



PrimePartners
WIRTSCHAFTSKANZLEI

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FinTech – Overview and practical applications

FinTech - What is it ?

Use of modern technology to develop, provide and sell financial services and financial products mainly (but not exclusively) by young companies (startups).

FinTech – Major Areas and Market Segments

Financing (CrowdFunding, CrowdInvesting, CrowdLending, Factoring, Leasing, Comparison)

PropTech (mortgage, real estate)

InsurTech

(Sales or Tech for insurances)

Investment/ Wealth Management and Analytics

Payments (P2P, online payments, billing, factoring)

Personal Finance (manage bills, multiple bank accounts)

RegTech

(Audit, risk and regulatory compliance software)

Online ID

(verification by video chat)

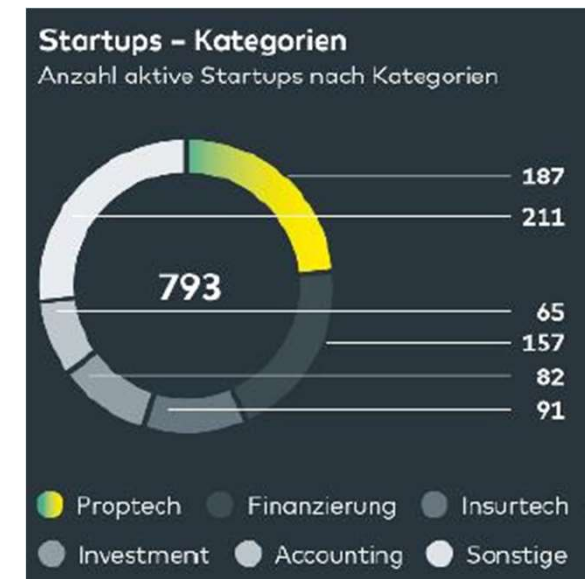
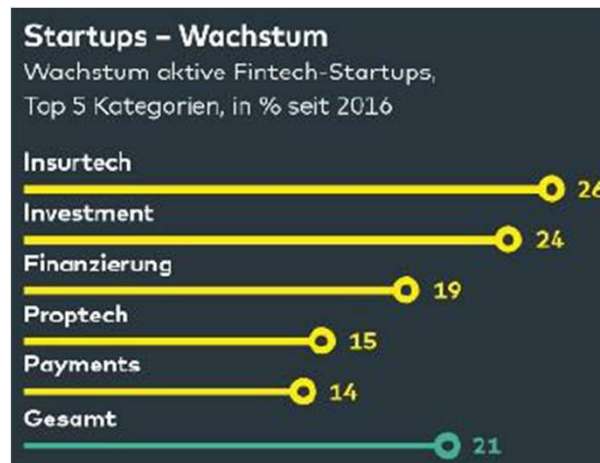
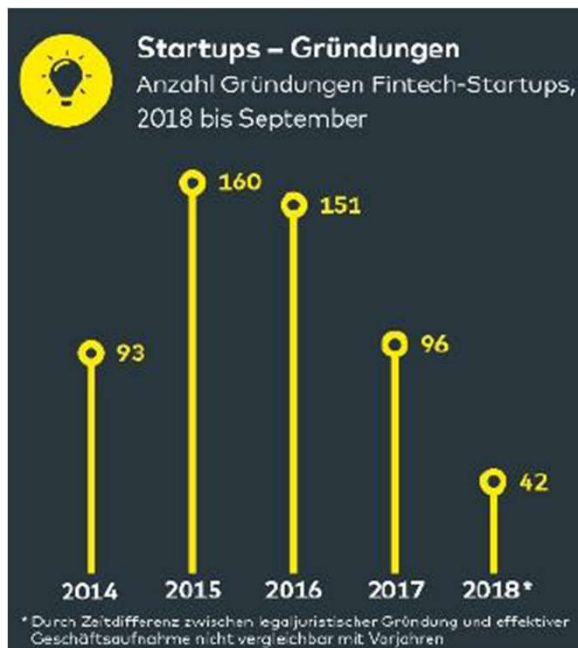
Blockchain/ Crypto

Capital Markets (Sales, trading and analysis for financial institutions)

FinTech – Market Participants

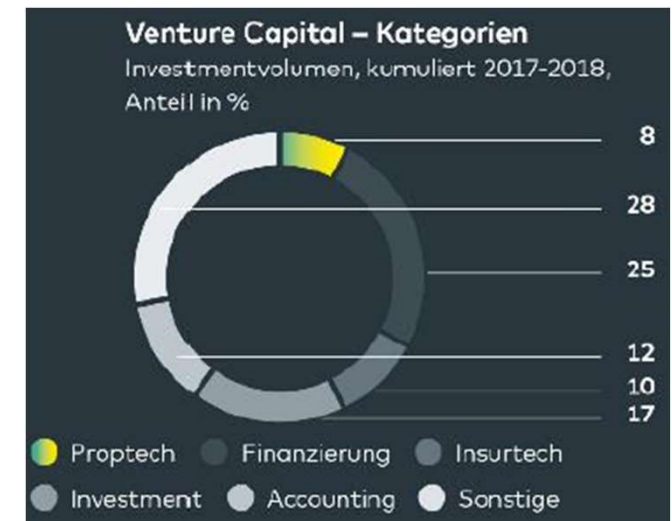
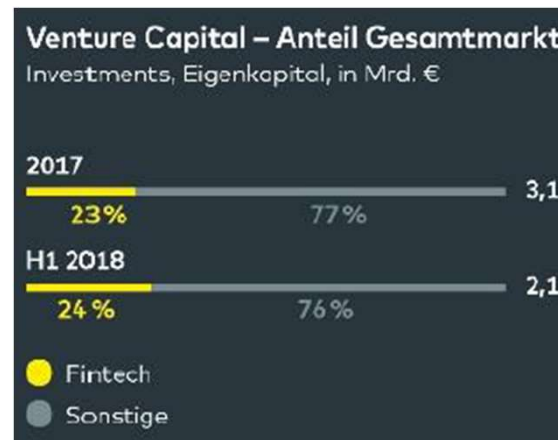
| | | | |
|---------|---------------------------|---|--|
| FinTech | Technology | Infrastructure provider (offering new technologies to financial institutions to modernize their business) <u>Examples:</u> FNZ (investment) Onfido (online ID confirmation services) | Large technology ecosystems (using financial services as part of their strategy to strengthen customer retention) <u>Examples:</u> Apple (consumer electronics) Tencent (social media) |
| | Financial services | New market participants, startups (offering financial services using new technologies) <u>Examples:</u> TransferWise (P2P money transfer) LendingClub (P2P lending platform) | Incumbent financial institutions (making significant investments in new technologies to improve their business) <u>Examples:</u> Wells Fargo (banking/financial services) Ping An (Chinese insurance company) |
| | | Small scale | Large scale |
| | | | |

FinTech – Germany – Startups



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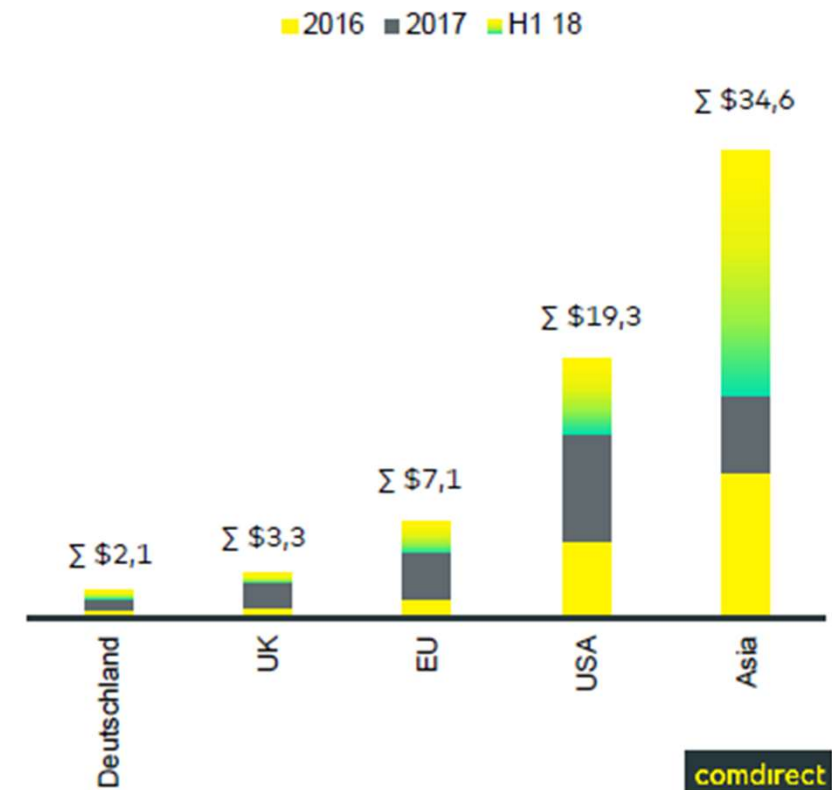
FinTech – Germany – VC Financings



comdirect

FinTech VC-investments Worldwide

- Germany's share for VC investments in the EU is 30%
- Germany's VC investments equal 11% compared to the US and 6% compared to Asia
- VC investments in the EU equal 37% compared to the US and 21% compared to Asia.





FinTech – Europe, U.S.A. and China

Exhibit 3

Leading Chinese fintechs are usually part of an internet giants' ecosystems spanning the full fintech spectrum.

| | Europe and US | China | | | | |
|--------------------------|--|--|------------------------------|---|-------------------------|---|
| | Wide array of successful, focused fintechs | Large fintechs usually part of broader ecosystem | | | | Relatively few niche, standalone fintechs |
| | | Ant Financial | Tencent | Ping An | JD.com | |
| Payments | PayPal Stripe | Alipay | Tenpay | E-wallet | JD Pay | 99Bill Lakala Ping ++ |
| Wealth management | Betterment Wealthfront | Yu'e Bao | Li Cai Tong | LU.com | JD Finance JD Expert | CreditEase Golden Axe Wacai |
| Financing | LendingClub SoFi | Ant Check Later | Weilidai | Ping An Orange | JD Finance | Qudian.com ppdai.com Dianrong.com |
| Insurance | Oscar Metromile | Zhong An Insurance | WeSure Zhong An Insurance | Ping An Insurance Zhong An Insurance | | |
| Banking | Atom | MYbank | WeBank | Ping An Orange | | |
| Credit scoring | Credit Karma | Zhima Credit | Tencent Credit | LU.com | JD Credit | |

Source: Press search; McKinsey interviews

FinTech - Examples



- Bank account is linked to the customer's smartphone
- „mobile bank“ without branch offices
- Bank account can be opened online (by video identification)
- Licensed and regulated
 - Note: BaFin recently took action against N26 due to several fake customer accounts and required them to improve their AML-/„know your customer“-procedures

FinTech - Examples

wirecard

- Payment service provider for merchants
 - Acceptance of credit/debit cards
 - Interface for third party payment providers
 - Interface for financial institutions
- Issuing of credit/debit cards for customers
- Provision of independent payment systems, i.e. bonus points

- Listed company (market cap appr. 18.5b EUR)
 - Financial Times recently published reports on (possibly criminal) irregularities in relation to Wirecard management from Singapore
 - Stock prices reacted heavily (typical for a startup) irrespective of the high market cap