



German FinTech landscape: opportunity for Rhein-Main-Neckar

November 11th, 2016



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FinTech funding and global trends

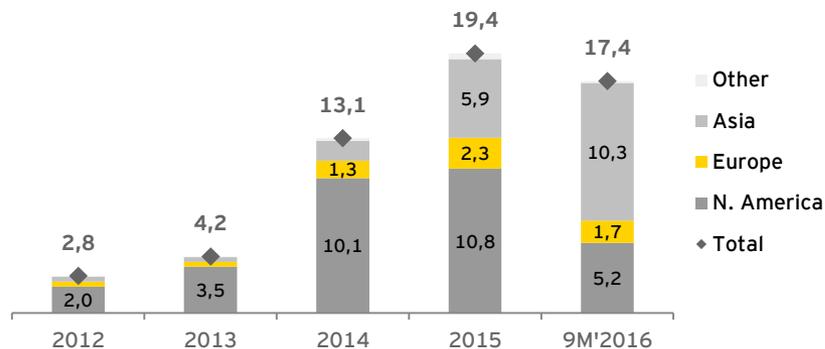


Asia has overtaken North America as a leading destination for FinTech funding in 9M'2016

Key insights

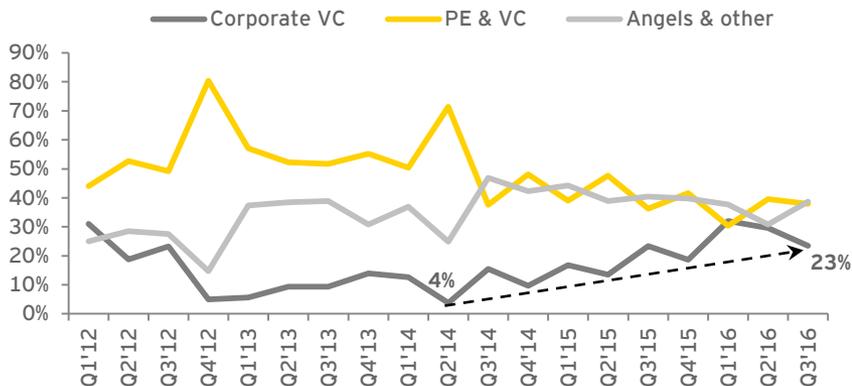
- ▶ Asia has overtaken N. America as a leading destination for FinTech funding in the first 9 months of 2016, having seen dramatic increase in fund inflows into FinTechs in the last 3 years. In the first 3 quarters of 2016 investors have channeled USD 10.3 bn (~ % 60% of total global FinTech funding) into Asia's FinTechs (~ 7x more than in 2014).
- ▶ N. America, led by the USA, still remains the global leader in terms of the number of deals executed, accounting for roughly 50% (640) of global deals.
- ▶ Corporate investors (CVC) have been playing an increasingly active role in funding FinTechs since mid 2014, as major industry players (financial institutions) seek greater proximity to FinTech's new technologies/solutions/ideas.

Global FinTech: Funding Breakdown by Region (USD bn)



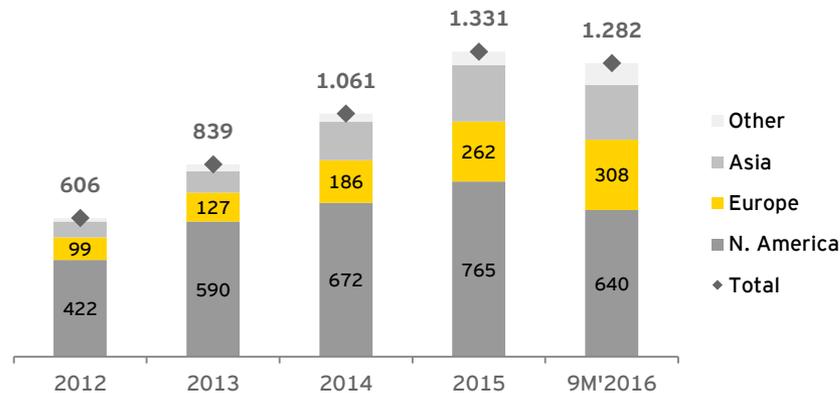
Note: Funding figures for Asia include USD 4.5 bn raised by Ant Financial in China
Source: CB Insights (as of 08.11.2016)

Global FinTech : Funding Source as % of Total Funding



Source: CB Insights (as of 08.11.2016)

Global FinTech: Breakdown by Number of Deals



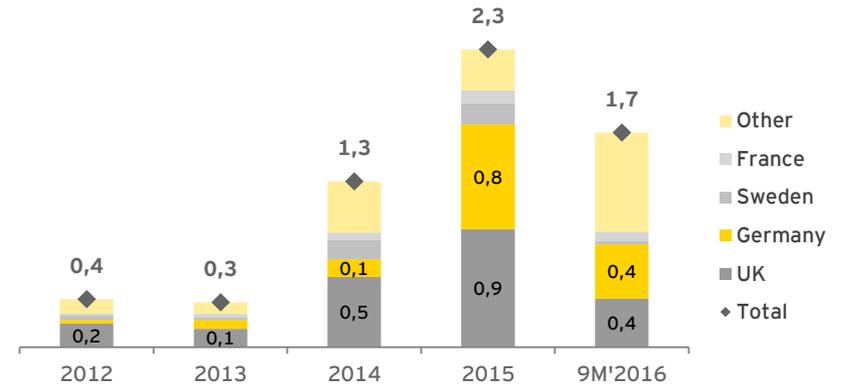
Source: CB Insights (as of 08.11.2016)

Germany and the UK continue to dominate Europe's FinTech landscape

Key insights

- ▶ Europe's FinTechs have attracted ~ 10% of global FinTech funding or USD ~ 1.7 bn so far in 2016, with the EU-2 (Germany and UK) retaining their positions as the region's FinTech powerhouses.
- ▶ Over the past 5 years Germany and the UK have on average accounted for ~ 60% of total funding flowing into Europe's FinTechs, driven by rapid expansion of both country's FinTech ecosystems.
- ▶ Other countries in the region have been also receiving increasing investor attention and funding in recent years. The non-EU-2 landscape, however, remains rather fragmented with individual countries receiving comparatively small shares of total funding.
- ▶ Whereas Corporate Venture Capital has played an increasing role in funding FinTechs globally, the VC arms of European corporates have lagged behind, albeit are gradually catching up.

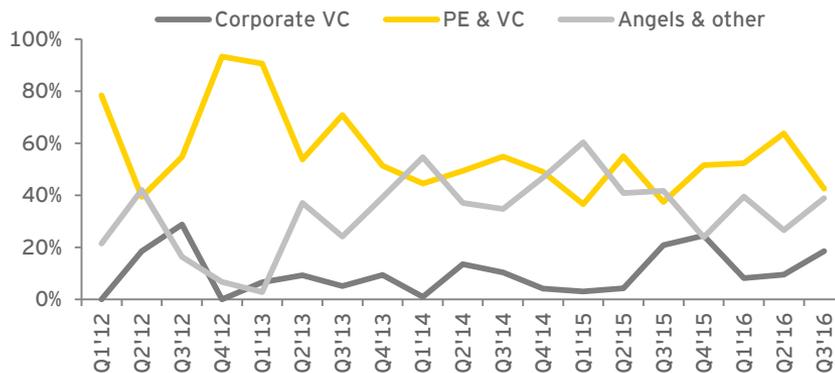
Europe FinTech: Funding Breakdown by Country (USD bn)



Note: Funding figures for 'Other' include a single investment of USD 400 mn in Ireland

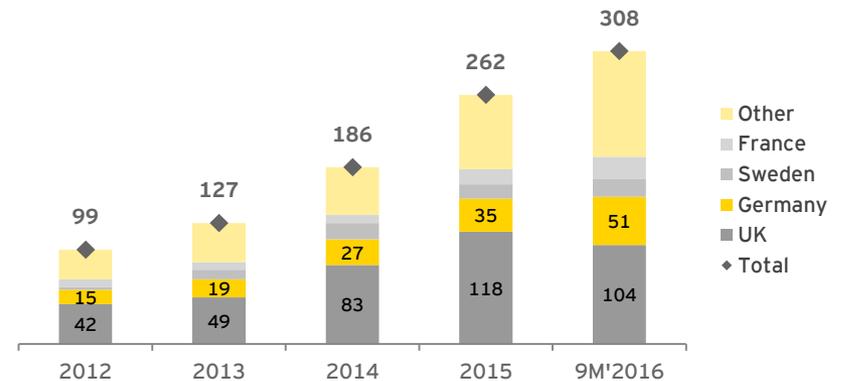
Source: CB Insights (as of 08.11.2016)

Europe FinTech: Funding Sources as % of Total Funding*



Source: CB Insights (as of 08.11.2016)

Europe FinTech: Number of Deals



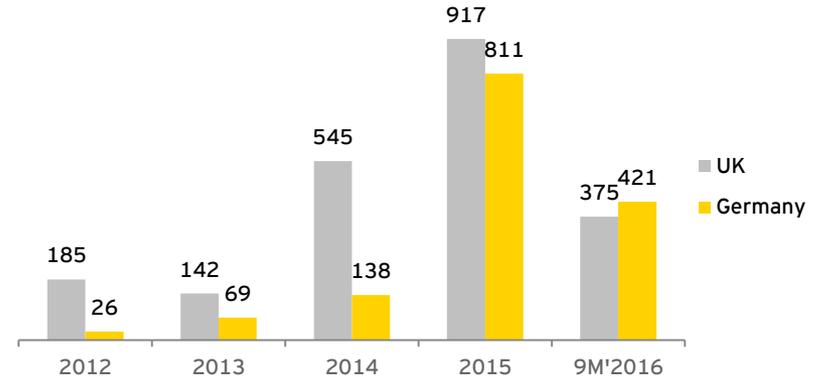
Source: CB Insights (as of 08.11.2016)

A rapidly expanding FinTech ecosystem has elevated Germany to Europe's 2nd largest FinTech hub

Key insights

- ▶ Owing to a vibrant and rapidly developing FinTech ecosystem, Germany has become Europe's second largest FinTech hub over the past 3 years, rivalling the UK.
- ▶ Correspondingly, German FinTechs have witnessed an increased inflow of funding over the same period - USD 811 mn in 2015, and USD 421 mn in 2016 to date.
- ▶ In light of the Brexit and an expanding FinTech ecosystem, Germany is well positioned to capture part of UK-bound funding post-Brexit and strengthen its position in the European FinTech market.
- ▶ This year has marked an increased involvement of corporate venture capital (Banks) with FinTechs via collaboration ventures and we expect this trend to strengthen going forward.

Germany FinTech: Funding inflows vs the UK (USD mn)



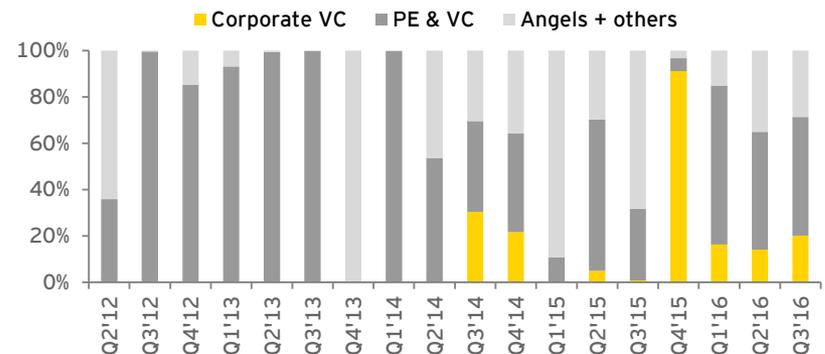
Source: CB Insights (as of 08.11.2016)

Germany FinTech: Top Funding Deals in 2016

FinTech	Segment	Funding (USD mn)
1. N26	Banking & Lending	40
2. Finanzcheck.de	eMarketplaces, Aggregators & Intermediaries	38
3. Spotcap	Banking & Lending	32
4. Orderbird	Payments	23
5. Friendsurance	InsurTech	15
6. Kreditech	Banking & Lending	11
7. Payleven	Payments	10

Source: EY Analysis

Germany FinTech: Main Sourcing of Financing (as % of total)

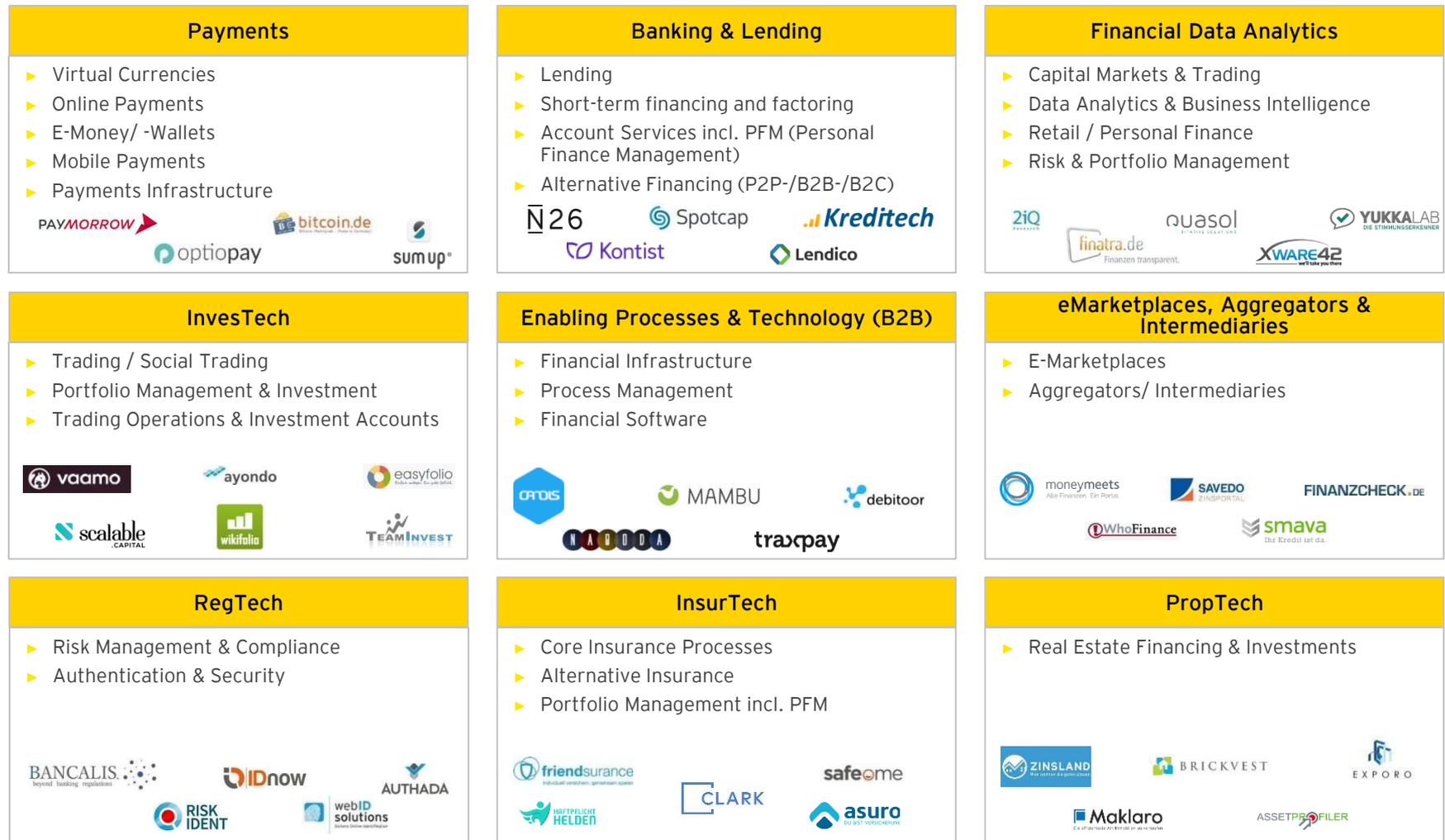


Source: CB Insights (as of 08.11.2016)

The German FinTech landscape



The German FinTech landscape is divided into 9 main segments



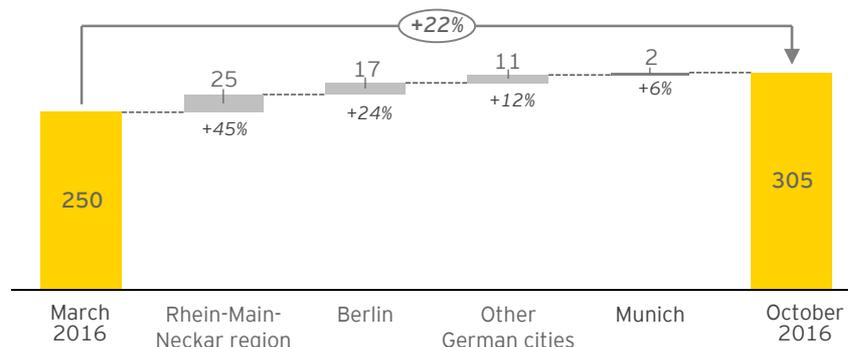
Note: * Company names in this overview have only an illustrative purpose and represent a sample of the FinTechs included in the specific category

FinTech in Germany continues to grow - number of identified Fintechs up 22% vs. March 2016

Key findings

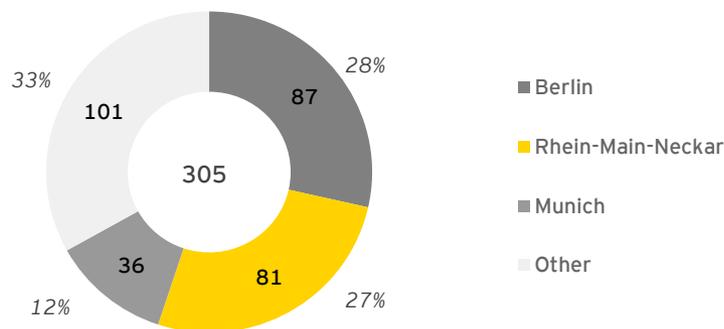
- ▶ Our monitoring of FinTech developments in Germany revealed further expansion of the FinTech landscape to date in 2016 from 250 (see our previous FinTech Study in Mar 2016) to 305*.
- ▶ The Rhein-Main-Neckar region, which includes Frankfurt as the main hub, has been the key driver of this expansion with 45% growth to date by number of identified FinTechs (in comparison to our last study), outpacing Germany's start-up capital Berlin with 24%. Berlin and the Rhein-Main-Neckar region are clearly leading the German landscape by number of FinTechs.
- ▶ Other German cities have also seen FinTech expansion, while Munich has registered only subpar growth (6%) in the number of FinTechs in the underlying period.

Germany's FinTech Universe: Expansion by Hub (2016)*



Source: EY Analysis 10/2016

Germany's FinTech Universe: Hub Breakdown (2016)



Source: EY Analysis 10/2016

- ▶ In comparison with other internationally relevant ecosystems, the FinTech ecosystem in Germany still remains relatively fragmented, albeit 3 major hubs continue to dominate the landscape: Berlin, the Rhein-Main-Neckar region & Munich.
- ▶ While Berlin still retains the title of Germany's leading FinTech hub, the Rhein-Main-Neckar region has been catching up fast. There are strong indications that initiatives in the Rhein-Main-Neckar ecosystem have had a positive impact on this development (see Chapter 3).
- ▶ We expect this trend to continue going forward, and see Rhein-Main-Neckar as leading future FinTech region in Germany, driven by B2B focus and stakeholder activities.

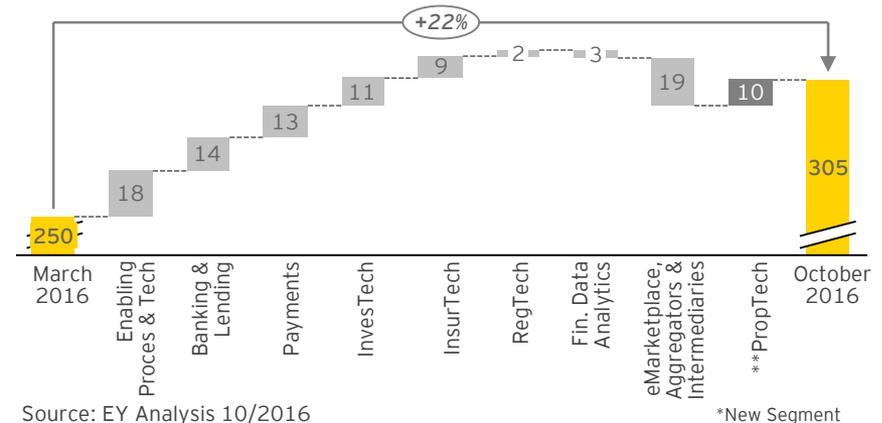
Note: * The updated FinTech universe reflects such effects as newly founded FinTech companies in 2016, newly identified companies that were previously not included, and companies that were excluded from the universe because they were deemed 'inactive' (see methodology).

German FinTech hubs show different market segment focus - Berlin B2C, Rhein-Main-Neckar B2B

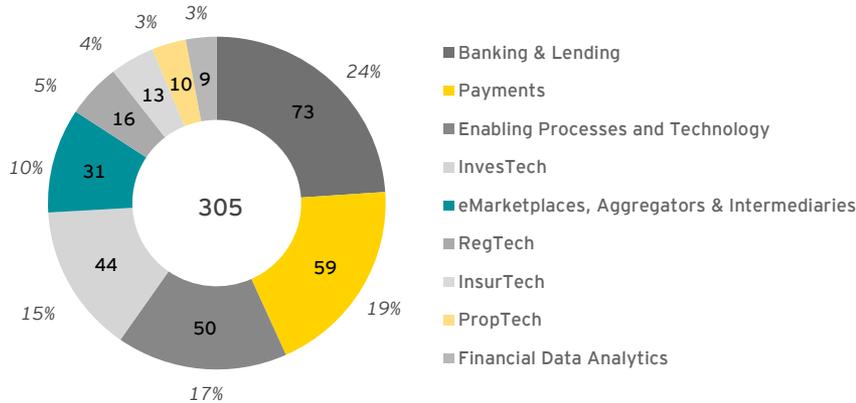
Key findings

- ▶ We have observed that German FinTechs are most active in the larger segments (Payments, Banking & Lending, InvesTech) and in previously smaller ones such as InsurTech.
- ▶ We have also found that Germany's main FinTech hubs show varying segment focus. Thus, a concentration on FinTechs with focus on Banking & Lending and Payments services can be observed in Berlin. Both segments have the longest FinTech history in Germany and a strong B2C focus in business models. The Rhein-Main-Neckar region shows a strong concentration of FinTechs with focus on B2B business models, e.g. segments like "Enabling processes & technology".

Germany's FinTech Universe: Expansion by Hub*

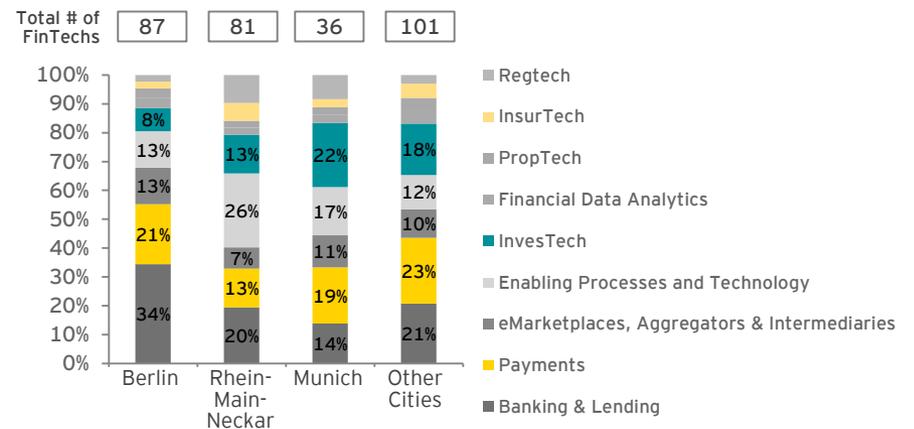


Germany's FinTech Universe: Segment Breakdown



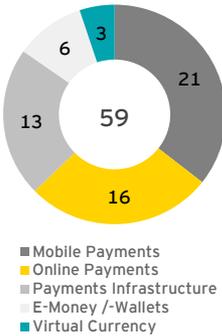
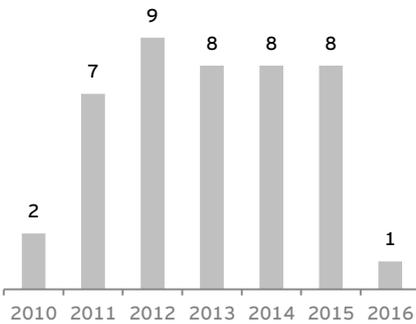
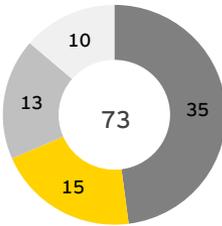
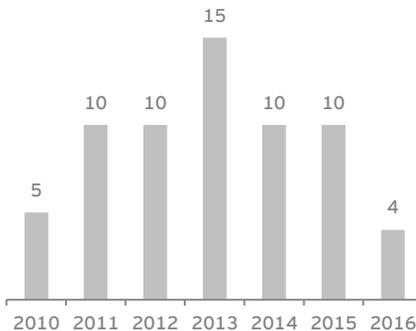
Source: EY Analysis 10/2016

Germany's FinTech Universe: Segment Focus by Hub



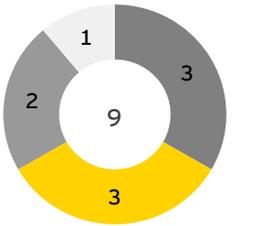
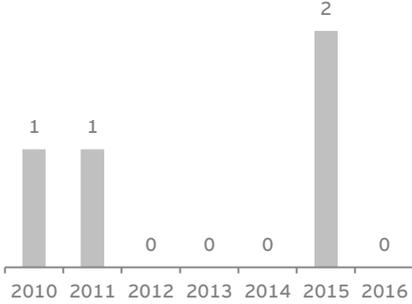
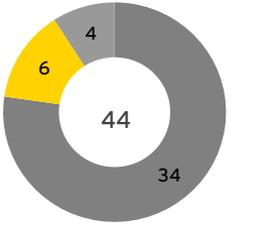
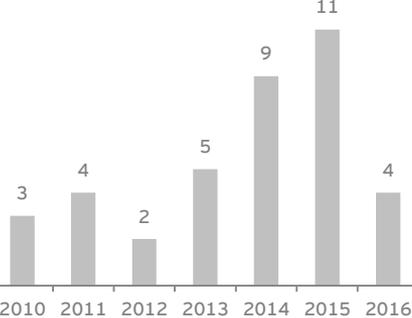
Note: * The updated FinTech universe reflects such effects as newly founded FinTech companies in 2016, newly identified companies that were previously not included, and companies that were excluded from the universe because they were deemed 'inactive' (see methodology). The decreasing number of FinTechs in eMarketplaces is mainly due to reclassification effects.

Banking & Lending and Payments are the largest segments comprising B2C & B2B business models

Description	Sub-segments	# FinTech foundations p.a.	Expected market trend
<p>Payments</p> <ul style="list-style-type: none"> ▶ FinTechs within this segment enable the exchange of products, services by provision of an agreed value. The Payments segment includes such sub-segments as 'Payments Infrastructure', 'Virtual Currencies', 'Online' and 'Mobile Payments' and 'E-Money/-Wallets'. ▶ FinTechs focusing on Payments have the longest history in Germany and their business models in the respective sub-segments enjoy a high degree of maturity. We expect this segment to grow further, driven by the changing consumer behavior (online and mobile payments) and emerging technologies (i.e. Blockchain). 	 <ul style="list-style-type: none"> ■ Mobile Payments ■ Online Payments ■ Payments Infrastructure ■ E-Money /-Wallets ■ Virtual Currency 		
<p>PAYMORROW  cringle  optipay  bitcoin.de  sum up* </p>			
<p>Banking & Lending</p> <ul style="list-style-type: none"> ▶ The Banking & Lending segment includes FinTechs offering core bank services like lending services & products, short term financing and factoring, alternative financing in terms of crowdfunding for both B2B and B2C as well as P2P, account services (opening, maintaining, switching accounts) incl. personal finance management. ▶ Along with Payments, this segment has been one of the most long-standing and largest FinTech segments in Germany. Many business models are B2C focused and thus involve a higher market risk in terms of long-term sustainability (customer access). Survivors in this segment are assumed to emerge as winners with a strong brand and market proposition. 	 <ul style="list-style-type: none"> ■ Alternative financing (P2P-/B2B-/B2C) ■ Account Services incl. PFM ■ Short Term Financing and Factoring ■ Lending 		
<p> Kreditech  Kontist  Spotcap  Lendico  N26</p>			

Note: * Company names in this overview an illustrative purpose and represent a sample of the FinTechs included in the specific category

The Financial Data Analytics segment is about to unleash its potential, InvesTech is to grow sustainably

Description	Sub-segments	# FinTech foundations p.a.	Expected market trend
<p>Financial Data Analytics</p> <ul style="list-style-type: none"> Business models of the Financial Data Analytics market provide significant opportunities for companies to use data analysis to improve, for example, the consumer experience, monitor business activities or manage credit risk etc. 'Financial Data Analytics' comprises such sub-segments as Data Analytics & Business Intelligence, Retail / Personal Finance, Capital Markets & Trading, and Risk & Portfolio Management. We anticipate strong growth within this segment in the near future due to the increasing significance of processing data for market players. 	 <ul style="list-style-type: none"> Data Analytics & Business Intelligence Retail/Personal Finance Capital Markets & Trading Risk & Portfolio Management 		
			
<p>InvesTech</p> <ul style="list-style-type: none"> InvesTech covers FinTechs focusing on traditional trading activities as well social trading, portfolio management including investment analytics for decision-making for both businesses and private traders. The segment also comprises business models addressing trading operations & investment accounts on the B2B side. ¾ of the InvesTechs are involved in 'Portfolio management & Investment' as the majority of users demand services in this area. Other business models such as "Social trading" are expected to grow in future, but did not reach a similar market significance yet. Overall this segment is expected to grow sustainably. 	 <ul style="list-style-type: none"> Portfolio Management & Investment Trading / Social Trading Trading Operations & Investment Accounts 		
			

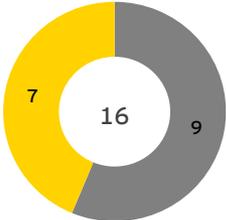
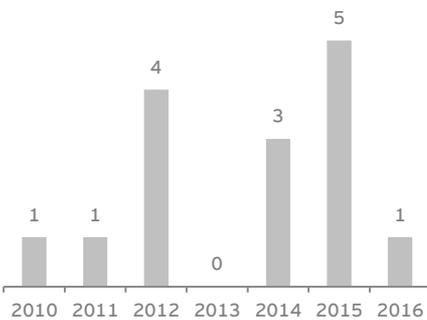
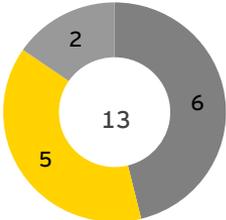
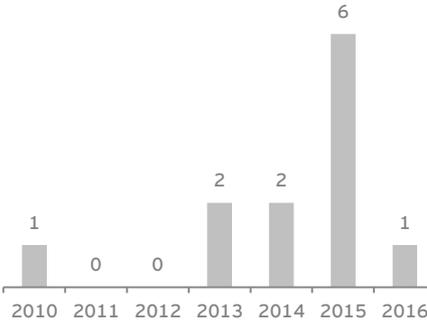
Note: * Company names in this overview have only an illustrative purpose and represent a sample of the FinTechs included in the specific category

B2B and cooperation related business models expected to grow strongly, while B2C ones - to consolidate

Description	Sub-segments	# FinTech foundations p.a.	Expected market trend
<p>Enabling Processes & Technology</p> <ul style="list-style-type: none"> ▶ FinTechs within this segment provide a new or altered financial infrastructure to enable products and processes. In addition, FinTechs offer solutions to optimize process management or financial software supporting processes and functions. ▶ 'Financial Software' is the predominant sub segment as the digitalization is one of the main drivers in the FS industry followed by 'Process Management' and 'Financial Infrastructure'. Due to the focus of established FS players on cooperation models with FinTechs, this segment is assumed to grow significantly (e.g. Cyber Security, Blockchain). 	<p>■ Financial Software ■ Process Management ■ Financial Infrastructure</p>	<p>2010 2011 2012 2013 2014 2015 2016</p>	
<p>eMarketplaces, Aggregators & Intermediaries</p> <ul style="list-style-type: none"> ▶ While eMarketplaces offer the possibility to directly purchase a financial service or product, 'Aggregators & Intermediaries' levy a fee for a service rather than providing the service themselves. Platform markets are online marketplaces that generally provide third-party products (B2B / B2C). ▶ The segment includes many "FinTech pioneers". We do not expect this segment to demonstrate the same growth dynamic going forward, although we do see market winners with a strong brand and market proposition emerging, which will lead to segment consolidation. This should give rise to successful players, which enable a high level integration of data along the value chain. 	<p>■ Aggregators / Intermediaries ■ eMarketplaces</p>	<p>2010 2011 2012 2013 2014 2015 2016</p>	

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RegTechs and InsurTechs are starting off from a low base, but significant growth is expected

Description	Sub-segments	# FinTech foundations p.a.	Expected market trend	
<p>RegTech</p> <ul style="list-style-type: none"> ▶ FinTechs operating in this segment offer solutions to financial services organizations to help them comply with regulatory requirements and manage regulatory risks. RegTechs also cover the scope of user authentication (e.g. fingerprint or voice recognition technology and software), as well as security applications. ▶ RegTechs are expected to grow significantly as regulation is a key driver of transformation in the financial services sector. The business models in this segment are expected to provide strong cooperation potential to increase efficiency for established financial services providers. 	 <p>■ Authentication & Security ■ Risk Management & Compliance</p>			
<p>InsurTech</p> <ul style="list-style-type: none"> ▶ InsurTechs impact the incumbent insurance business through innovations in (digital) products and operations clustered in core insurance processes and alternative insurance, e.g. data-driven and usage-based insurance or digital claims processing software as well as solutions facilitating insurance portfolio management are included. ▶ The whole segment has lagged behind the development of other FinTech segments. Owing to this fact, we expect strong growth within this segment in the near future, as well as greater involvement of the insurance companies. 	 <p>■ Core Insurance Processes ■ Portfolio Management incl. PFM ■ Alternative Insurance</p>			
				
				

Note: * Company names in this overview have only an illustrative purpose and represent a sample of the FinTechs included in the specific category

PropTech development still on a low level - further increase in growth is expected



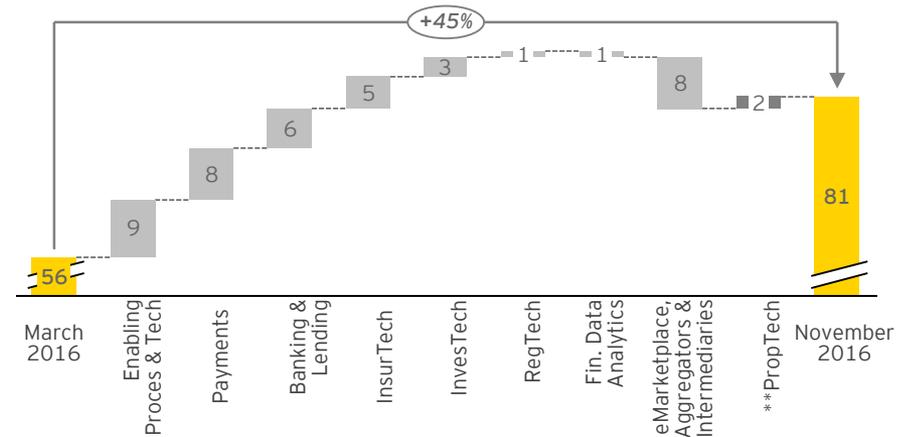
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Rhein-Main-Neckar is growing strongly and is leading in B2B, but remains Germany's #2 FinTech region

Key findings

- ▶ Rhein-Main-Neckar remains Germany's second-largest FinTech hub, expanding its base from 56 (see our previous *FinTech Study*) to 81 companies (27% of the identified universe).
- ▶ The region has expanded with the highest growth rate of Germany's 3 main hubs (+45%*) since the last publication of the study (03/2016).
- ▶ To date Frankfurt has attracted most FinTech start-ups in the Rhein-Main-Neckar region, which have predominantly focused their activities on the Enabling Processes and Technology segment.

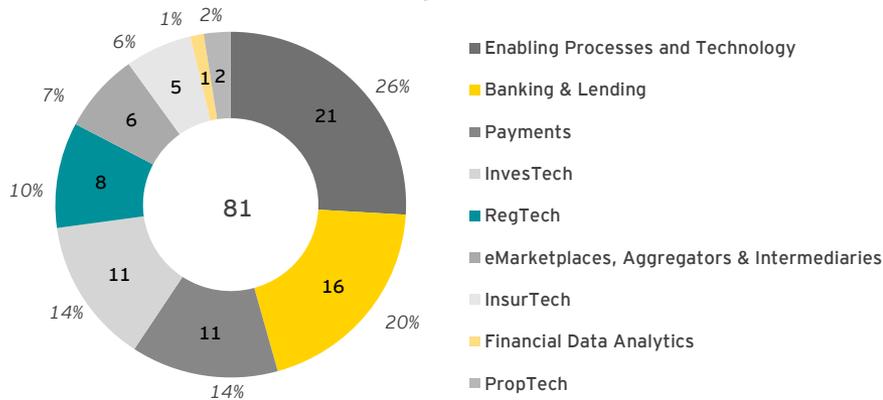
Frankfurt's FinTech Universe: Cluster Breakdown



Source: EY Analysis 10/2016

**New Segment

Rhein-Main-Neckar FinTech: Segment Breakdown



Source: EY Analysis 10/2016

Note: * The updated FinTech universe reflects effects such as newly founded FinTech companies in 2016, newly identified companies that were previously not included, and companies that were excluded from the universe because they were deemed 'inactive' (see methodology). The decreasing number of FinTechs in eMarketplaces is mainly due to reclassification effects.

Selected new Rhein-Main-Neckar FinTechs (2016)

BLOCKCHAIN
HELIX

Diversifikator

my Pension
DIE RENTENVERSICHERUNG

Selected established Rhein-Main-Neckar FinTechs

ayondo

traxpay

vaamo

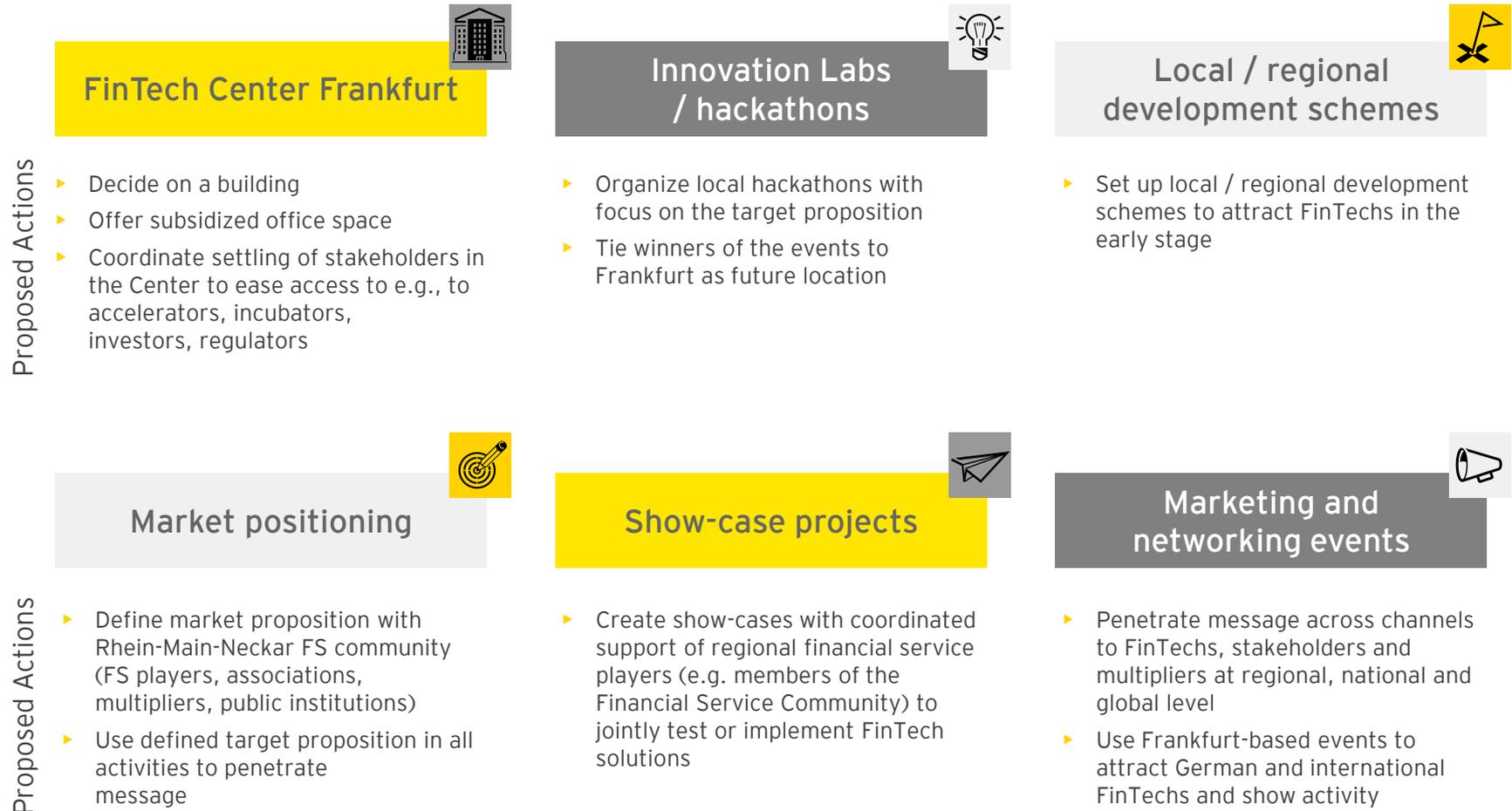
2iQ
Research

awamo
Information creating opportunity

Case Study: Development of FinTech in Rhein-Main-Neckar



In Q1 2016 we identified six short term fields of action to execute Rhein-Main-Neckar's FinTech journey



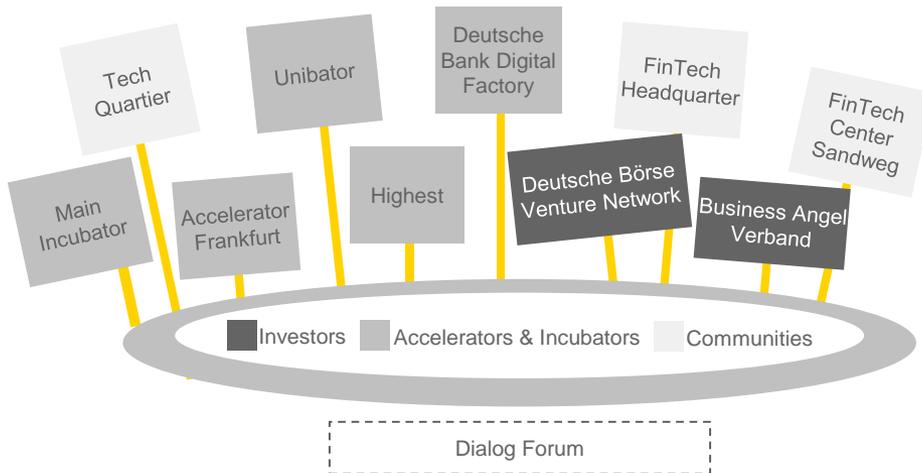
Several initiatives are taken to evolve the Rhein-Main-Neckar region as a center for FinTech related business

Overall progress of the Rhein-Main-Neckar region as FinTech hub
(range of evaluation: 1 = low, 5 = high)



- ▶ Corporate, institutional and other representatives of FinTech initiatives in Rhein-Main-Neckar region were surveyed in a structured interview process about the development of the regional FinTech ecosystem
- ▶ The Ø score of 3,7 indicates an overall positive perception of the development of the regional FinTech ecosystem

Overview of selected initiatives in Rhein-Main-Neckar



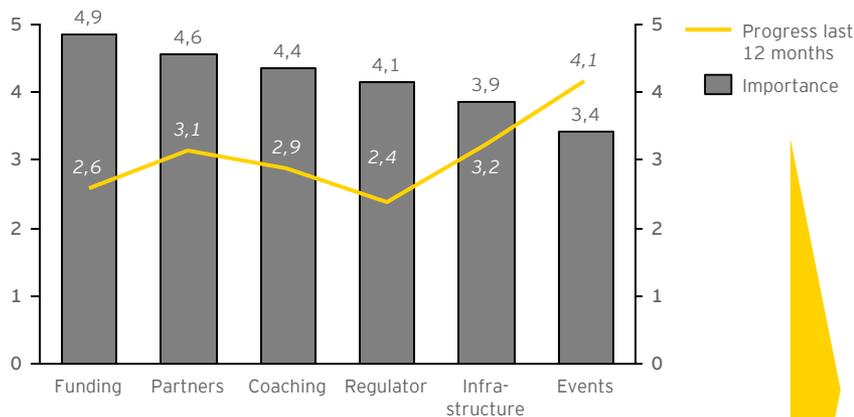
- ▶ Several regional initiatives have been started and evolved. As a whole the region has developed a significantly stronger base of activity and has strengthened its attractiveness as a FinTech location.
- ▶ The FinTech initiatives in the region are covering accelerators & incubators, community building and investor activities.
- ▶ The "Dialogforum Fintech", a collective initiative of financial providers, public and private institutions and other FinTech stakeholders, has been perceived by many interviewees as a driver for the exchange of thoughts, coordination and increasing dynamics to further foster activities in the Rhein-Main-Neckar region. One major focus area of this initiative was the development of a "Frankfurt Level39" which is now in the opening process named as "Tech Quartier", sponsored by Hessian federal government.

Source: EY Survey 11/2016

Access to investors / funding and partners are the top two most important success factors

Evaluation of FinTech ecosystem success factors

(range of evaluation: 1 = low, 5 = high)



- ▶ Access to funding and corporate partners were identified as most important success factors to develop Rhein-Main-Neckar region as FinTech hub
- ▶ The strongest progress could be reached in working space and FinTech events, supported by activities of regional market players and FinTech stakeholders
- ▶ Among the two success factors with the 'highest importance', the best progress was reached in "access to partners", which goes along with the regional B2B market proposition based on cooperation

- 1 Access to funding & attractiveness for investors**
Ranked as the most important parameter for the region it is one of the weakest parameters in regards to the progress in the last 12 months. Rhein-Main-Neckar was not successful to attract investors, as the ecosystem as base of funding activities needs further to be developed. The international investor focus on ecosystems remain on London and Berlin.
- 2 Access to Partners (Financial services provider etc.)**
Critical for the positioning of the region as B2B-focused FinTech hub. Perceived commitment of FS players in cooperation models is high, but mainly driven on bi-lateral basis with FinTechs. Real project based execution and stronger coordination of activities to strengthen the ecosystem is missing.
- 3 Availability of coaching / guidance**
As the start-up ecosystem is still in its starting phase, the region has a lack of local entrepreneur basis. It is perceived that mentors are not as active in comparison to other ecosystems or need to be invited from other locations.
- 4 Access to and support through regulators**
The local access to the regulator is a unique proposition of the Rhein-Main-Neckar region. The awareness of the regulator is perceived better in comparison to last year, as initial information activities have been started. Still, an improvement in the regulator access and regulatory FinTech schemes are perceived to be required.
- 5 Availability of infrastructure (Working space etc.)**
Significant progress in affordable co-working space initiated by institutional players (e.g. FinTech Center Sandweg, Tech Quartier).
- 6 Number of 'FinTech-Events'**
Quantity of FinTech events has increased significantly, however the quality of the events is perceived as mixed. Events have often focus on "sales and pitches" and less on real community building and exchange of content, which is a key contributor for a dynamic ecosystem.

Source: EY Survey 11/2016

We surveyed initiatives contributing to a FinTech ecosystem in the Rhine-Main-Neckar region (1/2)

	Initiative	Description	Year of foundation	Sponsorship
Accelerators, Incubators & Labs	Accelerator Frankfurt	Accelerator Frankfurt has set-up the first accelerator program in Frankfurt, comprising 8 start-ups that joined the program starting in September 2016 for 4 months. It was founded to highlight the importance of start-ups, especially Fintechs. It connects start-ups with financial institutions and provides office location within Frankfurt. Accelerator Frankfurt also supports start-ups in their business development and their investor relationship management. In addition it is very active in bridging the Israeli and Rhein-Main FinTech community.	2016	Private
	main incubator	main incubator is a pioneer in the area of banking sector innovation. They support start ups with their business model and bring them together with financial institutions and other interested parties. "Between the towers" is the main platform event to create connections between FinTechs and financial service provider in the Rhein-Main region	2013	Commerzbank
	Unibator	Unibator is the innovation section of the Goethe University in Frankfurt and supports students and alumni in their intention to build up a start-up. Its numerous events and entrepreneurial activities additionally make the Unibator one of the driving forces behind the fast-growing startup community in the Frankfurt region	2001	Goethe University
	Highest	Founder Center of the TU Darmstadt, Highest was founded to improve the founder mentality within the university and the whole Rhein-Main region. Provides the founders a network of partner companies and links start-ups with corporates.	1987	TU Darmstadt
	Deutsche Bank Digital Factory	Research and development related to bank-intern innovation labs. Deutsche bank invests €750 mn until 2020 in these labs for the digitalization of the private and commercial banking. Existing cooperations with figo, eSafe, webID solutions, Deposit Solutions, fincite.	2016	Deutsche Bank

We surveyed initiatives contributing to a FinTech ecosystem in the Rhine-Main-Neckar region (2/2)

	Initiative	Description	Year of foundation	Sponsorship
Communities	Fintech Headquarter	Fintech Headquarter is a platform for Fintechs. It organizes events and provides the Fintechs with important connections in the economy and along investors.	2015	Sopra steria, Gründermaschine.com & other
	Tech Quartier	Tech Quartier is a regional Tech working space and community builder, founded on the back of an initiative by local industry representatives and the Hessian federal government in 2016 with the goal to serve as a hub for the Fintech ecosystem, connecting Start-ups / Fintechs with other Fintechs, Corporates, Investors and other stakeholders. Furthermore, it is a location for the the development of business models and programs. Target is to become a “regional lighthouse” initiative similar to Level39 in London.	2016	Hessian federal government
	Fintech Center	Central office space for Fintech start-ups provided by Deutsche Börse Venture Network. The building is designed to be a meeting and working point for new Fintechs and will facilitate the working space problem and the catch up with other Fintechs and potential investors.	2016	Deutsche Börse Venture Network
	Fintech Group (Frankfurt)	FinTech Group AG is a financial technology company, specializing in securities transactions as well as software, payment and IT-solutions. The company operates an online retail banking under its own brands and white label banking for third parties, as well as mobile payment software. FinTech Group AG is an important partner for many young Fintech companies.	1999	N/A
Investors	Business Angel Verband	Business Angel Verband is an association of investors providing VC, long-term experience, and valuable contacts. It has developed an award scheme for FinTechs. Regarding the number of members it is the largest association in this sector in Germany.	1998	Federal institute for economics and energy
	Deutsche Börse Venture Network	Deutsche Börse’s FinTech Venture Network program helps to improve the financing situation of new, fast growing start-ups. It helps to bring start-ups together with investors and let start-ups use their extensive partner network	2015	Deutsche Börse

Although in 2016 many activities were initiated, the start-up ecosystem is not really established yet

Initiatives Progress since 03/2016

FinTech Center Frankfurt



Innovation Labs / hackathons



Local / regional development schemes



Show-case projects



Marketing and networking events



Market positioning



Feedback from interviews

„Rhein-Main-Neckar must communicate and market its ecosystem and attractiveness of living. In the moment it is not yet a target location for international relocations“

„The „Fin“ is in Frankfurt, the „Tech“ is in the Region“

„Rhein-Main-Neckar is lacking a strong start-up investor structure. The end-to-end funding chain is currently not yet present“

„There is a significant potential in the applied research of the regional universities and the IT software and hardware capabilities and infrastructure of Rhein-Main-Neckar, which directly can be leveraged by the banking industry. Topics such as Cyber Security and Financial Infrastructure have their natural base in the region“

„FinTech in Berlin is B2C, in Frankfurt B2B“

„Frankfurt is the only real FinTech hub in Germany, Berlin is mobile and retail“

„The FinTech cooperation approach between banks and FinTechs is communicated a lot, but not really delivered yet“

„The collaboration starts too late, banks are focusing only on matured FinTechs but do not support in the seed and early phase – this does not support the development of a start-up ecosystem“

„Frankfurt has not yet a real start-up ecosystem, activities are driven by corporates and institutions but not by the start-ups – it is not about community, networking and content, it is a lot about sales and pseudo activities“

„The Tech Quartier needs to prove its concept and success first – speed will be extremely important“

Source: EY Survey 11/2016

Summary



Summary of findings

- ⇒ The global FinTech funding volumes have increased slightly in 9M'2015 (~ 5% YoY). Funding in emerging regions especially Asia has seen significant growth, whereas developed markets have seen decreased volumes compared to the previous year for the first time
- ⇒ Germany's FinTechs may obtain for the first time more funding than the UK in 2016, although the total 2016 volume is likely to be lower than in 2015
- ⇒ The funding structure in countries like the UK and Germany is changing from VC investors towards corporate investors, which indicates a growing maturity of their FinTech base
- ⇒ The number of FinTechs in Germany have increased in 2016 to date by 22% – the Rhein-Main-Neckar region has been key driver of this expansion with a 45% increase in the number of regional FinTechs vs. 2015
- ⇒ The Rhein-Main-Neckar region has a strong concentration of FinTechs with focus on B2B business models, whereas Berlin is perceived as the current center of B2C FinTech activities
- ⇒ Leveraging regional capabilities to strengthen regional FinTech segment focus should increase the hubs' competitiveness - e.g. concentration of capabilities and activities in Cyber Security and Financial Infrastructure in the Rhein-Main-Neckar, and InsurTech in Munich
- ⇒ In 2016 the position of the Rhein-Main-Neckar as a FinTech hub in Germany was further strengthened by several FinTech initiatives, albeit a dynamic start-up ecosystem could not be established yet

EY contacts



Christopher Schmitz
Partner - FSO Transaction Advisory Services

Tel: +49 6196 996-13545
eMail: christopher.schmitz@de.ey.com



Ulrich Trinkaus
Partner - FSO Advisory Services

Tel: +49 6196 996-25173
eMail: ulrich.trinkaus@de.ey.com



Jan-Erik Behrens
Executive Director - FSO Transaction Advisory Services

Tel: +49 6196 996-29804
eMail: jan-erik.behrens@de.ey.com

Methodology

- Our FinTech universe comprises only those companies, to which our definition of FinTech applies, namely *"organisations combining innovative business models and technology to enable, enhance and disrupt financial services"*.
- For the purposes of this report we have limited the German FinTech landscape only to those companies that have been founded and registered in Germany.
- In compiling data on German FinTechs we have primarily relied on online open sources and company research.
- To account for the companies' various business focuses, we have split the FinTech universe into 9 segments, and within those further into subsegments, depending on which area of the financial services value chain the companies' solutions address.
- The FinTech universe in this report refers only to what we define as 'active' companies. That is, companies which are (i) still active in the market; (ii) operate as a stand-alone entity; whereas we define as 'inactive' those companies that are (i) no longer active in the market (i.e. due to insolvency); (ii) do not operate as a stand-alone entity (i.e. acquired by another company)
- Owing to its nascent stage of development, the FinTech market in Germany is subject to continuous and frequent changes, and is characterized by very limited information. As a result, the size of the universe at a particular point in time, may depend on such factors as:
 - (a) organic expansion of the universe as result of newly-founded FinTech companies;
 - (b) newly identified FinTechs that were previously not included;
 - (c) companies that were excluded from the universe as they were deemed no longer active (see above);
 - (d) reassignment of companies which refocused their business activities to a different segment.
- For information on FinTech funding we relied on CB Insights as a primary source of data. The funding figures presented in this study include only equity-based financing: seed/angel, series A/B/C/D/E+, private equity, growth equity, venture capital, and other equity-based funding.

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Wirtschaftsprüfungsgesellschaft
Mergenthalerallee 3 - 5
65760 Eschborn

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