

CZECH FINTECH ECOSYSTEM

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FINTECH IN NUMBERS

*before COVID-19

- **2.** place in CEE in terms of investments
- **4** main areas
- **± 150** companies
- **3 + 1** reasons for fintech
- revenue up to **7.8** billion CZK in next years

FINTECH SCENE

120 - 150 companies

Challengers: non-bank financial institutions that provide technology-based financial services

White label: tech companies providing infrastructure and tailor-made solutions

Innovators: new business models and new technologies

DIGITIZATION OF *TRADITIONAL SERVICES*

4 MAIN AREAS

- **Payment services:** BNPL, payment gateways, electronic meal tickets
- **Corporate and retail financing:** online loans, combined with investing tools (p2p)
- **Personal/ corporate finance management**
- **Infrastructure and data analysis**

OTHER AREAS

- Quicker and cheaper, forex
- Usage of customer data, eg. insurtech

CZECH INNOVATION IN FINANCIAL SECTOR

NEW FINANCE

- **Crypto-assets**: : exchanges, bitcoinmats, (hard) wallets
- **Decentralized finance** (DeFi) a tokenization to provide better liquidity

NEW TECHNOLOGIES (AI/ML)

- **Cybersecurity**: AI application to protect from AI attack, eg. to manipulate scoring

! WHAT IS LACKING OR NOT FUNCTIONING

- Robo-advisory, digital onboarding

BUSINESS STRATEGIES

FORCED COOPERATION WITH INCUMBENTS

- Licencing: cheaper or due to supervisor's approach
- Bigger customer base
- Access to liquidity or infrastructure (FintechCloud, Česká spořitelna)

INNOVATION VS COPY PASTE

- Market size:
 - advantage: too small=not interesting for foreign companies)
 - curse: need to scale up to thrive

BUYOUT & ACQUISITIONS BY BANKS

CZECH FINTECH: COMING OF AGE

REFLECTION OF FINANCIAL SECTOR

- **145 %** vs. **272%**: assets of financial institutions/ GDP in Czechia vs EU
- Negligible investments from banks, which prefer in-house development
- Fintech on demand (Creative Dock, O2 Bolt)

HOW TO OVERCOME THE SHORTCOMINGS?

- Foreign investors
- **Financial innovation hub**: project by Czech Fintech Association
- Innovation-friendly regulation

3+1 REASONS FOR FINTECH

GENERATION OF HUNCHBACKS

- 31% customers pay via mobile/ smart watch
- 70% mobile phones are smart

CASHLESS SOCIETY

- 12 mln cards, over 200 ths payment terminals, mostly with NFC
- Y-O-Y growth of cashless payments by 22% (2018), online shopping by 13 percentage points (2019)
- quarter of SMEs sell online (5. place in the EU)

COMMODITIZATION

- Need to be different from the competition

3+1 REASONS FOR FINTECH

BUSINESS OPPORTUNITY

- **CZK 400–800** million revenues (Deloitte, 2017)
- **CZK 2.9 – 7.8** billion valuation in the coming years (Deloitte, 2018)

! NECESSITY IN THE POST-COVID WORLD

WHERE ARE THE OPPORTUNITIES

- **18 %** of population don't have a bank account
- **99 %** of economic subjects are SMEs, which are dependent on banks loans and other services
- **4,445 billion** CZK on current or savings account with immediate availability

CZECH REPUBLIC AS PART OF THE EUROPEAN ECOSYSTEM

REGULATION ORIGINATES IN BRUSSELS

- European Digital Finance Association established in 2020

PASSPORTING

- Instrument to access the entire EU market

EXPANDING TO NEIGHBORING COUNTRIES

THANK YOU

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