



FINTECH
CONSULT



FinTech in Germany

RESEARCH REPORT
2021

- STRICTLY CONFIDENTIAL -

Executive Summary

1. FinTech in Germany is **decentralized**. Several hubs (Berlin, Frankfurt, Hamburg, Munich, Cologne) exist, each with a decent share of a total number of FinTechs. Among the top ones, Frankfurt is home of many **B2B** FinTechs, while Berlin is rather **B2C**, due to its ecommerce roots.
2. Many FinTechs are now in **scale-up** phase, step-by-step becoming profitable, after the 2015 peak of new FinTechs. In 2019 and 2020, almost €3 bn were invested in German FinTechs.
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. National & international FinTechs use Frankfurt as **the place to meet and to do business** with German financial institutions and corporates. In the last years, many foreign start-ups came to Frankfurt and Berlin, in particular from the EU, Israel and various Asian countries.
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 & EU regulatory authorities.
6. Main topics of ecosystem building between 2014 and 2017 were co-working spaces, talent, accelerators/incubators, investors, regulation & events. Since 2018, the focus is more on new trends, e.g., **AI in Finance**, **Blockchain** and **Green/Sustainable FinTech**.

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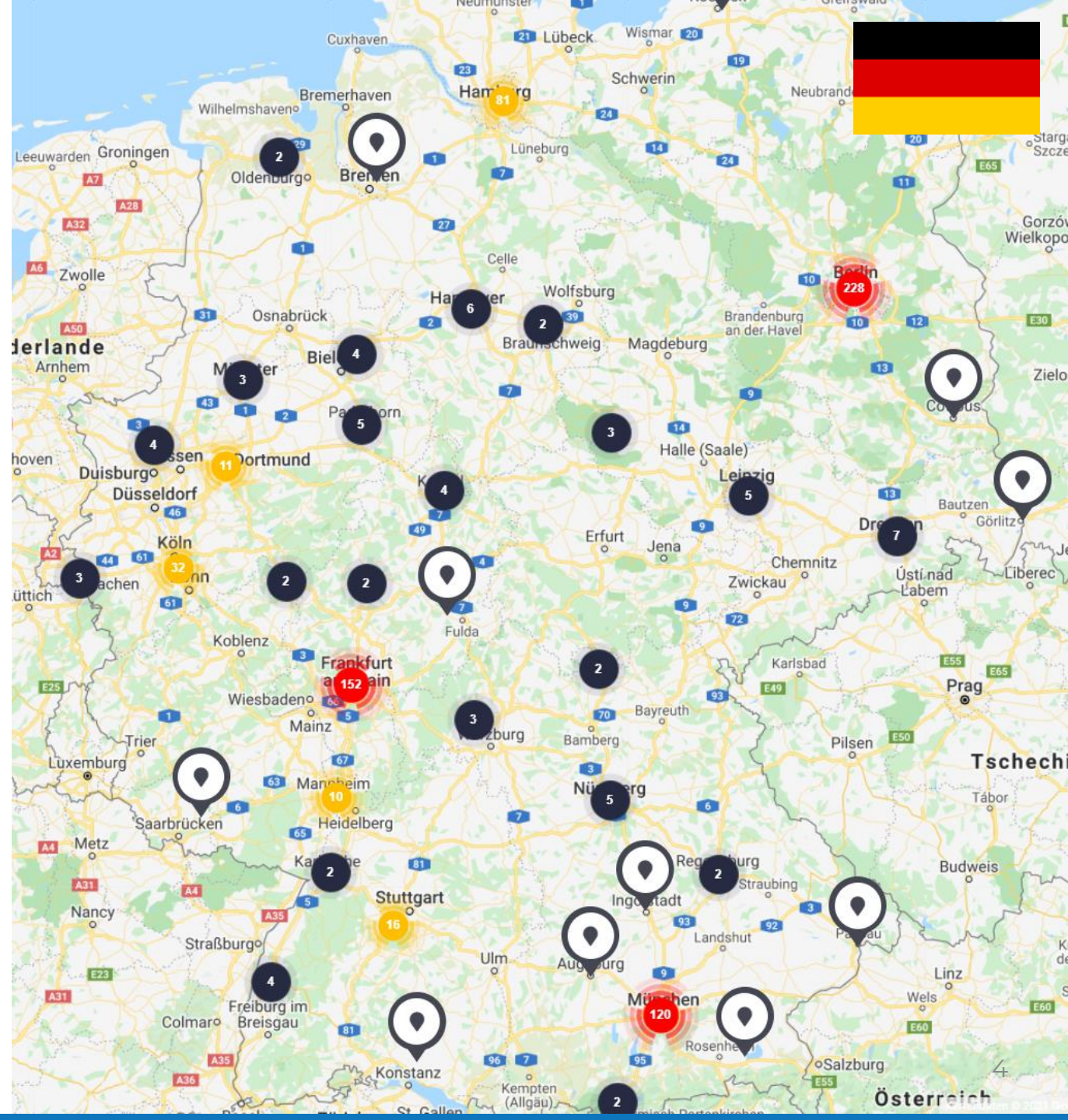
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1 German Fintech Map

Our database comprises 776 German FinTechs, whereof 48 are closed. The remaining 728 FinTechs are shown on our map.

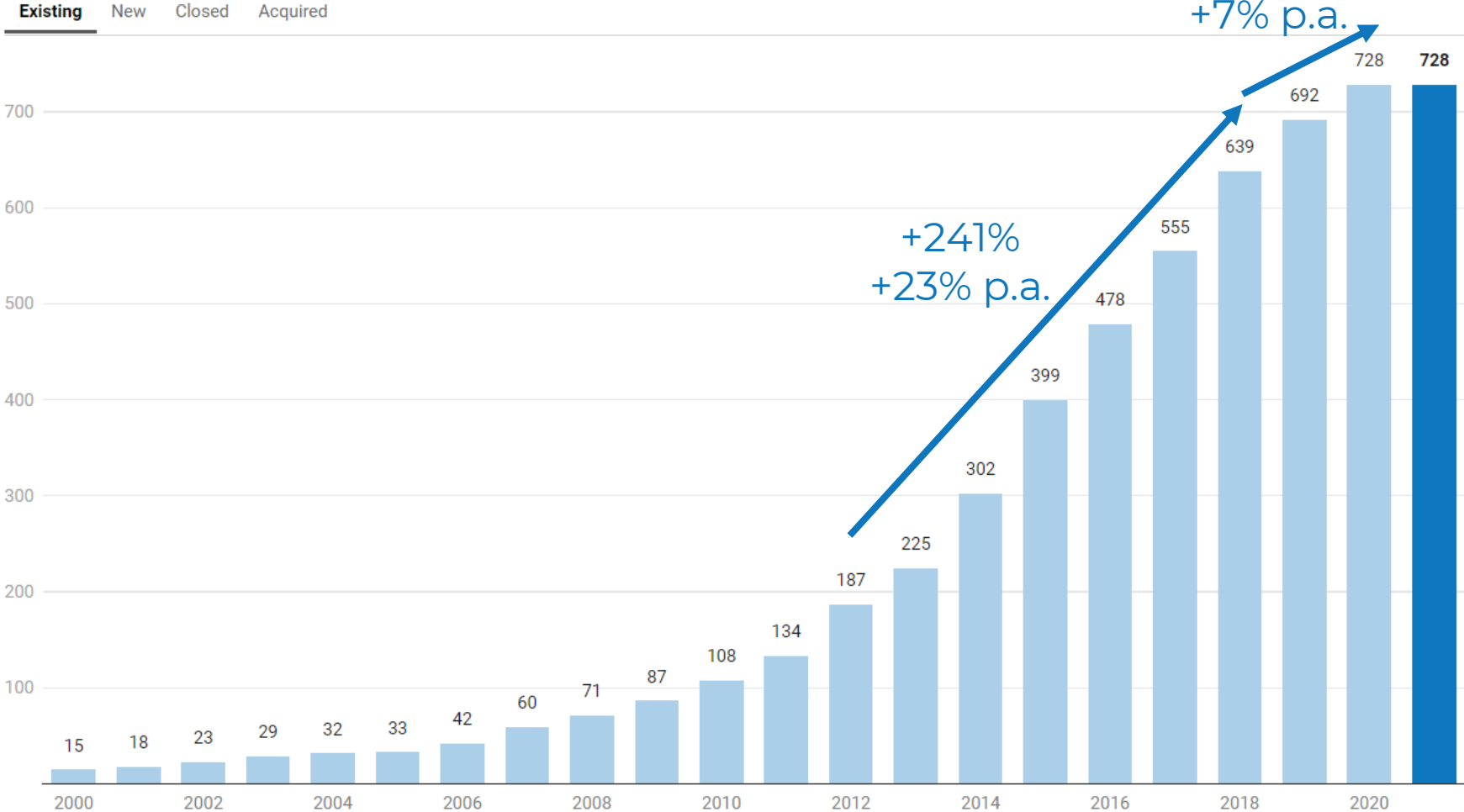
Most of them are located in the major FinTech hubs, namely, Berlin, Frankfurt am Main, Munich, Hamburg, and Cologne.



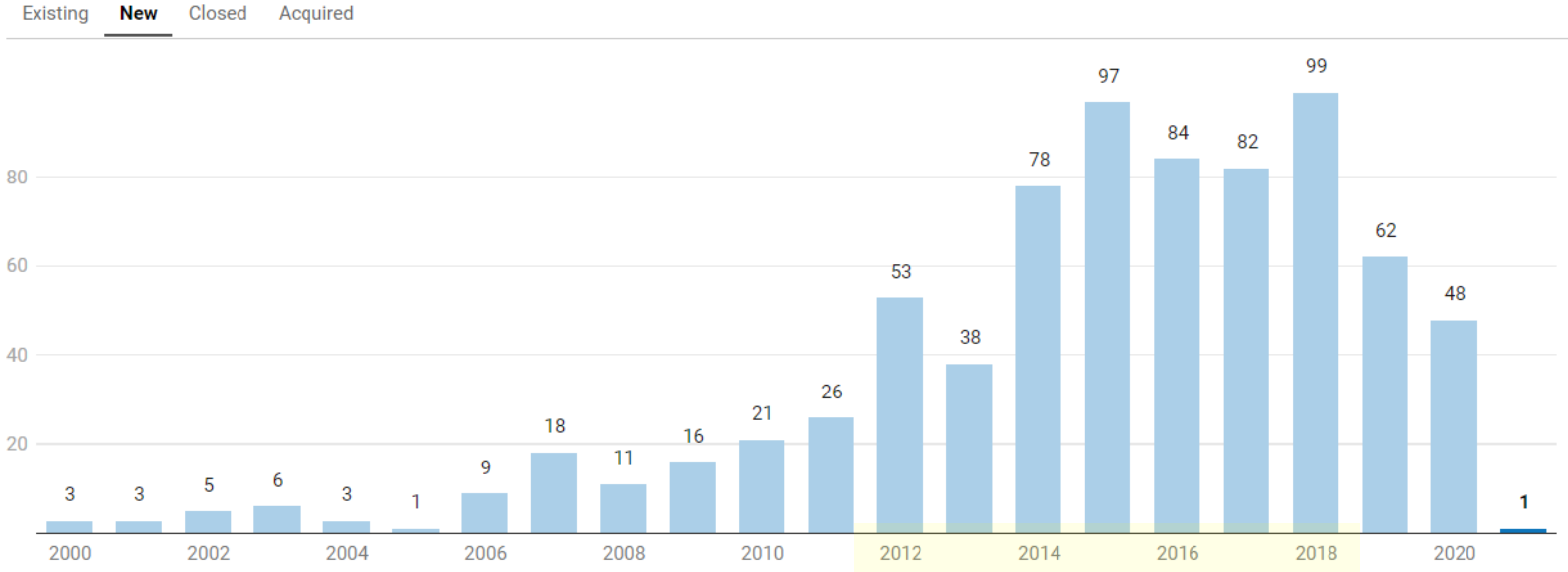
Growth (1/2)

FinTech Companies in Germany

as of 22 January 2021

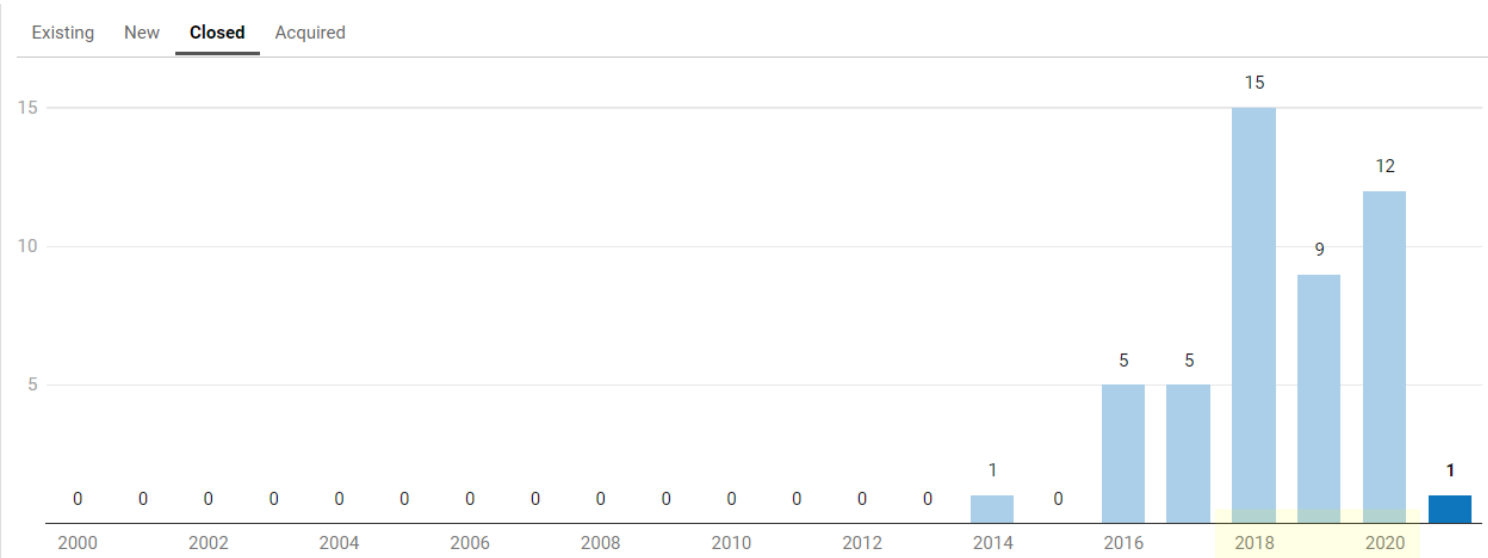


Growth (2/2)



The strongest period of growth was between 2012 and 2018, with 531 FinTechs entering the market.

More FinTechs have closed their businesses since 2018. 12 closures in 2020 keeps within limits in the face of the pandemic, though.

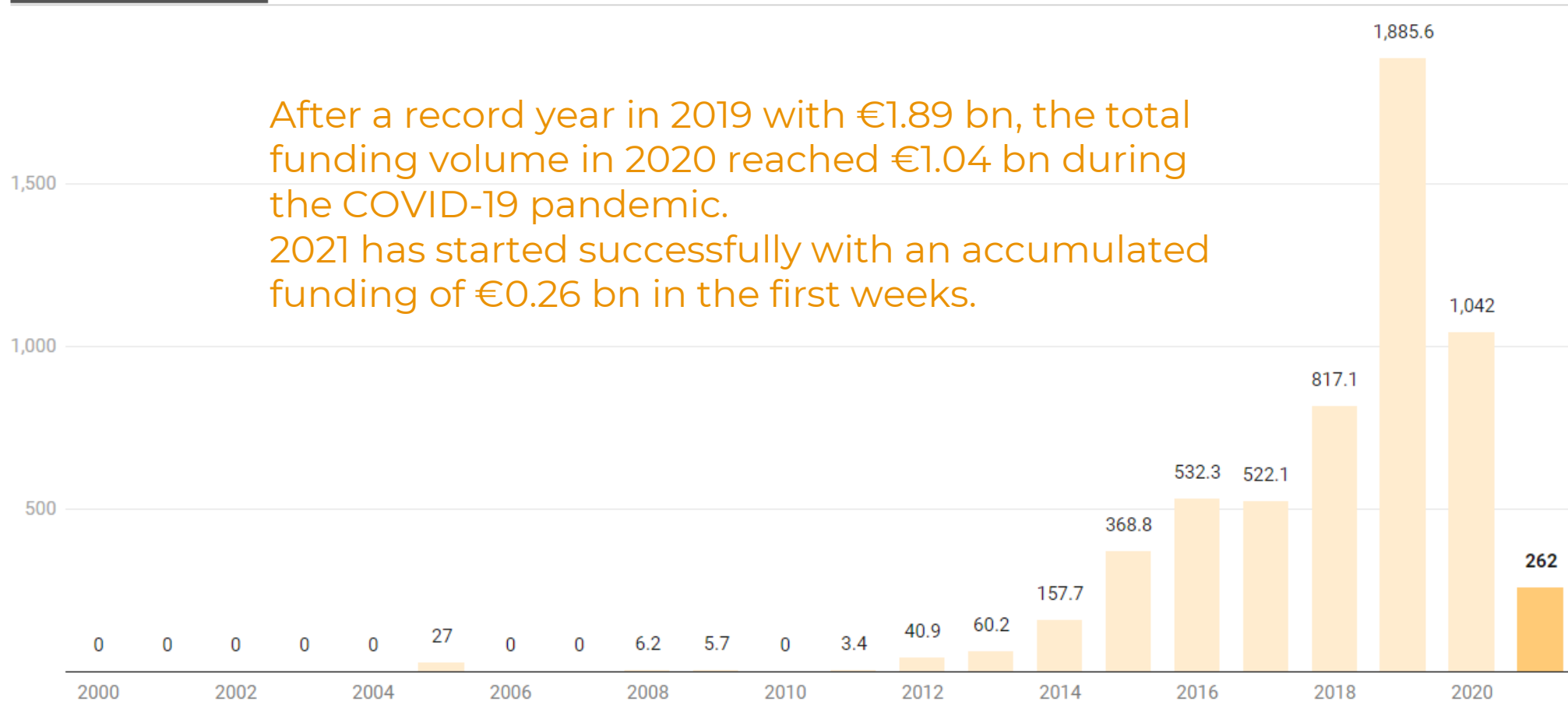


Funding Rounds (1/2)

Funding Rounds of German FinTech Companies

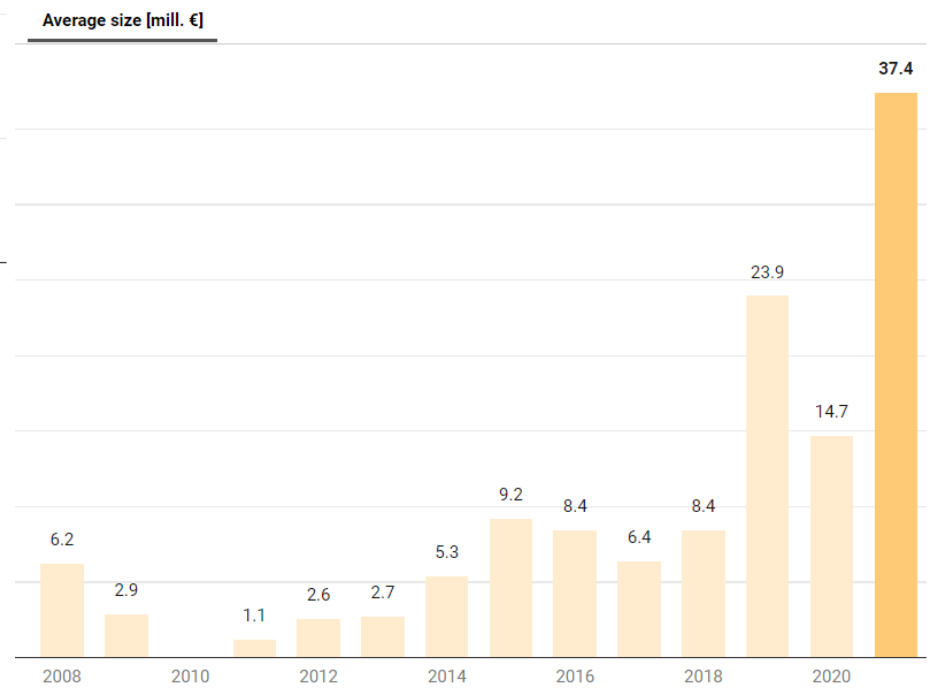
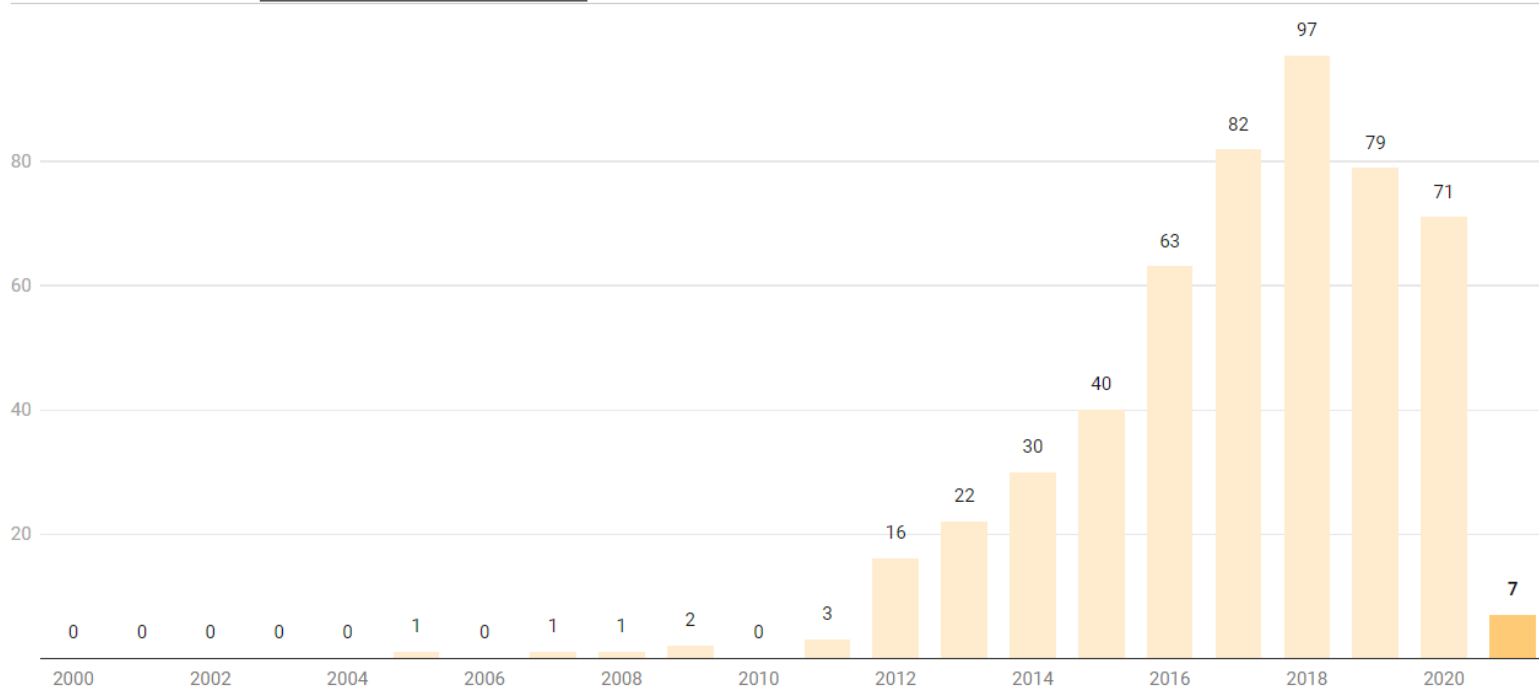
as of 22 January 2021

Total capital raised [mill. €] # of companies with funding rounds Average size [mill. €]



Funding Rounds (2/2)

Total capital raised [mill. €] # of companies with funding rounds Average size [mill. €]

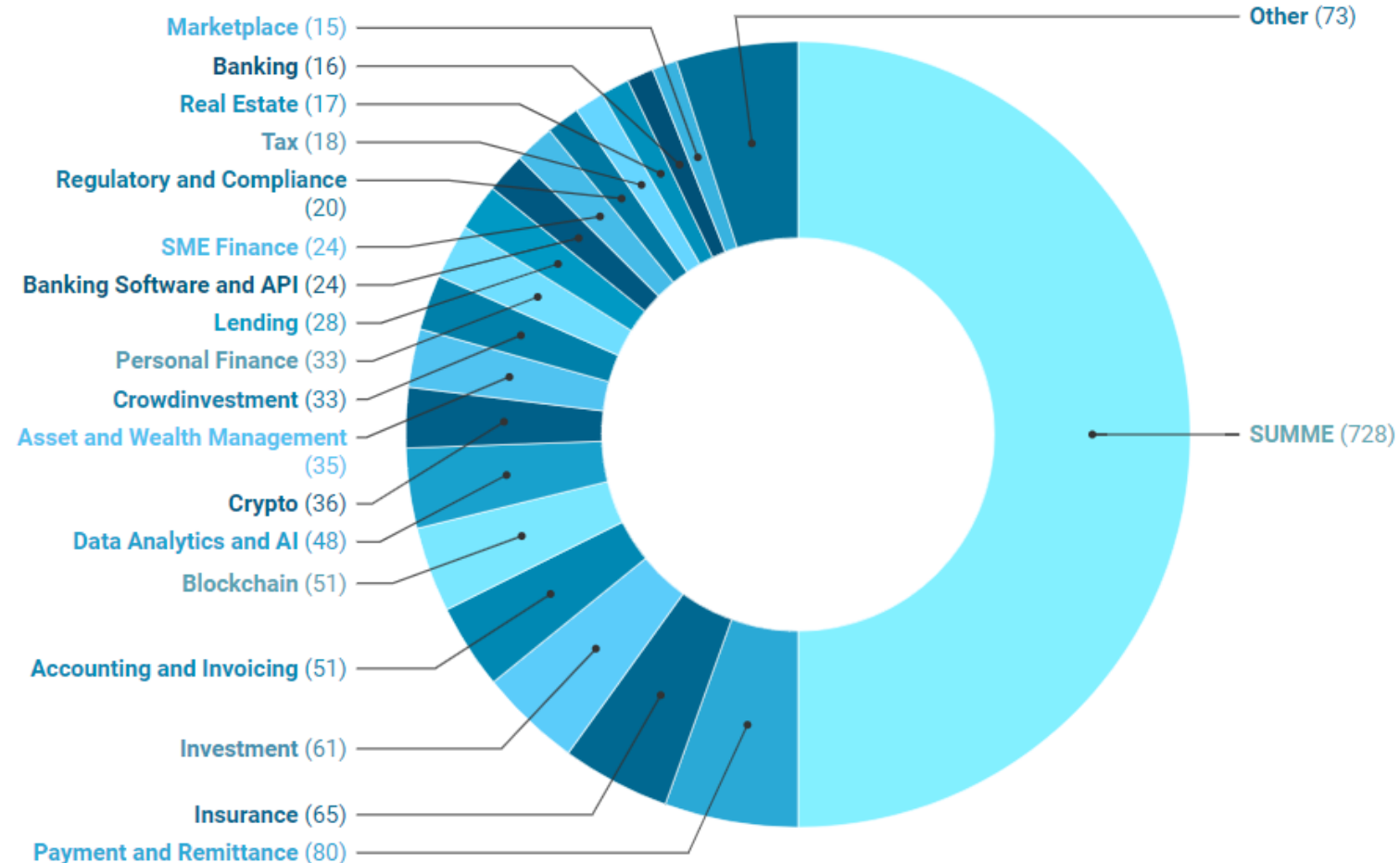


In 2020, we saw 71 financing rounds with an average size of €15 mn, after 79 rounds in 2019 with an average size of €24 mn.
 In the first weeks of 2021, already 7 rounds were closed with an impressive average size of €37 mn.

Ecosystem Diversity

Categories of German FinTechs

as of 22 January 2021

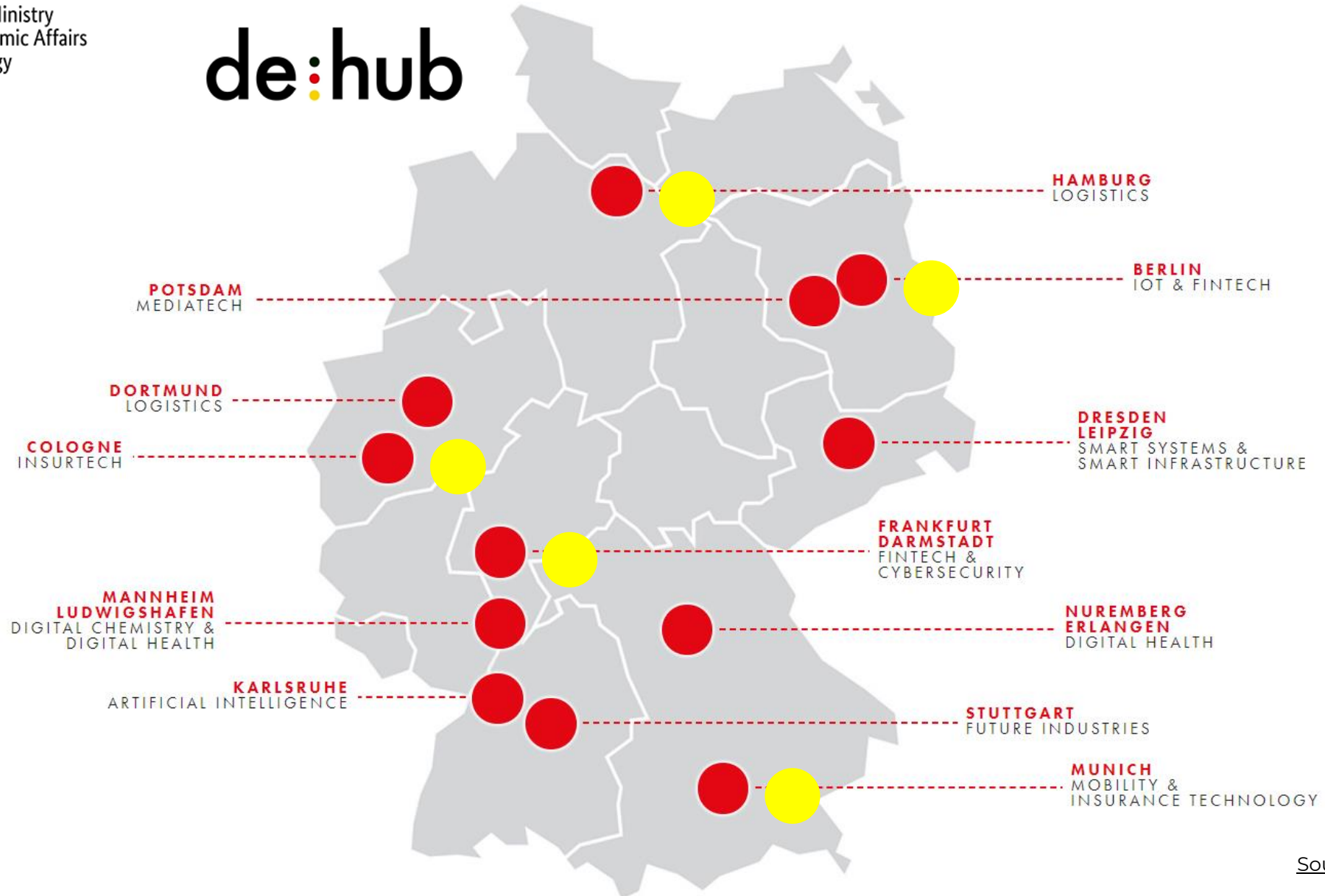


2 Major Hubs



Federal Ministry
for Economic Affairs
and Energy

de:hub



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- German capital and largest German city
- 228 FinTechs in and around Berlin
- FinTech roots in ecommerce payments
- Mainly B2C FinTechs

Berlin

PLUGANDPLAY

MINDSPACE

betahaus

finleap

Factory

DEEP
BRN

Techcode 太库

wework

GTEC

- Top FinTechs (valuation): N26 (€ 3.6bn), mambu (€ 1.7bn), wefox (€ 1.7bn), raisin (€ 0.7bn), Grover, Friday (€ 0.4bn), smava (€ 0.3bn), solarisbank (€ 0.3bn)
- Listed FinTechs (market cap): Hypoport (€ 3.5bn)
- Top FinTech categories: Payment & Remittance (25), Accounting & Invoicing (22), Insurance (19)

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
- 152 FinTechs in and around Frankfurt am Main
- Top FinTechs: 360T, October, ConCardis, Clark (€ 0.3bn), Arabesque S-Ray (€ 0.1bn)
- Listed FinTechs (market cap): flatex (€ 1.9bn), creditshef (€ 0.1bn)
- Mainly B2B FinTechs
- Top FinTech categories: Data Analysis and AI (16), Insurance (16), Investment (15)

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Unibator
enabling innovation.



Goethe University
Business Incubator
Frankfurt am Main

MINDSPACE



blackprint
PROPTech BOOSTER



wework



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.

- Germany's 2nd largest financial center
- 81 FinTechs in and around Hamburg
- Top FinTechs (valuation):
Deposit Solutions (€ 0.5bn)
- Listed FinTechs (market cap):
The Naga Group (€ 0.2bn)
- Top FinTech categories:
Investment (14), Real Estate (8),
Insurance (6)

Fintech Hamburg FinHam

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SPARKASSEN
INNOVATION HUB

wework

HaspaNEXT

betahaus | hamburg

finhaven
hamburg

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Hamburg

Hamburg is the international innovation hub for digital business transformation in the fields of finance and logistics.

- Hamburg is not just one of Germany's oldest banking cities, but one of its most innovative financial economies, and offers 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 & supply chain finance: start-ups in Hamburg work at the intersection of logistics and finance.
- FinTech Hamburg is a community initiative with the aim is to provide a forum for exchange open to all FinTechs and established financials.

- Germany's 4th largest financial center
- 120 FinTechs in and around Munich
- Top FinTechs (valuation): Check24, Scalable Capital (€ 0.4bn), Ottanova (€ 0.3bn)
- Listed FinTechs (market cap): UMT (€ 0.2bn)
- Top FinTech categories: Payment & Remittance (18), Asset & Wealth Management (11), Personal Finance (8)

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INSURTECH HUB MUNICH

PLUG AND PLAY

Digital Accelerator
A company of Allianz

FINTECH CONSULT

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 automotive industry, which accounts for 28% of total revenue, and the insurance industry, with more than 100,000 employees, represent the strongest sectors of the regional economy.
- Established companies and founders work together in Munich to promote the digital transformation of products and services.

- 32 FinTechs in and around Cologne
- Top FinTechs: moneymeets
- Top FinTech categories:
Payment & Remittance (4), Investment (3),
Insurance (3)

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 important 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.
- They focus on digital solutions for the German insurance sector and facilitate transfers of knowledge between the scientific community and the industry itself, thereby guaranteeing that the insurance sector remains on the cutting edge.

wework

STARTPLATZ

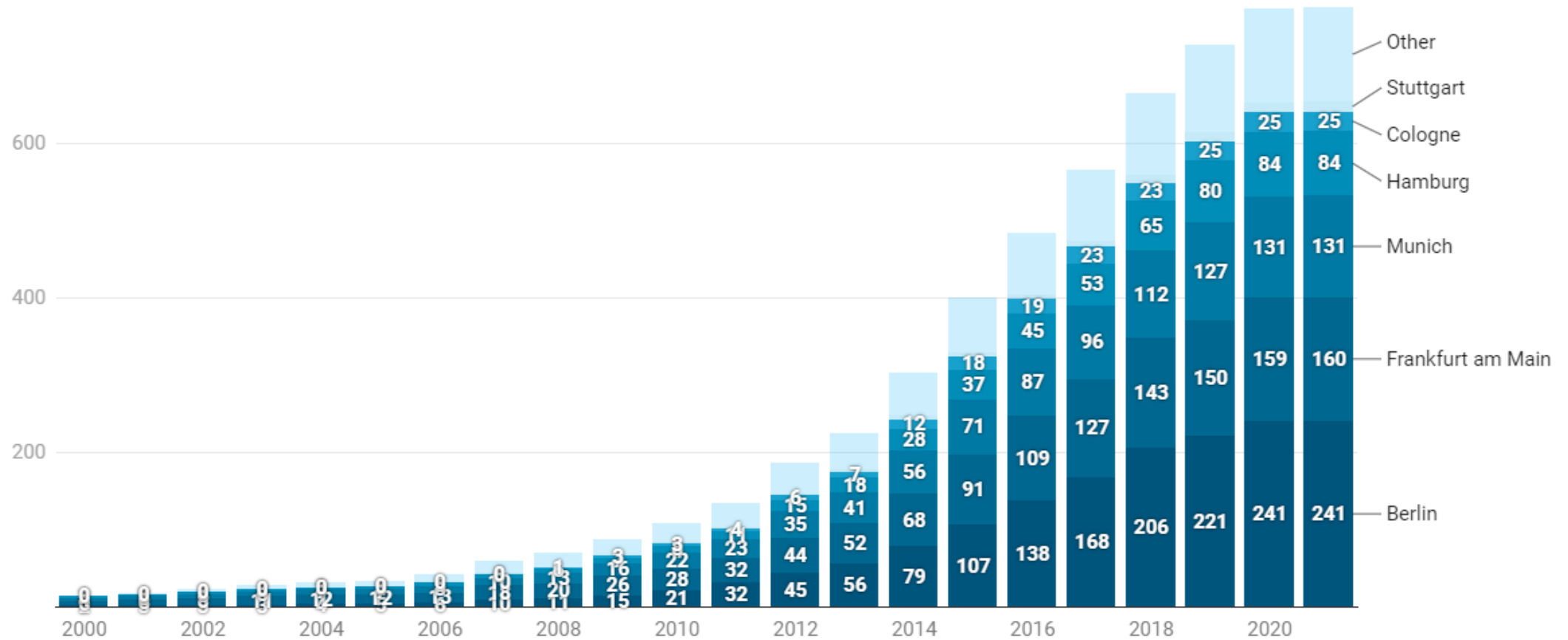
STARTPLATZ
ACCELERATOR

crossventures^x

Historic FinTech Hub Comparison

German FinTech Hubs (# of FinTechs)

as of 22 January 2021



3 German Unicorns*



- Founded in 1999
- Private company
- Platform for financial services
- 1000+ employees
- 15+ million customers
- €0.5 billion revenues already in 2015/2016



- Founded in 2015
- Private company
- B2B2C platform that connects carriers, agents, and insurers
- €100+ million revenues expected in 2020
- 500k+ customers
- Valuation of €1.7 billion after raising €200 million in two financing rounds in 2019



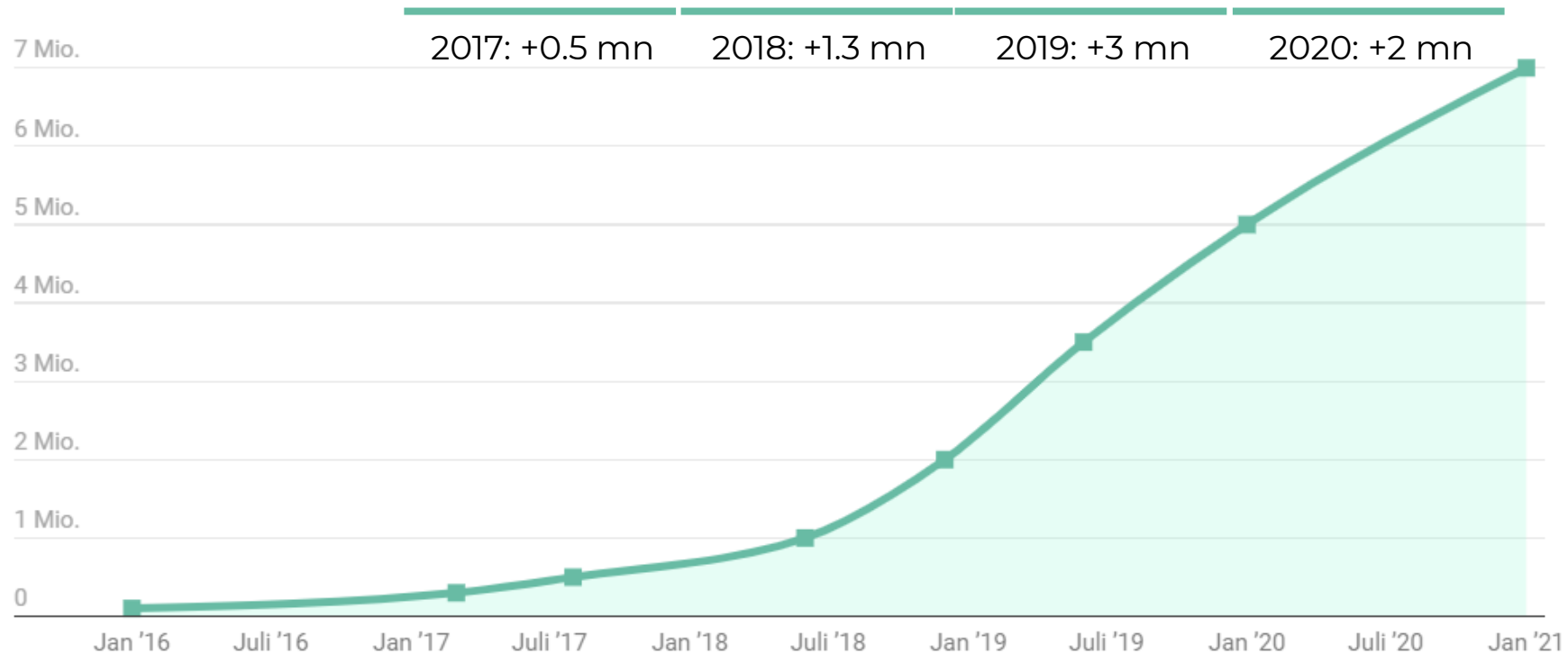
- Founded in 2013
- Private company
- European mobile bank
- 7+ million clients
- 1,500+ employees
- Valuation of €3.6 billion after \$100 million financing round in May 2020



- Founded in 2011
- Private company
- Household name in banking SaaS
- 500+ employees
- Valuation of €1.7 billion after €110 million round in Jan 2021

User Growth vs. Expenses

N26, the leading German Mobile Bank



Year	Costs (€mn)	Cost per New User (€)
2017	€33mn	€66
2018	€92mn	€70
2019	€317mn	€105
2020	€200-300mn	€100-150

Sources: Finance Forward, own research

M&A Deals in Fintech



- Founded in 2000
- Located in Frankfurt
- FX trading platform for corporates
- Bought by the global exchange group Deutsche Börse for **€ 725 million** in July 2015

- Founded in 2003
- Located in Eschborn (near Frankfurt)
- Acquirer / payment service provider
- Bought by private equity investors Advent and Bain Capital for more than **€ 700 million** in January 2017



- Founded in 2003
- Located in Heidelberg (south of Frankfurt)
- Payment service provider
- Majority bought by KKR in August 2019, at a valuation of almost **€ 930 million**

Winners of the Fintech Germany Awards 2020



Seed Stage:



Tangany

Custody of digital assets. Founded 2019
Last Financing Round 2020
Total Raised: 0.2mn €, EBIT 2019: 0.0mn €

Early Stage:



Myos

Working capital for merchants. Founded 2018
Last Financing Round 2020 (2mn €),
Total Raised: 11.4mn €

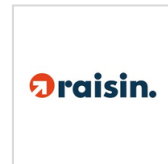
Late Stage:



Penta

Business banking for SMEs. Founded 2016
Last Financing Round 2020 (22.5mn €),
Total Raised: 39.7mn €, Valuation: 68mn €

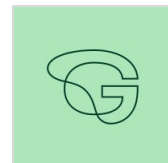
Growth Stage:



Raisin

Interest rate savings for consumers. Founded 2013
Last Financing Round 2019 (121mn €),
Total Raised: 169mn €, Valuation: 700mn €

InsurTech:



GetSafe

Digital insurer. Founded 2015
Last Financing Round 2020 (25.2mn €),
Total Raised: 45.2mn €, Valuation: 110mn €

AI:



Hawk.AI

Fighting financial crime.
Founded 2018

Blockchain:



Cashlink

Digitalization of company participation rights.
Founded 2016, Last Financing Round 2018

Our Watchlist



Arabesque S-Ray

Well-positioned to profit from increasing demand in ESG data



Hypoport

Well-established, listed player with profitable platform business (loans, mortgages, insurances)



CrossLend

€49 mn funding received so far. Interesting new partnerships



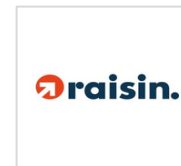
Mambu

Household name in banking SaaS. Valuation of €1.7 bn after €110 mn funding in 2021



Finanzguru (dwins)

Mobile UI of Deutsche Bank and backed by them. Profitable, €6 mn funding so far



raisin

Germans continue to prefer term deposits. Valuation of €700 mn after €121 mn round in 2019



Fraugster

Benefits from increasing no. of fraud cases in ecommerce & payments. €17 mn funding so far



Trade Republic

First mobile-only and commission-free broker. €320 mn valuation after €40 mn round in 2020



GetSafe

Popular digital insurer. Profitable in 2018. Valuation of €110 mn after €25 mn funding in 2020



troy

Smart and digital debt collection. Possible beneficiary of the crisis



4 Major Trends

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

Furthermore, the COVID-19 pandemic has accelerated the adoption of cashless payments in a society, which clearly preferred cash payments before.

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



Blockchain/Distributed
Ledger Technology



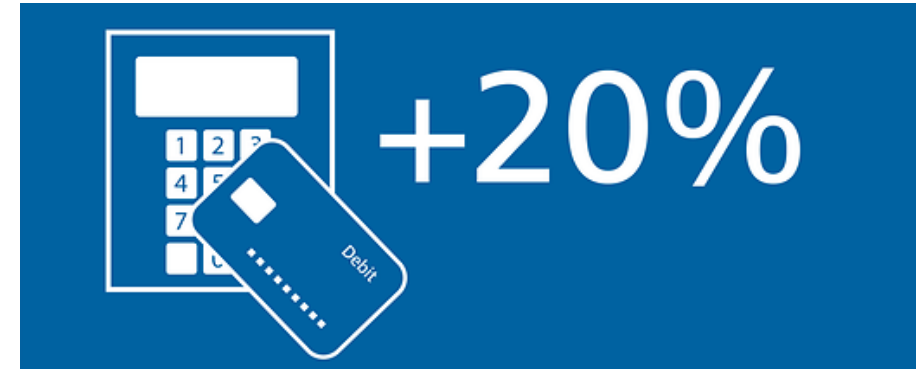
Sustainable
Development Goals



Digital Securities

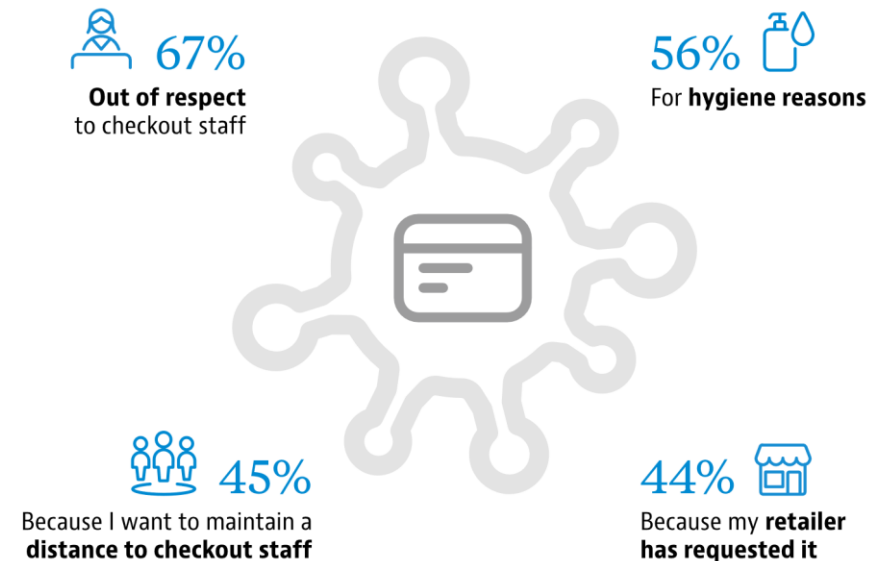
Cashless Payments

- Cashless payment instruments in Germany were already being used more frequently in 2019, i.e., prior to the outbreak of the COVID-19 pandemic.
- A total of 24 billion cashless payment transactions, worth a combined €61 trillion, were processed by German payment service providers. This represents an increase of 7% in volume or 8% in value compared with 2018.
- Card payments increased the most, by almost 19% to 6.3 billion, with debit card transactions accounting for the greatest share. Their usage rose by 20% in 2019. Cash was withdrawn less frequently at ATMs.
- The average payment made with a debit card was €49 in 2019, lower than in previous years. This indicates that such cards are increasingly being used for smaller transactions, too.
- The coronavirus pandemic heralded a rise in the number of contactless payments.



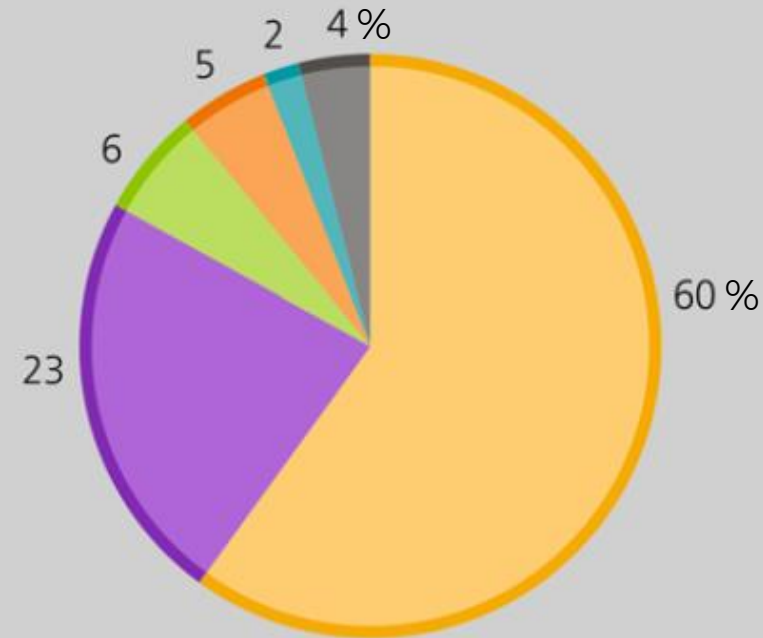
Reasons for More Card Payments

multiple choice answers possible

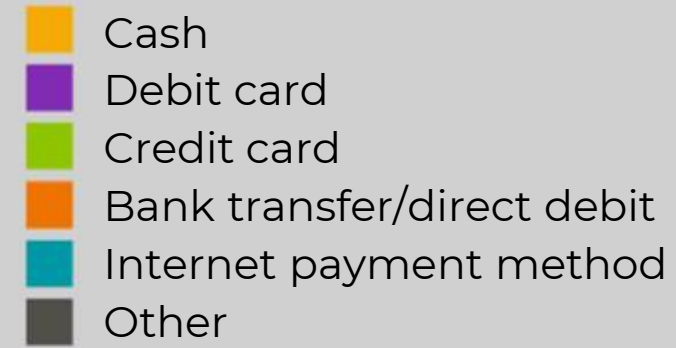
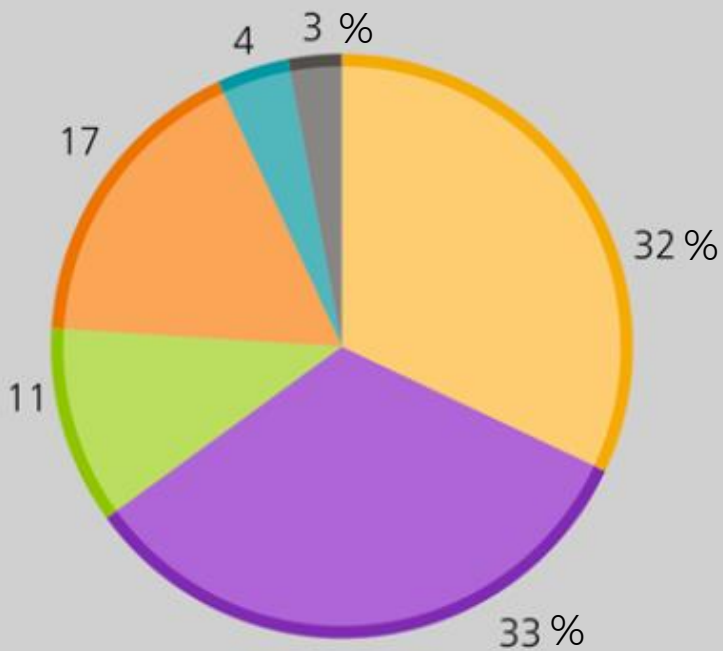


Cashless Payments

Number of transactions



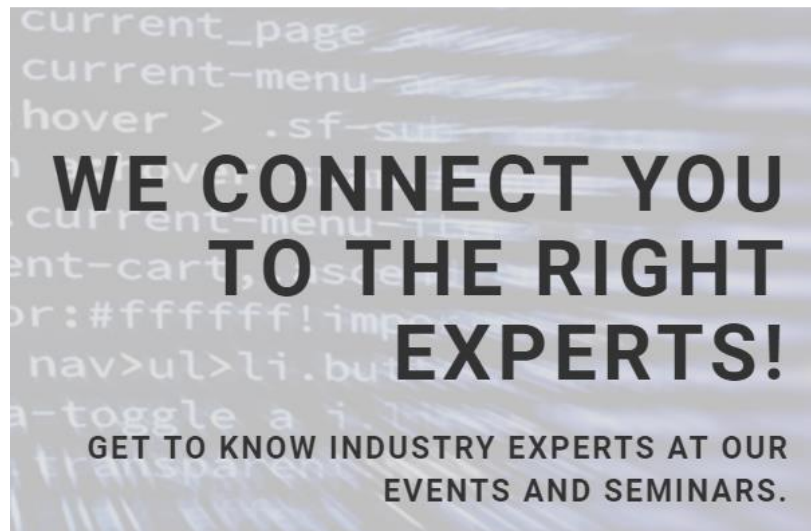
Value of transactions



84% of Germans own a smartphone. 13% of them have already used it for making mobile payments.

Artificial Intelligence in Finance

- Artificial intelligence (AI) is already playing a significant role in the German financial sector.
- Especially for credit decisions and fraud detection, FinTechs have developed AI-based applications, which they use themselves or license to incumbents like banks.
- A major hub for AI is the city of Karlsruhe, with is leading in academia and research.
- The association AlinFS e.V. (“Artificial Intelligence in Financial Services”), based in Frankfurt, pools the knowledge of start-ups, universities, and traditional companies in the financial sector.



Blockchain/Distributed Ledger Technology

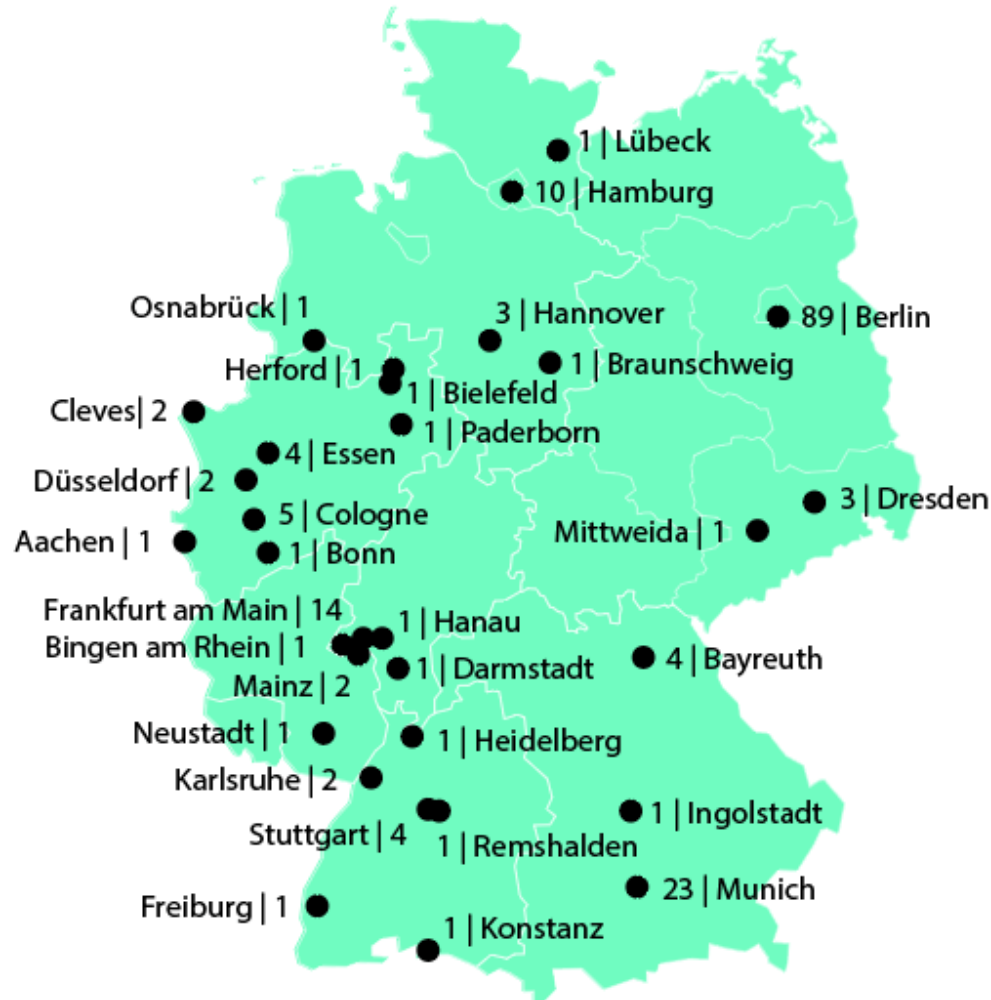
About 200 startups in Germany

<p>Consulting</p> <p>blockchain.lawyer CHAINSTEP freelio PEY KI ASTRATUM</p>	<p>Energy</p> <p>energy web CONJOULE Gridgularity freelio MOTIONWERK STROMDAO enerchain</p>	<p>Software Development</p> <p>blocklancer Salamantex CØSMOS OS Alliance CRYPTOUNIVERSE draglet CHAINSTEP capacity GSy brainbot BLOCKSERV iprotus</p>		
<p>Smart Contracts / Applications</p> <p>CRYPTO REH HICKY HERO weeve MINESPIDER IBT BlockchainHub ascribe CONJOULE CONDA GNOSIS MADANA XAIN. coinfinity BLOCKPIT</p>	<p>Infrastructure</p> <p>SWISS BLOCKCHAIN TECHNOLOGY MINEBOX OTC SWISS BLOCKCHAIN monetas inpher slock.it Toshi BIGCHAINDB Coin Factory Austria 2030 Blockchain Holding IPDB INTERPLANETARY DATABASE HYDROMINER APOLLON CORE GROUP</p>	<p>Banking</p> <p>Bitbond KOINA Bitwala</p>	<p>Payment</p> <p>SatoshiPay all4btc Salamantex CARDANO FOUNDATION METACO XTECH PEY moneygrid coinsnap wysker</p>	
<p>Trade / Exchange</p> <p>ShapeShift BITPANDA COINCONNECTING Vaultoro Gatechain CRYPTO Management Bitcoin Suisse Blockbay Leondrino Exchange BitPocket BTC express ECUREX CRYPTO FINANCE COINVEST CORE LEDGER Lykke bitcoin.de HERDIUS BITU COINTEO</p>	<p>Investment / Asset Management</p> <p>savedroid SMART VALOR MELONPORT Genesis Mining NEUFUND Brickblock</p>	<p>Insurance</p> <p>ETHERISC</p>	<p>Media</p> <p>epicenter TRENDING TOPICS res()nate addendum futurezone der brutkasten</p>	
		<p>Identity</p> <p>procivis KEYP BLOCKCHAIN HELIX CryptoCash authenteq JOLOCOM</p>	<p>Wallet</p> <p>digital bitbox ELECTRUM parity xapo</p>	<p>Ledgers</p> <p>Lisk IOTA ethereum MONAX</p>

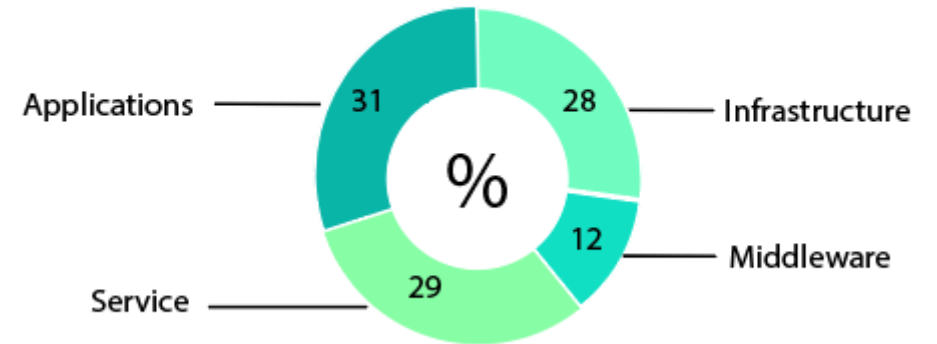
Blockchain/Distributed Ledger Technology

Many smaller teams all over Germany

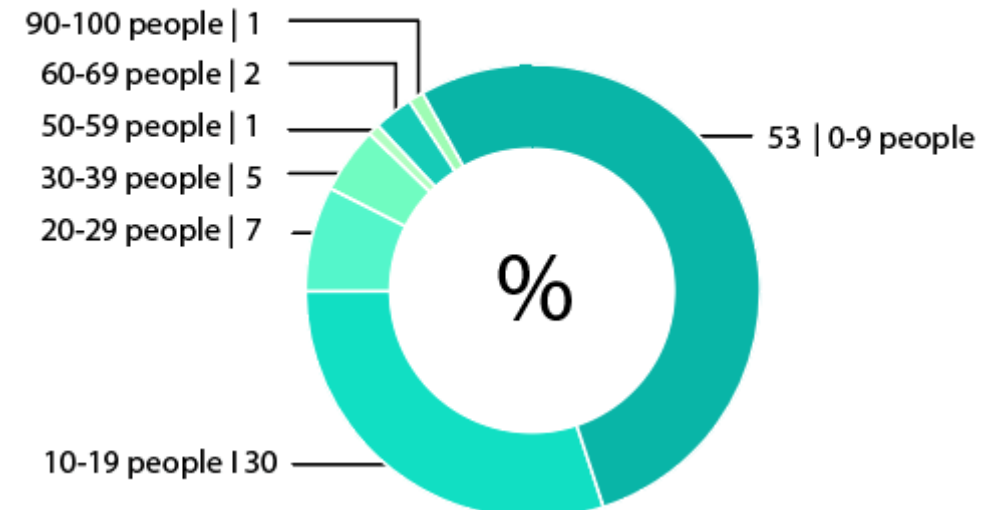
The cities where the companies are located



The „layers“ in which the companies are active



Team sizes (excluding contractors)



Source: German Blockchain Index by Blockstate

Sustainable FinTechs



An increasing number of German FinTechs address the UN Sustainable Development Goals: 24 are active in Sustainable Finance and further 9 in addressing social issues. Some of them have established the SDG-FinTech Initiative in 2017.

SDG-FINTECH INITIATIVE

Sustainability and responsible conduct in the financial industry



WEBSITE

Digital Securities

German Ministries publish draft for a new Electronic Securities Act (Aug 2020)

- In the implementation of the AMLD5, the German Federal Government focused on the regulation of crypto assets. Following on from this, the federal ministries of justice and finance recently published a proposal to further digitalize the world of securities. The Electronic Securities Act would allow the issue of bearer bonds without a physical securities certificate.
- According to the draft, securities can be issued electronically. Such electronic securities are issued through a record in a newly established electronic securities register, instead of issuing a securities certificate. They are supposed to carry the same rights and obligations as physical, certificate-based securities.

Electronic bonds

- Electronic bonds are proposed to be full electronic securities, and generally, all rules regarding certificate-based bonds apply. The electronic bond becomes an object by legal fiction, allowing property rights.

Crypto securities registry management

- The draft also introduces a new financial service, the crypto securities registry management, and anyone who manages a crypto securities register must obtain a license as a financial services institution.
- The issuer of a crypto security must name a crypto securities registry manager. The issuer who does not name such a manager, shall itself be a register managing entity.
- A crypto securities registry must be managed through a decentralized, tamper-proof recording system that records all data in a time series and save these from unauthorized deletion or subsequent changes.
- The registry manager is obliged to fulfil the orderly entry of securities and the orderly change of entries. Consumers shall receive a register excerpt every time there is a change of the registration, or at least once a year.

5 Recent Developments



Founded in 1999

International supplier of electronic payment and risk management solutions

Successful cooperation with Alipay

Joined the German blue-chip index DAX in 2018, replacing Commerzbank

5300+ employees in 2019

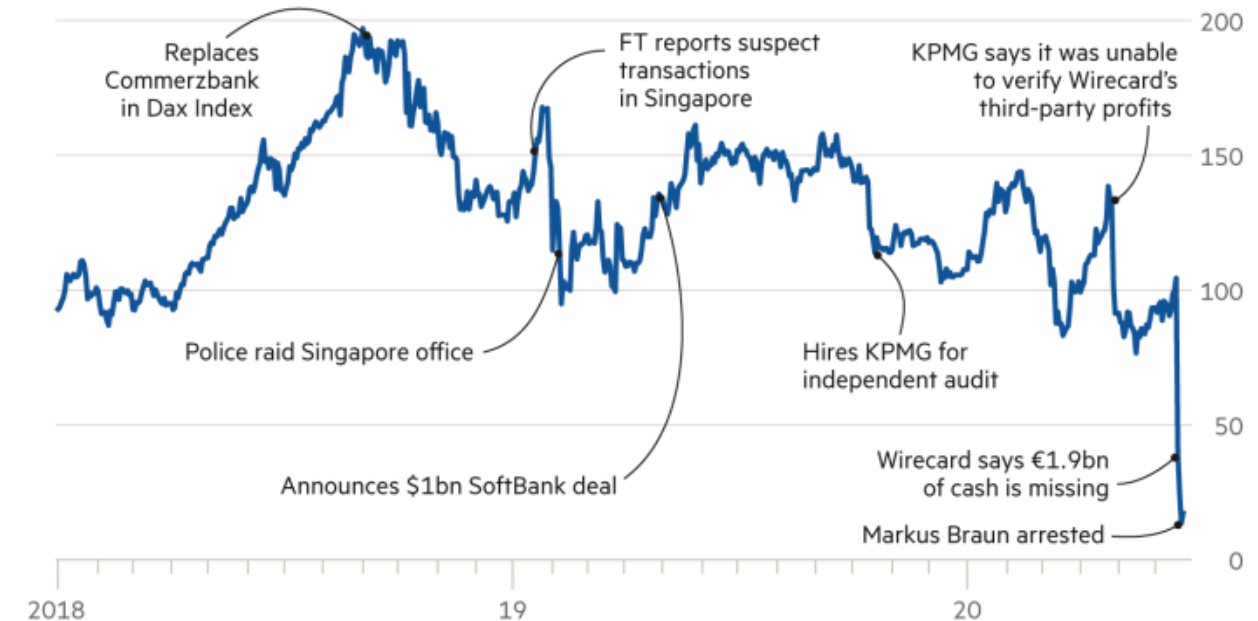
Early 2019, Wirecard's market value hit around €17 billion, matching Deutsche Bank with 15 times fewer workers and revenues.

Beginning of 2019, a string of Financial Times reports highlighted accounting irregularities, notably in Wirecard's Asian division.

Filed for bankruptcy in June 2020, after € 1.9bn cash missing at two trustee accounts on the Philippines, which might never have existed.

Wirecard: from stock market star to scandal

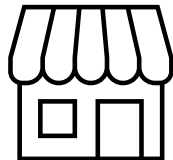
Share price (€)



Source: Refinitiv / FT

6 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.



Appendix

Methodology

This research report bases on our database of 776 German FinTech companies (as of 22 January 2021).

We update our database and this report on a regular basis, so that you always get as up-to-date information as possible.

Other surveys claim that Germany had about 900 FinTech companies in 2020 but use slightly different definitions of FinTech, which might explain the differences.

We only include startups with a FinTech (financial technology) product or service, and only legal entities.

We also include foreign FinTechs with a legal presence (subsidiary) in Germany, but we will not count funding rounds nor financials of their parent company for our statistics.

We cannot and will not guarantee that we cover all German FinTech companies. Some new entrants start in stealth mode and might not be publicly visible in their first year.

Unlike other surveys, we publish our [list of German FinTech companies](#) on our website, so that everybody can check which startup is included and which is not. Furthermore, we offer [free and easy registration](#) of missing FinTech companies.

If you have any suggestions how we can improve our database and reports, please do not hesitate to [contact us](#).



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