



# Comparison of Global Regions

ADB Regional Workshop on FinTech Development

in the CAREC Region

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# Document Summary

This report will explore the the state of play with respect to the fintech within the CAREC region and in comparison, with other global regions up to 2023/4.

This requirement has been facilitated as the CAREC region starts to be more integrated into the global economy and bring opportunitites and prosperity to the people in the region.

The report will look explore fintech benchmarks, regional cooperation, challenges, cross border payments, settlements, regulorty and supervisory development of regional integration and cooperation, and an overall set of case studies of fintech within the global context

As road map and a set of recommendations on what the CAREC region can do to bring their fintech capability in line with the global best practice and benchmark itself will be provided in this report.

It is hope that such a study can bring economic prosperity as a result of the development of a robust fintech industry.

# DOCUMENT STRUCTURE

- **Setting the scene – Overview of the global fintech arena**
- **Global ranking comparisons of fintech – overview of the scene /investments**
  - **Regional developments and case studies of importance**
- **Fintech benchmarks, regional cooperation, challenges, cross border payments, settlements, regulation, development of regional integration and cooperation.**
- **Key trends and patterns**
- **Recommendations and key lessons emerging & Roadmap for the CAREC region**

# Setting the scene - What exactly is fintech?

The key elements of "fintech" are outlined in this illustration and will be used for comparing in this report.





# Broad categories & their use of fintech


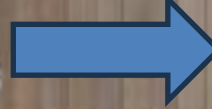
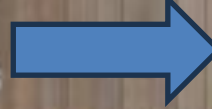




# What are the pundits saying about fintech

## Top fintech trends for 2022

During 2021, interest and investment in fintech grew significantly in many regions of the world — its scope broadening well-beyond its early definition. This expanding scope, combined with the growing maturity of a number of fintech subsectors, increasing investment in less mature jurisdictions, and surging corporate interest, is expected to keep investment high as we enter 2022. Looking forward, here are our top predictions for the fintech market globally:

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- 1. Growing number of banks will offer embedded solutions**  
Embedded finance has been a growing trend over the past year and is well-positioned to grow even further as numerous banks embrace look to become service providers to non-bank and non-financial institutions looking to deliver a customer experience or service proposition involving financial services as a component of a larger offering.
  - 2. There will be increasing regulatory scrutiny of embedded finance offerings**  
The increase in financial products or services embedded within and delivered through non-regulated entities is expected to drive greater levels of regulatory awareness and intervention over the next six-to-twelve months as regulators look to protect customers by clarifying issues like accountability and available recourse.
  - 3. Fintechs will focus on branding themselves as data organizations**  
Many fintechs will reinvent themselves into data organizations and data providers that happen to provide payments and other financial services in order to differentiate their organizations in the eyes of investors and the market.
  - 4. ESG-focused fintechs will have a big growth trajectory**  
Given the growing prioritization of ESG happening more broadly, there will likely be increasing interest in fintechs with ESG capabilities, including companies focused on climate change, decarbonization, and the circular economy.
  - 5. There will be a stronger focus on dealmaking in under-developed regions**  
Investors will ramp up their targeting of jurisdictions considered to be under-developed in terms of financial services — making more deals in regions like Africa, Southeast Asia, Latin America, and the Middle East.
  - 6. Unicorn status will lose some of lustre in developed markets, but remain key in emerging ones**  
The incredible rise in the number of unicorn companies, particularly in the US, will make the status less valuable for companies in developed markets — although it will continue to be an important building block for startups in emerging markets and less mature fintech hubs.

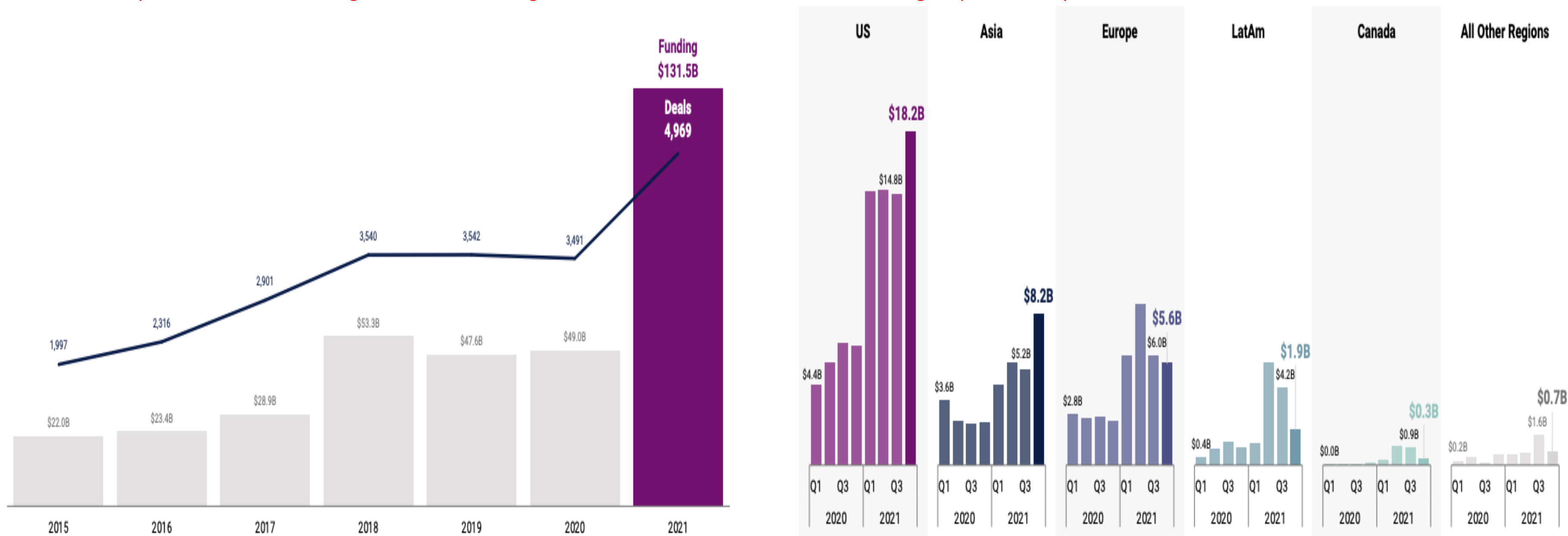
#fintechpulse



# \$1 out of every \$5 goes to fintech investment.

In addition, 1 in every 4 unicorns is in fintech — the most by far of any industry. Fintechs also saw the highest proportion of early-stage deals of any industry, indicating that the sector is ripe for explosion in 2022 and beyond as startups mature.

Fintech startups raised \$132b in funding in 2021 – accounting for 21% of all venture dollars. fintech funding is up 169% compared to 2020's \$49b.



# Global fintech ranking by economy

The only country to represent CARAC in the 2021 global fintech rankings is Kazakhstan

ASIA PACIFIC			NORTH AMERICA			EUROPE			MIDDLE EAST & AFRICA		
Country	World Ranking	Change from 2020 to	Country	World Ranking	Change from 2020 to 2021	Country	World Ranking	Change from 2020 to	Country	World Ranking	Change from 2020 to
Singapore	4	-1	USA	1	±0	UK	2	±0	Israel	3	9
Australia	6	2	Canada	12	-3	Switzerland	5	±0	UAE	28	6
China	15	6				Sweden	7	±0	Kenya	31	11
Japan	21	1	LATIN AMERICA & CARIBBEAN			The Netherlands	8	-2	South Africa	44	-7
India	23	-8	Country	World Ranking	Change from 2020 to 2021	Germany	9	3	Nigeria	57	-5
South Korea	26	-8	Brazil	14	5	Lithuania	10	-6	Seychelles	59	new
New Zealand	30	15	Uruguay	17	46	Estonia	11	-1	Rwanda	61	new
Taiwan	35	15	Mexico	32	-2	Finland	13	1	Uganda	64	±0
Indonesia	43	4	Colombia	45	-5	Spain	16	-3	Saudi Arabia	65	new
Malaysia	46	-10	Chile	47	-12	Ireland	18	-1	Tunisia	68	new
Philippines	53	-7	Argentina	49	-11	Russia	19	13	Ghana	71	-13
Thailand	55	-16	Peru	62	-7	Denmark	20	±0	Egypt	72	-12
Kazakhstan	66	new	Belize	67	new	France	22	-6	Lebanon	73	-8
Vietnam	70	-19	Ecuador	69	new	Norway	24	3	Jordan	75	new
Pakistan	77	-15	Venezuela	82	new	Luxembourg	25	-2	Zimbabwe	76	new
Bangladesh	78	-17				Austria	27	-2	Somalia	79	new



# Fintech City Ranking

Traditional cities attract fintech development and investment

Ranking	Movement	City	Country	Region
1	±0	San Francisco	United States	North America
2	±0	London	United Kingdom	Europe
3	±0	New York	United States	North America
4	+1	Sao Paulo	Brazil	Latin America & Caribbean
5	+13	Tel Aviv Area	Israel	Middle East & Africa
6	+3	Berlin	Germany	Europe
7	+1	Boston Area	United States	North America
8	-2	Los Angeles Area	United States	North America
9	+2	Hong Kong	China	Asia Pacific
10	-6	Singapore	Singapore	Asia Pacific
11	+2	Sydney	Australia	Asia Pacific
12	+12	Amsterdam	The Netherlands	Europe
13	+3	New Delhi	India	Asia Pacific
14	+21	Stockholm	Sweden	Europe
15	+4	Atlanta	United States	North America
16	+28	San Diego	United States	North America
17	+6	Beijing	China	Asia Pacific
18	+12	Moscow	Russia	Europe
19	-2	Tokyo	Japan	Asia Pacific
20	-13	Bangalore	India	Asia Pacific
21	-7	Chicago	United States	North America
22	±0	Seattle	United States	North America
23	-13	Mumbai	India	Asia Pacific
24	+62	Hangzhou	China	Asia Pacific
25	+7	Melbourne	Australia	Asia Pacific

Ranking	Movement	City	Country	Region
26	+12	Zurich	Switzerland	Europe
27	+10	Denver	United States	North America
28	+13	Charlotte	United States	North America
29	-17	Toronto	Canada	North America
30	+13	Hamburg	Germany	Europe
31	-3	Seoul	South Korea	Asia Pacific
32	+27	Jakarta	Indonesia	Asia Pacific
33	+74	Houston	United States	North America
34	+19	Manchester	United Kingdom	Europe
35	+35	Minneapolis	United States	North America
36	-21	Paris	France	Europe
37	+26	Nairobi	Kenya	Middle East & Africa
38	+55	Cambridge	United Kingdom	Europe
39	+70	Columbus	United States	North America
40	-15	Austin	United States	North America
41	-21	Miami Area	United States	North America
42	-13	Vilnius	Lithuania	Europe
43	-9	Barcelona	Spain	Europe
44	+86	Montevideo	Uruguay	Latin America & Caribbean
45	+15	Helsinki	Finland	Europe
46	-13	Madrid	Spain	Europe
47	+1	Montreal	Canada	North America
48	-27	Mexico City	Mexico	Latin America & Caribbean
49	-22	Dallas-Fort Worth	United States	North America
50	-24	Dublin	Ireland	Europe



# Another interesting comparison

In recent years, Lithuania & Estonia have emerging as a stand out in payments and lending capability, possibly due to its internet connectivity !

Some potential to learn from their growth story?

## Fintech's Top 10

	RANK	STRENGTH	POPULATION	FINTECH CITIES IN TOP 100	LOCAL FINTECH LEADERS	FINTECH INVESTMENTS	WIFI SPEED
 USA	1	Payments, B2B fintech, Security	329 million	22	Stripe (val: \$22.5bn) Coinbase (\$8bn) Robinhood (\$5.6bn)	\$9.4bn (H1 2019)	#20
 UK	2	Challenger banks, personal finance & wealth, lending, blockchain	67.5 million	3	TransferWise (val: \$3.5bn) Greensill (\$3.5bn) BGL Group (\$3bn)	\$2.29bn	#6
 Singapore	3	Wealth management, digital banking, SME	5.8 million	1	TenX (val: US\$159.1m) Quoine (\$123m) KyberNetwork (\$105m)	\$735M	#12
 Lithuania	4	Payments, lending, banking	2.8 million	1	Stockinvest us Coingate NEO Finance		#1
 Switzerland	5	Cryptocurrency & blockchain, wealth management, crowdfunding	8.6 million	4	Avaloq Group Ethereum Numbrsa		#14
 Netherlands	6	Digital payments, alternative lending, investment	17.1 million	2	Adyen, Ohpen, BUX		not in top 20
 Sweden	7	Digital payments, SME, neobanks	10 million	1	Klarna, iZettle, Anyfin	\$736.7 m	#17
 Australia	8	Digital payments, personal finance, alternative lending	25.3 million	2	Judo Capital, Airwallex, MoneyMe		not in top 20
 Canada	9	Crypto and blockchain, lending, insurance	37.5 million	5	Carta, Borrowell, Wave		#19
 Estonia	10	Digital payments, personal finance, alternative lending	1.3 million	1	Fortumo, Veriff		#3

Sources: Global Fintech Index 2020, CB Insights, Holland Fintech, London & Partners, Medici, Ooma, Pitchbook, Statista, Tracxn, Go Vilnius



# Fintech opportunities

## Promising opportunities around fintech

The case of India and UPI

Five opportunities are identified in the Fintech industry that give an overview of what is happening now with COVID-19, and what is the promise ahead



### **Opportunity 1: Continued acceleration of partnerships**

An important outcome of COVID-19 for Fintechs may well be the continued acceleration of partnerships. The ability to adapt and innovate quickly leads to many Fintechs creating new products and offering digital solutions. This creates the opportunity to develop new partnerships, as financial institutions often lack such skills. There will be partnership opportunities with other Fintechs, big tech and nonfinancial services firms.



### **Opportunity 2: Advancing financial inclusion programs**

The economic disruption of the COVID-19 pandemic is highlighting the importance of serving people who are currently outside the financial system, both in developing and developed economies. It is possible that COVID-19 may lead to greater financial inclusion as a result of recent government programs around the world to help low-income households. Fintechs can play an important role, perhaps through strategic partnerships across a broad ecosystem of players.



### **Opportunity 3: Accelerating economic relief efforts**

Numerous payments companies may be well positioned to aid in the more rapid disbursement of government relief funds, especially to those without bank accounts.



### **Opportunity 4: Empowering gig workers**

Gig economy workers are another attractive segment for Fintechs. Given their inconsistent or unpredictable income patterns, gig workers typically have unique financial, insurance, and tax requirements. For this reason, they are generally underserved by banks, making them a growing opportunity for Fintech firms. While it is unclear how COVID-19 might impact the growth of the gig economy, Fintechs may end up targeting these individuals more directly.



### **Opportunity 5: Harnessing the Internet of Things**

Another area is Internet of Things (IoT) enabled contactless payments, such as connected cars that allow consumers to pay for gas or food without handling cash or other potentially infected surfaces. In fact, it is possible that COVID-19 will accelerate the adoption of IoT-enabled payments.



# The next wave of fintechs - bnpl

*BNPL's are here to stay!!!*



## United States



## Africa



## India



## Europe



## Southeast Asia



## Latin America



## Australia & New Zealand



## Middle East



3 in 5

**Experts say, BNPL services  
are responsible for credit  
card decline**

(Finder RBA cash rate survey)

**Klarna.**

Valued at **\$30 billion** as  
at May 2022  
(Gani & Levingston 2022)

**afterpay**

Valued at **\$29 billion** as  
at August 2021  
(Cohan 2021)



# Most influential Startups by Technology categories (Personal Finance)

## **Varo Bank (America)**

Every person, regardless of net worth, should be treated fairly by a bank that wants them to succeed. We mean every person. Varo has no tolerance for discrimination—not based on race, sex, sexual orientation, gender, age, disability, or any other basis of discrimination. Everyone is welcome at Varo today, and everyone will be welcome tomorrow.

## **Nu Bank (Brazilian) - <https://nubank.com.br/en/about-us/>**

Imagine a different world, where what only matters is your values, not the value in your bank account. Nubank was created to build this world with you, simplifying your financial life with transparency and security.

Nubank is a Brazilian neobank and the largest fintech bank in Latin America. Its headquarters are located in São Paulo, Brazil

## **Chime (America) - <https://www.chime.com/about-us/>**

Chime is a financial technology company founded on the premise that basic banking services should be helpful, easy and free. We want to profit with our members, not from them. That's why the model doesn't rely on overdraft fees, monthly service fees, service fees, minimum balance requirements, and more.

## **Monzo Bank (UK) - <https://monzo.com/about/>**

Monzo Bank Ltd, is an online bank based in the United Kingdom. Monzo was one of the earliest of a number of new app-based challenger banks in the UK. By solving your problems, treating you fairly and being totally transparent, we believe we can make banking better. Now more than 5 million people use the Monzo hot coral cards to manage their money and spend around the world.

## **Current (America) - <https://current.com/about-us/>**

The CEO Stuart Sopp founded Current with the belief that banking should be accessible and affordable for everyone. We are bringing premium financial services to everyone with a variety of modern lifestyles to help improve their financial outcomes.

The Current Core, our custom-built banking technology, makes this possible by providing greater stability, faster money and cost efficiencies that we pass on to our community of members.

## **Aspiration (America) - <https://www.aspiration.com/who-we-are>**

Aspiration helps customers spend, save, and invest with a conscience so you can make money while making the world a better place. And, unlike the Big Banks, deposits to fund oil pipelines or turn your fees into campaign contributions are not used.

# Most influential Startups by Technology categories (Payments and Billing)



**Braintree (America)** - <https://www.braintreepayments.com/au>

Braintree is a company based in Chicago that specializes in mobile and web payment systems for e-commerce companies. Braintree provides clients with a merchant account and a payment gateway. The company was acquired by PayPal on September 26, 2013

**Stripe (America)** - <https://stripe.com/au>

Stripe, Inc. is an Irish-American financial services and software as a service company dual-headquartered in San Francisco, United States and Dublin, Ireland. The company primarily offers payment processing software and application programming interfaces for e-commerce websites and mobile applications.

**Block/Square (America)** - <https://stripe.com/au>

Block, Inc., formerly Square, Inc., is an American financial services and digital payments company based in San Francisco, California. The company was founded in 2009 by Jack Dorsey and Jim McKelvey and launched its first platform in 2010

After enabling anyone to take a payment and never miss a sale, we saw sellers stymied by disparate, outmoded products and tools that wouldn't work together. So, we expanded into software and started building integrated, omnichannel solutions - to help sellers sell online, manage inventory, run a busy kitchen, book ways, appointments, engage loyal buyers and manage staff.

**Paytm (India)** - <https://paytm.com/>

Paytm started the Digital Revolution in India. And we went on to become India's leading Payments App. Today, more than 20 Million merchants & businesses are powered by Paytm to Accept Payments digitally. This is because more than 300 million Indians use Paytm to Pay at their stores. And that's not all, Paytm App is used to Pay bills, do Recharges, Send money to friends & family, Book movies & travel tickets.

**Airwallex (Australia)** - <https://www.airwallex.com/au/who-we-are>

The world as we know it is no longer the same. Changes now occur in days and months, not years. The digital revolution is here, and Airwallex is at the centre, facilitating the transformation of businesses from offline to online, from local to global. Airwallex was built with a single purpose in mind - to create a world where all businesses can operate without borders and restrictions, and by doing so, propel the growth of the global digital economy.

**Paypal (American)** - <https://www.paypal.com/au/home>

Fueled by a fundamental belief that having access to financial services creates opportunity, PayPal (NASDAQ: PYPL) is committed to democratizing financial services and empowering people and businesses to join and thrive in the global economy. Our open digital payments platform gives PayPal's 325 million active account holders the confidence to connect and transact in new and powerful ways, whether they are online, on a mobile device, in an app, or in person.



# Most influential Startups by Technology categories (Insurtech)



**Zego (UK) - <https://www.zego.com/>**

The problem is the way traditional insurance holds businesses back. Businesses need insurance, but it's often expensive to buy and time consuming to understand. This limits the opportunities they have to reach their full potential.

At Zego, we don't think that's right. We believe that the businesses we insure, whether that's self-employed drivers and riders or fleets, deserve the opportunity to reach their full potential. We also believe we can save them time and money along the way.

**Quantmplate (UK) - <https://www.quantemplate.com/>**

Founded by insurance industry veterans and computer scientists, Quantemplate was created to help insurers, reinsurers and MGAs automate and connect their data flows, from bordereaux management to commercial property schedules of values, to aggregation and clash analysis.

**Manypet s (UK) - <https://manypet s.com/uk/>**

ManyPets, formerly known as Bought By Many is a pet insurance company that started by focusing on social media comments, compiling them and providing better policies moulded around customer feedback. It was the first pet insurance company to offer form-free online claims and places technology at the heart of its policy structure.

Its focus on consumer feedback particularly from social media offers new insight into how Insurtech companies could use data and comments as a base for tailoring policies.

**Shift Technologies (UK) - <https://www.shift-technology.com/>**

Shift was founded on the belief that Artificial Intelligence (AI) has the potential to unlock the future of insurance, solve difficult challenges, and empower insurers to see more, do more, and be more for their customers.

**Lemonade (America ) - <https://www.lemonade.com/>**

Lemonade is ranked the No. 1 insurance company in the US by the App Store, Google Play, Supermoney, and Clearurance. Rather than your provider pocketing customer premiums, this pee-to-peer (P2P) service takes a flat 20% fee off premiums to cover ongoing costs, and the rest goes to insuring customers.

**Next Insurance (America ) - <https://www.nextinsurance.com/>**

Next Insurance is an online insurance provider for small businesses based in Palo Alto, California. The company offers policies to a range of small businesses from general contractors to personal trainers.

**Acko (India) - <https://www.nextinsurance.com/>**

Started in 2016 as India's first digital insurer, and are currently the fastest growing insurance company in the country. In a span of three years we have revved up insurance with technology and given it a snazzy makeover.

# Most influential Startups by Technology categories (Money Transfer/Remittances)

## M-PESA (Africa)

M-PESA is Africa's most successful mobile money service and the region's largest fintech platform. M-PESA is the preferred way to make payments across the continent both for the banked and unbanked due to its safety and unmatched convenience. It also provides financial services to millions of people who have mobile phones, but do not have bank accounts, or only have limited access to banking services. Now, M-PESA provides more than 51 million customers across seven countries in Africa with a safe, secure and affordable way to send and receive money, top-up airtime, make bill payments, receive salaries, get short-term loans

## Remitly (America) - <https://www.remitly.com/>

Cross-border money transfer using banking networks. It allows users to send, receive, and transfer funds using bank deposits, UPIs, and cash accounts. Features current exchange rates, special offers, and bank-level security for users. The application can be accessed on iOS and Android devices.

## Azimo (UK) <https://azimo.com/en>

Azimo is a banking channel for cross-border money transfers. Allows users to access current pricing lists, track transactions, and transfer funds through debit & credit cards. It gives users the option to donate a portion of the money they transfer to charities working in developing countries. Also, offers news articles & blogs for assisting users.

## Wise (UK) - <https://wise.com/au/>

Despite the fact that TransferWise launched its operations in 2011, they have made quite a name for themselves in the peer-to-peer money transfer business. Based in London, this startup has gained attention and funding from some veteran investors in the industry, including, Sir Richard Branson. Their solid growth over the period of three years is a testament to how startups are creating an impact.

## WorldRemit - (UK) <https://www.worldremit.com/en/au>

Let's start with WorldRemit, which was launched in 2010 by Somali entrepreneur Ismail Ahmed. With a £65m-round of investment in February and over 250,000 transfers processed worldwide each month, it's rapidly gaining momentum. This startup is particularly popular among expats and migrant workers who send money home to their families, as users can make transfer through mobile money wallets. This is ideal for developing countries lacking traditional banking infrastructures.

## Circle (America) <https://www.circle.com/en/>

Helping businesses accept payments and send payouts globally in one unified platform. Move digital money leveraging traditional payment rails and do business in a more global, scalable and efficient way through blockchain infrastructure. Circle seamlessly connects these worlds.

<http://blog.coinpip.com/startups-changing-the-money-transfer-industry/> <https://tracxn.com/d/trending-themes/Startups-in-P2P-Remittance>



# Most influential Startups by Technology categories (Blockchain)

## Coinbase (America) - <https://www.coinbase.com/>

We are building the cryptoeconomy - a more fair, accessible, efficient, and transparent financial system enabled by crypto. We started in 2012 with the radical idea that anyone, anywhere, should be able to easily and securely send and receive Bitcoin. Today, we offer a trusted and easy-to-use platform for accessing the broader cryptoeconomy.

## Mythical Games (America) - <https://mythicalgames.com/>

Mythical is a next-generation game technology studio. Mythical Games believes that true ownership of digital assets, verifiable scarcity, and integrated secondary markets will spawn a new generation of games. These new economies, based on digital ownership, will bring players, developers, and content creators closer to the games they love.

Mythical Games has raised \$150 million in a Series C round led by Andreessen Horowitz (a16z) at a \$1.25 billion valuation, in 2021

## FTX (America) - <https://ftx.com/>

FTX is a cryptocurrency exchange built by traders, for traders. FTX offers innovative products including industry-first derivatives, options, volatility products and leveraged tokens. We strive to develop a platform robust enough for professional trading firms and intuitive enough for first-time users.

## NYDIG (America) - <https://nydig.com/about-us>

NYDIG is a subsidiary of Stone Ridge, a holding company that has led the creation of forward-thinking firms across the worlds of technology and finance, including a \$13B+ alternatives asset manager.

Built on this stable foundation, NYDIG delivers Bitcoin products across industries, from banking and insurance to fintech and nonprofits. We stringent regulatory standards with ironclad technology to make Bitcoin universal.

## Celsius Network (America) <https://celsius.network/>

Celsius Network's goal is to allow anyone and everyone to access fair, rewarding, and transparent financial services through the Celsius app and literally hold their own economic freedom in their hands.

## Mercado Bitcoin (Brazil ) <https://www.mercadobitcoin.com.br/en>

Mercado Bitcoin is a cryptocurrency exchange platform that allows people to trade cryptocurrency, digital assets, and other tokens.

# Most influential Startups by Technology categories (Capital Markets)

## **Robinhood (America) - <https://robinhood.com/us/en/>**

Robinhood stood out as a disruptor in the brokerage industry. Its biggest competitive advantage was not charging commissions for stocks, options, and cryptocurrency trading. That edge has been neutralized as most of the brokerage industry joined in eliminating commissions. Despite the increased competition on cost, Robinhood has developed a strong brand and niche market with young, tech savvy investors thanks to a clean design and user experience that focuses on the basics. The broker recently added cash management services and a recurring investment feature in an effort to attract new customers and deepen the financial relationship with existing customers.

## **Capitolis (America) - <https://capitolis.com/>**

Our vision is to reimagine how capital markets operate. Capitolis is the leading capital marketplace that drives financial resource optimization for market participants.

Founded in 2017, Capitolis' technology enables financial institutions to optimize their resources, execute seamlessly with new market participants, and achieve greater access to more diversified capital, all of which enable fairer, safer, and healthier capital markets.

## **WealthSimple (Canada) - <https://www.wealthsimple.com/en-ca>**

Wealthsimple Inc. is a Canadian online investment management service. The firm was founded in September 2014 by Michael Katchen and is based in Toronto. As of November 2021, the firm holds over C\$15 billion in assets under management

## **Fount (Korea) - <https://fount.co/>**

Fount is South Korea's leading Robo-Advisor Fintech company offering fast and easy asset management services.\* We focus on the development of RA, big data, and AI-based algorithms and software production and supply.

## **Primary Bid (UK) - <https://primarybid.com/>**

Public markets were created to allow everyone to invest in and own companies they believe in. But the public has been missing out on valuable share offers for decades. Until recently, only institutional investors could access IPOs and follow-ons. PrimaryBid is changing that. We've created the technology to make sure public markets are inclusive, transparent and fair, as they were always meant to be.

## **FintechOS (UK) - <https://fintechos.com/>**

One-size-fits-no-one products traditionally offered by financial institutions do not meet the expectations of consumers and businesses seeking personalized services. Nor do they compete with the raft of new providers delivering specialist products designed to meet the needs of discrete demographics. FintechOS empowers banks, financial services and insurance companies to build and launch new products and services that are data-driven, personalized, and scalable - all in a matter of weeks.

<https://www.cbinsights.com/research/capital-markets-tech-market-map-fintech/> <https://techcrunch.com/2022/03/22/capitolis-valued-at-1-6b-after-raising>

<https://techcrunch.com/2021/10/11/korean-robo-advisor-fount-bags-33-4m-to-advance-its-ai-based-platform/-110m-for-new-tech-to-update-capital-markets-trading/> <https://medium.com/omers-ventures/mapping-the-future-of-the-capital-markets-tech-stack-fd44fcdf868e>



# Most influential Fintech's by Technology categories (Wealth Management)

**Blockfi - (American) - <https://blockfi.com/>**

Blockfi is right in the middle of the red hot cryptocurrency space and serves as a non-bank lender where customers can take out loans using their crypto as collateral. One of the core products of Blockfi is their interest account, where users can earn a percentage on crypto held in Blockfi by simply leaving it there. They open up liquidity in the market through their seamless online platform that handles both crypto deposits and dollar withdrawals through a loan servicing company, Scratch. Blockfi recently created a Bitcoin rewards credit card in partnership with Visa and plans to continue to roll out new offerings to customers worldwide.

**Cadre (America) - <https://cadre.com/our-company>**

Cadre gives mainstream investors the ability to build a customized commercial real estate portfolio. Because real estate is not highly correlated to stocks or bonds, Cadre argues that everyone should have exposure to the real estate asset class in one form or another. With a highly transparent digital platform that provides analytics and clarity on investments and low fees, Cadre's popularity has skyrocketed as folks look to invest in real estate without the offline paperwork.

**Stash (America) - <https://www.stash.group/>**

Stash operates as a subscription service (ranging from \$1 to \$5/month) that provides comprehensive financial advice and the ability to purchase a wide range of equities and custom diversified funds in an easy-to-understand format. Stash's fluid, seamless user experience, combined with quality descriptions around equities and ETFs, opens up the door for amateur investors to get started.

**Nutmeg (UK) - <https://www.nutmeg.com/>**

Nutmeg launched in the UK in 2011 and offers investors a cheaper alternative to traditional wealth management services by focusing on exchange traded funds (ETFs) and tracker funds that carry lower charges. They also specialize in import substitution industrializations (ISAs) and pensions, and are ideal for those looking for someone to manage their portfolio and help them make tactical decisions.

**Scalable Capital (Germany) - <https://de.scalable.capital/en/wealth>**

Scalable Capital started in Munich, Germany in 2016, and has since grown to be one of Europe's fastest growing digital wealth managers, investing over £1.3 billion of assets for about 50,000 clients. It provides the strongest and most consistent returns on low to medium risk portfolios, but is unlikely to be a top performers due to its heavy focus on risk management.

In contrast to services like Nutmeg and Moneyfarm, Scalable Capital has a minimum investment amount of £10,000, which has gotten them higher investments from the average client, but could scare away some newer investors.

**Charles Schwab**

Charles Schwab is a well-known wealth management company that went public in January of 2003. It caters to beginner investors with its \$0 account minimum, as well as to active traders with its \$0 commission for stock, options and exchange-traded funds. The company also charges no annual or inactivity fees. They also have an above-average mobile app, and offer sophisticated tools and trading platforms.

# Most influential Startups by Technology categories (Real Estate)



## **Service Titan (America) - <https://www.servicetitan.com/>**

As a real estate servicing company, ServiceTitan provides property management services to residential and commercial customers. The platform provides one of the biggest repositories of contractors for plumbing, electrical, HVAC, and other property systems. Their software provides a centralized system for accounting, sales, marketing, payroll, and several other business functions. ServiceTitan is valued at \$9.5B and is looking to move towards an IPO.

## **Homeward (American)- <https://www.homeward.com/>**

We're a modern home finance company that partners with agents to help homebuyers overcome the limitations of traditional mortgages. This is homebuying the way it ought to be. Homeward in 2021 has raised \$136 million in a Series B funding round led by Norwest Venture Partners at a valuation "just north of \$800 million." The company has also secured \$235 million in debt.

## **Divvy (America) - <https://www.divvyhomes.com/>**

Divvy, a platform that facilitates rent-to-own home purchases, has raised over \$360 million in equity funding to date, along with over \$850 million in debt financing.

## **Ribbon (America) <https://www.ribbonhome.com/>**

A service that enables prospective homebuyers to make cash offers, raised over \$400 million in equity funding and around \$500 million in known debt financing.

## **Roofstock (America) <https://www.roofstock.com/>**

An online platform for investors to find and purchase single family rental properties, raised \$240 million in a March Series E, bringing total funding to over \$360 million.

Roofstock is building the world's leading real estate investment marketplace. Our mission is to make ownership of investment real estate radically accessible, cost-effective and simple.

Our platform lets everyone from first-time investors to global asset managers evaluate, purchase and own residential investment properties with confidence from anywhere in the world. Since launch, we've surpassed \$5 billion in transactions and continue to disrupt the industry with cutting edge technology and innovations.

## **Lanjia (China) - <https://bj.lianjia.com/>**

Lanjia, also known as Home Link is an O2O real estate services provider. Provides an agency service for purchase and rental of real estate property through its website and mobile app. The company also maintains offline real estate agencies providing the same services. Has 7% market share in China's online and offline real estate services market. Home Link Network previously announced in December, 2015 that it was putting together a round of funding and preparing for an eventual IPO. Raised \$926M from Huasheng Capital, a private equity fund established by China Renaissance Partners. Baidu Inc and Tencent Holdings also joined the funding round as strategic investors.

<https://explodingtopics.com/blog/real-estate-startups>

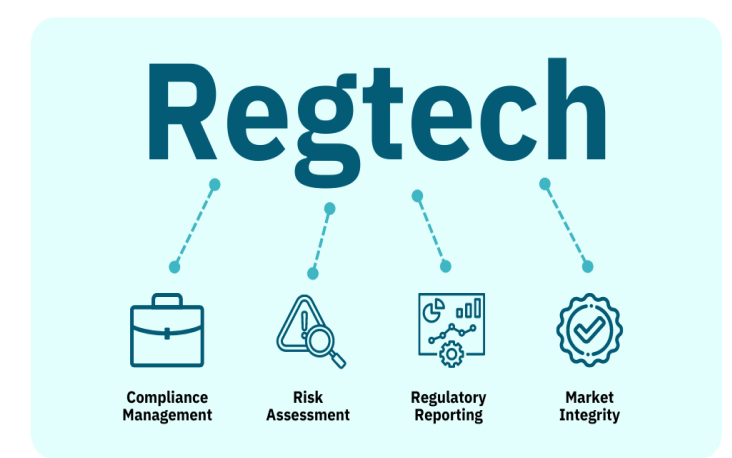
<https://techcrunch.com/2021/11/17/place-a-profitable-real-estate-tech-startup-raises-100m-as-goldman-sachs-leads-its-first-round-of-fu>

<https://news.crunchbase.com/business/residential-real-estate-mortgage-startups-venture/>

<https://time.com/personal-finance/article/how-to-invest-in-real-estate/>



# Most influential Startups by Technology categories (RegTech)



## Chainalysis (America) - <https://www.chainalysis.com/>

Chainalysis is the blockchain data platform. We provide data, software, services, and research to government agencies, exchanges, financial institutions, and insurance and cybersecurity companies in over 70 countries. Our data powers investigation, compliance, and market intelligence software that has been used to solve some of the world's most high-profile criminal cases and grow consumer access to cryptocurrency safely.

## Ascent (America)

Ascent's platform is built around "channels" that are derived from individual regulatory bodies. The company's platform uses AI to find and house all applicable rules and regulations that effect a company in real-time. Consequently, Ascent users can use their personalized platform to quickly discover documents and regulations (from multiple regulatory agencies) that help maintain financial compliance.

## ComplyAdvantage (UK) - <https://complyadvantage.com/>

ComplyAdvantage is an AI-driven risk management database for companies that can potentially be hurt by financial crime. The company's proprietary Anti-Money Laundering (AML) data feed creates profiles, automates customer monitoring with KYC and due diligence tools and screens payments in real-time. The ComplyAdvantage platform is currently used by more than 350 companies in money-transferring industries, including payments, stock trading and even gambling.

## ThetaRay (Israel) - <https://www.thetaray.com/>

A threat detection platform, ThetaRay uses automated big data analytics for the finance industry. Their primary offering includes a platform for AML risk management (focused on correspondent banking). They also have a solution to analyze risks associated with cross-border payments. The startup claims that its products can result in a 90% reduction in alerts and a 50% increase in revenue.

## Behavox (UK) - <https://www.behavox.com/>

An award-winning company, Behavox offers a collection of risk and compliance-related solutions for enterprises. They employ artificial intelligence and machine learning to help identify internal threats, problematic employee behavior, and market misconduct. They also offer a platform for archiving organizational data in one place. Forbes named Behavox as one of the most innovative fintech companies in 2021.

## Quantexa (UK) - <https://www.quantexa.com/>

Quantexa helps enterprises with different regulatory compliance domains, including AML, KYC, credit risk, and more. They do this by providing a platform for streamlined data analytics, which, in turn, can potentially help customers make contextual decisions. So far, Quantexa's solutions have been deployed across more than 70 countries. Their products are specifically catered to banking, insurance, and government organizations.

# Most influential Startups by Technology categories (Lending)



**Lower (America) - <https://www.lower.com/>**

We believe owning a home is one of the greatest wealth builders out there. The goal is to make homeownership more accessible, and to help more people buy homes. Home refinancing, customer service, consumer finance, home acquisition, and financial services are all offered by Lower.

**Zopa (UK) - <https://www.zopa.com/>**

Our diverse team is united in their mission of creating simple, fair and honest financial products that have the customer's needs at their heart.

**Incred (India) - <https://www.incred.com/>**

InCred is credit for Incredible India. We use technology and data-science to make lending quick, simple and hassle-free. We believe traditional ways of lending can exclude those most in need because of outdated, rigid and often inefficient processes. At InCred, we have simplified the lending process with a sharp focus on serving our borrowers' unique needs and circumstances - offering our customers a truly superior borrowing experience.

**Funding Societies (Singapore) - <https://fundingsocieties.com/>**

Funding Societies is Southeast Asia's largest digital financing platform for small and medium-sized enterprises, headquartered in Singapore. It was the first such platform in Singapore to engage an escrow agency to independently and safely manage investors' funds. In Indonesia it is known as Modalku.

**Sofi (American) - <https://www.sofi.com/>**

SoFi Technologies, Inc. is an American online personal finance company and online bank. Based in San Francisco, SoFi provides financial products including student and auto loan refinancing, mortgages, personal loans, credit card, investing, and banking through both mobile app and desktop interfaces.

**LendingPoint (American) - <https://www.lendingpoint.com/>**

**Create frictionless access** to money when and where our customers need or want it, so everyone has the opportunity to explore what's possible.

The FICO-based model of evaluating credit worthiness was broken, leaving behind thousands of deserving consumers. If the FICO model said some consumers were likely to default, LendingPoint wanted to find the other individuals that were deserving of an offer of credit.

Using AI and data models, LendingPoint figured out how to say "YES" to more people.



# CAREC Comparative ecosystem

The CAREC region is dominated by the Chinese when it comes to ecosystem development. A distant place are Georgia and Kazhakstan who have also made in-roads.

## Comparative Analysis of CAREC Member Country's Ecosystem

The rankings are derived from a methodology by StartupBlink. [Download the latest report](#)

City view ☒ Country view

Sorted by: CAREC Rank & Change▲▼ Population: All▼ General Rankings▼ [Reset](#)

CAREC Rank & Change	Global Rank & Change	Country	Total Score	Quantity Score	Quality Score	Business Score
1st	10th	China	20.663	1.97	16.04	2.65
2nd	73rd	Georgia	0.931	0.29	0.13	0.51
3rd	74th	Kazakhstan	0.910	0.26	0.14	0.50
4th	76th	Pakistan	0.717	0.21	0.24	0.27
5th	81st	Mongolia	0.582	0.22	0.08	0.28
6th	85th	Azerbaijan	0.494	0.18	0.06	0.26
7th	100th new	Kyrgyzstan	0.258	0.09	0.06	0.12

Rows per page 10▼

< Page 1 out of 1 >

## Ecosystem Milestones

2022 CAREC Startup Hub is launched

# FINTECH IN AMERICAS

UNITED STATES, CANADA, MEXICO, BRAZIL, ARGENTINA



# Region Insights - Americas

Americas attracts \$105 billion in fintech investments, record \$65 billion from VC

Fintech investment in the Americas was robust in 2021, with a record 2,660 deals accounting for **\$105 billion in investment**. After shattering the previous record of \$25 billion (2020) at mid-year, VC investment climbed further to reach \$65 billion for 2021.

— **Increasing investment in crypto** — in addition to a push for crypto regulations, driven in part by industry participants

— Growing number of corporates and fintechs looking to **leverage AI and machine learning** across all fintech subsectors, including B2B, cybersecurity, and insurtech

— An increasing number of SPACs (**special purpose acquisition company**) looking to the fintech space for opportunities as their time horizon shortens

— Increasing **deal sizes and a growing breadth of fintechs** attracting investments in **Latin America**

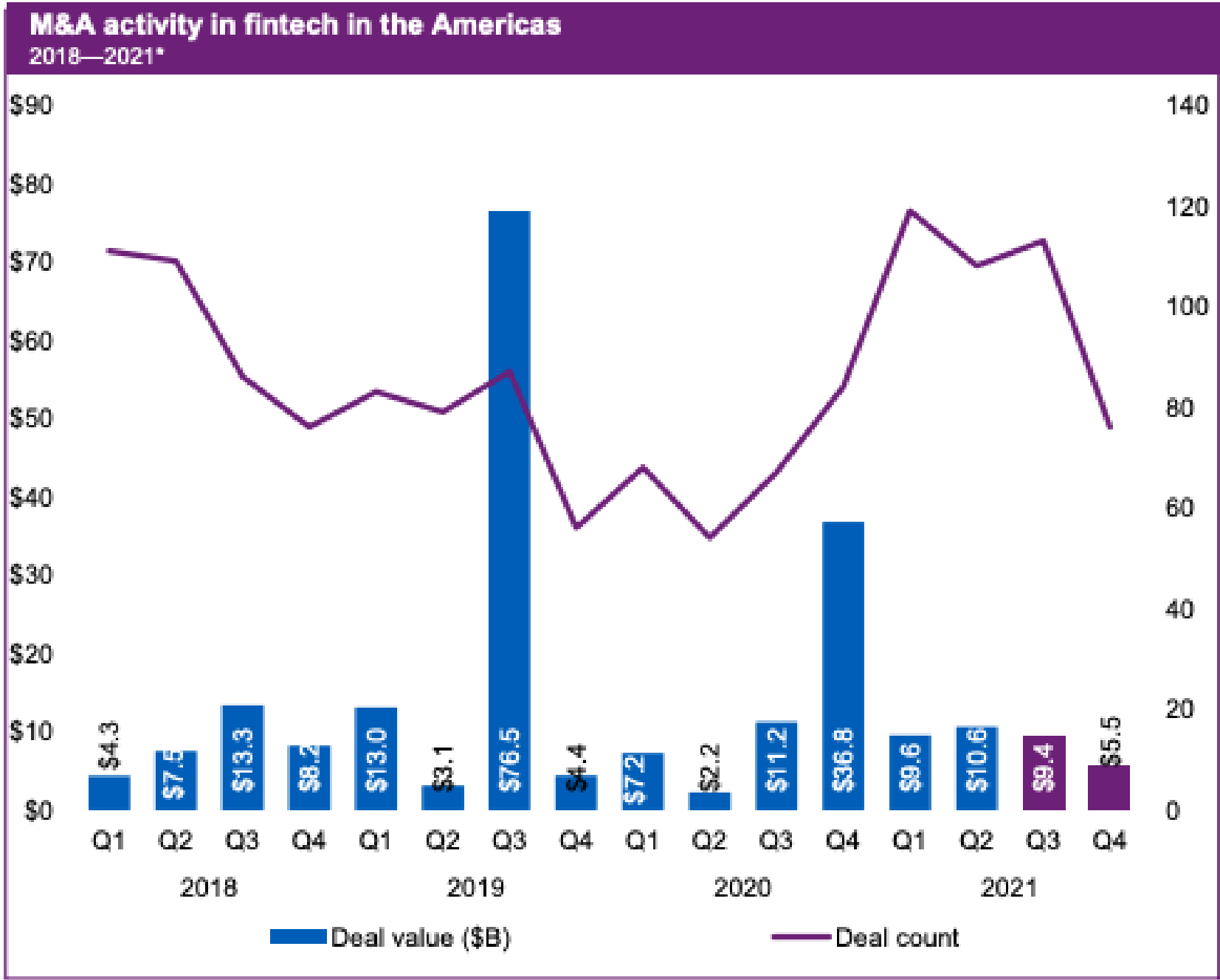
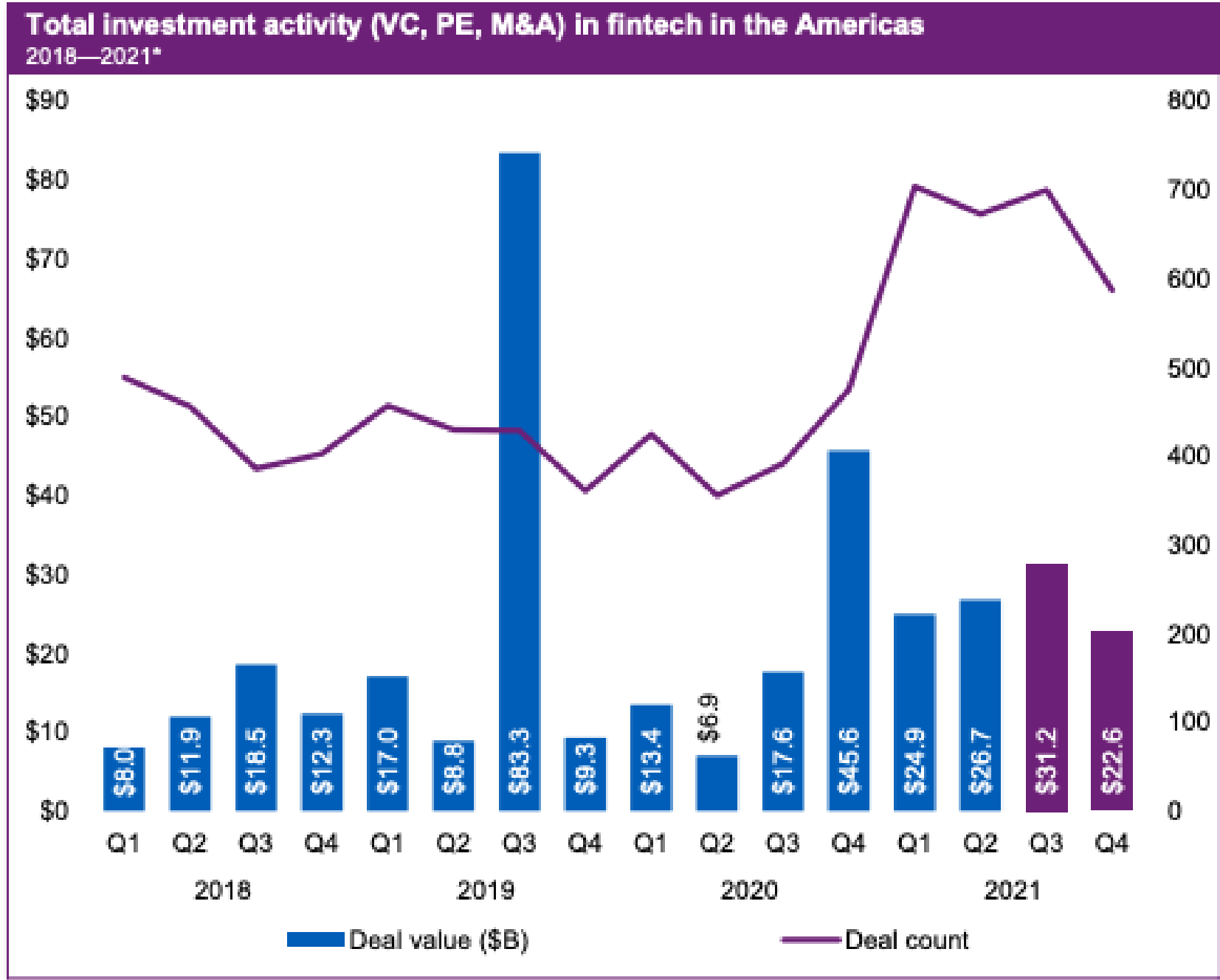
“ You can see that almost all companies are looking to accelerate their capabilities and their innovation by making acquisitions or investments in fintechs. You can also see that fintechs themselves are focusing more on acquiring additional capabilities — such as by moving beyond payments and into adjacent areas like providing accounts receivable or accounts payable automation services. ”

**Robert Ruark**  
Principal, Financial Services  
Strategy and Fintech Leader,  
KPMG in the US

# Region Insights - Americas

## Financial volumes

2021 sees highest level of financing volume ever



Source: Pulse of Fintech H2'21, Global Analysis of Investment in Fintech, KPMG International (data provided by PitchBook), \*as of 31 December 2021.



# Region Insights - Americas

The global master of IPO's, the US has seen a more than 10 fold increase in fintech investment during this decade

## Fintech dominates the IPO market this year with 12 companies going public

With positive investor sentiment for high-growth fintech assets combined with a willingness to pay a premium, fintech companies accounted for 5 of the 10 largest US VC-backed tech IPOs in 2021.

### US VC-Backed Fintech IPOs<sup>1</sup>



Notes: 1) Data as of 11/30/2021. Data for US VC-backed fintech IPOs from 2015-2021.  
Source: PitchBook, S&P Capital IQ and SVB Analysis.

# FINTECH IN EMEA

EUROPE, THE MIDDLE EAST AND AFRICA



# Region Insights - EMEA

## EMEA sees record \$77 billion in fintech investment in 2021

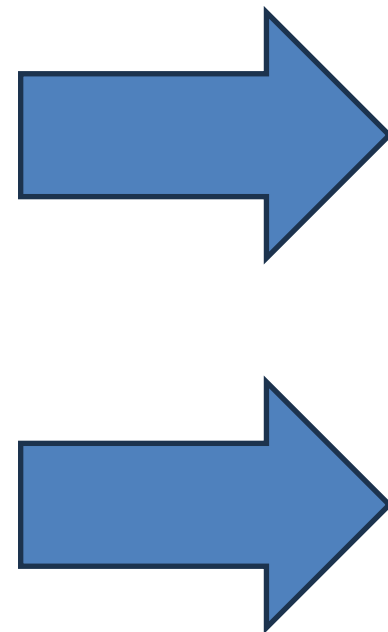
Total fintech investment in the **EMEA region grew to a record \$77 billion in 2021**, driven in part by significant M&A activity. While many of the largest deals in EMEA occurred in H1'21 — including the \$14.8 billion acquisition of Refinitiv by the London Stock Exchange and the \$1 billion funding round of Buy Now Pay Later (BNPL) specialist Klarna, making it the highest valued private Fintech in Europe — H2'21 saw the \$9.2 billion acquisition of Denmark-based payments processor Nets by Italy-based Nexi and the \$929 million acquisition of foreign exchange payments platform CurrencyCloud by Visa

VC investment in fintech skyrocketed in the EMEA region during 2021 — more than tripling from its previous high of \$9.9 billion in 2020. H2'21 saw numerous jurisdictions across the region raise \$100 million+ megarounds, including lesser known fintech ecoystems like Nigeria (\$400 million — Opay), Gibraltar (\$400 million — Bullish Global), Iceland (\$344 million — SaltPay), Denmark (\$350 million — Pleo), and Austria (\$263 million — Bitpanda), South Africa (\$120 million — JUMO), and Ghana (\$100 million — MFS Africa). The fintech ecosystem in the Middle East also continued to evolve, with a \$75 million raise by Bahrain-based Rain and a \$50 million raise by UAE-based Tabby in H2'21

# Region Insights - EMEA

Where are the main trend and patterns?

A deep-dive into the European Fintech ecosystem allows us to trace investment activity



Ecosystem Heatmap			
Clusters	# of Companies 2020 YTD	Founding Year Median	Company # growth (2016-2020)
Payments	322	2014	23%
Accounting & Invoicing	315	2015	37%
Financial services software	309	2015	40%
Insurance	307	2016	45%
Trading	223	2014	37%
(Alternative) lending	219	2014	28%
General banking	210	2015	41%
Cryptocurrencies	206	2017	148%
AI & analytics	189	2014	28%
Distributed ledger technology	176	2017	126%
Investment management	162	2014	26%
RegTech	152	2015	38%
Crowdfunding	146	2014	23%
PropTech	129	2016	52%
Personal finance	126	2015	50%
Financial planning	106	2015	43%
Insurance brokerage	85	2016	60%
Financial Advisory	82	2013	17%

Sources: Deepview, Deloitte analysis. Data per 08-04-2020

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## Insights

1. **Payments, Accounting & Invoicing** are the most dense and populated clusters
2. **Financial Advisory** is amongst the most mature clusters with a median founding year of 2013, whereas **Cryptocurrencies** and **Distributed ledger technology** are amongst the youngest, with a median founding year of 2017
3. **Cryptocurrencies** is the fastest growing cluster with a company # growth rate of 148% over the last 5 years, followed by **Distributed ledger technology** companies, with a growth of 126%

Country	Top Clusters per country
	Trading, Insurance, Financial services software
	Insurance, Accounting & Invoicing, Financial services software
	Accounting & Invoicing, Payments, Crowdfunding
	Accounting & Invoicing, Insurance, Payments
	Cryptocurrencies, Distributed ledger technology, Financial services software
	Payments, Accounting & Invoicing, Cryptocurrencies
Other	Payments, Financial services software, Accounting & Invoicing



# Region Insights - EMEA

## European fintech ecosystem - what can we learn ?

### Top 10 fintech deals in EMEA in H2 2021

1. Refinitiv — \$14.8B, London, UK — Institutional/B2B — M&A
2. Nets — \$9.2B, Ballerup, Denmark — Payments — M&A
3. Itiviti Group — \$2.6B, Stockholm, Sweden — Institutional/B2B — M&A
4. Tink — \$2.2B, Stockholm, Sweden — Banking — M&A
5. Unit4 — \$2.15B, Sliedrecht, Netherlands — Institutional/B2B — Buyout
6. Capco Group — \$1.5B, London, UK — Institutional/B2B — M&A
7. Paysafe Group — \$1.45B, London, UK — Payments/transactions — Reverse merger
8. Klarna — \$1.3B, Stockholm, Sweden — Payments/transactions — Later VC
9. Nutmeg — \$989.4M, London, UK — Wealth/investment management — M&A
10. CurrencyCloud — \$929.6M, London, UK — Payments — M&A



The UK is clearly a payments powerhouse.

AI is fast becoming a tech being widely explored to make life easy and more accurate financial service.

### The Fintech ecosystem consists of 3,482 European ventures

#### Ecosystem Outline explained

To have a better understanding of the current state of the European Fintech market, we have visualized the Fintech ecosystem with the help of Deepview. In this part of the report we will zoom in on the European ecosystem and give an overview of its evolution and key insights.

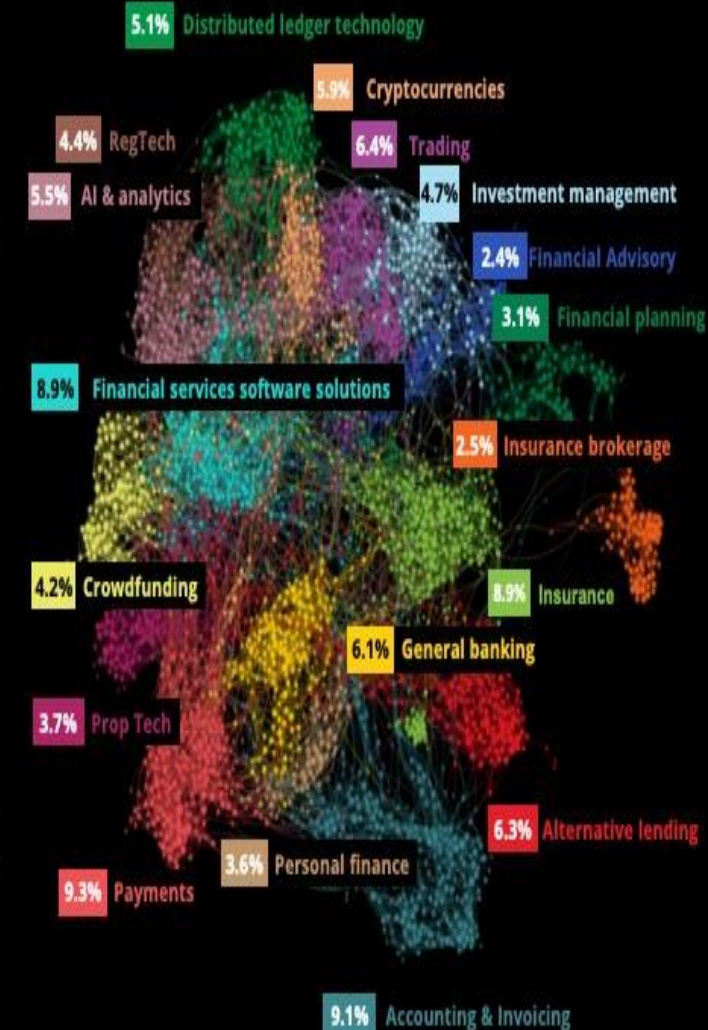
This 'ecosystem' is created using text processing algorithms that employ Natural Language Processing ("NLP") and artificial intelligence to map out the overview of Fintechs in Europe, based on company description of the incumbent players in the market.

Visualized on the right is the present Fintech ecosystem in Europe. Each node represents a company.

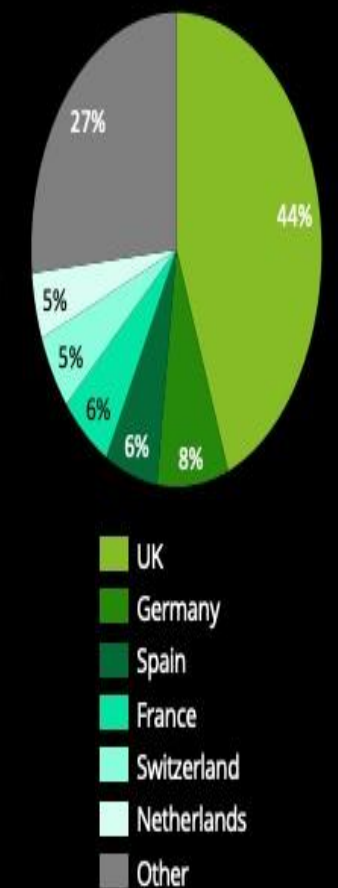
Companies whose operations are similar enough, are given the same color, thus forming a 'cluster'. The closer the clusters are to each other, the more intertwined their business operations are. Sometimes these companies indicate similarities with other companies in a different cluster, represented by a line, connecting the two. The size of each cluster is expressed as a % of the companies in that cluster relative to the whole ecosystem.

This section will further explore additional qualities of the Fintech Ecosystem such as the development of the ecosystem, maturity of the clusters, etc.

#### European Fintech ecosystem (sum = 3,482)



#### Country of origin



Sources: Deepview, Capital IQ, Crunchbase, Deloitte analysis. Data per 08-04-2020

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Fintech | On the brink of further disruption 17



# Region Insights - EMEA

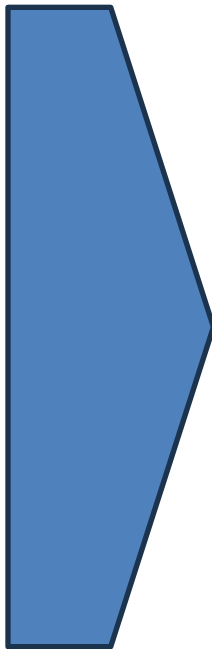
European fintech ecosystem has a large "payments flavour"



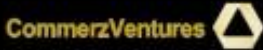

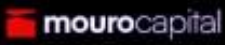





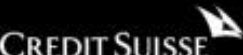



# Region Insights - EMEA

An extremely strong corporate VC focus driven out by the large players



A deeper view into Corporate Venture Capitals of European financial institutions indicate investment activity to be oriented towards Fintech

	Company Description	Latest Investment	Total # Investments <sup>1</sup>	
			Fintech	Non-Fintech
 <b>CommerzVentures</b>	CVC of Commerzbank. The firm provides early-stage and later-stage venture investments in the financial technology and financial service sectors	Concyrus	21	5
 <b>ING Ventures</b>	CVC of ING Group. The firm seeks to make minority investments in seed-stage, early-stage, and later-stage companies	thanksys	25	6
 <b>mourocapi</b>	CVC of Santander Group. The firm seeks to make minority investments in seed-stage, early-stage, and later-stage companies	uncapped.	35	9
 <b>Allianz</b>	CVC of the Allianz Group. The firm seeks to invest in digital growth companies that are part of the ecosystems related to insurance	BIMA	23	13
 <b>ABN-AMRO VENTURES</b>	ABN AMRO Ventures (former ABN AMRO Digital Impact Fund) is the CVC of ABN AMRO Bank	quantexa	17	11
 <b>UBS</b>	UBS is an investment bank and an asset management firm	NEPTUNE	15	11
 <b>BARCLAYS</b>	Barclays provides general banking and investment banking services	finch	22	31
 <b>HSBC</b>	Barclays provides general banking and investment banking services	quantexa	28	41
 <b>CREDIT SUISSE</b>	Credit Suisse is an investment bank and an asset management firm	MAYSTREET	20	30
 <b>BNP PARIBAS</b>	BNP Paribas provides banking and financial services. The company continually seeks opportunities for growth and to expand through organic growth opportunities and strategic acquisitions	NEPTUNE	20	50

Source: Pitchbook, Deloitte analysis. Data per 30/9/2020. Note: (1) These include investments since 2010

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# Region Insights - EMEA

## Trends to watch for 2022

Increasing investment in decentralised finance and a stronger push for the development of a common regulatory framework for crypto

- Fintechs looking to expand their footprint across the EU — and beyond
- Growing fintech **deal sizes in the Middle East and Africa** — primarily in the payments space
- Increasing interest in **B2B fintech solutions and business models**
- Increasing focus on IPO opportunities as investors in mature fintechs look to exit

“ You can see that almost all companies are looking to accelerate their capabilities and their innovation by making acquisitions or investments in fintechs. You can also see that fintechs themselves are focusing more on acquiring additional capabilities — such as by moving beyond payments and into adjacent areas like providing accounts receivable or accounts payable automation services. ”

**Robert Ruark**  
Principal, Financial Services  
Strategy and Fintech Leader,  
KPMG in the US



# FINTECH IN APAC

AUSTRALIA, INDIA, SINGAPORE, CHINA, SOUTH KOREA

# Region Insights - ASPAC

## 2021 fintech investment in Asia-Pacific nearly doubles amid record deal volume

Fintech investment in the Asia-Pacific region reached \$27.5 billion in 2021 across a record 1,165 deals. While total investment fell well shy of 2019's peak, it was almost twice the \$14.7 billion seen in 2020. Investment was particularly strong in H1'21, led by the \$2.7 billion acquisition of Japan-based BNPL firm Paidy by PayPal, a \$600 million PE investment in India-based Pine Labs, and large VC funding rounds by India-based BharatPe (\$395 million), Razorpay (\$375 million), and OfBusiness (\$325 million). Key H2'21 highlights from the Asia-Pacific region include:

### Interest in embedded finance and BaaS models growing

During 2021, interest in embedded finance propositions grew in the Asia-Pacific region, particularly Southeast Asia where banks are increasingly looking for assistance to improve their embedded finance, digital wallet, and supply chain finance capabilities. Interest in BaaS solutions was also on the rise during the year with numerous banks and startups across the region focused on the issue — whether as service providers, partners, or potential clients. During H2'21, HSBC took a strong step into the BaaS space, announcing a partnership with NetSuite to embed international payments and expense management into the company's SuiteBanking platform.<sup>4</sup>

### BNPL space continues to heat up

During 2021, the BNPL space in the Asia-Pacific region was incredibly hot, driving in part by PayPal's acquisition of Paidy for \$2.7 billion in H2'21. 2022 is expected to start off on an incredibly high note given the H2'21 announcement of the \$29 billion acquisition of Australia-based Afterpay by Block (formerly Square) — a deal likely to close in H1'22.<sup>5</sup>

<sup>4</sup> <https://www.fintechfutures.com/2021/10/hsbc-launches-new-baas-offering-with-netsuite/>

<sup>5</sup> <https://www.cnn.com/2021/08/01/tech/square-afterpay-intl-hnk/index.html>

### Fintechs increasingly focus on data value propositions to attract investment

Over the last year, there's been a growing trend among scaling fintechs across the Asia-Pacific region to reinvent themselves as data organisations in order to attract more attention and investment — billing themselves as data providers that offer payments, lending, insurance, or other related activities rather than simply fintech companies.

“Global investors are starting to recognise the enormous size and scale of the Asia-Pacific fintech market. This is going to drive a lot of activity heading into 2022 as both investors and companies look to gain a share of the action in the region. Singapore and India could be big winners on the investment front as investors and companies that might have gone to China look for opportunities elsewhere in the region.”

**Anton Ruddenklau**  
Global Fintech Leader,  
Partner and Head of Financial Services  
Advisory  
KPMG in Singapore

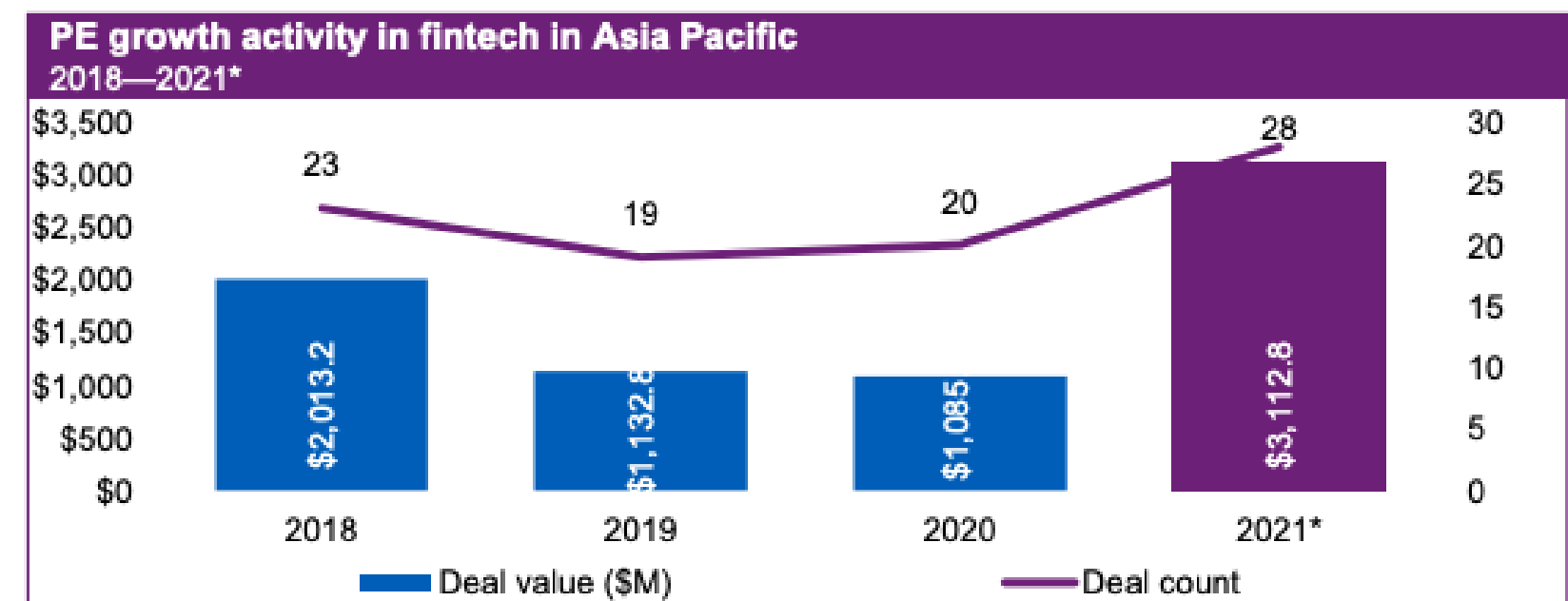
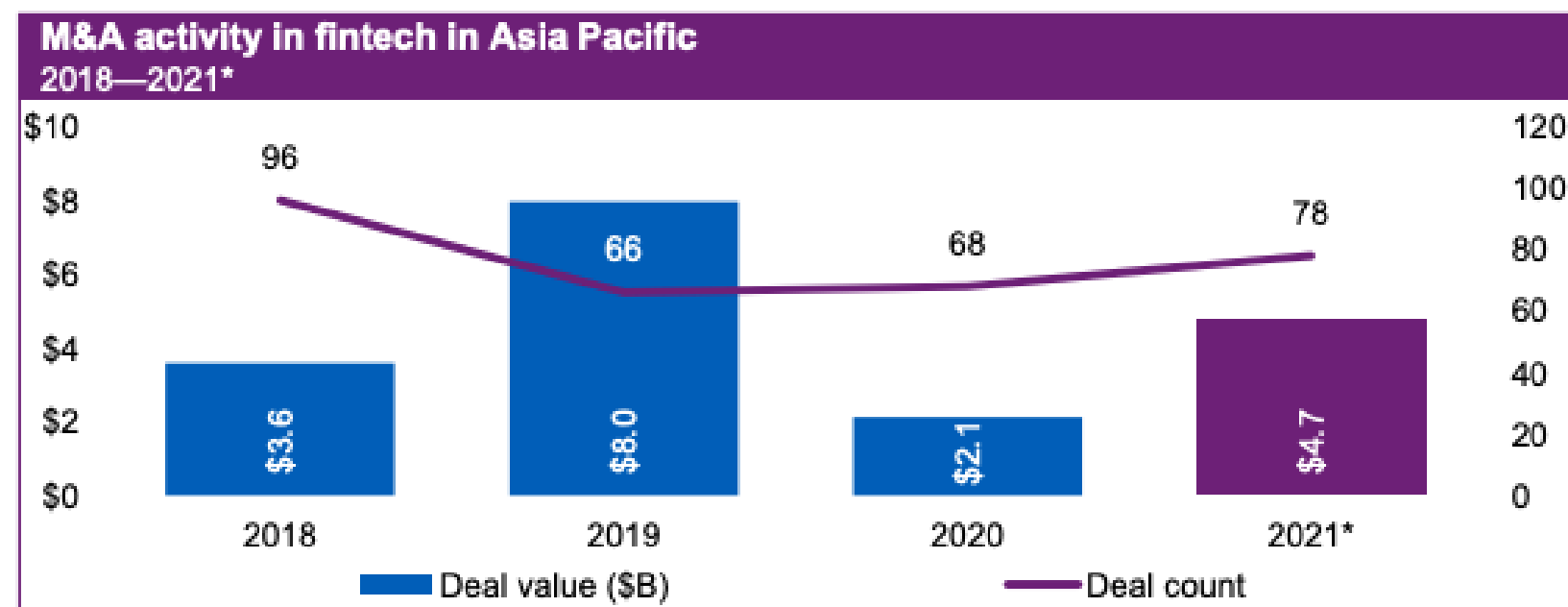
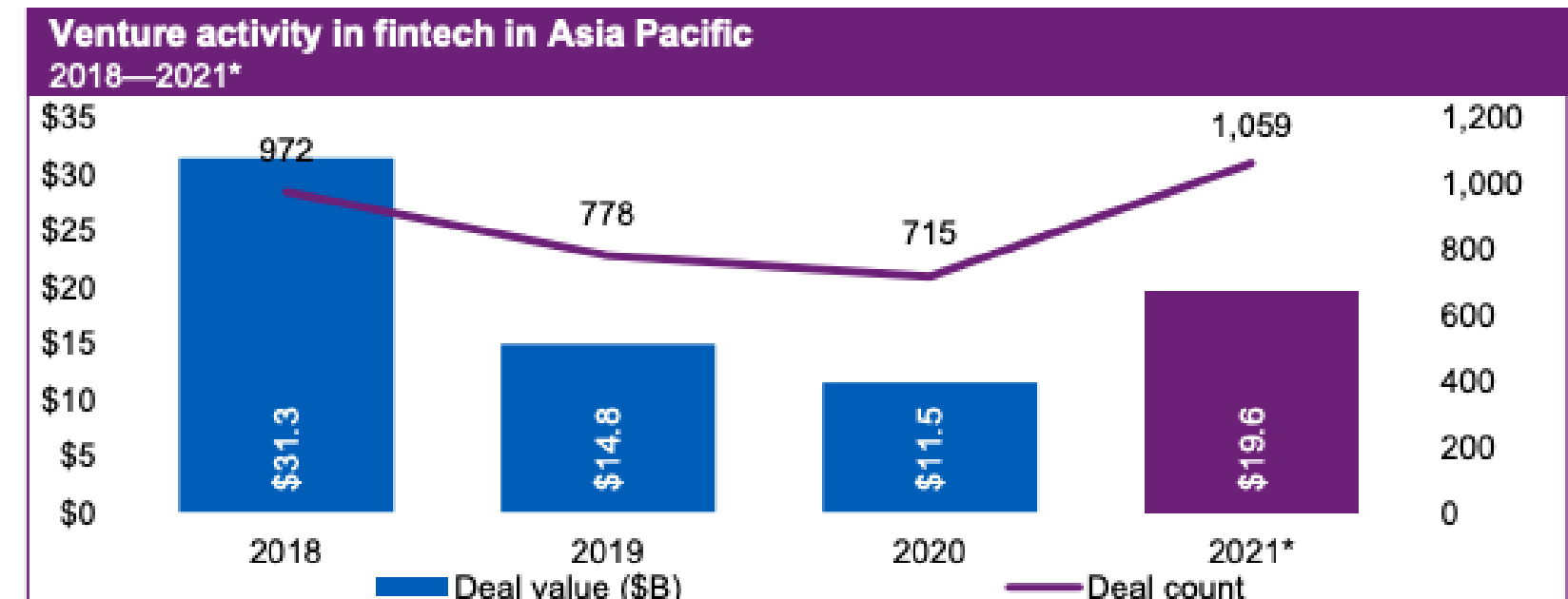
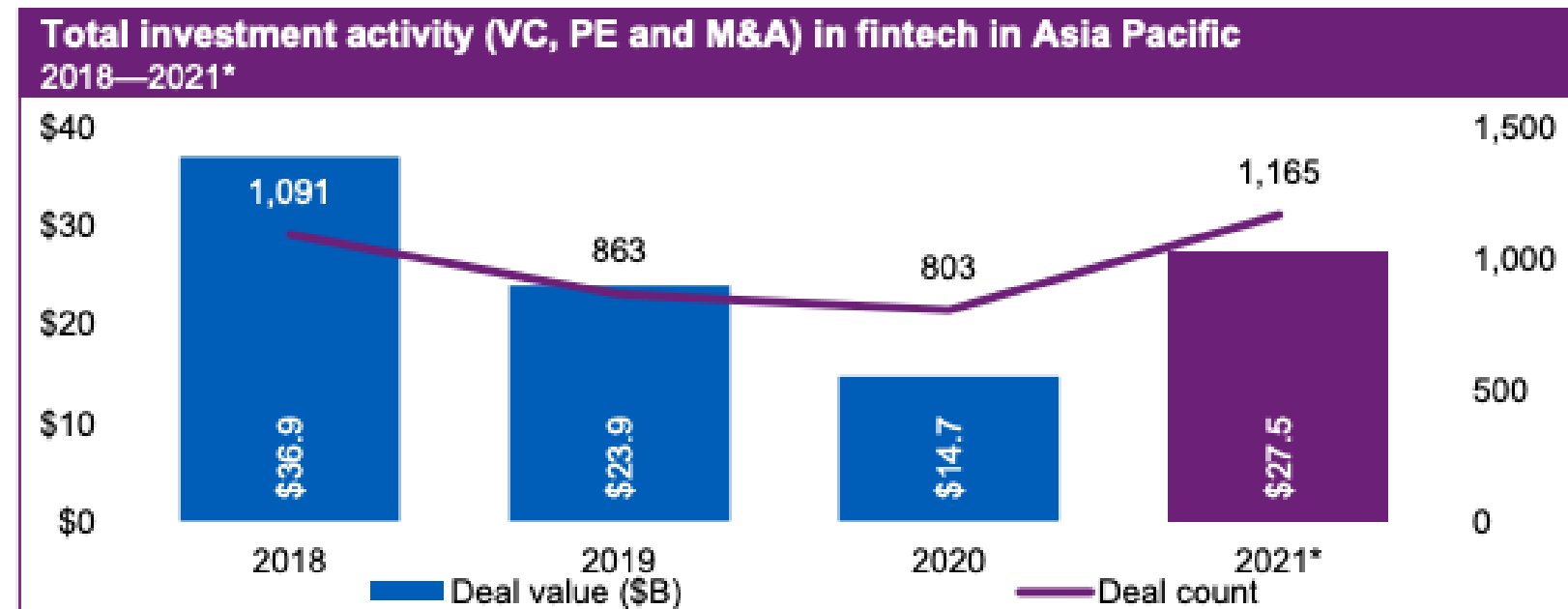


# Region Insights - APAC

## Deal Volumes

Singapore's economic development board announces US\$14.5M for corporate high-growth funding

**A record high in deal volume** for corporate high-growth funding

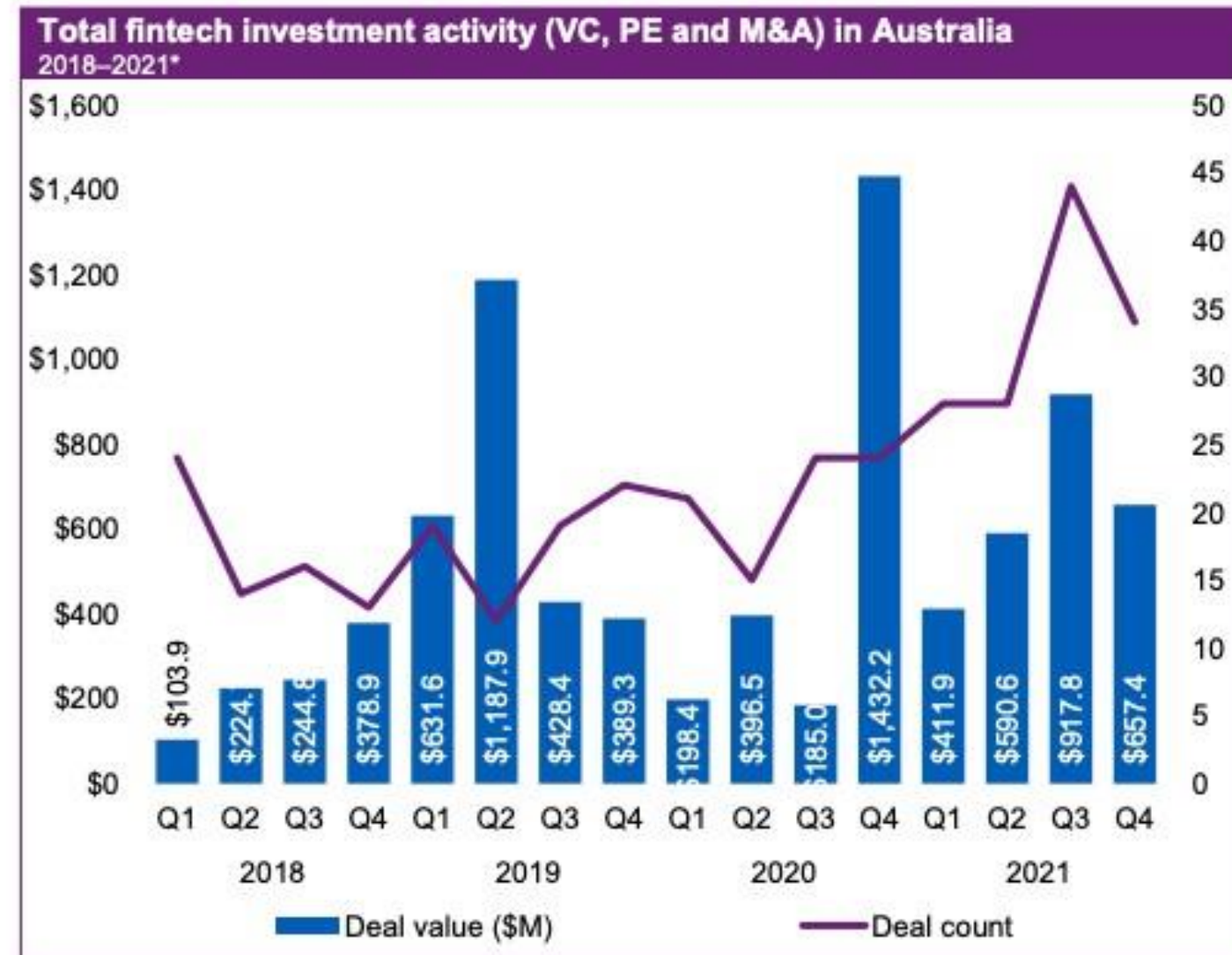


Source: Pulse of Fintech H2'21, Global Analysis of Investment in Fintech, KPMG International (data provided by PitchBook), \*as of 31 December 2021.

# Region Insights - Australia embracing a fintech future

## Australia back on the rise as the sector attracts over \$1.5bn in fintech investment

- Australia saw a continued rebound over the course of the year, with H2'21 recording over \$1.5 billion in fintech investment and total investment for the 2021 year reaching in excess of \$2.5 billion, nearly equaling the pre-COVID highs seen in 2019 (\$2.6 billion)
- Investment took place across a wide range of sub-sectors, with notable investment continuing in the payments space through Airwallex and Till Payments who raised a total of \$300 million and AU\$125 million respectively over the period
- Neobank activity also continued on the back of the 86 400 / NAB transaction which took place in H1'21, with Judo Bank successful listing on the ASX, whilst Alex Bank finalised a AU\$20 million investment on the back of securing its restricted banking license (RADI)
- Whilst corporate investment was less prominent than H1'21, strategic M&A remains a priority, with Latitude acquiring digital consumer lender Symple Loans and deals announced for the acquisition of Afterpay by US-headquartered Block (formerly Square) and Society One by MoneyMe (both were announced in the period but are only expected to complete in H1'22)



Source: Pulse of Fintech H2'21, Global Analysis of Investment in Fintech, KPMG International (data provided by PitchBook), \*as of 31 December 2021.

“ The fintech sector continues to mature and rebound in Australia – investments are taking place across a range of sub-sectors and from a broad set of investor groups. We are continuing to see investment in start-up and scale-up businesses, as well as significant M&A activity for more mature players in the space. We expect this momentum to continue and predict that 2022 will be a record year for fintech investment in Australia ”

**Daniel Teper**  
Partner, Mergers & Acquisitions and  
Head of Fintech  
KPMG Australia



# Region Insights - Australia

## Embracing a fintech future

Australia has been an **early adopter of financial services innovation and technology**. We're backing ambitious fintech startups with government support to export financial services.

Supporting two blockchain pilots to reduce business compliance costs. Fintech startups are entitled to tax offsets, and **early-stage startups can claim a rebate of 62 cents for every tax dollar they spend on R&D.**

**\$70b**

**In grants and incentives**

Australia offers nearly A\$70 billion in grants, incentives and funding pools to Australian-based companies across priority sectors.

Source: Accenture

# Region Insights - India

## The growth of digital payments in India

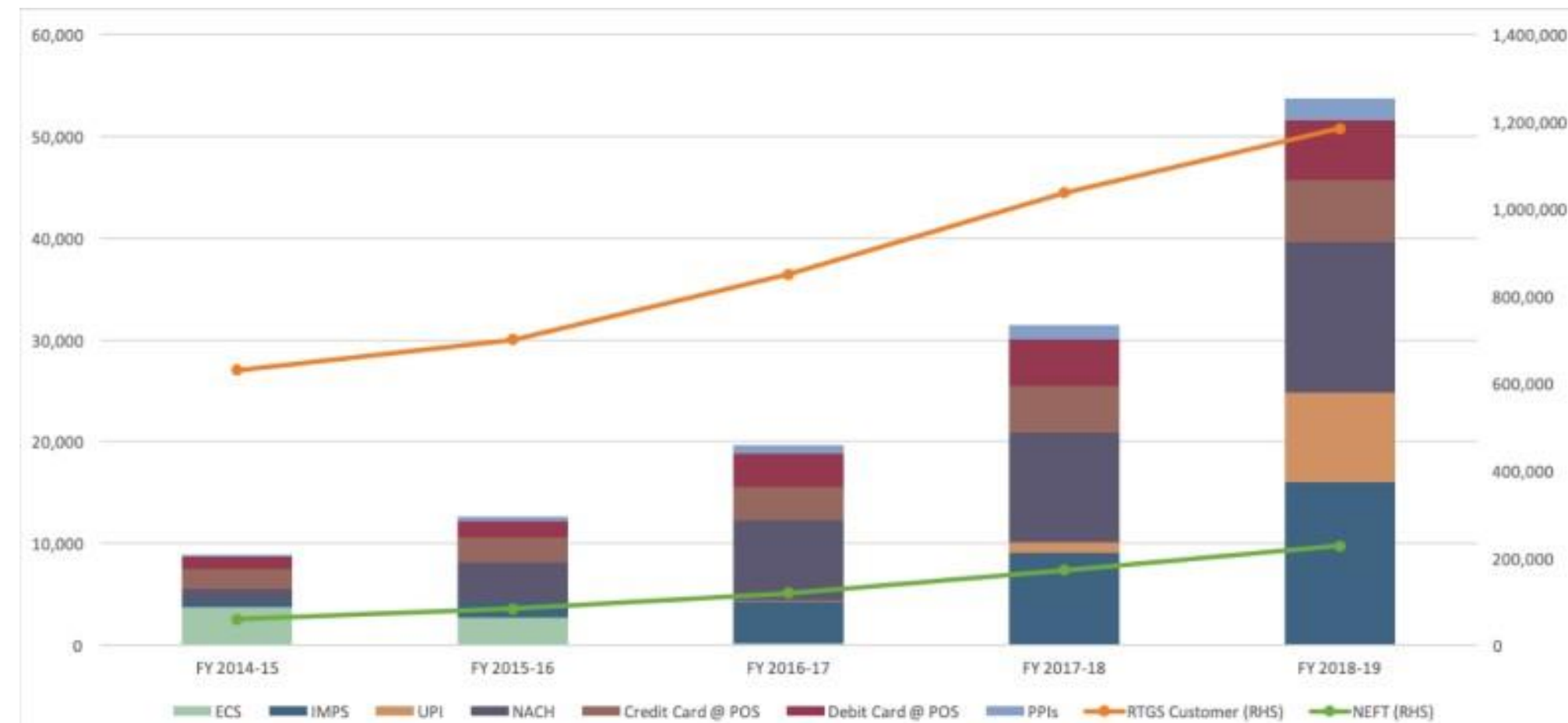
Over the last 24 months, India has witnessed an amazing shift in the digitization of payments.

The number of merchants accepting card payments has more than doubled in the last two years to cross 3 million, and the number of **UPI transactions** almost touched **250 million** in June 2018.

Overall, the proportion of cash transactions in the total consumer spending in the country has come down from 78% in 2015 to 68% in 2017 (Source: Euromonitor).



Source : [blog.svapinfotech.com/best-e-wallet-apps-in-india/](http://blog.svapinfotech.com/best-e-wallet-apps-in-india/)



Source: [www.nttdata-gps.com/insights/digital-payments-in-india](http://www.nttdata-gps.com/insights/digital-payments-in-india)



# Region Insights - India

## Big start to the decade as India attracts over \$2 Billion in fintech Investments

India almost matched its total fintech investment in 2020, with **\$2 billion in investment in H1'21**, including merchant platform Pine Labs' \$285 million PE funding round, and \$100 million+ VC funding rounds by Cred (\$215 million), RazorPay (\$160 million), KreditBee (\$153 million), Of Business (\$110 million), and BharatPe (\$108 million).

Digital banking was a big play in India, but with a unique model compared to other jurisdictions in the regions — with digital banks acting primarily as SaaS providers and regulatory responsibility remaining with bank partners.

Early fintech leaders in India have continued to expand their business models into adjacencies in order to bring their customers more value, such as payments players acquiring insurtechs.

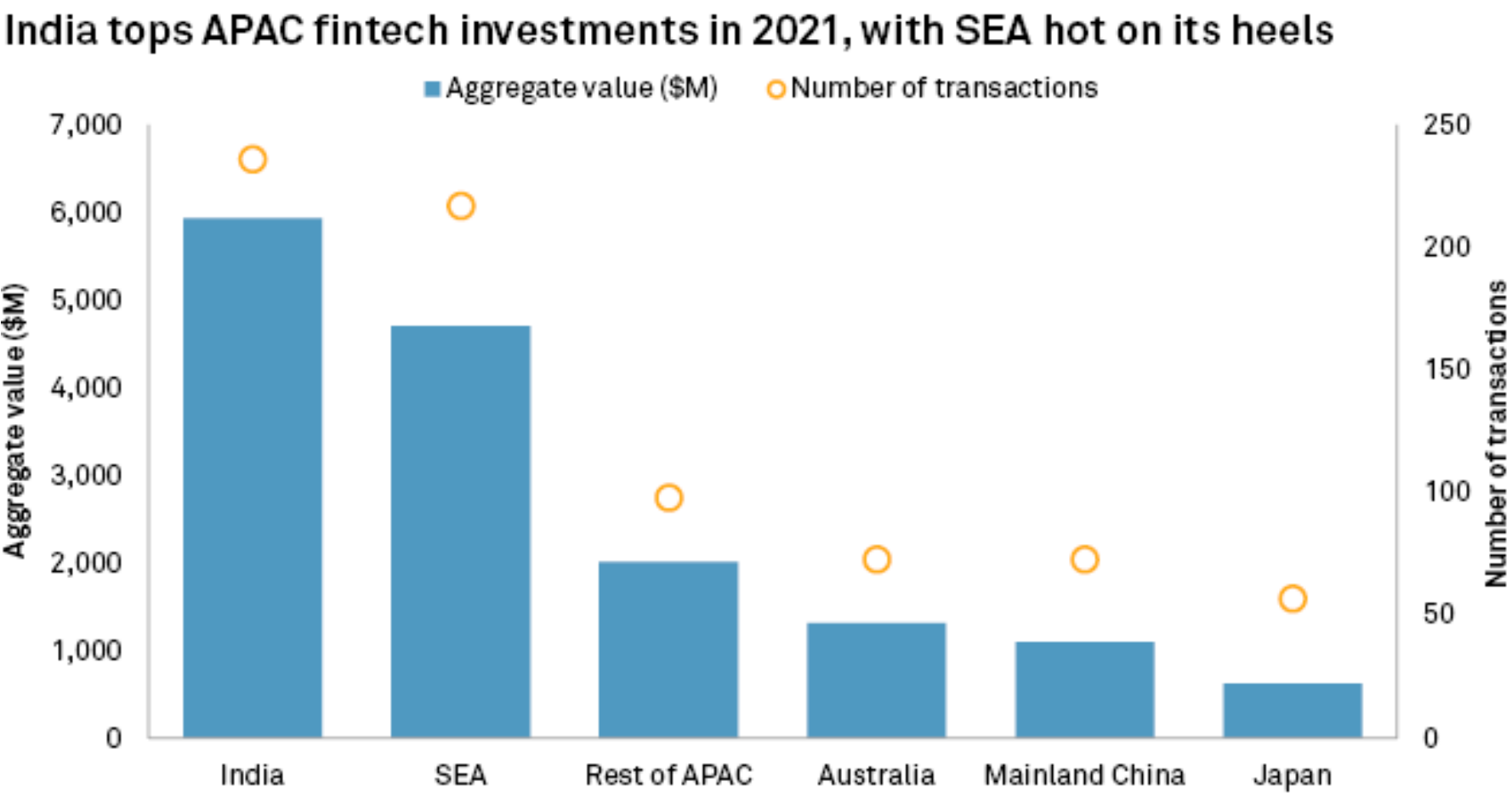
Insurtech is a growing area of interest for investors in India; in H1'21, several insurtechs raised mid-sized VC or PE funding rounds, including Turtlemint (\$46 million), RenewBuy (\$45 million), and Digit Insurance (\$18 million).



Geographically, India extended its lead in fintech investments with **\$5.94 billion raised across 236 deals in 2021**. The country also attracted the most funding in 2020, with \$1.50 billion raised across 118 deals.

Southeast Asia-based fintechs were close behind and registered the biggest funding growth in Asia-Pacific in 2021. Fintech startups in Southeast Asia netted \$4.70 billion across 217 transactions, up from \$1.13 billion across 118 deals in the prior year.

Heavy influence of US based Indian Silicon Valley entrepreneurs





# Region Insights - China

## Embracing a fintech future

Fintech investment in China increased from \$900 million in H2'20 to over \$1.3 billion in H1'21.

China did not see any mega VC deals in H1'21, however, the \$100 million+ VC deals that occurred highlight the growing diversity of fintech startups attracting funding. In H1'21, medical payments company MediTrust Health raised \$155 million, wealthtech WeBull raised \$150 million, asset data management firm Xuncetech raised \$108 million, and B2B solutions provider XforcePlus raised \$100 million.

While tightening controls over crypto, China also expanded its central bank digital currency pilot project in H1'21 to include some salary payments in the Xiong'an New Area,<sup>1</sup> subway fare payments in Beijing,<sup>2</sup> and exchanges between digital and physical currencies at two Beijing-based banks.<sup>3</sup>

In H1'21, financial regulators in China ordered a number of platform companies with financial services offerings to enhance their regulatory compliance.



# Region Insights - Singapore

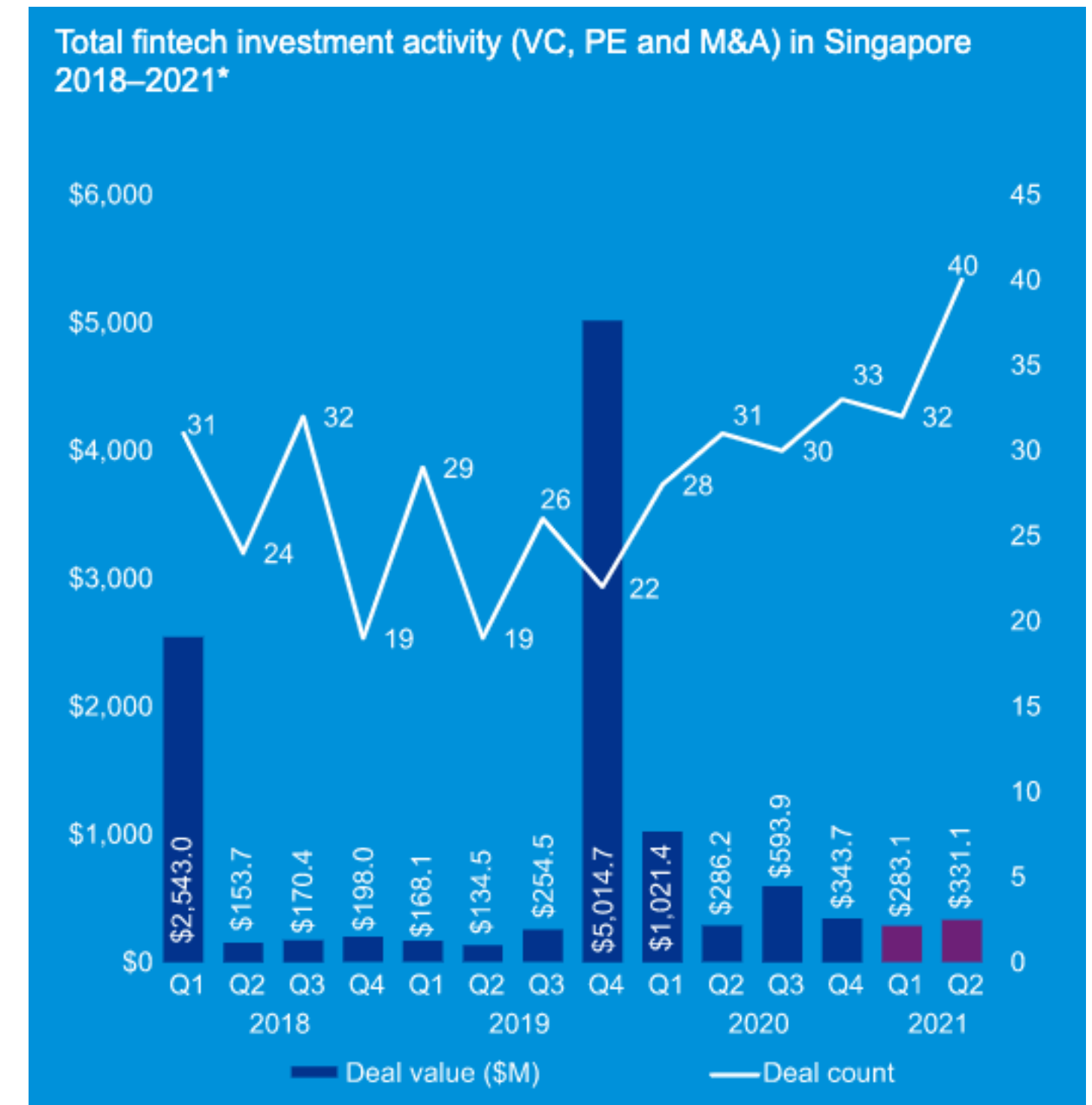
## Embracing the future of fintech in Singapore

Fintech investment dropped somewhat in Singapore, from \$930 million in H2'20 to \$614 million in H1'21; eWallet company Matchmove raised \$100 million in Singapore's largest deal of the quarter.

During H1'21, platform giant Grab announcing a \$40 billion SPAC merger — setting the stage for a big end to the year.

The four digital banks that received licenses in Singapore were quiet in H1'21, focusing on building out their operations and products; Singapore's incumbent banks also focused significantly on their digital products and value propositions.

During H1'21, the Green Finance Industry Taskforce of the Monetary Authority of Singapore announced a number of initiatives focused on accelerating green finance, including issuing a guide for climate-related disclosures, a framework for green trade finance, and recommendations and a roadmap to scale green finance in a number of key sectors





# Emerging Markets

## Africa

According to a report from Disrupt Africa, a tech-focused research and news organization based in the region - the African fintech market has been accelerating, with startup companies securing around \$330.5 million in the first half of 2021, which is more than double the amount raised in 2020.

## India

India has seen explosive growth in fintech over the past five years, and it shows no sign of slowing. Its fintech sector is expected to reach a valuation of \$150-160 billion by 2025, a value creation opportunity of \$100 billion, according to a recent report by BCG.

## Mexico

Mexico is Latin America's largest fintech hub, just ahead of Brazil, with more than 440 startups. Similarly to Brazil, Mexico offers fintech companies significant opportunities in terms of its low penetration of financial services, good internet access, and young consumer base.

## Brazil

The second-largest fintech hub in Latin America, Brazil is home to almost 380 fintech companies. The Central Bank of Brazil is supportive of boosting market competition and increasing financial education and began its implementation of open banking in February 2021.

# **FINTECH IN CAREC**

**AZERBAIJAN, CHINA, GEORGIA, KAZAKHSTAN, KYRGYZ  
REPUBLIC, MONGOLIA, PAKISTAN.**



# Region Insights - CAREC 1

## Fintech & mobile phone adoption in CAREC region

Mobile phone subscription metrics in the CAREC countries, except Kazakhstan, are far ahead of global average (67%). **Mobile phone subscriptions in countries like Azerbaijan, Georgia, Mongolia, Kyrgyzstan, and Tajikistan outnumber their populations.** More than a hundred percent subscription indicates that many people subscribe to more than one network service provider. Kazakhstan, an upper-middle-income country reports the lowest mobile phone subscription among CAREC countries.

On internet usage, five CAREC countries – Uzbekistan, Tajikistan, Kyrgyzstan, Kazakhstan, and Pakistan – are below the global average (57%). **The highest internet usage prevails in Azerbaijan, Georgia, and Mongolia.** The **low penetration of the Internet, especially in the most populous countries in the region (Pakistan),** reflects the untapped potential of leveraging financial technologies for reaching out to underserved segments of the population in these countries. Kazakhstan, Kyrgyzstan, and Tajikistan, with a relatively smaller population, too, perform poorly on this metric.

Overall, **internet usage in the CAREC region is low as compared with the international average and other regions.** Such a situation hinders progress in harnessing technology, which offers the fastest and most cost-effective route to expanding financial inclusion, particularly in remote localities where traditional brick-and-mortar bank branches are few and far between

However, on the bright side, a **high subscription of mobile phones in nearly all CAREC countries could potentially pave the way for promoting money accounts with mobile money service providers** – an alternate route to democratizing financial inclusion. To achieve this objective, governments need to pursue integrated, liberal, and, at times, risky policies in tandem with the private sector and development partners, in addition to benefiting from regional and global success stories

# Region Insights - CAREC 2

## The current fintech landscape

The CAREC region, with its diverse economic landscape, requires a lot of catching up to do with its peers. In terms of bank account ownership, Mongolia is the only country in the CAREC region which performs better than the global average. Most of the CAREC countries fall far below the global average.

On all other metrics such as gender, income group and age groups, the CAREC region, except for Mongolia, which has emerged as an outlier, fares poorly in comparison with global average. On mobile phone subscription and internet usage CAREC countries exhibit encouraging outcomes. Except for Kazakhstan, nearly all countries have more than global average mobile phone subscription as a percentage of the population, whereas six countries are below global average in terms of internet usage.

Using internet and mobile phone for accessing bank account and making online purchases have yet to gain traction in CAREC countries. Similarly, receiving wages in a bank is the most common purpose for which individuals use their bank accounts.

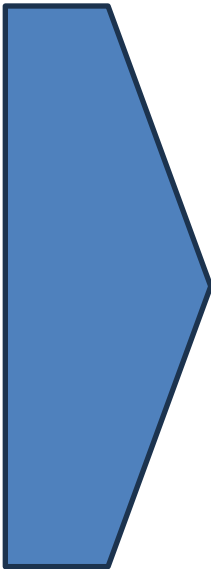
Four factors are identified as key elements for low financial inclusion in the CAREC countries:

- i) Absence of an Integrated National Strategy;**
- ii) Physical Access and Income Constraints;**
- iii) Cultural and Trust Barriers; and**
- iv) Institutional Impediments.**

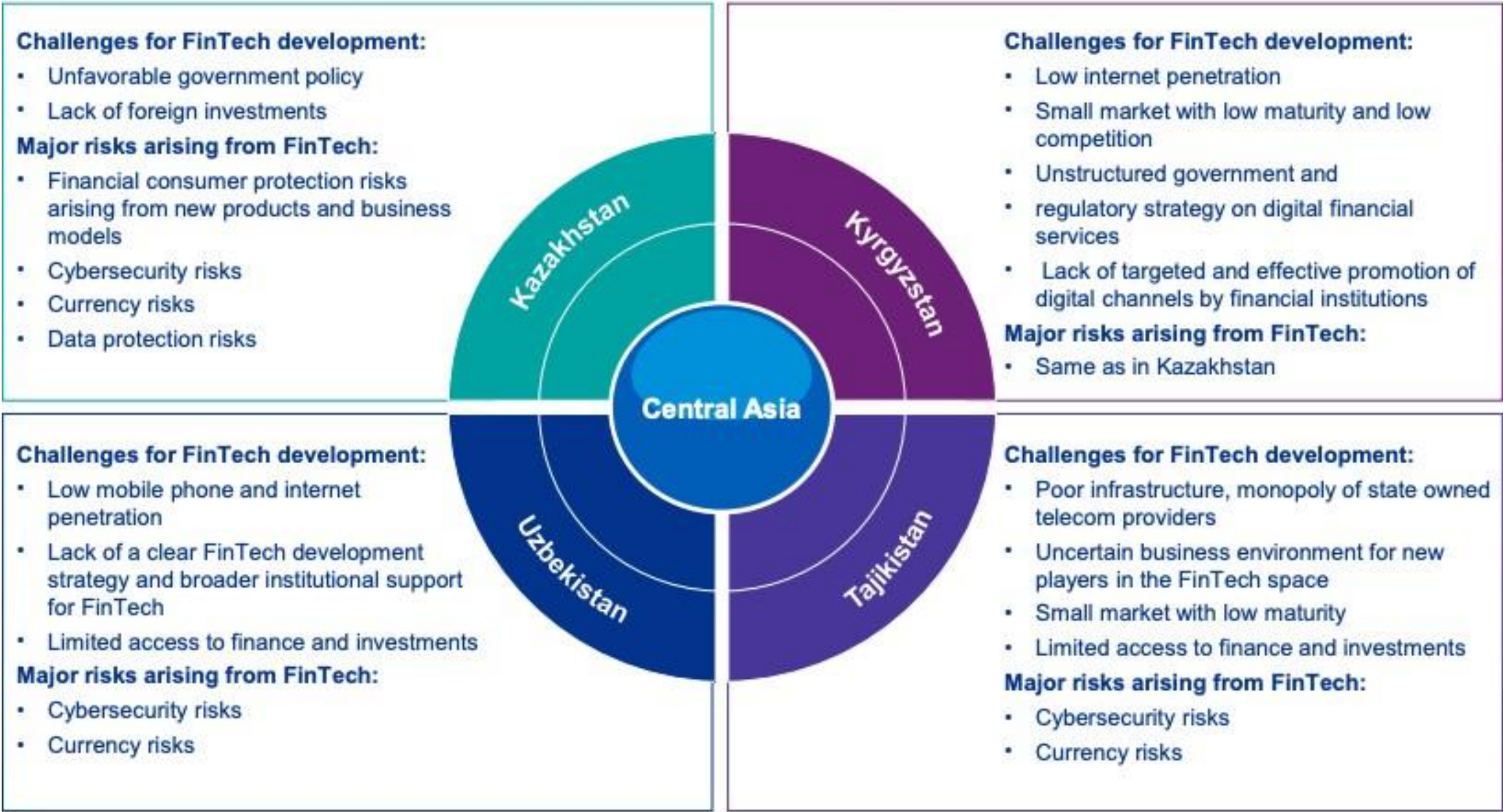


# Region Insights - CAREC 3

Challenges  
and  
major risks



Each country lacks accurate statistics on digitalization and online transactions



Sources: World Bank: "Fintech in Europe and Central Asia: Maximizing Benefits and Managing Risks" from February 2020



# Region Insights - CAREC 4

## What can be done in the region to catch up ?

### Expectations and key drivers



Kazakhstan

-  Liberalization of new electronic features
-  Development of regulatory laws on digital infrastructure
-  Expansion of state support programs
-  Introduction of new digital platforms
-  Development in the field of insurance, regulatory and investment technologies
-  Execute statistical reports



Kyrgyzstan

-  Increase of internet penetration
-  Development of regulatory laws on digital infrastructure
-  Expansion of state support programs
-  Introduction of digital literacy programs
-  Attraction of investors from abroad
-  Execute statistical reports



Uzbekistan

-  Increase of internet penetration
-  Increase of mobile penetration
-  Introduction of laws on digital development
-  Creation of regulatory sandbox
-  Expansion of state support programs
-  Introduction of digital literacy programs
-  Execute statistical reports



Tajikistan

-  Increase of internet penetration
-  Increase of mobile penetration
-  Introduction of laws on digital development
-  Creation of regulatory sandbox
-  Expansion of state support programs
-  Introduction of digital literacy programs
-  Execute statistical reports



# Region Insights – CAREC 5

Learning from other countries



In a globalized world, successful models and best practices are plentiful and readily available for the CAREC region to learn from.

In most cases, the wheel does not need to be reinvented. The CAREC countries can learn from these best practices, fine tune, and tailor their policies according to the country context.

Both the PRC and Kenya present distinctive success models to emulate for the CAREC region.

# GOVERNMENT & FINTECH

HOW ARE GOVERNMENTS IMPACTING TECHNOLOGY GROWTH  
AROUND THE WORLD.



# Government's role in fintech – Globally

## How can the government enable fintech

The governments and the multilateral development partners need to collaborate to develop synergies and find **affordable and sustainable solutions to low financial inclusion levels**. Governments need to take the lead towards financial inclusion by providing an enabling policy environment that should be embedded in an integrated national financial inclusion strategy with defined and measurable targets supplemented with a robust implementation mechanism.

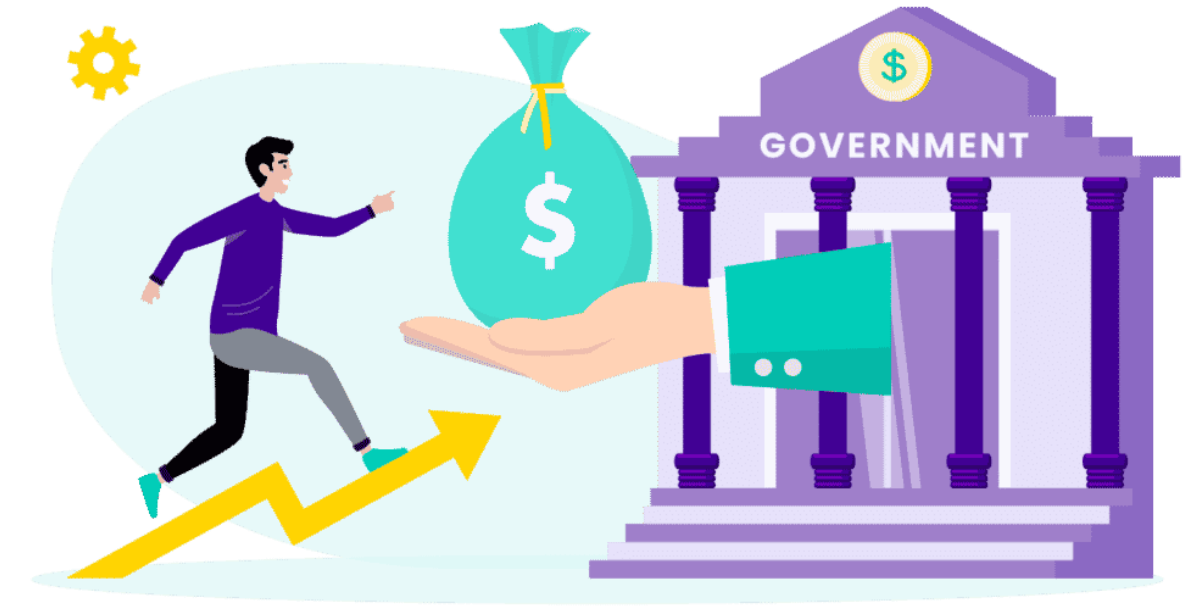
Governments must design and adopt a digitization policy to shape the direction of digital adoption in the country. Governments must make concerted efforts to develop and promote an **enabling ICT ecosystem to support innovation**.

Elevating levels of trust in the banking and financial sector and bridging the access gap necessitates multi-faceted policy measures by the governments. The **governments should not entirely entrust the private sector to design financial inclusion products and deliver to underserved adults**.

The leadership role of the government as a sovereign of last resort should be conspicuously seen to reinforce people's trust in the financial products offered by the private sector. **Targeted efforts on the part of the governments** would help ensure equitable provision of financial services across gender, income groups and age groups.

# Government's Grants

## Enablement through grants and incentives



There are 3 very different types of public startup grants:

- Grants: government-backed institutions invest in businesses with no strings attached. They are essentially “**free money**” and the most attractive form of financing a business can get
- R&D tax credit: companies can claim a given percentage of their research & development (R&D) expenses as a tax credit. The R&D tax credit is then used to offset corporate tax expenses
- Government-backed loans issued by the government itself, or guaranteed by it. The most famous example of these are Small Business loans for US startups



# Government Grants in America

The US is undeniably one of the most attractive country for entrepreneurs and startups.

There are indeed plenty of public grant's startups can get to start off or scale up.



Source: <https://applyonlinegrants.com><https://applyonlinegrants.wixsite.com/website>

# American Government



## Government enablement with grants and incentives

- The **Small Business Innovation Research (SBIR) grant program** was created to encourage US small businesses, including startups, to engage in R&D (research & development) projects that federal agencies and government bodies can benefit from.
- The **Small Business Technology Transfer (STTR)** program is very similar to the SBIR. Indeed, it's another federal grant meant to fund SMEs to invest in R&D that federal agencies can benefit from.
- The **Economic Development Administration (EDA)** is one of the bureau within the US Department of Commerce. EDA offers startups and SMEs grants through their **Build To Scale (B2S)** program. The B2s program hosts 2 competition awards where successful companies receive grant funding: the **Venture Challenge and Capital Challenge**.
- The **Small Business Development Centers (SBDCs)** are programs created in partnership with the Small Business Administration (SBA) and, usually, a local academic institution (e.g. university).
- The **R&D tax credit is a federal corporate tax incentive** that allows small and medium-size businesses to offset a portion of their corporate taxes with research and development (R&D) expenses.
- Whilst federal grants are limited, there are hundreds of state grants for small businesses and startups. In order to find a state grant that fits your business, be sure to check out the State Business Incentives Database. Created in 1999, the open database has over 2,000 financial support programs. You will find there many loan-backed grants e.g. **SBA loans** (approx. 1,500) plus another 500 or so funding grants.



# European grants and incentives

## Government enablement with grants and incentives



- The EIC Accelerator or as previously known as the SME Instrument is one of Europe's strongest programmes for startups. The programme provides funding opportunities and acceleration services to startup companies as well as SMEs. It focuses on the high potential of businesses with marketable products and services, strong business plans and a strong ambition to scale up.
- The Knowledge and Innovation Communities, led by the European Institute of Innovation and Technology (EIT), bring together businesses, research centres and universities to collaborate in an environment that allows creative ideas and innovations to flourish.
- Erasmus for Young Entrepreneurs is an exchange programme that allows aspiring entrepreneurs to learn from experienced business people in one of the programme's participating countries. During the exchange, the young entrepreneur will stay with someone experienced in running a small business and learn key skills such as sales, marketing, accounting, customer relations and business financing. The travel and subsistence costs of the participants are funded through a grant.
- Eurostars, a joint programme between EUREKA and the European Commission, provides funding to small- and medium-sized enterprises involved in research and development. Its particular focus is on supporting SMEs in the development of rapidly marketable, innovative products, processes and services that help improve the daily life of people around the world.

# Netherlands

## Netherlands Ambitious Entrepreneurship Action Plan

The government is supporting entrepreneurs, including startups, through its Ambitious Entrepreneurship Action Plan. It is important that they have better access to capital, knowledge, innovation and the global market. To achieve this and help entrepreneurs, the government has set aside €75 million to:

- provide **early-stage finance so entrepreneurs can research whether an idea or product** is technically feasible and suitable for the market;
- strengthen the international position of startups and growing businesses. And attract foreign startups to the Netherlands through Techleap;
- provide temporary residence permits for non-EU entrepreneurs, creating opportunities for them to start a business in the Netherlands;
- develop the NLevator initiative - a platform created for and by ambitious entrepreneurs which aims to help businesses grow faster;
- fund Eurostars projects - innovative technology development projects involving business and knowledge partners from at least two different European countries. Eurostars funding has supported innovations such as medicines to combat gastrointestinal infections;
- provide funding under Horizon 2020, the European Commission programme to stimulate European research and innovation.



# Australian Government

## Government enablement with grants and incentives



- The **Entrepreneurs' Programme, which replaced Commercialisation Australia and the Innovation and Investment Fund**, aims to help businesses increase productivity and competitiveness with funding and access to a national network of private-sector advisers and facilitators.
- Startups and SMEs keen to partner with **Australia's Commonwealth Scientific and Industrial Research Organisation (CSIRO)** in research activities can get up to \$50,000 in matched funding to help them further develop and grow their business.
- The **Biomedical Translation Fund (BTF)** was established by the federal government as part of the National Innovation and Science Agenda in December 2016, and was fuelled with \$250 million of Commonwealth capital and an additional \$250 million of private sector capital. Currently, the fund is managed by three fund managers, including one from startup VC fund OneVentures.
- The **EMDG has been set up for aspiring and current exporters across** a wide range of industries and products to help drive new outbound markets from Australia and encourage inbound tourism.
- For businesses that have spent \$15,000 or more on export promotion, they can be reimbursed up to 50% of costs exceeding \$5000.
- The **R&D tax incentive** aims to help all businesses stay ahead of the curve through a tax offset that encourages innovation in even the smallest ventures. From July 1 2016, companies with an annual turnover under \$20 million can claim a 43.5% refundable tax offset against R&D expenditure that amounts to \$100 million or less.
- This initiative aims to give Australian startups a leg-up in the global market by immersing them in one of five world-class innovation hubs.
- Startups accepted into Landing Pads in Singapore, Berlin, Shanghai, Tel Aviv or San Francisco benefit from on-the-ground presence in these markets plus access to their networks, talent, mentors and investors.
- **Small Business research and Innovation grants -statewide**

# Indian Government Aid

Many various grants and incentives by the government

India is gradually on its mission to build a robust startup ecosystem.

In order to promote and support entrepreneurs, the government has created a ministry (department) dedicated to helping new businesses. Furthermore, the Central Government of India has also introduced many schemes to bolster entrepreneurship in India and to assist emerging startups financially



Aatmanirbhar Bharat App Innovation Challenge  
SAMRIDH Scheme  
Startup India Seed Fund  
Startup India Initiative  
Startup Leadership Program  
ASPIRE  
Pradhan Mantri Mudra Yojana (PMMY)  
Chunauti  
Qualcomm Semiconductor Mentorship Program (QSMP)  
Digital India Bhashini  
Digital India GENESIS  
India Water Pitch-Pilot-Scale Startup Challenge  
Ministry of Skill Development and Entrepreneurship  
ATAL Innovation Mission  
eBiz Portal  
Dairy Processing and Infrastructure Development Fund (DIDF)  
Support for International Patent Protection in Electronics & Information Technology (SIP-EIT)  
Multiplier Grants Scheme (MGS)  
Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)  
Software Technology Park (STP) Scheme  
The Venture Capital Assistance Scheme (VCA)  
Loan For Rooftop Solar Pv Power Projects  
NewGen Innovation and Entrepreneurship Development Centre (NewGen IEDC)  
Single Point Registration Scheme  
Modified Special Incentive Package Scheme (M-SIPS)  
Stand Up India Scheme  
High Risk - High Reward Research  
IREDA-NCEF Refinance Scheme  
Dairy Entrepreneurship Development Scheme  
Drone Shakti  
Zero Defect Zero Effect (ZED) Certification Scheme  
Sub-Mission on Agricultural Mechanization (SMAM)  
Credit Linked Capital Subsidy for Technology Upgradation (CLCSS)  
Design Clinic Scheme for Design Expertise



# Singaporean grants and incentives

## Government enablement with grants and incentives



Singapore has a very extensive and generous list of different grants for fintech startups.

What's really fascinating is that Singapore has a lot more grants for different sectors and industries.

### Startup SG Founder

Startup SG Founder provides mentorship and startup capital grant of S\$50,000 to first-time entrepreneurs with innovative business ideas. Startups are required to commit S\$10,000 as co-matching fund to the grant.

### Startup SG Tech

Startup SG Tech supports Proof-of-Concept (POC) and Proof-of-Value (POV) for commercialisation of innovative technologies.



# Brazilian grants and incentives

## Brazilian Startup grants in the news



Contxto - Calling all young startups operating in São Paulo - now is the time to propel projects to new heights. Rather than pitching to a VC or angel, though, this time you'll be subject to the government's choosing.

Earlier this week, Brazilian officials announced a “smart government” program. That's to say, FAPESP (Foundation for Research Support of the State of São Paulo) and Finep have allocated R\$20 million for mission-based startups to support the government in finding viable solutions for social predicaments.



Brazil's Ministry of Science, Technology and Innovation said today that it's willing to invest up to \$78 million in 100 local and foreign startups that apply for a new “Start-Up Brasil” program. The idea is to lure both domestic and foreign talent to build tech companies that cater to the Brazilian consumer market and create local jobs. They're taking entries here.

We're seeing more and more of these government-backed programs as policymakers try to make sure they can compete as regional tech hubs for entrepreneurs and developer talent.

Start-Up Brasil is approaching it through public-private partnerships that will put selected startups through one of nine business accelerators (which are mostly in Rio de Janeiro) for six months to a year.

They'll also support each company with up to R\$200,000 (US\$98,971) for up to one year in the form of monthly grants. Private funds for each selected company can range from 20,000 Brazilian reais (\$9,897) to 1 million reais (or \$494,854) on top of that depending on the accelerator they're paired up with and the company's stage of development.





# Chinese grants and incentives

## Government enablement with grants and incentives



China is spending heavily to nurture start-up companies, as the central government hopes that the surge of money supporting private entrepreneurs can help to generate new growth opportunities for the slowing economy.

The country now runs at least **1,500 incubators under the Ministry of Science and Technology's 27-year-old Torch Programme**, a nationwide initiative that provides policy, financing and consulting services for hi-tech firms. Beijing is growing that number by 15 per cent every year, according to the ministry, which also runs an innovation fund that has channelled 3.45 billion yuan (HK\$4.36 billion) of investment into more than 3,000 projects in emerging industries.

The government's investment in young companies is part of a larger push to reduce the country's reliance on fixed-asset investment and develop an innovation-driven economy. Chinese Premier Li Keqiang has said he hoped that the administrative and market reforms would "mobilise the innovation capacity and creativity" of the country's 800 to 900 million workers.

The high-profile success of Chinese e-commerce giant Alibaba and a number of online companies has also helped to fuel a start-up rush. Compared with Americans and Europeans, a Chinese national is now twice as likely to engage in entrepreneurship to make ends meet, according to Max von Zedtwitz, director of the Centre for Global R&D and Innovation, a research institute with a focus on studying innovation in China.

Preferential tax policies, given to startups and individual angel investors, will be expanded to other areas as appropriate. The policies, released by the State Administration of Taxation in April, stipulate that 70 percent of total investment can be deducted from taxation two years after the investment for high-tech startups.

# Jordan grants and incentives

## Jordan Startup Innovative Startups Fund Project



The objective of the Innovative Startups Fund Project for Jordan is to increase private early-stage equity finance for innovative small and medium enterprises ('SMEs'). There are three components to the project, the first component being equity/quasi equity financing program.

Under this activity, the ISSF is expected to invest US\$50 million in approximately 200 companies plus US\$3.5 million to be provided as investment support to partner investors. Investments will be opportunistic across all sectors (sector agnostic).

However, it is expected that investments will be primarily in technology, media, telecom and service sectors with some in agribusiness, pharmaceuticals, water, and green energy. Investments will not involve real estate, construction, or heavy manufacturing. The second component is the deal flow creation support.

The quality and number of viable investments made by the ISSF will depend on a strong ecosystem able to generate entrepreneurship opportunity across Jordan and channel it into more viable startups.

This includes programs that include outreach to entrepreneurs from lagging regions, underserved industries (other than ICT), and underserved groups like women entrepreneurs.

Finally, the third component is the project management, coordination and monitoring and evaluation.



# Israel grants and incentives



## Globally one of the best grants and incentives offered

- The R&D Fund program is Israel's top public grant program for startups. As most startup grants in this list, it is offered via the government-backed Israel Innovation Authority. It aims to stimulate R&D investment from companies in Israel by providing financial support of 20% to 50% of approved budget R&D costs.
- Gov Tech is a specific grant program for businesses that try to solve a public sector challenge. The program focuses on companies and NGOs that offer, or aims to offer, an innovative technological solution in the areas of education, health, welfare, economic, law and other public sector matters.
- The Incubator Program is another of Israel's top grant program for startups. Unlike other grants, this one is solely for entrepreneurs and startups that develop an innovative technological idea with the support of an approved incubator.
- The Ideation (Tnufa) Program is Israel's top grant program for very early stage projects and startups. Indeed, the grant only funds project costs such as: initial prototype, market research expenses, intellectual property protection, patent acquisition and related early-stage expenses.
- Innovation Labs isn't purely a grant funding program. Instead, it aims at supporting startups that need an infrastructure and equipment to assess the feasibility of a technological idea or product. Therefore, successful applicants get access to unique infrastructure, insights, material and equipment from leading companies and research institutes in Israel. The aim of this collaboration is to help companies (not just startups) to develop technological ideas and turn them into a commercial product.
- The Joint Government Support for Pilot Programs are a number of industry-specific grant programs that aims to fund Israeli technology companies that invest in R&D and/or pilot programs.

# Azerbaijan

## Azerbaijan leading the way in grants



FasterCapital is an online incubator which is operating and helping startups in Azerbaijan. We can help accelerate/incubate startups in Azerbaijan. We usually help by providing work per equity. The work can be technical development per equity or business development per equity.

In the Tech Cofounder program, we help the startup build an MVP or build a prototype, whether it's a mobile app (Android app, iPhone app) or a web app. We provide 50% of the money needed and provide a very cost-effective development process. We provide excellent product conceptualization and product design services.



Small and Medium Business Development Agency of the Republic of Azerbaijan has allocated grants for 13 start-up projects, Chairman of the Board of the Small and Medium Business Development Agency Orkhan Mammadov said during a conference on financing scientific projects of the small and medium businesses, Trend reports.

**AZERNEWS**



# Carec Region Startup Grants - Azerbaijan

## The solution of raising capital in Azerbaijan

Ease taxation of entrepreneurs and stimulate their desire to invest in startups. Potential business angels need to be sure that their investments are protected, and the possible dividends from the success of the startup remain untouched by the tax authorities. In addition to these measures, it is worth developing an investment culture in the country. Information about the innovation exchange within the country and abroad should be available to a wide range of potential investors.

Banks should not create an internal closed ecosystem, but hold competitions and open grants for startups. With this approach, the most competitive environment for startups will be created, and banks will receive more useful products for business development.

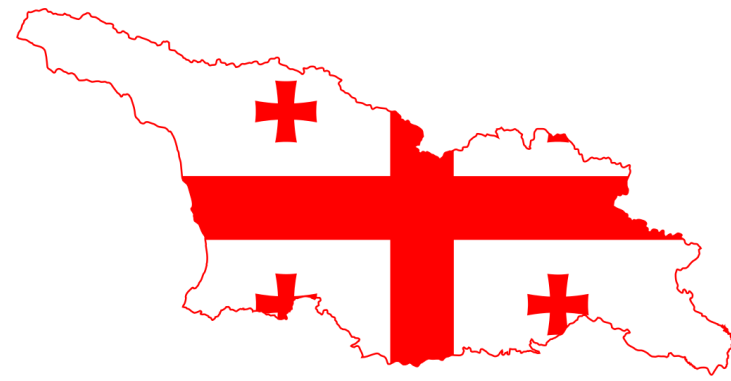
The government of Azerbaijan should reconsider its views in relation to venture funds. The legislation should spell out clear procedures for creating a venture fund, and most importantly, providing guarantees for the protection of foreign and local investments.

Investors must be sure that their investments in Azerbaijan are under reliable protection of the law. Such measures will motivate local large companies to create funds domestically.

The state should move away from the practice of financing startups from the state budget. The role of the State should be limited to consulting and seeking potential investors. An ecosystem has already been built in Azerbaijan in terms of technology and business conditions.

**The main tasks facing the state now: active work with talents, stimulating the private sector to invest in innovation, support in the entry of startups into the international market.**

# Carec Region Startup Grants - Georgia



The U.S. Department of Agriculture (USDA) sponsors the **Rural Business Opportunity Grant**, which provides up to \$500,000 for training and technical assistance to nonprofit corporations, cooperatives, and rural American Indian tribes engaged in business development programs.

The U.S. Small Business Administration (SBA) and the Program for Investment in Entrepreneurs Act provide microbusiness grants for programs and organizations that provide services to other fledgling small business owners.

Awards range from \$50,000 to \$250,000, and preference is given to female business owners, American Indian tribes, and organizations that assist these tribes.

Private company Georgia-Pacific offers grants for projects and small businesses that positively affect the lives of community members in the neighborhoods where it operates. Preference is given to minority business owners.

The Amber Foundation provides grants of \$500 to \$1,500 to assist new female entrepreneurs. This program was founded in 1998 in honor of a 19-year-old woman who died before she could fulfill her dream of becoming a business owner.



# Carec Region Startup Grants - Pakistan

## Government enablement of grants and incentives



- The Government of Pakistan has decided to set up a **\$75m fund for entrepreneurs and small startups at State Bank of Pakistan (SBP)**. This will be a great move on the part of the government for entrepreneurs
- who want to start a small business and in return, this move is expected to increase the vote bank of the ruling party. A summary was submitted to the cabinet for establishing the fund at State Bank. After comprehensive discussions, the cabinet approved the establishment of the credit lines to microfinance banks and microfinance institutions.

- Youth Entrepreneurship Scheme that provides interest-free loans to young entrepreneurs in three tiers; Up to PKR 1 Million in Tier 1, Up to PKR 10 Million in Tier 2, and Up to PKR 25 Million in Tier 3.

- **INNOVATOR SEED FUND: 35,000 USD** along with business incubation services and connectivity with a range of funding sources to help meet your capital needs! Encouraging entrepreneurship is one of the key objectives of the Higher Education Commission (HEC) Pakistan. The HEC has recently launched the Higher Education Development in Pakistan (HEDP) project to help in accelerating the economic engines of the country. Innovator Seed Fund (ISF) is an initiative under HEDP that aims at engaging entrepreneurs and upcoming aspirants who want to convert their business ideas into action.

- Government of Pakistan is the **Prime Minister's Youth Business Loans which provides loans up to PKR 2 Million to young entrepreneurs with promising startup ideas**. If nothing seems viable and you have the funds then you try Bootstrapping. You can build a business from scratch without relying on any external source for funding. We have examples of so many companies and even online businesses like Omegle that were all self-funded.

# The CAREC Startup Ecosystem

From 2001 until the end of 2020, \$40 billion worth of investments have been made in the CAREC region through financing coming from the ADB, development partners or CAREC governments.

While these figures do not represent direct investments specifically in the startup ecosystems, they contribute to the overall economic stability and infrastructure development in the region.

These, alongside digital literacy, access to talent and accelerators are key elements in later developing solid startups.

Stimulating trade and sharing good practices between the member countries is also an objective of CAREC.

## Top Investments & Initiatives in the Startup Ecosystem of the Region



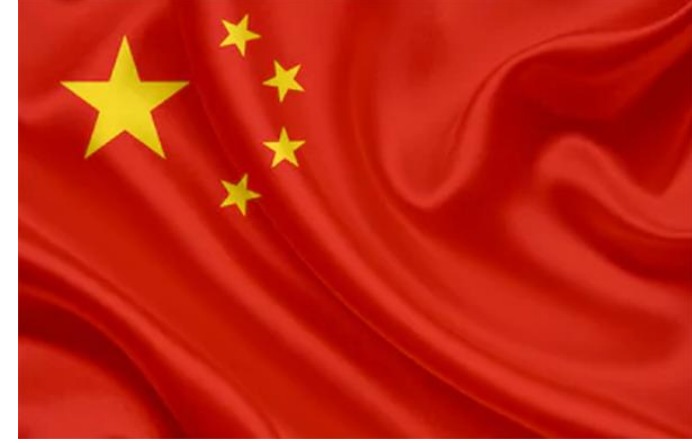
# The CAREC Startup Ecosystem - Azerbaijan

Azerbaijan has an emerging innovation hub, ranked 89th globally. The ecosystem exceeds in the software and data industry, with the country boasting strong internet connectivity and good penetration among the population.

The Government is actively supporting the startup ecosystem with the creation of funds and support programs. Startups in Azerbaijan are exempt from taxes on profit and income for three years as of 2019.



# The CAREC Startup Ecosystem – China



China has the strongest startup ecosystem in the CAREC region, ranking 7th in the world and showing a positive trend compared to previous years.

Beijing (ranked 3rd globally) and Shanghai (ranked 7th globally) are 2 of the front runners in startup ecosystems, and both are home to an impressive number of unicorns and innovation hubs.

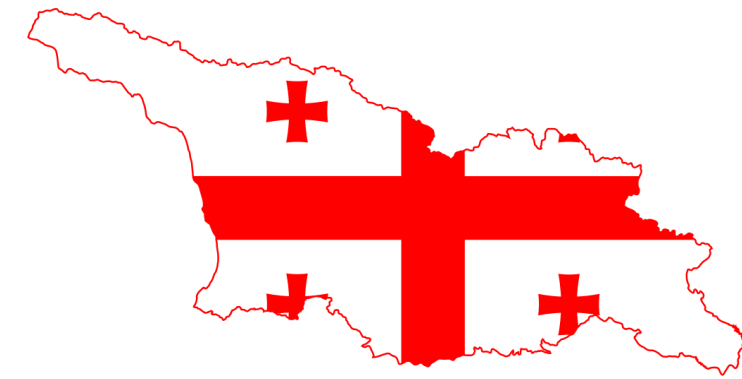
The government shows active support and has a cohesive strategy for developing startups. China has made a priority in becoming a global leader in technology and innovation and has a qualified workforce for the digital economy.

There are multiple tax breaks and funding opportunities for startups, especially in the sectors supported by the government.



# The CAREC Startup Ecosystem - Georgia

## Main strengths of the startup ecosystem



The country is advancing in its ecosystem ranking in Eastern Europe, now taking up the 21st position.

Georgia has a positive approach towards startups and shows interest in both investing and reducing bureaucracy.

Same day registration and friendly tax laws are creating a favorable climate for startups (especially for the IT industry).

The startup scene for entrepreneurs is alive with multiple networking opportunities, accelerators, and funding sources.

# The CAREC Startup Ecosystem - Kazakhstan

## Main strengths of the startup ecosystem

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- The country is making active efforts to shift from an oil-dependent economy to a more diversified startup ecosystem.
- Kazakhstan's Startup Ecosystem is the front runner in Central Asia and ranks 76th worldwide. Since 2020, the country has shown positive momentum, advancing 20 spots in the global ecosystem rankings.
- Kazakhstan has some strong incubator and accelerator programs: Astana Hub, AIFC Fintech Hub, Teach Garden, Nuris, and Most.





# The CAREC Startup Ecosystem – Kyrgyz Republic

## Main strengths of the startup ecosystem



The desire for entrepreneurship and innovation is high among the younger generation compared to other countries in the CAREC region or even the United States.

International collaboration, the attraction of outside investments, and an outsourcing culture has opened the country for entrepreneurship and beneficial foreign partnerships.

# The CAREC Startup Ecosystem - Mongolia

## Main strengths of the startup ecosystem



Mongolia's startup ecosystem is ranked 88th globally and 5th in East Asia, with a special interest placed on the software and data industry.

The National IT Park, built over 20 years ago, attests to Mongolia's long commitment towards developing startup ecosystems.

Mongolia's investments law provides a favorable environment for business through tax exemptions, tax credits, longer terms to possess land, increased quota of foreign employees, and simplified visa arrangements.



# The CAREC Startup Ecosystem - Main strengths of the startup ecosystem in the stan's

Due to the increasing government interest in the startup scene, business incubators, tech parks, and networking events have started to emerge in Tajikistan.

There are some notable startup success stories (e.g. Alif Bank) that are boosting the morale of the startup ecosystem, generating investment interest in other startups.

There are promising prospects for the future as the government seems to be moving towards digitalization, proposing a 5-year plan for a digital economy.

Free Enterprise Economic Zones (one in each of the eight regions) have been created in Turkmenistan with special incentives for companies that invest in them.

Startups based in the subordinate divisions of the various ministries and agencies (e.g. IT Park, Center for Advanced Technologies, Yashnabad Innovative Technopark, and Mirzo Ulugbek Innovation Center) take advantage of reduced or waived taxes.

Uzbekistan has the largest population in Central Asia, offering a sizable internal market conducive for launching startups. Pakistan is the 2nd best startup ecosystem in East Asia and is ranked 75th worldwide. Pakistan has a large and growing technical talent base of 360K software developers, estimated by A.T. Kearney.

There is a wide range of government-led initiatives to develop startup ecosystems around the country, evidenced by a growing number of startup success stories.

However, political instability and economic circumstances have prevented deeper international investments in tech startups.



Source: <https://www.amazon.com.au/DMSE-Uzbekistan-National-Polyester-Resistant/dp/B09HN4Q3HX?th=1tre>

Source: <https://koryogroup.com/blog/flags-of-the-world-tajikistan-flag-meaning-history>

Source: <https://unsplash.com/s/photos/pakistan-flag>

Source: <https://www.advantour.com/turkmenistan/flag.htm>

# So, what for regional cooperation, regulation and cross border trade and transaction





# Impact on Regional cooperation



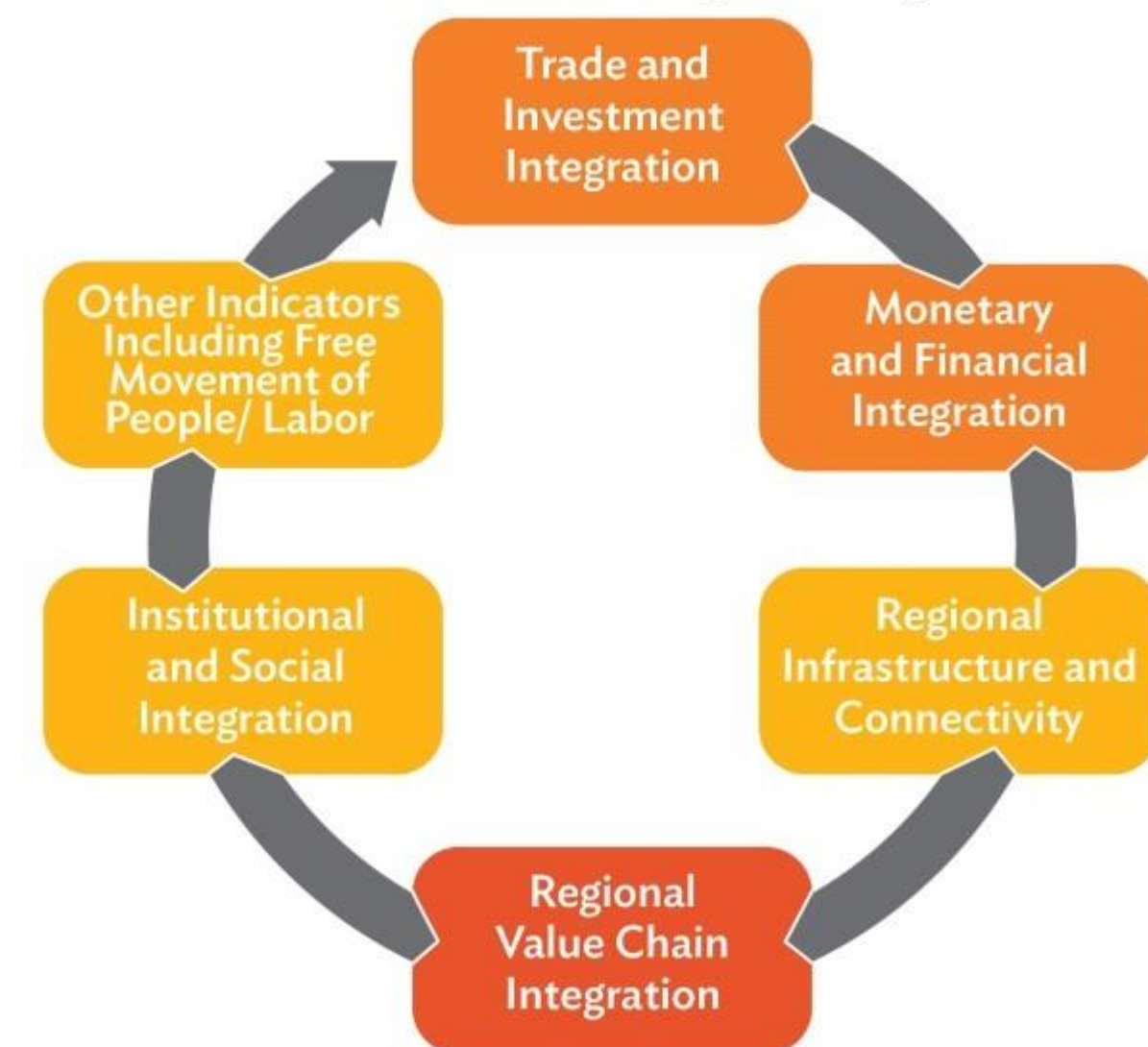
A mature financial technology ecosystem for the common region is vital as the **region shares common interest, goals, and aspirations.**

Regional cooperation can have a significant impact on a range of issues, including economic development, political stability, and social progress. When countries in a region work together, **they can pool their resources and expertise to address common challenges and pursue shared goals.**

Economic cooperation can lead to **increased trade and investment**, as well as the development of regional supply chains and infrastructure. **This can create jobs, boost productivity, and generate wealth for all participating countries.**

Cross border trade and higher levels of cooperation can facilitate greater level of people to people interaction and optimise **supply chains !**

Six Dimensions of the CAREC Regional Integration Index



Source: <https://daryo.uz/en/2023/11/28/carec>

Source: <https://development.asia/summary/one-way-measure-regional-integration>



# Impact on regulation of fintech

Improved Fintech capability in the CAREC region, will have a significant impact on regulation. As fintech companies have disrupted traditional financial services, regulators have had to adapt to keep pace with the changes. Here are some of the ways that fintech has impacted regulation:

- 1. Increased maturity in the regulatory scrutiny:** Fintech companies will be subject to increased regulatory scrutiny, particularly in areas such as consumer protection and data privacy. Regulators are paying close attention to how fintech companies collect, store, and use consumer data, as well as their compliance with anti-money laundering (AML) and know-your-customer (KYC) regulations.
- 2. Development of Regulatory sandboxes:** Some regulators have created regulatory sandboxes, which allow fintech companies to test their products and services in a controlled environment with reduced regulatory barriers.
- 3. New regulatory frameworks:** Fintech has led to the creation of new regulatory frameworks, such as the Payment Services Directive (PSD2) in the European Union. PSD2 regulates payment services and provides a legal framework for open banking.
- 4. Collaboration between regulators and fintech companies:** Regulators have recognized the importance of collaboration with fintech companies to ensure that regulatory requirements are met while fostering innovation. Some regulators have established innovation offices or regulatory sandboxes to facilitate this collaboration.

Overall, fintech has had a significant impact on regulation, prompting regulators to adapt to new technologies and innovate in their own approach to regulation.

# Impact on regulation of fintech

Improved Fintech capability in the CAREC region, will have a significant impact on regulation. As fintech companies have disrupted traditional financial services, regulators have had to adapt to keep pace with the changes.

An improved or modern fintech space in the CAREC region will impact:

1. Decision making process
2. Compliance procedures
3. Rule of law and compliance to tech development
4. **Improve the experience of the local industry to global standards, making it more compatible to international trade**
5. Raise the bar to meet various global standards authority





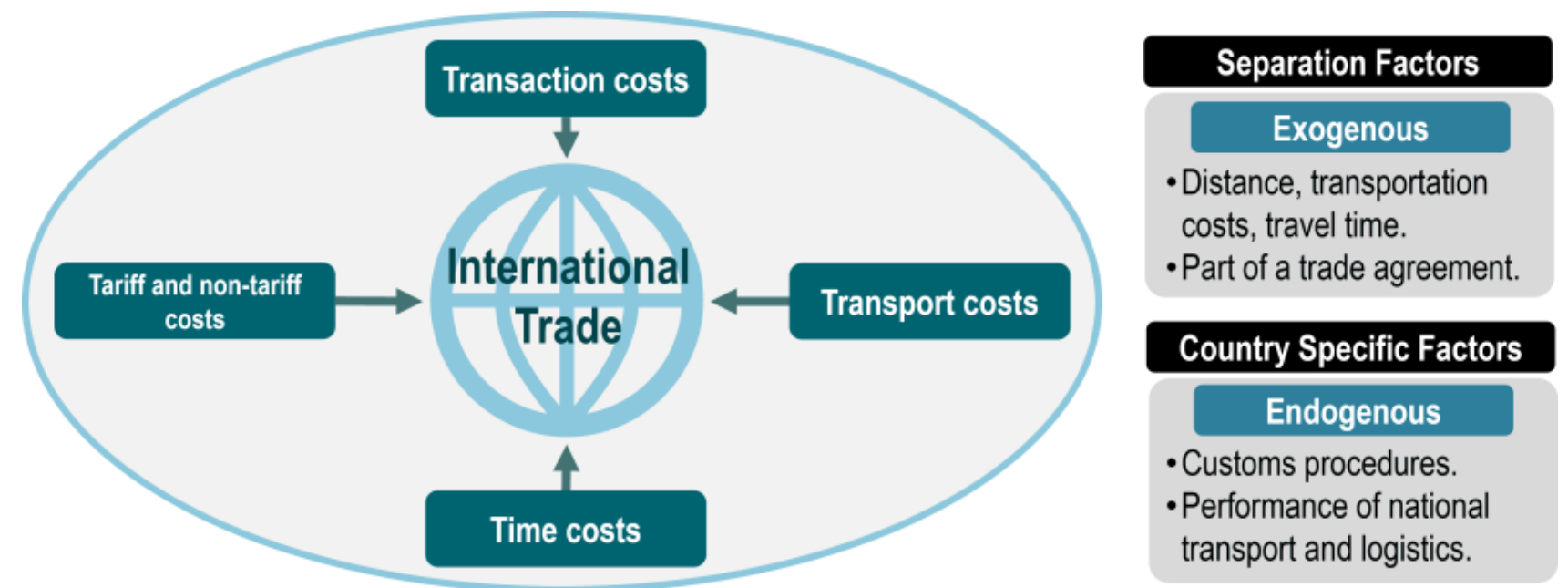
# Impact on cross border trade and transaction

Cross-border trade and transactions can be impacted by a wide range of factors, including economic, political, and social factors such as >

**Tariffs and Trade Barriers:** Tariffs and other trade barriers can make it more expensive and difficult to trade goods and services across borders. This can lead to lower levels of cross-border trade and fewer transactions.

**Currency Exchange Rates:** Exchange rates can impact the cost of goods and services across borders. A strong currency can make imports cheaper and exports more expensive, while a weak currency can make exports cheaper and imports more expensive.

**Economic Conditions:** Economic conditions, such as recessions or booms, can impact cross-border trade and transactions. During a recession, for example, demand for goods and services may decrease, leading to lower levels of cross-border trade.



Source: Adapted from Spulber, D.F. (2007) Global Competitive Strategy, Cambridge: Cambridge University Press.



Source: <https://www.britannica.com/story/how-are-currency-exchange-rates-determined>

# Impact regional integration and cooperaton

A mature Fintech regional integration improves collaboration and integration between different systems across a specific region. This can involve the exchange of information, technology, and resources between companies in order to create a more streamlined and efficient financial ecosystem within a region. Some of the key benefits of this integration for the CAREC region can lead to

- By creating a more connected and collabarative network, it **improves the ability to increase access to financial services for individuals and businesses within a region.**
- Another benefit of fintech regional integration is the **potential for increased innovation and collaboration.** there is a greater opportunity for the development of new and innovative financial products and services.
- 
- **Create a more robust and dynamic financial ecosystem** within a specific region, with benefits for both individuals and businesses.



Source: [unctad.org/news/better-together-how-regional-trade-can-best-boost-economic-growth](https://unctad.org/news/better-together-how-regional-trade-can-best-boost-economic-growth)



# Recommendations



**It is also recommended that a further evaluation of the recommendations is carried out to determine the maximum impact on the development of the fintech capability in the CAREC region.**

# 1. Recommendations - incubation

The CAREC countries have been making some progress however there is an enormous opportunity to learn from countries around the world. The following recommendations explores options to "pick and choose" from the global arena

**The US, Europe** >set up private incubators focusing on various technologies including Fintech, such as Y-Combinator, out of Silicon Valley.

**Recommendation** >connect with US and European Incubator

**Australia** >set up targetted loctions such as the Sydney TechCentral, and Start-up Hub. These locations are a combination of start-up accelerators and incubators privately funded and also corporate incubators ran by large banks, telco's and energy companies. **Recommencations** >Explore providing access to the Carec market for incubation to the Australian incubators/accelerators

**India** >Large IT companies have set up various incubators and acelaerators across the country, mainly around large IT campuses, such as Bangaluru, Mumbai, Hyderabad and New Delhi. These centres faciliate corporate challenges to address problems from local and international clients. The Govt hsa also promoted "start-up India" to encourage students, and "wanna-be" entreprenuers. Has recently had the highest number of unicorns in the world since 2020. **Recommendation** >Work with Indian IT cmpanies working in the region to accelerate incubation

**Singapore** >Acedemia and funding plays a role to incubate and faciliate strong innovation., Tamesek is a funding agency that helps bring initatives to Singapore from across the world. **Recommendation** >Access the Tamesek funding for Carec start-ups

**Isreal** >A strong government >acedemia >startups and funding. Recommendations >Connect into the incubators to assist facilitate acceleration of CAREC fintech start-ups.

**Summary - go where the action is >provide a win-win for the host country/organisation.**



## 2. Recommendations - funding

**Recommendation 2.1** > CAREC governments should encourage sponsorship of funding organisations in US/Europe, Asia/Australia to explore funding in the CAREC region

**Recommendation 2.2** > A consolidate CAREC (not individual countries) should set up a fintech-incubation fund in partnership with other global Venture Capital and Private Equity

**Recommendation 2.3** > Set up a CAREC fund, or fund of funds to invest in a range of Fintech startups. This will promote the CAREC region.

**Recommendation 2.4** > Set up CAREC functions / roadshows in funding programs / conferences around the world. (There was a function in Sydney, Australia held from 26–29th July 2022 > <https://www.ventureandcapital.com/attend-in-sydney>)

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**Recommendation 2.5** > Source out CAREC entrepreneurs who are expats in overseas locations, to encourage other investors to explore the CAREC

# 3. Recommendations - international connections

**Recommendation 1** > Instigate ex-pat connections to bring connections and partners to the CAREC region

**Recommendation 2** > Instigate win-win partnerships with targeted governments for joint incubation / acceleration initiatives in fintech

**Recommendation 3** > Invite large funding agencies to set up shop in the CAREC region for fintech funding

**Recommendation 4** > Develop CAREC promotional plan in targeted markets



## 4. Recommendations - academia links

**Recommendation 1** > Develop relationships with fintech focused university and other research centres around the world. There are many organisations with specialised fintech capability that would partner with eh CAREC region.

**Recommendation 2** > Offer to set up academic partners in the CAREC region of different academic institutions who focus on fintech for teaching and research as well as for academic excellence.

**Recommendation 3** > Promote the CAREC region to various and targeted research organisations to leverage the CAREC capability as a market for academic research.

# 5. Recommendations - culture

**Recommendation 1** > Develop relationships people to people ties across industry, education and governmental entities to promote the CAREC regions

**Recommendation 2** > Facilitate various cross border cultural exchanges amongst business houses, and government to exchange ideas and philosophies

# 6. Recommendations - Cross Border relations

**Recommendation 1** > Develop cross border payments and transactions regulation amongst the CAREC countries

**Recommendation 2** > Develop a standard technology platform to facilitate cross border fintech transactions

**Recommendation 3** > Facilitate the development of local technology start-ups to support the local economic development



# In Summary - comparisons matrix

CAREC has many challenges but also large opportunities to prosper.

	Technology Maturity	Global Reach & Scalability	Large investments (Over Billion (\$USD))	Government Aid	Growth Opportunities
Americas	✓	✓	✓	✓	✓
EMEA	✓	✓	✓	✓	✓
ASPAC	✓	✓	✓	✓	✓
CAREC					✓

# Roadmap ahead for CAREC

The future of technology and innovation looks bright with the right execution plan to foster growth

The overall trend in the CAREC countries seems to be promising, especially with the active involvement of the ADB and the CAREC program.

These welcomed initiatives are beneficial not only due to the funding they provide but also because they encourage countries to collaborate and share good practices.

By all accounts, CAREC strategies and events promote international cooperation and increase opportunities for entrepreneurship and innovation.



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