

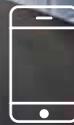


The Irish  
Advantage



# The FinTech50

2020: Enterprise Ireland edition



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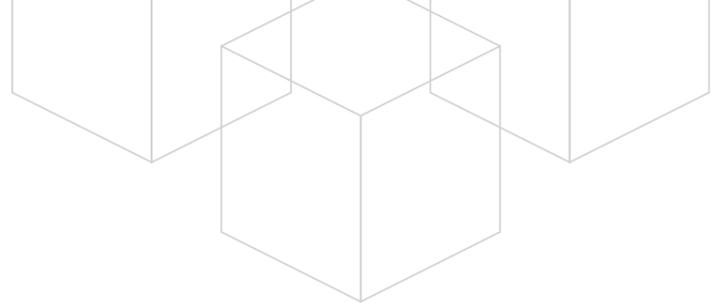
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# Welcome to The FinTech50: Enterprise Ireland edition

Welcome to our new collaborative digital publishing initiative for 2020.

One of the best things about The FinTech50 is the inspirational stories that emerge each year from our master list of more than 4,000 innovators worldwide. We can't cover them all, of course, so this year we are opening up our platform to give others the opportunity to tell their unique stories in their own unique voices.

This means that, as well as announcing The FinTech50, we will also be publishing a series of special reports throughout the year and inviting communities, hubs and associations to "guest edit" them.

Our first invited curator is Enterprise Ireland, the national trade and innovation agency responsible for the development and growth of Irish enterprises in world markets. Fintech in Ireland is not only punching, it's diverse and it's scaling, with 32% of companies anticipating growth of between 100% and 500% in 2019. **Enterprise Ireland** has invested in over **80 fintech start-ups since 2014** and their portfolio of more than 200 financial services and fintech clients generated over €1 billion in revenue in 2017.

We look forward to bringing you more special reports over 2020 – and, of course, The FinTech50 2020 is now open for applications.

**Julie Lake**  
Founding Director, The FinTech50  
[@thefintech50](https://twitter.com/thefintech50)

# Ireland

## the I-Combinator

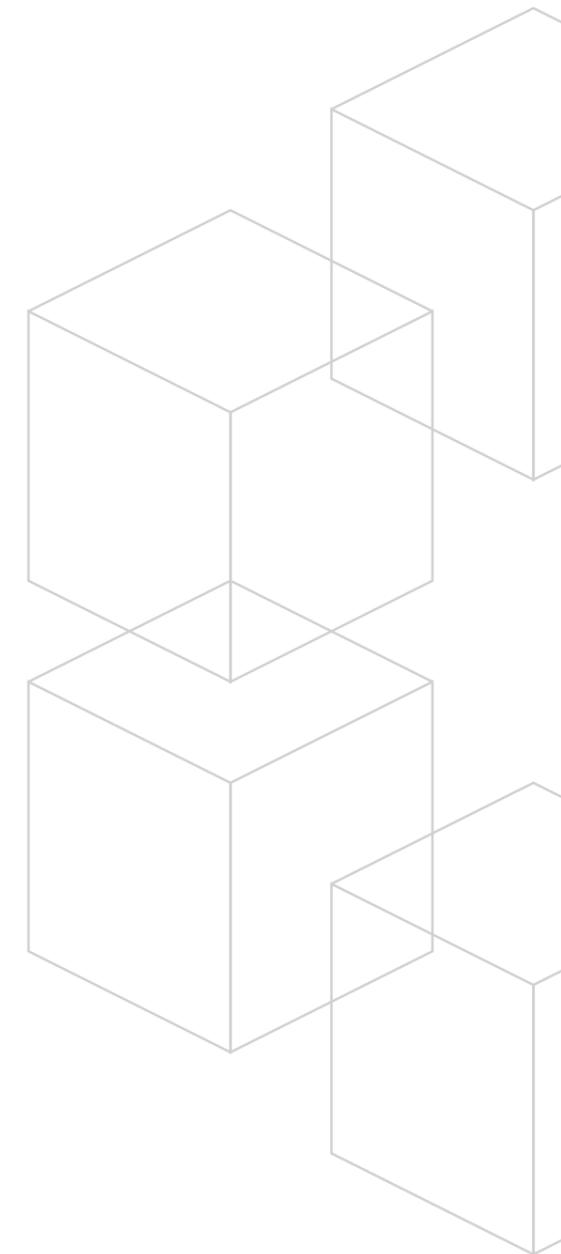
*How a government agency helped establish Ireland as a global fintech hub.*

**Government agencies aren't universally renowned for entrepreneurialism but as the growing number of successful fintechs coming out of Ireland will tell you, Enterprise Ireland, the country's trade and innovation agency, is different.**

Part of the reason Ireland has so successfully emerged as a major international fintech hub is because Enterprise Ireland doesn't just provide soft supports to the companies it identifies as high potential start-ups (HPSUs), it actively invests in them. Indeed, it is one of the largest and most successful fintech investors in the world.

Enterprise Ireland actively supports a portfolio of more than 1,500 companies with equity investments at any given time, spanning almost all sectors, including large and small businesses. It typically invests €30 million a year in companies, many of which are fintechs.

"Some Enterprise Ireland-backed companies are pure financial service plays. Others focus on selling ICT solutions into financial services but more than 200 are fintechs, and roughly half of those are start-ups," explains Eoin Fitzgerald, Senior Development Advisor fintech at Enterprise Ireland.



## What's the biggest challenge facing fintech innovation?

*“According to a report by Innovate Finance venture capitalists invested almost US \$36.6 billion in fintech companies in 2018 alone, but almost two fifths of that investment went to a single company. This reminds us of the market classification of recognisable innovation: original ideas which can truly scale. Start-up fintechs are typically known to be friendly, flexible, and highly attuned to customer demands. It is the ability to maintain these qualities as the product reaches beyond first adopters that will position these businesses for growth. Partnering with Visa can lend fintech start-ups credibility, trust and access to best practice that will be a key differentiator as they scale.”*

**Philip Konopik**  
Country Manager Ireland, VISA

Enterprise Ireland’s primary driver – as befits a state agency - is job growth. Whether it is despite or because of this admittedly unorthodox investor metric, the agency’s strike rate is unassailable.

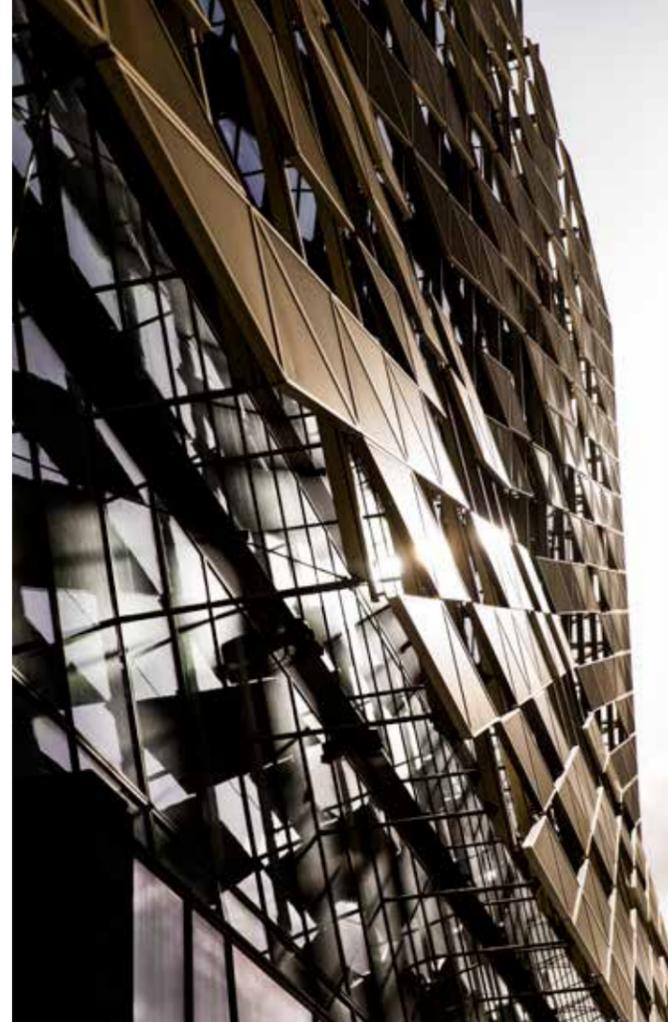
Its portfolio of more than 200 fintech companies generates more than €1 billion in revenues annually and, over a 10 year period, its fintech return on investment has typically stood at well above the industry average.

It helps to have a pedigree that goes back to Ireland’s very first fintech, international

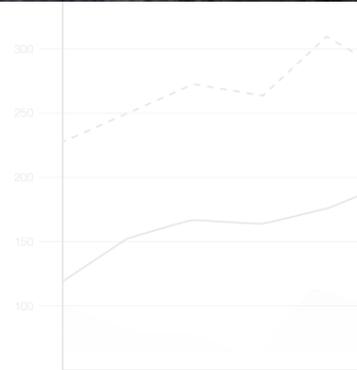
payments firm Fexco, which was set up in 1981.

It also helps that the agency takes a holistic approach to this fast developing space that ensures its expert fintech team handles all companies in its sector, from two person fintech start-ups to 500 employee growth-stage fintech enterprises. This has enabled the agency to build immense sectoral knowledge.

It’s why savvy investors worldwide recognise that an Enterprise Ireland-backed fintech comes with a significant



**“Our numbers are very strong in fintech. Much of this success is down to the deep domain expertise of the companies we invest in.”**



seal of approval. They recognise that such a company is, by necessity, internationally focused and will, from the earliest stage, have been taking on and winning in global markets.

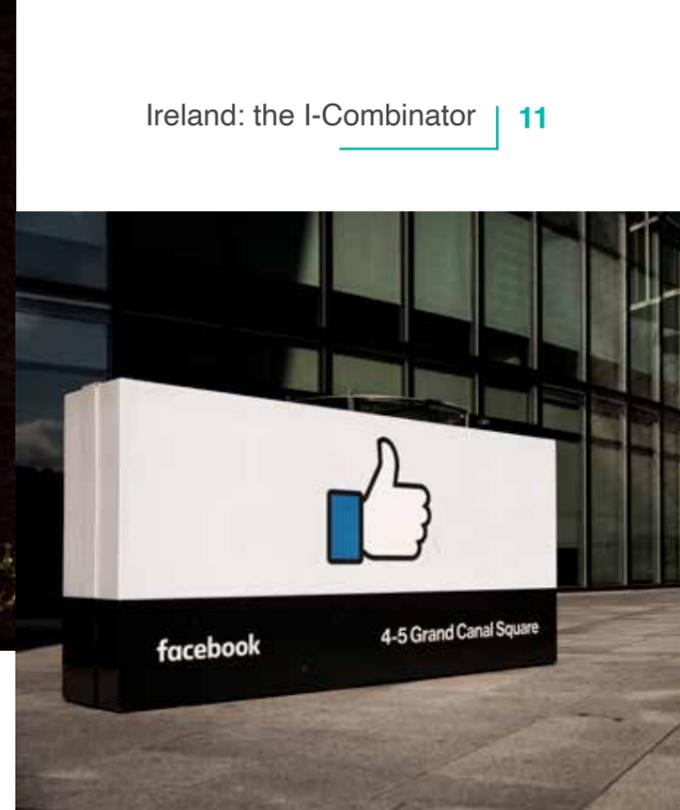
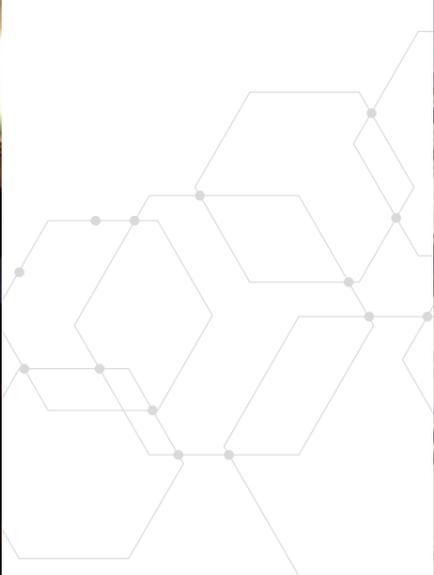
Enterprise Ireland’s deal-making experience also helps set its investee companies apart. Says Fitzgerald: “A typical VC will do two or perhaps three fintech deals a year. Between 2014 and 2017 serious players such as 500 Startups and Y Combinator did 105 and 102 deals respectively. Enterprise Ireland did 85.”

The agency won’t take all or even most of the credit for turning a small country

with a population of under five million into such a fertile seedbed for fintech. Part of it is down to a unique set of fruitful circumstances.

“Ireland’s fintech sector benefits from an exceptionally collaborative culture. Unusually for any entrepreneurial ecosystem, this collaborative approach includes significant government and state agency support, with fintech treated as a national priority,” says Fitzgerald.

“Ireland for Finance” is the Government’s blueprint for providing clear and coordinated direction for Ireland as a financial services centre. The sector is



## What's the biggest challenge facing fintech innovation?

*“Compliance. Start-ups can be overwhelmed by the cost of regulation and compliance in financial services, and the pace of regulatory change makes compliance a moving target in our industry. Start-ups need to put compliance and security at the heart of their product offering in order to succeed.”*

**Ruth McCarthy**  
CEO, Fexco Corporate Payments

also supported by start-up accelerators such as Ireland's National Digital Research Centre and cutting-edge public research organisations such as Ireland's Centre for Applied Data Analytics (CeADAR).

Ireland benefits too from having an exceptional selection of international players on its shores. It is home to the operations of nine of the world's top ten technology companies, including Facebook, Google and Amazon.

The country is also home to some of the biggest names in global financial services, from Bank of America Merrill Lynch, to Barclays and Sumitomo Mitsui.

In fact, more than 250 of the world's largest financial services players operate in Ireland, including half of the world's top 50 banks and more than 230 insurance companies.

Total assets under management for Irish-administered funds exceeds €4 trillion and Ireland employs 44,000 people in financial services directly.

Yet, while Ireland hosts such a breadth of international tech and financial services companies, none of them competes for customers in Ireland. It is this fact that has allowed for the extraordinary level of industry and academic collaboration that takes place there.

“It also allows Irish fintechs an unrivalled ability to secure expertise. Many of Ireland's fintech and regtech founders know first-hand the pinch points of the sector, having held senior positions in financial services,” says Fitzgerald.

Enterprise Ireland actively supports them as they strike out on their own. “We don't seek to sit on the board of investee companies, and we are not driven by

the same return as other investors but, like them, we aim to back successful, scalable, international businesses. We do it day in day out. No other agency anywhere in the world is fostering fintech success on the same scale as Enterprise Ireland.”

The acquisition of Irish company Touchtech Payments by Stripe, a global payments company founded by Limerick's Collison brothers, coupled with the move to Ireland by legacy banks such as Barclays as well as challengers such as Revolut and Starling, are further indications of Ireland's status as a fintech hub.

“Ireland punches above its weight as a great place to start and grow a business,” says Fitzgerald, who says fintech remains an important sector for the agency he works for.



“Our numbers are still very strong in fintech and we’re seeing a lot of success. Much of this success is down to the deep domain expertise of the companies we invest in,” he says.

The average age of its fintech start-up founders is late 30s to early 40s. “These are people with significant experience in banking and financial services, who are taking the chance to come out and set up something new.”

Enterprise Ireland is now the largest early stage investor in Europe, with double digit investments in new fintech companies every year. “We have a strong population of experienced founders building innovative solutions,” he says.

This extends into areas such as regtech and paytech, areas in which Irish start-ups are adding enormous and clear value to their clients. “Compliance and efficiencies are driving spending in banks right now. Anything that automates or delivers process efficiencies is a space in which Irish companies are doing well internationally. These are all areas in which we have extensive experience,” he says.

Enterprise Ireland actively engages with Ireland’s inward investment agency, the IDA, and with the Fintech & Payments Association of Ireland. The opening of a new Huckletree fintech hub and accelerator in Dublin will provide a further fillip to the fintech ecosystem.

There are of course challenges. “The UK has 1,100 fintechs, all of which could live off the UK market alone. Ireland has 200 fintechs, who can’t live off the Irish market alone, and so must scale internationally from day one, that is the challenge,” admits Fitzgerald.

“But it is also the opportunity. Our role at Enterprise Ireland is to work with them to support them in doing just that, to ensure we keep being the small country that delivers big on fintech.”

## What’s the biggest global trend in fintech right now?

*“The continuous pressure to drive down costs and protect margins in the financial services industry is pushing large financial services companies to collaborate with or acquire fintech start-ups. They are seeking new innovations that can’t be developed internally. This should increase the exit valuations.”*

**John O’Sullivan**  
Chief Investment Officer  
Ireland, Beechbrook Capital

# Swooping to secure funding for growth

*How the Hot 10 lister Swoop helps small and medium-sized companies to fire on all funding cylinders.*

Andrea Reynolds knows exactly how important the right source of funding, at the right time, on the right terms, is to any business. She founded Swoop Funding because she also knows how hard it is to secure.

Reynolds is a chartered accountant who started her career with professional services firm KPMG in Dublin, specialising in financial services and working with clients that included banks and insurance companies.

She moved to London with KPMG in 1999 and quickly gravitated towards smaller, younger businesses. Within a few years she was walking the walk, having left to set up her own firm providing corporate finance consultancy to start-ups.

“I could see how challenging and time consuming it was for these companies to raise funds. I understood that it’s not just about getting the loan, or the finance, it’s about getting the right blend, the right mixture of, for example, loan and equity investment,” says Reynolds.

It’s exactly the kind of activity that in larger firms is looked after by a chief financial officer. “The problem is that, while every business needs a financial advisor, not every business can afford one. Yet, if you are in a small business, you are busy enough finding customers without having to do all this as well,” she says.



## What’s the biggest global trend in fintech right now?

*“The application of artificial intelligence to financial services. AI applications that free up personnel from process tasks, such as credit applications, to focus on proactive tasks, can enhance the customer experience. Banks can also leverage AI to improve the customer experience through personalisation, or harness data analytics to limit fraudulent transactions and improve compliance.”*

**Laura Clifford**  
Senior Executive Manager,  
FinTech Fusion



**“Our product is free to use. We only get paid if we are successful, which is exactly as it should be.”**

At best, the result is hours spent googling. Reynolds reckoned there had to be a better way: “I felt sure the technology had advanced enough to provide a solution.” And it had.

In 2018, together with co-founder Ciaran Burke, a fellow KPMG alumnus, she developed Swoop Funding, a platform that prompts a business towards the debt finance, equity investment or grant award it doesn’t just need but is most likely to get.

The genius is that it integrates all of a user’s data points, including bank accounts, accounting software and Companies Registration Office information, to come up with guidance.

The platform analyses the data to establish key metrics such as a business’s debt/service coverage ratio (DSCR), a measurement of the cash flow available to pay current debt obligations.

“It’s the number every lending institution looks at before deciding whether to give you a loan or not, and yet nobody is aware of it. The result is that, too often the business gets declined for a loan it



**40%**

Ireland services nearly half of all global hedge fund assets.



should never have applied for in the first place,” says Reynolds.

She is the first to admit that Swoop Funding’s own start-up journey was fuelled by timely access to the right supports.

One of its first wins was securing Competitive Start Funding from Enterprise Ireland.

Swoop went on to win an award from the open banking challenge, a competition funded by the main UK banks and managed by Nesta, an innovation fund. Earlier this year it secured £5 million from the RBS bailout fund.

All of its funding has helped fuel growth. Just over a year since its launch, Swoop Funding now has more than 1,000 providers on its website, including debt, equity and grant providers from across the UK and Ireland.

## What’s the biggest trend in global fintech?

*“Partnering. An increasing number of incumbents and fintechs are realising the benefits of combining strengths and exploring partnership models. Fintechs are realising that great user experience is no longer enough as they reach saturation point in their own digital marketing channels. Many fintechs are now actively looking for partnerships to grow their business and expand into new markets.”*

**Mike Brennan**  
Principal, Finch Capital



What makes the platform even more compelling is the fact that it provides a clear picture of a user's spending behaviour and proactively identifies savings too, all the time improving its DSCR.

Swoop helps reduce its cost base by prompting significant savings across banking, insurance, foreign exchange, international payments and utilities. That frees up a business to do what it does best - make sales.

No business is too small. "We had one customer who had a turnover of £100,000. The owner paid his tech developers in Poland each month through his bank. Simply by switching to Transferwise, Swoop helped him to save £7,000 a year," says Reynolds, who could see the small and medium enterprise sector was ripe for such a product.

"Nobody thinks about the SME sector as a customer segment. It's completely underserved and overcharged, despite the fact that every economy relies on them."

Swoop Funding doesn't add to their burden, it lightens it immeasurably. "Our product is free to use. We only get paid if we are successful, which is exactly as it should be."

By October 2019, Swoop had generated €50 million in funding and savings for its users. Inclusion in The FinTech50s's Hot Ten 2019 list, which marks it out as one of the world's most innovative fintechs, rounded off a spectacular year.

Enterprise Ireland continues to play a key role in its development. "It has been incredible," comments Reynolds, who says that having operations in both Ireland and the UK allows her to see the difference between supports on offer in the two countries.



They are "poles apart", she says. "Enterprise Ireland is recognised across Europe as the benchmark of best practice. Apart from the funding element, the really relevant support Enterprise Ireland provides is what makes the difference."

"Swoop has a genuine competitive edge as a business but by being part of Enterprise Ireland, you get an additional advantage."

Of course, it helps too that at every stage in Swoop Funding's development, Reynolds has known where to turn for the right mix of investment, debt finance and grant funding.

"We're like a case study for our own platform. We have used every form of funding available to a business of our size and stage. That's what's nice about Swoop - we've done it ourselves."

## What's the biggest challenge facing fintech innovation?

*"Ensuring product market fit. The temptation is to pursue early customer adoption and scale but in the context of financial services all technology, including MVPs, must withstand the rigour of security, compliance and regulatory challenge. This demands a greater level of financial capacity to ensure technology and value proposition is fully validated with customers who are often regulated bodies in their own right. Prematurely scaling can detract from further strategic innovation as financial constraints take hold."*

**Eddie Dillon**  
Founder and CEO, CreditLogic

# Clustering Ireland's Fintechs



## Credit/Lending

Accelerated Payments  
Credit Expo  
CreditLogic  
Flender  
Grid Finance  
InCol  
Initiative Ireland  
InvoiceFair  
Linked Finance  
Peeled Finance  
Supply Finance  
Swoop Funding



## Currency & FX

Assure Hedge  
Cambrist  
CurrencyFair  
Monex Financial Services  
TransferMate



## Saving / Investing

MyWallSt



## Funds & Trading

Carne Group  
Chasing Returns  
CoalFace  
Concept Dairy  
Eagle Alpha  
Ergo  
FuncCalcs  
Fund Recs  
Permind AI



## Crypto & Blockchain

Aid:Tech  
Block Aviation  
Travacoin  
QPQ



## Platforms

Aspen Grove Solutions  
Global Shares  
Sentenial  
Simpler



## Payments

Change Donations  
CleverCards  
CodeEast  
CorribPoint  
Fexco  
Fire  
Lighthouse BCS  
MiFinity  
Payslip  
Payzaar  
Payzone  
PiPiT  
Premium Cash Solutions  
Prommt  
The Payment Works  
Worldnet Payments



## Operations

Circuit  
Econiq  
Inship  
Unitex.AI  
4Securitas



## Regtech

AQMetrics  
Corlytics  
Cufa  
Cyber Risk Aware  
Daon  
DX Compliance Solutions  
Fenergo  
Gecko Governance  
Governor Software  
ID-Pal  
Know Your Customer  
Kyckr  
MyComplianceOffice  
Phonovation  
Quaternion  
Red Flare  
RiskSystem  
Sedicii  
Sysnet Global Solutions  
Taxamo  
Vizor  
Umba



## Pensions

Husky Finance



## Accounting

EisnerAmper Ireland  
Relate Software



## InsurTech

ClaimVantage  
DOCOSoft  
Eppione  
Fineos



## Banking Software

CR2  
Leveris



## Sustainable Finance

UrbanVolt  
Vivid Edge



## Insurance

Carisma  
XS Direct Holdings



## Treasury

CashAnalytics



## Others

Allegiant  
Courtsdesk  
Oathello  
Taxback.com  
Xtremepush





## Financial services seek the appliance of science

*Irish innovation is driving developments across fintech, regtech and paytech.*

**In the age of the algorithm, few sectors are as rife for disruption as financial services.**

“The sector is going through nothing short of a revolution,” says Jack Finucane Clarke, Enterprise Ireland’s London-based Market Advisor for Financial Services.

Just as streaming services impacted the music industry, the advent of artificial intelligence, machine learning, and distributed ledger platforms is transforming the world of finance.

“We are still very much at the discovery stage, in terms of figuring out all

the different ways in which these technologies will be used,” he says.

Take blockchain. “It was a buzzword for a while but then people started to scratch their head and say ‘Yes but what are we actually going to use it for?’”

It’s only now, through the development of self executing ‘smart’ contracts for use in sectors from construction to trade finance, that practical applications are emerging from the hype.

Just as they always have, Irish fintechs are harnessing these new technologies to create and capture commercial opportunities. It’s a practice that stretches back to companies such



**“For a long time, financial services was characterised as stuffy. Now it has become a science-based industry, and that’s cool.”**

as Fexco and Monex, who invented dynamic currency conversion in the early days of digital technology, nearly four decades ago.

“We are now seeing a new generation of innovative Irish fintechs coming through,” says Finucane Clarke, pointing to Cambrist as a case in point. Its multi-currency processing platform enables retail banks to bring travel card features to existing debit and credit card programmes.

Another innovator is MiFinity, a fintech payments company whose platform, which is already connected to all

major global banks, processors and card schemes, is designed to execute international transactions.

Thanks to the launch of a cross-border money transfer service it even allows consumers to send money from the UK and Europe into mainland China, via the UnionPay network.

Innovative Irish fintechs are using new technology to drive fintech for social good too. “A lot of what we are seeing is about helping to enable the previously ‘unbanked’ to participate in financial services and payments,” says Finucane Clarke.



# 250+

The world’s leading financial services firms are operating in Ireland.

He points to the role Irish fintech Trezeo plays in helping to provide financial stability to self-employed people working in the gig economy. By smoothing unpredictable pay cheques into a regular income stream, it can help to improve its users’ access to traditional banking products.

On the business-to-business front, Swoop Funding is shaking up the market by providing the services of a virtual chief financial officer to even the most modest SME.

“In creating a platform that links small businesses – traditionally a tricky segment of the market to bank – with a full range of finance and funding options, it is helping businesses to identify everything from grants to invoice discounting facilities,” he says.

“It’s one of those great ideas you wonder how we ever managed without, which is why it is getting huge traction both in the UK and in Ireland.”



## What’s the biggest global trend in fintech right now?

*“Collaboration. It is great for the established incumbent because it enables them to stay relevant. It’s great for the start-up because it gives them immediate distribution to a large market. It’s great for customers because they get access to innovative services without having to shop around.”*

**Ruth McCarthy**  
CEO, Fexco Corporate Payments



## What's the biggest challenge facing fintech innovation?

*“Regulation. Many early stage start-ups simply do not have the expertise, resources or funds to navigate and comply with the regulatory maze. Of course the majority of these regulations are aimed at protecting consumers, but they can sometimes have the adverse effect of making it difficult to push the boundaries and bring innovative ideas to market - stifling consumer-focused innovation.”*

**Mike Brennan**  
Principal, Finch Capital

Equally pioneering is AID:Tech, who uses blockchain, artificial intelligence and machine learning to create a decentralised digital identity platform that empowers people to manage their own data securely and privately.

Ireland has developed a major reputation for regtech solutions too, where the burden of regulatory compliance is lifted by the efficiencies of technology.

“Ireland has a very strong cluster of companies who are gaining traction globally in areas such as KYC (know your customer) and AML (anti-money laundering), with technology to the fore,” he says.

These include companies such as Governor Software, who helps senior risk and compliance executives maintain regulatory governance and oversight through clear visualisation of regulatory obligations, while Gecko Governance uses blockchain to create integrated regtech solutions for managing compliance in the funds industry.



Irish fintechs are also looking to the new raft of technologies currently taking shape. “In terms of crystal ball gazing, we will start to see the impact of quantum computing emerging,” he predicts.

“While these machines are conceptually very powerful, and lots of companies are doing research into the area, once quantum computing becomes viable and applicable for financial markets, it will be an absolute game changer with consequences in all sorts of areas, including cybersecurity.”

The world of algorithms in which we live already sees two thirds of all trading done via exchange traded funds (ETFs), he points out.

One development we will see in the nearer future is the rise of algorithm to algorithm marketing, he predicts. “When you market your business you are already trying to find a motive or fact-based way to identify a market segment. In future, emotion will be taken out of that process entirely, it will be solely down to what data inputs cause an algorithm to react,” he explains.

It's all part of the technological revolution transforming the landscape. “For a long time financial services was characterised as stuffy. Now it has become a science based industry, and that's cool.”

## What is the biggest global trend in fintech right now?

*“One of the biggest trends in fintech has been and, continues to be, the pace of change. This means that the industry has to adapt to meet the needs of new players, as well as those existing players looking to evolve for today's consumers. At Visa we've changed the way we work to make it easier for new players to access our network and leverage our capabilities so they can grow their business. For example, our Fast Track programme makes it easier for new businesses to become Visa issuers, allowing nimble start-ups the ability to leverage the reach, capabilities, and security of VisaNet, our global payment network.”*

**Philip Konopik**  
Country Manager Ireland, VISA

# What's next for fintech?

*Enterprise Ireland keeps its finger on the fintech pulse worldwide.*

## Ireland

“Technology is profoundly changing financial services. The development of fintech will continue to be derived from the need for convenience and also for solutions that help to solve social challenges, such as financial inclusivity. We can clearly see the rise of disruptive fintech companies, of challenger banks, of tech giants increasingly offering financial services, and previously unrelated industries now integrated as part of the sector. At the same time, we will continue to see established companies evolving, and the adoption of a much more open and inclusive approach to innovation.

Ireland is at the forefront of driving that innovative change and capturing

the opportunities that are now arising. The Irish Government’s new strategy “Ireland for Finance” has a number of key objectives and practical initiatives to position Ireland as a global leader in financial services and enabling technologies. This partnership approach – both public and private – provides a framework for sectoral scale over the next five years. And Enterprise Ireland will play a leading role. Our objective is to continuously nurture an optimal environment from which fintech companies can emerge and grow. Enterprise Ireland’s funding, our access to top-class research, our capability development programmes, and our overseas networks of potential customers, are all aimed at helping Irish



fintech companies to achieve global success. We will continue to walk with them on every step of their journey.”

*Enda McDonnell is Enterprise Ireland’s Head of Fintech, based in Dublin.*

## Nordics

“One of the most interesting trends from the Nordic fintech scene is the volume of payments being made through Swish. It works through a smartphone application and connects the user’s phone number to their bank account, making it possible to transfer money, or make online payments in real time. Adoption rates are very high - in January 2019, Swish had 6.7 million users in Sweden, that’s 65% of the population.

In the lending market, start-ups here are seeing increased competition, leading to smaller margins for incumbents and better conditions for consumers.

Whereas in the past we had a few big banks controlling the market, fintechs

such as Klarna now have a banking licence and are getting into the lending market, because that’s where the money is. These companies are young and have a lot of great people working in them but without the big overheads. In the long run, banks can’t compete. The problem for small start-ups is the banking regulations, but once that’s out of the way, it’s going to be very difficult for banks to survive.

The insurance sector lags somewhat behind, however, with the result that there are a lot of new companies trying to digitise and tailor-make insurance products for individuals, where before they were more or less the same for everybody. We’re seeing car makers such as Volvo develop systems that monitor how or how much you drive, which could lead to cheaper premiums.

We’re seeing the rise of subscriptions as a business model too, using the Netflix model for everything from cars to boats. Fintechs are facilitating this and it’s a huge opportunity.”

*Tom Holgersson is Enterprise Ireland Senior Market Adviser for Fintech Nordics, based in Stockholm.*

## USA

“The US still mainly operates using traditional payment methods, such as cash and credit cards, but we are seeing more and more innovation in that space to either improve the speed and experience of traditional payments, or to push towards alternative payment methods such as digital wallets, neo-banking and more contactless payment options.



# Top 100

Six Irish fintech companies on the global RegTech 100 list.

Financial inclusion is becoming more important, as the wealth gap increases and the financial services sector recognises that it historically has not been built to address the needs of many consumer demographics. We are seeing more solutions to service the underbanked. Additionally, we're seeing more solutions designed for non-traditional business and income models.

Customer experience continues to be a driving force behind innovation in financial services in the US. To date a lot of the financial services industry has focused on segmentation and automation to create a relevant experience for their customers, but consumers now expect a personalised

## What's the biggest challenge facing fintech innovation?

*"The speed at which global competition can catch up with and replicate innovation. The fintech marketplace is global and as more enter it there is an increasing risk that the innovation is commoditised, resulting in reduced valuations or consolidations within the industry. In addition, large financial institutions are continuing to build out their R&D teams, further increasing the competition for start-ups."*

**John O'Sullivan**  
Chief Investment Officer  
Ireland, Beechbrook Capital

experience. Financial institutions are looking for strategies, mechanisms and partnerships to help create that.

Anti-money laundering and fraud detection remains a massive and growing challenge with only a tiny fraction of the more than US \$1.6 billion laundered annually being captured. The use of emerging tech like blockchain, AI and big data analytics to combat this threat to the global and financial system is a significant field of focus.

The regulatory burden in the US is compounded by the fact that there are often different regulatory regimes across the 50 states. Further, these are large institutions with complex business models and stakeholder networks. As such, it remains a challenge to figure out how fintechs can best work with large financial service incumbents, as the road to establishing a successful partnership is often opaque, highly complex and time-consuming. This can be a serious impediment to gaining market traction, particularly for earlier stage fintechs.

On the flip side, large incumbent players have realised that to date their behaviours and processes have not been designed to metabolise fintech partnerships at the rate required to deliver competitive offerings to their customers and modernise their 'ways of doing'. Most have recognised this and have or are in the process of developing new pathways for partnership."

*Claire Verville is Enterprise Ireland's Senior Vice President for Fintech, based in New York.*

## Benelux

"The open banking movement is leading to an improvement in the quality and diversity of personal banking apps and services on the customer side. Open banking is expected to lead to the widespread adoption of API technology as a standard to exchange client data between financial institutions. However, what's most important to the industry here is that open banking will see many new fintech companies entering the market with innovative solutions and customer-friendly interfaces. The increased competition is forcing the incumbent banks to embrace innovation and radically shift their mindset from product-oriented to client-oriented – a shift the industry desperately needed.

The main challenges lie in cybersecurity and data protection. As the western economies digitise and digital banking services go mainstream, the amount of data that is shared between consumers and businesses is growing exponentially. This data is personal and sensitive by nature, and therefore very vulnerable to attacks from cyber criminals. This issue is not getting the attention it deserves here, partially because there is still nervousness around publicly talking about cyberattacks – even though they're happening to everyone. Additionally, regulators need to develop big data methods to identify risks – especially with so many new fintechs entering the market, who they need to supervise."

*Matthijs Egger is Enterprise Ireland's Senior Market Advisor for Fintech Benelux, based in Amsterdam.*

## What's the biggest challenge facing fintech innovation?

*"It depends. For an agile, tech focused start-up developing clever digital innovations for the financial service and insurance sectors, it's getting access to customers and customer data, and the high costs associated with that. For incumbents investing in digital transformation, it's regulation, change management, interoperability and competitive threats. For large established technology firms developing fintech platforms, it's partnering. For all, it's compliance."*

**Laura Clifford**  
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