peers

In a world beyond the pandemic, the power of fintech to connect communities, keep businesses running, and provide the infrastructure to enable a new generation of digital and tech-powered startup firms means fintech ecosystems are becoming systemically important.

Private market fintech is the engine of

the digital economy. But despite its global nature, information on fintech firms is patchy. And comparing them is challenging - making investing in, or buying from them difficult. That's where we come in.

## WHAT DO WE DO?



### Help you define your market

Through our global fintech database we provide market mapping, market research and analytics tools. We help institutions and investors visualise fintech markets and identify opportunities - and help fintechs understand the competitive landscape and how to position themselves to a global audience of customers and investors.



### Benchmark fintech companies & markets

Help institutions, investors and fintechs compare fintech innovation - in

country, between regions and competitors. Our Fintech Diversity Radar - launching in October is also redefining benchmarks by scoring fintech innovation based on the diversity and make-up of fintech teams.



### Promote innovation. Identify opportunity

We help clients use our platform and our data to identify opportunities and get in front of our global audience and knock down the geographic and emotional barriers to fintech success.

[www.findexable.com](http://www.findexable.com)

See what we're building. Check out the Global Fintech Index and put yourself on the map!



## FINDEXABLE

Findexable produces the world's first real-time fintech index providing insight on fintech activity globally through real-time data gathering and proprietary algorithms to track, rank and benchmark fintech companies in 250+ cities across 80 countries. <https://findexable.com>

To find out more about our research and what we do. Contact us.

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