



Striving, scaling or sailing?

NORDIC FINTECH AND THE FUTURE OF FINANCE













Sponsored by:







Copyright © 2020 findexable limited & The Global Fintech Index. All rights reserved. You agree not to reproduce nor distribute the report, either by email, website download, or any other electronic or physical means without the prior written authorisation of findexable.

This material has been prepared for general information purposes only and is not intended to be relied upon as professional advice. 7 December 2020, version 1.0.

In partnership with:















Contents

Foreword	4
Executive Summary	5
Methodology	7
1: Nordic fintech by numbers	8
2: From striving to sailing?	16
New life after the pandemic	17
Scaling up - and scaling out	23
Open Banking – smoother sailing?	26
3: Conclusion	30
List of interviewees	31





Foreword

Despite the tight grip of Covid-19 globally, the Nordic fintech community stands strong, with investors and innovators hard at work across the space. Nordic Capital's acquisition of RegTech from Bearingpoint is just one example.

Why our success? Nordic and Baltic countries being among the most digitally mature globally is another key advantage. As we've seen this year, innovation and digital hand-in-hand can play great dividends. And even more so in turbulent times.

As a company specialising in governance, risk and compliance, with three fintech companies within the FCG Group, we share the passion for innovation that is inherently part of fintech's DNA, and understand the burden of being regulated.

As such, we understand the power, potential and challenges of digitalisation. The demand for more digital ways of exchanging cash, getting a loan or interacting with your bank or insurance company in new ways have been around for a while. In a world of social distancing they have taken on a new significance - causing innovation and digital transformation across the industry to speed up.

Digitalisation - and its potential
- are at the centre of the radar
for regulators too. Regulators
everywhere are increasingly looking
at how they can promote innovation
while mitigating risk and ensuring
financial stability. Fintechs' move up
the regulatory agenda has caused

some to worry that regulations will hamper innovation.

It's our view that regulation should be an accelerator, not a showstopper. Properly implemented regulation can ensure the baseline of digital security is kept high across financial markets. This ensures customers and firms feel comfortable using digital solutions, including cloud services and other digital enablers.

We are very encouraged to see how Nordic and Baltic fintech firms have kept up the innovation momentum despite the pandemic. Given the region's digital maturity, we expect Nordic and Baltic countries to be among the global winners when

industry-wide digitalisation takes off in response to the pandemic and the economic recovery.

This gives us confidence we will see continued success with many more fantastic fintech companies being born in the region. Before that of course, our hope is that the grip this virus holds loosens as soon as possible and that we in the Nordic fintech community can get on with building the next normal.



Stay safe, **Kristian Bentzer**Group CEO, FCG Group





Executive summary

The strength of the Nordic fintech scene should come as no surprise - home to one in ten of the fintechs listed on the Global Fintech Index, the region is where some of the biggest names in financial technology first came to prominence: from Klarna and iZettle to Transferwise and Tink, all of which have their roots in northern Europe.

The region's early success at moving away from cash, its embrace of collaborative models for the development and distribution of innovative financial services long before fintech became every bank's favourite bandwagon, and commitment to digital services have created the foundations for a thriving fintech ecosystem. Combined with strong IT infrastructure, healthy national economies, and financially literate, highly-banked populations - over the last decade the region has become a testbed for the future of financial services, and in the process a live experiment of how collaboration between policymakers, finance and entrepreneurs could shape how we manage the economy of the future.

Behind the big names and celebrated unicorns lies a diverse and innovative marketplace. A region where size is no obstacle to success or ambition. Indeed smaller countries like Latvia and Estonia punch above their weight in areas like cryptocurrency and blockchain, Lithuania's ecosystem saw the country appear as fourth

globally in the first worldwide ecosystem rankings and again this year. Providers of payments and transaction services continue to thrive across the region.

By looking at the data collected from the Global Fintech Index during 2020 and insights from a wide range of more than 30 interviews across the ecosystem, 'Striving, scaling or sailing?', explores the data behind the success - to identify how and where fintech is concentrated across the region, what fintechs are doing, and the local infrastructure that supports them.

Like everywhere else, the Nordic region currently has a distanced workforce and an economy placed in temporary suspension. It's an environment in which digital services can outperform analogue counterparts – but without the business fundamentals all hope is lost.





Shifting priorities

Across three themes, the report looks at the qualitative issues occupying the region's investors, fintech firms, accelerators and support systems – to identify the impact of the pandemic on operations, shifting perspectives on opportunities across the sector, and the role that finance will play in building the economy of the future. Encouragingly the underlying conversation is a discussion about sustainability in all its forms and poses key questions.

- How has the pandemic shifted business priorities back to fundamentals: scalable revenues, operating cash flow, and longer-term value, and humancentred values like financial well-being?
- How can fintechs, institutions and government work together to ensure SME success?
- How might a Nordic-fintech dividend play out as the region's firms scale out of their home markets?
- What is the role of open banking in stitching together technology, infrastructure, consumers and business to drive synergies across the ecosystem and resilience to withstand future shocks?

As you will see in this report, the underlying conversation is bigger than fintech alone. The repercussions of the pandemic, a naturally collaborative culture, and a powerful cocktail of finance and digital acceleration can put the region at the forefront of the drive to a sustainable economy with a careful hand at the wheel. Indeed, less striving and smoother sailing.







Methodology

The content for this report was compiled from interviews and desk research between June and November 2020 combined with data provided by findexable's **Global Fintech Index**.

The City and Country Ranking scores on the Index are calculated as a composite of three groups of metrics – a quality score based on the size and success of fintech companies in a location; a quantity score based on the number of firms, and an ecosystem score using selected metrics from the World Bank Doing Business Indices. For more details and a copy of the Global Ecosystem Rankings visit **gfi.findexable.com**.











Lighthouse Program is Mastercard's platform for building partnerships with leading fintech companies. The program brings together fintechs, investors, advisors and Nordic & Baltic banks to scale innovative ideas. This is the right opportunity to grow your business through collaborations with Mastercard and major banks.

"

At Gimi, we are thrilled to be part of the Mastercard Lighthouse Programme and to elaborate on the opportunities to partner with the most promising and modern banks of tomorrow, so that we together can create and distribute child-friendly financial services that will not only include children in the modern society, but also increase the financial literacy among our future generations.

"

"

Philip Haglund
CEO and Founder Gimi.

Gimi



Lighthouse MASSIV uses the format of commitment, accountability, and partnership to help companies focused on social impact achieve the UN's sustainable development goals. By providing teams with competitive incentives and preferential access to partner resources, this program aims to foster partnerships that will enrich the lives of one billion people by 2025.

(6 The value of this program is beyond the amazing advisors and great partners. It can help scale the impact through access to valuable resources and building partnerships. It's a pleasure that Mastercard, banks and other great partners share PlasticFri's vision and we are looking forward to our partnerships and working together

> Max Mohammadi Co-Founder PlasticFri

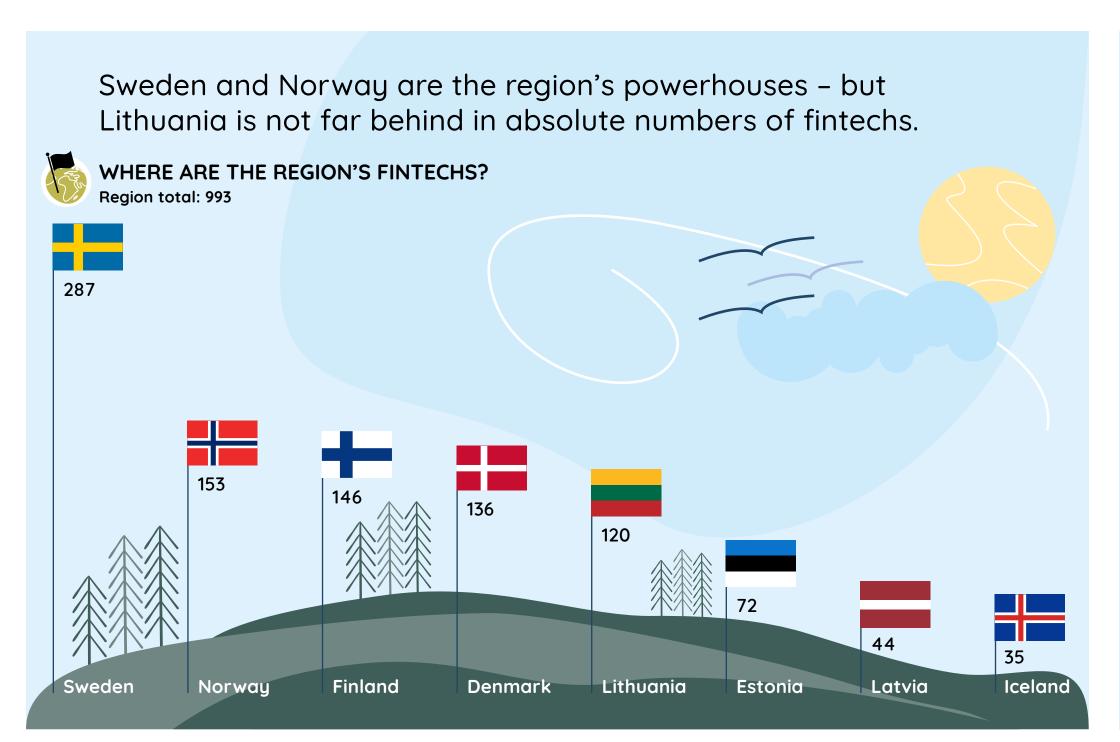
> > Pl@sticFri

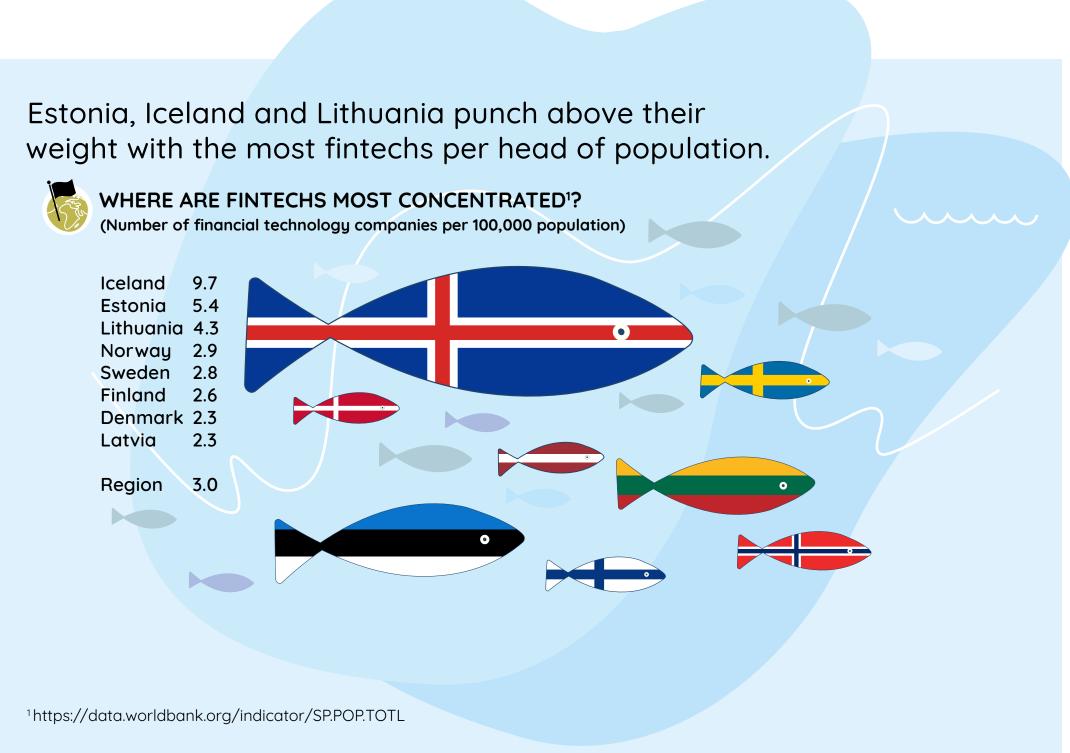






Northern powerhouse









The region's countries also punch above their weight globally. Three feature in the Global Fintech Index Ecosystem's top ten. All but Iceland feature in the top 50.

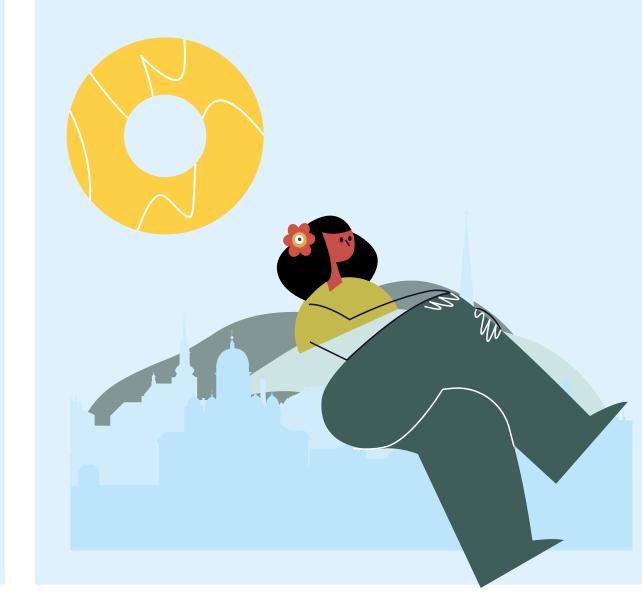




COUNTRY	RANK
United States	1
United Kingdom	2
Singapore	3
Lithuania	4
Switzerland	5
The Netherlands	6
Sweden	7
Australia	8
Canada	9
Estonia	10
Finland	14
Denmark	20
Norway	27
Latvia	49

It might be cold up North, but Baltic and Nordic cities have some of the hottest ecosystems for fintechs in Europe.



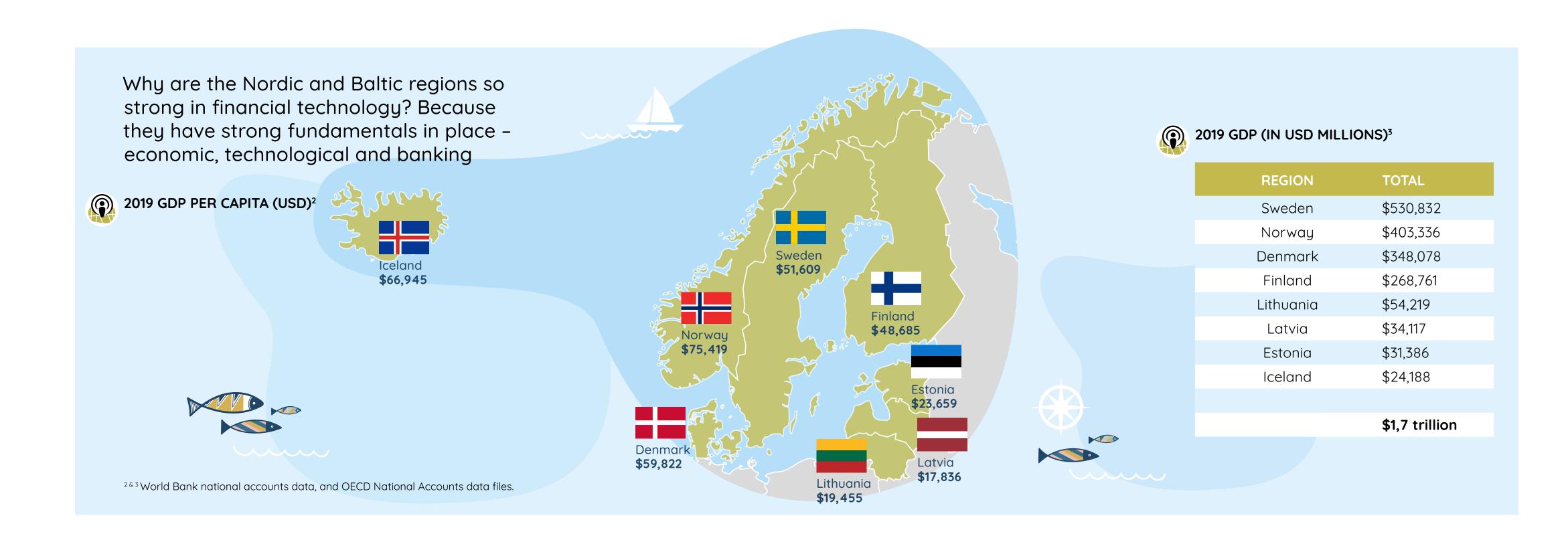


CITY	RANK
London	1
Berlin	2
Paris	3
Amsterdam	4
Dublin	5
Vilnius	6
Madrid	7
Barcelona	8
Stockholm	9
Zürich	10
Frankfurt	11
Hamburg	12
Tallin	13
Warsaw	14
Milan	15
Munich	16
Brussels	17
Manchester	18
Copenhagen	19
Helsinki	20





The environment: consumers, accounts and servers







Internet usage is extremely high – even compared to EU neighbours and OECD averages.



TOTAL
98
90
90
*99
86
82
98
94
* 49
*82
*83

66

The Nordic consumer is eager to use technology and they are experienced, and it is up to us as providers to use this opportunity."

Siri Børsum,
Huawei

The underlying infrastructure is very much in place. Denmark is the regional powerhouse here, but all countries easily outpace the world average.



SECURE INTERNET SERVERS (PER 1 MILLION PEOPLE)⁵

REGION	TOTAL
Denmark	277,134
Estonia	83,332
Finland	57,706
Iceland	70,759
Latvia	19,868
Lithuania	31,537
Norway	36,181
Sweden	25,672
World	10,045
EU	41,808
OECD	49,940

66

An important prerequisite for the growth of fintech is the prevalence and use of the internet.

The internet economy in South East Asia is expected to triple by 2025 totaling USD 300 billion."

Pål Kastmann,
Innovation Norway

^{*}Figures from 2018, *Figure from 2017

⁴International Telecommunication Union (ITU) World Telecommunication / ICT Indicators Database

⁵Netcraft (netcraft.com) and World Bank population estimates.





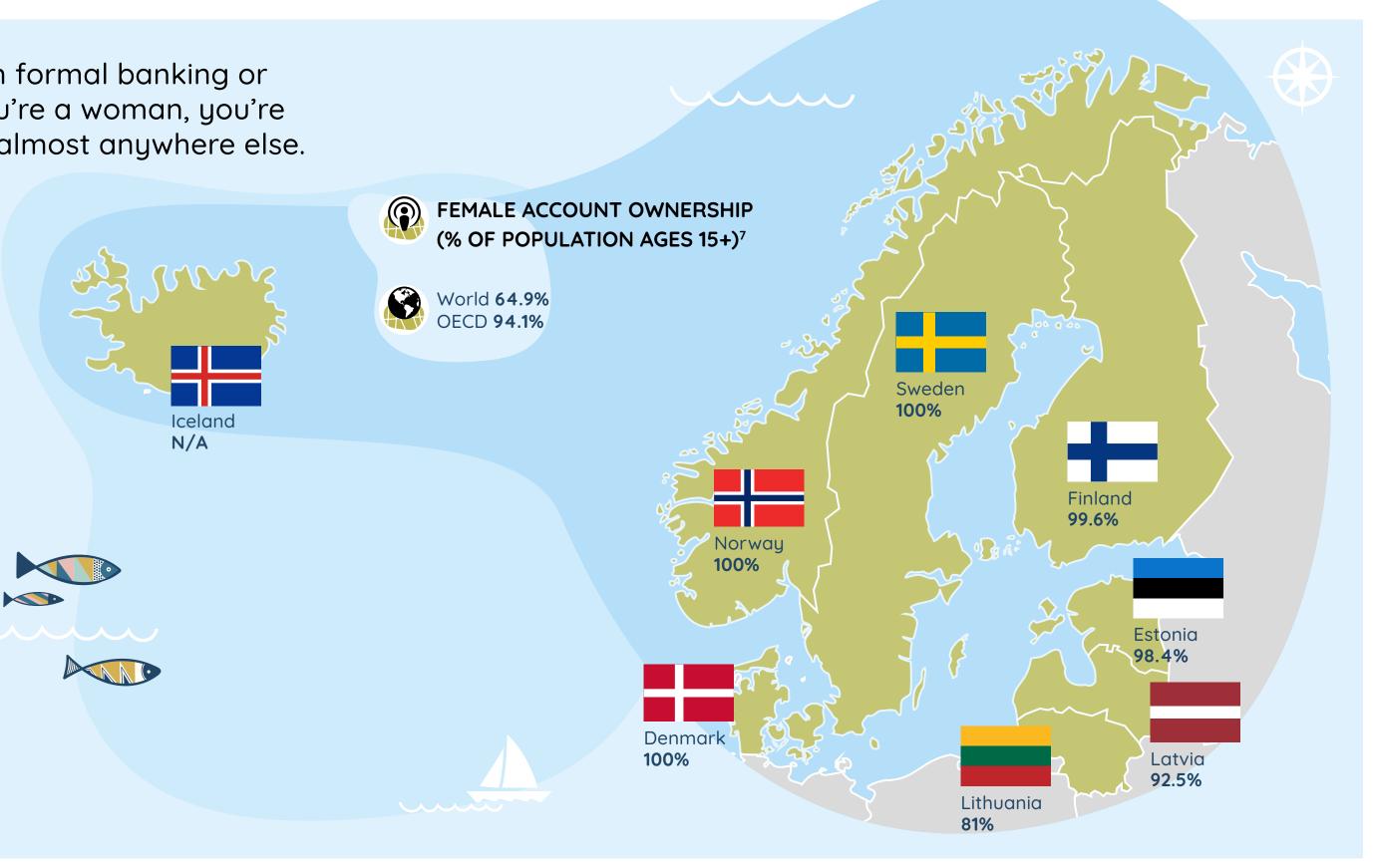
Finally, the number of people already engaged with formal banking or mobile-money services is extremely high. And if you're a woman, you're more likely to have an account in the Nordics than almost anywhere else.

A M

ACCOUNT OWNERSHIP AT A FINANCIAL INSTITUTION OR WITH A MOBILE-MONEY-SERVICE PROVIDER (% OF POPULATION AGES 15+)6

REGION	%
Denmark	99.9
Estonia	97.9
Finland	99.8
Latvia	93.2
Lithuania	82.9
Norway	99.8
Sweden	99.7
Iceland	N/A
World	68.5
OECD	94.7

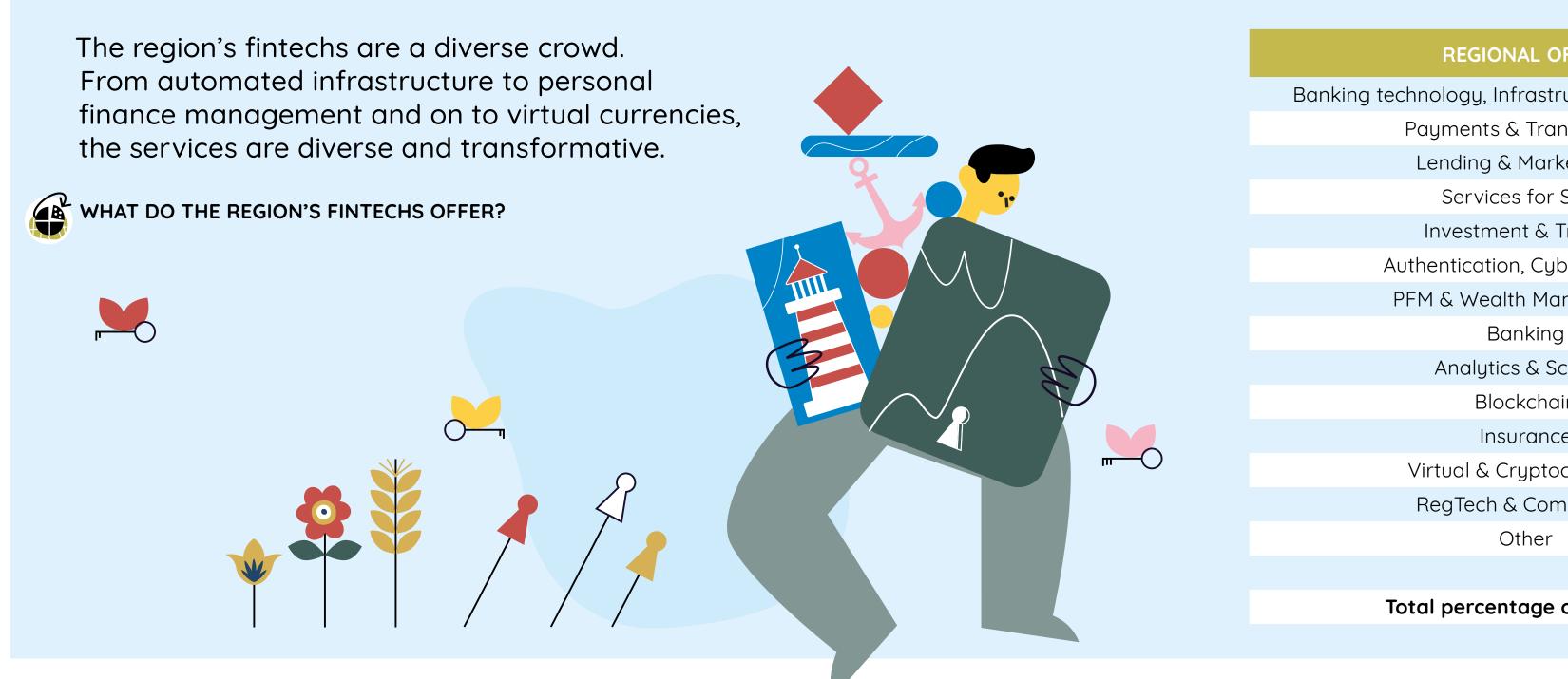
^{6 & 7} Demirguc-Kunt et al., 2018, Global Financial Inclusion Database, World Bank.







Northern innovation



REGIONAL OFFER	%
Banking technology, Infrastructure & Automation	21
Payments & Transactions	18
Lending & Marketplace	13
Services for SMEs	9
Investment & Trading	7
Authentication, Cyber & Fraud	5
PFM & Wealth Management	5
Banking	5
Analytics & Scoring	4
Blockchain	4
Insurance	4
Virtual & Cryptocurrency	3
RegTech & Compliance	1
Other	2
Total percentage of fintechs	100











New life after the pandemic

In 2020, COVID-19 is the unavoidable topic.

It is both a challenge and an opportunity. A constraint on activity, and an accelerator for change. A driver for more digitalisation – and spur to a more realistic approach based on sound business fundamentals.

Within the Nordic financial ecosystem, experiences of the pandemic are varied – as are views on what should happen next. But as 2020 draws to a close, it can be said with some confidence that the trend towards greater digitization and automation of products and services will strengthen and accelerate. In the words of Karen Heskja: "Digital banks will have a boost going forward and analogue banks will lag."

Kristian Bentzer at FCG believes that the Nordics entered the COVID-19 crisis in a relatively strong position, with the necessary capital and liquidity buffers to absorb losses. Nonetheless, he says:

Digitalisation has sped up and the virus is the chief transformation officer" Karen Heskja, **DNB Ventures**

"The pandemic has forced the industry to drastically accelerate the rate of digitalisation as a response to customers who require a 100% digital experience because they aren't allowed or don't wish to meet physically."

Throughout the sector, the case is being made for innovative, digital-first businesses that can meet the greater-than-ever need for cost efficiency and cost control. Automation and digitalisation – of core processes and product offerings – will play a critical role. As will even-greater use of outsourcing that enables banks and other financial institutions to focus more on core services.





Building back to fundamentals

In many ways, this is an ideal situation for ambitious fintechs who can challenge the status quo with specialist, data-driven, and cloud-based solutions that offer significant economies of scale.

For example, Jarkko Anttiroiko at Enterpay says that the pandemic has created momentum for all kinds of innovation in e-commerce. "The current situation is pointing towards new business opportunities for our company." At Swedish bank challenger, Rocker, Oscar Hyléen says: "The corona crisis is a push for efficiency – and old players are costly. It will add another component in paving the way for new players like us."

In another example, Norway launched a national fintech project to limit the financial impact of the pandemic, within 3 weeks in a collaboration between the Norwegian Ministry of Finance, the Norwegian Tax Administration, DNB (Norway's largest bank) and Finance Norway.



Digital finance will be a winner in a pandemic like this. It is only the first shock that slows down business"

Janne Salminen,
Helsinki Fintech Farm



However, the next few years are unlikely to see a repeat of the past few. Among established institutions, especially those with investment and venture divisions, there appears to be growing consensus that the innovation arms race is about to slow down.

"Things like 'acquired revenues', qualitative metrics and market potential have dazzled investors for too long," says André Rhodin at BNP Paribas. "I think the theme for next year will be an increased focus on the underlying business and cash-flow generation, instead of how much cash fintechs are burning at their latest valuation."

Michele Foradori at Blackfin Capital Partners says of his firm's approach: "COVID-19 made us focus on our portfolio and guiding them in the crisis, making sure they stay afloat with less income and tight measurement on the operational side."

FCG's Bentzer believes that those fintechs with a solid and proven business concept will still get access to capital or will be able to finance future growth through increased collaboration.





Winning technologies

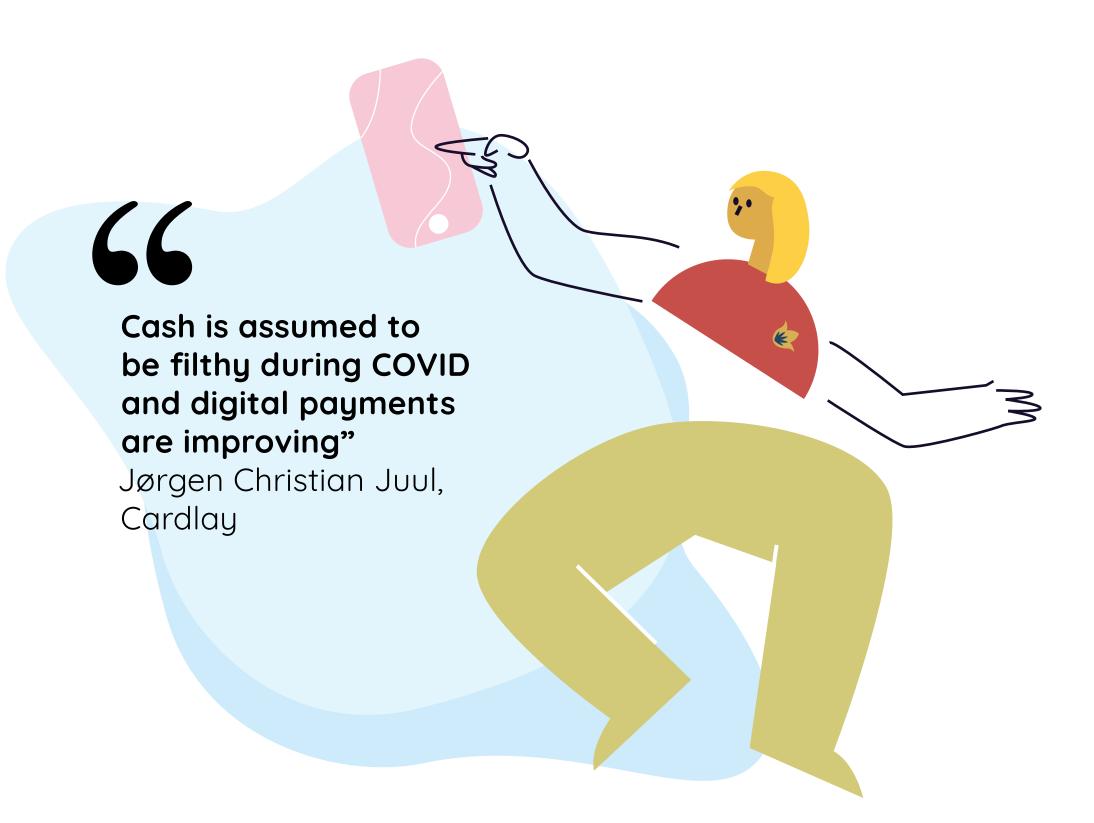
Although automation and digitalisation are widely viewed as the way forward, they are broad concepts that cover a wide variety of services, technologies and solutions – not all of which will survive.

Digital payments and e-commerce look set to be on the winning side, particularly as more and more merchants and restaurant chains have used enforced lockdown to move online. Olav Balandin at Diggecard also notes that times of crisis have provided a strong uptick for gift-card technology.

Elsewhere, Islandsbanki has launched a number of digital services to support its clients and its employees through the pandemic period. This includes electronic signatures, which open the door to a plethora of digital services and are set to be a key enabler of a more online, customer-focused approach for the bank and the broader ecosystem.

Another likely winner is the field of personal finance management, as consumers and households look for support and guidance to ensure the resilience of their personal finances.

However, there are niche actors whose business model is under much greater pressure. Forex has understandably been hit hard by a sudden drop in mobility, as have companies involved in travel and expenses management. There are also questions about neo-banks who focus purely on serving consumers and who are more affected when overall consumption goes down.







A virtual circle for SMEs

SMEs are a major concern throughout the Nordic financial sector – particularly for those firms who look at the wider European picture. SMEs employ nearly one third of the European labour force and are the lifeblood of innovation across many industries but have been hit hard by the pandemic.

Traditionally, concerns about financial inclusion for small businesses have focused on areas like accounting and invoicing, trade finance, payroll management, and insurance – and providing these in a way that suits the small business model.

The fintech community has been supporting SMEs for some time with effective trade-credit solutions like Sweden's iZettle. Recognising the value

66

We are looking for how we can help SMEs speed up the digital process"
Karl-Ludvig Mauland, BDO Norway



in an underserved SME market, BDO set up the Evolver programme specifically to get an overview of available solutions to offer its SME customers. "Fintech is very important for our core business to the SME market," says Karl-Ludvig Mauland. "Small businesses want more one-stop-shopping, bank, and payments - everything that is not core to their own business."

But there are limits to what has been achieved so far. "SMEs are still in a bad state - under-financed and struggling to build and scale, and are not affected by open banking yet," says Nordigen at Rolands Mesters. "There needs to be more data-sharing, account-based solutions and global credit scoring for SMEs."

In the constrained circumstances of the pandemic, demand for these non-core services is likely to increase significantly. That is nominally good news for the one in ten Nordic fintechs who provide services to SMEs, provided there is a way to overcome the more immediate problem: access to capital.

Lendo Group's experience sums up the situation. Roar Bjærum explains: "There are certainly more offerings to SMEs now than there were three years ago, and we see SMEs as a far bigger opportunity than consumer lending." Nonetheless, COVID has slowed Lendo's ability to provide credit to SMEs thanks to a fall in risk appetite among its banking partners.





For Elena Vallin at Dreams, digitally native fintechs are ideally placed to support SMEs: "Fintechs' ability to assess creditworthiness based on alternative data, powered by advanced analytics platforms and AI will be key in leading SMEs out of the looming economic crisis."

That said, fintechs do not have the whole solution. Rugile Stonyte at Invest Lithuania says: "Funds are being provided by the Government to help SMEs stay afloat, and they will need to work together to protect SMEs at risk from economic shock."

There is a virtual circle here in which fintechs and SMEs – with support from government lending schemes – can support each other. Fintechs need to demonstrate sound fundamentals to

investors, and SMEs represent a huge and potentially untapped market. SMEs do not have the challenges of scale that many fintechs struggle with certainly in early stages - making them an ideal customer base.

And governments need both sectors to succeed to ensure the post-pandemic economy retains the innovative impulse that will drive much-needed growth.





There are certainly more offerings to SMEs now than there were three years ago, and we see SMEs as a far bigger opportunity than consumer lending." Roar Bjaerum, Lendo







Building sustainable businesses

The pandemic's impact is visible in often unexpected ways. One notable idea in the Nordic financial community is that, in the words of Niels Thomas Agner Hansen at M-PAYG: "Financial help packages should invest in green solutions." BNP's André Rhodin sums up a fairly widespread sentiment: "Many of us have realised that we will not live forever and are keen to have a net positive contribution on the environment."

This isn't just an environmental concern.
The demand to build back better
encompasses support for financial
wellbeing and healthier spending habits,
to financial inclusion for those traditionally
underserved by the financial sector.

As Valinn says: "Investors are more rigorous at identifying resilient and

sustainable businesses and looking for those that are weathering the current environment and pre-empting solutions for the world that will emerge post-pandemic."

That includes solutions for developing countries. The World Bank has announced that COVID-19 could push up to 100 million people into extreme poverty. It has also said that 70 per cent of jobs in emerging markets are created by micro, small and medium enterprises (MSMEs), whose inability to access finance is a significant constraint to their growth and survival.

"Including MSMEs from developing countries, especially those run by female entrepreneurs, in the digital economy is key to sustainable



Access to funding poses a challenge, but with it comes an opportunity" Elena Vallin, Dreams

economic growth," says Charlotte Rønje at Jamii.one. "We have to make sure that financial inclusion is the new normal."

This is not just an issue that fintechs have taken on board. According to Mats Taraldsson, Head of Digital Business Development and Fintech Engagement, Nordic & Baltic at Mastercard: "According to the World Economic Forum digitalisation could unlock \$100 trillion in value for businesses and wider society over the next decade." Mastercard Nordic & Baltic has therefore established its Lighthouse MASSIV programme, which it describes as "An impact unicorn factory devoted to making the world a more prosperous and secure place through partnerships."







Scaling up – and scaling out







Technologies and target markets

The desire to scale is evident throughout the region. Nordic stars like Klarna and iZettle are regularly cited as examples of companies that have achieved global scale, while Trustly has also joined the ranks of companies regarded as successful scalers.

The rest of Europe is an obvious first target, but companies are targeting a wide variety of markets – with a diverse range of products and services:

- Tink expanded from Stockholm to France, Portugal, Italy, Spain, Netherlands, Poland, Germany and the UK – and is operational in 14 markets.
- Nordigen is operational in 19 markets including Europe and Australia, and testing markets in Brazil, Kazakhstan, India and US.
- Dreams is taking its B2B platform

- worldwide, with Asia, Africa and the Middle East as the first markets for its white-labelled solution.
- Finland's Ferratum is in 25 countries, including Nigeria, New Zealand, Brazil and Mexico.
- Neonomics has integrated over 2000 banks in 15 countries reaching more than 100 million end-users in Europe alone.

There is also plenty of work being done at a more institutional level to engage with emerging markets and increase financial inclusion around the world:

- Innovation Norway is working with the Asia Development Bank and UNDP on financial inclusion in Southeast Asia and supporting financial inclusion projects in India.
- Dansk Industri, UNDP, IFU, Global Focus, Rainmaking and Danish Impact

Business Network have created the Danish Techvelopment Hub specifically to grow businesses that will reach emerging markets.

The region's fintechs are also piquing the interest of foreign investors. As Nathalie Green at Doconomy says: "American investors are attracted to the Nordics due to great products, technology, talents and lower valuation on companies compared to the US."

And the regional scale story is not over, as Pål Kastmann at Innovation Norway explains: "We have seen more activity from Denmark and Sweden companies so far, but this year we have seen larger activity levels from Finland and Norway as well."

Janne Salminen at Helsinki Fintech Farm and Rugile Stonyte at Lithuania Invest agree. "Sweden is doing really well with their scale-up successes. From the Baltics, companies have scaled carefully and mostly into Europe," says Stonyte.



In our experience, the ambition to scale is absolutely there among Nordic fintech companies" Siri Børsum, Huawei





Strategies for going global

For all the positivity about international ambitions, only a few companies have successfully achieved significant international presence.

Kastmann points out, for example, that there are still only a few Norwegian fintech companies in a major financial hub like Singapore.

As investors adjust to post-pandemic realities, scaling up and out may be further constrained. Bank challenger, Rocker, is typical and illustrates the agile thinking needed. Oscar Hyléen explains that its strategy from the beginning is to make it work in Sweden and then scale. "We adapted to covid-19 and quickly postponed our roll-out strategy in Europe. Instead, we have focused heavily on continued product development in 2020 to deliver an even stronger

product to our customers and we are now moving forward with an extremely strong offering in Sweden. Our plan is to expand outside Sweden in 2021."

This is not necessarily all bad news. Land-grabbing strategies can attract funding, but "It should make sufficient



Most of our efforts go into the seven countries we already operate in while focusing on profitability"

Mattias Hansson,

Zervant

strategic sense for the company," says BNP Paribas' André Rhodin. "For many fintechs it's better to first prove gross margins and scalability at significant volumes in their home markets before conquering several new markets."

What's needed for scale-ups?

• For the ecosystem: Partnership and collaboration is essential, and is a strong thread running through the stories of the region's most successful companies. Mastercard's Lighthouse MASSIV connects social-impact startups to large corporations to help them achieve global scale, while Ant Financial Group's investment in Klarna and PayPal's acquisition of iZettle are seen as great examples of investors working in cooperation with investees.

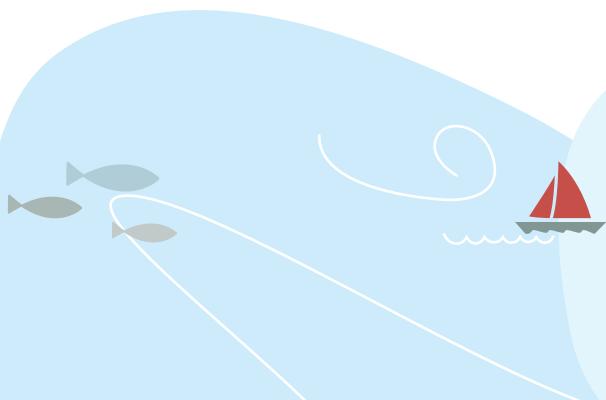
- For policy-makers: Continue working towards regulatory harmony and remove barriers around infrastructure. Diverse legislation like MiFID II and PSD2 have opened up European markets, but passporting is still a significant step and more can be done to enforce Open Banking requirements (see Open Banking).
- For fintechs: Fintechs that wish to scale out of Northern Europe need to think big and be designed for scale from the outset. It doesn't happen by accident! They also need to be flexible enough to adjust to changing circumstances. This is particularly true in the B2C space, where cultural differences may be the biggest hurdle to growth.





Open Banking – smoother sailing?

Open banking, and the regulation around it, has been a key enabler of Nordic scale-ups in Europe and beyond. For Enterpay's Anttiroiko, "Common regulation and standards are a huge help for small technology companies like us who do not have armies of lawyers." Rocker's Hyléen speaks for a number of thriving organisations when he says open banking is "essential" for his company.





Open banking will go
beyond Europe. All other
continents are looking
into open banking as a
consequence of the PSD2
initiatives in EU regulation"
Christoffer Andvig,
Neonomics







Customer service and the limits of regulation

Nonetheless, the full promise of open banking is yet to be realised and participants and observers in the Nordic Region are underwhelmed by progress so far. Helsinki Fintech Farm's Salminen neatly sums up how many feel about the current situation: "The hype has not happened (yet)."

Islandsbanki offers a valuable perspective on the impact of PSD2 in particular. Since Iceland is not part of the EU, it has been later to implement the regulations in full, which gave it an opportunity to observe the effect of the new regulation in early adopting countries. Kristrun Gunnarsdottir stresses that Islandsbanki sees open banking as an opportunity as well as a threat: "However, from what we've seen the customer adoption and impact of PSD2 not rushing with API development."

implementation across Europe has been somewhat disappointing so far."

It also appears that the Nordic region has been particularly slow to push the boundaries of open banking, with the UK widely agreed to be the leader of the European pack. Although there are concerns about the way that regulation has been communicated such that too many companies are not yet aware of the possibilities offered by open banking, banks are seen to be the main culprit.

Geir Atle Bore at FundingPartner says: "There has been little content from the banks." According to Huawei's Siri Børsum: "It is slow-moving with little creativity. Incumbents are dragging their feet." As for Nordigen's Rolands Mesters: "Banks are



Banks are not rushing with API development." Rolands Mesters, Nordigen



But it is early days, and something like open banking takes time to fully evolve, says Jarkko Anttiroiko from Entropay. And whereas propositions around account aggregation, and PFM for consumers and SMEs have proven popular to date, there is much more that can be achieved - particularly for larger corporate clients.

Roar Bjærum of Lendo Group believes the future of open banking will continue in more positive terms. He also makes the point that regulation alone is a rather limited driver of innovation. "Banks have moved due to the regulation, but you cannot regulate new solutions to the market. New business models will develop, with better solutions and more functionality. That is what will drive open banking - services that customers are interested in."





Full circle – investment, digitalisation and sustainable business

Tink has been keenly observing this particular evolution. It points out that the 'race to September' in 2019 was driven by regulatory deadlines, which put open banking exclusively in a compliance box.

Now that PSD2 has been fully implemented, the emphasis is shifting towards value creation. Barriers to open banking investment certainly remain. But, many executives across Europe expect to see a return on their open banking investment within four years. Nordea is an example of a bank looking beyond PSD2. Its customers can see all of their accounts in their mobile banking application - including mortgages and loans, which are not yet considered PSD2 data.



The investments
being made in open
banking have become
central to the digital
transformation of the
industry itself"
Gwen Sandberg,
Tink

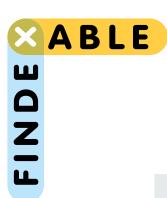
Tink's as Sandberg says: "Open banking is real. Financial executives are making big investments and are expecting big returns." Among Europe's financial institutions, median spend on open banking in 2020 is between €50 and €100 million an increase of up to 29%.

The survey suggests three main themes:

A roadmap is essential.
 Development will take time and the payback could be immediate - or it could be years away.
 Businesses need to start planning and lay the groundwork for longterm investment.

- 2. Every coin invested needs to count. Focus on the low-hanging fruit, take advantage of open banking, experiment on use cases with clear outcomes.
- 3. Open banking is central to digital transformation. Developing complementary use cases that extend the business's objectives is the way forward.

In other words, get open banking right and you get digitalisation right. Indeed, get digitalisation right and you have a sustainable, pandemic-proof financial sector. Fintech can move the region - and the region the world - rapidly into the future.





Making the case for digital finance

Sponsored content



The case for digital

The digital era has transformed consumer habits. As a result of digitalisation and changing customer behaviour the banking industry faces unprecedented disruption. From mobile apps to targeted content and products and machine learning, customers are now accustomed to their needs being anticipated in a way that they can access anything they want at anytime, anywhere.

Huawei and fintech

At Huawei, we've been following the trends closely and adapting to consumers' needs. We set up different initiatives and identified market experts - leveraging their knowledge, experience and network to grow the Huawei ecosystem through users and partner engagement.

Experience counts. Experiences matter more.

Customers expect more than classic, nine-to-five branch access – they want simple, real-time services with exceptional user experience. From applying for a personal loan by clicking two buttons to the freedom to choose how to be contacted or stay in touch with their bank. Providing

the best experience for customers, banks need to implement an omni-channel strategy that includes native solutions for major mobile platforms, responsive desktop service and in the future, wearables, internet of things and augmented reality solutions. No matter the technology the emphasis should be on generating an exceptional banking experience.

AppGallery

Our open mobile app ecosystem AppGallery is committed to providing a wide range of apps for developers and consumers. Today AppGallery serves Huawei device users in over 170 countries. By October 2020 it had been used by more than 500 million active users with 294 billion app downloads worldwide.

AppGallery offers unique, intelligent experiences for consumers and is already one of the top three app markets globally, offering apps across 18 categories, including news & magazines, social & communications, maps & navigation.

In profile: finanzblick

Finanzblick stores all your accounts in one place, even if you have accounts at different banks. Checking your account balance, transferring money, standing orders, contracts - all of this and more works with over 4,000 banks in Germany. We are proud to have added finanzblick to the AppGallery and collaborated in joint-marketing activities. In one July day this year, finanzblick was downloaded over 2,800 times - a clear indication that the future of finance is coming, and we're excited to be leading the way with our partners.





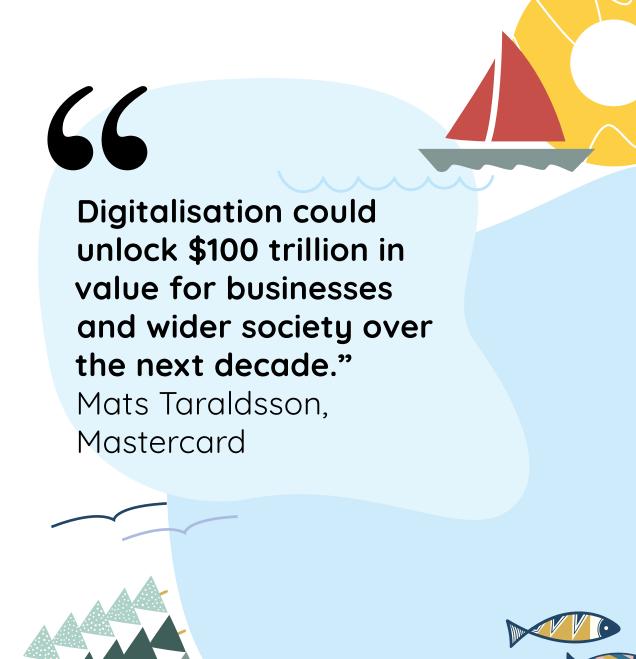


Conclusion: a sustainable future

The Nordic region lives up to its reputation for innovation and is building on its experience in the areas of international aid and development. Even after the world's period of intense introspection and reflection, companies across Northern Europe retain their global outlook. Above all, this is a region of great diversity, in which smart new businesses operate within a successful ecosystem of government and private support.

But individual companies cannot rely on, or hide behind, reputation alone. Nor indeed can the ecosystem. More can be done to enforce the regulatory regime and ensure it continues to work for all players. The region's small businesses – the backbone of any thriving economy – need more and better support. And international growth cannot be taken for granted.

Sustainability is now key - whether that is contributing towards a more environmentally sound future, including those previously excluded from the world of finance, or growth at a viable and manageable rate. Optimism, positivity and enthusiasm remain, but are tempered by a more pronounced sense of sobriety and a realistic view of the opportunities available. By building on these qualities and remaining focused on sound practice, the Nordic region can expect to maintain its business position as a growing, global hub for financial technology.









List of interviewees



André Rhodin

Managing Director, Nordic head of start-up
and growth companies, BNP Paribas



Geir Atle BoreFounder & CEO, FundingPartner



Jarkko Anttiroiko CEO, Enterpay



Kristian Bentzer CEO, FCG



Mattias Hansson CEO, Zervant



Olav Balandin CEO, Diggecard



Rolands Mesters CEO, Nordigen



Tony Bach ChristensenDirector of Strategic Partnerships, Nets



Charlotte Rønje CEO, Jamii.one



Gwen SandbergBusiness Development Director, Tink



Jørgen Christian Juul CEO, Cardlay



Kristrun Gunnarsdottir Head of Strategy, Islandsbanki



Michele Foradori
Investment Director, Blackfin Capital Partners



Oscar Hyléen
Deputy CEO, Rocker/Bynk



Rugile Stonyte
Fintech Investment Advisor, Invest Lithuania



Christoffer Andvig CEO, Neonomics



Janne Antila
Senior Concept Manager, Transaction
Banking at OP Financial Group



Karen Heskja Investment Manager, DNB Ventures



Marit Rødevand CEO, Strise



Nathalie Green CEO, Doconomy



Pål KastmannDirector and Commercial Counsellor,
Innovation Norway



Siri BørsumGlobal VP Finance Vertical, Huawei



Elena Vallin CFO, Dreams



Janne Salminen
Director, Helsinki Fintech Farm



Karl-Ludvig Mauland
Partner, BDO Norway (Evolver)



Mats Taraldsson

Head of Digital Business Development and
Fintech Engagement, Nordic & Baltic at Mastercard



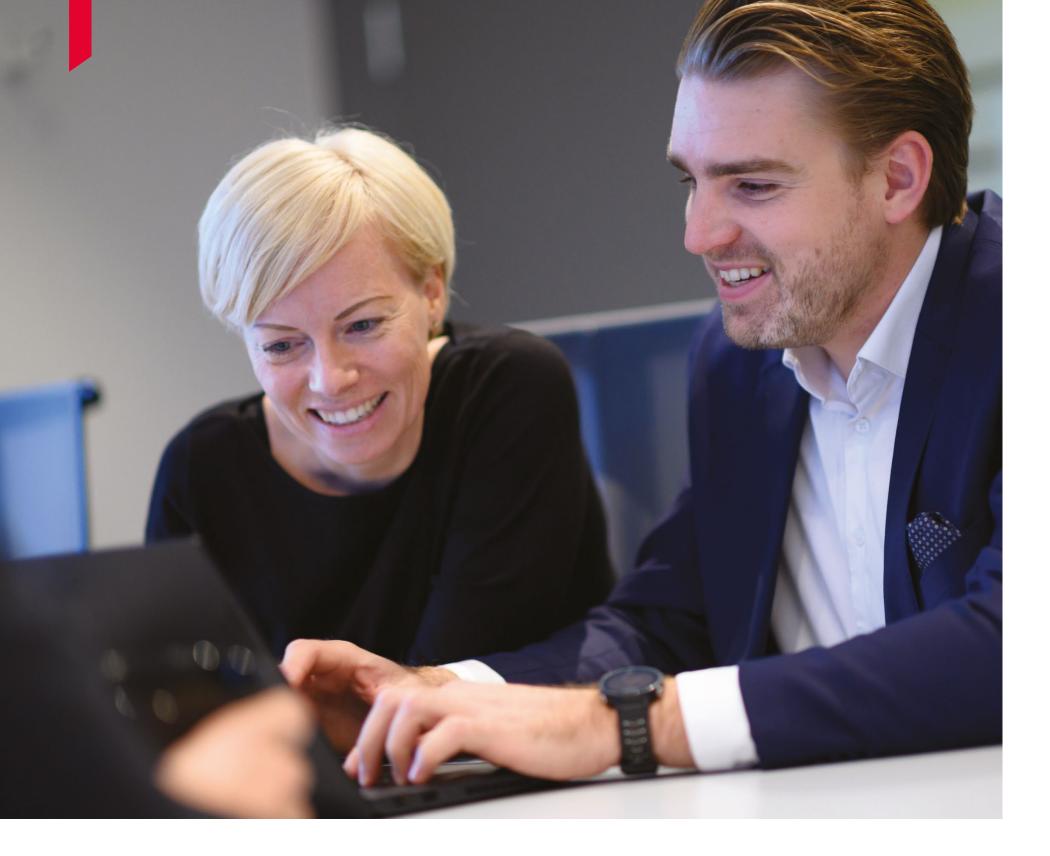
Niels Thomas Agner Hansen CEO, M-PAYG



Roar Bjærum CEO, Lendo Group



Terje Ennomäe CEO, Feelingstream



Your needs, our focus

With a genuine wish to bring value into business relationships, we meet our customers with dedicated and experienced teams. Through challenging ourselves and business partners, we aim to bring original and effective solutions to our customers' issues.

Present in over 70 locations throughout Norway, we are always nearby and know local market conditions. As member of one of the largest financial advisory networks in the world, we can provide quality service to customers with an international hemisphere.

AUDIT

norunn.byrkjeland@bdo.no, +47 404 12 605

TAX

hanne.fritzsonn@bdo.no, +47 954 52 441

ADVISORY

kristian.thaysen@bdo.no, +47 940 15 007

ACCOUNTING

andreas.ystgaard.tjemsland@bdo.no, +47 918 18 982



findexable is 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 65 countries.

https://findexable.com

Simon Hardie

simon@findexable.com



Fintech Mundi helps high potential financial technology companies to develop their ideas, commercialise their products and grow their businesses internationally. As a trusted industry network, we have a proven track record for scaling and launching companies in global markets and provide a unique ecosystem for global fintech growth.

http://www.fintechmundi.com

Susanne Hannestad

susanne.hannestad@fintechmundi.com

