



FINTECH
CONSULT



FinTech in Germany

RESEARCH REPORT
2023

Executive Summary

1. FinTech in Germany is **decentralized**. Several hubs (Berlin, Frankfurt, Hamburg, Munich, Cologne) exist, each with a decent share of the total number of FinTechs. Among the top ones, Frankfurt is home to many **B2B** FinTechs, while Berlin is rather **B2C**, due to its e-commerce roots.
2. Many FinTechs are now in the **scale-up** phase and are gradually becoming profitable while also succumbing to pressure from their investors. Funding has almost dried up since the last quarter of 2022, following the global trend. From €6 bn in 2021, it fell to €3.8 bn in 2022, and we expect only €1 to 1.5 bn this year.
3. Frankfurt and Berlin are the two official FinTech hubs assigned by the German government as part of its digital hub strategy (**de:hub**). Cologne and Munich are the two official InsurTech hubs.
4. Overall, Berlin dominates FinTech in Germany with 30% of the active FinTechs (308/1038), 66% of funding volumes (€2.5/3.8 bn in 2022) and 74% of ecosystem valuation (€39/53 bn).
5. Berlin attracts many developers and excels in **Digital Banking** and **Blockchain/Crypto**. Major topics in Frankfurt are **Open Banking** and **RegTech**, driven by rich process & infrastructure expertise locally as well as the presence of several German and EU regulatory authorities.
6. Major trends are **AI in Finance**, in particular **Generative AI**, **Digital Assets**, and **Green/Sustainable FinTech**.
7. The boom in **retail brokerage** during the pandemic has slowed down considerably, but the second trend of **cashless payments** is still on the rise.

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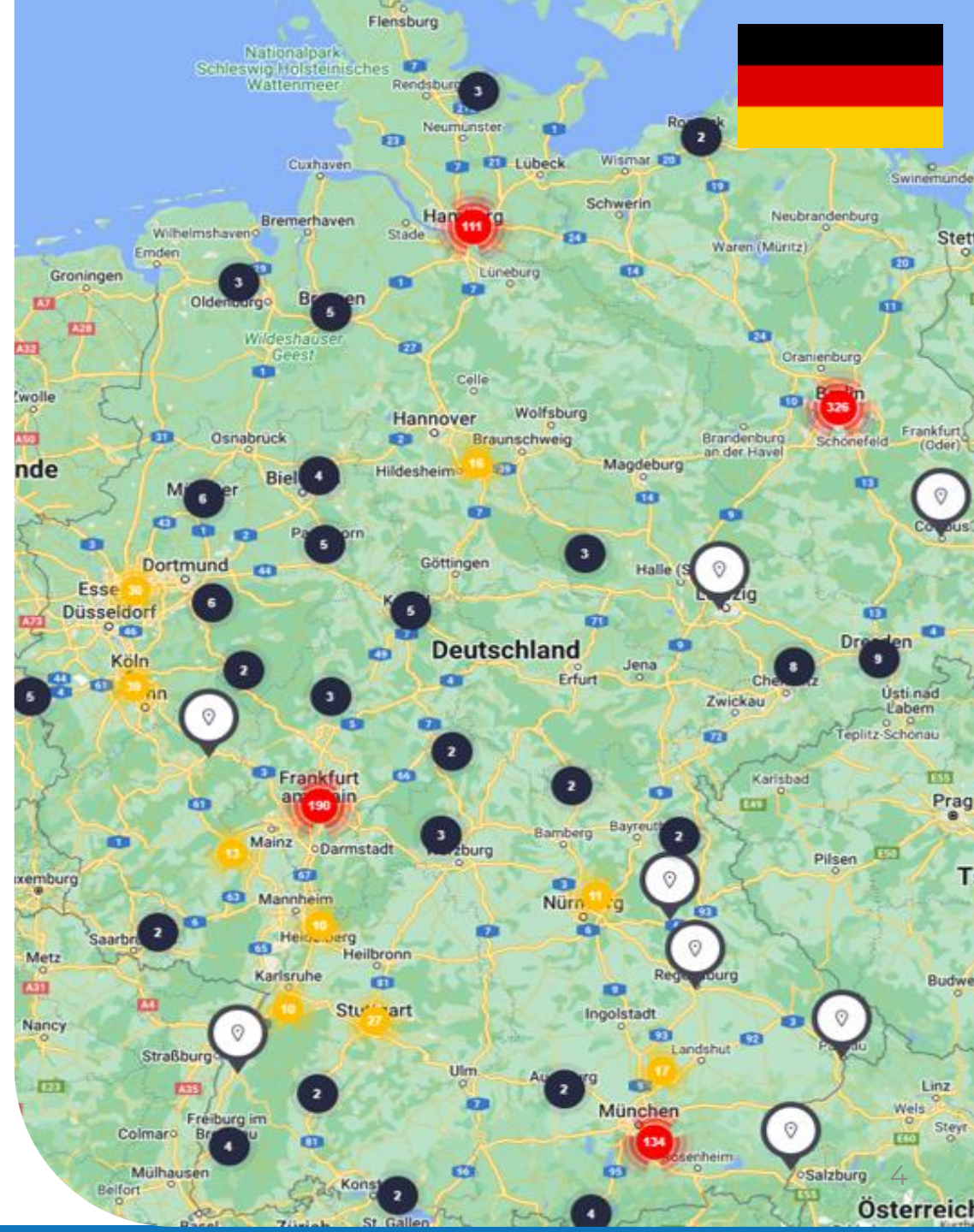
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1 German Fintech Map

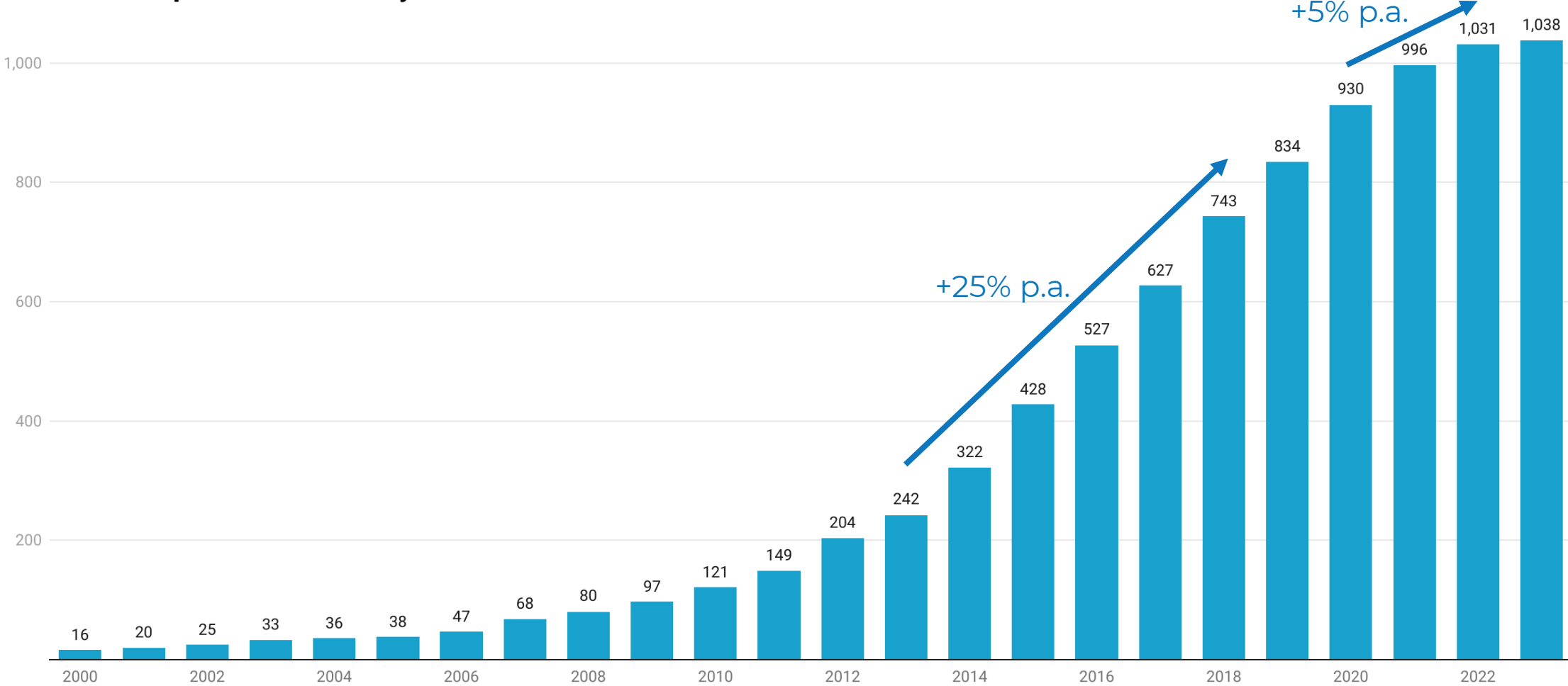
Our database comprises 1,148 German FinTechs, whereof 110 are closed. The remaining 1,038 FinTechs are shown on our map.

Most of them are located in the major FinTech hubs, namely, Berlin, Frankfurt am Main, Munich, Hamburg, and Cologne.



Growth (1/4)

FinTech Companies in Germany



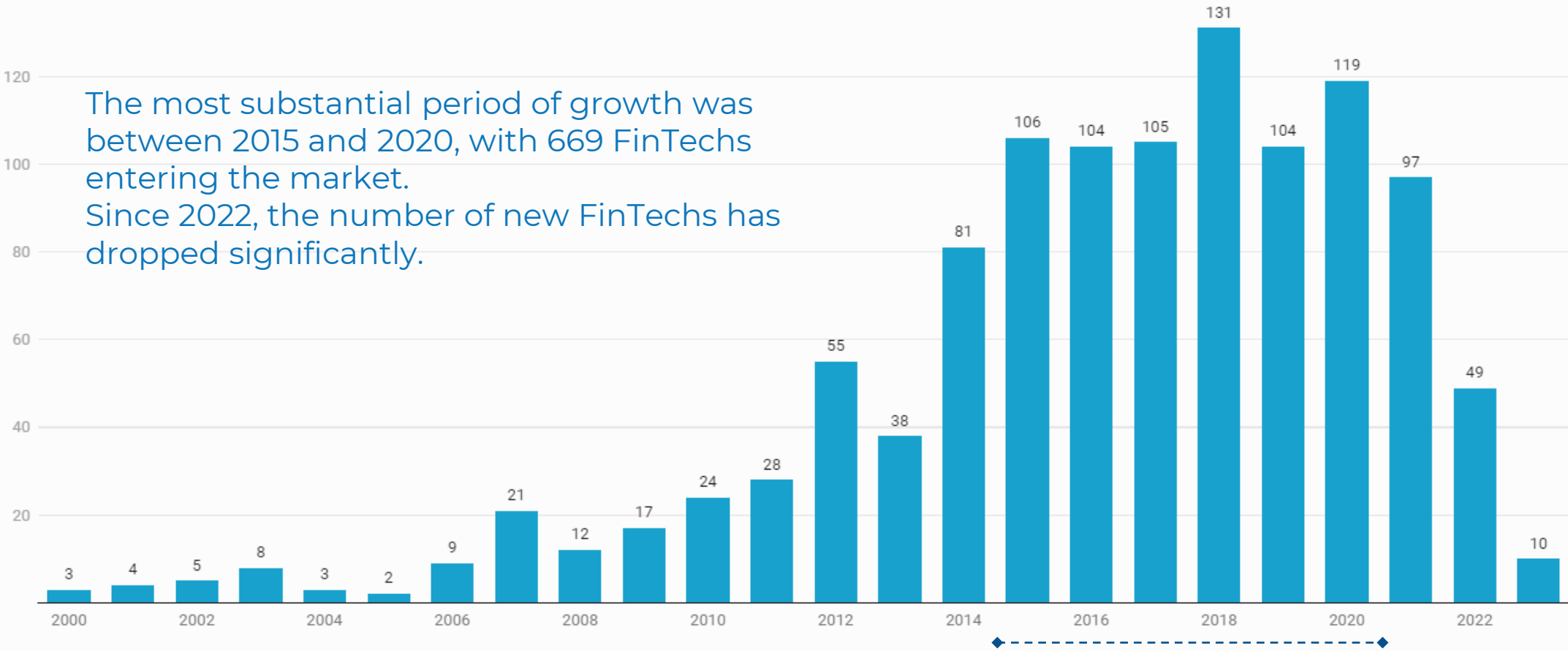
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Chart: Data as of 08 October 2023. • Created with Datawrapper



Growth (2/4)

FinTech Companies in Germany

Existing **New** Closed Acquired



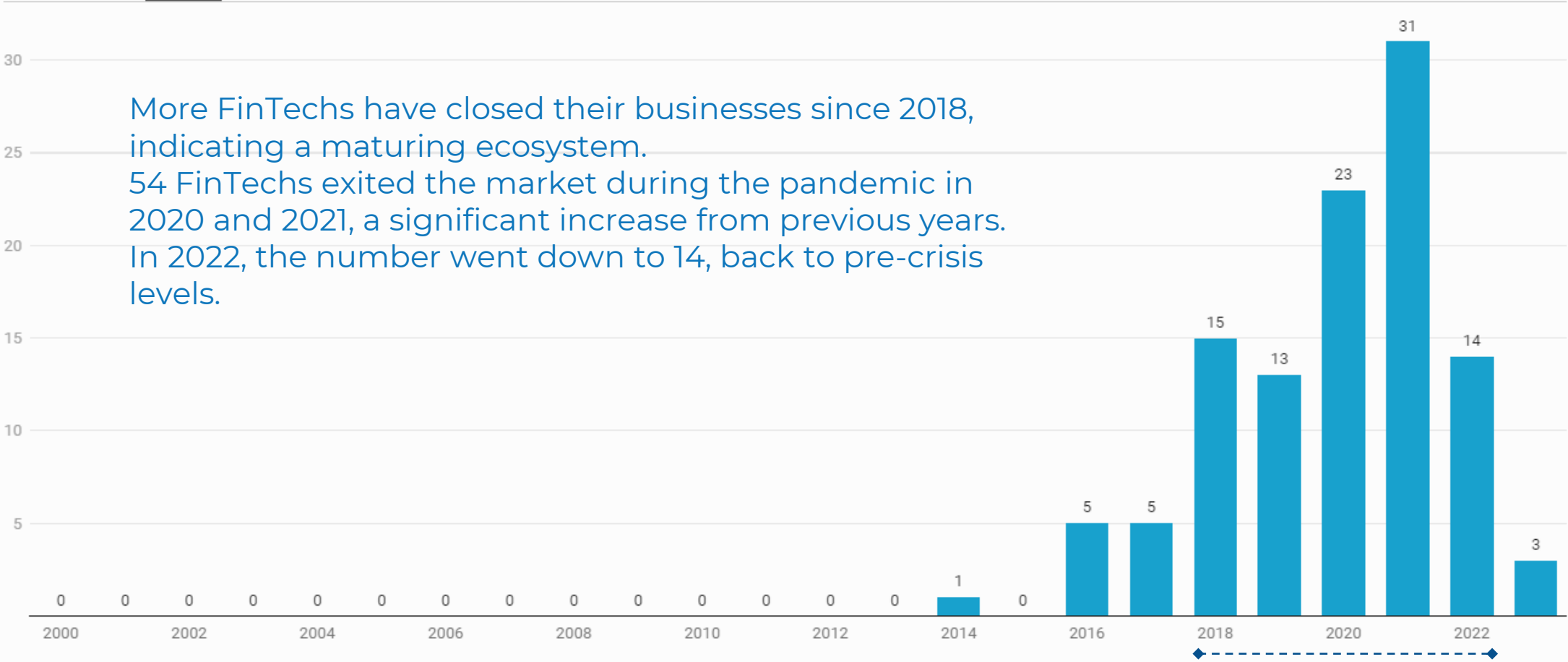
The most substantial period of growth was between 2015 and 2020, with 669 FinTechs entering the market. Since 2022, the number of new FinTechs has dropped significantly.

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Growth (3/4)

FinTech Companies in Germany

Existing New **Closed** Acquired

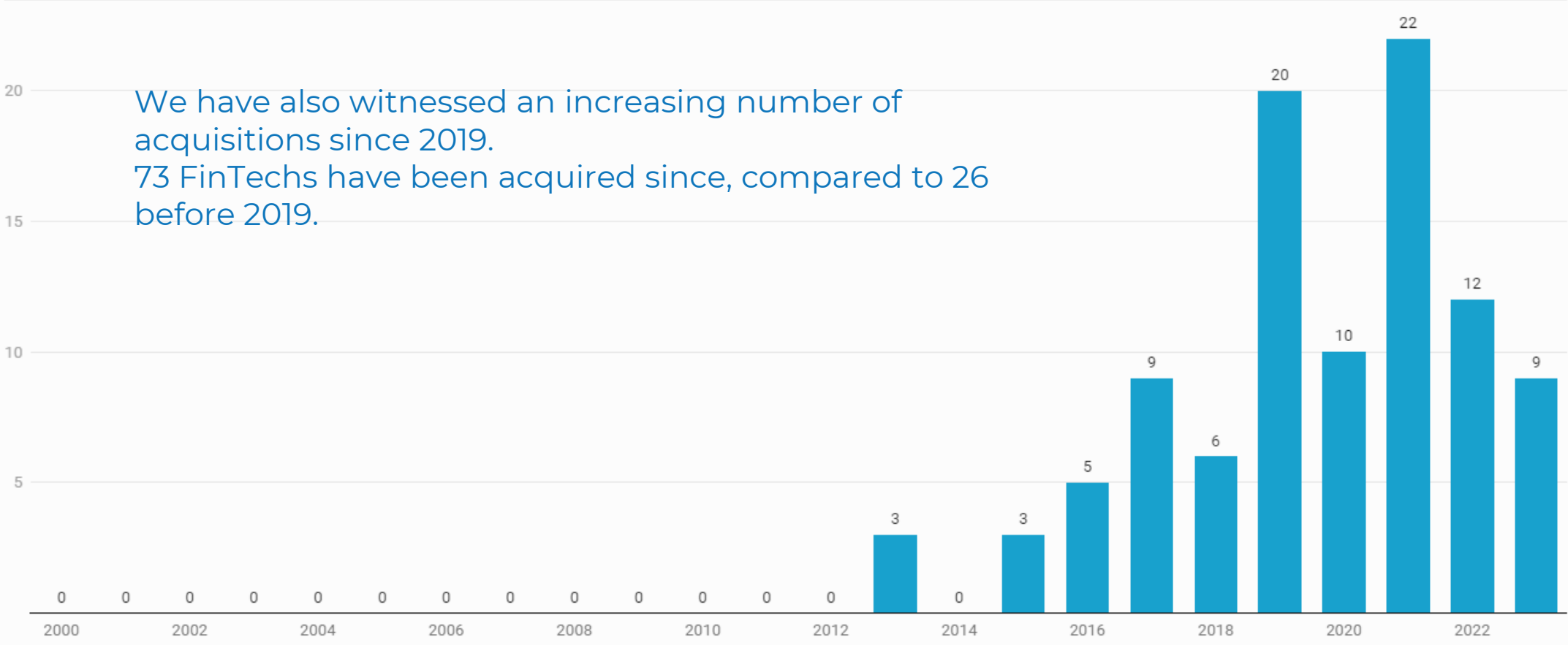


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Growth (4/4)

FinTech Companies in Germany

Existing New Closed Acquired

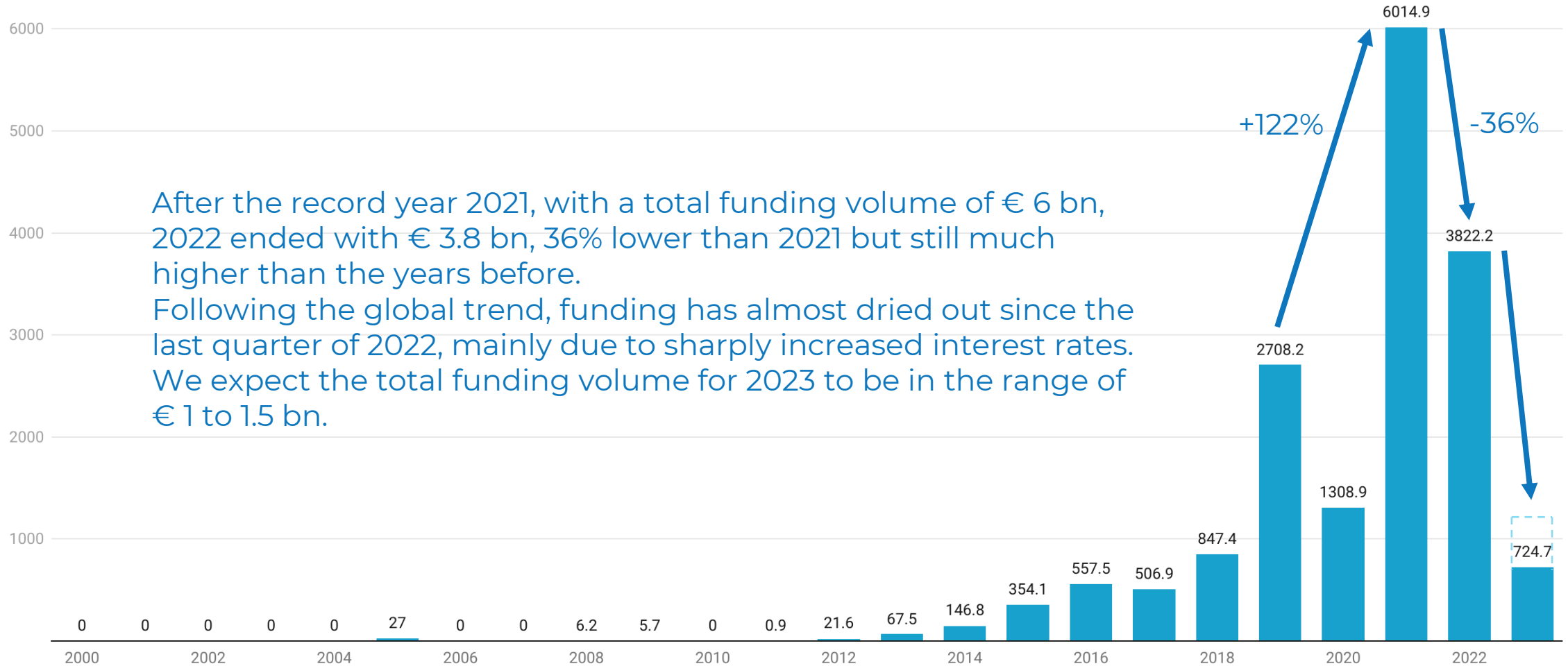


We have also witnessed an increasing number of acquisitions since 2019. 73 FinTechs have been acquired since, compared to 26 before 2019.

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Funding Rounds (1/3)

Funding Rounds of German FinTech Companies



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Chart: Data as of 08 October 2023. • Source: Bundesanzeiger • Created with Datawrapper



Funding Rounds (2/3)

Funding Rounds of German FinTech Companies



In 2022, 99 FinTechs had funding rounds, back to the levels of 2018-2020 and significantly lower than in the record year 2021 with 141 funding rounds.

In 2023, we have seen 49 rounds so far. We expect 60-80 FinTechs with funding rounds at the year-end.

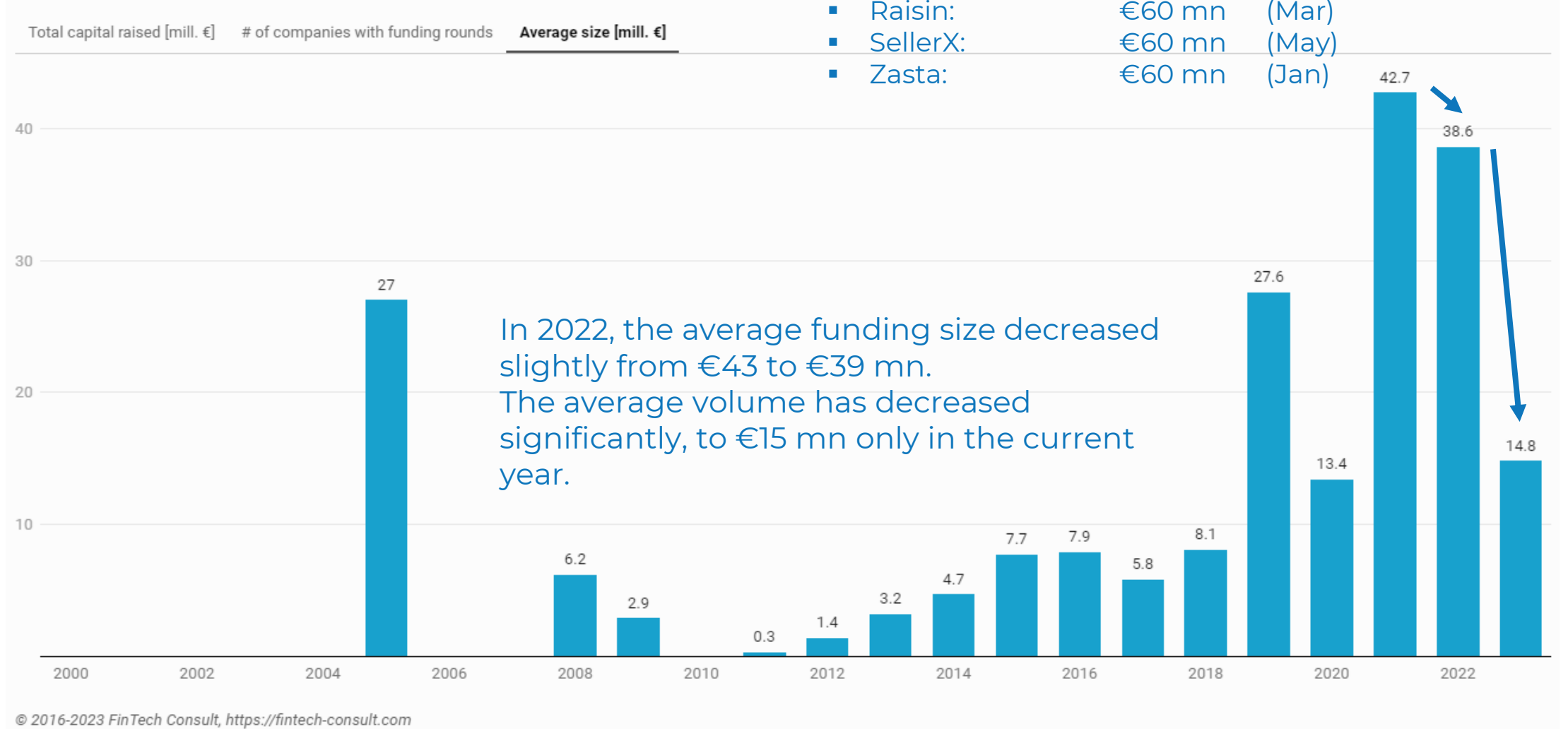
Top funding rounds in 2022:

- sumup: €590 mn (Jun)
- Grover: €570 mn (Apr, Sep)
- Wefox: €400 mn (Jul)
- Heimkapital: €300 mn (Jan, Sep)
- Finn: €290 mn (Mar, May)
- Trade Republic: €250 mn (Jun)
- Taxfix: €208 mn (Apr)
- Vivid Money: €100 mn (Feb)

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Funding Rounds (3/3)

Funding Rounds of German FinTech Companies

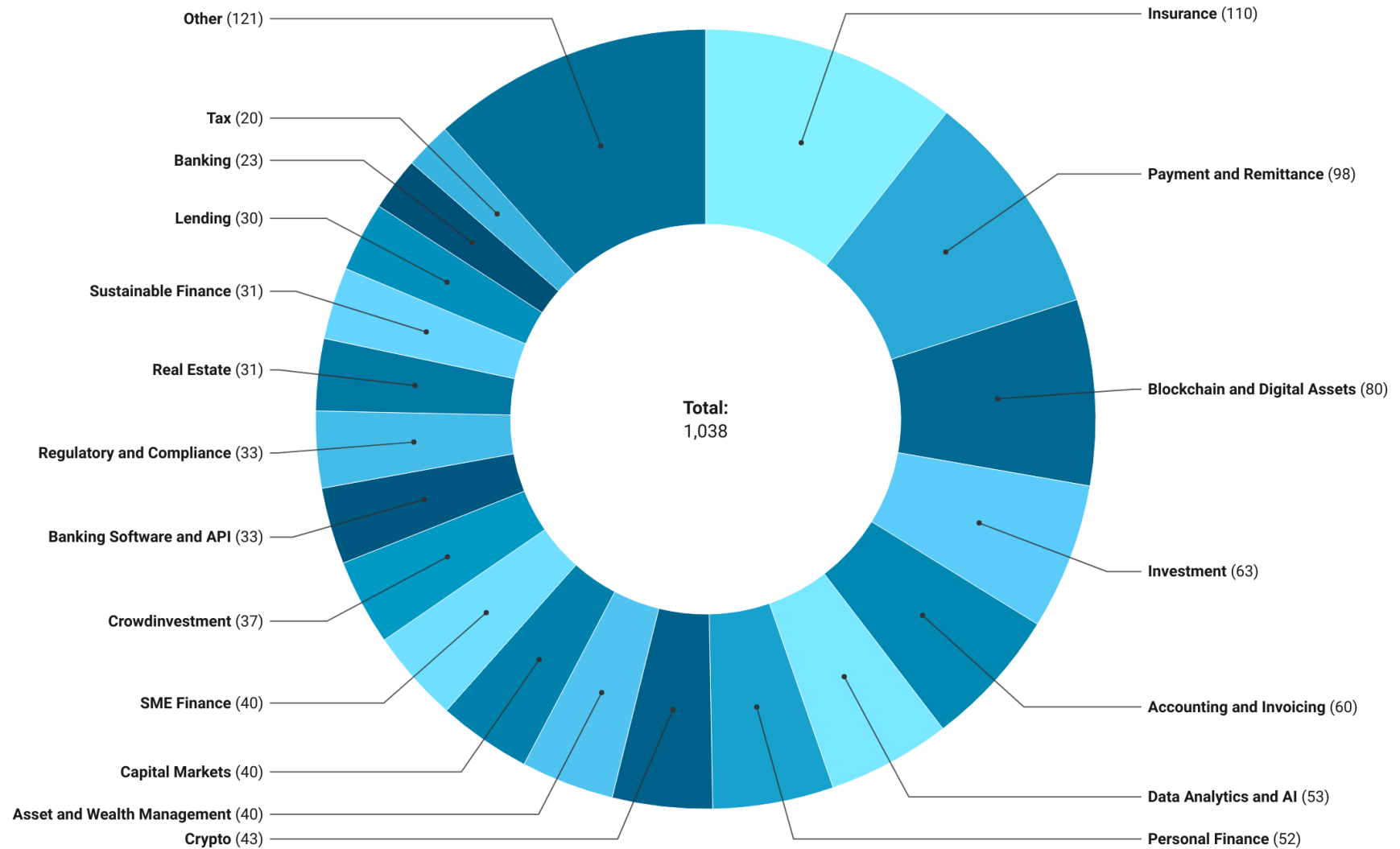


Top funding rounds in 2023 so far:

- Wefox: €102 mn (May)
- IntegrityNext : €100 mn (Mar)
- Raisin: €60 mn (Mar)
- SellerX: €60 mn (May)
- Zasta: €60 mn (Jan)

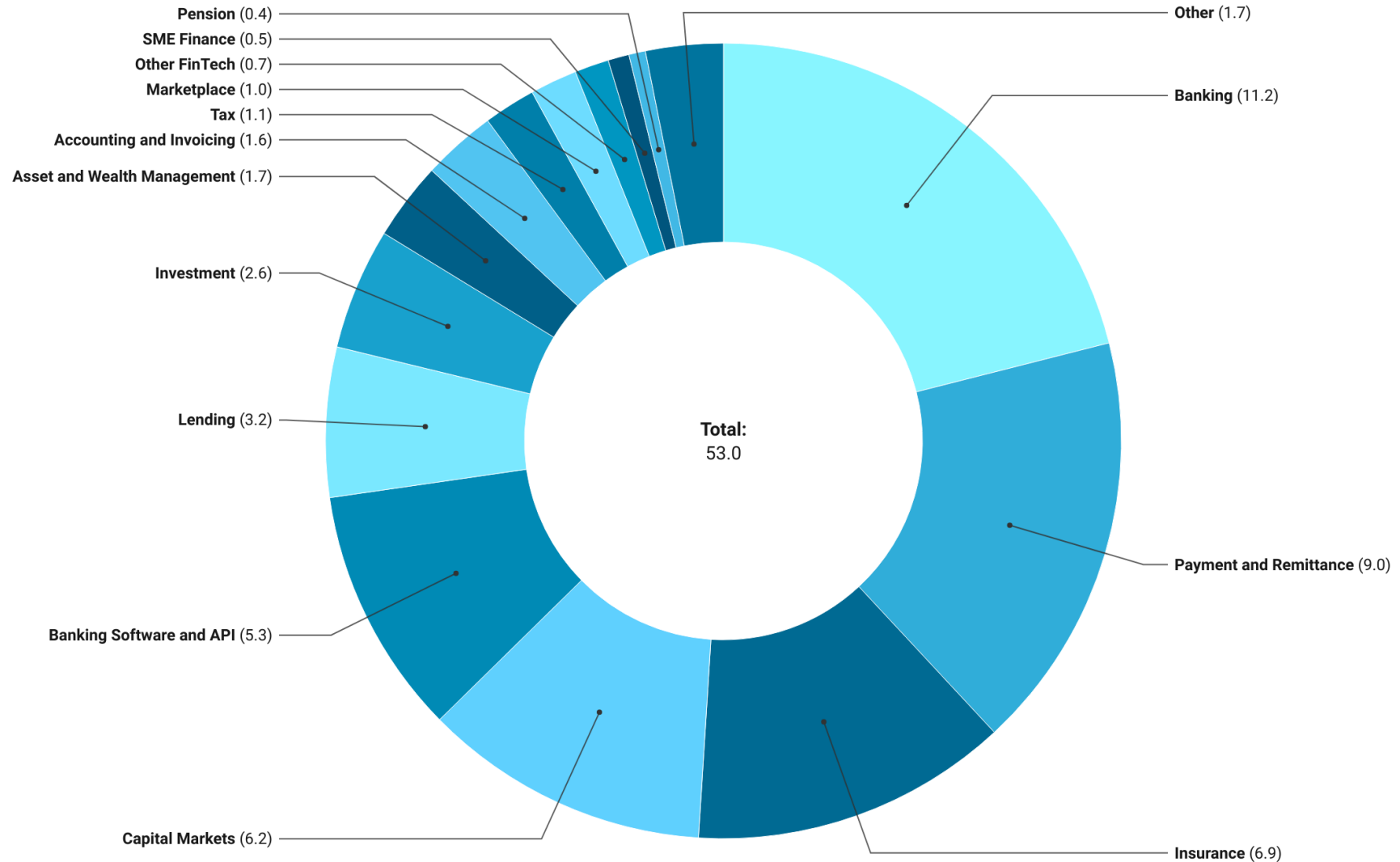
Ecosystem Diversity

Categories of German FinTechs



Ecosystem Valuation

Valuation of German FinTech Ecosystem (by category) in billion €

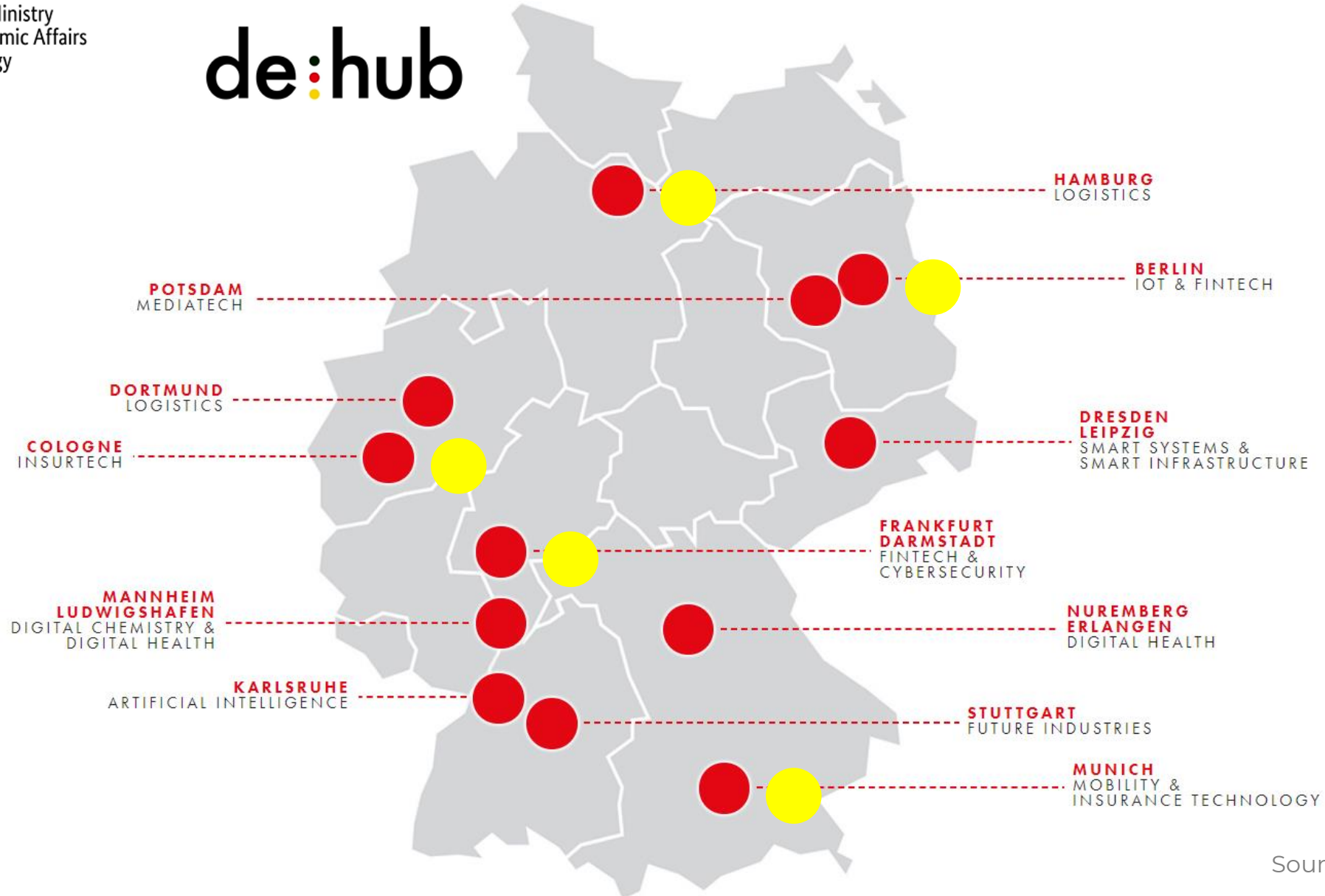


2 Major Hubs



Federal Ministry
for Economic Affairs
and Energy

de:hub



- German capital and largest German city
- 308 active FinTechs in and around Berlin
- FinTech roots in e-commerce payments
- Mainly B2C FinTechs

Berlin



- Top FinTechs (valuation): N26 (€ 8.5bn), sumup (€ 8.0bn), mambu (€ 5.1bn), wefox (€ 4.3bn), solarisbank (€ 1.5bn), smava (€ 1.1bn), raisin (€ 1.0bn), SellerX (€ 1.0bn), Grover (€ 1.0bn), taxfix (€ 1.0bn), Vivid Money (€ 0.8bn)
- Listed FinTechs (market cap): Hypoport (€ 0.8bn)
- Top FinTech categories: Payment & Remittance (33), Insurance (27), Blockchain & Digital Assets (24)

Berlin

Berlin is a digital melting pot and the home of venture capital. With its powerful network of experts and entrepreneurs, the German capital is a strong competitor with other international start-up cities.

- With around 40,000 new companies founded each year, Berlin is the start-up capital of Germany.
- A healthy entrepreneurial culture, tech conferences, start-up contests, incubators, and investors attract talented founders from all over the world, year after year.
- The atmosphere in Berlin is young, creative, and fresh combining an elaborate history with assorted culture which makes new ideas welcome to the market.
- As the city tries to make its mark on the Fintech world, it is providing more and more opportunities to entrepreneurs with innovative and marketable business strategies.
- Berlin attracts developers from Eastern Europe and elsewhere into an international hub where English is the lingua franca among startups and costs are noticeably lower than in London or Paris.
- Top international VCs are active in the Berlin ecosystem and invest into German FinTechs. Receiving 59 % of the venture capital invested in Germany, Berlin is clearly the most important region for tech investments.
- Berlin continues to be one of the top European locations for such investment and is just behind London on the second place.

Frankfurt am Main

- Germany's leading financial center
- Home of ECB, EIOPA, Bundesbank, BaFin (German Financial Regulatory Authority), as well as 200+ banks
- 183 active FinTechs in and around Frankfurt am Main
- Top FinTechs: 360T, ConCardis, Clark (€ 1.0bn), Arabesque S-Ray/ESG Book (€ 0.2bn), crossinx (€ 0.1bn)
- Listed FinTechs (market cap): flatexDEGIRO (€ 0.9bn)
- Mainly B2B FinTechs
- Top FinTech categories: Blockchain & Digital Assets (22), Insurance (20), Data Analysis & AI (17),



TechQuartier



Frankfurt am Main

Frankfurt region (Frankfurt Rhein-Main) is one of the strongest economic and research centers in Germany and across Europe. Frankfurt am Main and Darmstadt, two outstanding university cities, have joined forces in the fields of finance and cybersecurity to deliver marketable solutions for the digitization of Germany.

- Frankfurt is a leading international financial center, boasting a high concentration of outstanding universities.
- As a FinTech hub, it builds upon these locally founded strengths. It unites players from the financial sector and the entrepreneurial scene, who work together on new security products and infrastructures for the financial market.
- Innovative entrepreneurial ideas are developed into market-ready products in the environment of scientific institutions, and in partnership with businesses.
- Frankfurt Rhein-Main also hosts Germany's Cybersecurity hub (CRISP) and the largest Internet node world-wide in terms of traffic (DE-CIX). Frankfurt's data centers are not only home to capital market and financial institutions, but also to many FinTechs.
- Open Banking and RegTech are core in Frankfurt, driven by rich process & infrastructure expertise locally as well as the presence of several German & EU regulatory authorities.

Hamburg

Hamburg is the international innovation hub for digital business transformation in the fields of finance and logistics. Following a long history of global trade, Hamburg is a cosmopolitan city.

- Hamburg is not just one of Germany's oldest banking cities but one of its most innovative financial economies and offers a high quality of life and a compact center.
- Furthermore, it is the best point of contact for digital business transformation in the logistics industry for both the region and across Germany. From financing of vessels up to trade and supply chain finance: start-ups in Hamburg work at the intersection of logistics and finance.
- FinTech Hamburg is a community initiative with the aim of providing a forum for exchange open to all FinTechs and established financials.

- Germany's 2nd largest financial center
- 109 active FinTechs in and around Hamburg
- Top FinTechs (valuation):
baufi24 (€ 0.1bn), finleap connect (€ 0.1bn),
Exporo (€ 0.1bn), taxdoo (€ 0.1bn)
- Listed FinTechs (market cap):
The Naga Group (€ 0.1bn)
- Top FinTech categories:
Investment (10), Real Estate (10),
Insurance (9)



SPARKASSEN
INNOVATION HUB

Fintech Hamburg **FinHam**

MINDSPACE

wework

HaspaNEXT

betahaus | hamburg



comdirect
start-up garage

- Germany's 4th largest financial center
- 145 active FinTechs in and around Munich
- Top FinTechs (valuation): Check24, Scalable Capital (€ 1.3bn), finn (€ 0.6bn), Xpension (€ 0.4bn), Ottanova (€ 0.3bn)
- Listed FinTechs (market cap): UMT (€ 0.0bn)
- Top FinTech categories: Payment & Remittance (19), Blockchain & Digital Assets (12), Asset & Wealth Management (11)



Munich

The automotive and insurance industries come together in Munich: a digital eco-system with radiant influence around the globe is growing around these two core industries.

- Bavaria and the greater Munich area constitute one of the most important innovation centers in Europe.
- The digital economy is connected through the initiative Insurtech Hub Munich, bringing together two of the region's core industries: the automotive industry, which accounts for 28% of total revenue, and the insurance industry, with more than 100,000 employees.
- Established companies and founders work together in Munich to promote the digital transformation of products and services.

Cologne

Cologne has a long history as a center for the insurance industry. The collaboration between established companies and entrepreneurs from the insurance technology sector is just one example of the industry's readiness to develop innovative insurance solutions.

- Cologne is one of Germany's most significant insurance locations. The city attracts founders from all over Germany and abroad.
- There are currently around 650 start-ups with more than 9,000 employees based in Cologne.
- The city's strong focus on digital InsurTech solutions, combined with knowledge transfer between the scientific community and the industry, plays a crucial role in maintaining the competitiveness of the German insurance sector.

- 32 active FinTechs in and around Cologne
- Top FinTechs: nextmarkets (€ 0.1mn), moneymeets
- Top FinTech categories: Insurance (7), Payment & Remittance (6), Blockchain & Digital Assets (3)



- 26 active FinTechs in and around Stuttgart
- Top FinTechs: Adam Riese, Bison, Sowa Labs, Comeco
- Top FinTech categories: Social & Education (5), Crypto (2), Tax (2)

STUTT GART 
FINANCIAL

fin·together
the fintech network in BW

Stuttgart

The Stuttgart region is primarily known for being home to globally renowned industrial companies and numerous world market leaders, e.g., in the automotive industry.

- Stuttgart is a critical pillar for economic prosperity in Germany's southwest, for example, by providing an efficient supply of capital for both companies and private individuals.
- Stuttgart Financial represents the local financial industry. The organization aims to strengthen the local ecosystem by connecting industry leaders with start-ups, investors, and politicians.
- Despite the comparably low number of FinTechs based in Stuttgart, the region offers ample opportunities for FinTech companies with innovative solutions for SMEs and the automotive industry.
- Financing the German “Mittelstand”, payments in the Internet of Things, and supply chain finance are essential challenges.

STARTUPAUTOBAHN
powered by **PLUGANDPLAY**

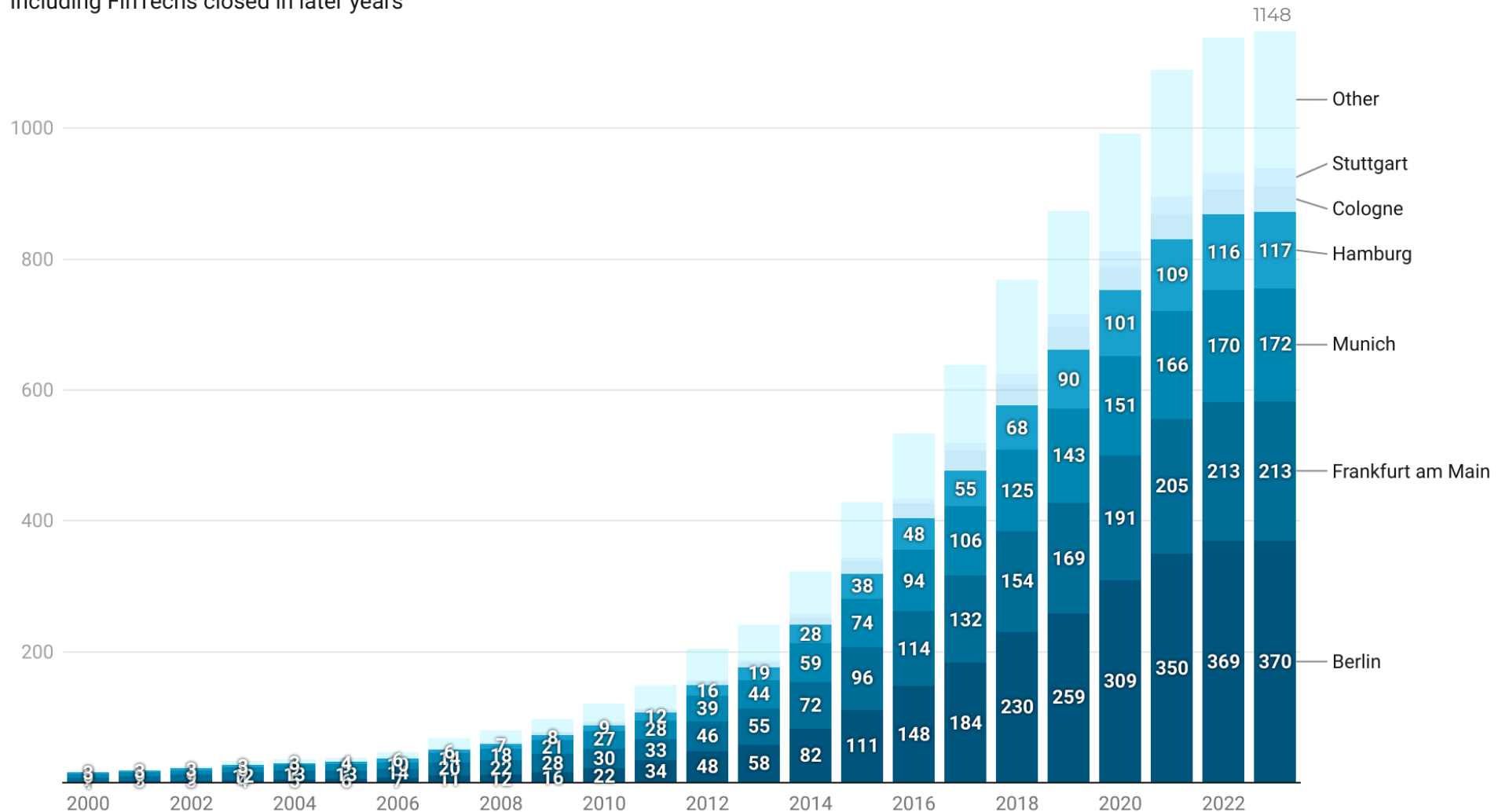
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 **FINTECH**
CONSULT

Historic FinTech Hub Comparison

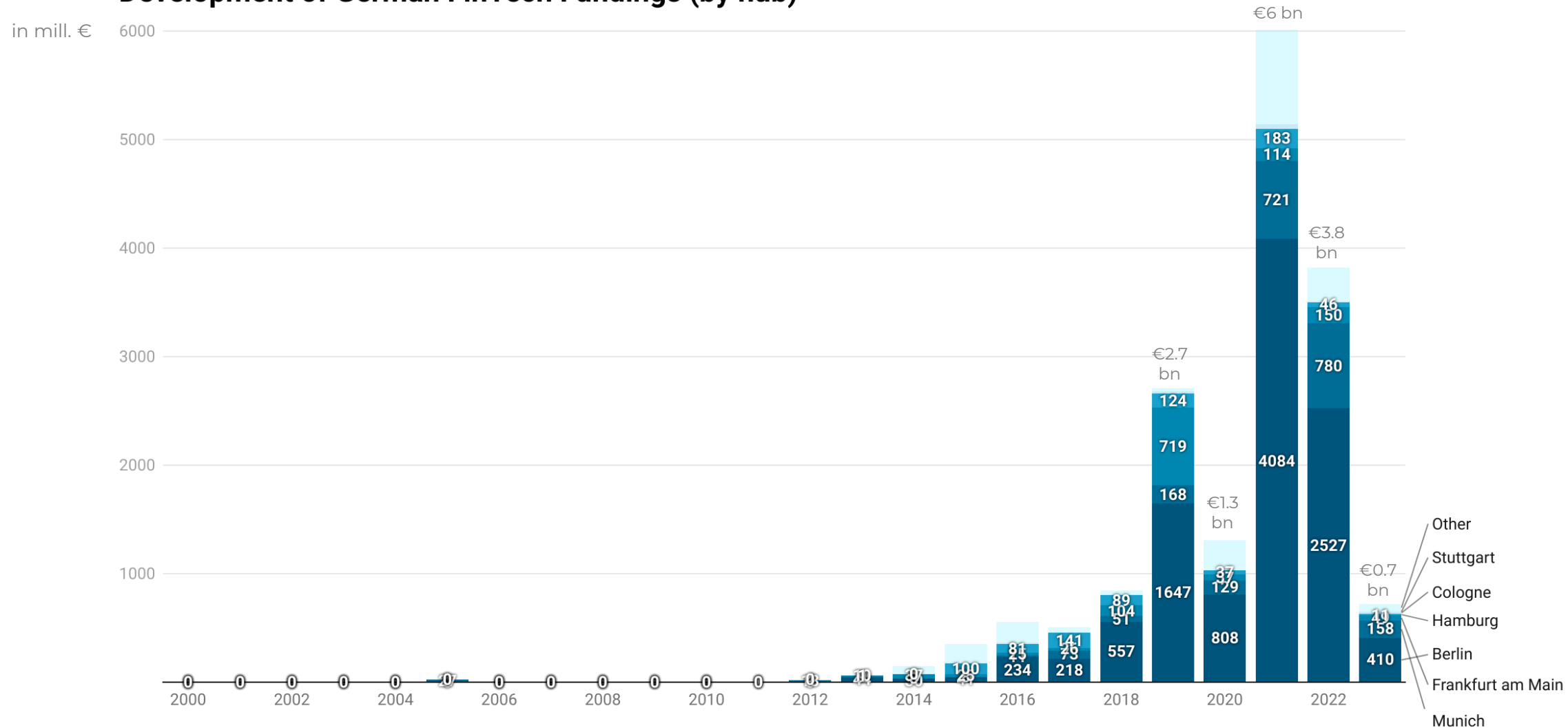
Development of German FinTech Companies (by hub)

Including FinTechs closed in later years



Historic FinTech Hub Comparison

Development of German FinTech Fundings (by hub)



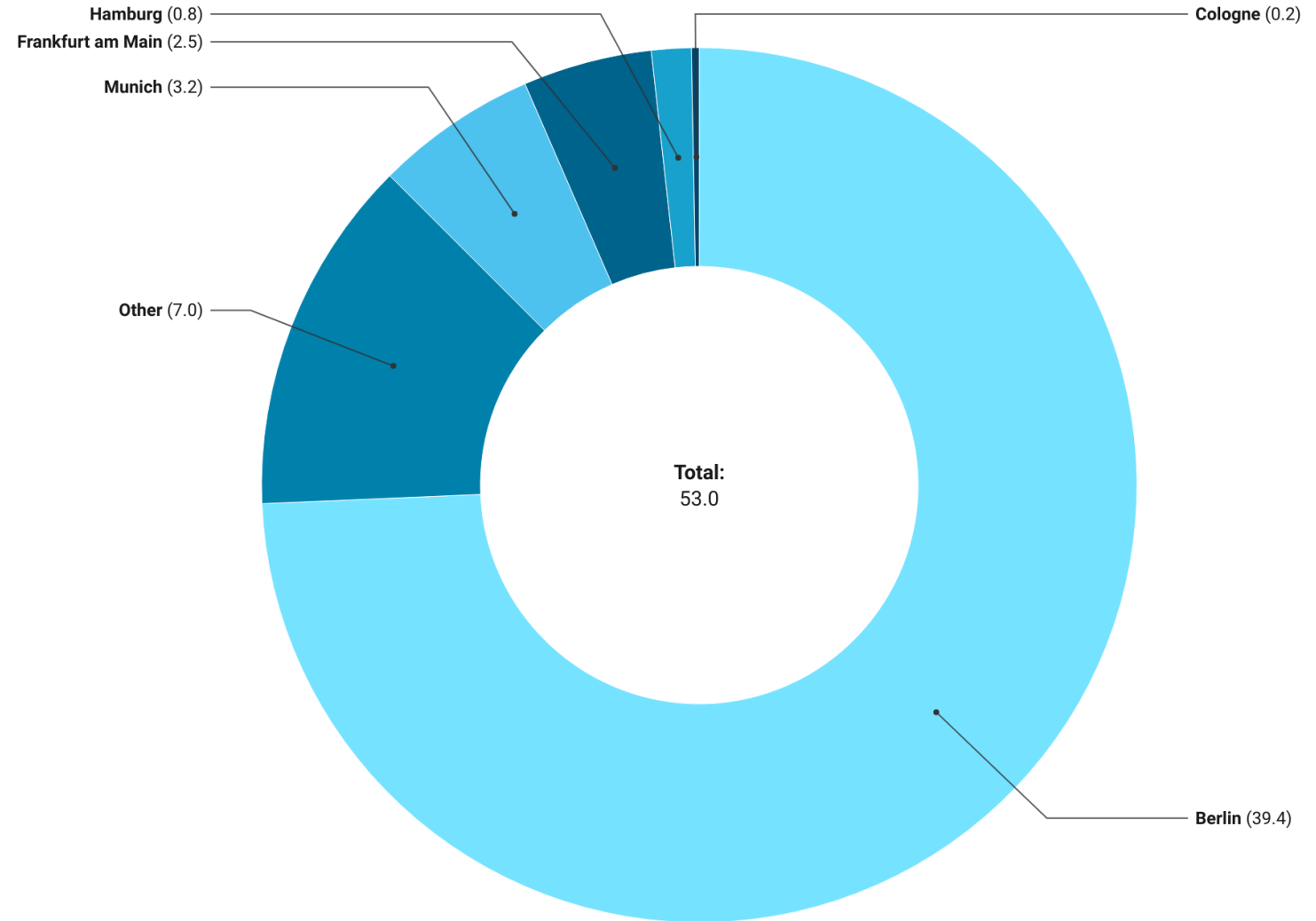
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Chart: Based on the locations of 1148 FinTech companies, as of 08 October 2023. • Created with Datawrapper



Ecosystem Valuation

Valuation of German FinTech Ecosystem (by hub) in billion €



3 German Unicorns (1/4)*



- Founded in 1999
- Private company
- Platform for financial services, mobile bank
- 2000+ employees
- 15M+ customers
- €500 mn revenues already in 2015/2016 (no figures published since)



- Founded in 2011 as an UK Limited by German founders, headquartered in London & Berlin
- Private company
- Card payment terminals
- 3000+ employees
- 3M+ business clients in 33+ countries
- Valuation of €8.0 bn after €590 mn financing round in Jun 2022



- Founded in 2013
- Private company
- European mobile bank
- €182 mn revenues in 2021
- 8M+ clients in 25+ countries
- 1,700+ employees
- Valuation of €8.5 bn after €775 mn Series E in Oct 2021



- Founded in 2015
- Private company
- Mobile zero-commission broker
- 700+ employees
- 2M+ customers
- €6B+ assets under management
- Valuation of €5.2 bn after raising €250 mn in Jun 2022

German Unicorns (2/4)



- Founded in 2011
- Private company
- Household name in banking SaaS
- €32 mn revenues in 2020
- 900+ employees
- Valuation of €5.1 bn after €235 mn round in Dec 2021



- Founded in 2016
- Private company
- Banking-as-a-service provider
- €130 mn revenues in 2022
- 700+ employees
- Valuation of €1.5 bn after €40 mn financing round in Jun 2022 and €190 mn in Jul 2021



- Founded in 2015
- Private company
- B2B2C platform that connects carriers, agents & insurers
- €587 mn revenues in 2022
- 2M+ clients in Europe
- 900+ employees
- Valuation of €4.3 bn after raising \$110 mn in May 2023



- Founded in 2014
- Private company
- Digital wealth management
- €31 mn revenues in 2021
- 400+ employees
- €10+ bn assets under management
- Valuation of €1.3 bn after €150 mn financing round in Jun 2021

3 German Unicorns (3/4)



- Founded in 2007
- Private company
- Consumer loan portal
- 300+ employees
- €162 mn revenues in 2021
- Valuation of €1.1 bn after merger with Finanzcheck in 2021



- Founded in 2015
- Private company
- Renting tech products
- €140 mn revenues in 2021
- 250k+ clients in Europe
- 400+ employees
- Valuation of €1.0 bn after €305 mn round in Apr 2022 and £270 mn in Sep 2022



- Founded in 2013
- Private company
- Term savings
- €30B+ assets under management
- 500+ employees
- Valuation of €1.0 bn after a merger with Deposit Solutions in 2021; raised €60 mn in Mar 2023



- Founded in 2020
- Private company
- Ecommerce marketplace aggregator
- 400+ employees
- Valuation of €1.0 bn after \$500 mn venture round in Dec 2021; raised €60 mn in May 2023

German Unicorns (4/4)

CLARK

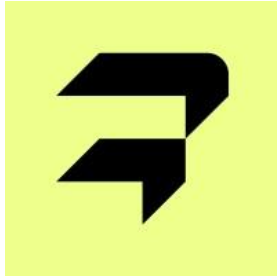
- Founded in 2015
- Private company
- Insurance platform
- €15 mn revenues in 2020
- 500k+ clients in Europe
- 500+ employees
- Valuation of €1.0 bn after \$69 mn Series C in Jan 2021

taxfix

- Founded in 2016
- Private company
- Tax returns
- €22 mn revenues in 2021
- 400+ employees
- Valuation of €1.0 bn after \$220 mn Series D in Apr 2022



Recent M&A Deals (1/6)



Friday Finance

- Founded in 2021
- Located in Berlin
- Multi banking solution
- Acquired by Pliant in Sep 2023

Etvas

- Founded in 2019
- Located in Hamburg
- Value-added services
- Acquired by Mehrwert in Jul 2023



Uplift1

- Founded in 2019
- Located in Berlin
- Revenue-based financing
- Acquired by Silvr in Mar 2023

Recent M&A Deals (2/6)



Steuerbot

- Founded in 2017
- Located in Stuttgart
- Personal tax assistant
- Acquired by Taxfix in Feb 2023

Carl Finance

- Founded in 2016
- Located in Berlin
- SME investment platform
- Merger with Doubledigit in Jan 2023



Compeon

- Founded in 2012
- Located in Dusseldorf
- Financing portal for SMEs
- Acquired by Dock Financial in Jan 2023

Recent M&A Deals (3/6)



Bonify

- Founded in 2015
- Located in Berlin
- Consumer credit scoring
- Acquired by Schufa in Dec 2022

Pair Finance

- Founded in 2016
- Located in Berlin
- AI-based collections and receivables management
- Acquired by Pollen Street Capital in Oct 2022



Simplesurance

- Founded in 2012
- Located in Berlin
- Digital insurance platform
- Acquired by Allianz in Sep 2022

Recent M&A Deals (4/6)



Penta

- Founded in 2016
- Located in Berlin
- Mobile bank for SMEs and startups
- Pre-acquisition valuation of €300 mn
- Acquired by French FinTech Qonto in Jul 2022

Kontist

- Founded in 2016
- Located in Berlin
- Banking services for freelancers
- Acquired by Ageras Group in Jul 2022



Orderbird

- Founded in 2011
- Located in Berlin
- POS solutions for restaurants & bars
- Fully acquired by Nexi/Nets in May 2022

Recent M&A Deals (5/6)



Finiata

- Founded in 2016
- Located in Berlin
- Working capital financing for freelancers and SMEs
- Acquired by Manta Ray Ventures in May 2022

Billomat

- Founded in 2007
- Located in Nurnberg
- Web-based accounting software
- Acquired by aifinyo in Mar 2022



CollectAI

- Founded in 2016
- Located in Hamburg
- AI-based payments and collection services to manage accounts receivables
- Acquired by Aareal Bank from Otto Group in Mar 2022

Recent M&A Deals (6/6)



Luko Insurance

- Founded in 2016. Former name: Coya
- Located in Berlin
- AI-based InsurTech
- Acquired by French FinTech Luko in Jan 2022



Winners of the Fintech Germany Awards 2022



Seed Stage:



bunch

Investing in private markets. Founded 2021.
Last funding round in 2022 (€7.3 mn)

Early Stage:



Hawk:AI

Transaction and consumer monitoring.
Founded 2018. Last funding round in
2023 (€15 mn). Total raised: €23.5 mn

Late/Growth Stage:



Mambu

Banking-as-a-service. Founded 2011.
Last funding round in 2021 (€235 mn).
Total Raised: €388 mn. Valuation: €5.1 bn

InsurTech:



Neodigital

Digital insurance services. Founded in 2017.
Last funding round in 2020 (€18.3 mn).
Est. valuation: €60 mn

Sustainable Finance:



ESG Book

Sustainability-related data. Founded in 2018.
Last funding round in 2022 (€33.5 mn).
Total raised: €52.5 mn. Est. valuation: €160 mn

Our Watchlist



Tomorrow

Sustainable mobile bank. Revenues grew from €0.4 mn in 2020 to €5.5 mn in 2022.



Payrails

Payment operating system. Top newcomer. Raised €13.5 mn in 2023.



Topi

B2B subscription technology. Top newcomer. Raised €45 mn in 2022.



Senken

Carbon credit marketplace. Top newcomer. Raiser €6.9 mn in 2023.



Upvest

Investment API. Partnership with Blackrock. Raised €30 min in 2023.



StoneX Financial

International transfers. Revenues grew from €0.6 mn in 2020 to €4.9 mn in 2021.



Finoa

Institutional digital assets platform. Revenues grew from €0.5 mn in 2020 to €13.1 mn in 2021.



DGTAL

Automated claims management. Top newcomer. Raised €3 mn in 2023.



Tilta

Embedded lending for B2B e-commerce. Top newcomer. Raised a total of €34 mn in 2023.



Heimkapital

Reverse mortgage. €300 mn credit line in 2022.



4 Major Trends

New technological developments, e.g., machine learning and blockchain, have created the basis for new FinTech services in Germany.

The COVID-19 pandemic accelerated the adoption of cashless payments in a society that clearly preferred cash payments before. In addition, the introduction of a Digital Euro, a Central Bank Digital Currency, is a few years away.

Finally, sustainable finance has become a top priority, enabling new business models for FinTechs addressing the UN Sustainable Development Goals.



Cashless Payments



Artificial Intelligence
in Finance



Digital Euro

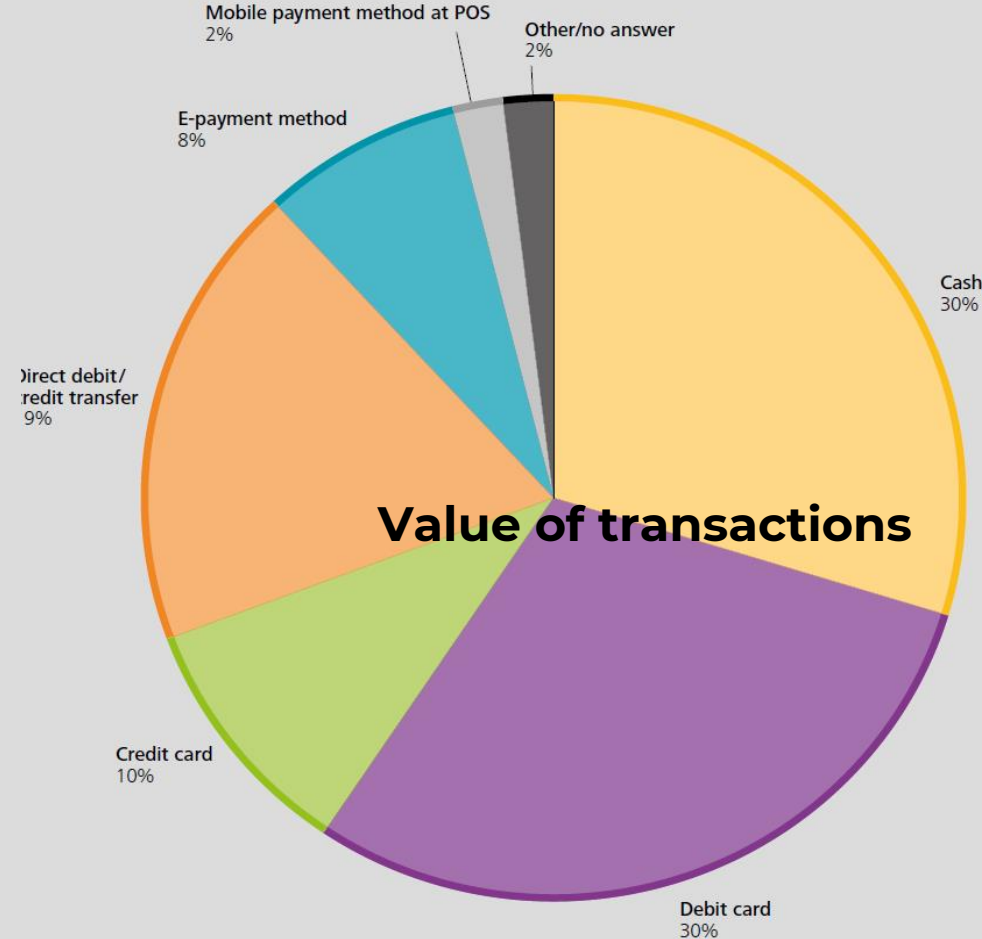
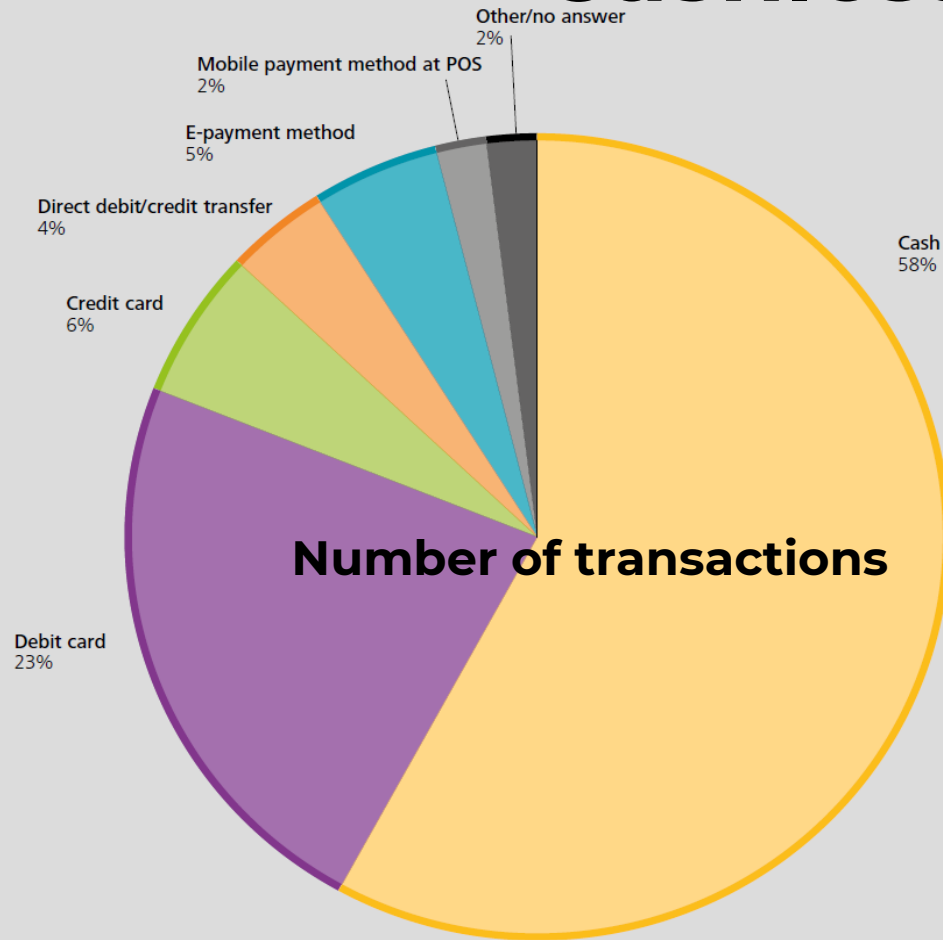


Sustainable FinTech



Crypto Securities

Cashless Payments

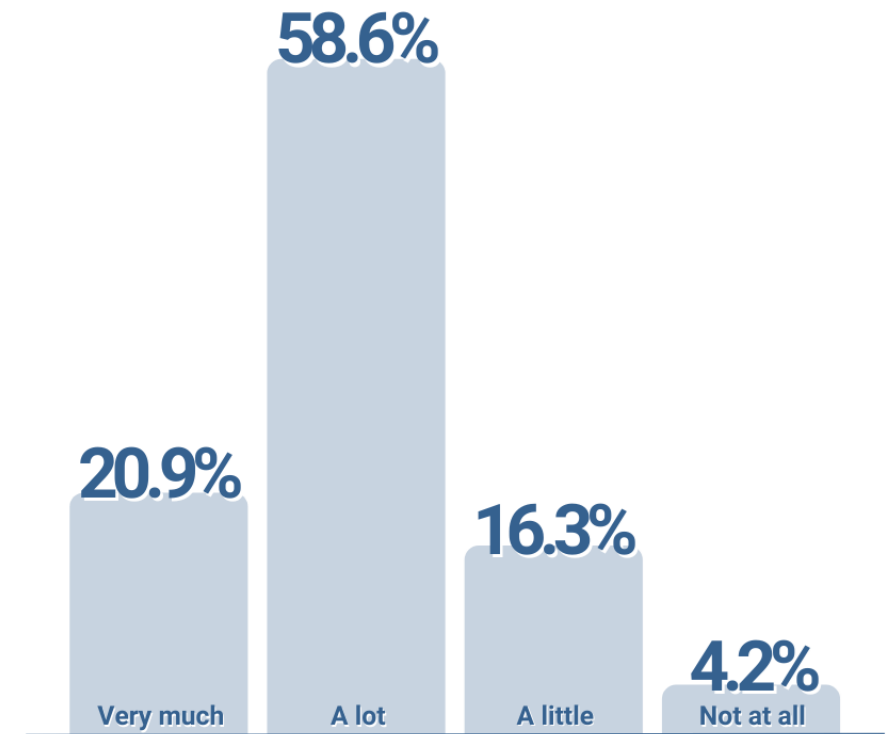


The pandemic has accelerated the changing payment behavior. As of 2021, the share of cash payments measured by the number of transactions had declined by 16 percentage points since 2017 (by 18 percentage points when measured by turnover). Conversely, the transaction share of debit and credit cards had grown by four resp. five percentage points.

Artificial Intelligence in Finance

- The astonishing progress in Generative AI has started to impact the financial industry.
- Before that, machine learning was the main topic for the financial industry, e.g., for credit decisions and fraud detection. FinTechs are at the forefront of those applications.
- Overall, German financial institutions expect a significant impact of AI, as shown in a recent survey of the Center for Financial Studies: About 31% of respondents say their company already uses AI. Almost another 40% say that pilot projects for the use of AI are already underway.
- Legislation to regulate AI in the EU has already been drafted (the “AI Act”). It divides AI applications into different risk classes.
- Around 83% of the survey respondents consider regulation of AI applications to be fundamentally necessary.

How much do you think AI will change the financial industry in the next 5 years?



Source: Center for Financial Studies,
Frankfurt Main Finance e.V.



Full Survey (in German)

The Digital Euro

The digital euro, if implemented, will have a significant impact on the European payment infrastructure. Furthermore, it will offer opportunities for FinTechs to develop new and innovative pan-European payment solutions and value-added services.

The digital euro, a Central Bank Digital Currency (CBDC), would be the natural, digital evolution of the euro. It would be accessible to all and offer people greater choice in how they pay. It would also become a European platform for innovation, allowing intermediaries to build services for their customers that are instantly available across Europe. Furthermore, it would increase the resilience of European payments and support strategic autonomy.



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- Use case prioritisation
- Report on focus groups
- Design options to control take-up
- Distribution model
- Compensation model
- Access to ecosystem
- Value-added services
- Advanced functionalities

July 2021
Governing Council decision to launch investigation phase



Timeline



- Project team onboarding
- Governance set-up



- Online/offline availability
- Data privacy level
- Transfer mechanism



- Settlement model
- Role of intermediaries
- Delivery approach and form factor
- Prototype development



- High-level design & holistic review
- Prototyping results
- Finalise user requirements
- Prepare for possible project realisation phase

Autumn 2023
Governing Council decision to possibly launch next project phase

Sustainable FinTechs



An increasing number of German FinTechs address the UN Sustainable Development Goals: 32 are active in Sustainable Finance and further 21 in addressing social issues and financial education. Some of them established the SDG-FinTech Initiative in 2017.

SDG-FINTECH INITIATIVE

Sustainability and responsible conduct in the financial industry



Further Details

Crypto Securities

The German Electronic Securities Act

The act (“Gesetz über elektronische Wertpapiere – eWpG”) has made it possible to issue securities through entry in an electronic securities register without the requirement for a physical certificate.

This register can be operated on the basis of distributed ledger technology. Electronic securities that are issued through entry in a **crypto securities register** are referred to as **crypto securities**.

Crypto securities registrars ensure the proper functioning of the crypto securities register. The crypto securities registrar may be the issuer or operating on behalf of the issuer.

Crypto securities registrars are subject to specific supervisory requirements and require proper authorization.

As of October 2023, there have been 54 crypto securities issued in Germany.



List of Crypto Securities

5 Recent Developments

Stricter BaFin enforcement

After the Wirecard scandal in 2020 and resulting reforms and leadership changes at BaFin, Germany's Federal Financial Supervisory Authority, in 2021, BaFin is apparently pursuing a stricter enforcement policy. Here are a few examples of FinTechs being affected:

Solaris

- On 16 December 2022, BaFin “ordered Solaris SE to take measures to ensure proper business organization in risk management and money laundering prevention and to limit risks.”
- A special commissioner appointed by BaFin monitors the implementation of the measures ordered.
- For risk reduction, BaFin has also prohibited Solaris SE from entering into new partnerships without supervisory approval. The same applies to the establishment of new subsidiaries and the acquisition of new equity investments.

N26

- On 5 October 2021, BaFin “ordered N26 Bank GmbH to take measures to ensure the institution once again has in place a proper business organization and to mitigate risks to the institution’s operational resilience.”
- A special commissioner appointed by BaFin monitors the implementation of the measures ordered.
- Customer acquisition is to be substantially reduced, with N26 Bank GmbH only permitted to acquire a maximum of 50,000 new customers per month.
- In addition, the value of exposures secured by mortgages on immovable property may not exceed €500 mn.
- Those limitations are applicable in all countries in which N26 Bank GmbH operates.
- This order was last renewed on 31 March 2023 and remains in effect as of October 2023.

Major service improvements in retail brokerage



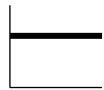
Direct bank (no branches)



Online brokerage



Real-time market data & trading



Flat brokerage commissions



No transaction fees on exchanges



Mobile apps & one-click trading

0\$

Commission-free trading



Fractions

1995 - 2005

2006 - 2010

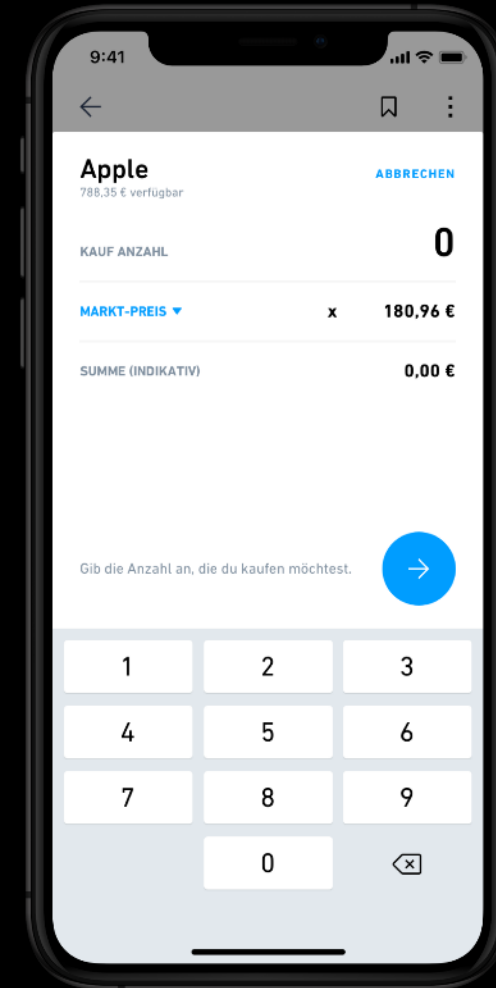
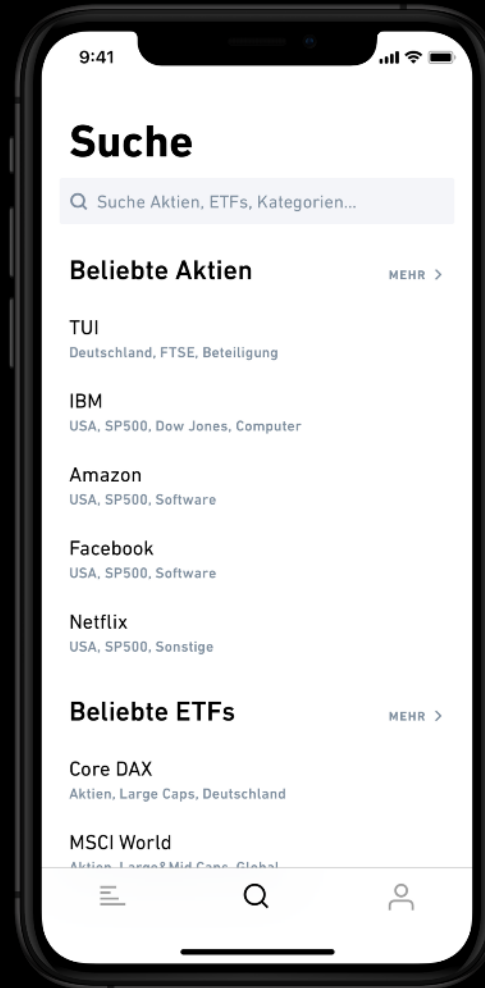
2011 - 2015

2016 - 2020

2021 - 2025

Major player: Trade Republic

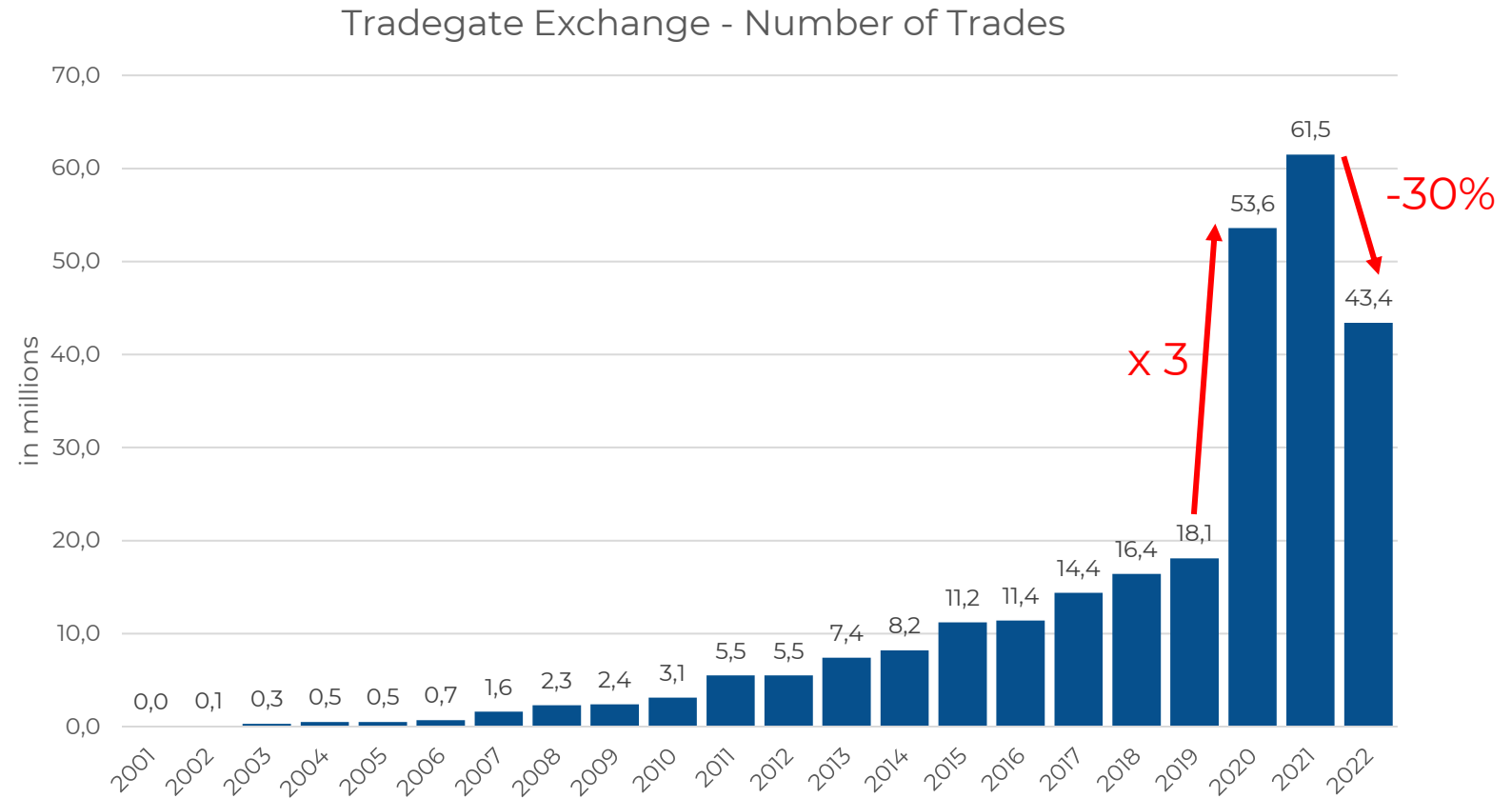
Mobile convenience and zero commissions



Pandemic Boom in Retail Brokerage has ended

TradeGate Exchange

- specialized on retail investors:
 - no transaction fees
 - free of charge real-time market data
- 16,000 securities tradable (stocks, bonds, funds)
- 43 million trades in 2022, down from 62 million trades in 2021 and 54 million in 2020
- €278 bn turnover in 2022, down from €378 bn in 2021 and €324 bn in 2020
- The number of trades and the turnover are still well over pre-COVID levels, however



EU Ban on Payment for Order Flow

On 29 June 2023, the European Council announced a provisional agreement with the European Parliament to ban Payment for Order Flow, a practice where brokers receive payments for forwarding investor orders to specific trading platforms.

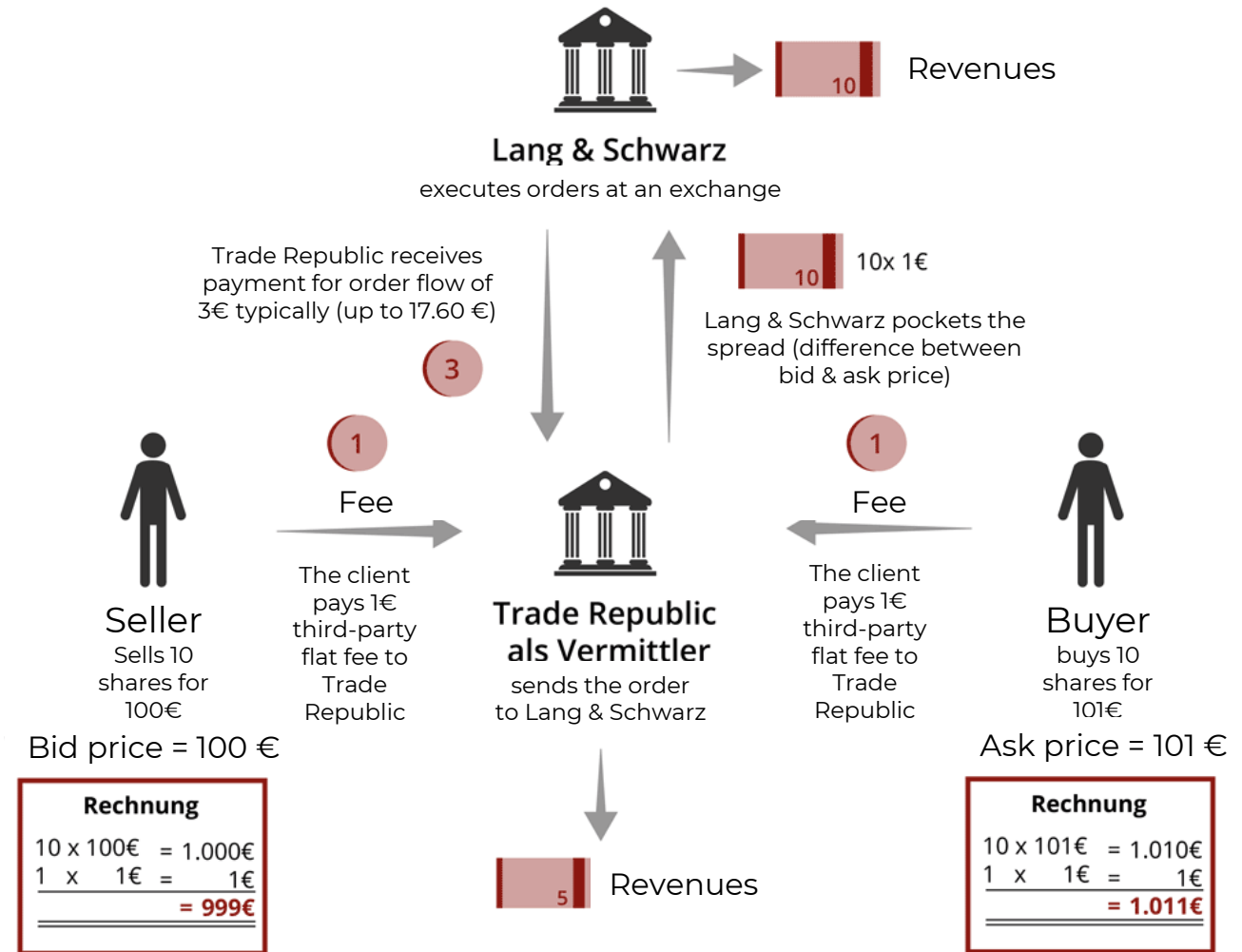
The ban should protect investors and ensure the best execution of client orders. It should apply from 2026 onward.

The ban will put the brokers' business models at risk, which offer zero-commission trading to their clients.



Press Release

Business Model of Trade Republic



Further Upcoming EU Regulation

The EU digital finance strategy announced a proposal on **Open Finance**, which refers to the access and reuse of customer data, with consent, across a range of financial services.

This initiative aims to enable data sharing and third-party access for a wide range of financial sectors and products, in line with data protection and consumer protection rules. It is based on the principle that financial services customers own and control the data they supply and the data created on their behalf.

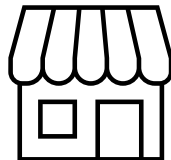


Proposal for a Regulation (as of 28 June 2023)



6 German Market Entry

- The German market is attractive for foreign FinTech companies. On one hand, it offers a **sizeable consumer market** with 83 million inhabitants domestically, and access to the whole EU with 450 million consumers via passporting regimes. This is a great potential for B2C FinTechs, which excel in their home market.
- On the other hand, Germany has **3.5 million SMEs**, and among them leading global exporters. B2B FinTechs offering innovative financing solutions for SMEs, from accounting up to trade finance, find plenty opportunities for selling their products.
- Finally, German incumbents like banks, insurance companies, or asset managers, often need to improve their digital service offering and are **willing to license** from leading global FinTechs.
- German consumers are **risk averse**, and not easy to convince to change to new technologic solutions, even if they are superior. They are often happy with their existing (second best) solution, which works and is proven.
- Furthermore, they are **highly price-sensitive** and used to search for the best deal. This leads to the proliferation of so called “comparison portals”, which find the best service for the lowest possible price. CHECK24, a German FinTech unicorn and comparison portal makes more than half a billion € in sales.
- Also, German SMEs are rather **conservative**. Many of them are **family-owned**, sticking to their traditional ways of doing business. It is difficult to reach out to them, and it takes long time to convince them changing their behavior, i.e., selling new services to them. Personal relationships are very helpful.
- The same applies for German financial institutions. Without **access to decision makers**, preferably via personal contacts, it is extremely difficult to sell to them.
- The **sales cycles are** usually **quite long**, typically more than 12 months, as numerous departments have to be involved: from business, to legal & compliance, to IT.



BaFin's FinTech Information Hub

BaFin, Germany's Federal Financial Supervisory Authority, has established a **FinTech Information Hub** on its website.

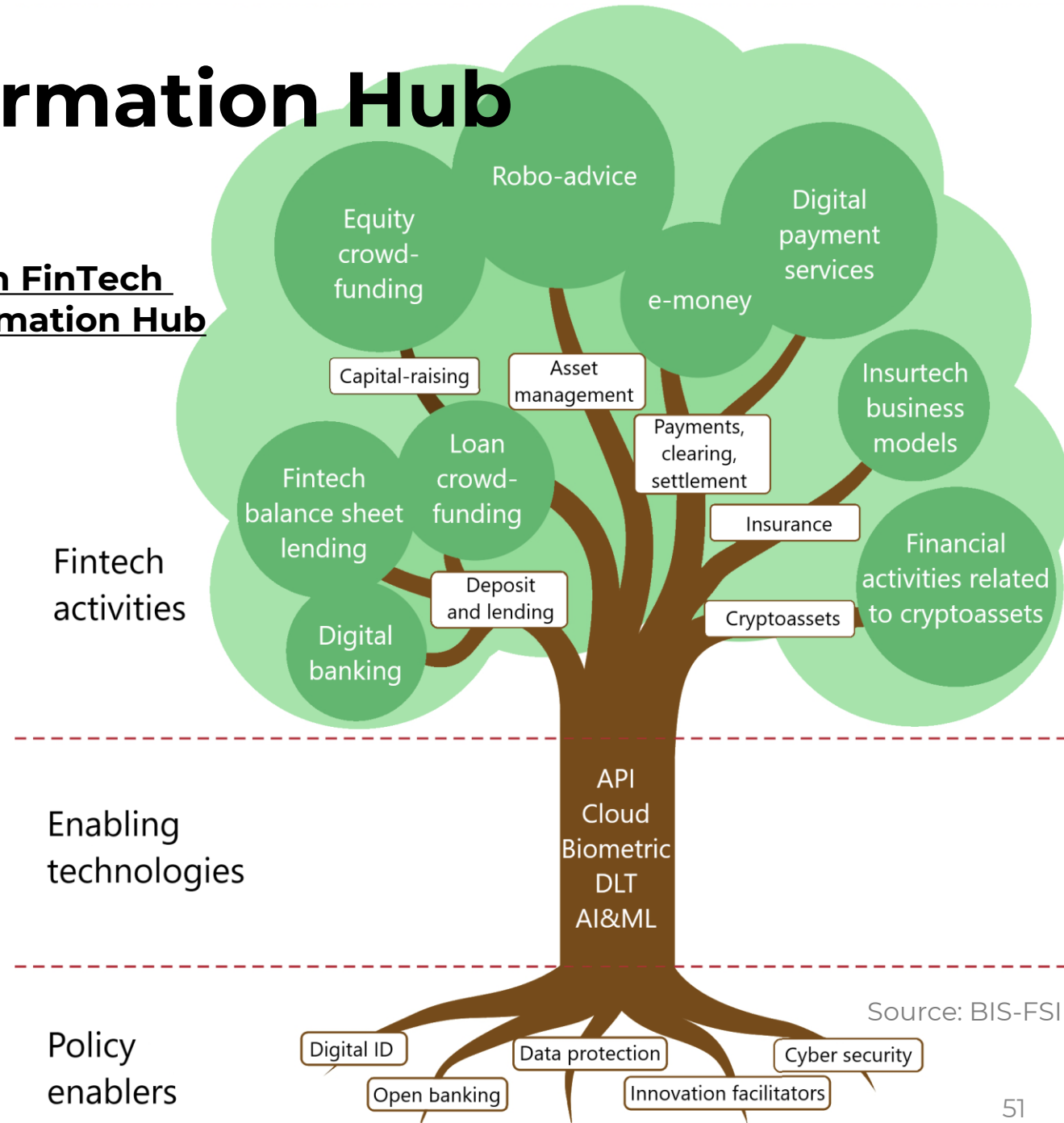


BaFin FinTech Information Hub

BaFin's definition of FinTech follows the "FinTech tree" of the Financial Stability Institute (FSI) at the Bank of International Settlement (BIS) and includes InsurTechs, RegTechs and SupTechs.

The FinTech Information Hub provides an overview of the most popular FinTech business models and their regulatory and supervisory implications.

Furthermore, it offers a contact form for FinTechs to initiate a dialogue with FinTech experts at BaFin.



Source: BIS-FSI

Methodology

This research report is based on the FinTech Consult database of **1,148 German FinTech companies** (as of 08 October 2023).

The database includes:

- companies registered in Germany offering a FinTech (financial technology) product or service as part of their primary business;
- InsurTechs and RegTechs;
- foreign FinTechs with a legal presence (subsidiary or branch office) in Germany;
- closed FinTech companies so we can make historical comparisons.

The database does not contain any consulting firms, universities, venture capital providers, or other corporates and institutions supporting FinTechs, despite their crucial roles in FinTech ecosystem building.

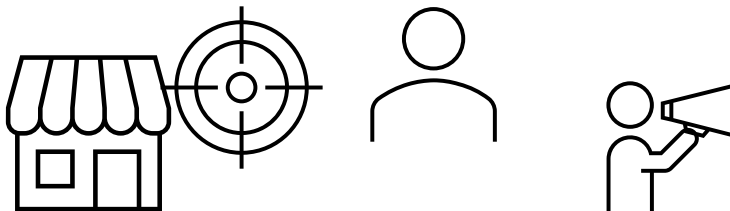
There is no age limit enforced for companies. Instead, every company is checked individually.

For foreign FinTechs with a legal presence in Germany, we do not consider funding rounds, financials, or staffing of their parent companies.

We do not guarantee that we cover all German FinTech companies. New entrants often start in stealth mode and might not be publicly visible in their first year. Therefore, the actual number of FinTech companies in Germany may be higher.

FinTech Consult publishes the [list of German FinTech companies](#) on its website so that you can quickly check which companies are included.

Furthermore, FinTech Consult offers [free and easy registration](#) of missing FinTech companies.





ABOUT FINTECH CONSULT

ABOUT US

We are an international team of FinTech founders, experts & investors from the cities of Almaty, Amsterdam, Doha, Dubai, Frankfurt, Hanoi, Hong Kong, Kigali, Seoul, Singapore, Tel Aviv, Vienna, and Vilnius.

All our partners are FinTech founders themselves, investors or experts and have an excellent knowledge of their local ecosystems.

We support FinTech companies in raising capital and expanding globally.

We do so by providing research & market studies. And we introduce them to investors, clients, partners, and peers.

We have specialized in European, Asian, MENA, and African markets.

We help European and African FinTech companies to enter Hong Kong, China, Korea, Singapore, Vietnam, and Kazakhstan, leading Asian FinTech hubs, and to do business in Israel, Qatar, and the U.A.E.

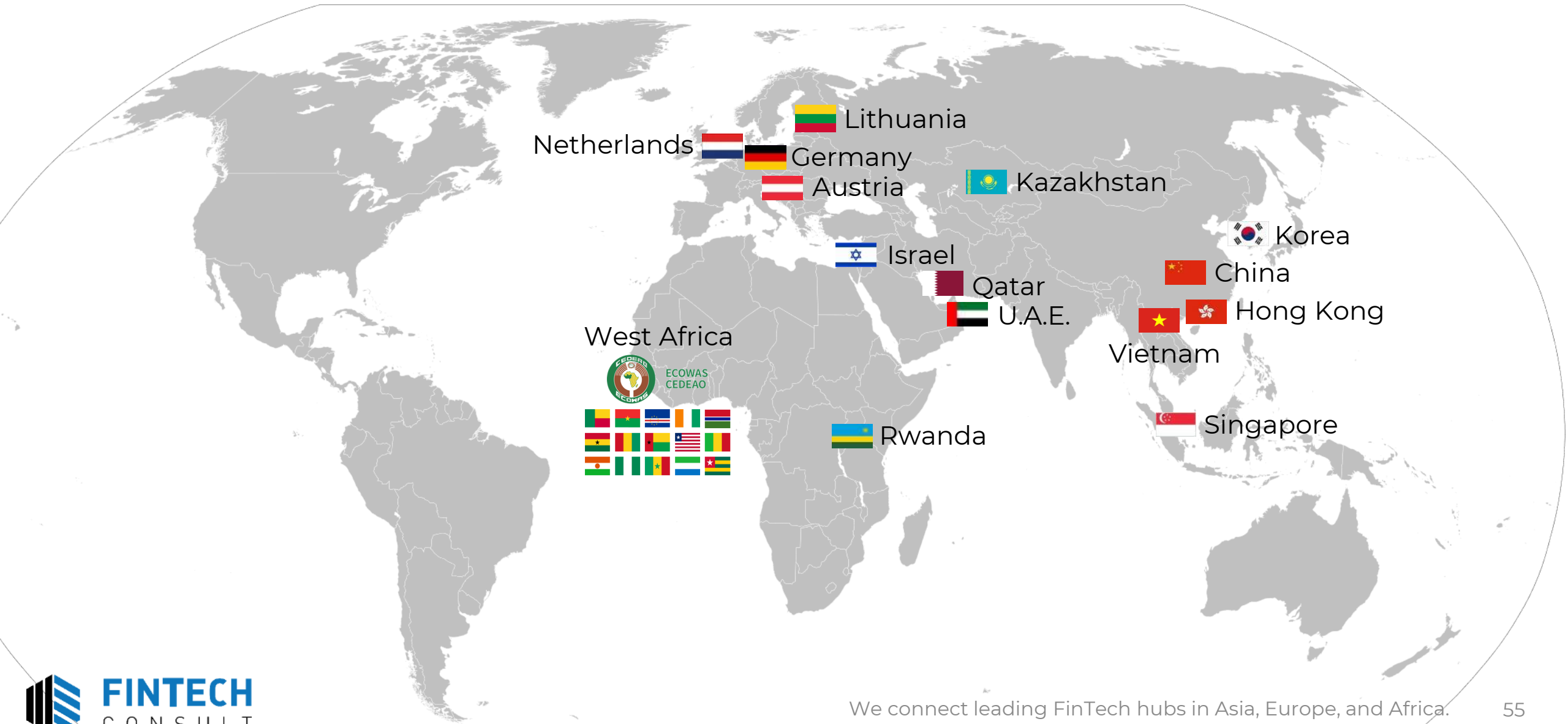
Furthermore, we support Asian, MENA, and African FinTech companies in getting started in Germany, the Netherlands, Lithuania, as well as in Austria and South-East Europe.

We bring corporates together with FinTech companies in the most innovative cities worldwide.

We support you in scouting for innovation and managing your digital transformation process.



OUR GLOBAL NETWORK



OUR SERVICES

FOR FINTECHS:

- Market entry advice
- Global expansion support
- Mentoring and coaching
- Stakeholder organization

FOR FINANCIAL CENTERS:

- Financial center development
- FinTech ecosystem development mapping & advice
- International marketing and networking
- Organization of innovation tours



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