



PrimePartners
WIRTSCHAFTSKANZLEI

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FinTech – Overview and practical applications



FinTech - What is it ?

Use of modern technology to develop, provide and sell financial services and financial products mainly (but not exclusively) by young companies (startups).



FinTech – Major Areas and Market Segments

Financing (CrowdFunding, CrowdInvesting, CrowdLending, Factoring, Leasing, Comparison)

PropTech (mortgage, real estate)

InsurTech

(Sales or Tech for insurances)

Investment/ Wealth Management and Analytics

Payments (P2P, online payments, billing, factoring)

Personal Finance (manage bills, multiple bank accounts)

RegTech

(Audit, risk and regulatory compliance software)

Online ID

(verification by video chat)

Capital Markets (Sales, trading and analysis for financial institutions)

Blockchain/ Crypto

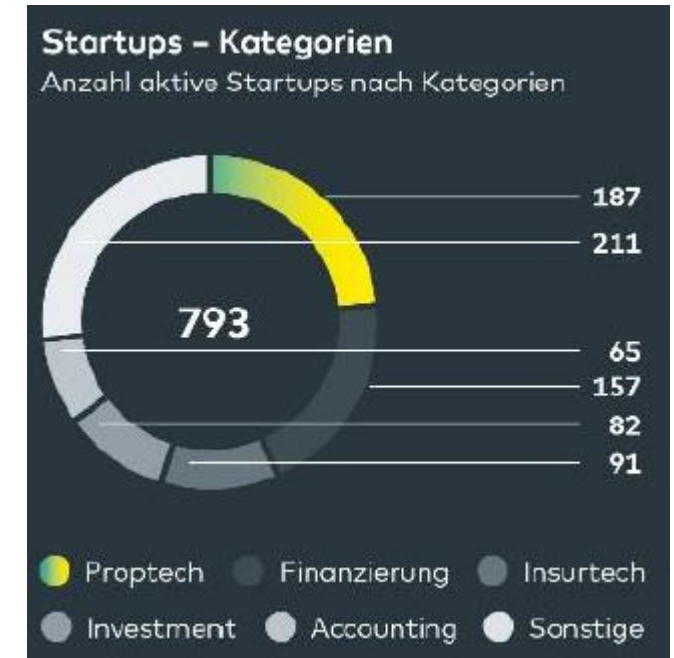
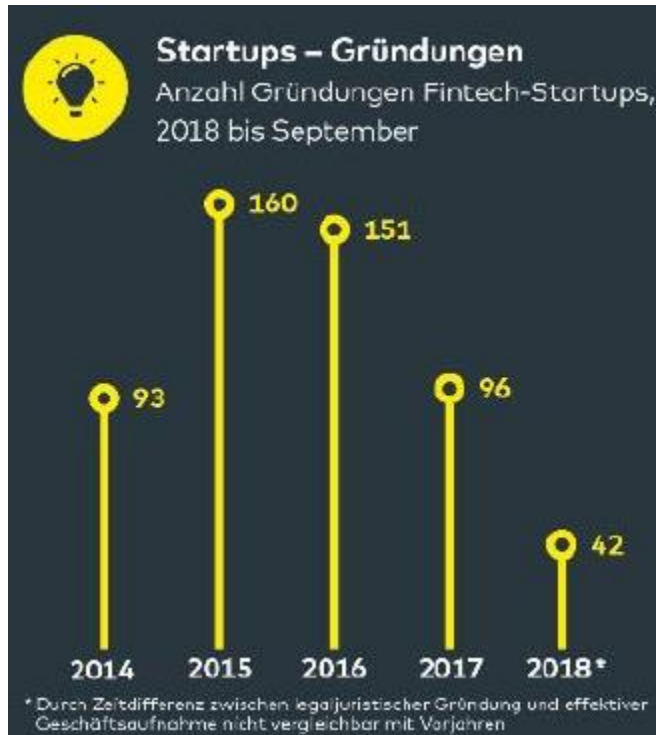


FinTech – Market Participants

FinTech	Technology	Infrastructure provider (offering new technologies to financial institutions to modernize their business) <u>Examples:</u> FNZ (investment) Onfido (online ID confirmation services)	Large technology ecosystems (using financial services as part of their strategy to strengthen customer retention) <u>Examples:</u> Apple (consumer electronics) Tencent (social media)
	Financial services	New market participants, startups (offering financial services using new technologies) <u>Examples:</u> TransferWise (P2P money transfer) LendingClub (P2P lending platform)	Incumbent financial institutions (making significant investments in new technologies to improve their business) <u>Examples:</u> Wells Fargo (banking/financial services) Ping An (Chinese insurance company)
		Small scale	Large scale

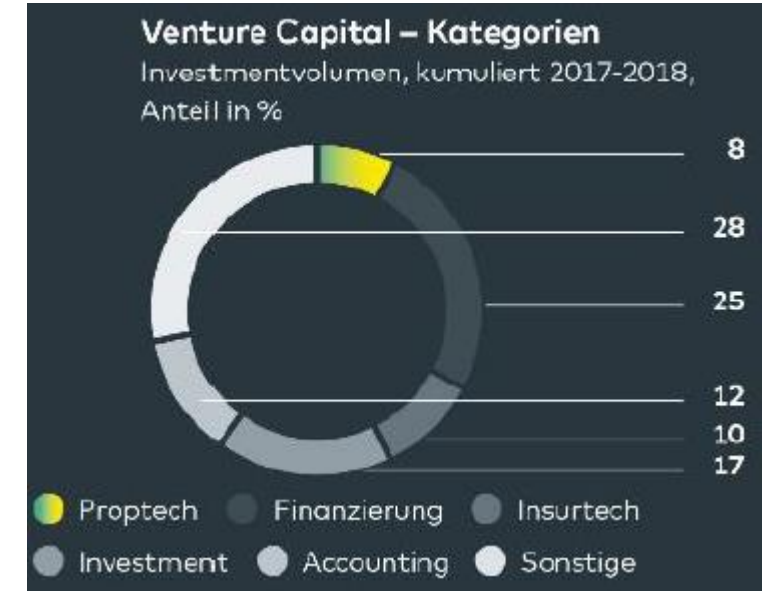
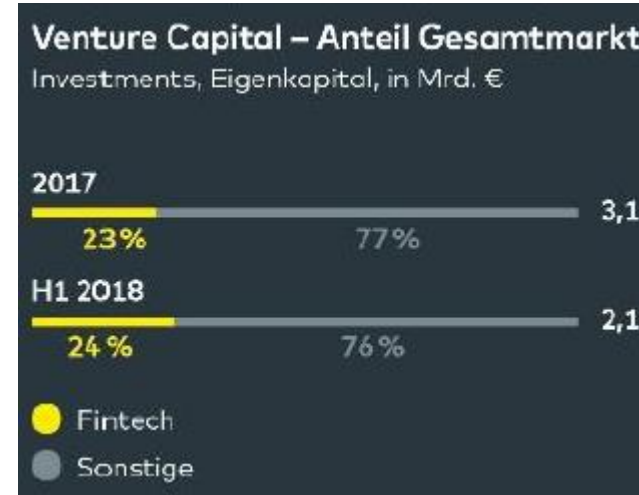


FinTech – Germany – Startups





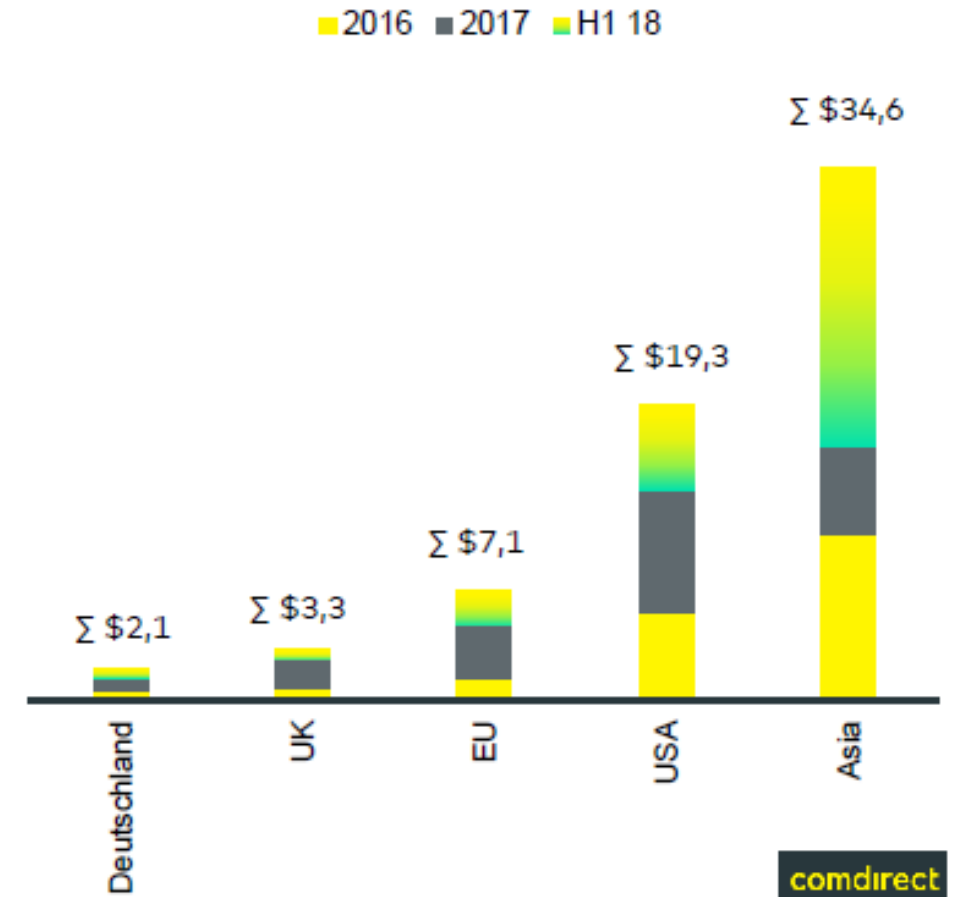
FinTech – Germany – VC Financings





FinTech VC-investments Worldwide

- Germany's share for VC investments in the EU is 30%
- Germany's VC investments equal 11% compared to the US and 6% compared to Asia
- VC investments in the EU equal 37% compared to the US and 21% compared to Asia.





FinTech – Europe, U.S.A. and China

Exhibit 3

Leading Chinese fintechs are usually part of an internet giants' ecosystems spanning the full fintech spectrum.

	Europe and US	China				
	Wide array of successful, focused fintechs	Large fintechs usually part of broader ecosystem				Relatively few niche, standalone fintechs
		Ant Financial	Tencent	Ping An	JD.com	
Payments	PayPal Stripe	Alipay	Tenpay	E-wallet	JD Pay	99Bill Lakala Ping ++
Wealth management	Betterment Wealthfront	Yu'e Bao	Li Cai Tong	LU.com	JD Finance JD Expert	CreditEase Golden Axe Wacai
Financing	LendingClub SoFi	Ant Check Later	Weilidai	Ping An Orange	JD Finance	Qudian.com ppdai.com Dianrong.com
Insurance	Oscar Metromile	Zhong An Insurance	WeSure Zhong An Insurance	Ping An Insurance Zhong An Insurance		
Banking	Atom	MYbank	WeBank	Ping An Orange		
Credit scoring	Credit Karma	Zhima Credit	Tencent Credit	LU.com	JD Credit	

Source: Press search; McKinsey interviews



FinTech - Examples

N26

comdirect

- Bank account is linked to the customer's smartphone
- „mobile bank“ without branch offices
- Bank account can be opened online (by video identification)
- Licensed and regulated
 - Note: BaFin recently took action against N26 due to several fake customer accounts and required them to improve their AML-/„know your customer“-procedures



FinTech - Examples

wirecard

- Payment service provider for merchants
 - Acceptance of credit/debit cards
 - Interface for third party payment providers
 - Interface for financial institutions
- Issuing of credit/debit cards for customers
- Provision of independent payment systems, i.e. bonus points

- Listed company (market cap appr. 18.5b EUR)
 - Financial Times recently published reports on (possibly criminal) irregularities in relation to Wirecard management from Singapore
 - Stock prices reacted heavily (typical for a startup) irrespective of the high market cap